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GSI 广船国际 广州广船国际股份有限公司
GUANGZHOU SHIPYARD INTERNATIONAL COMPANY LIMITED

(a joint stock company with limited liability incorporated in the People's Republic of China)

Stock Code: 00317

SUMMARY OF ANNUAL REPORT FOR THE YEAR 2009

1. IMPORTANT NOTICE

1.1 The Board of Directors, the Supervisory Committee and Senior Management of Guangzhou Shipyard International Company Limited (the "Company") declare that there are no false statements, misleading information or material omissions in this report. The directors are jointly and severally responsible for the authenticity, accuracy and completeness of the contents of this report.

1.2 All the directors, including independent non-executive director Mr. Lee Sun-leung, Sunny acting as proxy of independent non-executive director Mr. Wang Xiaojun attended the eighteenth meeting of the sixth term of the Board of Directors held on March 30, 2010, at which this report was passed by unanimous vote.

1.3 Mr. Li Zhushi, Chairman of the Board of Directors, Mr. Chen Liping, Chief Accountant of the Company and Mr. Hou Zengquan, Director to Financial Center of the Company declare and assure the facility and integrity of the financial reports of this report.

1.4 The Company has no capital impropriated by the controlling shareholder or connected parties, and has not provided any deregulation external guarantees during the period under review.

1.5 The Audit Committee of the Company has reviewed and confirmed the annual financial report for the year 2009 of the Company.

1.6 Unless otherwise stated, financial data contained in this announcement is extracted from the accounts prepared by the Group in accordance with PRC Accounting Standards and Regulations.

1.7 This announcement is a summary of the 2009 annual report. In order to have a complete understanding, investors are advised to refer to the 2009 annual report.

1.8 This announcement is made in accordance with the paragraph (2) of rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

1.9 This summary of annual report is prepared in both English and Chinese. In the event that different interpretation occurs, with the exception of summay of the financial statements prepared in accordance with the Hong Kong Financial Reporting Standard ("HKFRS") therein where the English version prevails, the Chinese version shall prevail for the rest parts of this announcement.

2. OVERVIEW OF THE COMPANY

2.1 The Company

Stock abbreviation	Guangzhou Shipyard International	Guangzhou Shipyard International
Stock code	600685	00317
Place of listing of shares	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited
Registered office and business address	40 South Fangcun Main Road, Guangzhou, the People's Republic of China	
Postal code	510382	
Website	http://www.chinagsi.com	
E-mail	gsi@chinagsi.com	

2.2 Contacts

	Company Secretary	Authorised securities representative
Name	Mr. Li Zhidong	Ms. Yang Ping
Address	40 South Fangcun Main Road, Guangzhou, the People's Republic of China	
Telephone	(8620) 81891712 ext. 2962	(8620) 81891712 ext. 2995
Facsimile	(8620) 81891575	
E-mail	lzd@chinagsi.com	yangping@chinagsi.com

3. SUMMARY OF MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

3.1 Prepared under PRC Accounting Standards and Regulations

3.1.1 Major accounting data

Unit: RMB

Item	2009	2008	Changes (%)	2007
Operating income	6,553,424,803.99	6,984,087,521.27	-6.17	5,952,697,163.61
Total profit	613,687,828.53	921,285,578.25	-33.39	1,343,060,757.80
Net profit attributable to shareholders	514,961,903.36	820,395,655.17	-37.23	940,656,796.04
Net profit attributable to shareholders after deduction of exceptional items	499,297,991.27	803,295,845.89	-37.84	697,094,500.58
Net cash flow from operating activities	-464,920,580.03	-195,267,322.66	138.09	1,818,659,141.44
	As at December 31		**Changes (%)**	**As at December 31**
	2009	**2008**		**2007**
Total assets	9,805,223,077.98	10,258,230,707.13	-4.42	11,034,433,438.69
Shareholders' equity	3,168,840,358.56	2,747,359,653.70	15.34	2,451,509,684.38

3.1.2 Major financial index

Unit: RMB

Item	2009	2008	Changes (%)	2007
Basic earnings per share	1.04	1.66	-37.23	1.90
Diluted earnings per share	-	-	-	-
Basic earnings per share after deduction of exceptional items	1.01	1.62	-37.84	1.41
Weighted average return on net assets (%)	17.42	31.58	decreased by 14.16 percent	52.17

Weighted average return (loss) on net assets after deduction of exceptional items (%)	16.89	30.92	decreased by 14.03 percent	38.66
Net cash flow from operating activities per share	-0.94	-0.39	138.09	3.68
	As at December 31		**Changes (%)**	**As at December 31**
	2009	**2008**		**2007**
Net assets per share attributable to the shareholder	6.41	5.55	15.34	4.96

3.1.3 The nature and amount of exceptional items

Unit：RMB

Item	Amount	Notes
Profits or losses from disposal of non-current assets, including write-offs of asset impairment provisions	-7,826,711.14	Mainly resulted from disposal of fixed assets and investment properties.
Government subsidies recognized in the current profits and losses	3,997,891.74	Mainly resulted from local government subsidy and income from research and development.
Gains/Losses from fair value changes of trading securities and trading financial liabilities, and investment income from disposal of trading assets, trading financial liabilities and available-for-sale financial assets, except for effective hedging activities related to the Company's main operation	22,596,606.60	Mainly resulted from fair value changes of trading financial assets and trading financial liabilities, and investment income from disposal of trading financial assets and trading financial liabilities.
Apart from above items, other non-operating profits and losses	465,534.02	Other non-operating income and expenses.
Subtotals（effect on income before tax）	19,233,321.22	
Less: influence on income tax	2,884,998.18	
Total influence on net profits	16,348,323.04	
Including: attributable to minority interests	684,410.95	
Influence attributable to common shareholders of parent company	15,663,912.09	
Net profits attributable to common shareholders of parent company after deducting unusual items	499,297,991.27	

3.2 Prepared under Hong Kong Financial Reporting Standard ("HKFRS")

Unit: RMB'000

Item	2009	2008	2007	2006	2005
Turnover	6,553,425	6,984,088	5,906,793	3,322,299	2,728,916
Operating profit	488,255	635,405	1,158,930	288,260	91,318
Profit before taxation	613,688	921,286	1,340,964	310,978	112,288
Profit attributable to shareholders	514,962	820,396	938,560	266,635	135,011
Total assets	9,804,407	10,251,665	11,029,129	7,672,237	3,432,086
Total liabilities	6,547,427	7,408,800	8,501,772	6,349,186	2,499,650
Total shareholders' equity (excluding minority interests)	3,168,841	2,747,360	2,451,509	1,261,647	882,716
Earnings per share (RMB) (Number of shares in issue at the end of the year)	1.0410	1.6584	1.8973	0.5390	0.2729
Earnings per share (RMB) (Weighted average number of shares in issue)	1.0410	1.6584	1.8973	0.5390	0.2729
Net assets per share (RMB) (Number of shares in issue at the end of the year)	6.41	5.55	4.96	2.55	1.78
Return on net assets (%) (Shareholders' equity at the end of the year)	16.25	29.86	38.28	21.13	15.29
Return on net assets (%) (Average of shareholders' equity at the beginning and the end of year)	17.41	31.56	50.55	24.87	16.86
Ratio of shareholders' equity (%) (Shareholders' equity/Total assets x 100%)	32.32	26.80	22.23	16.44	25.72
Current ratio (Current assets/Current liabilities)	1.25	1.20	1.13	1.19	0.91
Gearing ratio (%)	66.78	72.27	77.08	82.76	72.83

