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)

(H Shares Stock Code: 00317)

SUMMARY OF THE INTERIM REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2014

§1 Important notes

1.1 The financial information contained in this summary of the 2014 interim report (the "Report") for the six month ended June 30，2014 (the "Reporting Period") of Guangzhou Shipyard International Company Limited (the "Company") is prepared in accordance with PRC Accounting Standards for Business Enterprise and Relevant Regulations ("Accountant Standards and Regulations") and the financial information contained in this summary has been reviewed and confirmed by the Audit Committee.

1.2 The Report is prepared in both English and Chinese. In the event that different interpretation occurs, the Chinese version shall prevail.

1.3 The 2014 interim financial report of the Company has not been audited.

1.4 This document is a summary of the full text of the Report. Investors are advised to read the full text of the Report for details.

1.5 This announcement is made pursuant to Rule 13.49(6) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

§2 Basic information on the Company

2.1 Key financial figures and indicators

Unless otherwise stated, the accounting figures and financial indicators for the last reporting period represent the adjusted figures after the consolidation of CSSC Guangzhou Longxue Shipbuilding Co.,Ltd. ("Longxue Shipbuilding").

2.1.1 Key financial information

Units: RMB

Key accounting figures	Reporting Period (January-June)	Corresponding period of last year		Changes for the Reporting Period as compared with the corresponding period of last year (after consolidation) (%)
		Figures before consolidation of Longxue Shipbuilding	Figures after consolidation of Longxue Shipbuilding	
Total operating income	3,886,884,172.98	1,745,869,433.35	2,636,998,279.87	47.40
Net profit attributable to shareholders of the Company	-271,115,881.22	55,334,088.40	-42,438,921.12	Not applicable
Net profit attributable to shareholders of the Company after deduction of exceptional items	-223,608,914.90	18,652,403.14	16,258,456.16	Not applicable
Net cash flow from operating activities	-1,341,131,162.63	-702,487,459.10	-744,764,493.12	Not applicable
	End of the Reporting Period	End of last year		Changes for the end of Reporting Period as compared with the end of last year (after consolidation) (%)
		Figures before consolidation of Longxue Shipbuilding	Figures after consolidation of Longxue Shipbuilding	
Net assets attributable to shareholders of the Company	5,166,685,174.02	4,088,712,293.34	3,909,563,777.47	32.16
Total assets	21,945,667,537.57	10,766,680,881.68	21,558,861,223.94	1.79

2.1.2 Key financial index

Unit: RMB

Key financial index	Reporting Period (January-June)	Corresponding period of last year		Changes for the Reporting Period as compared with the corresponding period of last year (%)
		Figures before consolidation of Longxue Shipbuilding	Figures after consolidation of Longxue Shipbuilding	
Basic earnings per share ("EPS") (RMB/share)	-0.2631	0.09	-0.0412	Not applicable
Diluted EPS (RMB/share)	-0.2631	0.09	-0.0412	Not applicable
Basic EPS after deduction of exceptional items (RMB/share)	-0.2481	0.03	0.0253	Not applicable
Weighted average returns on net assets (%)	-5.64	1.34	-0.97	Decreased by 4.67
Weighted average returns on net assets after deduction of exceptional items (%)	-4.50	0.45	0.40	Decreased by 4.90

The Company completed the non-public issue of H shares on February 11, 2014 by issuing a total of

387,453,797 H shares, which resulted in an increase in the Company's share capital from 643,080,854 shares to 1,030,534,651 shares. During the Reporting Period, basic EPS and returns on net assets were calculated in compliance with the No. 9 Preparation and Reporting Rules of Information Disclosure of Public Offering Companies — Calculation and Disclosure of Return on Net Assets and EPS (2010 Revised) (CSRC Announcement [2010] No. 2) issued by the China Securities Regulatory Commission.

2.1.3 The exceptional items and amounts

Unit: RMB

Exceptional items	Amount	Notes
Profits or losses from disposal of non-current assets	-30,185.63	Profits or losses from disposal of fixed assets
Government subsidies recognized in the current profits/losses, other than on-going government subsidies which are closely related to the Company's normal operation, meet the requirements of government policies and are subject to certain limits and conditions	18,913,630.90	Product subsidies and R&D subsidies received
Net gains and losses from subsidiaries, consolidated under common control, for the period from beginning of the year to consolidation date	-5,458,797.84	Net gains and losses from the date of acquisition of Longxue Shipbuilding to consolidation date
Gains or 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 normal operation	-69,824,243.57	Changes in fair value of forward foreign exchange contract
Reverse of the provision for receivable impairment which was tested individually for impairment	211,425.24	Recovery of trade receivable with provision for impairment
Other non-operating profits and losses apart from above items	1,397,270.52	
Impact on non-controlling shareholder's equity	-457,166.35	
Income tax impact	7,741,100.41	
Total	-47,506,966.32	

§3 Staff and remuneration policy

The remuneration of the employees of the Company and its subsidiaries (the "Group") includes salaries, bonuses and other fringe benefits prescribed by the government. The Group applies different rates of remuneration for different employees, which are determined based on their positions and performance pursuant to the relevant PRC laws and regulations. As at the June 30, 2014, the number of employees on the record of the Group was 11,864. As at the June 30, 2014, the remuneration paid by the Group to employees was RMB406 million in total.

§4 Report of the board of the directors

4.1 Discussion and analysis of overall operation during the Reporting Period

During the Reporting Period, the shipbuilding market had no significant improvement, the market activity lowered and the ship owners had little intention to load ships. Facing the complicated market environment, the Company worked under the requirement of "transferring model, adjusting structure and promoting transformation", completed the acquisition of 100% equity interests in Longxue Shipbuilding in the first half of the year, effectively improved the production capability of the Company and expanded the product range of the Group, which resulted in an increase in new orders for offshore engineering as compared with the corresponding period of last year. However, affected by the factors that work flows were still to be optimized, the corporate culture was still to be further integrated after merger of the two enterprises, increasing costs and labor shortage, there was a delay in the production progress of the Group so that the effectiveness during the Reporting Period was affected and some financial indicators showed a falling trend.

As at June 30, 2014, the operating income of the Group prepared in accordance with the Accounting Standards and Regulations amounted to RMB3.887 billion, representing an increase of 47.40% compared with the corresponding period of last year. The net profit attributable to the shareholders of the Company amounted to RMB-271 million. The basic EPS were RMB-0.2631 and RMB-0.2481 respectively before and after deduction of exceptional items.

4.2 Main business analysis

4.2.1 Analysis of changes on relevant items in the financial report

Unit: RMB

Items	Reporting Period	Corresponding period of last year	Changes for the Reporting Period as compared with the corresponding period of last year (%)
Total revenue	3,886,884,172.98	2,636,998,279.87	47.40
Total costs	3,811,966,803.09	2,484,760,836.19	53.41
Selling expenses	-6,102,023.26	5,620,895.52	Not applicable
Administrative expenses	310,339,723.66	244,467,233.01	26.95
Financial expenses	63,672,451.62	60,068,420.73	6.00
Net cash flows from operating activities	-1,341,131,162.63	-744,764,493.12	Not applicable
Net cash flows from investing activities	-1,482,301,125.93	-241,377,060.52	Not applicable
Net cash flows from financing activities	1,322,675,868.73	-485,908,608.42	Not applicable
Research and development expenditure	83,386,634.09	32,741,537.58	154.68

Reasons for the changes:

Total revenue increased by 47.40% as compared with the corresponding period of last year due to the significant increase in production volume resulting from the synergy after consolidation of Longxue Shipbuilding.

Total costs increased by 53.41% as compared with the corresponding period of last year due to the increase in production capacity.

Selling expenses decreased by RMB11.72 million as compared with the corresponding period of last year due to the reversal of expired warranty increased.

The increase in administrative expenses was mainly due to an increase in research and development expenses by RMB50.65 million as compared with the corresponding period of last year.

The increase in financial expenses was mainly due to the decrease in exchange gains.

The decrease in net cash flows from operating activities was mainly due to the increase in the number of ships under construction, payment for purchase of materials and equipment and payment for external service fees by RMB582 million as compared with the corresponding period of last year.

The decrease in net cash flows from investing activities was mainly attributable to the increase in payment of RMB606 million for acquisition of equity interest in Longxue Shipbuilding during the year and increase in deposit for foreign currency borrowing.

The increase of net cash flows from financing activities by RMB1.809 billion was mainly due to RMB2.169 billion raised from issue of H shares.

The increase in research and development expenses by RMB50.65 million was mainly due to the structural difference in research and development projects.

（1） Balance sheet items

Unit: RMB

Item	At the end of the period	At the beginning of the period	Change (%)	Reasons for the changes
Financial asset at fair values through profit or loss	29,296,939.92	69,210,083.75	-57.67	Mainly due to the change in fair values resulted from forward exchange rate fluctuations
Notes receivable	12,560,135.81	21,607,944.72	-41.87	Mainly due to the increase of receiving bank's due acceptance bills
Advanced payment	1,418,831,926.07	1,070,938,867.43	32.48	Mainly due to the increase orders received, which led to a higher advanced payment
Others receivable	146,773,862.95	75,790,266.06	93.66	Mainly due to the increase in collection of product subsidy
Construction in process	212,851,764.44	91,957,146.55	131.47	Mainly due to the increase in expenses for the construction of labor quarters in new production base
Short-term borrowings	4,434,826,841.62	2,740,220,723.02	61.84	Mainly due to the new borrowings
Advance from customers	269,859,401.46	535,392,138.97	-49.60	Mainly due to the completion of construction project
Non-current liabilities due within one year	841,832,517.25	1,769,219,805.15	-52. 42	Mainly due to the repayment of due loans
Interests payable	44,069,582.00	68,778,979.01	-35.93	Mainly due to the decrease in long-term borrowings

Estimated Liabilities	378,900,855.77	657,847,075.11	-42.40	Mainly due to the decrease in the losses on ship orders
Deferred income tax liabilities	5,343,116.03	11,330,087.60	-52.84	Mainly due to the change in fair values of disposal of financial assets at fair value through profits or losses
Share capital	1,030,534,651.00	643,080,854.00	60.25	Issuance of new shares
Capital reserves	3,279,830,570.59	2,129,232,741.41	54.04	Increase in capital premium due to issuance of new shares
Retained earnings	410,224,834.67	691,646,062.40	-40.69	Operating loss of the Company and its subsidiary, Longxue Shipbuilding
Non-controlling interest	41,274,815.85	18,662,087.21	121.17	Mainly due to the acquisition of the minority shareholding in Longxue Shipbuilding

