



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

H Stock Code : 00317 A Stock Code : 600685



Interim Report **2013**

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I IMPORTANT NOTICE

1. The Board of Directors (the "Board"), the Supervisory Committee ("the Supervisory Committee"), the directors, the supervisors and senior management of Guangzhou Shipyard International Company Limited (the "GSI" or the "Company") declare that there are no false statements, misleading information or material omissions in the interim report of 2013 (the "Report"), and jointly and severally take legal liabilities for the authenticity, accuracy and completeness of the contents of the Report.
2. All the Directors (including Mr. Yang Li and Mr. Wang Jun as non-executive directors, Ms. De Lihua, Mr. Poon Chiu Kwok as independent non-executive directors by means of telephone, and the executive director Mr. Han Guangde acting the proxy of the executive director Mr. Chen Ji) attended the twentieth meeting of the seventh term of the Board held on August 30, 2013, at which the Report was approved by unanimous vote.
3. The legal representative of the Company Mr. Yu Baoshan, chief accountant of the Company Mr. Chen Liping and manager of financial center of the Company Mr. Hou Zengquan, declare and confirm the authenticity, accuracy and completeness of the financial reports included in the Report.
4. The interim financial report of the Company has not been audited.
5. The financial report set out in the Report is prepared in accordance with PRC Accounting Standards for Business Enterprises and Relevant Regulations, and has been reviewed and confirmed by the Audit Committee of the Board.
6. The Company did not make profit distribution or issue new bonus shares by conversion of capital reserve for the first half of 2013.
7. The prospective descriptions of future plans and development strategies, etc. involved in the Report shall not form the Company's substantial commitment to investors. Investors should be aware of the investment risks.
8. The Company has no capital impropriated by the controlling shareholder or its connected parties, and has not provided any deregulation external guarantees during the Reporting Period.
9. The Report is prepared in both English and Chinese. In the event that different interpretation occurs, the Chinese version shall prevail.

INTERPRETATION AND PROMPT OF MATERIAL RISKS

INTERPRETATION

DWT (deadweight tonnage)	Deadweight capacity with ton as unit
Jiangsu Shenghua	Jiangsu Shenghua Shipbuilding Company Limited
Guangli Company	Guangzhou Guangli Shipbuilding Human Resource Service Company Limited, a subsidiary of the Company
CSSC	China State Shipbuilding Corporation
The Group	Guangzhou Shipyard International Company Limited and its affiliated companies
Comprehensive Service	Guangzhou Shipyard provide the Group, the staff and their family members with catering services, infant care and nursery, training programs for skilled technical workers and management of staff quarters
USSL	Guangzhou United Steel Structures Ltd.
The Stock Exchange	The Stock Exchange of Hong Kong Limited
Longxue Shipbuilding	Guangzhou CSSC Longxue Shipbuilding Co., Ltd.

PROMPT OF MATERIAL RISKS

- (1) The resolution concerning the proposal of the non-public issuance of H shares by the Company to specific subscribers was approved at the seventeenth meeting of the seventh term of the Board held on June 24, 2013 (for details please refer to the announcements of the Company disclosed in the website of the Stock Exchange and the website of the Shanghai Stock Exchange on June 24 2013). The implementation of the final scheme for such proposal of non-public issuance of H shares is still subject to the review and approval by a second Board meeting, the approval by the general meeting of the Company, the approval by the Securities and Futures Commission of Hong Kong (if applicable), the approval by the Stock Exchange (if applicable), and the review and approval by China Securities Regulatory Commission.
- (2) Affected by global economic slump and the excessive shipbuilding capacity, the ship price was lowered while the labor cost remained high. As a result, the Company's profit level dropped and caused adverse impact on the Company's performance.

II OVERVIEW OF THE COMPANY

1. **Registered Chinese Name of the Company:** 廣州廣船國際股份有限公司
Abbreviation of Chinese Name of the Company: 廣船國際
Registered English Name of the Company: Guangzhou Shipyard International Company Limited
Abbreviation of English Name of the Company: GSI
2. **Legal Representative of the Company:** Yu Baoshan
Secretary of the Board, and Joint Company Secretary: Chen Liping
 Tel: (8620) 81891712 ext. 3155
 E-mail: chenlpaa@chinagsi.com
Joint Company Secretary: Li Zhidong
 Tel: (8620) 81891712 ext. 2962
 E-mail: lzd@chinagsi.com
Authorized Securities Representative: Yang Ping
 Tel: (8620) 81891712 ext. 2995
 E-mail: yangping@chinagsi.com
3. **The Company's Registered Address and Office:** 40 South Fangcun Main Road, Liwan District, Guangzhou, The People's Republic of China
4. **Contact Address:** 40 South Fangcun Main Road, Liwan District, Guangzhou, The People's Republic of China
 Postal Code: 510382
 Tel: (8620) 81891712 ext. 3168
 Fax: (8620) 81891575
 E-mail Address: gsi@chinagsi.com
 International Internet Website: www.chinagsi.com
5. **The Company's Principal Place of Business in Hong Kong:** 28/F, Three Pacific Place, 1 Queen's Road East, Hong Kong
6. **Place of Listing of the Company's Shares:**
 A Shares: Shanghai Stock Exchange
 Stock Code: 600685
 Abbreviated Name: Guangzhou Shipyard International
 H Shares: The Stock Exchange of Hong Kong Limited
 Stock Code: 00317
 Abbreviated Name: Guangzhou Shipyard International
7. **Auditor:** ShineWing Certified Public Accountants (special general partnership)
 Office Address: F/8, Tower A, Fuhua Mansion, 8 North Chaoyangmen Street, Dongcheng District, Beijing
8. **Legal Counsel in Mainland China:** Guangdong Z&T Law Firm
 Office Address: 21/F, Yuehai Mansion, 472 East Huanshi Road, Guangzhou
Legal Counsel in Hong Kong: Minter Ellison Lawyers
 Office Address: 25/F, One Pacific Place, 88 Queensway, Hong Kong
9. **Share Registrars:** China Securities Depository & Clearing Corporation Limited
Registry Office for A Shares: Shanghai Office: 3/F, China Assurance Tower, 166 East Lujiazui Road, Pudong New District, Shanghai
 Share Registered Transfer Agent for H Shares: Computershare Hong Kong Investor Services Limited,
 Office Address: 17/F Hopewell Centre
 183, Queen's Road East, Hong Kong,
 the People's Republic of China
10. **Newspapers and Websites for Information Disclosure:** Shanghai Securities News
 The website of Shanghai Stock Exchange (www.sse.com.cn)
 The website of Stock Exchange of Hong Kong Limited (www.hkex.com.hk)
 The website of the Company (www.chinagsi.com)
 2013 Interim Report Preparation Place: Office of the Board
11. **Registration Documents of the Company:**
 Alteration of Registration during the Reporting Period: None
 Index for Inquiry about First Registration: Brief information on the Company in the Annual Report 2012
12. **ADR Custodian Bank:** The Bank of New York Mellon

III SUMMARY OF ACCOUNTING AND BUSINESS DATA

1. MAJOR ACCOUNTING DATA AND FINANCIAL INDEX

(1) Major accounting data

Unit: RMB

Major accounting data	Current Reporting Period (January-June)	Last Reporting Period	Change (%)
Total operating income	1,745,869,433.35	3,432,639,468.18	-49.14
Net profit attributable to shareholders of the Company	55,334,088.40	87,985,055.14	-37.11
Net profit attributable to shareholders of the Company after deduction of exceptional items	18,652,403.14	72,687,086.16	-74.34
Net cash flow from operating activities	-702,487,459.10	-219,742,014.68	Inapplicable
	End of the		
	Current Reporting Period	Last Reporting Period	Change (%)
Equity classified under shareholders of the Company	4,088,712,293.34	4,145,114,473.30	-1.36
Total assets	10,766,680,881.68	10,862,086,077.54	-0.88

(2) Major financial index

Unit: RMB

Major financial index	Current Reporting Period (January-June)	Last Reporting Period	Change (%)
Basic EPS (RMB/share)	0.09	0.14	-35.71
Diluted EPS (RMB/share)	0.09	0.14	-35.71
Basic EPS after deduction of exceptional items (RMB/share)	0.03	0.11	-72.73
Weighted average returns on net assets (%)	1.34	2.12	Decreased by 0.78%
Weighted average returns on net assets after deduction of exceptional items (%)	0.45	1.75	Decreased by 1.30%

(3) The exceptional items and amounts

Unit: RMB

Item	Amount	Specification
Profits or losses from disposal of non-current assets, including write-offs of asset with impairment provisions	-75,882.71	Profits or losses from disposal of fixed assets
Government subsidies recognized in the current profits/losses	9,188,670.39	Product subsidy and R&D subsidy
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	33,715,809.01	Investment profits from forward foreign exchange contract changes in the fair value and contract delivery
Reverse of the provision for receivable impairment which was tested individually for impairment	216,597.39	Recovery of trade receivable with provision for impairment
Other non-operating income and expenses apart from above items	478,447.32	Mainly resulted from the cash indemnity of a work injury insurance
Subtotals from non-operating profits and losses (influence on total profits)	43,523,641.4	
Less: Influence on income tax	6,571,716.63	
Net non-operating profits and losses (influence on net profits)	36,951,924.77	
Including: influence on profits and losses attributable to minority interests	270,239.51	
Influence on net profits attributable to common shareholders of parent company	36,681,685.26	
Net profits attributable to common shareholders of parent company after deducting exceptional items	18,652,403.14	

IV REPORT OF THE BOARD OF DIRECTORS

1. DISCUSSION AND ANALYSIS OF OVERALL OPERATION DURING THE REPORTING PERIOD

In the first half of 2013, as the recovery of the international economy and the development of the domestic economy both suffered a slowdown, the downward trend of the shipbuilding industry continued. Affected by the sluggish global shipping market, the demand for new ships remained weak and the price of ships continued to fluctuate within the low level. However, as the new ship building orders showed recovery growth, competition among shipbuilding enterprises further intensified.

In face of the challenging market environment, the Company conducted strategy study, completed strategy adjustment, brought forward the strategic envision of "becoming a first-class shipbuilding enterprise with leading technology and excellent service in the global marine and heavy equipment market" and took various measures to achieve the envision, including: redesigning the development goal of various business sectors and implementing measures; seizing market opportunities by sticking to the market-oriented principal and actively soliciting orders through strategic cooperation; conducting in-depth studies on the energy-saving and emission reduction technology for vessel products and maritime products, actively promoting energy-saving vessel products and providing technical support for the "shipbuilding mode conversion and products structure adjustment" of the Company; improving cost management and carrying out the cost-reduction and efficiency enhancement measures to effectively control purchasing cost, labour cost and period charge and reduce the cost risks; actively responding to the "Opinions on Accelerating and Promoting the Merger and Reorganization of Enterprises from Key Industries" issued by the government, conducting capital operation and increasing the industry concentration level.

As at June 30, 2013, the operating income of the Group prepared under the Accounting Standards and Regulations amounted to RMB1.746 billion, representing a fall of 49.14% year on year. The net profit attributable to the owner of the parent company amounted to RMB55.3341 million, representing a fall of 37.11% year on year. The earnings per share and that after deduction of exceptional items were RMB0.09 and RMB0.03 respectively.

2. MAIN BUSINESS ANALYSIS

(1) Analysis of changes on relevant items in the financial report

Unit: RMB

Item	Current reporting period	Last reporting period	Change (%)
Total revenue	1,745,869,433.35	3,432,639,468.18	-49.14
Total costs	1,563,460,932.17	3,208,911,024.61	-51.28
Selling expenses	-472,289.62	-4,584,352.56	-
Administrative expenses	159,548,732.64	158,491,656.53	0.67
Financial expenses	-61,007,468.47	-42,871,721.35	-
Net cash flows from operating activities	-702,487,459.10	-219,742,014.68	-
Net cash flows from investing activities	-143,724,456.78	1,151,200,985.32	-112.48
Net cash flows from financing activities	243,664,428.09	-513,004,590.24	-
Research and development expenditure	29,323,888.11	34,236,587.87	-14.35

Reasons for the changes:

- (1) Total revenue decreased by 49.14% compared with the corresponding period of the last year, mainly resulted from the unbalanced production which was due to insufficient production;
- (2) Total costs decreased by 51.28% compared with the corresponding period of the last year, which was due to the reasons above-mentioned;
- (3) Selling expenses increased by RMB4.11 million year on year, mainly resulted from the significant decrease of terminating the warranty obligations of ship warranty fees that reversed;
- (4) Financial expenses decreased by RMB18.1358 million compared with the corresponding period of the last year, mainly resulted from the increase in exchange gains;
- (5) Net cash flows from operating activities decreased by RMB482.7455 million compared with the corresponding period of the last year, mainly resulted from the increase in pre-payment for purchasing as there were more new orders, and the increase in receivable which was due to the operating environment and occupied more operating capital;
- (6) Net cash flows from investing activities decreased by 112.48% compared with the corresponding period of the last year, mainly resulted from the increase fixed deposit secured by charge;
- (7) Net cash flows from financing activities increased by RMB756.669 million year on year, mainly resulted from the increase of long-term loans.