3.3 The difference in this year's net profit (profit attributable to shareholders) and shareholders' equity calculated on the basis of the PRC Accounting Standards and Regulations and the HKFRS

£ Applicable R Not applicable

4.CHANGES of SHARE CAPITAL AND SHAREHOLDERS information

4.1Share capital change

Unit: share

Category	Before the change		Changes during the year (+、-)					After the change	
	Amount	Percentage (%)	New Share	Bonus Share	Conversion from reserves	Others	Sub-total	Amount	Percentage (%)
1. Shares subject to sale restrictions									
(1) State-owned shares	176,650,615	35.71	-	-	-	-176,650,615	-176,650,615	0	0
2. Freely transferable shares									
(1) State-owned shares	0	0				176,650,615	176,650,615	176,650,615	35.71
(2) PRC listed domestic shares	160,628,965	32.47	-	-	-			160,628,965	32.47
(3) Overseas listed foreign shares	157,398,000	31.82	-	-	-	-	-	157,398,000	31.82
3. Total	494,677,580	100	-	-	-	-	-	494,677,580	100

4.2The amount and information of shareholders

Unit: share

Total number of shareholders	As at December 31, 2009, there were 72,069 shareholders, including 71,700 shareholders of listed freely transferable A-Shares and 369 shareholders of listed H-Shares.					
Information of top ten shareholders (shareholders of freely transferable shares)						
Name	Changes in 2009	Number of shares at the end of year	Percentage (%)	Shares pledged or subject to attachment	Shareholders' Classification	Share Classification
China State Shipbuilding Corporation	-	176,650,615	35.71	None	State-owned shares	A Shares
HKSCC Nominees Limited	-1,467,790	151,504,389	30.63	Unknown	Foreign legal entity shares	H Shares
Southern Ingredients Select Securities Investment Fund	4,855,503	4,855,503	0.98	Unknown	Other	A Shares
Bosera Emerging Growth Securities Investment Fund	3,000,000	3,000,000	0.61	Unknown	Other	A Shares
CHAN KWOK TAI EDDIE	250,000	2,250,000	0.45	Unknown	Foreign natural person shares	H Shares
Invesco Great Wall Select Blue Chip Fund	2,071,381	2,071,381	0.42	Unknown	Other	A Shares
SYWG BNP Paribas New Economy Mixed Securities Investment Fund	1,848,962	1,848,962	0.37	Unknown	Other	A Shares
Harvest in Shanghai and	20,148	1,097,521	0.22	Unknown	Other	A Shares

Shenzhen 300 Index Securities Investment Fund						
ICBCCS Select Balanced Equity Fund	999,916	999,916	0.20	Unknown	Othre	A Shares
Beijing Zhonglianya Real Estate Development Co., Ltd.	850,000	850,000	0.17	Unknown	Other	A Shares
Note of relation or action in concert of shareholders above-mentioned	The Company is not aware of whether the top ten shareholders disclosed above are connected with each other or they are persons acting in concert as defined in the "Rules Governing the Disclosure of Change in Shareholders' Shareholding in Listed Companies".					

Apart from the shareholders disclosed above, as at December 31, 2009, the register the Company maintains pursuant to section 336 of the Securities and Futures Ordinance of Hong Kong ("SFO") recorded the following interest and short positions in the shares and underlying shares of the Company:

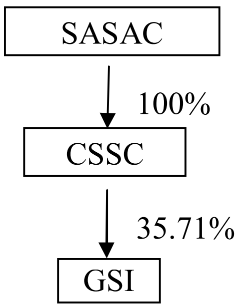
shareholder	Shareholding (share)	Proportion of total H shares (%)	Proportion of total issued shares (%)
Mirae Asset Global Investments (Hong Kong) Limited	9,436,000	5.99	1.91

4.3 Particulars of controlling shareholders and beneficial owners

CSSC is the controlling shareholder of the State-owned shares, which accounted for 35.71% of the shares of the Company. CSSC, the registered capital of which is RMB 6,374,300,000, was founded on July 1, 1999 through reorganizing China State Shipbuilding Company. Mr. Tan Zuojun is the legal representative of CSSC. The business of CSSC includes: shipbuilding, ship-repairing, manufacturing and export/import of marine equipment, diversified business such as other steel structure manufacturing and international cooperation, joint venture, financing, technology trading and exchange workforce exportation etc.

The actual controller of the Company is the State-owned Assets Supervision and Administration Commission of the State Council ("SASAC"). CSSC manages the state-owned shares of the Company under SASAC's authorization.

The block diagram of property right and controlling relations between the Company and actual controller:



4.4 Neither the Company nor its subsidiaries made any purchase, sale or redemption of the Company's securities during the year.

4.5 As there is no provision for pre-emptive rights under the Company's Articles of Association, the Company had not arranged any scheme for such right during the year.

5. INFORMATION OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

5.1 Changes in the number of shares held by directors, supervisors and senior management

Name	Position	Gender	Age	Current Tenure Commencement date	Total remuneration received from the Company in 2009 (RMB)	Whether received any remuneration from shareholders of the Company (yes / no)
Li Zhushi	Chairman	Male	65	2008-05-13	300,000	Yes
Han Guangde	Vice chairman & president	Male	48	2008-05-13	977,019	No
Chen Jingqi	Executive director	Male	57	2008-05-13	901,751	No
Zhong Jian	Executive director	Male	47	2008-05-13	806,863	No
Yu Baoshan	Non-executive director	Male	49	2008-05-13	80,000	Yes
Pan Zunxian	Non-executive director	Male	56	2008-05-13	80,000	Yes
Miao Jian	Non-executive director	Male	45	2008-05-13	80,000	Yes
Wang Xiaojun	Independent non-executive director	Male	55	2008-05-13	100,000	No
Lee Sun-leung, Sunny	Independent non-executive director	Male	39	2008-05-13	100,000	No
Peng Xiaolei	Independent non-executive director	Male	58	2008-05-13	100,000	No
Fu Zhengping	Independent non-executive director	Male	45	2009-05-19	66,667	No
Wang Shusen	Chairman of the Supervisory Committee	Male	69	2008-05-13	200,000	Yes
Liang Mianhong	Executive supervisor	Male	56	2008-05-13	711,044	No
Liu Shibai	Executive supervisor	Male	58	2008-05-13	674,072	No
Ye Weiming	Non-executive supervisor	Male	47	2008-05-13	80,000	No
Fu Xiaosi	Non-executive supervisor	Male	49	2008-05-13	80,000	No
Chen Ji	Vice president	Male	43	2008-05-13	807,713	No
Yang Li	Vice president	Male	42	2008-05-13	826,500	No
Zhou Dusheng	Vice president	Male	54	2008-05-13	843,236	No
Chen Liping	Chief accountant	Male	43	2009-10-27	173,936	No
Li Zhidong	Company secretary	Male	44	2008-05-13	721,976	No
Total	-	-	-	-	8,710,777	-

The tenure ending date of the directors, supervisors and senior management of the Company disclosure above is the date of the commencement of the next term of the Board of Directors.

