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

(A Joint-Stock Company with Limited Liability Established in the People's Republic of China)

Stock Code: 00317

SUMMARY OF INTERIM REPORT

FOR THE SIX MONTHS ENDED 30TH JUNE 2010

1. IMPORTANT NOTICE

1.1 The Board of Directors ("the Board"), the Supervisory Committee and as well as the directors, supervisors 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, and jointly and severally responsible for the authenticity, accuracy and integrity of the contents of this report.

1.2 All the directors attended the twentieth meeting of the sixth term of the Board of Directors held on August 26, 2010, at which this report was approved.

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

1.4 Unless otherwise stated, financial data contained in this report is extracted from the accounts prepared by the Group in accordance with PRC Accounting Standards for Business Enterprises and Relevant Regulations ("PRC Accounting Standards and Regulations").

1.5 The Company has no capital appropriated by the controlling shareholder or connected parties, and has not provided any external guarantees in violation of the Company's decision-making procedures during the period under review.

1.6 The Audit Committee of the Company has reviewed and confirmed the financial reports in the interim report for the first six months of 2010 of the Company.

1.7 This announcement is prepared in both English and Chinese. In the event that different interpretation occurs, with the exception of the condensed consolidated interim financial information prepared in accordance with Hong Kong Accounting Standards 34 ('HKAS 34') – Interim financial reporting, the Chinese version shall prevail.

1.8 This announcement is a summary of the interim report for the six months ended June 30, 2010. Investors are advised to read the full text of the interim report for the six months ended June 30, 2010 for detail information.

1.9 This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. OVERVIEW OF THE COMPANY

2.1 BRIEF INTRODUCTION

Stock Abbreviation	Guangzhou Shipyard International	Guangzhou Shipyard International
Stock Code	600685	00317
Place of Listing Shares	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited
	Company Secretary	**Authorized Securities Representative**
Name	Mr. Li Zhidong	Ms. Yang Ping
Telephone	(8620) 81891712 ext. 2962	(8620) 81891712 ext. 2995
E-mail	lzd@chinagsi.com	yangping@chinagsi.com
Address	40 South Fangcun Main Road, Liwan District, Guangzhou, P.R.C	
Facsimile	(8620) 81891575	

2.2 MAJOR FINANCIAL DATA AND INDICATORS

2.2.1 Prepared under the PRC Accounting Standards and Regulations

Unit: RMB

Items	**Unaudited As at June 30, 2010 (Consolidated)**	**Audited As at December 31, 2009 (Consolidated)**	**Change (%)**
Total assets	10,643,190,217.17	9,805,223,077.98	8.55
Shareholders' equity attributable to shareholders of the Company	3,299,141,197.93	3,168,840,358.56	4.11
Net assets per share attributable to shareholders of the Company	6.67	6.41	4.11
Items	**Unaudited For six months ended June 30**		**Change (%)**
	2010 (Consolidated)	**2009 (Consolidated)**	
Operating profit	310,752,647.94	294,457,827.67	5.53
Total profit	402,703,975.85	286,918,213.74	40.35
Net profit attributable to shareholders	341,324,211.36	241,752,604.98	41.19
Net profit attributable to shareholders after deduction of exceptional items	331,643,172.46	237,594,154.17	39.58
Basic earnings per share	0.69	0.49	41.19
Basic earnings per share after deduction of exceptional items	0.67	0.48	39.58
Diluted earnings per share	-	-	-
Weighted average return on net assets (%)	10.68	8.58	Increased by 2.1 percent
Net cash flow from operating activities	47,469,635.26	-114,367,370.86	Not applicable
Net cash flow per share from operating activities	0.10	-0.23	Not applicable

The nature and amount after deduction of exceptional items are as follows:

Unit: RMB

Exceptional income items	Amount	Note
Profits or losses from disposal of non-current assets, including write-offs of asset impairment provisions	114,835.47	Mainly was the loss from disposal of fixed assets.
Government subsidies recognized in the current profits and losses	13,010,224.84	Mainly were subsidies of software produced by the Group and new productions.
Gains/Losses from fair value changes of trading financial assets and trading financial liabilities, and investment income from disposal of trading financial assets, trading financial liabilities and available-for-sale financial assets, except effective hedging activities related to the Company's main operations	-2,188,480.77	Mainly resulted from fair value changes of trading financial assets and trading financial liabilities, and investment income from disposal of trading financial assets, trading financial liabilities and available-for-sale financial assets.
Reverse of provision for receivable impairment which was tested individually	2,400.00	Receipt of account receivables which were written off.
Other non-operating income and expenses	651,925.34	
Subtotals（effect on income before tax）	11,590,904.88	
Less: influence on income tax	1,738,635.73	
Total influence on net profits	9,852,269.15	
Less: influence on attributable to non-controlling interests	171,230.25	
Influence on the net profits attributable to common shareholders of parent company	9,681,038.90	
Net profits attributable to common shareholders of parent company after deducting exceptional items	331,643,172.46	

2.2.2 **Prepared in accordance with Hong Kong Accounting Standards 34 ("HKAS 34")**

Unit: RMB'000

Items	**Unaudited As at June 30, 2010 (Consolidated)**	**Audited As at December 31, 2009 (Consolidated)**	**Change (%)**
Current assets	8,666,781	8,092,169	7.10
Current liabilities	6,979,426	6,482,900	7.66
Total assets	10,677,875	9,804,407	8.91
Shareholders' equity (excluding non-controlling interests)	3,299,141	3,168,841	4.11
Net assets per share (RMB)	6.67	6.41	4.11
Gearing ratios (%)	68.27	66.78	2.23
Items	**Unaudited For six months ended June 30**		
	2010 (Consolidated)	**2009 (Consolidated)**	**Change (%)**
Profit attributable to shareholders of the Company	341,324	241,753	41.19
Earnings per share (RMB)	0.6900	0.4887	41.19
Return on net assets (%)	10.35	8.38	23.51

2.2.3 Statement of the differences due to prepared under different accounting principles

£ Applicable R Not applicable

3. CHANGES OF SHARE CAPITAL AND SUBSTANTIAL SHAREHOLDINGS

3.1 CHANGES OF SHARE CAPITAL

£ Applicable R Not applicable

3.2 SHAREHOLDERS INFORMATION

(1) As at June 30, 2010, the total number of shareholders of the Company was 72, 040, including 71,649 shareholders of listed A-shares and 391 shareholders of listed H-Shares.

(2) As at June 30, 2010, top 10 shareholders and top 10 shareholders of freely transferable shares of the Company were as follows:

Unit: share

Shareholder	Chang during the period under review	Number of shares at the end of the period under review	Percentage (%)	Shares pledged or locked up	Nature of shareholders	Classification of Shares
China State Shipbuilding Corporation	0	176,650,615	35.71	None	State-owned Shares	A-Share
HKSCC Nominees Limited	-4,966,880	146,537,509	29.62	Unknown	Foreign legal entity shares	H-Share
China AMC Stable Growth Fund	3,899,902	3,899,902	0.79	Unknown	Other	A-Share
Da Rosa Jose Augusto Maria	3,000,000	3,000,000	0.61	Unknown	Foreign nature person shares	H-Share
Chan Kwok Tai Eddie	0	2,250,000	0.45	Unknown	Foreign nature person shares	H-Share
Harvest in Shanghai and Shenzhen 300 Index Securities Investment Fund	-40,700	1,056,821	0.21	Unknown	Other	A-Share
Sun Xuexin	481,860	878,800	0.18	Unknown	Other	A-Share
Li Yongmian	0	801,806	0.16	Unknown	Other	A-Share
Harvest in Shanghai and Shenzhen 300 Index Securities Investment Fund	-327,520	772,001	0.16	Unknown	Other	A-Share
Ling Fong	0	660,000	0.13	Unknown	Foreign nature person shares	H-Share

The Company is not aware of whether the top 10 listed shareholders and the top 10 shareholders of freely transferable shares disclosed above are connected with each other or persons acting in concert as defined in "*Information Disclosure Management Procedure relating to Changes of Share-holding of Listed Companies*".

3.3 Apart from the shareholders disclosed above, as at June 30, 2010, the following persons, other than the directors, supervisors and chief executive of the Company, had the following interests or short positions in the shares and underlying shares of the Company as recorded in the register kept under section 336 of the Securities and Futures Ordinance of Hong Kong (“SFO”).