（2）Income statement items

Unit: RMB

Item	Reporting Period	Corresponding period of last year	Change (%)	Reasons for the changes
Total revenue	3,886,884,172.98	2,636,998,279.87	47.40	Production volume increased significantly due the synergy after consolidation of Longxue Shipbuilding
Total costs	3,811,966,803.09	2,484,760,836.19	53.41	Production capacity increased due to recovery of shipbuilding market
Selling expenses	-6,102,023.26	5,620,895.52	-208.56	Mainly due to reversal of warranty expired
Assets impairment losses	5,006,234.23	68,938,713.95	-92.74	Mainly due to the decrease in expected contract loss for shipping order secured during the Reporting Period
Gains on changes in fair value	-76,967,801.84	9,588,964.01	-902.67	Mainly due to the forward exchange rate fluctuations
Investment profits	7,964,522.43	36,343,418.38	-78.09	Mainly due to the disposal of available-for-sale financial assets in last year resulting in a decrease in dividends for the period as well as the decrease in the profit from the settlement of financial assets at fair value through profit or loss resulting from forward exchange rate fluctuations
Non-operating profits	105,797,000.29	15,015,649.71	604.58	Mainly due to the increase in product subsidy
Non-operating expenses	86,284.50	1,555,224.55	-94.45	Mainly due to the compensation made in last year due to the dispute over technical service contract
Operating profits	-275,668,358.31	-180,005,301.01	-53.14	Mainly due to the decrease in gross profit ,a decrease in fair value changes loss and a decrease in investment income

Item	Reporting Period	Corresponding period of last year	Change (%)	Reasons for the changes
Income tax expenses	-1,900,527.42	-70,707,333.15	-97.31	No tax payable due to the overall operating loss for the Reporting Period

4.3 Description of the progress of business plan

During the first half of 2014, the total amount of industrial production value completed was RMB3.814 billion, of which:

1. Shipbuilding and maintenance: amount of production completed was RMB2.968 billion, representing an increase of 43.73% as compared with the corresponding period of last year; 5 ships were delivered.
2. Offshore engineering products: amount of production completed was RMB504 million, representing an increase of 155.97% as compared with the corresponding period of last year.
3. Electromechanical equipment: amount of production completed was RMB342 million, representing a decrease of 7.99%. A total of 487 sets of shearing press were sold; 329 elevators were completed and the production volume of steel structure was 11,083 tons.

4.4 Development plan for the second half of the year

For the second half of the year, the Company is planning to complete an industrial production amounting of RMB5.694 billion; it is expected to complete the construction of 16 vessels, the sale of 313 sets of shearing press, the production of 471 elevators and 28,917 tons of steel structure.

4.5 Information on principal businesses by product

Unit: RMB

Information on principal businesses by product						
Product	Operating income	Operating cost	Gross profit margin (%)	Change of operating income compared with the corresponding period last year (%)	Change of operating cost compared with the corresponding period last year (%)	Change of gross profit margin compared with the corresponding period last year (%)
Shipbuilding business (including offshore engineering products)	3,380,529,954.76	3,372,876,844.16	0.23	58.40	65.55	-4.30
Steel structure engineering	174,635,191.40	157,162,608.05	10.01	-50.30	-52.31	3.80
Electromechanical products and others	219 ,564,409.07	207,095,242.00	5.68	423.36	419.62	0.68

During the Reporting Period, the Company's income from principal businesses amounted to RMB3.775 billion, which increased by 49.35% compared with the corresponding period last year; the gross profit of principal business amounted to RMB37.59 million, which decreased by 68.85%

compared with the corresponding period last year; among which, the income of shipbuilding and offshore engineering products amounted to RMB3.381 billion, increased by 58.40% compared with the corresponding period last year, due to increase in production capacity and the increase in the number of ships under construction compared with the corresponding period last year. As for its offshore engineering business, 2 FPSO modified ships and fragmentary modules were added. The gross profit of shipbuilding and offshore engineering was RMB7.65 million, with gross profit margin decreasing by 4.31%.

For non-shipbuilding businesses, the accumulated income from steel structure engineering amounted to RMB175 million, representing a decrease of 50.30% as compared with the corresponding period of last year, which was mainly due to the demanding technique requirement of and difficulties involved in those newly contracted steel structure projects resulting in a drop in income from completed projects. The accumulated income from electromechanical products and others amounted to RMB220 million, representing an increase of 423.36% as compared with the corresponding period of last year, mainly driven by the sales of host machines of 3# and 4# shield tunneling machine.

4.6 Information of business by region

Unit: RMB

Region	Income from main businesses for the Reporting Period	Income from main businesses for corresponding period of last year	Changes of operating income compared with corresponding period of the last year (±%)
China	1,738,677,275.77	608,410,981.48	185.77
Greece	270,691,310.05	220,686,959.01	22.66
Liberia	258,369,499.41	202,409,712.24	27.65
Singapore	228,726,979.27	117,294,438.66	95.00
Netherlands	227,881,332.00	25,890,163.90	780.18
Sweden	178,483,682.07	64,003,567.59	178.87
British Virgin Islands	155,942,964.93	176,732,811.17	-11.76
Switzerland	154,069,640.34	-	100.00
Mauritius	145,783,047.13	56,688,559.06	157.16
Denmark	143,925,343.61	491,391,155.33	-70.71
Hong Kong	103,930,988.58	396,846,048.92	-73.81
Australia	63,919,749.01	-	100.00
USA	32,491,015.71	-	100.00
Macau	22,647,520.17	-	100.00
Canada	20,627,469.09	57,752,525.61	-64.28
Norway	15,473,695.09	-	100.00
Marshall Islands	8,410,919.47	-	100.00
Philippines	-	87,630,033.20	-100.00
Colombia	-	4,405,310.38	-100.00
Other countries and regions	4,677,123.53	17,321,783.57	-73.00
Total	3,774,729,555.23	2,527,464,050.12	49.35

During the Reporting Period, the income from the Group principal business increased by 49.35% compared with the corresponding period of last year, among which, the turnover in the PRC increased by RMB1.13 billion compared with the corresponding period of last year, representing an increase of 185.77%. Affected by the economic environment, the European market was depressed. Therefore, the Company focused more on the development of the domestic market, and increased the business of building special vessels and public service vessels.

4.7 Analysis of investment status

4.7.1 Information on equity investments

The Company completed the acquisition of 100% equity interest in Longxue Shipbuilding on March 14, 2014, turning it into a wholly-owned subsidiary of the Company, and its results were consolidated into the financial statements of the Company during the Reporting Period. Save as disclosed above, there was no external equity investment made by the Company during the Reporting Period.

As at June 30, 2014, the balance of external equity investment of the Company was RMB45.68 million, representing an increase of 6.33% compared with RMB42.96 million at the beginning of the year, which was mainly due to investment income from associates.

4.8 Information on use of funds raised

Year of fund raising	Method of fund raising	Total amount of proceeds	Total amount of proceeds used during the Reporting Period	Total amount of proceeds accumulatively used	Total amount of proceeds that have not been used	Use and status of proceeds that have not been used
2014	Non-public issue	2,240,000,000.00	2,083,296,680.91	2,083,296,680.91	156,703,319.09	Deposited in the special HKD account of China Citic Bank, and planned for use as general working capital and payment of issue expenses.
Total	/	2,240,000,000.00	2,083,296,680.91	2,083,296,680.91	156,703,319.09	/

The Company completed the non-public issue of a total of 387,453,797 H shares to CSSC (Hong Kong) Shipping Company Limited (“CSSC HK”), BaoSteel Resources International Company Limited (“Baosteel International”) and China Shipping Bulk Carrier (Hong Kong) Co., Limited (“China Shipping HK”) on February 11, 2014, with total amount of proceeds of HKD2,824,538,180.13, equivalent to RMB2,240,000,000.00 (HKD1: RMB0.79305), among which, RMB816,000,000 were used for the acquisition of 100% equity interests in Longxue Shipbuilding; RMB 1,078,000,000 was used for the repayment of the borrowings from CSSC Finance and the rest was used as the Company’s working capital.

Note: according to the Equity Purchase Agreement, 956 million was paid to Longxue Shipbuilding for acquisition of its 100% equity interest which the original shareholders were entitled to the loss generated between the benchmark date (i.e. 31 March 2013) to equity interest closing date (i.e. 28 February 2014). The actual payment for acquisition of equity interest of Baosteel Group was 181 million after deducting the loss of 105 million borne by the original shareholders during the transition period. The actual payment for acquisition of equity interest of COHL Group was 61 million after deducting the loss of 35 million borne by the original shareholders during the transition period.

4.9 Information of other investment projects

During the Reporting Period, the Company's total investment in non raising fund was approximately RMB151 million, representing an increase of approximately RMB29 million or 23.77% compared with the corresponding period of last year. The main investment projects and relevant information are as shown below:

Unit: RMB'0000

Project name	Project amount	Project progress	Amount invested during the Reporting Period	Actual amount invested in total	Project benefit
General Contracting for Design and Construction of Workers' Dormitory Project (Phase I) CSSC Longxue Base	62,770.00	16.11%	9,229.20	10,111.57	No profit generated yet
Hardening Project for Fields of Block Stock Yard and Advanced Outfitting (on the side of Chengxin Avenue)	431.00	61.40%	264.63	264.63	No profit generated yet
Hardening Project for Fields of Block Stock Yard and Advanced Outfitting on the West Side	441.00	59.70%	263.26	263.26	No profit generated yet
Engineering and Design Fees for Base Civil Ship Phase I	380.00	68.04%	258.55	258.55	No profit generated yet
1#3# Slipway Extension Project	407.00	50.16%	204.17	204.17	No profit generated yet
Others			4,860.57	4,860.57	
Total			**15,080.38**	**15,962.75**	

§5 Significant events

5.1Assets transactions, merger of enterprises

The Company held the 22nd meeting of the seventh session of the Board of Directors on September 30, 2013 and the first extraordinary general meeting for 2013, the first A shareholders' general meeting for 2013 and the first H shareholders' general meeting for 2013 on November 25, 2013, at which the resolutions in relation to the Company's non-public issue of H shares to specific parties for the purpose of acquisition of 100% equity interest in Longxue Shipbuilding were passed. In respect of the issue of H shares, the Company completed the issue of a total of 387,453,797 H shares to CSSC HK, Baosteel International and China Shipping HK on February 11, 2014. The formalities for changing Longxue Shipbuilding's registration of commerce and industry were completed on March 14, 2014 and the conditions precedent for the acquisition of Longxue Shipbuilding was satisfied on 16 June 2014. The acquisition of 100% equity interests in Longxue Shipbuilding was completed. For details, please refer to the announcements dated June 24, 2013, September 30, 2013, November 25, 2013, February 11, 2014 and June 16, 2014 on the websites of Shanghai Stock Exchange and Stock Exchange and the circular dated November 8, 2013.

After the acquisition of Longxue Shipbuilding, the Group effectively improved the production capacity and product range (including small and medium sized ships and large vessels such as 320,000 ton VLCC); the product mix of the Group not only includes low profit products (such as bulk carriers, ore ships, VLCC and VLOC bulk carriers/ore ships), but also high value added shipbuilding business such as houseboats, semi-submerged ships and auxiliary ships.