(i) Balance sheet items

Unit: RMB

Item	At the end of the period	At the beginning of the period	Change(%)	Reasons for the changes
Trading financial assets	32,648,663.78	22,862,044.25	42.81	Increase in forward contracts held during the period and the exchange rate fluctuation
Notes receivable	8,983,093.56	3,492,665.00	157.20	Increase in bank acceptance bill due during the period
Prepayment	723,026,644.27	503,864,929.68	43.50	Increase in pre-payments for purchasing and the sub-contract fee paid to CSSC Guangzhou Longxue Shipbuilding Company Limited, which were due to more new contracts
Dividends receivable	11,032,819.50	1,043,381.78	957.41	Cash dividend receivable of China Merchants Bank in 2012
Others receivable	111,549,315.51	262,235,880.07	-57.46	Receipt of production subsidies
Inventories leads to	656,290,626.20	506,101,222.69	29.68	The increase of new orders of non-shipbuilding business
				the increase for purchase of raw materials and goods in process
Other current assets	-	140,571.00	-100.00	Refund of the extra income tax paid in 2012 by subsidiaries
Construction in process	35,827,699.87	61,201,815.91	-41.46	Partial projects under construction are reversed as fixed assets
Disposal of fixed assets	18,622.93	33,554.52	-44.50	Completion of disposal of fixed assets which was written off
Short-term borrowings	46,240,056.86	92,167,796.47	-49.83	Repayment of due loans
Financial liabilities held for trading	421,196.27	223,540.75	88.42	The change of fair value of partial forward contracts is negative, which was due to exchange rate fluctuation
Notes payable	309,671,286.08	591,450,235.02	-47.64	Decrease in bank acceptance notes during the reporting period
Accounts payable	849,660,482.37	1,245,250,069.88	-31.77	Payment for goods and constructions
Advances from customers	663,692,318.02	434,610,806.03	52.71	Increase in advanced construction payments for partial orders
Tax payable	-17,769,727.34	78,274,385.66	-122.70	Increase in record input tax and decrease of business income tax payable
Dividends payable	80,587,615.46	157,912.98	50,932.93	For the 2012 cash dividend declared
Minority interests	10,934,963.07	101,461,644.29	-89.22	Mainly resulted from acquisition of in the 49% minority shareholding proportion in USSL

(ii) Income statement items

Unit: RMB

Item	Current reporting period	Last reporting period	Change (%)	Reasons for the changes
Total revenue	1,745,869,433.35	3,432,639,468.18	-49.14	Resulted from the unbalanced production which was due to insufficient production
Total costs	1,563,460,932.17	3,208,911,024.61	-51.28	Resulted from the unbalanced production which was due to insufficient production
Taxes and levies on operations	11,829,101.95	5,989,647.58	97.49	Increase in the turnover tax payable
Selling expenses	-472,289.62	-4,584,352.56		The significant decrease of terminating the warranty obligations of ship warranty fees that reversed
Financial expenses	-61,007,468.47	-42,871,721.35		Mainly resulted from the increase in exchange gains
Assets impairment losses	58,749,904.09	176,347,146.83	-66.69	Mainly due to the decrease in the expected losses for shipbuilding orders secured during the reporting period as compared with the corresponding period of last year
Gains on changes in fair value	9,588,964.01	-17,923,681.50		Increase in forward contracts during the reporting period and the exchange rate fluctuation
Share of profit of associates and joint venture	1,272,317.58	2,332,275.59	-45.45	Decrease in profits of associated corporations during the reporting period
Operating profit	59,814,476.68	-58,774,290.15		Product subsidy for certain products during the same period last year due to the change in product structure.
Non-operating income	12,370,891.18	168,342,594.66	-92.65	Significant decrease of subsidy for the products due to the products structure change
Disposal loss of non-current assets	77,020.11	148,365.58	-48.09	Disposal of fixed assets during the reporting period
Total profit	70,759,551.33	108,329,919.83	-34.68	Decrease in ship prices and business volume
Net profit	55,476,962.66	89,254,524.71	-37.84	Decrease in ship prices and business volume
Net profit attributable to the parent company	55,334,088.40	87,985,055.14	-37.11	Decrease in ship prices and business volume
Attributable to minority interests	142,874.26	1,269,469.57	-88.75	Mainly resulted from the acquisition of the 49% minority interest in USSL

(2) Description of the progress of operating plan

In the first half of 2013, the Company commenced the construction of 6 ships, launched 3 ships and completed the construction of 5 ships. 358 sets of shearing press in total were sold; 417 elevators in total were completed; 19 shafting and rudder system projects in total were completed; 23,690 tons of steel structure products in total were completed. The operating income of the Company for the first half of 2013 mainly originated from customers in Denmark and Greece, as well as certain major domestic customers, for the construction of major products including 50,000 dwt tankers for product oil and special ships. In the first half of 2013, the Company undertook the contracts for constructing 14 ships with the total tonnage of 1,135,000 DWT, and held the orders of 46 ships with the total tonnage to 2,767,800 DWT.

(3) Operating plan of the second half of the year

As the market condition for the shipbuilding market remains sluggish, the Company is facing the double challenges brought by the micro environment and the internal environment. With the Scientific Outlook on Development and the "Increasing Speed and Raising Output, Enhancing Efficiency and Reducing Cost" principle as the guide for the corporate development, the Company will continue to stick to goal of advanced technology and low cost, fully utilise external resources, further optimize arrangements such as manufacturing sites, equipment and facilities and staff; strengthen corporate internal integration and risk prevention and control, ensure the profitability and anti-risk ability, and achieve the annual goal of commencing the construction of 15 ships, launching 12 ships and completing the construction of 9 ships.

3. ANALYSIS ON PRODUCTS OR REGIONAL OPERATION

(1) Information of main businesses by product

Unit: RMB

Product	Operating income	Operating cost	Gross profit margin (%)	Change of operating income compared with that of last year (%)	Change of operating cost compared with that of last year (%)	Change of gross profit margin compared with that of last year (%)
Shipbuilding business (including offshore engineering products)	1,279,170,064.49	1,163,871,675.17	9.01	-56.26	-58.11	80.84
Steel structure engineering	351,357,573.31	329,535,184.21	6.21	97.89	102.60	-25.98
Electromechanical products and others	76,191,097.21	48,839,794.62	35.9	-73.19	-79.19	105.96
Total	1,706,718,735.01	1,542,246,654.00	9.64	-49.6	-51.44	55.33

The operating income of shipbuilding business decreased by 56.26 % year on year, mainly due to the higher proportion of low-price ships and the year-on-year decrease in output; the operating profit rate increased year on year, mainly attributed to the changes in product structure and the product subsidy of certain products for the same period last year were presented as non-operating income.

The operating income of steel structure products increased by 97.89% year on year, while operating profit rate decreased by 25.98% year on year, mainly caused by the higher costs; the income of mechanical and electrical equipment and other incomes decreased by 73.19% year on year, while operating profit rate increased by 105.96% year on year, mainly resulted from the Company's adjustment of business structure and the expansion of external business.

(2) Information of main businesses by region

Unit: RMB

Region	Income from main businesses for the current reporting period	Income from main businesses for the last reporting period	Change of operating income compared with that of last year (%)
Denmark	491,391,155.33	249,195,877.32	97.19
Greece	220,686,959.01	272,454,588.75	-19.00
Hong Kong	137,570,732.48	16,736,426.67	721.98
Philippines	87,630,033.20	1,339,341.31	6,442.77
Sweden	64,003,567.59	104,304,947.41	-38.64
Canada	57,752,525.61	27,716,111.49	108.37
The Netherlands	25,890,163.90	451,106,894.00	-94.26
Malta	-	131,863,990.13	-100.00
Columbia	4,405,310.38	66,703,419.13	-93.40
USA	-	35,873,547.03	-100.00
Thailand	-	22,338,172.30	-100.00
Other countries and regions	17,321,783.57	21,501,984.86	-19.44
PRC	600,066,503.94	1,984,992,997.54	-69.77
Total	1,706,718,735.01	3,386,128,297.94	-49.60

4. CORE COMPETITIVENESS ANALYSIS

During the Reporting Period, the core competitiveness of the Company remained unchanged.

5. ANALYSIS OF INVESTMENT STATUS

(1) External stock equity investment status

During the Reporting Period, the amount of the Company's external equity investment was RMB477 million, representing an increase of RMB41 million year on year, mainly due to the following reasons:

In September 2012, the Company and its wholly-owned subsidiary Glory Group Developing Co., Ltd. together acquired 49% of shares of its subsidiary USSL from a foreign shareholder, among which the Company acquired 24% of the shares. The industrial and commercial registration was completed in March 2013. After the acquisition, the shares held by the Company in USSL increased from 51% to 75%.

(2) Information of other listed companies' stock equity held

Unit: RMB

Securities code	Abbreviation	Initial investment cost	Proportion among the company's stock equity	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
600036	China Merchants Bank	27,483,602.50	0.081	201,928,740.00	10,966,819.50	-31,812,480.38	Available-for-sale financial assets	Purchasing
601872	China Merchants Energy Shipping Co., Ltd	37,100,000.00	0.29	21,450,000.00	66,000.00	-5,703,500.00	Available-for-sale financial assets	Purchasing
Total		64,583,602.50	-	223,378,740.00	11,032,819.50	-37,515,980.38		

(3) Information of entrusted financing and derivatives investment

(i) Entrusted financing

The Company had no entrusted financing during the Reporting Period.

(ii) Entrusted loan

In the first half of 2013, in order to solve the bottleneck of insufficient production resources, the Company increased an entrusted loan of RMB190 million for Zhongshan Project construction to its wholly-owned subsidiary Zhongshan GSI Marine Engineering Co., Ltd. ("Zhongshan GSI") with China Merchants Bank as the client. The Company has provided entrusted loans of RMB685 million to Zhongshan GSI accumulatively; such entrusted loans are actually applied to the investment in the Company's fixed assets and intangible assets (land use right), which are the future base for the Company's non-ship business, and free of capital risk.

(iii) Information of derivatives investment

On 30 June 2013, the Company had 26 USD forward exchange settlement contracts in total not delivered yet, amounting to USD247.64 million in total, wherein, the longest delivery period is until July 17, 2015, and the income from change of fair value at the end of period was RMB32.7275 million; in addition, the Company had no USD forward exchange purchasing contract not delivered yet at the end of year.

The Company has operated derivative financial businesses strictly according to its regulations on management of derivative financial businesses. Each business will be examined and approved by the Company's business department, legal department, financial department, chief accountant, vice chairman and general manager (with the chairman's authorization), and then be implemented after signing of contract for derivative financial business transaction.

(4) Analysis on main subsidiaries and companies to which the Company is a shareholder

Unit: RMB1,000

Enterprise	Main business	Registered capital	Proportion of stock equity held by the Company (%)	Asset scale/ total assets at the end of reporting period	Total net assets at the end of reporting period	Net profit/loss of the reporting period
Shares held directly						
1	Guangdong GSI Elevator Co., Ltd.	21,000	95	105,936.36	36,951.77	1,552.95
2	Guangzhou Guangli Shipbuilding Human Resource Service Company, Limited	500	80	37,292.96	8,968.33	2,324.26
3	Guangzhou Hongfan Information Technique Co., Ltd.	5,000	51	24,550.69	21,728.33	1,002.60
4	Guangzhou Xingshun Shipping Service Co., Ltd.	2,000	83.33	82,599.45	34,505.07	1,248.95
5	Guangzhou Wanda Maritime Engineering Co., Ltd.	USD600,000	75	24,848.93	15,703.13	3,295.72
6	Guangzhou GSI Large-size Heavy Mechanical Equipment Co., Ltd.	188,610	100	296,503.24	163,517.70	-2,554.15
7	Guangzhou United Steel Structures Ltd.	USD8,850,000	75	240,057.58	101,159.62	7,241.53
8	Glory Group Developing Co., Ltd.	HKD30,000,000	100	150,560.75	67,556.99	292.57
9	Zhongshan GSI Marine Engineering Co., Ltd.	100,000	100	846,112.42	22,401.10	-1,596.37
10	GSI Marine Engineering Co., Ltd.	50,000	100	68,152.32	37,127.48	-12,888.56
Shares held indirectly						
11	Guangzhou Wanda Maritime Engineering Co., Ltd.	USD600,000	25	24,848.93	15,703.13	3,295.72
12	Guangzhou Hongfan Hotel Co., Ltd.	10,000	100	12674.16	7284.55	549.44
13	Guangdong GSI Elevator Co., Ltd.	21,000	5	105,936.36	36,951.77	1,552.95
14	Fonkwang Developing Co., Ltd.	HKD200,000	70	80,682.48	960.55	-1,161.33
15	Guangzhou Guangli Shipbuilding Human Resource Service Company, Limited	500	20	37,292.96	8,968.33	2,324.26
16	Guangzhou Xingshun Shipping Service Co., Ltd.	2,000	16.67	82,599.45	34,505.07	1,248.95
17	Guangzhou United Steel Structures Ltd.	USD8,850,000	25	240,057.58	101,159.62	7,241.53

Except that Glory Group Developing Co., Ltd. and Fonkwang Developing Co., Ltd. are incorporated and operated in Hong Kong, all the other affiliated companies are incorporated and operated in the Mainland of the People's Republic of China.

(5) Application of Proceeds

During the Reporting Period, the Group has not raised funds nor utilized any previously-raised proceeds for the Reporting Period.

(6) Information of non-raised capital investment projects

During the Reporting Period, the Company's total investment with non-raised capital was approximately RMB95.8334 million, decreased by approximately RMB15.5095 million, or 13.93% compared with that of 2012. The main investment projects and related information are as shown below:

Unit: RMB10,000

Project name	Project amount	Progress (%)	Amount invested this year	Actual amount invested accumulatively	Project benefit
Removal of Guangzhou GSI Large-size Heavy Mechanical Equipment Co., Ltd	18,861.00	100	2,440.30	21,091.87	Generated
Construction fee of Zhongshan Guangzhou Shipyard International Ship and Marine Engineering Co., Ltd.	83,983.00	96	1,407.91	79,963.98	In process
Wind-and-rain shelter	400.00	100	289.86	473.47	Generated
Acquisition of minority shareholding of USSL	4,157.37	100	4,157.37	4,157.37	Generated
Others	-		1,287.90	1,287.90	
Total	107,401.37		9,583.34	106,974.59	

6. PROFIT DISTRIBUTION AND CASH DIVIDEND POLICY

(1) Implementation of profit distribution proposal during the Reporting Period

The 2012 profit distribution proposal implemented by the Company and approved by the 2012 Annual General Meeting of the Company held on June 6, 2013, includes a cash dividend of RMB1.2 for every 10 shares (tax included) paid to all shareholders based on a total of 643,080,854 shares of the Company at the end of 2012. A distribution of cash dividend of RMB77,169,702.48 in total was completed at August 2, 2013.