Except that director Mr. Chen Jingqi held 2,540 A shares, the other directors, supervisors and senior management did not hold any shares of the Company during the period under review.

5.2 Interests of directors, supervisors and senior management

Except as disclosed above under “Information of Directors, supervisors, senior management and staff", at no time during the year up to December 31, 2009 had the Company been notified that any director, supervisor or member of senior management (including their spouses and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for equity or debt securities of the Company and or associated corporations (within the meaning of the SFO), nor did they have any interest or short positions in the shares, underlying shares or debentures of the Company or its associated corporations which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to section 341 of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers or which were required to be entered in the register required to be kept under section 352 of the SFO.

5.3 Staff of the Company

The number of the registered employees	3,498
The number of retired employees whose expense undertaken by the Company	3,124
Professional Structure	
Professional Class	**Number**
Manufacturing staff	1,380
Marketing staff	29
Technical staff	1,493
Financial staff	49
Administrative staff	352
Educational Structure	
Educational Class	**Number**
Vocational Education	165
College Education	535
Bachelor Education	954
Graduate Education	51

The emoluments of the employees of the Group include their salaries, bonuses and other fringe benefits. The Group has different rates of remuneration for different employees, which are determined based on their performance, experience, position and other factors in compliance with the relevant PRC laws and regulations.

6. REPORT OF THE DIRECTORS

6.1 Management discussion and analysis

6.1.1 General Result

In 2009, as effected by the global economic crisis, the shipbuilding market was still depressed. For sustainable development and overcoming the economic crisis, the Company improved the internal capability and strengthened its internal management as well as enhanced the scientific research and development, intensified efforts to construct and produce vessels that satisfy the PSPC requirements, promoted shipbuilding efficiency and duty analysis and the construction of Zhongshan GSI Marine Engineering Company Limited ("Zhongshan Subsidiary"), strived in marketing, operating, quality, cost control and risk avoiding, and gained satisftory results. Furthermore, the Company carried out new strategy research and formulated the development target of the Company in the coming future.

As at December 31, 2009, the operating income (turnover) of the Group prepared in accordance with PRC Accounting Standards and Regulations and HKFRS amounted to RMB 6.553 billion (of which the principal operating income amounted to RMB6.459 billion), representing a decrease of 6.17% over that of last year. The audited consolidated net profit attributable to shareholders amounted to RMB 515 million, representing a decrease of 37.23% over that of last year. The earnings per share and that after deduction of exceptional items were RMB 1.04 and RMB 1.01

respectively.

6.1.2 Main work and results in 2009

- The Company promoted the application of design management system, strengthened design planning control, enhanced organization & coordination, overcame the difficulties from labor shortages, schedules delay, inspection difficulties, adjustments of production scheme and constructions of vessels satisfying PSPC, and achieved the shipbuilding production of commencing construction work on 21 vessels, launching 16 vessels, completing 17 vessels and delivering 15 vessels.
- The Company promoted the construction of vessels satisfing the PSPC and implemented Regulations of Construction of Vessel satisfying the PSPC, improved steel plate pretreatment line facilities, formulated Regulations on Paint Protection, drew up PSPC Operation Instruction of Dock Erection, and promoted shipbuilding operation with the purpose of obtaining the certificates of PSPC, and had made certain progress.
- The Company adjusted the marketing positioning, further strengthened the optimization and improvement of MR tankers and focused on the research and development of special vessels. In 2009, the Company secured the shipbuilding orders for 4 special vessels which reduced the adverse effects of the depressed tanker market. As at December 31, 2009, the Company has 52 vessels' construction orders in hand, with a total tonnage of 2,212,700dwt and the delivery dates till year 2012.
- The Company strengthened risk prevention, introduced economy and law affairs management system and standardized contract management procedures, enhanced real-time analysis and control ofd contracts in hand, and adjusted the delivery dates of the vessels rationally. Besides, the Company actively utilized national policies, offered assistance to foreign ship owners with their financing and loans with banks in China, solved their financing difficulties and insured the orders in hand of the Company.
- The Company adjusted the marketing strategy of non-shipbuilding operation, focusing on shield machine facilities, environment-friendly products, traditional electrical & mechanical products, new-energy products and marine engineering products, achieved success on key technology of large-size shield machines and obtained construction contracts of shield machines.

6.1.3 Adjustment of Strategic Goal

To realize the goal of "to be No.1 enterprise in China and the No. 3 enterprise in the world in designing and building handy-size tankers" and faced with the fluctuation of the market, the Company appointed a strategic consulting company to analyze the advantages, disadvantages, opportunities and challenges of the Company by comparison with shipbuilding companies in Japan and South Korea in 2009. After consideration of development bottlenecks of limited scale, single growth pattern and undefined development strategy of the non-shipbuilding operation, the Company made the new strategic target and scheme, which is to be a famous enterprise with advanced technology and excellent service in the segment of small & middle size vessels through optimizing the operation structure in the coming five years to creating the second pillar of the operation, to become an important base of building special vessels in South China, and striving to form four main operations of shipbuilding, heavy machinery, service industry and oceanographic engineering.

6.2 Principal operation information

6.2.1 Major operation information by products

Unit: RMB

Products	Major operating income	Major operating cost	Operating gross margin	Change in operating income over that of 2008 (%)	Change in operating cost over that of 2008 (%)	Change in operating gross margin over that of 2008 (%)
Shipbuilding	5,718,470,581.05	4,988,803,945.23	12.76	-3.15	-1.99	-1.03
Steel structure	464,784,364.57	464,494,949.89	0.06	-29.57	-23.17	-8.33
Electrical & mechanical products and others	275,568,002.58	220,356,728.64	20.04	-2.74	-16.89	13.62

During the period under review, as affected by the financial crisis, the global economy was still not so optimistic. Construction progresses were delayed due to difficulty in inspections, and orders of steel structure was in a severe shortage due to less investment from clients. Influenced by aforesaid factors, the operating income of the Company in 2009 amounted to RMB6.553 billion, representing a decrease of 6.17% compared with that of 2008. The comprehensive gross margin of the Company was 12.14%, representing a decrease by 0.94%, and influenced the profit at the amount of RMB62 million.

The operating income of shipbuilding operation of the Company in 2009 amounted to RMB5.718 billion, representing a decrease of 3.15% compared with that of 2008. Although the total completed percentage of vessels in 2009 increased by 27.9% compared with that of 2008, the operation income still decreased mainly due to the cumulative appreciation of RMB. Though the exchange rate of RMB in 2009 was still stable compared with that of the end of 2008, the average exchange rate of RMB in 2009 increased by 1.41% compared with that in 2008. The gross margin of shipbuilding products in 2009 was 12.76%, representing a decrease of 1.03%, which was mainly due to the high-price of steel and raw materials, the cumulative appreciation of RMB-USD and difficulty in efficiency improvement resulting from inspection difficulty.

The decrease in gross margin of steel structure was mainly due to the shortage of orders as affected by global financial crisis, higher cost resulted from relatively high purchase prices of partial steel and steel products, as well as high labor cost in recent years.

The gross margins of electrical & mechanical products and others made an increase during the period under review, mainly due to the improved elevator market which benefited from favorable real estate market. However, for its small proportion, the influence on the operating income of the Company was rather limited on the whole.