5.2 Profit distribution and cash dividend policy

5.2.1 Implementation of profit distribution proposal during the Reporting Period

During the Reporting Period, the implementation of the 2013 profit distribution proposal by the Company was approved by the 2013 Annual General Meeting of the Company held on May 8, 2014, which included a cash dividend of RMB0.10 for every 10 shares (tax included) paid to all shareholders based on a total of 1,030,534,651 shares of the Company as the end of 2013. The distribution of cash dividend of A shares and H shares for the year 2013 of RMB10,305,346.51 in total was completed at June 27, 2014.

5.2.2 The Company would not make profit distribution or issue new bonus shares by conversion of capital reserve for the first half of 2014.

5.3 Subsequent development or changes on events disclosed in holding announcements

As a result of the acquisition of Longxue Shipbuilding and in order to ensure smooth production and operation following the acquisition, the Company and China State Shipbuilding Corporation entered into a continuing connected transactions framework agreement for the period from 2014 to 2016 ("2014-2016 Framework Agreement") on December 16, 2013. The 2014-2016 Framework Agreement was approved at the first extraordinary general meeting of shareholders of 2014 held on February 13, 2014 and became effective on the date of completion of the acquisition (i.e. March 14, 2014).

For details of the 2014-2016 Framework Agreement, please refer to the Company's announcement dated December 16, 2013 on Shanghai Stock Exchange and Stock Exchange and the Company's website.

5.4 Non-operating loan to or from connected parties

Unit: RMB

Connected parties	Connected Relationship	Capital provided to connected parties			Capital provided by connected parties to the Company		
		Opening balance	Accrual	Closing balance	Opening balance	Accrual	Closing balance
Accrual of capital provided by the Company to its controlling shareholder and subsidiaries during the Reporting Period							-
Balance of capital provided by the Company to its controlling shareholder and subsidiaries during the Reporting Period							-
Guangzhou Shipyard Company Limited	Controlled by the same parent company	-	-	-	717,000.00	747,350.66	1,464,350.66
Hualian Ship Co., Ltd.	Controlled by the same parent company				469,396.39	0.00	469,396.39
Reasons for the connected debts	Business needs						
Information on the repayment of the connected debts	Normal						
Undertakings in relation to the connected debts	Not applicable						
Impact of the connected debts on the Company's results of operation and financial standing	The connected debts had no material impact on the Company's results of operation and financial standing						

5.5 Material litigation, arbitration and matters commonly concerned by media

As concerning the case that the Company sued Jiangsu Shenghua Shipbuilding Company limited ("Jiangsu Shenghua")in relation to a dispute over technical service contract, and the case that Guangzhou Guangli Shipbuilding Human Resource Service Company Limited ("Guangli Company") sued Jiangsu Shenghua in relation to a dispute over the Contract for Installation Engineering of 1# and 2# 79,600DWT bulk carriers. During the Reporting Period, the assets sealed up of Jiangsu Shenghua have been appraised by the appraisal institution entrusted by executive court, and also, the court announced the appraisal report served, and finished announcing the demurrals at the appraisal report. The consequential works will be executed continuously. Save as disclosed above, the Company did not have other material litigations, arbitrations and matters commonly doubted by media during the Reporting Period.

For details, please refer to the "Significant Events (I) Significant Litigation and Arbitration" in the Annual Report 2013 of the Company.

5.6 Trust, Contract and Lease

Not applicable

5.7 Information of the equity of other listed companies' held by the Company

Unit: RMB

Securities code	Abbreviation	Initial investment cost	Proportion Among the Company's equity at the beginning of the period (%)	Proportion Among the Company's equity at the end of the period (%)	Book value at the end of the Reporting Period	Gain or loss in Reporting Period	Change of owner's equity in Reporting Period	Accounting items	Share source
601872	China Merchants Energy Shipping Co., Ltd	37,100,000.00	0.29	0.29	25,740,000.00	-880,000.00	-748,000.00	Available-for-sale financial assets	Purchasing
Total		37,100,000.00	/	/	25,740,000.00	-880,000.00	-748,000.00	/	/

5.8 Entrusted wealth management, entrusted loan and investment in derivatives

(1) Entrusted wealth management

The Company did not have any entrusted wealth management during the Reporting Period.

(2) Entrusted loan

Information of entrusted loans

Unit: RMB

Name of borrower	Amount of entrusted loan	Term of loan	Loan interest rate	Purpose	Collateral or guarantor	Overdue or not	Connected transaction or not	Renewed or not	Lawsuit involved or not	Fund source and whether raised externally	Relation with Company	Expected earnings
Investment and construction of Zhongshan Base (totally 18 loans)	750,000,000.00 (RMB)	August 16, 2012 to May 26, 2016	1.50	Base construction	No	No	Yes	No	No	Advances received from shipbuilding contracts	Wholly-owned subsidiary	22,500,000.00 (RMB)
Longxue Shipbuilding (totally 2 loans)	20,000,000.00 (USD)	June 12, 2014 to June 12, 2016	1	Revolving funds for production	No	No	Yes	No	No	Advances received from shipbuilding contracts	Wholly-owned subsidiary	400,000.00 (USD)

In order to solve the bottleneck of insufficient production resources, the Company increased entrusted loan of RMB35 million to its wholly-owned subsidiary Zhongshan Guangzhou Shipyard International Ship and Marine Engineering Co., Ltd. ("Zhongshan GSI") for its construction with

Industrial and Commercial Bank of China and Zhong Chuan Finance Company Limited as entrusted financial institutions. The Company has provided 18 entrusted loans with a total amount of RMB750 million to Zhongshan GSI from August 2012 to May 2014; such entrusted loans are applied in the investment in the Company's fixed assets and intangible assets (land use rights), which are the future base for the Company's non-ship business, it is free of capital risk.

In 2014, some loans in USD of Longxue Shipbuilding, a wholly-owned subsidiary of the Company matured; as its own U.S. dollars were insufficient, it was granted 1 entrusted loans with amount of USD 20 million through China Citic Bank, which was used for repayment of the matured loans in USD. As Longxue Shipbuilding has high quality shipbuilding assets, it is free of capital risk.

(3) Investment in derivatives

Type of investment	**Fund source**	**Contracting party**	**Investment share**	**Investment period**	**Product category**	**Expected earnings**	**Investment profit or loss**	**Lawsuit involved or not**
Forward exchange settlement and sales	Contract for export of ships	Banks	-	Within three years	Forward exchange settlement	-7,757,718.09	7,224,958.27	No

As at June 30 2014, the Company had 43 sets of US dollar forward exchange contracts amounting to USD853.70 million, which had not been settled yet. The latest settlement date of these contracts is November 28, 2016, and the fair value as at end of the period is RMB-7,757,718.09. There is no USD forward purchasing contract which was not settled yet.

The financial derivatives business of the Company is strictly in accordance with the requirements of financial derivatives business management regulations of the Company. Financial derivatives transaction contracts were signed after the consideration and approval of legal department, finance department, chief accountant, executive director and vice chairman and general manager (with the authorization of the chairman).

5.9 Notes on other significant events

(1) Contingent liabilities

As at June 30, 2014, the Group had no significant contingent liability.

(2) Detailed information on charges on the assets of the Group

As at June 30, 2014, an amount of RMB4,425 million of the Company's deposits had been applied as charge for long-term and short-term borrowings. Save as disclosed above, no other assets of the Company were charged.

(3) Gearing ratio

As at June 30, 2014, the Company's gearing ratio (total liabilities/total assets x 100%) was 76.27% (at the beginning of the Reporting Period: 81.80%). Such change was mainly due to changes from non-public issue of H shares for acquisition of 100% equity interests of Longxue Shipbuilding.

（4）The Group has not made any purchase, sale or redemption of the Company's securities during the Reporting Period.S

（5）Corporate Governance

The Company kept improving its corporate governance structure and regulated the operation of the Company in accordance with the PRC Company Law (the "Company Law"), the Securities Law of the PRC, relevant laws and regulations issued by the China Securities Regulatory Commission and the listing rules of the Shanghai Stock Exchange and Stock Exchange. During the Reporting Period, the Company's governance had no material difference from the Company Law and relevant regulations of China Securities Regulatory Commission. Save as disclosed below, for the six months ended June 30, 2014, the Company has applied the codes set out in the Corporate Governance Code and Corporate Governance Report Practices (the "CG Code") contained in Appendix 14 of the Listing Rules, and has complied with all the code provisions;

a. In respect of code provision A.6.7 of the CG Code, Mr. Poon Chiu Kwok, and Ms. De Lihua, independent non-executive directors of the Company, was unable to attend the 2013 annual general meeting of the Company held on May 8, 2014 due to resignation; and

b. For the purpose of rule 3.10(1) and 3.10A under the Listing Rules, as Mr. Poon Chiu Kwok and Ms. De Lihua resigned as the independent non-executive directors of the Company from 8 May 2014, there were only two independent non-executive directors of the Company since 8 May 2014, which did not satisfy the requirement that the board of directors must include at least three independent non-executive directors as provided under rule 3.10(1) and the requirement that the independent non-executive directors must represent at least one-third of the board of directors as provided under rule 3.10A of the Listing Rules. The Company has convened the second extraordinary general meeting in 2014 on 30 June 2014, at which Mr. Wang Hong and Mr. Zhu Zhenyu were approved by shareholders to be appointed as the new independent non-executive directors of the Company. Since then, the Company has met the requirements as provided under rule 3.10(1) and rule 3.10A of the Listing Rules.

（6）Significant Asset Restructuring

China State Shipbuilding Corporation, the controlling shareholder of the Company, is planning to implement a significant assets restructure in respect of the Company. At the request of the Company, trading in the shares of the Company has been suspended in relation to a material transaction since April 7, 2014 and in relation to a significant assets restructuring since April 15, 2014.