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

3.4 During the period under review, the controlling holder and actual controller of the Company have not changed. The controlling holder and the actual controller of the Company are CSSC and State-owned Assets Supervision and Administration Commission of the State Council respectively.

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

4.1 CHANGES IN SHARESHOLDING OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

£ Applicable Ŗ Not applicable

4.2 STAFF OF THE COMPANY AND THE REMUNERATION POLICY

As at June 30, 2010, the number of employees on the payroll of the Company was 3,429. The remuneration of the employees of the Group includes their salaries, bonuses and other fringe benefits. The Group applies 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.

5. REPORT OF THE BOARD OF DIRECTORS

5.1 DISCUSSION AND ANALYSIS OF OPERATION DURING THE PERIOD UNDER REVIEW

During the first half of 2010, though the shipbuilding market became partially active, the segment market of handy-size tanker, which is the main operation of the Company, remains depressive since the global financial crisis broke out in 2008.

During the period under review, several special vessels such as semi-submersible vessels and Ro/Ro passenger vessels went into construction; the vessels in compliance with the requirements of PSPC were in process of construction, and successfully gained PSPC certificate from classification societies successfully; completed the lengthening project of dry dock, implemented tandem shipbuilding method which promoted capacity utilization; optimized the budget management, strengthened target cost management and the direct charge decreased by 10% compared with that of the same period last year; enhanced research on new standards, optimized allocation of ship types, developed vessels with low cost and high operating revenue, and reserved potential ship types actively; the block manufacturing center in Zhongshan City entered into substantive construction phase; promoted the strategy implementation, integrated resources and established Heavy Machinery Division to execute the development strategy of heavy machinery operation.

Affected by simultaneous construction of several first-building vessels of several types, the new regulations such as PSPC, the torrential rains as well as the ship market, the construction of vessels-in-process became more difficult, the shipbuilding progress delayed and shipbuilding cycles postponed, which jointly resulted in the decrease of the operating income of the Company compared with that of the same last year. Meanwhile, the reduced cost of shipbuilding materials and equipments contributed to the increase in gross profit and net profit.

During the period under review, the operating income (turnover) of the Company and its subsidiaries (collectively the "Group") amounted to RMB 2,894 million (of which, the principal operating income amounted to RMB 2,842 million) representing a decrease of 7.68% compared with that of the same period last year. The net profit of the Group (the profit attributable to shareholders after taxation and non-controlling interest) amounted to RMB 341 million, representing an increase of 41.19% compared with that of the same period last year. The earnings per share amounted to RMB 0.69.

5.2 PRINCIPAL OPERATION INFORMATION

(1) Major operation information

Unit: RMB

Products	Operating income	Operating costs	Operating profit margin (%)	Change of operating income compared with that of the same period last year (%)	Change of operating cost compared with that of the same period last year (%)	**Change of operating gross margin compared with that of the same period last year**
Shipbuilding	2,620,474,594.38	2,239,928,336.16	14.52	-6.29	-8.01	Increased by 1.6 percent
Steel structure	60,721,525.33	50,623,380.74	16.63	-64.39	-67.24	Increased by7.26 percent
Electrical & mechanical products and others	160,996,506.04	125,280,582.33	22.18	27.57	27.66	decreased by 0.06 percent
Total	2,842,192,625.75	2,415,832,299.23	15.00	-8.11	-10.12	Increased by 1.90 percent

During the period under review, the connected transactions in the products and labor services supplied to the controlling shareholder CSSC and its subsidiaries by the Company amounted to RMB 64, 147,686.95.

1) Shipbuilding

During the first half of 2010, the Group completed and delivered 7 vessels, commenced construction work on 7 vessels, and launched 9 vessels. The main clients are from European countries such as Denmark, Greece, Italy, Malta and other important domestic clients. The major products built during the period under review were 39,000dwt, 50,500dwt, and 52,300dwt and 55,000dwt chemical/product oil tanker, 50,000dwt semi-submersible vessels and Ro/Ro passenger vessels. Moreover, the Group secured new shipbuilding orders for 2 vessels with a total tonnage of 110,000dwt from a domestic owner. As at June 30, 2010, the Group has accumulated orders for building 47 vessels with a total tonnage of 1,988,900 dwt.

