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

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

(Stock Code: 00317)

**I. PROPOSED VERY SUBSTANTIAL ACQUISITION AND
CONNECTED TRANSACTION**
II. PROPOSED DISCLOSEABLE TRANSACTION
III. PROPOSED NON-PUBLIC ISSUE OF A SHARES
**IV. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND**
V. RESUMPTION OF TRADING

Domestic independent financial adviser to the Company



Hong Kong financial adviser to the Company



Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders



Shenyin Wanguo Capital (H.K.) Limited

Reference is made to the Announcements in relation to the preliminary proposal on the significant assets restructuring in respect of the Company. Unless otherwise specified, terms used in this announcement shall have the same meaning as those defined in the Announcements.

The Board is pleased to announce that on 31 October 2014, the Board resolved at the First Board Meeting, among other things, the significant assets restructuring preliminary proposal. Shareholders and potential investors can also refer to the significant assets restructuring preliminary proposal (in Chinese only) published on the website of the Shanghai Stock Exchange (www.sec.com.cn) by the Company on 31 October 2014.

The significant assets restructuring preliminary proposal involves the following:

I. PROPOSED VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION

The Board is pleased to announce that the Company has entered into the Share Purchase Agreement with CSSC on 31 October 2014, pursuant to which the Company conditionally agreed to acquire, and the CSSC conditionally agreed to sell, the entire issued share capital of Huangpu Wenchong, for the consideration of RMB4,527,331,600.00. The consideration will be satisfied partly by means of issue of 271,575,995 Consideration Shares and partly by cash to CSSC, which will be funded by the proceeds of the proposed Non-Public Issue of A-Shares or will be funded by the Company's internal cash resources.

Listing Rules Implication

Since CSSC currently is the controlling shareholder of the Company and a connected person of the Company, if the proposed Share Acquisition from CSSC materializes, it will constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. Further, as certain applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Share Acquisition is over 100%, the Share Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. The Share Acquisition will be subject to reporting, announcement and the Independent Shareholders' approval requirement under the Listing Rules.

An Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. Qiu Jiachen, Ms. Li Junping, Mr. Wang Hong and Mr. Zhu Zhenyu, has been established to advise the Independent Shareholders in respect of the resolutions to approve the Share Acquisition. Shenyin Wanguo Capital (H.K.) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on whether the terms of the Share Acquisition are fair and reasonable, in the interests of the Company and the Shareholders as a whole, and to make recommendation to the Independent Shareholders on how to vote. The appointment of Shenyin Wanguo Capital (H.K.) Limited as the Independent Financial Adviser has been approved by the Independent Board Committee.

II. PROPOSED DISCLOSEABLE TRANSACTION

The Board is pleased to announce that the Company has entered into the Asset Purchase Agreement with Yangzhou Kejin on 31 October 2014, pursuant to which the Company conditionally agreed to acquire, and Yangzhou Kejin conditionally agreed to sell, certain of its assets, for the consideration of RMB968,000,000.00. The consideration will be satisfied by means of issue of 68,313,338 Consideration Shares to Yangzhou Kejin.

Listing Rules Implication

Based on the relevant percentage ratios calculated pursuant to the Listing Rules, the Asset Purchase Agreement constituted a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Yangzhou Kejin is an independent third party and Yangzhou Kejin and its associates do not have any other relationship with the Company.

III. PROPOSED NON-PUBLIC ISSUE OF A SHARES

At the First Board Meeting, the Board also approved the proposed Non-Public Issue of A Shares of a maximum of 111,151,529 A Shares issued to no more than 10 Target Subscribers at the minimum subscription price of RMB16.48 per A Share. The proceeds to be raised from the proposed Non-Public A Share Issue will be up to the amount of RMB1,831,777,200.00, which amounts to no more than 25% of the Aggregate Transaction Amount.

IV. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Certain proposed amendments to the Articles of Association will be made as a result of the Share Acquisition, the Asset Acquisition and the proposed Non-Public Issue of A Shares. The proposed amendments to the Articles of Associations consequential to the Share Acquisition, the Asset Acquisition and the proposed Non-Public Issue of A Shares are subject to the approval of the Shareholders by way of a special resolution at the EGM and will become effective after its completion and registration with the relevant government authorities in the PRC.

GENERAL

The Share Acquisition and the Asset Acquisition are not inter-conditional with each other. Each of the Share Acquisition and the Asset Acquisition is not inter-conditional with the Non-Public Issue of A Shares. The Share Acquisition and the Asset Acquisition together are the conditions for the Non-Public Issue of A Shares, whereas the Non-Public Issue of A Shares is not a condition for the Share Acquisition or the Asset Acquisition.

Further announcement(s) will be made by the Company upon the final proposal of the significant assets restructuring which shall set out the final terms and details having been approved by the government and regulatory authorities in PRC and by the Board at the Second Board Meeting.

EGM AND CLASS MEETINGS

The Share Acquisition, the issue of Consideration Shares, the Non-Public Issue of A Shares and the amendments to the Articles of Association are subject to approval by Shareholders at the EGM, the Class Meetings and the approval of the relevant authorities in the PRC. CSSC and its associates will abstain from voting for the approval of the Share Acquisition at the EGM and the Class Meetings.

After approval of the final proposal of the significant assets restructuring by the Board at the Second Board Meeting, a circular containing, among other things, (i) the details of the Share Acquisition; (ii) the details of the Asset Acquisition; (iii) the details of the proposed Non-Public Issue of A Shares; (iv) the details of the proposed amendments to the Articles of Association; (v) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Share Acquisition; (vi) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Share Acquisition; and (vii) other information as required under the Listing Rules, will be despatched to the H Shareholders as soon as practicable, to comply with the relevant requirements under Listing Rules.

V. RESUMPTION OF TRADING

At the request of the Company, trading in the H Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 7 April 2014. The Company has made an application to the Stock Exchange for the resumption of trading in its H Shares on the Stock Exchange with effect from 9:00 a.m. on 3 November 2014.