§6 financial statements（Unaudited）

Consolidated Balance Sheet

June 30, 2014

Guangzhou Shipyard International Company Limited　　Unit：RMB

	After consolidation	
Assets	Ending Balance	Beginning Balance
Current Assets		
Cash and bank	7,192,956,209.89	7,772,989,828.07
Settlement reserves		
Loans to other banks		
Financial assets at fair value through profit and loss	29,296,939.92	69,210,083.75
Notes receivable	12,560,135.81	21,607,944.72
Accounts receivable	772,010,067.13	657,499,439.90
Prepayments	1,418,831,926.07	1,070,938,867.43
Premiums receivable		
Reinsurance accounts receivable		
Reserves for reinsurance accounts receivable		
Interest receivable	104,836,711.76	125,169,671.54
Dividend receivable	1,399,866.01	-
Other receivables	146,773,862.95	75,790,266.06
Financial assets purchased for resale		
Inventories	3,563,445,812.65	2,988,934,033.42
Non-current assets due within one year	-	-
Other current assets	-	-
Total Current Assets	13,242,111,532.19	12,782,140,134.89
Non-current assets		
Grant loans and advances		
Financial assets available for sale	35,090,000.00	35,970,000.00
Held-to-maturity investments		
Long-term receivables		
Long-term equity investment	45,681,112.24	42,956,414.09
Investment property	24,451,856.24	29,567,897.29
Fixed assets	6,689,347,681.26	6,858,741,724.45
Construction in progress	212,851,764.44	91,957,146.55
Engineering materials and equipments		
Liquidation of fixed assets	29,732.76	29,376.32
Productive biological assets		
Oil-and-gas assets		
Intangible assets	1,283,496,144.40	1,302,974,158.88
Research and development expenditures	-	-
Goodwill	-	-
Long-term unamortized assets	10,680,533.52	11,924,491.37
Deferred tax assets	401,927,180.52	402,599,880.10
Other non-current assets	-	-
Total non-current assets	8,703,556,005.38	8,776,721,089.05
Total Assets	21,945,667,537.57	21,558,861,223.94

Legal Representative: Han Guangde　Accounting Director: Chen Liping　Accounting Manager: Hou Zengquan

Consolidated Balance Sheet (continued)

June 30, 2014

Guangzhou Shipyard International Company Limited　　　　Unit：RMB

Liabilities and shareholder’s equity	After consolidation	
	Ending Balance	**Beginning**
Current liabilities		
Short-term loans	4,434,826,841.62	2,740,220,723.02
Borrowing from central bank		
Accept money deposits and deposits from other banks		
Loans from other banks		
Financial liabilities at fair value through profit and loss	37,054,658.01	-
Notes payable	766,255,574.66	889,353,412.06
Accounts payable	1,975,257,386.38	1,754,934,382.86
Advances from customers	269,859,401.46	535,392,138.97
Financial assets sold for repurchase		
Fees and commissions payable		
Employee benefits	31,592,083.08	33,779,208.99
Taxes payable	-248,010,045.12	-139,946,711.34
Interest payable	44,069,582.00	68,778,979.01
Dividend payable	177,721.77	437,160.43
Other payables	35,335,585.11	30,953,655.67
Reinsurance accounts payable		
Brokerage for trading securities		
Brokerage for consigning securities		
Non-current liabilities due within one year	841,832,517.25	1,769,219,805.15
Other current liabilities	3,544,904,122.07	3,153,645,678.93
Total current liabilities	**11,733,155,428.29**	**10,836,768,433.75**
Non-current liabilities		
Long-term loans	4,445,263,837.38	5,943,404,473.16
Bonds payable	-	-
Long-term payables	-	-
Special payable	24,570,000.00	24,570,000.00
Estimated liabilities	378,900,855.77	657,847,075.11
Deferred tax liabilities	5,343,116.03	11,330,087.60
Other non-current liabilities	150,474,310.23	156,715,289.64
Total non-current liabilities	**5,004,552,119.41**	**6,793,866,925.51**
Total liabilities	**16,737,707,547.70**	**17,630,635,359.26**
Shareholder's equity		
Share capital	1,030,534,651.00	643,080,854.00
Capital reserves	3,279,830,570.59	2,129,232,741.41
Less: Treasury stock	-	-
Special reserves	1,447,024.51	956,026.41
Surplus reserves	444,648,093.25	444,648,093.25
General risk reserves	-	-
Undistributed profits	410,224,834.67	691,646,062.40
Translation differences in foreign currency statements	-	-
Total shareholder's equity attributable to the parent	**5,166,685,174.02**	**3,909,563,777.47**
Non-controlling owner’s equity	41,274,815.85	18,662,087.21
Total shareholder's equity	**5,207,959,989.87**	**3,928,225,864.68**
Total liabilities and shareholder's equity	**21,945,667,537.57**	**21,558,861,223.94**

Legal Representative: Han Guangde　Accounting Director: Chen Liping　Accounting Manager: Hou Zengquan

Balance Sheet of the Parent Company

June 30, 2014

Guangzhou Shipyard International Company Limited　　　　Unit：RMB

Assets	Parent Company Ending Balance	Parent Company Beginning Balance
Current assets		
Cash and bank	5,037,373,530.01	5,957,846,121.43
Settlement reserves		
Loans to other banks		
Financial assets at fair value through profit and loss	29,296,939.92	69,210,083.75
Notes receivable	-	-
Accounts receivable	662,379,654.09	596,326,002.81
Prepayments	2,614,918,602.01	1,715,229,398.49
Premiums receivable		
Reinsurance accounts receivable		
Reserves for reinsurance accounts receivable		
Interest receivable	83,930,511.92	108,337,980.19
Dividend receivable	48,999,866.01	67,594,936.63
Other receivables	2,994,534,143.75	796,040,374.31
Financial assets purchased for resale		
Inventories	2,098,120,471.88	1,364,603,227.69
Non-current assets due within one year	-	-
Other current assets	-	-
Total Current Assets	**13,569,553,719.59**	**10,675,188,125.30**
Non-current assets		
Grant loans and advances		
Financial assets available for sale	29,190,000.00	30,070,000.00
Held-to-maturity investments		
Long-term receivables		
Long-term equity investment	723,467,842.79	482,913,980.35
Investment property	24,451,856.24	29,567,897.29
Fixed assets	948,518,622.95	979,384,072.24
Construction in progress	18,460,650.10	20,209,436.77
Engineering materials and equipments		
Liquidation of fixed assets	29,732.76	29,376.32
Productive biological assets		
Oil-and-gas assets		
Intangible assets	60,353,727.72	63,384,775.32
Research and development expenditures	-	-
Goodwill	-	-
Long-term unamortized assets	2,897,011.66	3,476,413.96
Deferred tax assets	103,773,646.34	104,333,935.14
Other non-current assets	-	-
Total non-current assets	**1,911,143,090.56**	**1,713,369,887.39**
Total Assets	**15,480,696,810.15**	**12,388,558,012.69**

Legal Representative: Han Guangde　Accounting Director: Chen Liping　Accounting Manager: Hou Zengquan

Balance Sheet of the Parent Company (continued)

June 30, 2014

Guangzhou Shipyard International Company Limited — Unit：RMB

Liabilities and shareholder’s equity	Parent Company	
	Ending Balance	**Beginning Balance**
Current liabilities		
Short-term loans	622,730,818.25	30,484,500.00
Borrowing from central bank		
Accept money deposits and deposits from other banks		
Loans from other banks		
Financial liabilities at fair value through profit and loss	36,585,419.89	-
Notes payable	486,292,873.84	616,401,532.69
Accounts payable	1,508,569,083.81	1,332,871,693.45
Advances from customers	174,048,627.78	407,461,536.38
Financial assets sold for repurchase		
Fees and commissions payable		
Employee benefits	19,420,514.74	18,920,841.86
Taxes payable	-163,460,447.05	-65,037,991.47
Interest payable	6,720,439.94	10,762,776.07
Other payables	18,296,547.62	17,069,938.74
Reinsurance accounts payable		
Dividend payable	177,721.77	177,160.43
Brokerage for trading securities		
Brokerage for consigning securities		
Non-current liabilities due within one year	841,832,517.25	789,219,805.15
Other current liabilities	3,263,239,746.71	2,770,524,429.55
Total current liabilities	**6,814,453,864.55**	**5,928,856,222.85**
Non-current liabilities		
Long-term loans	2,468,263,837.38	1,888,404,473.16
Bonds payable	-	-
Long-term payables	-	-
Special payable	24,570,000.00	24,570,000.00
Estimated liabilities	311,007,652.26	436,954,202.59
Deferred tax liabilities	4,408,152.15	10,395,123.72
Other non-current liabilities	145,516,132.52	150,876,865.09
Total non-current liabilities	**2,953,765,774.31**	**2,511,200,664.56**
Total liabilities	**9,768,219,638.86**	**8,440,056,887.41**
Shareholder's equity		
Share capital	1,030,534,651.00	643,080,854.00
Capital reserves	1,912,651,957.33	494,734,069.05
Less: Treasury stock	-	-
Special reserves		
Surplus reserves	443,472,281.08	443,472,281.08
General risk reserves	-	-
Undistributed profits	2,325,818,281.88	2,367,213,921.15
Total shareholder's equity	**5,712,477,171.29**	**3,948,501,125.28**
Total liabilities and shareholder's equity	**15,480,696,810.15**	**12,388,558,012.69**

Legal Representative: Han Guangde   Accounting Director: Chen Liping   Accounting Manager: Hou Zengquan

Consolidated Income Statement

For January to June of 2014

Guangzhou Shipyard International Company Limited　　Unit：RMB

Items	After consolidation	
	Current Period	Last Period
1.Total operating revenue	3,886,884,172.98	2,636,998,279.87
Including: Operating income	3,886,884,172.98	2,636,998,279.87
Interest income		
Premium income		
Fees and commissions income		
2.Total operating cost	4,199,259,967.67	2,876,396,388.43
Including: Operating cost	3,811,966,803.09	2,484,760,836.19
Interest expense		
Fees and commissions expense		
Insurance refund expense		
Net payments for insurance claims		
Insurance contract reserves		
Insurance dividend		
Reinsurance expense		
Business tax and surcharges	14,376,778.33	12,540,289.03
Selling expenses	-6,102,023.26	5,620,895.52
Administrative expense	310,339,723.66	244,467,233.01
Finance costs	63,672,451.62	60,068,420.73
Assets impairment losses	5,006,234.23	68,938,713.95
Add: Gain on changes in fair value (loss marked "-")	-76,967,801.84	9,588,964.01
Investment income (loss marked "-")	7,964,522.43	36,343,418.38
Including: Investment income on associates and joint venture	4,124,564.16	1,150,743.88
Exchange gain (loss marked "-")		
3.Operating profit (loss marked "-")	**-381,379,074.10**	**-193,465,726.17**
Add: Non-operating income	105,797,000.29	15,015,649.71
Less: Non-operating expense	86,284.50	1,555,224.55
Including: disposal loss of non-current assets	30,085.63	206,316.62
4.Total profit (loss marked"-")	**-275,668,358.31**	**-180,005,301.01**
Less: Income tax expenses	-1,900,527.42	-70,707,333.15
5.Net profit (loss marked"-")	**-273,767,830.89**	**-109,297,967.86**
Parent company	-271,115,881.22	-42,438,921.12
Non-controlling shareholders	-2,651,949.67	-66,859,046.74
6.Earnings per share		
(1) Basic EPS	-0.2631	-0.0412
(2) Diluted EPS	-0.2631	-0.0412
7.Other comprehensive income	**-748,000.00**	**-37,515,980.38**
(1) Items to be reclassified to profit and loss when qualified in	-748,000.00	-37,515,980.38
(2) Items cannot be classified in the future accounting periods		
8.Total comprehensive income	**-274,515,830.89**	**-146,813,948.24**
Parent company	-271,863,881.22	-79,954,901.50
Non-controlling shareholders	-2,651,949.67	-66,859,046.74

Legal Representative: Han Guangde　Accounting Director: Chen Liping　Accounting Manager: Hou Zengquan