6.2.2 Geographical analysis of turnover

Unit: RMB

Countries or Regions	Operating income		Change (±%)
	For the year 2009	For the year 2008	
Malta	60,997,676.99	1,248,505,028.09	-95.11
Germany	384,022,536.75	327,760,861.88	17.17
Denmark	3,376,132,028.10	2,114,264,244.03	59.68
Macao	-	440,950.00	-100.00
Italy	366,083,312.51	30,144,808.15	1,114.42
U.S.A	90,677,389.23	357,014,494.29	-74.60

Hong Kong	278,261,998.04	299,633,532.71	-7.13
Greece	525,417,858.95	532,198,804.79	-1.27
Taiwan	1,235,997.40	8,189,067.59	-84.91
Sweden	15,248,947.43	399,078,654.64	-96.18
India	-	1,413,858.69	-100.00
Australia	92,239,934.97	-	100.00
Angola	2,098,215.81	-	100.00
Subtotal	5,192,415,896.18	5,318,644,304.86	-2.37
Mainland China	1,266,407,052.02	1,529,026,276.63	-17.18
Total	6,458,822,948.20	6,847,670,581.49	-5.68

6.3 Financial position of the Group during 2009

6.3.1 Balance sheet items

Unit: RMB

Balance Sheet Items	Closing balance	Opening balance	Change (± %)	Main reasons of change
Tradable financial assets	63,993,056.22	157,360,902.20	-59.33	The deliveries of partial derivative instruments.
Notes receivable	300,000.00	-	100.00	Received the notes from selling elevators products.
Advances to suppliers	299,139,760.51	486,868,845.98	-38.56	The completed contracts projects were carried over.
Interest receivable	82,320,687.20	142,294,820.00	-42.15	The decrease in the balance and the interest rate of fixed deposit.
Other receivable	115,243,348.09	191,817,452.41	-39.92	Received export tax refund receivable.
Available-for-sale financial assets	337,360,250.00	185,450,000.00	81.91	The fair value of the stocks hold by the Company increased.
Deferred tax assets	12,530,702.92	6,810,856.62	83.98	Mainly due to the provision of the outstanding housing subsidies made by monthly for retirees who retired between January 2001 and June 2009 and have enjoyed such subsidies.
Short-term borrowings	1,465,361,484.13	478,026,177.43	206.54	More foreign exchange loan borrowed for the foreign exchange payment of importing materials and equipments.
Tradable financial liabilities	-	5,199,844.99	-100.00	The change in fair value which caused by the settlement of partial mature financial derivatives and the fluctuations in exchange rate.
Notes payable	360,901,710.85	143,660,239.95	151.22	The Company adopted the bank notes for settlement to ensure the rational utilization of the capital.
Advances from customers	127,281,207.61	218,775,845.39	-41.82	The completed non-shipbuilding products were carried over and sold.
Taxes payable	68,690,776.51	126,535,514.31	-45.71	The corporation income tax for 2008 was paid.
Interest payable	1,878,526.18	20,146,276.66	-90.68	The decrease in long-term borrowings.
Dividend payable	12,785,975.61	34,632.88	36,818.60	United Steel Structure Limited, a subsidiary of the Company declared to pay dividend for the year 2006 and 2007.
Non-current liabilities due within one year	170,705,000.00	877,863,362.40	-80.55	Returned bank loans at term or in advance.
Long-term borrowings	-	205,038,000.00	-100.00	Returned bank loans at term or in advance.

Provisions for foreseeable liabilities	121,547,344.07	87,150,182.48	39.47	1) The increase in the provision for products quality assurance as sales income rising; and 2) The provision of the outstanding housing subsidies made by monthly for retirees who retired between January 2001 and June 2009 and have enjoyed such subsidies.
Other non-current liabilities	13,760,555.79	5,714,990.79	140.78	Received fund of deferred income.

6.3.2 Profit and loss statement items

Unit: RMB

Items	2009	2008	Change (± %)	Main reasons of change
Financial expenses	-122,948,206.40	-288,581,498.27	-57.40	The decrease in exchange earning caused by the fluctuation of exchange rate.
Assets impairment loss	23,036,871.16	-3,959,877.74	-681.76	The provision for impairment of properties in Xinjiang Province.
Income/Losses from fair value changes	-88,168,000.99	-130,520,655.24	-32.45	The fluctuation of exchange rate at the end of the period and some forward contracts were settled.
Non-operating expenditure	14,963,284.04	6,759,353.39	121.37	The Company eliminated an expired piping processing product line and disposed the disabled fixed assets.

6.3.3 Cash flow statement items

Unit: RMB

Items	2009	2008	Change (± %)	Main reasons of change
Net cash flow from operating activities	-464,920,580.03	-195,267,322.66	138.09	The cash inflows from principal operations decreased.
Net cash flow from investing activities	-267,263,465.71	-760,569,150.21	-64.86	The mature pledge deposit of banks was received.
Net cash flows from financing activities	-197,417,795.86	-681,882,351.01	-71.05	The decrease in interests resulted from less long-term loans.

6.4 Application of capital

During the period under review, the Company had not raised funds during the year nor utilized any proceeds previously raised. In 2009, the investment capital not from share offering of the Company amounted to RMB 358 million, increased by RMB10 million and representing an increase of 2.87% compared with that of last year. The investments in 2009 are mainly as follows:

Unit: RMB’0000

Items	Amount	Progress	Income
Zhongshan GSI Large-size Marine Engineering Company Limited	22,147	Under construction	Net yet generate revenues
New Coating Workshop	1,216	Completed	had generated income
Electrical & mechanical materials collective warehouse project	1,668	Completed	had generated income
Equipments installation in assembly workshop	4,113	Completed	had generated income
Mechanic processing center	1,447	Completed	had generated income
Additional docking base of Changzhou island	325	Under construction	Net yet generate revenues

Reconstruction for secrecy network of military design	220	Under construction	Net yet generate revenues
Lengthening the dry dock and track of cranes	1,347	Under construction	Net yet generate revenues
Project of the ground and pre-assembling around the coating workshop	635	Under construction	Net yet generate revenues
Other renovated projects	2,633	Partially completed	Income of completed part was reflected in the total profits of current year

6.5 Profit distribution proposal for the year 2009

For the year 2009, the net profit of the Company prepared in accordance with PRC Accounting Standards and Regulations amounted to RMB 512,728,580.60, while that prepared in accordance with HKFRS amounted to RMB 512,770,865.60. Pursuant to the regulation of the Articles of Association of the Company, the profit distribution should be on the basis of the lower of the profits prepared in accordance with the two accounting standards mentioned above.

Profit distribution for the year 2009 should be based on the net profit of the Company prepared in accordance with PRC Accounting Standards and Regulations, with proposed details are as follows:

1. To withdraw 10% to the statutory public welfare fund, amounting to RMB 51,272,858.06.
2. On the basis of 494,677,580 shares in issue, to pay a dividend of RMB 0.28 (tax-included) on each share the total dividend will amount to RMB 138,509,722.40.

There is no increase of share capital through the transfer of capital reserve fund.

6.6 Prospects for 2010

Shipbuilding operation: In 2010, the shipbuilding will focus on special vessels construction and promoting the construction of vessels satisfying the requirements of PSPC, the production organization will transfer to multi-types and small quantity ship types from series ship types. The Company will strengthen the section construction and material & equipments delivery management, further optimize the technique of PSPC, realize the series dock shipbuilding and control the shipbuilding cycles.