Shareholders and potential investors should note that each of the Share Acquisition, the Asset Acquisition and the proposed Non-Public Issue of A Shares is subject to a number of conditions precedent, and may or may not proceed to completion. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

Reference is made to the Announcements in relation to the preliminary proposal on the significant assets restructuring in respect of the Company. Unless otherwise specified, terms used in this announcement shall have the same meaning as those defined in the Announcements.

The Board is pleased to announce that on 31 October 2014, the Board resolved at the First Board Meeting, among other things, the significant assets restructuring preliminary proposal. Shareholders and potential investors can also refer to the significant assets restructuring preliminary proposal (in Chinese only) published on the website of the Shanghai Stock Exchange (www.sec.com.cn) by the Company on 31 October 2014.

The significant assets restructuring preliminary proposal involves the following:

I. PROPOSED VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION

The Board is pleased to announce that the Company has entered into the Share Purchase Agreement with CSSC on 31 October 2014 for the Share Acquisition.

1. Principal terms of the Share Purchase Agreement

Date: 31 October 2014

Parties: (i) The Company (as purchaser); and
(ii) CSSC (as seller)

CSSC currently is the controlling shareholder of the Company and therefore is a connected person of the Company.

Assets to be acquired: The entire issued share capital of Huangpu Wenchong

Consideration: The consideration for the Share Acquisition is RMB4,527,331,600.00, which has been arrived at after arm's length negotiations between the parties using the valuation of Huangpu Wenchong derived based on the Huangpu Wenchong Asset Valuation Report.

The valuation of Huangpu Wenchong applies asset-based approach and income-approach due to the requirements of SASAC, but only the asset-based approach was adopted to appraise the value of Huangpu Wenchong.

Payment method: The consideration will be satisfied (i) partly by means of issue of 271,575,995 Consideration Shares to CSSC at the issue price of RMB14.17 per Consideration Share, being 90% of the average trading price of A Shares for the 120 trading days immediately preceding the date of the announcement on resolutions passed at the First Board Meeting; and (ii) partly by cash in the amount of RMB679,099,700.00 to CSSC, which will be funded by the proceeds of the proposed Non-Public Issue of A-Shares or will be funded by the Company’s internal cash resources.

The Consideration Shares shall be issued as fully paid and shall rank pari passu in all respects with the A Shares in issue.

Adjustment to the issue price and number of the Consideration Shares: In the event that the Company distributes dividends, grants bonus shares, converts capital reserve into share capital, issues new issue, allots shares or carries out any other ex-rights or ex-dividends activities before the issue of Consideration Shares, the corresponding adjustments shall be made to the issue price and number of shares in the following formula:

Assuming (i) the pre-adjustment issue price is P0, (ii) number of bonus shares or converted shares for each share is N, (iii) number of shares newly issued or allocated for each share is K, (iv) price per share for share issuance or allocation is A, (v) dividend per share is D, and (vi) post-adjustment issue price is P1, then:

For distribution of dividend: $P1 = P0 - D$

For grant of bonus shares, or conversion of capital reserve into share capital: $P1 = P0 / (1 + N)$

For share issue or allocation: $P1 = (P0 + AK) / (1 + K)$

For the situation where the above three items occur concurrently: $P1 = (P0 - D + AK) / (1 + K + N)$

The number of Consideration Shares to be issued shall be adjusted accordingly based on any adjustments of the issue price pursuant to the formula above.

The adjustment methods shall comply with requirements of CSRC and the Shanghai Stock Exchange.

Conditions precedent: Completion is subject to, among other things, the following conditions set out in the Share Purchase Agreement being satisfied:

- (i) the approval by the Shareholders of the Company at the EGM and the Class Meeting of the Share Acquisition;
- (ii) the approval by CSSC's shareholders of the Share Acquisition; and
- (iii) the granting of the approvals from the relevant PRC regulatory authorities, including CSRC, SASAC and SASTIND in accordance with the applicable PRC laws. The approvals from SASAC and SASTIND shall be obtained before the EGM and the Class Meeting of the Share Acquisition. Further approval from CSRC shall be obtained after the EGM and the Class Meeting of the Share Acquisition. Currently, the Company is in the process of obtaining such approvals.

Completion: Completion shall take place within 45 working days from the effective date of the Share Purchase Agreement, or on any other date as agreed by the parties in writing.

Lock-up period: Consideration Shares issued by the Company to CSSC for the Share Acquisition shall not be transferred within 36 months after the issue.

Governing law: PRC law

2. Information of the Group

The Company, reformed from Guangzhou Shipyard, was founded in 1993 and is an important modern integrated shipbuilding enterprise in southern China parented by CSSC, enjoying autonomy in export and import operations. The Group's core business is shipbuilding, focusing on building and exploiting handy size vessels and has entered into the high tech shipbuilding market of Ro/Ro (i.e. roll-on/roll-off) ships, Ro/Ro passenger vessels and semi-submersible heavy lift vessels. The Group adheres to a policy of market and client orientation, and has formed several main businesses including shipbuilding, large-size bridges and building steel structures and electro-mechanical equipment production.

3. Information of CSSC

CSSC is a State-authorized investment institution directly supervised and administered by SASAC and its core business includes ship-building, ship-repairing, processing, export/import of marine equipment, diversified business such as other steel structure manufacturing and international cooperation, joint venture, financing, technology trading and exchange workforce exportation.

4. Information of Huangpu Wenchong

Huangpu Wenchong was established by CSSC in 1981 with the current registered capital of RMB1,411,629,753.00. Huangpu Wenchong is principally engaged in shipbuilding, ship modification and other manufacturing activities. Shipbuilding primarily refers to the construction of vessels for both civilian and military use, which include, without limitation, public service vessels, handy-size bulk carrier, dredging engineering vessels, container feeder vessels and various types of military vessels and combat vessels, which include, without limitation, missile frigate, missile cruiser and missile speedboat and other auxiliary vessels.