(2) The Company did not make profit distribution or issue new bonus shares by conversion of capital reserve for the first half of 2013

(3) The implementation of cash dividend policy

In accordance with the Articles of Association of the Company, the cumulative cash dividends paid by the Company for the latest three years shall not be less than 30% of the total average distributable profits for the latest three years on the premise that the annual net profit and cash flow fulfill the Company's normal operation and development. The cumulative paid cash dividends accounted for 30.73% in the total average distributable profits for the latest three years.

7. IN THE FORECAST OF THE POSSIBLE AGGREGATE NET PROFITS FROM THE BEGINNING OF THE YEAR TO THE END OF THE NEXT REPORTING PERIOD BECOMING A LOSS OR SIGNIFICANT CHANGES OVER THE SAME PERIOD LAST YEAR, A WARNING AND RELEVANT EXPLANATION SHOULD BE GIVEN BY THE COMPANY.

✓Inapplicable

8. EXPLANATION FROM THE BOARD FOR THE "NON-STANDARD AUDIT REPORT" ISSUED BY THE ACCOUNTING FIRM

✓Inapplicable

9. CONTINGENT LIABILITIES

As at June 30, 2013, the Group had no significant contingent liabilities.

10. GEARING RATIO

As at June 30, 2013, the Company's gearing ratio (total liabilities/total assets x 100%) was 61.92% (at the beginning of the Reporting Period: 60.90%). Such change was mainly due to the increase in advances from customers of the contracts.

11. DETAILED INFORMATION ON CHARGES ON ASSETS OF THE GROUP

As at June 30, 2013, the deposit of the Group amounted to RMB2,517.4878 million has been charged as deposit and pledge for foreign loans. Save as disclosed above, no other assets of the Group were charged.

V SIGNIFICANT EVENTS

1. SIGNIFICANT LITIGATION, ARBITRATION AND MATTERS COMMONLY DOUBTED BY MEDIA

As concerning the case that the Company complained Jiangsu Shenghua for dispute over technical service contract, and the case that Guangli Company complained Jiangsu Shenghua for dispute over the Contract for Installation Engineering of 1# and 2# 79600DWT bulk carriers (for details, please refer to the Significant Events 5.1 Significant Litigation and Arbitration in the 2012 Annual Report of the Company). The first and second auction of the sequestered assets of Jiangsu Shenghua were held by the court on June 4, 2013 and on August 8, 2013 respectively, but there was no successful bidder for both auctions. The Company will continue to carry out the follow-up works in accordance with the law. Save as disclosed above, the Company did not have other significant litigations, arbitrations and matters commonly doubted by media during the Reporting Period.

2. BANKRUPTCY OR REORGANIZATION EVENT

Neither bankruptcy nor reorganization events occurred during the Reporting Period.

3. PROPERTY TRANSFER AND BUSINESS COMBINATION

The Company's 10th Meeting of the Seventh Board in 2012 passed the proposal concerning the acquisition of the 49% stock equity of USSL held by foreign party by the Company and its wholly-owned subsidiary Glory Group Developing Co., Ltd., and wherein, the Company purchased 24% stock equity, and Glory Group Developing Co., Ltd. purchased 25% stock equity, with the purchasing price determined based on the appraised price of USSL's assets dated on December 31, 2011. At present, the alteration of industrial and commercial registration is in process. The Company completed the alteration of industrial and commercial registration on 13 March 2013.

Save as disclosed above, the Company did not have other asset transaction or enterprise merger events during the Reporting Period.

4. THE IMPLEMENTATION OF EQUITY INCENTIVE AND ITS IMPACT

✓Inapplicable

5. SIGNIFICANT CONNECTED TRANSACTIONS

The routine connected transaction constitute continuing connected transactions under the Chapter 14A of the Listing Rules of the Stock Exchange, the details of which are set out in Related Party Relationships and Transactions in the notes to the financial statements of the financial report.

(1) Continuing operating connected transactions

Unit: RMB

No.	Content and category	Upper limit approved by the general meeting	Transaction amount	Proportion in the same category of transactions (%)	Pricing policy	Settlement
1	Products and services provided by the Group to CSSC (including its subsidiaries)					
1.1	Electrical and mechanical engineering equipment, metallic materials and waste-recycling materials	306,100,000.00	9,381,247.84	0.55	Market price	Through the bank
1.2	Utilities	5,000,000.00	112,165.86	0.01	Cost plus management fee of 20% to 25%	Through the bank
1.3	Labor supply, design and technology services	432,370,000.00	114,012,337.92	6.68	Not less favorable than the offers to an independent third party	Through the bank
2	Products and services provided by CSSC to the Group					
2.1	Purchase of electrical and mechanical engineering equipment and metallic materials, ship-building accessories and equipment use on ships and relevant logistics and distribution services	2,349,710,000.00	178,785,830.89	11.39	Market price or agreed price, not less favorable than the offers by an independent third party	Through the bank
2.2	Lease of production sites, equipment and facilities	521,200,000.00	68,502,338.30	4.44	Based on the capital cost of leased assets and the expected utilization rate by the Group, not less favorable than the offers made by an independent third party to the Group	Through the bank
	Labor supply, design and technology services				Cost plus 10% management fee or market price	
	Comprehensive services				Not less favorable than the offers by an independent third party	
3	Financial services provided by CSSC					Through the bank
3.1	Deposits	600,000,000.00	599,907,485.07	13.08	Interest rate on deposits issued the People's Bank of China	Through the bank
3.2	Interest on deposits	30,000,000.00	8,511,717.80	8.77		
3.3	Loans	600,000,000.00	600,000,000.00	21.71	Not higher than interest rate on loans issued the People's Bank of China, not less favorable than the offers by an independent third party that provides similar services	
3.4	Interest on loans	42,000,000.00	15,083,333.32	31.73		
4	Total fees for guarantee provided to the Group by CSSC	15,000,000.00	-	-	Agreed price, or not less favorable than the offers by an independent third party	Through the bank
5	Total sales agency fees paid to the CSSC	73,500,000.00	9,473,384.23	39.67	Not more than 1% of contract price in accordance with international practice	Through the bank
6	Total material purchases agency fees paid to the CSSC	12,000,000.00	1,226,919.52	-	1% to 2% of contract price in accordance with international practice	Through the bank

During the Reporting period, the continuing operating connected transaction between the Group and the China State Shipbuilding Corporation (the "CSSC") was conducted in accordance with the Framework Agreement for Connected Transactions 2013~2015 (the "Framework Agreement") approved at the first extraordinary general meeting of 2012 held on December 19, 2012.

Since the Company was established, the Group has been engaged in various continuing connected transactions with the CSSC due to its business nature of assembly building. Such transactions themselves are of an operational nature and in the normal and usual course of business of the Group. The Framework Agreement allows the Group to leverage the reputation and bargaining power of the CSSC to get steady provision of materials, labor and design and technology services for its production and operation. In addition, such transactions are very flexible.

The CSSC provides comprehensive services to the staff of the Group and their family members. The group has made unified adjustment to the clauses of all the continuing connected transactions between the CSSC and the Group under the 2013~2015 Framework Agreement. Starting from January 1, 2013, the comprehensive services will be enlisted in the 2013~2015 Framework Agreement.

(2) EVENTS DISCLOSED IN EXTRAORDINARY ANNOUNCEMENT WITH SUBSEQUENT DEVELOPMENT OR CHANGES

The resolution concerning the non-public issuance of H shares by the Company to specific subscribers was approved at the seventeenth meeting of the seventh term of the Board held on June 24, 2013. With the permission of the Board, the non-public issuance of H shares targeted no more than 10 investors including the CSSC, its overseas controlling subsidiary and institution investors. As the subscribers included the controlling shareholder of the Company the CSSC, such event constituted connected transaction.

(3) Related party transactions of non-operating credits or debts

Unit: RMB

Connected parties	Relation	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	-	-	-	12,390.00	70.00	12,460.00
Reasons for connected obligatory rights and debts	Business needs						
Information on the discharging of connected obligatory rights and debts	Normal						
Commitment on connected obligatory rights and debts	Inapplicable						
Impact of connected obligatory rights and debts on the Company's results of operation and financial standing	Connected obligatory rights and debts had no material impact on the Company's results of operation and financial standing						

6. SIGNIFICANT CONTRACTS AND IMPLEMENTATION

(1) Trust, Contract or Lease

The subsidiary of the Company Guangzhou Shipyard International Marine Engineering Co., Ltd. and Longxue Shipbuilding entered into a one-year lease contract at a consideration of RMB50 million (including tax), the lease covers assets such as certain office buildings, production plants, facilities and equipments of Longxue Shipbuilding.

During the Reporting Period, save as the above lease, there was no trust, contract or lease which brought profits accounting for more than 10% of the Company's total profit for the period.

(2) Guarantee

During the Reporting Period, there was no guarantee involving the Company.

(3) Other significant contracts or transactions

During the Reporting Period, the Company has no significant contracts or transactions.

7. IMPLEMENTATION OF COMMITMENT

During the Reporting Period, the Company or the shareholders who hold 5% or more of shares of the Company did not give any undertaking that might have a great impact on the business results or financial condition of the Company during the Reporting Period or occurred before but continued to the Reporting Period.

8. PUNISHMENT AND RECTIFICATION OF THE COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDERS HOLDING MORE THAN 5% OF SHARES AND ACTUAL CONTROLLER

During the Reporting Period, there was no inspection, administrative penalty or notice of criticism by China Securities Regulatory Commission or public criticism by any stock exchange of the Company, its directors, supervisors, senior management, shareholders holding more than 5% of shares and actual controller.

9. APPOINTMENT OR DIMISSION OF THE AUDITOR

Whether to change the auditor No
Name of current auditor ShineWing Certified Public Accountants Limited (Special General Partner)

10. CORPORATE GOVERNANCE

During the Reporting Period, the general meeting of the Company, the Board and the management performed their specific responsibilities and regulated corporate operation to ensure the true, accurate and complete disclosure of corporate information. Specialized committees of the Board carried out works in accordance with their respective duties, and the independent non-executive shareholders played an important role in major issues such as the non-public issuance of H shares by the Company to specific subscribers.

(1) 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 The Stock Exchange of Hong Kong Limited. 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, 2013, 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and has complied with all the code provisions. In respect of code provision A.6.7 of the CG Code, Mr. Poon Chiu Kwok, an independent non-executive director of the Company, was unable to attend the 2012 annual general meeting of the Company held on June 6, 2013 due to job related reasons.

(2) Securities Transactions by Directors

The Company has strictly complied with the relevant restrictive provisions imposed by PRC and Hong Kong regulatory organs in relation to securities transactions by directors and has consistently uphold the principle of complying with the most stringent provisions and had adopted the Model Code for Securities Transactions by Directors of Listed Issuers. The Company has established Management System for Holding and Trading the Shares of the Company of Directors, Supervisors and Senior Management contained in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange. The Company has made specific inquiry of all its directors for preparing this Report and all directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code during the period under review.

(3) Meetings of the Board

During the Reporting Period, the Board of the Company held five meetings, including two meetings by means of written resolutions. All the directors including proxies attended the meetings.

In addition, the Audit Committee of the Board held three meetings to review issues including the financial reports of the Company for the first half of 2013 and the report of the internal control review. The Nomination Committee held two meeting to nominate Mr. Chen Liping as the director of the seventh term of the Board of the Company and nominate Mr. Mai Rongzhi as the chief engineer of the Company. The Emolument and Examination Committee held a meeting to review issues including the basic salary adjustment for executive directors, internal supervisors and senior management. The Strategy Committee held a meeting to review the highlights of the Company's strategic plan and the Enterprise's Social Responsibility Report 2012.

VI CHANGES OF SHARES AND SHAREHOLDERS

1. CHANGE IN SHARE CAPITAL

During the Reporting Period, there was no change in the share capital of the Company.

2. INFORMATION OF SHAREHOLDERS

The shareholding of the top 10 shareholders (top 10 shareholders of freely transferable shares) of the Company was as follows:

Total number of shareholders at the end of the Reporting Period The total number of shareholders was 65,844, including 65,536 shareholders of listed A-Shares and 308 shareholders of listed H-Shares.

Unit: share

The shareholding of the top 10 shareholders by the end of June 2013						
Name of shareholder	Changes during the Reporting Period	Number of shares at the end of the Reporting Period	Proportion (%)	Shares pledged or locked up	Nature of shareholders	Share classification
China State Shipbuilding Corporation	0	229,645,800	35.71	None	State-owned shares	A SHARES
HKSCC NOMINEES LIMITED	-98,534	195,113,970	30.34	Unknown	Foreign legal	H SHARES
DA ROSA JOSE AUGUSTO MARIA	0	3,900,000	0.61	Unknown	Foreign legal	H SHARES
FANG SHAOXIA	-30,000	1,320,000	0.21	Unknown	Domestic natural person shares	A SHARES
LI YONGMIAN	-55,710	937,568	0.15	Unknown	Domestic natural person shares	A SHARES
ZHANG HUIQIN	-136,268	801,300	0.12	Unknown	Domestic natural person shares	A SHARES
Chongqing International Trust Co., Ltd.	0	770,000	0.12	Unknown	Domestic natural person shares	A SHARES
Guosen Securities Company Limited customer credit transaction backed securities account	-1,661	694,333	0.11	Unknown	Domestic natural person shares	A SHARES
LIU LANJUAN	17,785	653,185	0.10	Unknown	Domestic natural person shares	A SHARES
JI SHENJIN	31,000	647,000	0.10	Unknown	Domestic natural person shares	A SHARES

Specification on the relationship of the above shareholders or persons acting in concert

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

3. CHANGE OF THE CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER OF THE COMPANY

During the Reporting Period, the controlling shareholder and actual controller of the Company, which are the CSSC and State-owned Assets Supervision and Administration Commission of the State Council respectively, have not changed.

4. PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

VII INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. CHANGE IN SHAREHOLDING OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period, there was no change in the shareholding of directors, supervisors and senior management including themselves, their spouses and children under the age of 18.

2. CHANGES OF POSITIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The change in the information of the directors of the Company required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules of the Stock Exchange is set out below:

Name	Duty	Detail of changes	Reason
Yang Li	Director, vice president	Resigned as vice president of the Company approved at the Board meeting held on June 24, 2013.	Job relocation
Gao Feng	Director	Resigned as non-executive director of the Company approved at the Board meeting held on June 24, 2013.	Job relocation
Fu Zhengping	Independent director	Appointed as independent director of Guangdong Rongtai Industry Co., Ltd. And Midea Group Co., Ltd. in January 2013 and March 2013 respectively.	Appointment
Poon Chiu Kwok	Independent director	Appointed as independent director of the Tonly Electronics Holdings Limited in August 2013.	Appointment
Richard Z. Zhu	Supervisor	Appointed as independent director of Guangdong Guangzhou Daily Media Communication Limited on June 21, 2013	Appointment
Mai Rongzhi	Chief Engineer	Appointed as chief engineer of the Company approved at the Board meeting held on June 24, 2013.	Appointment
He Qiuping	Vice president	Resigned as vice president of the Company on 26 August 2013	Resignation

3. INTERESTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As at June 30, 2013, Chairman of the Supervisory Committee Mr. Chen Jingqi held 3,302A-shares of the Company. Otherwise, the Company has not been notified that any director, supervisor or member of senior management (including their spouses and children under 18 years of age) had any other interest in equity or debt securities of the Company or any of its associated corporations (within the meaning of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to section 341 of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers, nor did they have any other interest which was required to be entered in the register required to be kept under section 352 of the SFO.

4. STAFF AND THE REMUNERATION POLICY

The remuneration of the employees of the Company includes their salaries, bonuses and other fringe benefits. The Group applies different rates of remuneration for different employees, which are determined based on their position and performance in compliance with the relevant PRC laws and regulations. As at the June 30, 2013, the number of employees on the payroll of the Company was 3,094, and number of employees of the Group was 8,872. As at the June 30, 2013, the remuneration paid by the Company to employees was RMB472 million in total.

VIII FINANCIAL REPORTS (UNAUDITED)

Consolidated Balance Sheet June 30, 2013

Guangzhou Shipyard International Company Limited

Unit:RMB

Items	Note 5	Ending Balance	Beginning Balance
Current Assets:			
Cash and bank	1	5,643,315,842.39	6,124,741,029.25
Settlement reserves			
Loans to other banks			
Financial assets held for trading	2	32,648,663.78	22,862,044.25
Notes receivable	3	8,983,093.56	3,492,665.00
Accounts receivable	4	997,165,988.05	776,755,319.25
Prepayments	5	723,026,644.27	503,864,929.68
Premiums receivable			
Reinsurance accounts receivable			
Reserves for reinsurance accounts receivable			
Interest receivable	6	137,584,073.08	143,581,872.47
Dividend receivable	7	11,032,819.50	1,043,381.78
Other receivables	8	111,549,315.51	262,235,880.07
Financial assets purchased for resale			
Inventories	9	656,290,626.20	506,101,222.69
Non-current assets due within one year			
Other current assets	10		140,571.00
Total Current Assets		8,321,597,066.34	8,344,818,915.44
Non-current assets:			
Grant loans and advances			
Financial assets available for sale	11	225,828,740.00	269,965,187.50
Held-to-maturity investments			
Long-term receivables			
Long-term equity investment	12	43,736,628.97	43,904,311.39
Investment property	13	29,943,562.30	30,319,227.30
Fixed assets	14	1,646,416,392.70	1,660,360,847.50
Construction in progress	15	35,827,699.87	61,201,815.91
Engineering materials and equipments			
Liquidation of fixed assets	16	18,622.93	33,554.52
Productive biological assets			
Oil-and-gas assets			
Intangible assets	17	365,636,731.71	356,368,059.31
Research and development expenditures			
Goodwill			
Long-term unamortized assets	19	4,055,816.26	4,661,152.86
Deferred tax assets	20	93,619,620.60	90,453,005.81
Other non-current assets			
Total non-current assets		2,445,083,815.34	2,517,267,162.10
Total Assets		10,766,680,881.68	10,862,086,077.54

Legal Representative:
Yu Baoshan

Accounting Director:
Chen Liping

Accounting Manager:
HouZengquan

Consolidated Balance Sheet (Continued)
June 30, 2013

Guangzhou Shipyard International Company Limited

Unit: RMB

Items	Note 5	Ending Balance	Beginning Balance
Current liabilities:			
Short-term loans	22	46,240,056.86	92,167,796.47
Borrowing from central bank			
Accept money deposits and deposits from other banks			
Loans from other banks			
Financial liabilities held-for-trading	23	421,196.27	223,540.75
Notes payable	24	309,671,286.08	591,450,235.02
Accounts payable	25	849,660,482.37	1,245,250,069.88
Advances from customers	26	663,692,318.02	434,610,806.03
Financial assets sold for repurchase			
Fees and commissions payable			
Employee benefits	27	18,815,101.53	19,133,890.46
Taxes payable	28	-17,769,727.34	78,274,385.66
Interest payable	29	13,447,634.73	13,757,226.48
Dividend payable	30	80,587,615.46	157,912.98
Other payables	31	29,088,720.77	27,063,287.48
Reinsurance accounts payable			
Reserves for insurance contracts			
Brokerage for trading securities			
Brokerage for consigning securities			
Non-current liabilities due within one year	32	1,261,132,555.57	1,057,958,531.65
Other current liabilities	33	1,671,874,026.23	1,345,128,736.33
Total current liabilities		4,926,861,266.55	4,905,176,419.19
Non-current liabilities:			
Long-term loans	34	1,459,309,744.42	1,413,633,335.84
Bonds payable			
Long-term payables			
Special payable	36	24,570,000.00	24,570,000.00
Estimated liabilities	35	157,022,616.23	167,892,592.43
Deferred tax liabilities	20	28,730,181.35	34,456,025.70
Other non-current liabilities	37	70,539,816.72	69,781,586.79
Total non-current liabilities		1,740,172,358.72	1,710,333,540.76
Total liabilities		6,667,033,625.27	6,615,509,959.95
Shareholder's equity:			
Share capital	38	643,080,854.00	643,080,854.00
Capital reserves	39	640,920,144.37	676,133,916.27
Less: Treasury stock			
Special reserves	40	647,206.02	
Surplus reserves	41	432,047,193.77	432,047,193.77
General risk reserves			
Undistributed profits	42	2,372,016,895.18	2,393,852,509.26
Translation differences in foreign currency statements			
Total shareholder's equity attributable to the parent company		4,088,712,293.34	4,145,114,473.30
Non-controlling shareholder's equity	43	10,934,963.07	101,461,644.29
Total shareholder's equity		4,099,647,256.41	4,246,576,117.59
Total liabilities and shareholder's equity		10,766,680,881.68	10,862,086,077.54

Legal Representative:
Yu Baoshan

Accounting Director:
Chen Liping

Accounting Manager:
HouZengquan

Balance Sheet of the Parent company
June 30, 2013

Guangzhou Shipyard International Company Limited

Unit:RMB

Items	Note 13	Ending Balance	Beginning Balance
Current assets:			
Cash and bank	1	5,461,300,536.15	5,810,558,882.84
Settlement reserves			
Loans to other banks			
Financial assets held for trading	2	32,648,663.78	22,724,517.26
Notes receivable	3	5,256,910.80	
Accounts receivable	4	951,864,962.90	783,090,498.19
Prepayments	5	805,210,252.34	525,042,147.72
Premiums receivable			
Reinsurance accounts receivable			
Reserves for reinsurance accounts receivable			
Interest receivable	6	137,645,909.84	143,653,250.24
Dividend receivable	7	75,027,756.13	1,043,381.78
Other receivables	8	786,188,918.92	885,551,377.94
Financial assets purchased for resale			
Inventories	9	359,161,688.36	334,808,155.80
Non-current assets due within one year			
Other current assets			
Total Current Assets		8,614,305,599.22	8,506,472,211.77
Non-current assets:			
Grant loans and advances			
Financial assets available for sale	10	225,828,740.00	269,965,187.50
Held-to-maturity investments			
Long-term receivables			
Long-term equity investment	11	480,034,656.88	437,794,000.90
Investment property	12	29,943,562.30	30,319,227.30
Fixed assets	13	1,028,144,991.68	1,021,212,073.85
Construction in progress	14	14,973,857.72	52,906,084.06
Engineering materials and equipments			
Liquidation of fixed assets	15	18,281.49	33,554.52
Productive biological assets			
Oil-and-gas assets			
Intangible assets	16	63,218,585.18	65,979,737.81
Research and development expenditures	17		
Goodwill			
Long-term unamortized assets	18	4,055,816.26	4,661,152.86
Deferred tax assets	19	83,508,270.48	81,062,866.82
Other non-current assets			
Total non-current assets		1,929,726,761.99	1,963,933,885.62
Total Assets		10,544,032,361.21	10,470,406,097.39

Legal Representative:
Yu Baoshan

Accounting Director:
Chen Liping

Accounting Manager:
HouZengquan

Balance Sheet of the Parent Company (Continued)
June 30, 2013

Guangzhou Shipyard International Company Limited

Unit: RMB

Items	Note 13	Ending Balance	Beginning Balance
Current liabilities:			
Short-term loans	21	43,250,900.00	87,997,000.00
Borrowing from central bank			
Accept money deposits and deposits from other banks			
Loans from other banks			
Financial liabilities held-for-trading	22	371,751.14	223,540.75
Notes payable	23	309,671,286.08	591,450,235.02
Accounts payable	24	710,626,781.38	1,108,411,553.69
Advances from customers	25	565,999,383.00	358,580,701.61
Financial assets sold for repurchase			
Fees and commissions payable			
Employee benefits	26	13,110,018.81	13,351,886.18
Taxes payable	27	6,368,592.34	83,857,216.06
Interest payable	28	13,446,384.73	13,757,226.48
Dividend payable	29	77,327,615.46	157,912.98
Other payables	30	21,469,536.56	21,164,549.39
Reinsurance accounts payable			
Reserves for insurance contracts			
Brokerage for trading securities			
Brokerage for consigning securities			
Non-current liabilities due within one year	31	1,261,132,555.57	1,057,958,531.65
Other current liabilities	32	1,671,811,843.45	1,345,066,553.55
Total current liabilities		4,694,586,648.52	4,681,976,907.36
Non-current liabilities:			
Long-term loans	33	1,459,309,744.42	1,413,633,335.84
Bonds payable			
Long-term payables			
Special payable	34	24,570,000.00	24,570,000.00
Estimated liabilities	35	157,022,616.23	167,892,592.43
Deferred tax liabilities	19	28,730,181.35	33,862,026.48
Other non-current liabilities	36	68,198,876.42	67,409,555.10
Total non-current liabilities		1,737,831,418.42	1,707,367,509.85
Total liabilities		6,432,418,066.94	6,389,344,417.21
Shareholder's equity:			
Share capital	37	643,080,854.00	643,080,854.00
Capital reserves	38	638,617,935.89	676,133,916.27
Less: Treasury stock			
Special reserves	39	-	-
Surplus reserves	40	430,871,381.60	430,871,381.60
General risk reserves			
Undistributed profits	41	2,399,044,122.78	2,330,975,528.31
Total shareholder's equity		4,111,614,294.27	4,081,061,680.18
Total liabilities and shareholder's equity		10,544,032,361.21	10,470,406,097.39

Legal Representative:
Yu Baoshan

Accounting Director:
Chen Liping

Accounting Manager:
HouZengquan

Consolidated Income Statement
For January to June of 2013

Guangzhou Shipyard International Company Limited

Unit: RMB

Items	Note 5	Current Period	Last Period
1 Total operating revenue		1,745,869,433.35	3,432,639,468.18
Including:	47	1,745,869,433.35	3,432,639,468.18
Operating income			
Interest income			
Premium income			
Fees and commissions income			
2. Total operating cost		1,732,108,912.76	3,502,283,401.64
Including:	47	1,563,460,932.17	3,208,911,024.61
Operating cost			
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	48	11,829,101.95	5,989,647.58
Selling expenses	49	-472,289.62	-4,584,352.56
Administrative expense	50	159,548,732.64	158,491,656.53
Finance costs	51	-61,007,468.47	-42,871,721.35
Assets impairment losses	52	58,749,904.09	176,347,146.83
Add:			
Gain on changes in fair value (loss marked " - ")	53	9,588,964.01	-17,923,681.50
Investment income (loss marked " - ")	54	36,464,992.08	28,793,324.81
Including: Investment income on associates and joint venture		1,272,317.58	2,332,275.59
Exchange gain (loss marked " - ")			
3 Operating profit (loss marked " - ")		59,814,476.68	-58,774,290.15
Add: Non-operating income	55	12,370,891.18	168,342,594.66
Less: Non-operating expense	56	1,425,816.53	1,238,384.68
Including: disposal loss of non-current assets		77,020.11	148,365.58
4. Total profit (loss marked " - ")		70,759,551.33	108,329,919.83
Less: Income tax expenses	57	15,282,588.67	19,075,395.12
5. Net profit (loss marked " - ")		55,476,962.66	89,254,524.71
Parent company		55,334,088.40	87,985,055.14
Non-controlling shareholders		142,874.26	1,269,469.57
6. Earnings per share			
(1) Basic EPS	58	0.09	0.14
(2) Diluted EPS	58	0.09	0.14
7. Other comprehensive income	60	-37,515,980.38	-11,259,547.53
8. Total comprehensive income		17,960,982.28	77,994,977.18
Parent company		17,818,108.02	76,725,507.61
Non-controlling shareholders		142,874.26	1,269,469.57