Non-shipbuilding operations: To implement the strategic goal of heavy machinery operation gradually, ascertain the responsible entities, and focus on complete suits such as marine shafting & rudder system processing, heavy steel structure, electro-mechanical products, etc.

Technical innovation: To strengthen research of new rules and regulations, develop new ship types with low cost, high cost efficiency and high operating revenue and provide technical support to secure orders.

Cost Control: To reduce the material procurement costs, increase the procurement rate of domestic-made material and equipments, strengthen budgetary control and target cost management and to reduce the variable expenses by 10% compared with that of 2009; continuously improve production technique and increased efficiency; enhance fund management, avoid exchange rate risk; to reduce the construction costs and intensify the competitiveness of the Company.

The construction of Zhongshan subsidiary: With the policy of high standards, to assure the construction speed and quality, ensure the synchronizations of project progress and schedule, main project and supporting facilities as well as production facilities and living facilities, to satisfy the need of block supply of the Company.

6.7 Other matters

6.7.1 The Board's explanation on the qualified opinion issued by the auditors

£ Applicable R Not applicable

6.7.2 Liquidation, financial resources and capital structure

As at December 31, 2009, there was no the long-term loans of the Group and the cash and cash equivalents of the Group amounted to RMB 4,380,328,209.50 prepared under PRC Accounting Standards and Regulations.

6.7.3 Charge on Group assets

As at December 31, 2009, there was no the fixed assets pledged as security for the Group's banking facilities.

6.7.4 Capital expenditure

The Group expects that capital expenditure during 2010 would be approximately RMB 433 million. The Group has sufficient financial resources to meet the demand for capital expenditure and daily working capital.

6.7.5 Contingent liabilities

As at December 31, 2009, the Group has no significant contingent liabilities.

6.7.6 Code on Corporate Governance Practices

During the period under review, the Group complied fully with the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules.

7. SIGNIFICANT EVENTS

7.1 Acquisition of assets

£ Applicable R Not applicable

7.2 Disposal of assets

7.2.1 Approved by the twelfth meeting of the sixth term of the Board of Directors, the Company put up for sale of five properties located at Room 201, 203, 301, 601 and 603, No. 277 Wushan Road, Tianhe District in Guangzhou at the price not less than the valuation price of RMB2,475,080 through China Beijing Equity Exchange ("North Exchange"). The Company sold the properties at the price of RMB 2,515,100 and received the proceeds in November 2009. The transfer procedure is in process.

7.2.2 Approved by the thirteenth meeting of the sixth term of Board of Directors, the Company put up for sale of commercial property located in Beijing Road, New District, Urumqi Xinjiang province at a price not less than the valuation price of RMB 40.4425 million. The property which belonged to GZITIC was in compensation for the bond it owed to the Company. The Company had put up for sale the property in China Beijing Equity Exchange ("North Exchange"). The property was sold at the price of RMB 42 million in February 2010. Currently the buyer had paid the first installment to the North Exchange amounting to RMB 20 million. The rest will be paid after the transfer procedure.

As at December 31, 2009, the net book value of the property was RMB 55,931,888.68, and there have been significant impairment. Considering transaction costs of the real estate are not clear, approved by the eighteenth meeting of sixth term of Board of Directors held on March 30, 2010, the company accrued the provision for impairment RMB 15,489,388.68, which calculated into profit and loss of 2009, on the basic of the assessed value. The impairment of the property did not constitute a significant impact on the Company's 2009 annual profit and loss.

7.2.3 The Company sold the property of the sixth and seventh floors located at 126 Gexin Road, Haizhu District, Guangzhou to China State Shipbuilding Corporation No. 605 Institute to connected connected person, further details please refers to item 7.4.4.

7.3 Significant guarantees

£ Applicable R Not applicable

7.4 Significant Connected transactions

7.4.1 Routine connected transactions in 2009

Unit: RMB

No.	Content and category	The cap amount approved by general meeting	Transaction amount	Proportion in the same type of transactions	Pricing basis
1	Products and services provided by the Group to CSSC Group:	540,123,000	246,204,022.35		
1.1	Electrical and mechanical engineering equipment and metallic materials	324,250,000	116,871,561.14	1.78	Market price or agreed price
1.2	Utilities	8,700,000	2,244,695.98	0.03	Cost plus management fee
1.3	Labor supply, design and technology services	208,280,000	127,087,765.23	1.94	Not less than the price to the third parties
2	Products and services provided by the CSSC Group to the Group:	1,190,913,000	544,348,285.44		
2.1	electrical and mechanical engineering equipment and metallic materials, ship-building accessories and equipment for use on ships	1,011,740,000	475,940,626.67	8.27	Market price or agreed price, and not less favorable than the price offered by the third independent parties
2.2	Labor supply, design and technology services	187,390,000	68,407,638.77	1.19	Cost plus management fee or market price
3	Financial services supplied by CSSC Group to the Group		225,585.32		
3.1	Deposits	100,000,000	54,614,328.13		Interest rate on deposits published by the People's Bank of China, not higher than interest rate on loan published by the People's Bank of China
3.2	aggregate interest on deposits for the year	1.500,000	225,585.32	0.14	
3.3	Loans	100,000,000	-		
3.4	aggregate interest on loans for the year	7,100,000			
4	Total guarantee fees for guarantee supplied to the Group from CSSC Group	20,000,000	1,855,846.02	26.65	Agreed fee, not less than the price offered by the third independent parties
5	Total sales agency fees paid by the Group to the CSSC Group	80,520,000	33,698,292.53	38.69	1% of contract price in accordance with international practice
6	Total purchases agency fees paid by the Group to the CSSC Group	20,990,000	7,042,762.15	0.19	1% to 2% of contract price in accordance with international practice

7.4.2 The financing balance of the Company and CSSC and its subsidiaries during the year

Unit: RMB

Items	As at December 31, 2009	As at December 31, 2008

Accounts receivable	61,587,568.59	69,761,805.89
Other receivable	4,254,500.00	0
Advanced payment	55,881,792.31	153,462,673.21
Accounts payable	114,480,622.99	76,973,570.76
Other payable	8,400.00	1,425,899.59
Advances from customers	33,387,906.67	84,813,070.82

7.4.3 Funds impropriated and refund by connected parties in 2009

No funds were impropriated by connected parties during the period under review.

7.4.4 The connected transactions about acquisition or sale

Approved by the sixteenth meeting of the sixth term of the Board of Directors, the Company entered into a Real Estate Sale and purchase Contract with China State Shipbuilding Corporation No. 605 Institute (the No. 605 Institute) on December 20, 2009 to sell the sixth and seventh floors with a gross floor area of 1,265.0782 square meters (the "Real Estate") of the office building located at 126 Gexin Road, Haizhu District, Guangzhou (the "Office Building") at a price of RMB 8.509 million (the evaluation value assessed by a professional evaluating agency was RMB 8.009 million). The sale of the Real Estate is expected to reduce the daily administration expenses of the Company and would also help to improve the assets utilization and income of the Company. The Company had received the first installment payment amounting to RMB 4, 254, 5000, and the balance is expected to be due and payable in April 2010.