The key financial information in the latest 3 years and the first phase of Huangpu Wenchong are as follows:

Unit: 0'000 in RMB

Asset and liabilities items	2014-6-30 unaudited	2013-12-31 unaudited	2012-12-31 unaudited	2011-12-31 unaudited
Total Assets	1,841,190.01	2,001,673.11	1,958,415.58	1,804,967.77
Total Liabilities	1,558,348.87	1,616,804.14	1,608,818.14	1,448,817.41
Owners' equity attributable to parent company	282,605.38	384,597.45	346,062.03	352,700.13
Income and revenue items	2014-6-30 unaudited	2013-12-31 unaudited	2012-12-31 unaudited	2011-12-31 unaudited
Operating revenue	453,861.64	999,620.49	1,030,023.16	1,107,719.72
Operating profit	-6,426.02	16,244.58	-7,015.32	65,752.55
Total profit	5,323.26	33,718.39	25,326.14	83,713.26
Net profit attributable to parent company	5,167.70	26,915.98	21,222.84	71,389.25

Undertakings by CSSC

On 11 July 2014, the Guangzhou People's Government issued the "Guangzhou People's Government's Letter Regarding its Support of the Reconstruction of Huangpu and Wenchong Shipyard" (Guangzhou Government Letter [2014] No. 95) 《廣州市人民政府關於支持黃埔及文冲船廠改造的函》(穗府函[2014]95號) to CSSC, specifying that according to the functional planning of the region, certain land and buildings owned by Huangpu Wenchong are not suitable for use as industrial land for shipbuilding, and shall be centrally collected and stored (統一收儲) by the Guangzhou People's Government in the future.

As certain land and buildings owned by Huangpu Wenchong may be subject to collection and storage (統一收儲) by the Guangzhou People's Government in the future and some of them are with legal defects, CSSC decides to transfer them to Guangzhou Ship Industrial Company (廣州船舶工業公司), its wholly-owned subsidiary, at nil consideration.

Huangpu Wenchong will continue to lease those land and buildings from Guangzhou Ship Industrial Company after the completion of the Share Acquisition until the removal to new plants is completed. Huangpu Wenchong and Guangzhou Ship Industrial Company will enter into a lease agreement (“**Lease Agreement**”). Since CSSC is the controlling shareholder of Guangzhou Ship Industrial Company and a connected person of the Company, if the leasing from Guangzhou Ship Industrial Company materialises after the completion of the Share Acquisition, the Lease Agreement will constitute a continuing connected transaction for the Company and the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules.

The Lease Agreement is subject to further negotiation among relevant parties, which may or may not be materialised. The Company will make an announcement in accordance with the Listing Rules once the Lease Agreement is materialised.

Before the completion of the Share Acquisition, a building with legal defects with the gross building area of approximately 7,300 square metres owned by Huangpu Wenchong in Nansha factory zone, will be injected, among other assets, into the Group through the Share Acquisition (“**Obtained Building**”).

Accordingly, for the Obtained Building with legal defects, CSSC has irrevocably undertaken to the Company that, effective upon the completion of the Share Acquisition:

- (i) it will assist Huangpu Wenchong to accelerate the rectification of the land and buildings with legal defects with the relevant regulatory authorities of the PRC; and
- (ii) it will indemnify the Enlarged Group for any loss caused by any breaches of the above for an indefinite period.

II. PROPOSED DISCLOSEABLE TRANSACTION

1. Principal terms of the Asset Purchase Agreement

The Board is pleased to announce that the Company has entered into the Asset Purchase Agreement with Yangzhou Kejin on 31 October 2014 for the Asset Acquisition.

Date: 31 October 2014

Parties: (i) The Company (as purchaser); and
(ii) Yangzhou Kejin (as seller)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Yangzhou Kejin and the ultimate beneficial owner of Yangzhou Kejin are third parties independent of the Company and connected persons of the Company.

Assets to be acquired: Certain operational assets owned by Yangzhou Kejin Shipyard Co., Ltd. (or of its designated controlling subsidiaries), which include fixed assets, intangible assets and construction-in-progress.

Consideration: The consideration for the Asset Acquisition is RMB968,000,000.00, which has been arrived at after arm's length negotiations between the parties using the valuation of Yangzhou Kejin derived based on the Yangzhou Kejin Asset Valuation Report. The asset-based approach was used to appraise the value of Yangzhou Kejin.

Payment method: The consideration will be satisfied by means of issue of 68,313,338 Consideration Shares to Yangzhou Kejin at the issue price of RMB14.17 per Consideration Share, being 90% of the average trading price of A Shares for the 120 trading days immediately preceding the date of the announcement on resolutions passed at the First Board Meeting.

The Consideration Shares shall be issued as fully paid and shall rank pari passu in all respects with the A Shares in issue.

Adjustment to the issue price and number of the Consideration Shares:

In the event that the Company distributes dividends, grants bonus shares, converts capital reserve into share capital, issues new issue, allots shares or carries out any other ex-rights or ex-dividends activities before the issue of Consideration Shares, the corresponding adjustments shall be made to the issue price and number of shares in the following formula:

Assuming (i) the pre-adjustment issue price is P0, (ii) number of bonus shares or converted shares for each share is N, (iii) number of shares newly issued or allocated for each share is K, (iv) price per share for share issuance or allocation is A, (v) dividend per share is D, and (vi) post-adjustment issue price is P1, then:

For distribution of dividend: $P1 = P0 - D$

For grant of bonus shares, or conversion of capital reserve into share capital: $P1 = P0 / (1 + N)$

For share issue or allocation: $P1 = (P0 + AK) / (1 + K)$

For the situation where the above three items occur concurrently: $P1 = (P0 - D + AK) / (1 + K + N)$

The number of Consideration Shares to be issued shall be adjusted accordingly based on any adjustments of the issue price pursuant to the formula above.

The adjustment methods shall comply with requirements of CSRC and the Shanghai Stock Exchange.

Conditions precedent: Completion is subject to, among other things, the following conditions set out in the Asset Purchase Agreement being satisfied:

- (i) the approval by the shareholders of the Company at the EGM and the Class Meeting of the issue of Consideration Shares for the Asset Acquisition;
- (ii) the approval by Yangzhou Kejin's shareholders of the Asset Acquisition; and

(iii) the granting of the approvals from the relevant PRC regulatory authorities including CSRC and SASAC in accordance with the applicable PRC laws. The approvals from SASAC shall be obtained before the EGM and the Class Meeting of the Share Acquisition. Further approval from CSRC shall be obtained after the EGM and the Class Meeting of the Share Acquisition. Currently, the Company is in the process of obtaining such approvals.