Income Statement of the Parent Company

For January to June of 2014

Guangzhou Shipyard International Company Limited　　　　　　　　　　　Unit：RMB

Items	Parent Company	
	Current Period	**Last Period**
1.Total operating revenue	3,113,501,346.08	1,389,797,149.93
Including: Operating income	3,113,501,346.08	1,389,797,149.93
Interest income		
Premium income		
Fees and commissions income		
2.Total operating cost	3,152,879,682.95	1,353,945,893.01
Including: Operating cost	3,086,107,827.11	1,254,928,415.32
Interest expense		
Fees and commissions expense		
Insurance refund expense		
Net payments for insurance claims		
Insurance contract reserves		
Insurance dividend		
Reinsurance expense		
Business tax and surcharges	2,485,538.04	5,657,711.58
Selling expenses	8,471,768.11	-4,350,405.90
Administrative expense	166,604,933.86	108,255,636.80
Finance costs	-81,164,743.90	-69,313,336.83
Assets impairment losses	-29,625,640.27	58,767,872.04
Add: Gain on changes in fair value (loss marked "-")	-76,498,563.72	9,775,936.13
Investment income (loss marked "-")	7,041,905.93	99,848,470.11
Including: Investment income on associates and joint venture	-101,652.34	666,958.98
Exchange gain (loss marked "-")		
3.Operating profit (loss marked "-")	-108,834,994.66	145,475,663.16
Add: Non-operating income	72,445,259.47	11,393,122.08
Less: Non-operating expense	10,000.00	1,349,620.03
Including: disposal loss of non-current assets		63,620.11
4.Total profit (loss marked"-")	-36,399,735.19	155,519,165.21
Less: Income tax expenses	-5,309,442.43	10,280,868.26
5.Net profit (loss marked"-")	-31,090,292.76	145,238,296.95
6.Earnings per share		
(1) Basic EPS		
(2) Diluted EPS		
7.Other comprehensive income	-748,000.00	-37,515,980.38
(1) Items to be reclassified to profit and loss when qualified in	-748,000.00	-37,515,980.38
(2) Items cannot be classified in the future accounting periods		
8.Total comprehensive income	-31,838,292.76	107,722,316.57

Legal Representative: Han Guangde　Accounting Director: Chen Liping　Accounting Manager: Hou Zengquan

Consolidated Cash Flow Statement

For January to June of year 2014

Guangzhou Shipyard International Company Limited　　Unit：RMB

Items	After consolidation	
	Current Period	**Last Period**
1. Cash Flows From Operating Activities:		
Receipts from sale of goods and rendering of services	3,085,398,484.21	2,889,772,263.05
Taxes refund	220,379,915.02	110,936,200.89
Other cash receipts from operating activities	62,440,473.81	198,014,867.39
Subtotal Cash Flow-in From Operating Activities	3,368,218,873.04	**3,198,723,331.33**
Payments to suppliers for goods and services	3,809,726,849.73	3,227,182,985.08
Payments to and on behalf of employees	575,539,761.32	452,056,871.17
Taxes and Fees Paid	124,091,430.10	136,999,372.72
Other cash payments from operating activities	199,991,994.52	127,248,595.48
Subtotal Cash Flow-out From Operating Activities	4,709,350,035.67	3,943,487,824.45
Net Cash Flow From Operating Activities	**-1,341,131,162.63**	**-744,764,493.12**
2. Cash Flow From Investing Activities:		
Proceeds from withdrawing capital	-	-
Including: cash receipts from disposal of subsidiaries		
Cash receipts from Investment income	7,734,958.27	26,499,157.20
Net cash receipts from Liquidation of fixed assets, intangible assets and other long-term assets	7,208.65	41,211.54
Other cash receipts from investing activities	1,616,740,549.06	1,488,446,034.95
Subtotal Cash Flow-in From Investing Activities	**1,624,482,715.98**	**1,514,986,403.69**
Cash payments for purchasing fixed assets, intangible assets and other long-term assets	156,904,785.34	136,939,868.68
Investment payments	598,646,727.82	43,202,186.71
Other cash payments from investment activities	2,351,232,328.75	1,576,221,408.82
Subtotal Cash Flow-out From Investing Activities	**3,106,783,841.91**	**1,756,363,464.21**
Net Cash Flow From Investing Activities	**-1,482,301,125.93**	**-241,377,060.52**
3. Cash Flow From Financing Activities:		-
Proceeds from investments	2,201,832,410.24	
Including: Cash received by subsidiaries from non-controlling interests		
Proceeds from borrowings	13,104,877,381.25	6,387,582,274.80
Other cash receipts from financing activities		
Subtotal Cash Flow-in From Financing Activities	**15,306,709,791.49**	**6,387,582,274.80**
Payments for debt redemption	13,640,159,970.31	6,630,621,633.83
Payments of dividends, profits and interests	341,508,196.49	242,848,178.23
Including: Dividends paid to non-controlling shareholders		
Other cash payments from financing activities	2,365,755.96	21,071.16
Subtotal Cash Flow-out From Financing Activities	**13,984,033,922.76**	**6,873,490,883.22**
Net Cash Flow From Financing Activities	**1,322,675,868.73**	**-485,908,608.42**
4. Effect of exchange rate changes on cash	**40,465,599.37**	**-40,494,796.57**
5. Net Increase in Cash and Cash Equivalents	**-1,460,290,820.46**	**-1,512,544,958.63**
Add: the Beginning Balance of Cash and Cash Equivalents	**4,221,502,128.98**	**4,942,987,547.29**
6. The Ending Balance of Cash and Cash Equivalents	**2,761,211,308.52**	**3,430,442,588.66**

Legal Representative: Han Guangde　Accounting Director: Chen Liping　Accounting Manager: Hou Zengquan

Cash Flow Statement of the Parent Company

For January to June of 2014

Guangzhou Shipyard International Company Limited Unit：RMB

Items	Parent Company	
	Current Period	**Last Period**
1. Cash Flows From Operating Activities:		
Receipts from sale of goods and rendering of services	2,334,766,034.39	1,764,758,571.53
Taxes refund	122,862,464.07	40,836,411.99
Other cash receipts from operating activities	6,063,550.04	109,772,416.01
Subtotal Cash Flow-in From Operating Activities	**2,463,692,048.50**	**1,915,367,399.53**
Payments to suppliers for goods and services	3,916,060,766.32	2,243,818,563.02
Payments to and on behalf of employees	140,654,671.09	122,244,038.81
Taxes and Fees Paid	56,977,064.85	98,954,490.05
Other cash payments from operating activities	2,191,460,917.44	81,387,341.65
Subtotal Cash Flow-out From Operating Activities	6,305,153,419.70	2,546,404,433.53
Net Cash Flow From Operating Activities	**-3,841,461,371.20**	**-631,037,034.00**
2. Cash Flow From Investing Activities:		
Proceeds from withdrawing capital	-	-
Including: cash receipts from disposal of subsidiaries	-	-
Cash receipts from Investment income	27,138,494.90	25,197,136.78
Net cash receipts from Liquidation of fixed assets, intangible assets and other long-term assets	7,208.65	41,211.54
Other cash receipts from investing activities	937,215,135.53	971,231,355.94
Subtotal Cash Flow-in From Investing Activities	964,360,839.08	996,469,704.26
Cash payments for purchasing fixed assets, intangible assets and other long-term assets	15,816,631.81	26,519,093.47
Investment payments	598,646,727.82	-
Other cash payments from investment activities	1,349,368,328.75	1,019,825,408.82
Subtotal Cash Flow-out From Investing Activities	1,963,831,688.38	1,046,344,502.29
Net Cash Flow From Investing Activities	-999,470,849.30	-49,874,798.03
3. Cash Flow From Financing Activities:		
Proceeds from investments	2,201,832,410.24	-
Including: Cash received by subsidiaries from non-controlling interests		
Proceeds from borrowings	3,540,634,465.03	828,821,245.02
Other cash receipts from financing activities		
Subtotal Cash Flow-in From Financing Activities	5,742,466,875.27	828,821,245.02
Payments for debt redemption	2,225,999,453.32	588,518,672.36
Payments of dividends, profits and interests	151,902,862.37	47,732,495.94
Including: Dividends paid to non-controlling shareholders		
Other cash payments from financing activities	2,346,960.17	6,867.55
Subtotal Cash Flow-out From Financing Activities	2,380,249,275.86	636,258,035.85
Net Cash Flow From Financing Activities	**3,362,217,599.41**	**192,563,209.17**
4. Effect of exchange rate changes on cash	**29,163,094.54**	**-20,475,782.65**
5. Net Increase in Cash and Cash Equivalents	**-1,449,551,526.55**	**-508,824,405.51**
Add: the Beginning Balance of Cash and Cash Equivalents	**3,642,373,050.61**	**3,461,486,732.84**
6. The Ending Balance of Cash and Cash Equivalents	**2,192,821,524.06**	**2,952,662,327.33**

Legal Representative: Han Guangde Accounting Director: Chen Liping Accounting Manager: Hou Zengquan

Notes to the Consolidated Financial Statements

I. Basis for the preparation of financial statements

Based on going-concern assumption, the consolidated financial statements of the Group have been prepared in accordance with the relevant requirements of existing Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China (hereinafter referred to as "Accounting Standards for Business Enterprises"), and NO.15 of regulations on information disclosures of companies that issue public offering shares – General Rules of preparing financial reports (revised in 2010) issued by China Securities Regulatory Commission (CSRC). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

II. Announcement on complying with accounting standards for business enterprises

The financial statements have been prepared by the Company and the Group in accordance with the accounting standards for business enterprises, and reflect a true and fair view of the Group as of June 30, 2014 and of the operating results and cash flows for the period then ended. The accounting policies prepared for the financial statements are in compliance with the accounting policies applied in the prior year.

III. Notes to the Consolidated Financial Statements

The following disclosed financial statement figures, unless specifically noted, "Beginning Balance" refers to January 1, 2014; and "Ending Balance" refers to June 30, 2014. "Current Period" refers to the period from January 1, 2014 to June 30, 2014; and "Last Period" refers to the period from January 1, 2013 to June 30, 2013.