The shipbuilding income decreased as compared with the same period last year, which was mainly due to the decreased volume of shipbuilding as compared with the same period last year, which resulted in less revenue from payments in line with completed construction stages. The increase of the gross margin was mainly benefited from the reduced cost of shipbuilding materials and equipments over that of the same period last year.

2) Non-shipbuilding operations

In accordance with the development strategy of the Group and strategic plan of heavy machinery operation, the Group integrated its non-shipbuilding operation resource, forming three core businesses of complete sets of equipments & ship accessories processing, heavy steel structures and electrical & mechanical products during the period under review, and established Heavy Machinery Division and secured orders to build two shield machines for Guangdong No. 2 Hydropower Engineering Co., Ltd as well as orders of ship unloaders and reclaimers from Thyssenkrupp Group. During the period under review, the Company completed 10,493.9 tons steel structure, and sold 225 hydraulic shearing machines and 230 elevators.

The income from steel structure decreased compared with that of the same period 2009, which was mainly due to the shortage of orders as affected by global financial crisis. Income from electrical & mechanical products increased during the period under review, mainly due to the improved hydraulic shearing machine market and elevator market in the first half of 2010.

5.3 Geographical Statement of Operation

Unit: RMB

Area	**Operating income**	**Change (± %)**
Malta	4,860,069.05	-92.03
Denmark	1,448,479,148.35	-13.81
Italy	215,975,641.63	71.43
U.S.A	31,315,276.62	-47.05
Hong Kong	76,912,789.39	-70.41
Greece	349,383,116.05	85.65
Australia	9,996,515.25	-83.34
Angola	11,277,433.54	100.00
Other	956,400.45	357.66
Mainland China	693,036,235.42	89.85
Total	2,842,192,625.75	-8.11

5.4 Other operations of significant influence in the Company's net profit

£ Applicable R Not applicable

5.5 Reasons of the significant change in the profit breakdown compared with last year

£ Applicable R Not applicable

5.6 Explanation on significant changes in principal activities and their compositions

£ Applicable R Not applicable

5.7 Application of proceeds from share offering

£ Applicable R Not applicable

5.8 Changes on business plan for the next half year

£ Applicable R Not applicable

5.9 Warning statement in relation to expected possible loss of net profit from the beginning of the year to the end of the next reporting period, or possible significant change compared with that of the same period of last year

£ Applicable R Not applicable

5.10 The Board's explanation on the qualified opinion issued by the auditors to the period under review

£ Applicable R Not applicable

5.11 The Board's explanation on the changes and settlements to the affairs involved by the qualified opinion issued by the auditors to previous year

£ Applicable R Not applicable

6. SIGNIFICANT EVENTS

6.1 ACQUISITION, DISPOSAL AND RESTRUCTURE OF ASSETS

The thirteenth meeting of the sixth term of Board of Directors approved the Company to put up a commercial property located in Beijing Road, New District, Urumqi, Xinjiang Province for sale at a price not less than the valuation price of RMB 40.4425 million. The property which belonged to GZITIC was in compensation for monies owed to the Company. The Company had put up the property for sale at the China Beijing Equity Exchange. The property was sold at the price of RMB 42 million in February 2010. As at June 30, 2010, an account receivable amounting to RMB 9.1 million remains to be paid, expected to be received after transfer formalities completed and relevant tax paid.

Except as disclosed above, no other disposal of assets, no acquisition and restructure of assets occurred during the period under review.