7.5 Trusted fund management

£ Applicable R Not applicable

7.6 Commitments

7.6.1 During the period under review, CSSC, the controlling shareholder subjected to sale restrictions of the Company, carried out the commitment to A-share reform. Such commitment had expired on May 23, 2009.

Expect for disclosed above, neither the Company nor the shareholders who hold over 5% (including 5%) shares of the Company gave any undertaking that might have a great impact on the business results or financial condition of the Company during the period under review or occurred before but continued to the period under review.

7.6.2 Existence of the profit forecast about assets or project, and the reporting period is still in the forecast period, the Company explaint whether the profit of assets or projects reached the goal:

£ Applicable R Not applicable

7.7 Material litigation and arbitration

The Company and Guangzhou International Trust Investment Company ("GZITIC"), Hong Kong Guanghong Intl' Co., Ltd ("HKGH") entered into a "Creditor's Right Transfer Agreement" on August 17,2005, according to which GZITIC transferred the creditor's right amounting to RMB 10.64 million of HKGH owned by Guangzhou International Trust Investment Development Co., Ltd., a subsidiary of GZITIC, to the Company. At the same time, the Company and HKGH entered into a Debt Offset Agreement, which stated that HKGH would transfer seven cars to the Company before September 30, 2005; while the rest of debts would be settled by HKGH's entity interest in Guanghong Electronic (Shenzhen) Co., Ltd. which is controlled by HKGH.

The Company convened litigation against HKGH at the Intermediate People's Court of Guangzhou on May 23, 2008. HKGH was ordered to pay back the debt amounting to RMB 10.64 million and corresponding interest to the Company within ten days after the sentence took effect. However, the court rejected the request of the Company that Mr. Huang Jinchao should undertake joint liability up to amount of RMB 0.6 million. The Company had appealed to the High People's Court of Guangdong province.

The High People's Court of Guangdong province made final order on September 21, 2009, rejecting the Company's appeal and upheld the order of the Intermediate People's Court of Guangzhou. In accordance with the final order, HKGH should pay back the debt amounting to RMB 10,640,232.15 and corresponding interest to the Company within ten days after the sentence took effect.

Apart from disclosure above, no significant litigation arbitration events occurred during the period under review.

7.8 Other Significant Events

7.8.1 Shares of the other listed company held by the Company

Stock Code	Abbreviation	Initial investment cost(RMB)	Proportion in the interest of the listed company (%)	Book value as at December 31, 2009	Profit and loss during the period under review	Changes in shareholders of the Company	Accounting Subject	Source of the shareholding
600036	Merchants Bank	9,760,150	0.081	278,060,250	1,185,000.00	-	Available-for-sale financial assets	Purchasing
601872	Merchants Energy Shipping	37,100,000	0.29	56,600,000	1,000,000.00	-	Available-for-sale financial assets	Purchasing
Total		46,860,150	-	334,660,250	2,185,000.00	-		-

7.8.2 Due to the significant changes in the securities market from June 2008 to May 2009, the valuation of the Company's shares had decreased sharply. If the Company persisted in acquisition, it would dilute the earnings and net assets per share, and would also impact on the funds position of the Company, which would not have been fair or reasonable to the Company and the shareholders of the Company as a whole. Therefore, the Board of the Company believed that it is in the interests of the Company and the shareholders of the Company as a whole to terminate the Proposed Rights Issue and the Proposed Acquisition. Such termination was approved by the 2008 AGM, first class meeting of domestic shares of 2009 and first class meeting of foreign share of 2009 held on May 19, 2009.

7.8.3 Zhongshan GSI Marine Engineering Company Limited ("Zhongshan Company"), a wholly-owned subsidiary of the Company in Torch Development District of Zhongshan City, Guangdong Province) obtained its business license on January 19, 2009, and successfully tendered for the land use rights for its production and operation premises in the total area of 530,000 square meters at the price of RMB 204,799,987.00 on May 7, 2009. The payments were paid in 2009.

8. Report of the Supervisory Committee

The supervisory Committee considered that the operating of the Company is legal and lawful, and there were no problems in the financial affairs, capital use, placing assets and connected transactions of the Company.

9. FINANCIAL REPORTS

9.1 Audit opinion

The Company's accounts for the year ended December 31, 2009 prepared in accordance with PRC Accounting Standards and Regulations were audited by Ascenda Certified Public Accountants, Ltd., who issued an unqualified audited report (2010) GF Zi No. 010044.

PricewaterhouseCoopers, Certified Public Accountants, the Company's international auditors, issued an unqualified audit opinion on the Company's accounts for the year ended December 31, 2009 prepared in accordance with HKFRS.

9.2 Comparative consolidated and the Company' balance sheets, income statements and cash flows statements are attached.

9.3 During the period under review, there were no changes in accounting policies, accounting estimates and method for preparation of accounts of the Group.

9.4 During the period under review, there were no corrections for accounting errors.

9.5 During the period under review, there were no significant changes to the consolidation scope of the Group.

The Board of Directors
Guangzhou Shipyard International Company Limited

Guangzhou, March 30, 2010

As at the date of this announcement, the Board of Directors of the Company is composed of eleven directors, namely executive directors Messrs. Li Zhushi, Han Guangde, Chen Jingqi, Zhong Jian, non-executive directors Messrs. Yu Baoshan, Pan Zunxian, Miao Jian, and independent non-executive directors Messrs. Wang Xiaojun, Lee Sun-leung, Sunny, Peng Xiaolei and Fu Zhengping.

Consolidated Financial Statements

Prepared in accordance with Hong Kong Financial Reporting Standards

Consolidated statement of comprehensive income
For the year ended 31 December 2009

	Note	Year ended 31 December 2009 RMB'000	2008 RMB'000
Revenue	2	6,553,425	6,984,088
Cost of construction contracts		(5,046,099)	(5,164,588)
Cost of goods sold and services rendered		(781,966)	(987,759)
Cost of sales		(5,828,065)	(6,152,347)
Gross profit		725,360	831,741
Other gains/(losses) – net	3	27,181	(2,784)
Selling and marketing costs		(13,124)	(8,760)
Administrative expenses		(323,398)	(260,091)
Other income	4	80,846	80,134
Other expenses		(8,610)	(4,835)
Operating profit	5	488,255	635,405
Finance income	6	169,340	497,049
Finance costs	6	(50,976)	(214,979)
Finance income - net	6	118,364	282,070
Share of post-tax profits of associates		7,069	3,811
Profit before income tax		613,688	921,286
Income tax expense	7	(92,872)	(81,113)
Profit for the year		520,816	840,173
Other comprehensive income:			
Fair value gains/(losses) on available-for-sale financial assets, net of tax		129,124	(266,323)
Disposal of available-for-sale financial assets, net of tax		-	(10,883)
Other comprehensive income for the year, net of tax		129,124	(277,206)
Total comprehensive income for the year		649,940	562,967
Profit attributable to:			
– Shareholders of the Company		514,962	820,396
– Minority interest		5,854	19,777
		520,816	840,173
Total comprehensive income attributable to:			
– Shareholders of the Company		644,086	543,190
– Minority interest		5,854	19,777
		649,940	562,967
Earnings per share for profit attributable to shareholders of the Company during the year (expressed in RMB per share)			
– Basic and diluted	8	1.0410	1.6584