Completion: Completion shall take place within 45 working days from the effective date of the Asset Purchase Agreement, or on any other date as agreed by the parties in writing.

Lock-up period: Consideration Shares issued by the Company to Yangzhou Kejin for the Asset Acquisition shall not be transferred within 12 months after the issue.

Governing law: PRC law

2. Information of the Group

The details of the information of the Group is set out above in the section I headed “Information of the Group” of this announcement.

3. Information of Yangzhou Kejin

Yangzhou Kejin was established in 2004. It is currently 100% owned by Xie Chuanyong. The current registered capital is of RMB202,000,000.00. Yangzhou Kejin is principally engaged manufacturing and sales of such vessels as clean tank, chemical tanker, liquefied gas carrier, and offshore oil engineering vessels of 50,000 tonnes or below, and ocean shipping of refined oil and chemicals.

The following is the financial information of Yangzhou Kejin as extracted from its financial report for the two financial years ended 31 December and the first phase which were prepared in accordance with the PRC Accounting Standards:

	For the year ended 31 December 2013 Unaudited (RMB)	For the year ended 31 December 2012 Unaudited (RMB)
Net profit/(loss) before tax	-44,938,638.19	90,103,207.22
Net profit/(loss) after tax	-44,556,310.11	64,578,360.80
Net asset value	445,445,113.99	490,001,424.10

III. PROPOSED NON-PUBLIC ISSUE OF A SHARES

At the First Board Meeting of the Company held on 31 October 2014, the Board also approved the proposed non-public issue of a maximum of 111,151,529 A Shares to no more than 10 Target Subscribers at the minimum subscription price of RMB16.48 per A Share (“**Non-Public Issue of A Shares**”). The proceeds to be raised from the Non-Public Issue of A Shares will be up to the amount of RMB1,831,777,200.00, which amounts to no more than 25% of the Aggregate Transaction Amount.

1. Principal terms of the Non-Public Issue of A Shares

Issuer:	The Company
Type and nominal value of new A Shares to be issued:	A Shares of nominal value of RMB1.00 each
Method of issue:	The Non-Public Issue of A Shares will be conducted by way of private placement within 12 months from the date of the approval by the CSRC.
Target Subscribers:	Not more than 10 Target Subscribers, which include: securities investment fund management companies, securities companies, investment trust, finance companies, insurance companies, qualified foreign institutional investors and individuals.
Subscription price:	The Subscription price will be determined in accordance with the requirements of relevant laws, regulations and rules, and by way of market price inquiry and will be no less than RMB16.48, being the average trading price of the A Shares of the Company on the Shanghai Stock Exchange for the 20 consecutive trading days prior to the date of the announcement of the resolution of the board of directors of the Company approving the A Share Issue.
Amount to be raised and number of new A Shares to be issued:	The total proceeds from the Non-Public Issue of A Shares will be up to the amount of RMB1,831,777,200.00, which will be settled by the Target Subscribers in cash. Calculated based on the minimum subscription price of RMB16.48, the number of the A Shares to be issued will be a maximum of 111,151,529 A Shares.

Use of proceeds: The Company intends to apply part of the proceeds of the Non-Public Issue of A Shares to finance the cash consideration for the Share Acquisition and in respect of the remainder of the proceeds, the Company intends to apply in other projects of Huangpu Wenchong, use it as the general working capital of the Group and replenish and perfect marine engineering equipment manufacturing facilities of Huangpu Wenchong.

Lock-up period: The A Shares to be issued by the Company to the Target Subscribers shall be subject to a lock-up period of 12 months from the date of the A Shares being listed on the Shanghai Stock Exchange.

Conditions precedent: Completion of the Non-Public Issue of A Shares is conditional upon the fulfillment of, among other matters, the following conditions precedent:

- (i) the approval of the Non-Public Issue of A Shares by the shareholders of the Company at the general meeting; and
- (ii) the approval from the CSRC and the fulfilments of the relevant requirements of Administrative Measure for the Issuance of Securities by Listed Company and the Detailed Implementation Rules for the Non-public Issuance of Stocks by Listed Companies and other applicable rules and requirements in PRC in relation to the Non-Public Issue of A Shares.

2. General

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, each of the Target Subscribers and its ultimate beneficial owner(s), are third parties independent of the Company and its connected persons.

The Company confirms that there is no other transaction entered into between any member of the Group and the Target Subscribers or their respective associates within a 12-month period from the date of this announcement or otherwise related, which would be, together with the above-mentioned deemed disposal, regarded as a series of transactions and treated as if they were one transaction under Rule 14.22 of the Listing Rules.

SHAREHOLDING STRUCTURE OF THE COMPANY IMMEDIATELY BEFORE AND AFTER THE ISSUE OF THE CONSIDERATION SHARES TO CSSC AND YANGZHOU KEJING AND THE NON-PUBLIC ISSUE OF A SHARES

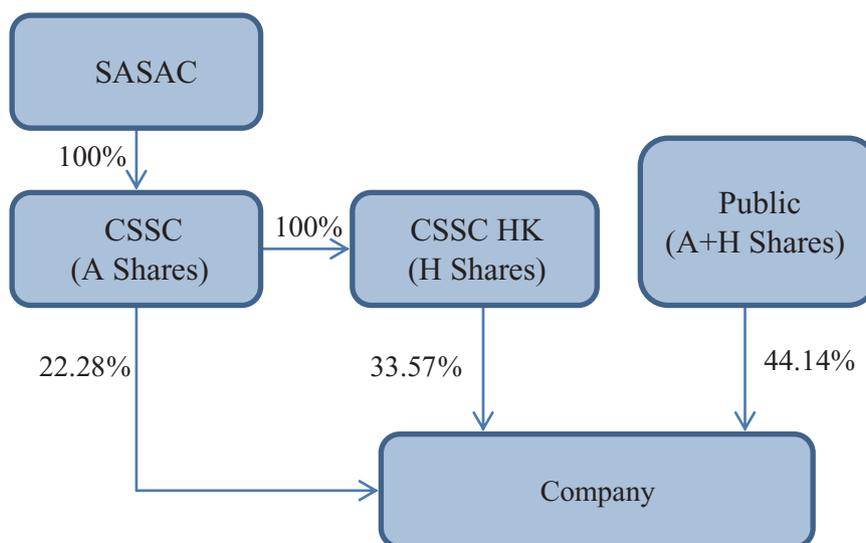
Set out below is a table showing, for the purpose of illustration, the shareholding structure of the Company (i) immediately before the Share Acquisition, the Asset Acquisition and the Non-Public Issue of A Shares, and immediately after (ii) the Share Acquisition on a standalone basis; (iii) the Share Acquisition and the Asset Acquisition without the Non-Public Issue of A Shares; and (iv) the Share Acquisition, the Asset Acquisition and the Non-Public Issue of A Shares, and assuming that save for the Consideration Shares and the Non-Public Issue of A Shares, no further Shares will be issued by the Company after the date of this announcement until completion of the significant assets restructuring:

	(i) Immediately before the Share Acquisition, the Asset Acquisition and the Non-Public Issue of A Shares	(ii) Immediately after the Share Acquisition on a standalone basis	(iii) Immediately after the Share Acquisition and the Asset Acquisition without the Non-Public Issue of A Shares	(iv) Immediately after the Share Acquisition, the Asset Acquisition and the Non-Public Issue of A Shares
	Number of Shares held as at the date of this announcement	Number of Shares held immediately after completion of the Consideration Shares issued, but before the Non-Public Issue of A Shares	Number of Shares held immediately after completion of the Consideration Shares issued without the Non-Public Issue of A Shares	Number of Shares held immediately after completion of the Consideration Shares issued and the Non-Public Issue of A Shares
	% to the existing total issued share capital of the Company as at the date of this announcement	% of the total issued share capital of the Company immediately after completion of the Consideration Shares issued, but before the Non-Public Issue of A Shares	% of the total issued share capital of the Company immediately after completion of the Consideration Shares issued without the Non-Public Issue of A Shares	% of the total issued share capital of the Company immediately after completion of the Consideration Shares issued and the Non-Public Issue of A Shares
CSSC (A Shares)	229,645,800	501,221,795	501,221,795	501,221,795
CSSC (H Shares)	345,940,890	345,940,890	345,940,890	345,940,890
Yangzhou Kejin (A Shares)	–	–	68,313,338	68,313,338
Public (A + H Shares)	454,947,961	454,947,961	454,947,961	454,947,961
Target Subscribers (A Shares)	–	–	–	111,151,529
Total	1,030,534,651	1,302,110,646	1,370,423,984	1,481,575,513
	100.00%	100.00%	100.00%	100.00%

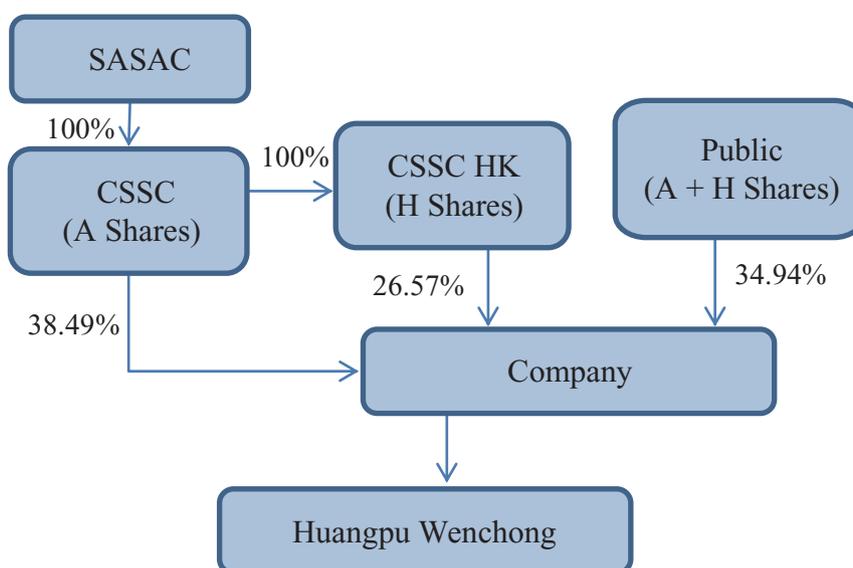
CORPORATE STRUCTURE IMMEDIATELY BEFORE AND AFTER THE ISSUE OF THE CONSIDERATION SHARES TO CSSC AND YANGZHOU KEJING AND THE NON-PUBLIC ISSUE OF A SHARES

The following diagrams illustrate the corporate structures of the Company (i) immediately before the Share Acquisition, the Asset Acquisition and the Non-Public Issue of A Shares, and immediately after (ii) the Share Acquisition on a standalone basis; (iii) the Share Acquisition and the Asset Acquisition without the Non-Public Issue of A Shares; and (iv) the Share Acquisition, the Asset Acquisition and the Non-Public Issue of A Shares.

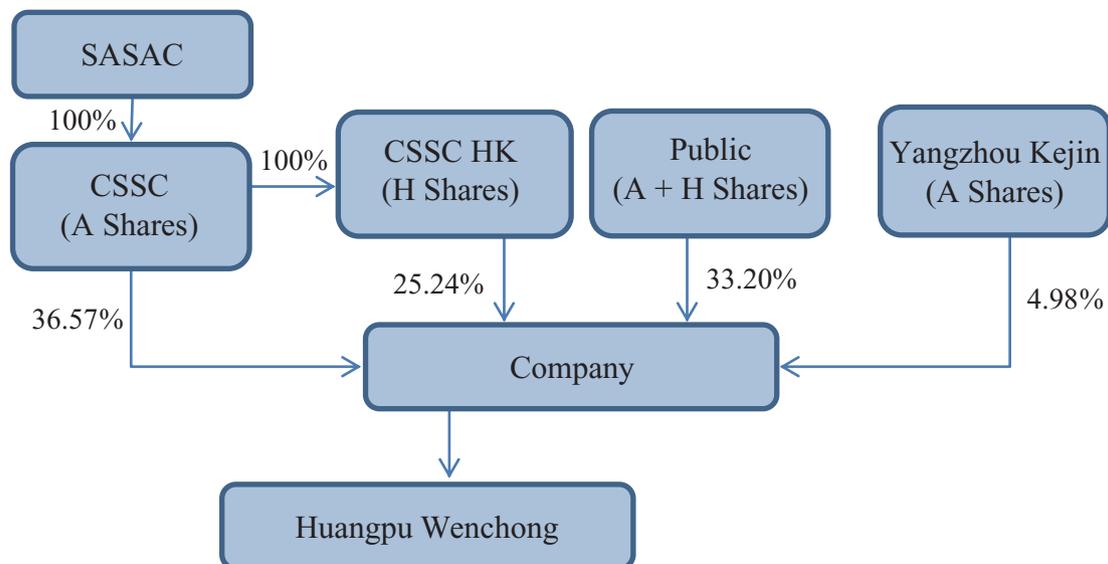
(i) Immediately before the Share Acquisition, the Asset Acquisition and the Non-Public Issue of A Shares