1. Accounts receivable

Items	Ending Balance	Beginning Balance
Accounts receivable	785,138,314.51	670,199,441.60
Less: provision for bad debts	13,128,247.38	12,700,001.70
Net Amount	772,010,067.13	657,499,439.90

(1) Terms of sales on credit

Items	Credit Term
Shipbuilding	1 month after issuance
Other businesses	1 to 6 months

(2) Aging analysis

Items	Ending Balance					Beginning Balance				
	Book Value		Bad debt		Net value	Book Value		Bad debt		Net value
	Amount	%	Amount	%		Amount	%	Amount	%	
Within 1 year	730,201,550.00	93.00	3,651,007.75	0.50	720,201,920.36	605,013,195.30	90.27	2,989,758.92	0.49	602,023,436.38
1-2 years	23,628,555.59	3.01	114,507.74	0.48	23,514,047.85	26,482,813.79	3.95	4,151,728.18	15.68	22,331,085.61
2-3 years	6,496,225.47	0.83	4,127,747.68	63.54	2,368,477.79	11,312,230.43	1.69	422,223.65	3.73	10,890,006.78
3-4 years	4,933,033.82	0.63	1,000,965.65	20.29	3,932,068.17	2,932,068.17	0.44	794,263.65	27.09	2,137,804.52
4-5 years	15,322,510.73	1.95	234,507.36	1.08	21,436,625.26	21,257,600.33	3.17	1,140,493.72	5.37	20,117,106.61
Over 5 years	4,556,438.90	0.58	3,999,511.20	87.78	556,927.70	3,201,533.58	0.48	3,201,533.58	100.00	-
Total	785,138,314.51	–	13,128,247.38	–	772,010,067.13	670,199,441.60	–	12,700,001.70	–	657,499,439.90

(3) Classification by risks

Categories	Ending Balance				Beginning Balance			
	Book value		Bad debt		Book value		Bad debt	
	Amount	%	Amount	%	Amount	%	Amount	%
Accounts receivable that are individually significant and are provided for bad debts on individual basis								
Accounts receivable that are individually insignificant but are provided for bad debts on individual basis	9,248,799.84	1.18	9,248,799.84	100.00	9,395,984.41	1.40	9,395,984.41	100.00

Categories	Ending Balance				Beginning Balance			
	Book value		Bad debt		Book value		Bad debt	
Accounts receivable accrued bad debt provision by a certain percentage of the balance	775,889,514.67	98.82	3,879,447.54	0.50	660,803,457.19	98.60	3,304,017.29	0.50
Total	785,138,314.51	—	13,128,247.38	—	670,199,441.60	—	12,700,001.70	—

1) Accounts receivable that are individually or insignificant but are provided for bad debts on individual basis

Company Name	Book value	Bad debts	%	Reasons
Guangzhou Huayu Electrical and Mechanical Equipment Company Limited	4,000,411.67	4,000,411.67	100.00	No expectation to recover
WHL-FONKWANG	2,551,272.30	2,551,272.30	100.00	No expectation to recover
Chongqing Far East Fuji Electrical Company	670,000.00	670,000.00	100.00	No expectation to recover
Guilin Fortune elevator company	398,250.00	398,250.00	100.00	No expectation to recover
Chongqing South Group Company	257,884.00	257,884.00	100.00	No expectation to recover
Qingdao Haier Special electric freezer Co., Ltd.	208,000.00	208,000.00	100.00	No expectation to recover
China Refrigeration Industry Co., Ltd.	166,510.00	166,510.00	100.00	No expectation to recover
Hunan Lian Xiang elevator company	144,037.20	144,037.20	100.00	No expectation to recover
GSI Elevator Co., Ltd., Chongqing	129,999.76	129,999.76	100.00	No expectation to recover
Chongqing Yi Cheng Real Estate Company	123,465.32	123,465.32	100.00	No expectation to recover
Hefei Hualing Co., Ltd.	117,000.00	117,000.00	100.00	No expectation to recover
Wuhan Yuji Real Estate Co., Ltd.	105,500.00	105,500.00	100.00	No expectation to recover
Qingdao Haier Special Plastic Co., Ltd.	44,800.00	44,800.00	100.00	No expectation to recover
Hisense (Nanjing) Electric Co., Ltd.	39,100.00	39,100.00	100.00	No expectation to recover
Yin Ganhui	36,000.00	36,000.00	100.00	No expectation to recover
Chengdu Merro steel grating Co., Ltd	35,000.00	35,000.00	100.00	No expectation to recover
Guangzhou Merro steel grating Co., Ltd	35,000.00	35,000.00	100.00	No expectation to recover
Hefei Haier Refrigerator Co., Ltd.	32,600.00	32,600.00	100.00	No expectation to recover
Seven days hotel	32,499.99	32,499.99	100.00	No expectation to recover
Guangzhou Linghe Company	30,500.00	30,500.00	100.00	No expectation to recover
Hubei Dongfang Yule Company	20,000.00	20,000.00	100.00	No expectation to recover
Qingdao Haier Special electric freezer Co., Ltd.	18,000.00	18,000.00	100.00	No expectation to recover
Shenzhen Jishang Architectural design engineering company	15,904.00	15,904.00	100.00	No expectation to recover
Hefei Rongshida Refrigerator Co., Ltd.	14,565.60	14,565.60	100.00	No expectation to recover
Wuzhou Public Security Bureau	13,500.00	13,500.00	100.00	No expectation to recover

Company Name	Book value	Bad debts	%	Reasons
Guangzhou Baiyun Bamboo Boli Furniture Factory	9,000.00	9,000.00	100.00	No expectation to recover
Total	9,248,799.84	9,248,799.84	—	

2) Accounts receivable accrued bad debt provision by a certain percentage of the balance

Items	Book value	%	Bad debts
Within 1 year	730,201,550.00	0.50	3,651,007.75
1-2 years	22,401,546.15	0.50	112,007.74
2-3 years	4,367,203.05	0.50	21,836.01
3-4 years	4,791,130.68	0.50	23,955.65
4-5 years	12,568,358.46	0.50	62,841.76
Over 5 years	1,559,726.33	0.50	7,798.63
Total	775,889,514.67	—	3,879,447.54

(4) Bad debts reversed or recovered

Company Name	Original amount of accounts receivables	%	Bad debts before recovery	Accounts recovered	Reasons
Chongqing Guangchuan Elevator Co. Limited	313,700.00	100	313,700.00	183,700.24	Agents have been unable to receive the payment, risk to recover，received in this period
Yang Shiqiang	5,600.00	100	5,600.00	5,600.00	Unable to receive the payment, risk to recover，received in this period
Yun Nan Da Li Gu Wan Cheng Cultural Development Co. Limited	10,500.00	100	10,500.00	10,500.00	Unable to receive the payment, risk to recover，received in this period
Guangzhou Zecheng Glass Company Limited	11,625.00	100	11,625.00	11,625.00	Unable to receive the payment, risk to recover，received in this period
Total	341,425.00	–	341,425.00	211,425.24	

(5) The accounts receivable balance details for Current Period exclude shareholders who hold 5% or more of the Company’s shares.

(6) Top 5 Clients

Company Name	Relationship	Amount	Aging	Proportion in Accounts Receivable (%)
China Shipping Bulk Carrier (Hong	External Client	125,415,106.15	Within 1	15.97

Company Name	Relationship	Amount	Aging	Proportion in Accounts Receivable (%)
Kong) Co., Limited			year	
Denmark NORDN Company	External Client	78,107,694.94	Within 1 year	9.95
Marshall Islands NAVIG8PRODUCTTANKERISLANDS	External Client	58,077,442.08	Within 1 year	7.40
Sweden--StenaWeco	External Client	43,438,768.00	Within 1 year	5.53
Dalian Ocean Shipping Company	External Client	26,390,712.82	Within 1 year	3.36
Total		331,429,723.99		42.21

(7) Please refer to the Note VI.3 as for receivables from related parties

(8) Accounts receivable with foreign currency balance

Items	Ending Balance			Beginning Balance		
	Original currency	Exchange Rate	RMB	Original currency	Exchange Rate	RMB
USD	69,313,946.56	6.1528	426,474,850.39	45,654,788.00	6.0969	278,352,676.99
HKD	15,916,752.13	0.7938	12,634,713.54	23,858,985.58	0.7862	18,757,934.44
MOP	3,277,585.17	0.7784	2,551,272.30	3,277,585.17	0.7588	2,487,031.63
EUR	945,593.00	8.3946	7,937,875.00			
Total			449,598,711.23			299,597,643.06

(9) The received payments after balance date

Until the reporting date, the Company received accounts receivable with the amount of RMB321,908,220.97 in total, including RMB122,851,622.21 from China Shipping Bulk Carrier Co., Ltd, RMB78,107,694.94 from Denmark NORDN Company, RMB43,438,768.00 from Sweden-Stena Weco, RMB28,969,343.00 from Marshall Islands NAVIG8PRODUCTTANKERISLANDS, RMB26,390,712.82 from Dalian Ocean Shipping Company and RMB22,150,080.00 from Greece – Tomasos brothers. Ine.

2. Accounts payable

(1) Category

Items	Ending Balance	Beginning Balance
Materials purchased	1,372,534,689.32	1,072,748,768.37
Settlements for projects	272,082,069.45	42,153,031.54
Product settlement	92,129,962.09	81,552,364.48
Warranty	90,300,646.84	80,982,340.21
Other Projects and Labor Costs	148,210,018.68	477,497,878.26
Total	**1,975,257,386.38**	**1,754,934,382.86**

(2) Aging analysis

Aging analysis of Accounts Payable at the end of Current Period is as follows:

Items	Ending Balance	Beginning Balance
Within 1 year	1,952,922,406.10	1,597,722,846.21
1-2 years	8,022,705.02	114,528,141.54
2-3 years	8,848,983.10	34,909,536.34
Over 3 years	5,463,292.16	7,773,858.77
Total	**1,975,257,386.38**	**1,754,934,382.86**

Large-amount Accounts payable aged more than 1 year at the end of Current Period

Clients	Amount	Nature	Reasons
Shanghai Dacheng Venture Capital Co., Ltd.	10,823,877.62	Materials purchased	Not settled
Asian Star Anchor Chain Co., Ltd. Jiangsu	1,098,250.00	Materials purchased	Not settled
Wuhan Marine Equipment Company	1,190,000.00	Warranty payable	Not settled
A research institute of China Shipbuilding Industry Corporation	2,644,250.00	Warranty payable	Not settled
Shipbuilding Chengxi the Voyage Ship Co., Ltd. (Guangzhou)	1,745,201.85	Pier management fee	Not settled

(3) At the end of Current Period, the balance of accounts payable does not include any amounts payable to shareholders who hold 5% or more of the Company’s (or the Group’s) shares.

(4) See accounts payable to related parties in Note VI/3.