6.2 GUARANTEE

£ Applicable R Not applicable

6.3 Significant connected transaction

(1) Routine connected transactions

Unit: RMB

No.	Content and category	Transaction amount	Proportion in the same type of transactions (%)	Pricing basis	Settlement
1	Total amount of products and services provided by the Group to CSSC Group	64,147,686.95			
1.1	Electrical and mechanical engineering equipment and metallic materials	4,301,204.07	8.37	Market price or agreed price	Through the bank
1.2	Utilities	811,236.14	1.58	Cost plus management fee	Through the bank
1.3	Labor supply, design and technology services	59,035,246.74	2.04	Not less favorable compared with independent third parties	Through the bank
2	Total amount of products and services provided by CSSC Group to the Group	280,916,837.79			
2.1	Electrical and mechanical engineering equipment and metallic materials, ship-building accessories and equipment use on ships	262,216,910.17	17.55	Market price or agreed price, and not less favorable than terms available from independent third parties	Through the bank
2.2	Labor supply, design and technology services	18,699,927.62	0.76	Cost plus management fee or market price	Through the bank
3	Financial services supplied from CSSC Group				
3.1	Deposits	182,003,457.18	4.78	Interest rates on deposits and loans published by the People's Bank of China	Through the bank
3.2	Interest on deposits	718,261.95	1.04		
3.3	Loans				
3.4	Interest on loans				
4	Total guarantee fees for guarantee supplied to the Group from CSSC Group			Agreed fee，at rates not less favorable than that provided by the independent third parties	Through the bank
5	Total sales agency fees	17,311,871.18	46.27	Not more than 1% of contract price in accordance with international practice	Through the bank
6	Total purchases agency fees	1,819,793.99	0.12	1% to 2% of contract price in accordance with international practice	Through the bank

(2) Connected transactions of non-operating credits or debts

Unit: RMB

Connected Party	Relationship	Fund provided to connected parties		Fund provided by connected parties	
		Amount	Balance	Amount	Balance
Guangzhou Shipyard Co., Ltd.	Controlled by the same parent company	-	-	2,170.00	10,570.00
Existing reason	Business need				
Settlement situation	Normal				
Relevant commitments	Not applicable				
The impact on the operating results and financial position of the Company	Have not make significant impact on the operating results and financial position of the Company				

6.4 Significant litigation or arbitration event

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 judgment 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 10640232.15 and corresponding interest to the Company within ten days after the judgment took effect. Currently, the case has entered the enforcement procedure.

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

6.5 Securities investment

(1) Shares of other listed companies possessed by the Company and its investment information

Unit: RMB

Stock Code	Abbreviation	Initial investment cost	Proportion in the interest of the listed company (%)	Book value as at June 30 2009	Profit and loss during the period under review	Changes in shareholders of the Company	Accounting Subject	Source of the shareholding
600036	Merchants Bank	9,760,150.00	0.081	226,473,526.50	-	-	Available-for-sale financial assets	Purchasing
601872	Merchants Energy Shipping	37,100,000.00	0.29	40,600,000.00	200,000.00	-	Available-for-sale financial assets	Purchasing
Total		46,860,150.00	-	267,073,526.50	200,000.00	-	-	-

(2) Information on interest possessed by the Company of un-listed financial enterprises and companies going public

£ Applicable R Not applicable

6.6 Other Significant Events

(1). The twentieth meeting of the sixth term of the Board on August 26, 2010 approved the Company to enter into an assets lease contract with Jiangsu Shenghua Shipbuilding Co., Ltd. ("Jiangsu Shenghua ") and its controlling shareholder. The Board is in the view that the asset lease contract will settle capacity shortage and help the increase of shipbuilding operation of the Company in a short term.

(2). Approved by the fourteenth meeting of the sixth term of Board of Directors, the Company fully participated in China Merchants Bank’s right issue on March 9, 2010, paid RMB 17.7235 million for allocation of 2,002,650 shares.

(3). Approved by the eighteenth meeting of the sixth term of the Board of Directors, the Company has established the Heavy Machine Division for promoting heavy machine operations such as steel structures, complete sets of equipments and ship accessories as well as mechanical and electrical products, and to phase out the steel structure and large-size machinery equipment manufacturing company at appropriate time.

(4). Up to June 30, 2010, the Group has no significant contingent liabilities.

(5). Detailed information on charges on assets of the group

As at June 30, 2010, fixed deposit amounted to RMB 2,318,624,938.93 has been charged as warrant money and guarantee for foreign loans. Apart from disclosure above, no other assets of the group are charged.

(6). Gearing ratio

As at June 30, 2010, the gearing ratio of the Company was 68.15% (66.78% at the beginning of the period). The change is mainly due to the decrease in the total liabilities, of which, the decrease in bank loans was rather significant and total assets also decreased slightly.