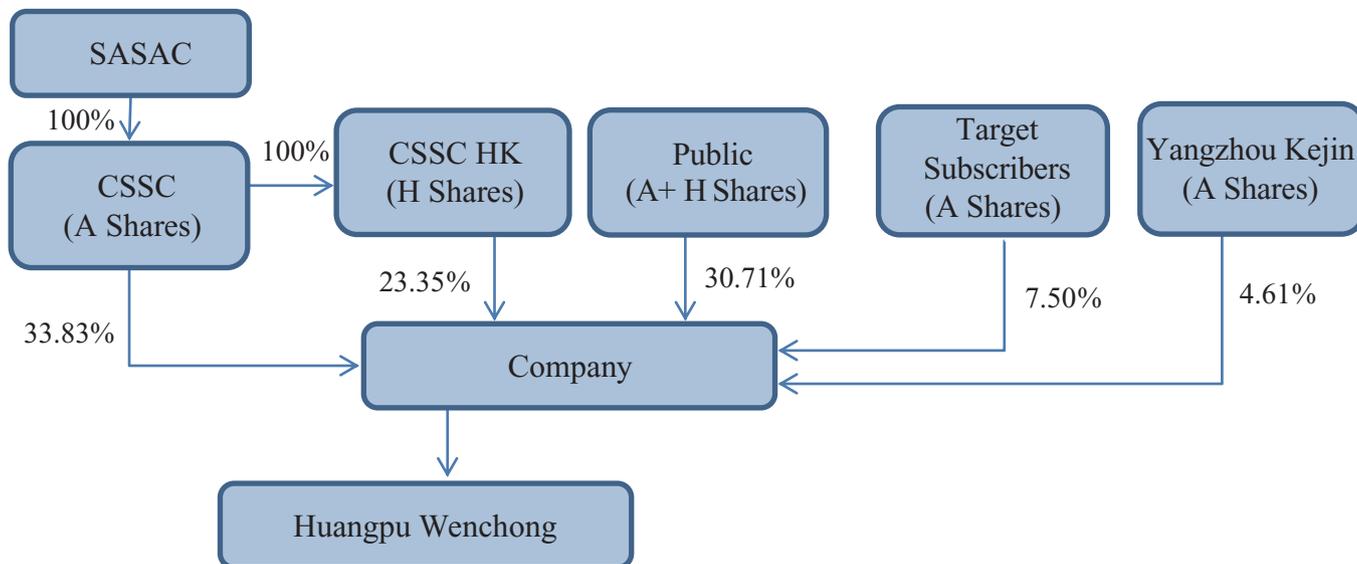
(ii) Immediately after Share Acquisition on a standalone basis



(iii) Immediately after the Share Acquisition and the Asset Acquisition without the Non-Public Issue of A Shares



(iv) Immediately after the Share Acquisition, the Asset Acquisition and the Non-Public Issue of A Shares



FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Save and except for the fund raising activity mentioned below, the Company did not conduct any fund raising activities during the past 12 month immediately preceding the date of this announcement.

Fund raising activity	Subscription agreement entered into on 30 September 2013 for the subscription of 387,453,797 H Shares at the subscription price of HKD7.29 each
Date of the relevant announcements and circular	<ul style="list-style-type: none">• The relevant announcements: 30 September 2013, 3 October 2013, 21 October 2013, 15 November 2013, 22 November 2013, 25 November 2013, 24 January 2014 and 11 February 2014• The relevant circular: 8 November 2013
Proceeds raised	HKD2,824,538,180.13 (equivalent to RMB2,240,000,000.00) (HKD1.00: RMB0.79305)
Proposed use of the proceeds	<ul style="list-style-type: none">• To finance the cash consideration of the acquisition of the entire equity interests in CSSC Guangzhou Longxue Shipbuilding Co., Limited (廣州中船龍穴造船有限公司)• For general working capital purpose• To repay loans
Actual application of proceeds	<ul style="list-style-type: none">• RMB816,000,000.00 was used for the acquisition of of the entire equity interests in CSSC Guangzhou Longxue Shipbuilding Co., Limited (廣州中船龍穴造船有限公司)• RMB1,078,000,000.00 was used for the repayment of the borrowings from CSSC Finance• RMB156,703,319.09 was deposited in the special HKD account of China Citic Bank, and planned for use as general working capital and payment of issue expense• The remaining amount was used as the Company's working capital

REASONS FOR AND BENEFITS OF THE SHARE ACQUISITION AND ASSET ACQUISITION

1. Increase profitability and strengthen the overall competitiveness of the Company

In the Share Acquisition, the major products and business lines of Huangpu Wenchong include the manufacturing and selling of military and civilian vessels. In particular, the civilian vessel line includes patrol boats, handy size bulk carrier, dredging engineering ship, full container ship. Besides, the product lines also include ocean engineering auxiliary ship, oil platforms and related

ocean engineering equipment installation and ship maintenance and modification. After the Share Acquisition, the Company will further enrich and extend its business scope and product line, thus comprehensively increase the asset size, profitability and overall competitiveness of the Company, leading to a win-win situation for all shareholders of the Company.