(5) Accounts payable with foreign currency balance

Currency	Ending Balance			Beginning Balance		
	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
USD	10,819,410.98	6.1528	66,570,087.33	8,484,100.56	6.0969	51,726,712.71
HKD	485,375.08	0.7938	385,290.74	1,063,782.82	0.7862	836,346.05
Total			66,955,378.07			52,563,058.76

3. Undistributed profits

Current Period

Items	Amounts	Appropriation %
Ending Balance of Last Year	691,646,062.40	
Add: Beginning retained earnings adjustment		
Changes in accounting policies		
Corrections of Prior Period Errors		
Change of consolidation scope under common control		
Other adjustments		
Beginning Balance of Current Year	691,646,062.40	
Add: Net profit attributable to Parent Company	-271,115,881.22	
Less: Provision of statutory surplus reserve		10% of parent company's profit
Provision of statutory surplus reserve		
Provision of general risk reserve		
Ordinary share dividend payable	10,305,346.51	
Capitalized ordinary share dividend		
Ending Balance of Current Period	410,224,834.67	

Last Year

Items	Amounts	Appropriation %
Ending Balance of Last Year	2,393,852,509.26	
Add: Beginning retained earnings adjustment		
Changes in accounting policies		
Corrections of Prior Period Errors		
Change of consolidation scope under common control		
Other adjustments	-1,401,947,033.96	
Beginning Balance of Current Year	991,905,475.30	

Items	Amounts	Appropriation %
Add: Net profit attributable to Parent Company	-210,488,810.94	
Less: Provision of statutory surplus reserve	12,600,899.48	10% of parent company's profit
Provision of statutory surplus reserve		
Provision of general risk reserve		
Ordinary share dividend payable	77,169,702.48	
Capitalized ordinary share dividend		
Ending Balance of Current Period	691,646,062.40	

4. Net current assets

Items	**Ending Balance**	**Beginning Balance**
Current assets	13,242,111,532.19	12,782,140,134.89
Less: Current liabilities	11,733,155,428.29	10,836,768,433.75
Net current assets	**1,508,956,103.90**	**1,945,371,701.14**

5. Total assets less current liabilities

Items	**Ending Balance**	**Beginning Balance**
Total assets	21,945,667,537.57	21,558,861,223.94
Less: current liabilities	11,733,155,428.29	10,836,768,433.75
Total assets less current liabilities	**10,212,512,109.28**	**10,722,092,790.19**

6. Operating income & Operating cost

Items	**Current Period**	**Last Period**
Main business income	3,774,729,555.23	2,527,464,050.12
Other business income	112,154,617.75	109,534,229.75
Total	**3,886,884,172.98**	**2,636,998,279.87**
Main business cost	3,737,134,694.21	2,406,787,087.64
Other business cost	74,832,108.88	77,973,748.55
Total	**3,811,966,803.09**	**2,484,760,836.19**

Gross profit

Items	Current Period	Last Period
Main business income	3,774,729,555.23	2,527,464,050.12
Main business cost	3,737,134,694.21	2,406,787,087.64
Gross profit	37,594,861.02	120,676,962.48

Revenue from construction contracts

Item	Current Period	Amount in the same period of last year
Revenue from construction contracts	3,380,529,954.76	2,134,153,480.64

(1) Main business – classified by products

Items	Current Period		Last Period	
	Business income	Business cost	Business income	Business cost
Shipbuilding products	3,380,529,954.76	3,372,876,844.16	2,134,153,480.64	2,037,396,557.07
Steel Structure Engineering	174,635,191.40	157,162,608.05	351,357,573.31	329,535,184.21
Mechanical and electrical products and others	219,564,409.07	207,095,242.00	41,952,996.17	39,855,346.36
Total	3,774,729,555.23	3,737,134,694.21	2,527,464,050.12	2,406,787,087.64

(2) Main business – classified by regions

Region	Current Period		Last Period	
	Business income	Business cost	Business income	Business cost
China	1,738,677,275.77	1,579,489,476.80	608,410,981.48	543,058,238.71
Greece	270,691,310.05	307,989,014.50	220,686,959.01	206,117,616.04
Liberia	258,369,499.41	324,529,608.32	202,409,712.24	202,409,712.24
Singapore	228,726,979.27	228,726,979.27	117,294,438.66	129,544,913.81
Netherlands	227,881,332.00	222,552,093.25	25,890,163.90	25,890,163.90
Sweden	178,483,682.07	188,084,780.26	64,003,567.59	61,625,302.67
British Virgin Islands	155,942,964.93	151,034,870.17	176,732,811.17	155,621,489.88
Switzerland	154,069,640.34	150,499,645.74	-	-
Mauritius	145,783,047.13	175,985,570.35	56,688,559.06	56,688,559.06
Denmark	143,925,343.61	165,093,312.68	491,391,155.33	441,901,975.32

Region	Current Period		Last Period	
	Business income	Business cost	Business income	Business cost
Hong Kong	103,930,988.58	84,668,285.38	396,846,048.92	435,630,420.26
Australia	63,919,749.01	64,439,298.20	-	-
USA	32,491,015.71	24,874,581.54	-	-
Macau	22,647,520.17	21,313,887.45	-	-
Canada	20,627,469.09	20,131,540.88	57,752,525.61	51,046,625.61
Norway	15,473,695.09	15,473,695.09	-	-
Marshall Islands	8,410,919.47	8,410,919.47	-	-
Philippines	-	-	87,630,033.20	76,893,354.08
Colombia	-	-	4,405,310.38	3,369,824.74
Other countries and regions	4,677,123.53	3,837,134.86	17,321,783.57	16,988,891.32
Total	3,774,729,555.23	3,737,134,694.21	2,527,464,050.12	2,406,787,087.64

(3) Other business income & Other business cost

Last Period	Current Period		Last Period	
	Other business income	Other business cost	Other business income	Other business cost
Sales of materials	37,682,934.50	37,266,749.87	36,565,568.37	27,297,585.61
Sales of scrap materials	10,877,363.60	8,315,764.58	26,791,209.96	18,894,301.69
Service income	10,993,774.65	4,788,349.81	6,006,504.13	2,186,308.32
Rental income	24,796,837.84	4,618,923.83	12,297,612.42	3,242,492.09
Income from power providing	13,926,975.46	14,142,377.17	27,873,334.87	26,353,060.84
Income from transferring investment property	10,222,240.00	5,699,943.62		
Other	3,654,491.70			
Total	112,154,617.75	74,832,108.88	109,534,229.75	77,973,748.55

(4) Construction in progress

Because the declining trend of the ship's price, the estimated total revenue of contracts decrease

Contracts		Total amount	Accumulated cost	Accumulated gross margin	Amounts settled	Provision for the decrease in contract value at the end of the period
Fixed price contract	Total construction in progress	15,065,137,589.40	5,624,994,413.97	-361,467,900.41	4,974,728,843.87	903,863,666.02
	Including: construction in progress expected to record loss at the end of the period					
	50500 series (tanks for product oil/chemicals)	4,550,455,719.90	913,688,413.66	-12,768,105.67	952,427,804.86	421,279,308.90
	40000 series (tankers for product oil/chemicals)	171,481,113.11	200,290,590.96	-14,642,983.91	84,919,958.50	3,222,945.01
	37500 series (tankers for product oil/chemicals)	225,137,706.00	157,703,864.12	-1,862,746.34	89,441,280.00	25,566.15
	82,000 dwt bulk carriers	680,741,686.76	493,640,070.24	-87,464,700.99	187,429,499.17	145,404,297.27
	32,000 dwt tankers for crude oil	1,250,128,692.89	1,531,798,676.69	-281,238,573.27	627,427,060.90	4,987,858.88
	115,000 dwt tankers for product oil	1,678,155,214.52	1,109,077,717.09	-213,114,588.68	344,980,310.00	156,030,348.68
	308,000 dwt tankers for crude oil	1,059,552,897.54	433,553,881.84	2,503,969.13	179,862,944.44	121,855,541.17
	250,000 ton series (tankers for product oil/chemicals)	719,118,325.08	55,622,533.52	-	141,164,157.50	51,057,799.96

affected by the appreciation of the RMB against the U.S. dollar; as well as changes of demand-supply relationship in the shipbuilding market higher the construction standard, so that the estimated total cost of contracts increases; the estimated total cost of the Group's ship contracts exceeds the estimated total revenue, resulting in an estimated loss.

(5) The total sales revenue for Current Period from top 5 clients is RMB 1,228,859,566.02 (Last Period: RMB1,164,537,034.69), accounting for 31.62% of total sales revenue for Current Period. (Last Period: 44.16%), the details are showing below:

Customer	Amount	%
Customer 1	432,352,573.81	11.12
Customer 2	228,726,979.27	5.88
Customer 3	227,881,332.00	5.86
Customer 4	183,955,716.01	4.73
Customer 5	155,942,964.93	4.01
Total	1,228,859,566.02	31.60

7. Financial expense

(1) Category

Items	Current Period	Last Period
Interest expenditure	219,902,817.77	219,772,099.24
Less: Interest income	134,663,684.66	123,453,453.92
Add Exchange loss	-23,612,954.75	-40,253,240.90
Add: Other expenditure	2,046,273.26	4,003,016.31
Total	**63,672,451.62**	**60,068,420.73**

(2) Interest expenditure category

Items	Current Period	Last Period
Bank loan interest due within 5 years	152,534,125.77	83,200,322.98
Bank loan interest due after 5 years		36,942,000.00
Other interest due within 5 years	26,743,692.00	32,329,776.26
Other interest due after 5 years	40,625,000.00	67,300,000.00
Subtotal	219,902,817.77	219,772,099.24
Less: Capitalized interest		
Total	**219,902,817.77**	**219,772,099.24**

(3) Interest income category

Items	Current Period	Last Period
Interest income from bank deposit	134,663,684.66	123,453,453.92
Total	**134,663,684.66**	**123,453,453.92**

8. Gain or loss on changes in fair value

Items	Current Period	Last Period
Tradable financial assets	535,771.74	9,786,619.53
Gains in the changes in the fair value of Foreign exchange forward contract	535,771.74	9,786,619.53
Tradable financial liabilities	-77,503,573.58	-197,655.52
Gains in the changes in the fair value of Foreign exchange forward contract	-77,503,573.58	-197,655.52
Total	**-76,967,801.84**	**9,588,964.01**

9. Investment income

(1) Source of investment income

Items	Current Period	Last Period
From long-term equity investment under equity method	4,124,564.16	1,150,743.88
From long-term equity investment under cost method		
From holding financial assets available for sale		11,065,829.50
From disposal of financial assets at fair value through profit and loss and its changes in fair value recognized in the current profit and loss account	3,839,958.27	24,126,845.00
Total	**7,964,522.43**	**36,343,418.38**

The Investment income from listed companies for current period is RMB0.00 (last period: RMB11,032,819.50).

(2) Investment income on Long-term equity investments, equity method

Items	Current Period	Last Period
Total	**4,124,564.16**	**1,150,743.88**
Including: Zhenjiang Shipyard modern power generation equipment Co., Ltd.	4,255,797.78	700,885.14
Guangzhou economic and Technological Development Zone, Southern China special coating Co. Ltd.	-43,633.62	605,358.60
Zhanjiang Nanhai Marine High-tech Service Co. Ltd.	-58,018.72	-33,926.16
Guangzhou Longxue Real Estate Limited	-29,581.28	-121,573.70

10. Non-operating income

(1) Non-operating income category

Items	Current Period	Last Period
Total		1,137.40
Gain on disposal of non-current assets		1,137.40
Including: Gain on Liquidation of fixed assets	102,928,893.17	13,127,295.05
Government grants	89,250.00	31,000.00
Penalty income	186,186.20	897,435.90
Compensation income	2,592,670.92	958,781.36
Others	**105,797,000.29**	**15,015,649.71**

The non-operating gains or losses for current period are RMB 18,913,630.90 (Last Period: RMB13,618,743.58.50).