	Note	Year ended 31 December 2009 RMB'000	2008 RMB'000
Dividends	9	138,510	222,605

Consolidated Balance sheet

As at 31 December 2009

	Note	As at 31 December 2009 RMB'000	2008 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,338,820	1,231,778
Investment properties		29,427	89,137
Land use rights and leasehold land		283,658	75,196
Intangible assets		18,453	14,950
Interest in associates		39,980	33,708
Available-for-sale financial assets		1,900	1,900
Derivative financial instruments		-	44,890
Restricted cash		-	212,000
		1,712,238	1,703,559
Current assets			
Available-for-sale financial assets		337,360	185,450
Inventories		742,775	832,683
Due from customers on construction contracts		611,765	283,014
Trade receivables	10	335,167	392,667
Other receivables		426,026	678,932
Derivative financial instruments		64,160	112,471
Term deposits with initial term of over three months		4,135,898	4,855,140
Restricted cash		1,071,916	723,463
Cash and cash equivalents		326,659	484,286
Non-current assets held for sale		40,443	-
		8,092,169	8,548,106
Total assets		9,804,407	10,251,665
EQUITY			
Capital and reserves attributable to the shareholders of the Company			
Share capital and premium		1,146,655	1,146,655
Other reserves		549,003	368,607
Retained earnings	11	1,473,183	1,232,098
- Proposed dividend		138,510	222,605
- Others		1,334,673	1,009,493
		3,168,841	2,747,360
Minority interest in equity		88,139	95,505
Total equity		3,256,980	2,842,865

Consolidated Balance sheet (continued)
As at 31 December 2009

	Note	As at 31 December 2009 RMB'000	2008 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings		-	207,632
Retirement benefit obligations		24,134	4,839
Deferred income tax liabilities		40,393	48,629
		64,527	261,100
Current liabilities			
Due to customers on construction contracts		3,368,134	4,278,333
Trade payables	12	1,070,653	976,578
Other payables and accruals		247,101	323,176
Dividends payable		12,786	35
Current income tax liabilities		48,997	105,720
Borrowings		1,637,123	1,371,508
Derivative financial instruments		167	5,200
Provisions for warranty		97,939	87,150
		6,482,900	7,147,700
Total liabilities		6,547,427	7,408,800
Total equity and liabilities		9,804,407	10,251,665
Net current assets		1,609,269	1,400,406
Total assets less current liabilities		3,321,507	3,103,965

1. Basis of preparation

These consolidated financial statements of the Company and its subsidiaries (together, the "Group") have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and derivative financial instruments, which are carried at fair value.

Changes in accounting policy and disclosures

(a) New standards, amendments to standards and interpretations effective in 2009

HKFRS 8, "Operating segments". HKFRS 8 replaces HKAS 14 "Segment reporting" and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about segments of an enterprise and related information". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The Group has applied HKFRS 8 from 1 January 2009 and this has resulted certain changes in the reportable segments presented, as the previously reported segments of shipbuilding, steel structure and other manufacturing, other operations have been changed to shipbuilding and related business, steel structure projects and all other segments, which have impact on the measurement of the Group's segment revenue and segment results. Comparative figures for 2008 have been restated. However, such restatement in note disclosure does not have any impact on the balance sheets.

HKAS 1 (Revised), "Presentation of financial statements". The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

HKAS 23 (Revised), "Borrowing costs". The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. Since the Group currently applies a policy of capitalizing borrowing costs, the revised standard does not have any material impact on the Group's or the Company's financial statements.

HKFRS 7 (Amendment), "Financial instruments: disclosures". The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

2. Segment information

The chief operating decision-maker has been identified as the Board of Directors ("BOD"). BOD reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The BOD considers the business from a product perspective, from which management assesses the performance of shipbuilding and related business, steel structure projects and other businesses. Other businesses mainly comprised machinery and other manufacturing, painting services, trading of computer and other related services, none of which, both individually and in aggregate, are of a sufficient size to be reported separately.

The BOD assesses the performance of the operating segments based on measures of segment revenue and segment results. Other information provided to the BOD is measured in a manner consistent with that in the financial statements.

Sales between segments are carried out based on terms agreed. The revenue from external parties reported to the BOD is measured in a manner consistent with that in the consolidated statement of comprehensive income.

Turnover consists of sales from shipbuilding and related business, steel structure projects and other businesses, which were RMB5,718,471,000, RMB463,231,000 and RMB371,723,000 for the year ended 31 December 2009 and RMB5,904,449,000, RMB659,854,000 and RMB419,785,000 for the year ended 31 December 2008 respectively.

The segment revenue and results for the year ended 31 December 2009 are as follows:

	Shipbuilding and related business	**Steel structure projects**	**All other segments**	**Combined**	**Inter-segment elimination**	**Consolidated**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total revenue	5,718,471	464,784	1,533,806	7,717,061	(1,163,636)	6,553,425
Inter-segment revenue	-	(1,553)	(1,162,083)	(1,163,636)	1,163,636	-
Revenue (from external customers)	5,718,471	463,231	371,723	6,553,425	-	6,553,425
Segment results	471,538	(17,557)	46,498	500,479	(12,224)	488,255
Finance income	170,401	1,543	675	172,619	(3,279)	169,340
Finance costs	(49,174)	(463)	(1,339)	(50,976)	-	(50,976)
Share of post-tax profits of associates	755	-	6,314	7,069	-	7,069
Income tax expense	(84,640)	(3,266)	(4,966)	(92,872)	-	(92,872)
Profit for the year						520,816
Segment results include:						
Depreciation and amortisation	(84,197)	(3,577)	(15,392)	(103,166)	-	(103,166)
Realized gains on derivative financial instruments	110,765	-	-	110,765	-	110,765
Fair value (losses)/gains of derivative financial instruments	(97,458)	-	9,290	(88,168)	-	(88,168)
Impairment for investment property	(15,489)	-	-	(15,489)	-	(15,489)
Impairment for inventories	(2,176)	(1,824)	(242)	(4,242)	-	(4,242)

2. Segment information (continued)

The segment revenue and results for the year ended 31 December 2008 are as follows:

	Shipbuilding and related business	Steel structure projects	All other segments	Combined	Inter-segment elimination	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total revenue	5,904,449	659,891	938,227	7,502,567	(518,479)	6,984,088
Inter-segment revenue	-	(37)	(518,442)	(518,479)	518,479	-
Revenue (from external customers)	5,904,449	659,854	419,785	6,984,088	-	6,984,088
Segment results	547,285	33,167	39,427	619,879	15,526	635,405
Finance income	492,257	558	4,234	497,049	-	497,049
Finance costs	(208,571)	(1,335)	(5,073)	(214,979)	-	(214,979)
Share of post-tax profits of associates	895	-	2,916	3,811		3,811
Income tax expense	(81,497)	2,121	(1,737)	(81,113)		(81,113)
Profit for the year						840,173
Segment results include:						
Depreciation and amortisation	(83,795)	(5,792)	(11,885)	(101,472)	-	(101,472)
Realized gains on derivative financial instruments	116,666	-	-	116,666	-	116,666
Fair value losses of derivative financial instruments	(130,521)	-	-	(130,521)	-	(130,521)
Impairment (provision)/ reverse for inventories	1,308	2,757	(362)	3,703	-	3,703