(7). There has been no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the period under review.

(8). Corporate governance practices

During the period under review, the Company had complied with the code provisions set out in the Code of Corporate Governance Practices contained in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(9). Securities Transactions by Directors

The Company has strictly complied with the relevant restrictive provisions imposed by Hong Kong and PRC regulatory organs in relation to securities transactions by directors and has consistently upheld the principle of complying with the most stringent provisions and had adopted the Model Code for Securities Transactions by Directors of Listed Companies. The Company has made specific inquiry of all its directors for preparing this report and all directors have confirmed that they have complied with Model Code for Securities Transactions by Directors of Listing Companies during the period under review.

7. FIANCIAL REPORTS

7.1 Audit opinion

£ Audited   R Unaudited

7.2 Financial Statement

Condense Consolidated Interim Financial Information
Prepared in accordance with HKAS 34.

Condensed consolidated statement of comprehensive income

For the six months ended 30 June 2010

	Note	Unaudited Six months ended 30 June 2010 RMB'000	2009 RMB'000
Revenue	3	2,893,604	3,134,483
Cost of construction contracts		(2,273,617)	(2,468,491)
Cost of goods sold and services rendered		(241,760)	(289,103)
Cost of sales		(2,515,377)	(2,757,594)
Gross profit		378,227	376,889
Other (losses)/gains – net		(7,805)	17,879
Selling and marketing costs		(4,894)	(3,740)
Administrative expenses		(120,064)	(158,255)
Other income		92,217	957
Other expenses		(65)	(8,496)
Operating profit	4	337,616	225,234
Finance income	5	77,714	96,863
Finance costs	5	(15,598)	(37,309)
Finance income – net	5	62,116	59,554
Share of post-tax profits of associates		2,972	2,131
Profit before income tax		402,704	286,919
Income tax expense	6	(60,611)	(40,706)
Profit for the period		342,093	246,213
Other comprehensive income:			
Fair value (losses)/gains on available-for-sale financial assets, net of tax		(72,514)	119,138
Other comprehensive income for the period, net of tax		(72,514)	119,138
Total comprehensive income for the period		269,579	365,351
Profit attributable to:			
– shareholders of the Company		341,324	241,753
– non-controlling interests		769	4,460
		342,093	246,213
Total comprehensive income attributable to:			
– shareholders of the Company		268,810	360,891
– non-controlling interests		769	4,460
		269,579	365,351
Earnings per share for profit attributable to shareholders of the Company for the period (expressed in RMB per share)			
– basic and diluted	7	0.6900	0.4887

	Note	Unaudited Six months ended 30 June 2010 RMB'000	2009 RMB'000
Dividends	8	-	-

Condensed consolidated balance sheet

As at 30 June 2010

	Note	Unaudited 30 June 2010 RMB'000	Audited 31 December 2009 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,340,717	1,338,820
Investment properties		29,087	29,427
Land use rights and leasehold land		292,135	283,658
Intangible assets		17,159	18,453
Interest in associates		38,152	39,980
Available-for-sale financial assets		1,900	1,900
Restricted cash		291,944	-
Total non-current assets		2,011,094	1,712,238
Current assets			
Available-for-sale financial assets		269,773	337,360
Inventories		917,888	742,775
Due from customers on construction contracts		721,063	611,765
Trade receivables	9	204,097	335,167
Prepayment and other receivables		605,027	426,026
Derivative financial instruments		2,920	64,160
Term deposits with initial term over three months		3,212,339	4,135,898
Restricted cash		2,026,681	1,071,916
Cash and cash equivalents		666,968	326,659
Non-current assets held for sale		40,025	40,443
Total current assets		8,666,781	8,092,169
Total assets		10,677,875	9,804,407
EQUITY			
Equity attributable to the shareholders of the Company			
Share capital and premium		1,146,655	1,146,655
Other reserves		476,489	549,003
Retained earnings		1,675,997	1,473,183
- Proposed dividend		-	138,510
- Others		1,675,997	1,334,673
		3,299,141	3,168,841
Non-controlling interests		88,908	88,139
Total equity		3,388,049	3,256,980
LIABILITIES			
Non-current liabilities			
Borrowings		267,069	-
Retirement benefit obligations		23,590	24,134
Deferred income tax liabilities		19,741	40,393
Total non-current liabilities		310,400	64,527
Current liabilities			
Due to customers on construction contracts		3,186,923	3,368,134
Trade payables	10	1,211,271	1,070,653
Other payables and accruals		366,903	247,101
Dividends payable		94,493	12,786
Current income tax liabilities		55,763	48,997
Borrowings		1,962,188	1,637,123
Derivative financial instruments		265	167
Provisions for warranty		101,620	97,939
Total current liabilities		6,979,426	6,482,900
Total liabilities		7,289,826	6,547,427
Total equity and liabilities		10,677,875	9,804,407
Net current assets		1,687,355	1,609,269
Total assets less current liabilities		3,698,449	3,321,507