(2) Government grants category

Items	Current Period	Last period	Sources & Basis	Related to assets/ revenue
Product subsidy	85,430,000.00	1,345,386.13	National Funding	Relate to revenue
Special fund for export credit insurance	44,900.00		Liwan District national treasury payment centre; capital export credit insurance in 2013 special	Relate to revenue
New product subsidy	11,839,537.73	6,939,725.06	National Funding	Relate to revenue
Service and trading subsidy from provincial, municipal and regional government	1,000,000.00		National Funding	Relate to revenue
Government subsidy		4,193,349.49	National Funding	Relate to revenue
Guangzhou City Bureau Finance Treasury Branch; financial management capital of 2013 annual headquarters economy subsidy funds for the development of strategic leading industries – model enterprise of industrial design	200,000.00		Guangzhou City Bureau Finance Treasury Branch; financial management capital of 2013 annual headquarters economy subsidy funds	Relate to revenue
The high-tech ship project of the Ministry of Industry and Information Technology undertaken by CSSC Integrated Technology Economy Institute – "Research on the Energy Consumption Evaluation and Monitoring and Management Systems of Shipbuilding Enterprises"	1,292,010.67		National Funding: Research on ship builders' energy evaluation and surveillance management system	Relate to revenue
Research funding for optimized green coating process	657,144.78		National Funding: Research on optimized green coating process	Relate to revenue
Research and development and application of energy management systems for shipbuilding industry	380,000.00		Nansha District Innovation and independent development：Research and development and application of energy management systems for shipbuilding industry	Relate to revenue
Other	2,085,299.99	648,834.37		Relate to revenue
Total	102,928,893.17	13,127,295.05		

11. Income tax expenses

Items	Current Period	Last Period
Income tax expenses for the Current Period	3,401,643.41	17,566,227.43
China	3,416,403.07	15,630,990.23
Hong Kong		2,116,164.55
Accruals and/or deferrals from previous years	-14,759.66	-180,927.35
Deferred income tax expenses	-5,302,170.83	-88,273,560.58
Total	**-1,900,527.42**	**-70,707,333.15**

12. Depreciation and amortization

Items	Current Period	Last Period
Investment properties	375,665.01	375,665.00
Depreciation of fixed assets	193,208,411.04	189,511,822.89
Amortization of intangible assets	19,914,562.57	18,788,566.34
Total	213,498,638.62	208,676,054.23

13. Profit (or loss) on sale of investment or real estates

(1) No investment was sold in this term. (None in the corresponding period of last year)

(2) Sold real estate: On March 27th,2014, the Company's general manager office disscussed and agreed to list and transfer five real estates, (located in Hua Yuan Manshion, No.496 Xin Cheng Road, Sha Ping Town, He Shan City), in Beijing property right transaction center. The net profit was RMB 4,398,956.39, after decucting the net book value and related taxes, when the Company completed the property transfer procedures with the buyers in June,2014.

14. Earnings per share

Basic earnings per share shall be calculated by profit or loss attributable to ordinary equity holders of the Company (the numerator) divided by the weighted average number of ordinary shares outstanding (the denominator) during the period.

The numerator of the diluted earnings per share attributable to ordinary shareholders is the Company's net profit after adjustment of the following factors: (1) the recognized interest expense of dilutive potential ordinary shares; (2) income or expense that would result from the conversion of dilutive potential ordinary shares; and (3) the related income tax effects of the above adjustments.

The denominator of diluted earnings per share is equal to the sum of: (1) the weighted average number of issued ordinary shares of the Company in basic earnings per share; and (2) the weighted average number of shares after conversion of the dilutive potential ordinary shares into ordinary shares

In calculating the weighted average number of shares after conversion of dilutive potential ordinary shares into ordinary shares, the dilutive potential ordinary shares which were converted in previous years are assumed to be converted at the beginning of This Period and the dilutive potential ordinary shares which were converted during This Period are assumed to be converted at the conversion date.

Basic EPS and Diluted EPS are calculated as followed:

Items	No.	Current Period	Last Period
Net profit attributable to shareholders of Parent Company	1	-271,115,881.22	-42,438,921.12
Non-operating profit and loss attributable to shareholders of Parent Company	2	-47,506,966.32	-58,697,377.28
Net profit after deducting non-operating profit and loss attributable to shareholders of Parent Company	3=1-2	-223,608,914.90	16,258,456.16
Total number of shares at the beginning of the year	4	643,080,854.00	643,080,854.00
The number of shares increased due to transferring capital reserve into share capital or dividend distribution of shares (I)	5		
The number of shares increased due to issuance of new shares or debt for equity swap (II)	6	387,453,797.00	
The number of months from next month to the year end regarding the number of shares (II)	7	4.00	
The number of shares decreased due to stock repurchase	8		
The number of months from the next month to the year end regarding the decrease of shares	9		
Shares decreased due to share shrinkages	10		
Duration of the period in terms of month	11	6.00	6.00
Weighted average number of ordinary shares issued out	12=4+5+6×7÷11-8×9÷11-10	901,383,385.33	643,080,854.00
Weighted average number of ordinary shares adjustments because of merger under common control	13	1,030,534,651.00	1,030,534,651.00
Basic EPS (I)	14=1÷13	-0.2631	-0.0412
Basic EPS (II)	15=3÷12	-0.2481	0.0253
Potential diluted interests of ordinary shares recognized as expense	16		
Transfer fee	17		
Income tax rate	18	0.15	0.15
Weighted average amount of ordinary shares	19		

Items	No.	Current Period	Last Period
increased due to warrant, share options, and convertible bonds, etc.			
Diluted EPS (I)	20=[1+(16-17)×(1-18)]÷(13+19)	-0.2631	-0.0412
Diluted EPS (II)	21=[3+(16-17)×(1-18)]÷(12+19)	-0.2481	0.0253

15. Dividends

In the six months as at June 30, 2014, dividends amounted to RMB10,305,346.51 has been declared for the accounting year ended December 31, 2013. (2013: RMB77,169,702.48)

According to the decisions of board of directors stated on August 29th, 2014, the Company would not distribute the interim dividends 6-month period ended on June 30, 2014, (Last Period: None).

IV. Segment information

According to the Group's internal organizational structure, management requirements, and internal reporting system, the segments of the operation can be divided into 3 categories based on the different types of main products. The management evaluates operating outcomes of these segments periodically in order to make decisions concerning resource distributions and operating result assessments. The Group is currently organized into 3 segments in shipbuilding, steel structure projects and others.

Segment reporting information is disclosed according to accounting policies and measurement basis used in reports presented by each segment to the management. These accounting policies and measurement basis are consistent with those adopted in drafting financial statements.

Items	Shipbuilding	Steel Structure Engineering	Others	Write-off	Total
Operating income	4,336,318,538.24	177,222,060.34	887,788,919.14	1,514,445,344.74	3,886,884,172.98
Including: External transaction revenue	3,486,123,162.23	177,222,060.34	223,538,950.41		3,886,884,172.98
Revenue between segments	850,195,376.01		664,249,968.73	1,514,445,344.74	
Operating cost	4,313,567,571.53	160,381,598.37	853,497,454.32	1,515,479,821.13	3,811,966,803.09
Period charge	227,626,124.67	12,724,086.90	128,754,959.08	1,195,018.63	367,910,152.02
Segment total profit (total loss)	-184,568,380.28	3,962,139.00	-81,202,029.52	13,860,087.51	-275,668,358.31
Total assets	27,208,912,120.10	361,984,683.30	1,955,620,448.37	7,580,849,714.20	21,945,667,537.57
Total liabilities	21,617,518,579.96	241,029,613.55	1,722,873,238.46	6,843,713,884.27	16,737,707,547.70
Supplementary information					
Capitalized expense	147,033,656.58	749,706.45	3,020,395.61		150,803,758.64
Recognized loss of	-8,623,028.64	12,341.65	-770,995.93	-14,387,917.15	5,006,234.23

Items	Shipbuilding	Steel Structure Engineering	Others	Write-off	Total
impairment					
Including: Goodwill amortization					
Depreciation and amortization expense	189,169,424.94	582,729.67	24,328,045.39	-581,561.38	213,498,638.62
Non-cash expenses other than loss of impairment, depreciation and amortization					

Last Period Segment information

Items	Shipbuilding	Steel Structure Engineering	Others	Write-off	Total
Operating income	2,334,169,000.72	353,267,792.89	493,205,840.35	543,644,354.09	2,636,998,279.87
Including: External transaction revenue	2,258,462,260.03	353,267,792.89	25,268,226.95		2,636,998,279.87
Revenue between segments	75,706,740.69		467,937,613.40	543,644,354.09	0.00
Operating cost	2,237,433,274.31	329,535,184.21	460,960,738.28	543,168,360.61	2,484,760,836.19
Period charge	266,257,933.82	23,407,044.44	20,491,571.00		310,156,549.26
Segment total profit (total loss)	-72,076,986.14	10,983,802.13	-22,992,622.96	95,919,494.04	-180,005,301.01
Total assets	21,862,488,039.21	525,439,630.42	790,444,688.38	1,311,961,718.12	21,866,410,639.89
Total liabilities	16,292,465,657.94	357,589,536.26	404,385,889.62	753,310,267.97	16,301,130,815.85
Supplementary information					
Capitalized expense	39,833,734.45	56,892,643.16	25,116,253.53		121,842,631.14
Recognized loss of impairment	68,956,681.90	145,254.73	-163,222.68		68,938,713.95
Including: Goodwill amortization					
Depreciation and amortization expense	193,992,390.56	13,575,349.42	1,108,314.25		208,676,054.23
Non-cash expenses other than loss of impairment, depreciation and amortization					

The total external transaction revenue from local and other countries or regions; and other non-current assets other than financial assets and deferred income tax assets from local and other countries or regions are listed below:

Revenue from external customers	Current Period	Last Period
Inside China (except Hong Kong)	1,870,378,576.28	717,945,211.23
Hong Kong	100,792,819.67	396,846,048.92
Overseas	1,915,712,777.03	1,522,207,019.72
Total	3,886,884,172.98	2,636,998,279.87

Total non-current assets	Ending Balance	Beginning Balance
Inside China (except Hong Kong)	8,205,530,864.08	8,279,726,254.50
Hong Kong	15,326,848.54	15,468,540.36
Overseas		
Total	8,220,857,712.62	8,295,194,794.86

Note: Total non-current assets exclude financial assets and total deferred tax assets.

Board of Directors of

Guangzhou Shipyard International Company Limited

Guangzhou, August 29, 2014

As at the date of this announcement, the Board comprises eleven Directors, namely executive Directors Mr. Han Guangde, Mr. Zhou Dusheng, Mr. Chen Ji and Mr. Chen Liping, non-executive Directors Mr. Yang Li, Mr. Wang Jun and Mr. Chen Zhongqian, and independent non-executive Directors Mr. Qiu Jiachen, Ms. Li Junping, Mr. Wang Hong and Mr. Zhu Zhenyu.