The segment assets and liabilities at 31 December 2009 are as follows:

	Shipbuilding and related business	Steel structure projects	All other segments	Combined	Inter-segment elimination	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total segment assets	9,001,662	525,250	646,476	10,173,388	(368,981)	9,804,407
Total segments assets include:						
Interest in associates	4,262	-	35,718	39,980	-	39,980
Total segments liabilities	6,049,811	370,321	504,401	6,924,533	(377,106)	6,547,427

The segment assets and liabilities at 31 December 2008 are as follows:

	Shipbuilding and related business	Steel structure projects	All other segments	Combined	Inter-segment elimination	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total segment assets	9,223,282	613,366	491,536	10,328,184	(76,519)	10,251,665
Total segments assets include:						
Investments in associates	4,303	-	29,405	33,708	-	33,708
Total segments liabilities	6,693,550	435,517	356,252	7,485,319	(76,519)	7,408,800

2 Segment information (continued)

The additions to non-current assets (other than financial instruments) are as follows:

	Shipbuilding and related business RMB'000	Steel structure projects RMB'000	All other segments RMB'000	Combined RMB'000	Inter-segment elimination RMB'000	Consolidated RMB'000
Year ended 31 December 2009	351,207	59	89,872	441,138	-	441,138
Year ended 31 December 2008	280,649	1,744	3,652	286,045	-	286,045

The Group does not have significant reliance on certain major customers. Revenue from major external customers by geographical location are as follows:

	2009 RMB'000	**2008** RMB'000
Denmark	3,376,132	2,114,264
Mainland China	1,361,009	1,665,444
Greece	525,418	532,199
Germany	384,023	327,761
Italy	366,083	30,145
Hong Kong	278,262	299,634
Malta	60,998	1,248,504
Other countries	201,500	766,137
	6,553,425	6,984,088

Revenues are allocated based on the places / countries in which customers are located.

Non-current assets (other than financial instruments) located by geographical location are as follows:

	2009 RMB'000	**2008** RMB'000
Mainland China	1,693,498	1,427,533
Hong Kong	16,840	17,236
	1,710,338	1,444,769

The non-current assets are allocated based on where the assets are located.

Breakdown of the revenue from all services is as follows:

	2009 RMB'000	**2008** RMB'000
Analysis of revenue by category		
Construction contracts	5,718,471	5,904,445
Sales of goods	663,340	904,487
Provision of services	171,614	175,156
	6,553,425	6,984,088

3. Other gains/(losses) – net

	2009 RMB'000	2008 RMB'000
Net foreign exchange transaction gains - net	4,584	6,511
Forward foreign exchange contracts not qualified for hedge accounting		
- realized gains on derivative financial instruments	110,765	116,666
- fair value losses on derivative financial instruments	(88,168)	(130,521)
Other financial assets at fair value through profit or loss:		
- realized fair value gains on listed securities	-	4,560
	27,181	(2,784)

4. Other income

	2009 RMB'000	2008 RMB'000
Dividend income from available-for-sale financial assets	2,415	4,113
Subsidy income for shipbuilding	73,546	40,902
Other subsidy income	3,998	25,050
Gain on disposal of available-for-sale financial assets	-	7,592
Others	887	2,477
	80,846	80,134

5. Operating profit

The following items have been charged to the operating profit during the year:

	2009 RMB'000	2008 RMB'000
Cost of inventory sold	632,550	823,413
Depreciation and amortisation charges	103,166	101,472
Loss of sale of properties, plant and equipment and investment properties, land used rights and leasehold land	7,589	6,392
Impairment for investment properties	15,489	-

6. Finance income – net

	2009 RMB'000	2008 RMB'000
—Interest income from bank deposit	166,655	291,455
—Net foreign exchange gains arising from borrowings	2,685	205,594
Finance income	169,340	497,049
—Interest expense for bank borrowings	(40,959)	(199,162)
—Other incidental borrowing costs	(10,017)	(15,817)
Finance costs	(50,976)	(214,979)
Finance income - net	118,364	282,070

7. Income tax expense

Taxation on the PRC profit has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the PRC.

	2009 RMB'000	2008 RMB'000
Current income tax – the PRC enterprise income tax	123,894	112,893
Deferred income tax	(31,022)	(31,780)
	92,872	81,113

8. Earnings per share

The calculation of basic and diluted earnings per share is based on the Group's profit attributable to shareholders of RMB514,962,000 (2008:RMB820,396,000) and the weighted average number of 494,677,580 (2008:494,677,580) ordinary shares in issue during the year.

9. Dividends

A dividend in respect of the year ended 31 December 2009 of RMB0.28 per share, amounting to RMB138,510,000 is to be proposed at the Annual General Meeting of 2010. These financial statements do not reflect this dividend payable.

	2009	**2008**
	RMB'000	RMB'000
Proposed final dividend of RMB0.28 (2008:RMB0.45) per ordinary share	138,510	222,605

10. Trade receivables

	2009	**2008**
	RMB'000	RMB'000
Trade receivables due from third parties	149,616	202,743
Less: provision for impairment	(6,508)	(4,701)
Trade receivables – net	143,108	198,042
Amounts due from related parties	192,059	194,625
	335,167	392,667

The general credit terms of trade receivables are:

Operations	Credit terms
Shipbuilding	Within one month after issue of invoice
Other operations (including steel structure and other manufacturing)	Normally one to six months

At 31 December 2009 and 2008, the ageing analysis of the trade receivables due from third parties are as follows:

	2009	**2008**
	RMB'000	RMB'000
Not exceeding 1 year	133,951	170,991
More than 1 year but not exceeding 2 years	491	21,966
More than 2 years but not exceeding 3 years	7,388	3,979
More than 3 years	1,278	1,106
	143,108	198,042

At 31 December 2009 and 2008, the ageing analysis of the trade receivables due from related parties are as follows:

	2009	**2008**
	RMB'000	RMB'000
Not exceeding 1 year	186,876	190,397
More than 1 year but not exceeding 2 years	4,542	4,228
More than 2 years but not exceeding 3 years	641	-
	192,059	194,625

11. Retained earnings

	2009	2008
	RMB'000	RMB'000
Beginning of the year	1,232,098	736,573
Profit for the year	514,962	820,396
Profit transferred to surplus reserves	(51,272)	(77,532)
Dividends relating to prior year	(222,605)	(247,339)
End of the year	1,473,183	1,232,098

12. Trade payables

	2009	2008
	RMB'000	RMB'000
Amounts due to third parties	485,260	655,979
Amounts due to related parties	585,393	320,599
	1,070,653	976,578

At 31 December 2009 and 2008, the ageing analysis of the trade payables due to third parties are as follows:

	2009	2008
	RMB'000	RMB'000
Not exceeding 1 year	473,032	646,998
More than 1 year but not exceeding 2 years	8,450	7,884
More than 2 years but not exceeding 3 years	3,405	759
More than 3 years	373	338
	485,260	655,979

At 31 December 2009 and 2008, the ageing analysis of the trade payables due to related parties are as follows:

	2009	2008
	RMB'000	RMB'000
Not exceeding 1 year	577,660	320,070
More than 1 year but not exceeding 2 years	7,697	529
More than 2 year but not exceeding 3 years	36	-
	585,393	320,599