1 Basis of preparation

This condensed consolidated interim financial information of the Company and its subsidiaries (together, the "Group") for the six months ended 30 June 2010, which comprise the condensed consolidated balance sheet as at 30 June 2010, and the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flow for the six months ended 30 June 2010, accounting policies and the explanatory notes, has been prepared in accordance with HKAS 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2009, as set out in 2009 annual report of the Company dated on 30 March 2010.

2 Accounting policies

Except as described below, the accounting policies adopted are consistent with those of the annual consolidated financial statements for the year ended 31 December 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

HKAS 27 (Revised), "Consolidated and separate financial statements". The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognized in profit or loss. The Group has applied HKAS 27 (Revised) prospectively to transactions with non-controlling interests from 1 January 2010.

HKFRS 3 (Revised), "Business combinations". The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated statement of comprehensive income. There is a choice on an acquisition by acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group has applied HKFRS 3 (Revised) prospectively to all business combinations from 1 January 2010.

2 Accounting policies (continued)

Certain improvements to HKFRS were issued in May 2009 by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). All improvements are effective in the financial year of 2010. Amendment have been made to the following standards according to the improvement:

Standards	Subject of amendment
HKFRS 2 *Share-based Payment*	Scope of HKFRS 2 and revised HKFRS 3
HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations
HKFRS 8 *Operating Segments*	Disclosure of information about segment assets
HKAS 1 *Presentation of Financial Statements*	Current/non-current classification of convertible instruments
HKAS 7 *Statement of Cash Flows*	Classification of expenditures on unrecognised assets
HKAS 17 *Leases*	Classification of leases of land and buildings
HKAS 18 *Revenue*	Determining whether an entity is acting as a principal or as an agent
HKAS 36 *Impairment of Assets*	Unit of accounting for goodwill impairment test
HKAS 38 *Intangible Assets*	Additional consequential amendments arising from revised HKFRS 3
	Measuring the fair value of an intangible asset acquired in a business combination
HKAS 39 *Financial Instruments:Recognition and Measurement*	Treating loan prepayment penalties as closely related embedded derivatives
	Scope exemption for business combination contracts
	Cash flow hedge accounting
HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives*	Scope of HK(IFRIC)-Int 9 and revised HKFRS 3
HK(IFRIC)-Int 16 *Hedges of a Net Investment in a Foreign Operation*	Amendment to the restriction on the entity that can hold hedging instruments

The Group has applied above amendments from 1 January 2010 and the adoption has not resulted in any material impact on the Group's results of operations and financial position.

3 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 are RMB2,620,475,000, RMB60,722,000 and RMB212,407,000 for the six months ended 30 June 2010 and RMB 2,835,560,000, RMB 189,258,000 and RMB 109,665,000 for the six months ended 30 June 2009 respectively.