Legal Representative:
Yu Baoshan

Accounting Director:
Chen Liping

Accounting Manager:
HouZengquan

**Income Statement of the Parent Company
For January to June of 2013**

Guangzhou Shipyard International Company Limited

Unit:RMB

Items	Note 13	Current Period	Last Period
1. Total operating revenue		1,389,797,149.93	3,139,532,281.19
Including: Operating income	44	1,389,797,149.93	3,139,532,281.19
Interest income			
Premium income			
Fees and commissions income			
2. Total operating cost		1,353,945,893.01	3,207,520,465.55
Including: Operating cost	44	1,254,928,415.32	2,959,127,704.69
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	45	5,657,711.58	1,782,410.57
Selling expenses	46	-4,350,405.90	-7,342,974.25
Administrative expense	47	108,255,636.80	122,019,830.13
Finance costs	48	-69,313,336.83	-46,611,372.89
Assets impairment losses	49	58,767,872.04	178,544,867.30
Add: Gain on changes in fair value (loss marked " - ")	50	9,775,936.13	-16,931,313.28
Investment income (loss marked " - ")	51	99,848,470.11	27,008,692.77
Including: Investment income on associates and joint venture		666,958.98	806,763.55
Exchange gain (loss marked " - ")			
3. Operating profit (loss marked " - ")		145,475,663.16	-57,910,804.87
Add: Non-operating income	52	11,393,122.08	167,831,563.85
Less: Non-operating expense	53	1,349,620.03	425,307.50
Including: disposal loss of non-current assets		63,620.11	136,240.58
4. Total profit (loss marked " - ")		155,519,165.21	109,495,451.48
Less: Income tax expenses	54	10,280,868.26	15,159,690.78
5. Net profit (loss marked " - ")		145,238,296.95	94,335,760.70
6. Earnings per share			
(1) Basic EPS			
(2) Diluted EPS			
7. Other comprehensive income	55	-37,515,980.38	-11,259,547.53
8. Total comprehensive income		107,722,316.57	83,076,213.17

Legal Representative:
Yu Baoshan

Accounting Director:
Chen Liping

Accounting Manager:
HouZengquan

**Consolidated Cash Flow Statement
For January to June of year 2013**

Guangzhou Shipyard International Company Limited

Unit:RMB

Items	Note 5	Current Period	Last Period
1. Cash Flows From Operating Activities:			
Receipts from sale of goods and rendering of services		2,252,970,131.02	3,260,663,437.19
Net increase of deposits from customers and other banks			
Net increase of borrowings from central bank			
Net increase of loans from other financial institutions			
Receipts from insurance premium of original contracts			
Receipts from premium of reinsurance			
Net increase of deposits and investments from insurers			
Net increase of disposal of Financial assets held for trading			
Receipts from interests, fees and commissions			
Net increase of loans from other banks			
Net increase of repurchase activities			
Taxes refund		48,543,026.67	189,905,288.45
Other cash receipts from operating activities		149,480,461.46	89,082,647.71
Subtotal Cash Flow-in From Operating Activities	61	2,450,993,619.15	3,539,651,373.35
Payments to suppliers for goods and services		2,581,823,474.15	3,034,660,559.53
Net increase of loans from customers			
Net increase of deposits in the central bank and other banks			
Payments for insurance claims of original contracts			
Payments for interests, fees and commissions			
Payments for policy dividends			
Payments to and on behalf of employees		356,075,743.30	441,243,156.05
Taxes and Fees Paid		131,803,366.32	175,299,481.04
Other cash payments from operating activities		83,778,494.48	108,190,191.41
Subtotal Cash Flow-out From Operating Activities	61	3,153,481,078.25	3,759,393,388.03
Net Cash Flow From Operating Activities		-702,487,459.10	-219,742,014.68
2. Cash Flow From Investing Activities:			
Proceeds from withdrawing capital			
Cash receipts from Investment income		26,499,157.20	26,401,790.22
Net cash receipts from Liquidation of fixed assets, intangible assets and other long-term assets		41,211.54	6,352,458.32
Net cash receipts from disposal of subsidiaries and other businesses			
Other cash receipts from investing activities			
Subtotal Cash Flow-in From Investing Activities		967,094,753.07	1,901,661,341.83
Cash payments for purchasing fixed assets, intangible assets and other long-term assets		993,635,121.81	1,934,415,590.37
Investment payments		74,331,983.06	116,494,605.05
Net increase of mortgage loans		43,202,186.71	
Net cash payments for obtaining control of subsidiaries and other businesses			
Other cash payments from investment activities			
Subtotal Cash Flow-out From Investing Activities	61	1,019,825,408.82	666,720,000.00
Net Cash Flow From Investing Activities		1,137,359,578.59	783,214,605.05
3. Cash Flow From Financing Activities:			
Proceeds from investments			
Including: Cash received by subsidiaries from non-controlling shareholders			
Proceeds from borrowings		887,444,524.80	994,401,934.75
Proceeds from issuing bonds			
Other cash receipts from financing activities			
Subtotal Cash Flow-in From Financing Activities		887,444,524.80	994,401,934.75
Payments for debt redemption		595,822,529.61	1,451,832,992.19
Payments of dividends, profits and interests Including: Dividends or profits paid by subsidiaries to non-controlling shareholders		47,936,495.94	55,573,532.80
Other cash payments from financing activities			
Other cash payments from financing activities	61	21,071.16	
Subtotal Cash Flow-out From Financing Activities		643,780,096.71	1,507,406,524.99
Net Cash Flow From Financing Activities		243,664,428.09	-513,004,590.24
4. Effect of exchange rate changes on cash and cash equivalents		-21,833,037.68	245,984.88
5. Net Increase in Cash and Cash Equivalents		-624,380,525.47	418,700,365.28
Add: the Beginning Balance of Cash and Cash Equivalents		3,750,208,522.25	2,960,018,580.11
6. The Ending Balance of Cash and Cash Equivalents		3,125,827,996.78	3,378,718,945.39

Legal Representative:
Yu Baoshan

Accounting Director:
Chen Liping

Accounting Manager:
HouZengquan

**Cash Flow Statement of the Parent Company
For January to June of 2013**

Guangzhou Shipyard International Company Limited

Unit:RMB

Items	Note 13	Current Period	Last Period
1. Cash Flows From Operating Activities:			
Receipts from sale of goods and rendering of services		1,764,758,571.53	2,898,611,506.08
Net increase of deposits from customers and other banks			
Net increase of borrowings from central bank			
Net increase of loans from other financial institutions			
Receipts from insurance premium of original contracts			
Receipts from premium of reinsurance			
Net increase of deposits and investments from insurers			
Net increase of disposal of Financial assets held for trading			
Receipts from interests, fees and commissions			
Net increase of loans from other banks			
Net increase of repurchase activities			
Taxes refund		40,836,411.99	177,168,508.00
Other cash receipts from operating activities		109,772,416.01	47,298,658.48
Subtotal Cash Flow-in From Operating Activities	56	1,915,367,399.53	3,123,078,672.56
Payments to suppliers for goods and services		2,243,818,563.02	2,930,825,477.47
Net increase of loans from customers			
Net increase of deposits in the central bank and other banks			
Payments for insurance claims of original contracts			
Payments for interests, fees and commissions			
Payments for policy dividends			
Payments to and on behalf of employees		122,244,038.81	181,494,041.56
Taxes and Fees Paid		98,954,490.05	134,848,013.70
Other cash payments from operating activities		81,387,341.65	160,756,986.57
Subtotal Cash Flow-out From Operating Activities	56	2,546,404,433.53	3,407,924,519.30
Net Cash Flow From Operating Activities		-631,037,034.00	-284,845,846.74
2. Cash Flow From Investing Activities:			
Proceeds from withdrawing capital			
Cash receipts from Investment income		25,197,136.78	26,142,670.22
Net cash receipts from Liquidation of fixed assets, intangible assets and other long-term assets		41,211.54	6,293,485.24
Net cash receipts from disposal of subsidiaries and other businesses			
Other cash receipts from investing activities		971,231,355.94	1,903,927,671.45
Subtotal Cash Flow-in From Investing Activities	56	996,469,704.26	1,936,363,826.91
Cash payments for purchasing fixed assets, intangible assets and other long-term assets		26,519,093.47	35,481,181.69
Investment payments			
Net increase of mortgage loans			
Net cash payments for obtaining control of subsidiaries and other businesses			
Other cash payments from investment activities		1,019,825,408.82	666,720,000.00
Subtotal Cash Flow-out From Investing Activities	56	1,046,344,502.29	702,201,181.69
Net Cash Flow From Investing Activities		-49,874,798.03	1,234,162,645.22
3. Cash Flow From Financing Activities:			
Proceeds from investments			
Proceeds from borrowings		828,821,245.02	975,053,382.46
Proceeds from issuing bonds			
Other cash receipts from financing activities			
Subtotal Cash Flow-in From Financing Activities		828,821,245.02	975,053,382.46
Payments for debt redemption		588,518,672.36	1,399,659,562.35
Payments of dividends, profits and interests		47,732,495.94	55,499,895.04
Other cash payments from financing activities		6,867.55	
Subtotal Cash Flow-out From Financing Activities	56	636,258,035.85	1,455,159,457.39
Net Cash Flow From Financing Activities		192,563,209.17	-480,106,074.93
4. Effect of exchange rate changes on cash and cash equivalents		-20,475,782.65	542,707.70
5. Net Increase in Cash and Cash Equivalents		-508,824,405.51	469,753,431.25
Add: the Beginning Balance of Cash and Cash Equivalents		3,461,486,732.84	2,730,487,268.95
6. The Ending Balance of Cash and Cash Equivalents		2,952,662,327.33	3,200,240,700.20

Legal Representative:
Yu Baoshan

Accounting Director:
Chen Liping

Accounting Manager:
HouZengquan

**Consolidated Statement of Changes in Equity
for January to June of 2013**

Items	Shareholder's equity attributable to the parent company							Undistributed Profits	Others	Non-controlling shareholder's equity	Total shareholder's equity
	Share Capital	Capital Reserves	Treasury stock	Special Reserves	Surplus Reserves	General Risk Reserves	Current Period				
I. Ending Balance of Last Year	643,080,854.00	676,133,916.27	-	-	432,047,193.77	-	2,393,852,509.26	101,461,644.29	4,246,576,117.59		
Add:											
Changes in accounting policies											
Corrections of Prior Period Errors											
Others											
II. Beginning Balance of Current Year	643,080,854.00	676,133,916.27	-	-	432,047,193.77	-	2,393,852,509.26	101,461,644.29	4,246,576,117.59		
III. Change Through Current Period (" - " for losses)				647,206.02							
1. Net Profit		-37,515,980.38					55,334,088.40	142,874.26	17,560,982.28		
2. Other Comprehensive Income		-37,515,980.38									
Total of 1 and 2		-75,031,960.76					55,334,088.40	142,874.26	17,560,982.28		
3. Contribution and Withdrawal of Capital by Shareholders			2,302,208.48								
(1). Contribution of Capital											
(2). Amounts of Share-based Payments Recognized in Shareholder's Equity											
(3). Others											
4. Profit Distribution			2,302,208.48								
(1). Appropriation of Surplus Reserves											
(2). Appropriation of General Risk Reserves											
(3). Dividends to Shareholders											
(4). Others											
5. Internal Carry-over of Shareholders' Equity											
(1). Capitalized Capital Reserves											
(2). Capitalized Surplus Reserves											
(3). Surplus Reserves for Covering up Losses											
(4). Others											
6. Special Reserves											
(1). Current Period Appropriation											
(2). Current Period Write-off											
(3). Others											
7. Ending Balance of Current Period	643,080,854.00	640,920,144.37	-	647,206.02	432,047,193.77	-	2,372,016,895.18	10,934,963.07	4,099,647,256.41		

Guangzhou Shipyard International Company Limited

Unit: RMB

Legal Representative: Yu Baoshan
Accounting Director: Chen Liping
Accounting Manager: HouZengquan

Items	Shareholder's equity attributable to the parent company							Undistributed Profits	Others	Non-controlling shareholder's equity	Total shareholder's equity
	Share Capital	Capital Reserves	Treasury stock	Special Reserves	Surplus Reserves	General Risk Reserves	Current Period				
I. Ending Balance of Last Year	643,080,854.00	648,953,361.73	-	-	426,330,896.18	-	2,389,241,266.41	93,167,843.74	4,200,774,222.06		
Add:											
Changes in accounting policies											
Corrections of Prior Period Errors											
Others											
II. Beginning Balance of Current Year	643,080,854.00	648,953,361.73	-	-	426,330,896.18	-	2,389,241,266.41	93,167,843.74	4,200,774,222.06		
III. Change Through Current Period (" - " for losses)											
1. Net Profit		-11,259,547.53					87,985,055.14	1,269,469.57	77,694,977.18		
2. Other Comprehensive Income		-11,259,547.53					87,985,055.14	1,269,469.57	69,354,571.11		
Total of 1 and 2		-22,519,095.06					1,754,110.28	2,538,939.14	147,049,548.29		
3. Contribution and Withdrawal of Capital by Shareholders											
(1). Contribution of Capital											
(2). Amounts of Share-based Payments Recognized in Shareholder's Equity											
(3). Others											
4. Profit Distribution											
(1). Appropriation of Surplus Reserves											
(2). Appropriation of General Risk Reserves											
(3). Dividends to Shareholders											
(4). Others											
5. Internal Carry-over of Shareholders' Equity											
(1). Capitalized Capital Reserves											
(2). Capitalized Surplus Reserves											
(3). Surplus Reserves for Covering up Losses											
(4). Others											
6. Special Reserves											
(1). Current Period Appropriation											
(2). Current Period Write-off											
(3). Others											
7. Ending Balance of Current Period	643,080,854.00	637,693,814.20	-	-	426,330,896.18	-	2,477,226,321.55	94,437,313.31	4,278,769,199.24		