In addition, based on the financial data of the Company and Huangpu Wenchong, upon completion of the Share Acquisition, there will be marked increase in the revenue size and profitability of the Company, thereby enhancing the Company's continued profitability and resilience to financial risks.

In the Asset Acquisition, through the acquisition of relevant operational ship-building assets of Yangzhou Kejin by the listed company, it can enhance production capacity of the Company's liquid cargo carrier by which the Company can have a leading position.

2. Promotion of the merger and integration of the Company's business and achieving the strategic production capacity arrangement

The Company promotes the merger and integration of the ship industry through the Share Acquisition and the Asset Acquisition. The business structure of the Company will be further optimised through the combination of the Share Acquisition and the Asset Acquisition by combining the production of military and civil vessels business, marine engineering business, and the repair and maintenance services, which brings synergy to the performance of the Company's business as a whole. After that, along with the betterment of the product structure, development of dominant position via regional collaboration and the strategic transfer of the production capacity being gradually achieved, the Company will successfully develop itself as the base of ocean equipment cluster and world's leading handy size tankers.

3. Adjustment to the development requirements of the military industry under the new trend

In order to deepen reform of military enterprises, expedite the innovation of the system and mechanism, insist on the marketization reform direction, further enhance vitality of military enterprises, promote the comprehensive, coordinated and sustained development of the national defence technology industry, the reform and listing as well as asset securitization of military enterprises in the PRC is proactively and gradually moving forward. In 2007, stipulations such as the "Guidance and opinion regarding facilitating share-based reform of military enterprises" jointly issued by the former State Commission of Science and Technology for National Defense Industry, National Development and Reform Commission and The State-owned Assets Supervision and Administration Commission of the State Council, and the "Guidance and opinion regarding strongly developing the civil sector of the national defence science and technology industry", "Guidance and opinion regarding participation in the construction of national defence science and technology industry by the non-public economy" and "Provisional measures for the implementation of share-based reform for military enterprises" issued by the former State Commission of Science and Technology for National Defense Industry encourage enterprises meeting the criteria to undergo share-based reform and carry out financing through the capital market, so as to enhance the operational vitality and asset allocation ability of military enterprises, to promote the continued rapid development of the military industry. Since 2013, reform of military enterprises in the PRC

has entered into the stage of deepening all-rounded reform. Certain military assets have entered into listed company through methods such as asset injection, achieving asset securitization.

CSSC, as one of the top 10 military conglomerates in the PRC, proactively follows the marketization reform direction for the national defence science and technology industry. By the Share Acquisition and the Asset Acquisition, it is able to carry out asset securitization for relevant military assets, enhance protection for military construction assignments through means such as financing from the listing platform, so as to exert the supporting function of the capital markets towards the development and growth of military enterprises.

IMPLICATIONS OF THE LISTING RULES

Since CSSC currently is the controlling shareholder of the Company and a connected person of the Company, if the proposed Share Acquisition from CSSC materializes, it will constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. Further, as certain applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Share Acquisition is over 100%, the Share Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. The Share Acquisition will be subject to reporting, announcement and the Independent Shareholders' approval requirement under the Listing Rules.

An Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. Qiu Jiachen, Ms. Li Junping, Mr. Wang Hong and Mr. Zhu Zhenyu, has been established to advise the Independent Shareholders in respect of the resolutions to approve the the Share Acquisition. Shenyin Wanguo Capital (H.K.) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on whether the terms of the Share Acquisition are fair and reasonable, in the interests of the Company and the Shareholders as a whole, and to make recommendation to the Independent Shareholders on how to vote. The appointment of Shenyin Wanguo Capital (H.K.) Limited as the Independent Financial Adviser has been approved by the Independent Board Committee.

Based on the relevant percentage ratios calculated pursuant to the Listing Rules, the Asset Purchase Agreement constituted a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Yangzhou Kejin is an independent third party and Yangzhou Kejin and its associates do not have any other relationship with the Company.

IV. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Certain proposed amendments to the Articles of Association will be made as a result of the Share Acquisition, the Asset Acquisition and the proposed Non-Public Issue of A Shares. The proposed amendments to the Articles of Associations consequential to the Share Acquisition, the Asset Acquisition and the proposed Non-Public Issue of A Shares are subject to the approval of the Shareholders by way of a special resolution at the EGM and will become effective after its completion and registration with the relevant government authorities in the PRC.

GENERAL

The Share Acquisition and the Asset Acquisition are not inter-conditional with each other. The Share Acquisition and the Asset Acquisition are not inter-conditional with each other. Each of the Share Acquisition and the Asset Acquisition is not inter-conditional with the Non-Public Issue of A Shares. The Share Acquisition and the Asset Acquisition together are the conditions for the Non-Public Issue of A Shares, whereas the Non-Public Issue of A Shares is not a condition for the Share Acquisition or the Asset Acquisition.

Further announcement(s) will be made by the Company upon the final proposal of the significant assets restructuring which shall set out the final terms and details having been approved by the government and regulatory authorities in PRC and by the Board at the Second Board Meeting.

EGM AND CLASS MEETINGS

The Share Acquisition, the issue of Consideration Shares, the Non-Public Issue of A Shares and the amendments to the Articles of Association are subject to approval by Shareholders at the EGM, the Class Meetings and the approval of the relevant authorities in the PRC. CSSC and its associates, being connected persons of the Company, will abstain from voting for the approval of the Share Acquisition at the EGM and the Class Meetings.

After approval of the final proposal of the significant assets restructuring by the Board at the Second Board Meeting, a circular containing, among other things, (i) the details of the Share Acquisition; (ii) the details of the Asset Acquisition; (iii) the details of the proposed Non-Public Issue of A Shares; (iv) the details of the proposed amendments to the Articles of Association; (v) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Share Acquisition; (vi) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Share Acquisition; and (vii) other information as required under the Listing Rules, will be despatched to the H Shareholders as soon as practicable, to comply with the relevant requirements under Listing Rules.