3 Segment information (continued)

The segment revenue and results for the six months ended 30 June 2010 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	2,620,475	61,150	808,642	3,490,267	(596,663)	2,893,604
Inter-segment revenue	-	(428)	(596,235)	(596,663)	596,663	-
Revenue (from external customers)	2,620,475	60,722	212,407	2,893,604	-	2,893,604
Segment results	331,444	2,467	6,624	340,535	(2,919)	337,616
Finance income	76,679	656	379	77,714	-	77,714
Finance costs	(14,643)	(145)	(810)	(15,598)	-	(15,598)
Share of post-tax profits of associates	377	-	2 ,595	2,972	-	2,972
Income tax expense	(59,227)	(1,394)	10	(60,611)	-	(60,611)
Profit for the period						342,093

The segment revenue and results for the six months ended 30 June 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	2,844,577	195,334	460,656	3,500,567	(366,084)	3,134,483
Inter-segment revenue	(9,017)	(6,076)	(350,991)	(366,084)	366,084	-
Revenue (from external customers)	2,835,560	189,258	109,665	3,134,483	-	3,134,483
Segment results	209,130	7,001	9,924	226,055	(821)	225,234
Finance income	96,325	469	69	96,863	-	96,863
Finance costs	(36,240)	(142)	(927)	(37,309)	-	(37,309)
Share of post-tax profits of associates	259	-	1,872	2,131	-	2,131
Income tax expense	(37,692)	(2,063)	(951)	(40,706)	-	(40,706)
Profit for the period						246,213

4 Operating profit

The following items have been credited/charged to the operating profit during the interim period:

	Six months ended 30 June	
	2010	**2009**
	RMB'000	RMB'000
<u>Credit:</u>		
Gains on derivative financial instruments, net	-	12,638
Dividends from available-for-sale financial assets	200	-
Subsidy income for expenses compensations	13,011	817
Subsidy income for shipbuilding	78,174	-
Reversal of impairment for trade receivables	2	20
Gain from disposal of property, plant and equipment, investment properties and land use rights and leasehold land	116	408
<u>Charge:</u>		
Depreciation and amortisation charges	58,272	47,629
Write down of inventories	-	549
Employee benefit expenses, include directors' emoluments	427,194	386,549
Losses on derivative financial instruments, net	2,388	-
Losses on disposal of property, plant and equipment	-	8,112

5 Finance income - net

	Six months ended 30 June	
	2010	**2009**
	RMB'000	RMB'000
Financial income		
Interest income from bank deposits	66,031	96,754
Net foreign exchange gains arising from borrowings	11,683	109
	77,714	96,863
Financial costs		
Interest expense for bank borrowings	(13,692)	(31,140)
Other incidental borrowing costs	(1,906)	(6,169)
	(15,598)	(37,309)
Finance income - net	62,116	59,554

6 Income tax expense

Taxation on the PRC profit has been calculated on the estimated assessable profit for the six months ended 30 June 2010 at the rates of taxation prevailing in the PRC.

	Six months ended 30 June	
	2010	**2009**
	RMB'000	RMB'000
Current income tax – the PRC enterprise income tax	68,467	63,164
Deferred income tax	(7,856)	(22,458)
	60,611	40,706

7 Earnings per share

The calculation of basic and diluted earnings per share is based on the Group's profit attributable to shareholders of RMB341,324,000 (six months ended 30 June 2009: RMB241,753,000) and the weighted average number of 494,677,580 (six months ended 30 June 2009: 494,677,580) ordinary shares in issue during the period.

8 Dividends

During the period, a dividend of RMB138,510,000 for the year ended 31 December 2009 was declared during the six months ended 30 June 2010 (2009: RMB222,605,000).

The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2010 (six months ended 30 June 2009: nil).

9 Trade receivables

At 30 June 2010 and 31 December 2009, the ageing analyses of the trade receivables are as follows:

	As at	
	30 June 2010	**31 December 2009**
	RMB'000	RMB'000
Not exceeding 1 year	183,667	320,827
More than 1 year but not exceeding 2 years	9,200	5,033
More than 2 years but not exceeding 3 years	6,045	8,029
More than 3 years	5,185	1,278
	204,097	335,167

9 Trade receivables (continued)

The general credit terms of trade receivables are:

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

10 Trade payables

At 30 June 2010 and 31 December 2009, the ageing analyses of the trade payables are as follows:

	As at	
	30 June 2010	**31 December 2009**
	RMB'000	RMB'000
Not exceeding 1 year	1,174,443	1,050,692
More than 1 year but not exceeding 2 years	32,303	16,147
More than 2 years but not exceeding 3 years	1,080	3,441
More than 3 years	3,445	373
	1,211,271	1,070,653

Guangzhou Shipyard International Company Limited

The Board of Directors

Guangzhou, August 26, 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.