Legal Representative: Yu Baoshan
Accounting Director: Chen Liping
Accounting Manager: HouZengquan

Statement of Changes in Equity of the Parent Company
For January to June, of 2013

Guangzhou Shipyard International Company Limited

Unit:RMB

Items	Share Capital	Capital Reserves	Treasury stock	Less:	Current Period Special Reserves	Surplus Reserves	General Risk Reserves	Undistributed Profits	Total shareholder's equity
I. Ending Balance of Last Year	643,080,854.00	676,133,916.27			430,871,381.60			2,330,975,528.31	4,081,061,680.18
Add:									
Changes in accounting policies									
Corrections of Prior Period Errors									
Others									
II. Beginning Balance of Current Year	643,080,854.00	676,133,916.27			430,871,381.60			2,330,975,528.31	4,081,061,680.18
III. Change Through Current Period (" - " For losses)		-37,515,980.38						68,068,594.47	30,552,614.09
1. Net Profit								145,238,296.95	145,238,296.95
2. Other Comprehensive Income		-37,515,980.38						-37,515,980.38	-37,515,980.38
Total of 1 and 2.		-37,515,980.38						145,238,296.95	107,722,316.57
3. Contribution and Withdrawal of Capital by Shareholders									
(1). Contribution of Capital									
(2). Amounts of Share-based Payments Recognized in Shareholder's Equity									
(3). Others									
4. Profit Distribution								-77,169,702.48	-77,169,702.48
(1). Appropriation of Surplus Reserves									
(2). Appropriation of General Risk Reserves									
(3). Dividends to Shareholders									
(4). Others									
5. Internal Carry-over of Shareholders' Equity									
(1). Capitalized Capital Reserves									
(2). Capitalized Surplus Reserves									
(3). Surplus Reserves for Covering up Losses									
(4). Others									
6. Special Reserves									
(1). Current Period Appropriation									10,235,124.16
(2). Current Period Write-off									-10,235,124.16
7. Others									
IV. Ending Balance of Current Period	643,080,854.00	638,617,935.89			430,871,381.60			2,399,044,122.78	4,111,614,294.27

Legal Representative:
Yu BaoshanAccounting Director:
Chen LipingAccounting Manager:
HouZengquan

Items	Share Capital	Capital Reserves	Treasury stock	Less:	Last Period Special Reserves	Surplus Reserves	General Risk Reserves	Undistributed Profits	Total shareholder's equity
I. Ending Balance of Last Year	643,080,854.00	648,953,361.73			425,155,084.01			2,279,528,850.04	3,996,718,149.78
Add:									
Changes in accounting policies									
Corrections of Prior Period Errors									
Others									
II. Beginning Balance of Current Year	643,080,854.00	648,953,361.73			425,155,084.01			2,279,528,850.04	3,996,718,149.78
III. Change Through Current Period (" - " For losses)		-11,259,547.53						94,335,760.70	83,076,213.17
1. Net Profit								94,335,760.70	94,335,760.70
2. Other Comprehensive Income		-11,259,547.53						-11,259,547.53	-11,259,547.53
Total of 1 and 2.		-11,259,547.53						94,335,760.70	83,076,213.17
3. Contribution and Withdrawal of Capital by Shareholders									
(1). Contribution of Capital									
(2). Amounts of Share-based Payments Recognized in Shareholder's Equity									
(3). Others									
4. Profit Distribution									
(1). Appropriation of Surplus Reserves									
(2). Appropriation of General Risk Reserves									
(3). Dividends to Shareholders									
(4). Others									
5. Internal Carry-over of Shareholders' Equity									
(1). Capitalized Capital Reserves									
(2). Capitalized Surplus Reserves									
(3). Surplus Reserves for Covering up Losses									
(4). Others									
6. Special Reserves									
(1). Current Period Appropriation									
(2). Current Period Write-off									
7. Others									
IV. Ending Balance of Current Period	643,080,854.00	637,693,814.20			425,155,084.01			2,373,864,610.74	4,079,794,362.95

Legal Representative:
Yu BaoshanAccounting Director:
Chen LipingAccounting Manager:
HouZengquan

NOTES TO THE FINANCIAL STATEMENTS

For the period from January 1, to June 30, 2013
(Amounts in Renminbi yuan unless otherwise stated)

I. BACKGROUND INFORMATION

Guangzhou Shipyard International Company Limited (“the Company”, the Company and its subsidiaries collectively referred to as “the Group”) was reorganized in 1993 from Guangzhou Shipyard, and incorporated in the PRC as a limited liability company. The Company was incorporated and registered in Guangzhou, which was approved by Guojiatigaisheng (1993) Circular 83. The Company changed as a public limited liability company, which was approved by Guojiatigaisheng (1993) Circular 110 on 5 July 1993. Its registered on 7 June, 1993, addressed No.40, south Fangcun Avenue, Liwan District, Guangzhou.

The Company’s public offering A-shares of 337,279,600 listed on 22 September 1993 was approved by China Securities Regulatory Commission (1993) No.31, China Securities Regulatory Administrator ZhengjianFa trial (1993) No.26 and Shanghai Stock Exchange listing application (1993) No.2076. The shares were traded on 28 October 1993. The Company’s public offering H-shares of 157,398,000 listed on 21 July 1993 on Hong Kong Stock Exchange were traded on 6 August 1993 and thereafter, the total amount of company share capital is 494,677,600 shares.

Pursuant to the Company’s 2010 annual general meeting and revised Articles of Association, the Company applied to increase its registered capital by RMB 148,403,274 and capitalize its capital reserves to increase paid-in capital. The deadline for submitting the documents of transfer of H-shares was 15 July 2011 and the registration date of A-shares was 19 July 2011. The registered capital was therefore increased to RMB 643,080,900. On 4 September 2012, Corporation Legal Representative Business License with registration NO.440101400025144 was reissued by and acquired from Guangzhou Municipal Bureau of Industrial and Commercial Administration, Legal Representative: Yu Baoshan. As of 30 June 2013, the Company’s total amount of capital share is 643,080,900 shares, which are all unrestricted shares.

The Group belongs to shipbuilding industry. The principal business scope covers: shipbuilding, steel structure engineering, and other mechanical and electrical equipment. In addition to large vessels, the Company’s principal products include steel structure’s manufacturing, coating & erecting for bridges & high-rise construction & large-size pipe, manufacturing & installing of passenger/goods lift, foils and studs for hydrofoil, port machinery, hydraulic machines, production line for external painted steel plates of refrigeration and design & manufacturing of crane machinery.

The Company’s controlling shareholder is China State Shipbuilding Corporation (“CSSC”), and the ultimate controlling party is the State-owned Assets Supervision and Administration Commission of the State Council.

II. ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. 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 Accounting Standards for Business Enterprises issued on 15 February 2006 by the Ministry of Finance of the PRC, 38 items of specific accounting standards and subsequently issued guidelines of Accounting Standards for Business Enterprises, interpretations to Accounting Standards for Business Enterprises and relevant regulations, (together 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.

2. 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, 2013 and of the operating results and cash flows for the period then ended.

3. Accounting period

The accounting year of the Group is from 1 January to 31 December.

4. Functional currency

The Company and the Group’s functional currency is Renminbi (“RMB”). The consolidated financial statements are prepared in Renminbi (“RMB”).

5. Basis of accounting and measurement

The accrual basis is adopted for accounting treatment to follow the historical cost method, except that some financial instruments are measured at fair value.

6. Business combination

A business combination is combining more than two separate entities into one reporting entity. The Group recognizes identified assets and liabilities on acquisition date, which is the date when the control over the identified assets and liabilities of the acquiree is transferred to the Group.

Business combination is divided into under common control and not under common control.

(1) Business combination under common control

The assets and liabilities obtained are measured at the carrying amounts as recorded by the enterprise being combined at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination is adjusted to share premium (or capital premium) in the capital reserve. If the balance of share premium (or capital premium) is insufficient, any excess is adjusted to retained earnings.

(2) Business combination not under common control

For the enterprises not under the common control, the acquiree’s identifiable assets, liabilities and contingent liabilities are recognized at their fair values at the acquisition date.

When the combination cost exceeds the acquirer’s interest in the fair value of the acquiree’s identifiable net assets, the difference shall be recognized as goodwill. When combination cost is less than the acquirer’s interest in the fair value of the acquiree’s identifiable net assets, after reassessment, if the cost of combination is still less than the acquirer’s interest in the fair value of the acquiree’s identifiable net assets, the acquirer shall recognize the remaining difference in profit or loss for the current period.

(3) Acquiring non-controlling shareholders’ equity

After acquiring control over subsidiaries, after obtaining all or partial equity from non-controlling shareholders, in the consolidated financial statements, the assets and liabilities of subsidiaries are disclosed on the price of acquisition date or consolidation date. Because the Long-term equity investment increased should be calculated based on updated holding rights, the difference of net assets held from subsidiaries since acquisition date or consolidation date should be adjusted to Capital reserves (Share capital premiums); if Capital reserves (Share capital premiums) isn’t enough to charge, we should adjust retained earnings.

7. Preparation of consolidated financial statements

The scope of consolidated financial statements includes the Company and its controlled subsidiaries.

Control refers to the right that the Group is able to make decisions on financial and operational policies of the invested company, and receiving benefits from the business activities conducted by the invested company. The operation and financial position of the controlled subsidiaries was consolidated through the period of consolidation.

The significant balance, transactions and unrealized profits in the consolidation scope are offset when prepare consolidation statements. Shareholders' equity of subsidiary and net profit and loss which are not belonging to the Company will be treated as non-controlling shareholders' equity and profit and loss, which are presented separately under the shareholders' equity and the item below net profit in consolidation statements. The current loss bore by non-controlling shareholders' exceeds the initial equity proportions at the beginning year owned by non-controlling shareholders in subsidiaries, the balance would write down the non-controlling shareholders' equity.

When accounting policy and accounting period that subsidiaries adopt are not in accordance with the Company, Subsidiaries' financial statements should be adjusted based on the Company's accounting policy and accounting period.

For subsidiaries acquired through business combination not under common control, their financial statements should be adjusted based on identifiable fair value of net assets at the purchase date. For subsidiaries acquired through business combination under common control, the business combination is treated occurred at the beginning of the earliest reporting period. The assets, liabilities, operation results and cash flow are recorded at the consolidation statements at its book value from the beginning of the earliest reporting period.

8. Cash and cash equivalents

Cash in the cash flow statement indicates the cash on hand and the deposit in bank available for payment at any time. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of value change.

9. Foreign currency transaction

Transactions by foreign currency are translated into RMB at the spot exchange rate of the transaction date. On the balance sheet date, monetary items in foreign currency are translated into RMB at the spot exchange rate of the balance sheet date. Except for from the exchange difference caused by specific foreign currency loans made to purchase or manufacture assets which will be capitalized, the exchange difference is accounted into current profit and loss. For non-monetary accounts measured in foreign currency under historical cost method, the exchange rate on the date when the cost is recognized is applied and the amount in RMB kept unchanging. For non-monetary items in foreign currency measured at fair value, the exchange rate on the date when the fair value is recognized is applied and the exchange difference is accounted into current profit and loss as a result of fair value change, or recognized as other comprehensive income and charged into capital reserves.

10. Financial instruments

(1) Financial assets

(i) Classification of financial assets

Financial assets can be initially recognized as: Financial assets at fair market value through profit or loss, Held-to-maturity investments, Loans and receivables and Financial assets available for sale. The Financial assets category is determined by the Group's holding intention and holding capacity.

Those Financial assets at fair market value through profit or loss held for sale in the short term are disclosed as Financial assets held for trading in the Balance sheet.

Held-to-maturity investments are those investments with fixed collectable amounts, or the amounts can be reasonably determined; the non-derivative financial assets which management has a clear intention of holding to maturity.

Loans and receivables are non-derivative financial assets that have no quoted market prices in the active market, and the collectable amount is fixed or reasonably estimated.

Financial assets available for sale include initially recognized non-derivative Financial assets available for sale, or those financial assets that cannot be categorized.

(ii) Recognition and measurement of financial assets

A financial asset is recognized in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument. Financial assets are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs.

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently measured at fair value. Loan and receivables and held-to-maturity investments are measured at amortized cost using the effective interest method.

Financial assets at fair market value through profit or loss are recorded as 'Gain or loss from changes in fair value'. Interest or cash dividends received during the period in which such financial assets are held, are recognized as 'Investment income'. On disposal, the difference between fair value of disposal and initial recorded amount are recognized as 'Gain or loss on Investment' and adjust the gain or loss from changes in fair value accordingly.