V. RESUMPTION OF TRADING

At the request of the Company, trading in the H Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 7 April 2014. The Company has made an application to the Stock Exchange for the resumption of trading in its H Shares on the Stock Exchange with effect from 9:00 a.m. on 3 November 2014.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“A Shares”	domestic Shares which are listed on the Shanghai Stock Exchange
“A Shareholders”	holders of A Shares
“A Shareholders Class Meeting”	the class meeting of the A Shareholders to be convened for the A Shareholders to consider and, if thought fit, approve, among other things, the Share Acquisition, the issue of Consideration Shares and the Non-Public Issue of A Shares
“Aggregate Transaction Amount”	amount of Consideration Shares, amount of the cash consideration and the proceeds through the Non-Public Issue of A Shares
“Announcements”	the inside information and trading suspension announcements dated 14 April 2014, 28 April 2014, 7 May 2014, 15 May 2014, 21 May 2014, 28 May 2014, 5 June 2014, 12 June 2014, 13 June 2014, 19 June 2014, 26 June 2014, 3 July 2014, 10 July 2014, 15 July 2014, 17 July 2014, 24 July 2014, 31 July 2014, 7 August 2014, 14 August 2014, 21 August 2014, 28 August 2014, 4 September 2014, 12 September 2014, 19 September 2014, 26 September 2014, 10 October 2014, 14 October 2014, 17 October 2014 and 24 October 2014 in relation to the proposal on the significant assets restructuring in respect of the Company
“Articles of Association”	the articles of association of the Company
“Asset Acquisition”	acquisition of certain assets of Yangzhou Kejin pursuant to the terms of the Asset Purchase Agreement
“Asset Valuer”	Beijing China Enterprise Appraisals Co., Ltd. (北京中企華資產評估有限責任公司), an independent qualified PRC valuer to value Huangpu Wenchong and Yangzhou Kejin and prepare the valuation reports as required under the PRC law
“Asset Purchase Agreement”	the asset purchase agreement dated 31 October 2014 made between the Company and Yangzhou Kejin in relation to the Asset Acquisition
“Board”	the board of Directors of the Company

“Class Meetings”	A Shareholders Class Meeting and H Shareholders Class Meeting to be convened respectively for, among other things, A Shareholders and H Shareholders to consider and, if thought fit, approve the Share Acquisition, the issue of Consideration Shares and the Non-Public Issue of A Shares
“Company”	Guangzhou Shipyard International Company Limited (廣州廣船國際股份有限公司), a joint stock company established in the PRC, the H Shares of which are listed on the Stock Exchange and the A Shares of which are listed on the Shanghai Stock Exchange
“Consideration Shares”	A Shares to be allotted and issued by the Company to CSSC and Yangzhou Kejin as contemplated under the Share Purchase Agreement and Asset Purchase Agreement, respectively
“CSRC”	China Securities Regulatory Commission
“CSSC”	China State Shipbuilding Corporation, a state-owned enterprise and the controlling shareholder of the Company
“CSSC Finance”	CSSC Finance Company Limited, a non-banking financial institution wholly-owned by CSSC
“CSSC HK”	CSSC (Hong Kong) Shipping Company Limited (中國船舶(香港)航運租賃有限公司), a limited liability company incorporated in Hong Kong on 25 June 2012, which is wholly owned by CSSC
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for, among other things, the Independent Shareholders to consider and, if thought fit, approve the Share Acquisition, the issue of Consideration Shares and the Non-Public Issue of A Shares
“Enlarged Group”	the Group as enlarged by, or taking into account the impact of, the interests in Huangpu Wenchong pursuant to the Share Acquisition
“First Board Meeting”	the meeting of the Board held on 31 October 2014 to approve, among other things, the significant assets restructuring preliminary proposal
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKD”	Hong Kong dollars, the lawful currency of the Hong Kong

“H Shares”	overseas listed foreign Shares which are listed on the Stock Exchange
“H Shareholders”	holders of H Shares
“H Shareholders Class Meeting”	the class meeting of the H Shareholders to be convened for the H Shareholders to consider and, if thought fit, approve, among other things, the Share Acquisition, the issue of Consideration Shares and the Non-Public Issue of A Shares
“Huangpu Wenchong”	CSSC Huangpu Wenchong Shipbuilding Company Limited (中船黄埔文冲船舶有限公司), a limited liability company incorporated in the PRC and is wholly owned by CSSC
“Huangpu Wenchong Asset Valuation Report”	the asset valuation report issued by Asset Valuer, making valuation of Huangpu Wenchong for the purpose of the Share Acquisition, which has been filed with SASAC
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors of the Company, namely Mr. Qiu Jiachen, Ms. Li Junping, Mr. Wang Hong and Mr. Zhu Zhenyu, to make recommendation to the Independent Shareholders in respect of the Share Purchase Agreement and the Share Acquisition
“Independent Financial Adviser”	Shenyin Wanguo Capital (H.K.) Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Public Issue of A Shares”	as described under section III headed “PROPOSED NON-PUBLIC ISSUE OF A SHARES” of this announcement
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council

“Second Board Meeting”	the meeting of the Board to be held to approve the final proposal of the significant assets restructuring
“Shares”	the shares of RMB1.00 each in the share capital of the Company
“Shareholders”	the holders of the Shares
“Shanghai Stock Exchange”	Shanghai Stock Exchange, a stock exchange located in Shanghai, the PRC, which is a membership institution directly governed by the CSRC
“Share Acquisition”	acquisition of the entire issued share capital of Huangpu Wenchong pursuant to the terms of the Share Purchase Agreement
“Share Purchase Agreement”	the share purchase agreement dated 31 October 2014 made between the Company and CSSC in relation to the Share Acquisition
“SASTIND”	State Administration of Science, Technology and Industry for National Defence, PRC (中華人民共和國國家國防科技工業局)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Subscribers”	means the target subscribers for the A Shares to be issued under Non-Public Issue of A Shares
“Yangzhou Kejin”	Yangzhou Kejin Shipbuilding Company Limited (揚州科進船業有限公司), limited liability company established in the PRC
“Yangzhou Kejin Asset Valuation Report”	the asset valuation report issued by Asset Valuer, making valuation of Yangzhou Kejin for the purpose of the Asset Acquisition, which will be filed with SASAC by CSSC
%	per cent

By order of the Board
Guangzhou Shipyard International Company Limited
Shi Weidong
Joint Company Secretary

Guangzhou, 31 October 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.