Except for exchange of impairment loss and exchange gain or loss arising from foreign currency monetary financial assets, changes in fair value of available-for-sale financial assets are directly recorded in shareholders' equity. Until such financial assets is derecognized, the differences between the consideration received and the carrying amount of assets after deducting the accumulated fair value adjustments previously recorded in equity are charged to profit or loss for the period as 'Investment income'. Interests for the period in which the assets are held are calculated using the effective interest method is charge to profit or loss for the period as 'Investment income'. Cash dividends declared by the investee company relating to available-for-sale equity instruments are charged to profit or loss for the period as 'Investment income'.

(iii) Impairment of financial assets

The Group assesses the carrying amount of financial assets, other than those at fair value through profit and loss, at the balance sheet date. Impairment of financial assets is provided for when there is objective evidence that a financial asset is impaired.

When an impairment of financial assets carried at amortized cost has occurred, the amount of loss is provided for at the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit loss that have not been incurred). If there is objective evidence indicating that the value of the financial asset is recovered and recovery is related objectively to events occurring after the impairment was recognized, the previously recognized impairment loss is reversed and the amount of reversal is recognized in profit and loss for the period.

When there is a significant or prolonged decline in the fair value of Financial assets available for sale, the accumulated losses in fair value that was previously directly recorded in shareholder's equity are transferred out and recognized as impairment losses. For the available-for-sale investment on debt instruments which impairment losses have been recognized, if in subsequent period, its fair value increases and the increase is objectively related to an event occurring after the impairment loss was recognized in profit or loss, the previous recognized impairment loss is reversed into profit or loss for the period. For an investment in an equity instrument classified as available-for-sale equity on which impairment loss has been recognized, the increase in its fair value in a subsequent period is directly charged into shareholders' equity.

(iv) **Transfer of financial assets**

A financial asset is derecognized when any one of the following conditions is satisfied: i) the rights to receive cash flows from the asset expire, ii) the financial asset has been transferred and the Group transfers substantially all risks and rewards relating to the financial assets to the transferee, iii) the financial asset has been transferred to the transferee, the Group has given up its control of the financial asset although the Group neither transfers nor retains all risks and rewards of the financial asset.

Where an entity neither transfers nor retains substantially all risks and rewards of financial asset and does not give up the control over such financial asset, then the entity recognizes such financial asset to the extent of its continuous involvement and recognizes the corresponding liabilities. The extent of the continuous involvement represents the extent to which the entity exposes to changes in the value of such financial asset.

In the case where the financial asset as a whole qualifies for the de-recognition conditions, the difference between the carrying value of transferred financial asset and the sum of the amount received for transfer and the accumulated amount of changes in fair value that was previously recorded under other comprehensive income is charged into profit or loss for the period.

In the case where only part of the financial asset meets the criteria for derecognition, the carrying amount of financial asset being transferred is allocated between the portions that to be derecognized and the portion that continued to be recognized according to their relative fair value. The difference between the amount of consideration received for the transfer and the accumulated amount of changes in fair value that was previously recorded in other comprehensive income of the part qualifies for derecognition and the above-mentioned allocated carrying amount is charged to profit or loss for the period.

(2) Financial liabilities

Financial liabilities of the Group are classified as “financial liabilities at fair value through profit or loss” and “other financial liabilities” on initial recognition.

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and those designated as fair value through profit or loss on initial recognition. They are subsequently measured at fair value. The net gain or loss arising from changes in fair value, dividends and Interest expenditure related to such financial liabilities are recorded in profit or loss for the period in which they are incurred.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

A financial liability is derecognized when the underlying present obligations (or part of it) are discharged.

When a financial liability is entirely or partly derecognized, the difference between the carrying amount of the financial liability derecognized and the consideration paid (including transferred non-monetary assets or the financial liabilities that the group is proposed to assume) is recognized in profit or loss for the period.

(3) Fair value determination of financial assets and financial liabilities

(i) Where there is active trading market, the fair value of the financial instruments is determined by reference to the quoted price in the active trading market. In the active trading market, the fair value of financial assets already held by the Group or the financial liabilities that the group is proposed to assume is determined by the current bid price of the corresponding assets or liabilities. The fair value of financial assets that the Group is propose to acquire or the liabilities already assumed by the Group is determined by the ask price of the corresponding assets and liabilities. Where the financial assets and financial liabilities do not have bid price or ask price, and there are no significant changes in operating environment after the recent transaction date, the fair value of such financial assets or financial liabilities are determined by reference to the quoted prices of recent transactions. Where there are significant changes in operating environment after the recent transaction date, the fair value of such financial assets or financial liabilities are determined by the quoted price of the most recent transactions as adjusted by reference to the current prices or interest rate. Where there is sufficient evidence to show that the market quoted price of the recent transactions is the fair value of such financial assets or financial liabilities is determined by the quoted price of the recent transaction after making appropriate adjustments.

(ii) Where there is no active trading market for the financial instruments, the fair value of such financial instruments is determined by valuation techniques. Valuation techniques include making reference to the price of recent market transactions by knowledgeable and willing parties; making reference to the current fair value of another financial assets that are the substantially identical with such financial assets; discounting method of cash flows, share option valuation model, etc.

(4) Offsetting financial assets and financial liabilities

When there is legal entitle to offset financial assets and financial liabilities, and the parties involved is agreed to record the net amount, or settling financial assets and financial liabilities aggregately (Other than netting agreement), financial assets and financial liabilities can be offset in balance sheet statement.

11. Receivables

Receivables (including accounts receivables and other receivables) are initially recorded at consideration of contract value. In cases where debtors are bankrupt or dead, unrecoverable even after settlement out of litigation and liquidation or out of legacy; where there are no other obligators, or overdue debtors failed to meet their debt obligations, the receivables are recognized as bad debts, with approval under appropriate procedures.

When the Group financing from bank or other financial institution in transferring claims receivables, pledge or bill discount, according to the agreement, if debtor has not satisfied debts obligation when the debts obligation to financial institution due, the claims receivable is recognized as hypothecate loan; if there is no obligation to any financial institutions, the claims receivables shall be transferred and recognized as gain or loss on obligation rights transferred.

When the accounts receivable is collected, the difference between receivables collected amount and book value of accounts receivables is recognized into current profit and loss.

The Company divides trade receivable into those without provision for impairment or those with provision for impairment. Receivables of companies in the scope of consolidation do not make provision. Those with provision are divided into single significant receivables and single insignificant receivables, and the provision method is shown as follows:

(1) Accounts receivable that are individually significant and are provided for bad debts on individual basis

Receivables over RMB 10,000,000.00 are recognized as significant.

On balance sheet date, the Company shall assess the significant receivables individually for impairment, and recognize the amount of impairment loss at the difference between discounted present value of future cash flow and the carrying amount, recording bad debt allowance. If there is no indication of impairment, receivables together with the insignificant amounts shall be assessed collectively, and the allowance is provided based upon ratio of 0.5% of its ending balance.

(2) Accounts receivable that are individually insignificant but are provided for bad debts on individual basis

Insignificant individual receivables aged over 1 year or there is indication of impairment, are categorized into provision of individual receivables with insignificant level. For the impaired receivables, the provision of bad debts is made according to the difference between the present value of future cash flows and the book value of receivables. For the receivable which is not impaired, the rate of 0.5% of accounts receivables at balance date is made to the provision.

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

The provision is made on individual receivables with no provision grouped with other no impairment tested accounts receivables, based upon ratio of 0.5% of the amount at balance date.

12. Inventories

The inventories of the Group include raw material, low-valued consumables, work in process, and finished goods.

The inventory is measured at historical cost which consists of purchase cost, processing cost and other expenditures for the purpose of inventory available for current location and status, when acquired.

Receiving or delivering inventory pricing model is as follows:

- 1) Raw materials are stated at standard costs in daily in-out operating. The amount is adjusted for price variance to arrive at actual cost at the end of month;
- 2) Low-value consumables are amortized by write-off methods;
- 3) Finished products and work-in-progress are stated at historical cost in daily operating.

At the end of period, inventory is measured as the lower of historical cost and net realizable value. If the carrying amount of inventories exceeds their net realizable value, the provision of impairment for inventory will be made. The provision of impairment for finished goods and raw materials in a large amount is made on the basis of the difference of the cost of the individual inventory item over its net realizable value. The provision of impairment for the auxiliary materials with a large quantity and low cost is withdrawn in terms of classification.

The net realizable value of these inventories, such as finished goods, work in process and materials for sale, is the estimated price after estimated sales expenses and relevant taxes. The net realizable value of materials which are for production is estimated price of relevant finished goods after estimated cost for finished goods, estimated sales expenses and relevant taxes.

The Group adopts perpetual inventory method to account inventories and stocktaking is performed periodically. Gain or loss discovered in stock-taking shall be recognized in current period.

13. Long-term equity investment

Long-term equity investment includes the Company's long-term equity investments in subsidiaries, in associates, in jointly controlled entities, and in investees without control, common control or significant influence, and no quoted price or fair value in active market.

Subsidiaries are the companies of which the Company can exercise control over; joint ventures are the companies of which the Company can exercise joint control with other parties; and associates are the companies of which the Company has significant influence over its financial and operating policies.

(1) Basis for determining control, jointly control and significant influence

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In determining whether to exercise control over the investees, in which of current convertible corporate bonds and current executable warrants and potential voting rights factors are also be considered.

Jointly control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of investee but is not control or joint control over those policies. The evidence of significant influence is the direct ownership or indirect ownership through subsidiaries of from 20% up to 50% voting rights from investees otherwise there must be solid evidences showing investors cannot be involved in investees' decision making under such conditions.

(2) Initial measurement for Long-term equity investment

For the merger of enterprises under the same control, on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise as the initial cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted.

The Long-term equity investment acquired through a business combination but not involving an enterprise under common control shall be the combination cost which contains assets given, liabilities incurred or assumed and equity securities issued as consideration of business combination on the acquisition date. Goodwill is measured as the excess of the cost of the business combination over the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities recognized. When cost of the business combination less than the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities recognized, the difference will be charged to profit or loss for the current period.

The initial cost of a long-term equity investment obtained by making payment in cash shall be the purchase cost which is actually paid.

The initial cost of a long-term equity investment obtained on the basis of issuing equity securities shall be the fair value of the equity securities issued.

The initial cost of a long-term equity investment of an investor shall be the value stipulated in the investment contract or agreement.

The initial cost of a long-term equity investment obtained from debt restructuring, non-monetary asset exchanges should be determined according to related accounting principles.

(3) Subsequent measurement for Long-term equity investment

Long-term equity investment to subsidiaries shall be accounted using the cost method and be adjusted when the Company prepares the consolidated financial statements. Where the Group obtain control over the investee company as results from such as making additional investment, the long-term equity investments will also be changed to be accounted for using cost method. Where the Group obtain joint control or significant influence over the investee company as results from such as making additional investment or where Group has no longer control but remain joint control or significant influence over the investee company as results from such as partially disposal of the investment, the investment can be recognized as Financial assets available for sale.

Under the cost method, long-term equity investments are measured initially at its investment cost, and adjusted by the amount of additional investment and the amount recovered. The announced cash dividends or profit should be recognized as Investment income.

When equity method is adopted, the current investment gain or loss referring to the net gain or loss distributed quota which the investee should be on the responsibility of sharing or taking in current period, is adjusted to the book value of long-term equity investment; the other change in equity except for the reason of investee's gain or loss, when share percentage maintains unchanged, is adjusted to the book value of long-term equity investment and capital reserve (other capital reserve). When the company affirms the net profit quota getting from investee, it should base on the investees assets identification in fair value, then according to the company's accounting policies and accounting period, counteracting the parts the inner related dealings gain or loss in the light of holding shares quota arising from combine company and associated company, at last affirming the net profit of investee after adjusting. The share profit in investment is calculated according with the profit or cash dividends declared of the investee, and corresponding reduction in the carry amount of long-term investment. The Group reduces the book value of the long-term investments limited to zero, except the investment with the unlimited obligation contract, when the investees recognize net loss for the financial period. In addition, if the Group has investment with unlimited obligation contract, the loss will be recorded in the current income statement and estimated liabilities is recorded in the statement of financial position. If the investment recorded net profit in subsequent periods, the unrecognized share of loss will be revised, and record the share profit income statement. For the first time adoption of new accounting policy, by the long term equity investment of joint ventures and associated companies, if the positive difference related to the equity investment exists, the positive balance by the straight line amortization should be reversed, and recognized as gain or loss on investment.

Where the Group has no longer joint control or significant influence in the investee company as a result of reduction of the investment and there are no quoted prices for the investment in active market and its fair value cannot be measured reliably, it will be changed to be accounted for using cost method. Where the Group obtain control over the investee company as results from such as making additional investment, the long-term equity investments will also be changed to be accounted for using cost method. Where the Group obtain joint control or significant influence over the investee company as results from such as making additional investment or where Group has no longer control but remain joint control or significant influence over the investee company as results from such as partially disposal of the investment, the investment will be changed to be accounted for using equity method.

(4) Disposal of Long-term equity investment

On disposal of a long-term equity investment, the difference between the carrying value and the consideration actually received is recognized as investment income for the period. For long-term investments accounted for under equity method, the movements of shareholder's equity, other than the net profit or loss, of the investee company, previously recorded in the shareholder's equity of the Company are recycled to investment income for the period on disposal.

(5) Long-term equity investment impairment

At the balance sheet date, the Group estimates the recoverable amounts of long-term equity investments of subsidiaries, joint-ventures and associated enterprise if there is an indication of possibility that impairment may occur, and the amount that recoverable amount less than book value are recorded as long-term equity impairment, and assets losses impairment in current profit and loss as well. If impairment occurs on other investment, the amount that the present value of future cash flow of similar financial assets' market profitability less book value is recognized as long-term impairment and assets losses impairment in current profit and loss as well. The above provision cannot be reversed in the future.

14. Investment property

The investment properties of the Group include leased buildings.

The investment property is initially recognized at its cost. The cost of an investment real estate by acquisition consists of the acquisition price, relevant taxes, and other expenses directly relegated to the asset. The cost of a self-built investment real estate composes of the necessary expenses for building the asset to the hoped condition for use. The subsequent expenses related to Investment property, when economic benefit would probably flow into and the amount would be reliably measured, are recognized as cost of an investment real estate; otherwise, recognized as a component of income statement when incurred.

The Group subsequently measures the investment property through the cost pattern.

The investment property is depreciated in the straight line method based on its estimated useful life and net salvage value. Hereby presented the estimated useful life, net salvage value and annual depreciation rate:

Classes	Estimated useful life (Year)	Estimated residual percentage (%)	Annual depreciation (amortization) rate (%)
Building	45-70	3	1.39-2.16

The Group will review the useful life, the estimated salvage value and the amortization method of investment property on each balance sheet date, and make an appropriate adjustment when necessary.

When the Investment property is changed for self use, it shall be converted to fixed assets or intangible assets since the conversion date. When the real estate for owner occupied is changed for generating rents or capital appreciation, it is converted to the Investment property since the conversion date. The book value of the real estate prior to the conversion shall be entry value after conversion.

If an Investment property is disposed of, or if it withdraws permanently from use and if no economic benefit will be obtained from the disposal, the recognition of it as an Investment property shall be terminated. When an enterprise sells, transfers, damaged or destroys in investment property, the enterprise shall deduct the book value of the Investment property as well as the relevant taxes from the disposal income, and include the amount in the current profits and losses.

15. Fixed assets

Fixed assets of the Group are tangible assets that held for production of goods or rendering of services, leasing to others, or for administrative purposes; have useful life over one accounting year.

Fixed assets consist of buildings, machinery, transportation facilities and others.

The cost of an item of fixed assets shall be recognized as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Fixed assets of the Group are initially measured at cost. The cost of a purchased fixed asset comprises the purchase price, value-added tax, import custom duties and other related taxes, and any directly attributable expenditures for bringing the asset to working condition for its intended use. The cost of a self-constructed fixed asset comprises those expenditures necessarily incurred for bringing the asset to working condition for its intended use. The cost of a fixed asset contributed by an investor will be determined in accordance with the value stipulated in the investment contract or agreement, expect where the value stipulated in the contract or agreement is not fair. A fixed asset that is obtained under a finance lease is measured at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

Subsequent expenditure incurred on a fixed asset, such as repairs and maintenance cost, dismantlement, removal and restoration costs, is included in the cost of the fixed asset, only if it meets the recognition criteria of a fixed asset. The carrying amount of the replaced part is derecognized. Other subsequent expenditure that fails to meet the recognition criteria of a fixed asset shall be recognized in profit or loss in the period in which they are incurred.

Except for those fixed assets that are fully depreciated but still in use and lands that are separately recorded, depreciation is provided for fixed assets over their estimated useful life using the average life method. Depreciation charge is included in the cost of fixed assets or expenses for the period according to the usage of the assets. The useful life, estimated residual value and annual depreciation rate of each classification of the Group's fixed assets are as follows:

No.	Classification	Useful life (year)	The rate of salvage value (%)	Depreciation rate (%)
1	Building	8-50	3-10	1.8-12.13
2	Machinery	6-20	3-10	4.5-16.17
3	Transportation Equipment	10-15	3-10	6.47-9.7
4	Others	5-50	3-10	2.57-12.13

The Group reviews the estimated useful life and estimated net residual value of a fixed asset and the depreciation method at the end of each financial year. Any changes are accounted for as a change in an accounting estimate.

For the fixed assets of financial lease nature, if the ownership can be determined reasonably at the end of lease, then same depreciation method as other fixed assets will be adopted during the leased assets' useful life; if the ownership cannot be determined reasonably at the end of lease, the same depreciation method as other fixed assets will be adopted for either useful life of the leased assets or lease term whichever is shorter.

A fixed asset is derecognized when it is disposed or expected not bringing economic benefit from its use or disposal. The net amount of proceeds from disposal, transfer, retirement or damage of the asset after the carrying amount and related taxes is recognized in profit or loss for the current period.

16. Construction in progress

The cost of construction in progress is measured based on actual construction expenditures incurred which includes construction expenditures, borrowing expenditures in accordance with condition of capitalism and other essential expenditures which could make construction in progress be ready for their intended use.

Construction in progress is transferred to the fixed assets when the assets are ready for their intended use at an estimated amount based on the project budget or actual cost of construction. Depreciation is provided for as from the next month of the transfer. The cost of the asset is adjusted when the construction finalization procedures are completed.

17. Borrowing costs

Borrowing costs include interest, amortization of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings.

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset commence capitalized as part of the cost of assets when expenditures for the asset have been incurred; the borrowing costs have been incurred; and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have been commenced. The capitalization of borrowing costs ceases when the qualifying assets under acquisition, construction or production become ready for their intended use or sale. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Qualifying assets are assets (fixed assets, investment property, inventories) that necessarily take a substantial period of time (usually more than 1 year) for acquisition, construction or production to become ready for their intended use or sale.

The current actual interest expenses from specific borrowings are capitalized, after deducting interest income as deposit in bank or short-term investment gains. The capitalized amount for the general borrowing is calculated as weighted average of the general borrowing times the weighted average of the interest rate of the general borrowing. The capitalized rate is calculated by weighted average of the interest rate of the general borrowing.

During capitalization period, exchange differences of specific foreign currency borrowing will be capitalized; exchange differences for general foreign currency borrowing will be accounted for the current period profit and loss.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally and the interruption is for a continuous period of more than 3 months, until the acquisition, construction or production activities is resumed.

18. Intangible assets

The intangible assets include the land use right and non-patent technology.

Intangible assets are measured at actual cost on acquisition. The cost of intangible assets purchased from outsiders includes purchase prices and other relevant expenditure. The cost of intangible assets injected by investors to the Group is measured at the consideration as specified in the investment contracts or agreements. In the case where the consideration of the contracts or agreements is not a fair value, the assets are measured at its fair value.

For intangible assets with limited useful lives, the Group adopts straight line method at the month of acquisition. The Group amortizes land use right on the basis of its useful life by straight line method since it is acquired. The patent technology, non-patent technology and other intangible assets are amortized on the basis of shorter of estimated useful life, stipulated beneficial year by contract, and legal available year. The amortization amount is accounted into related assets and current profit and loss.

The Group makes the assessment on the estimated useful life and amortization method of intangible assets with limited useful life at each financial year end and makes adjustment if needed. If any changes occur, they will be regarded as changes on accounting estimates.

The Group does not amortize intangible assets with uncertain useful life, and make an impairment loss test at each financial year end. The Group would assess the estimated useful life of intangible assets with uncertain useful life during each accounting period. If there are evidences to prove the useful life of intangible assets is limited, the Group will estimate their useful life and amortize the intangible assets within the estimated lifetime.

When there is evidence to indicate impairment loss of intangible assets, the Group will perform impairment test on the intangible assets with certain useful life at the year end. For the intangible assets without certain useful life, Group will perform impairment test regardless whether there is evidence to indicate impairment loss.

19. Research and development expenditure

Research and development expenditures of the Group is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at the end of the project.

Expenditure on the research phase is recognized in profit or loss for the period as incurred.

Expenditure on the development phase is recognized as an intangible asset only if all of the following conditions are satisfied:

- 1) It is technically feasible that the intangible asset can be used or sold upon completion;
- 2) There is intention to complete the intangible asset for use or sale;
- 3) There is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market;
- 4) There is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset;
- 5) The expenses attributable to the development stage of the intangible asset can be measured reliably.

Other expenditures that do not meet the above conditions are expensed in the period as incurred. Development expenditure previously expensed in prior periods is not recognized as an asset in subsequent period. Capitalized expenditure on the development phase are stated in the balance sheet as 'Development Expenditure' and transfer to as 'Intangible assets' when they become ready for their intended use.

20. Long-term unamortized assets

Long-term unamortized assets of the Group are expense incurred and amortized in a period longer than 1 year (excluding 1 year). Long-term deferred expenses should be amortized evenly in the period and presented as the net difference of actual expenditures and accumulated amortizations.

If the long-term prepayments are no longer beneficial to the subsequent accounting periods, the unamortized balance is then transferred to profit or loss for the period.

21. Impairment of non-financial assets

At balance sheet date, the impairment test would be made for any assets which exists indications of impairment like fixed assets, construction in progress, intangible assets with limited useful life, investment property measured by cost model and long-term equity investment in subsidiaries, joint companies and associated companies. The difference should be accrued as impairment and accounted for impairment losses if the result of impairment test indicates that the book value of assets over recoverable amount. Recoverable amount should be measured at the higher of the fair value after subtracting the costs of disposal of the net and the present value of estimated future cash flows. Assets' provision for impairment is calculated based on the single asset, if the recoverable amount of single asset is difficult to estimate then the portfolio of which the single asset belonged to should be used as calculation unit. The portfolio is the minimal combination of assets which can generate cash inflow independently.

Impairment test should be made for goodwill, separately listed in the balance sheet, at least once a year regardless of whether there is indication of impairment loss. The book value of goodwill is distributed to assets portfolio or combination of assets portfolio which is expected to benefit from business combination agreement. Loss needs to be recognized when the result of the test indicates that recoverable value of asset portfolio or combination of asset portfolios which contains goodwill is lower than its book value. The provision of impairment amount is offset against the book value of distributed goodwill first, and then offset book value of other assets based on the proportion of other assets of the asset portfolio or combination of asset portfolios.

The impairment loss of the above assets shall not be reversed in subsequent accounting periods once confirmed.

22. Employee benefits

Employee benefits include salaries, bonus, allowances and subsidies; staff benefits, social security contributions; housing funds; union funds and staff education funds and other expenditure incurred for services rendered by employees.

Employee benefits are recognized as liabilities during the accounting period when the employee renders services to the Group. Employee benefits are allocated to related cost of assets and expense based on different beneficiaries. Compensation for termination of relationship with employees is recognized in the profit or loss for the period.

23. Estimated liabilities

When an external warranty, commercial acceptance discount, pending legal proceedings or arbitration, warranty on quality of goods or other contingent matters meet the following requirements, the Group will recognize them as liabilities. The requirements mentioned above are as follows: the assumed responsibilities are actual and real; the fulfillment of obligations will probably to cause the outflow of economic benefit from the Group; the amount of liabilities can be measured reliably.

Estimated liabilities are initially recognized at the most appropriate estimation of obligations by considering relative risks, uncertainties and time value etc. If the effect from time value of currency is significant, the most appropriate estimation will be discounted into present value. The increase amount of book value of estimated contingent liability due to over time discounted is recognized as interest expenses.

The Group assesses the book value of estimated liabilities on each balance sheet date and adjustments will be made if there are changes, in order to indicate the most appropriate estimation of obligations.

24. Work safety fees

According to the Regulation for accrued work safety fees and usage (Caiqi [2012] No.16), the Group's shipbuilding companies and supporting manufacturing enterprises should standardize the work safety fees accrual and usage.

The accrued work safety fees were charged into the product's cost, and Special reserves. When writing off work safety fees within specified range, it should directly write off Special reserves when accounted for as expenses; If capitalizing work safety fees into Fixed assets, it should be pooled in Work in progress and transfer to Fixed assets when the projects reach intended use state, the cost of which should write off Special reserves, and recognize accumulated depreciation at the same amount. This Fixed asset would not be depreciated in the future fiscal years.

The balance of work safety fees can be transferred to next fiscal year. If the work safety fees are not enough, the difference can be expensed as other costs, and no supplementary work safety fees would be accrued.

25. Recognition of revenue

The revenue of the Group is mainly revenue from sales of goods, provision of services, property rental income and revenue from construction contracts. Revenue recognition principles are as follows:

(1) Sales of goods

The revenue from selling goods shall be realized, when main risks and rewards related to the ownership of goods have been transferred to buyers, and the Group doesn't hold continuing management rights or effective control rights of goods, and the relevant economic benefits may flow into the Group, and the amount of this relevant revenue can be measured reliably.

(2) Provision of services

The revenue from rendering service will be recognized when the total income and cost of service can be measured reliable, relative economic benefits likely flow into the Group, and the percentage of completion of the service can be measured reliably.

As of the balance date, the amount of rendering could be reliably measured, is recognized at percentage of completion, which is determined by the completed actual divided by total costs; the amount of rendering could not be reliably measured, is subject to estimated revenue generated from incurred costs, carry forward same amount into labor costs. If the incurred costs could not generate future benefit, the costs is accounts to current profits and losses, not recognized as services revenue.

(3) Property rental income

The revenue from the property alienation will be recognized at charge rate in the contract or agreement, when the economic benefits related to transactions may flow into the Group, and the amount of this relevant revenue can be measured reliably.

26. Construction contracts

When the outcome of a construction contract can be estimated reliably at the balance date, contract related economic benefits could be probably flow into the Group, the percentage of completion and estimated future costs could be reliably measured, contract revenue and contract expenses will be recognized by using the percentage of completion method. The percentage is calculated by completion contract work load divided by estimated total contract work load.

When the outcome of a construction contract cannot be estimated reliably, if contract costs can be recovered, contract revenue will be recognized to the extent of the contract costs that can be recovered; and contract costs will be recognized as contract expenses in the period in which they are incurred; if contract costs cannot be recovered, they will be recognized as contract expenses immediately when incurred and contract revenue will not be recognized.

Long term ship construction contract, such as a first-made shipbuilding contract, the contract result is reasonable foreseeable when the construction progress reached 50%; And for the ships of batch production, the Company could anticipate the result when the construction progress reached 30%. If progress of ship constructions could not be reasonably estimated, construction costs is recognized at the actual amount of incurred expenditure, and equivalent amount as revenue, zero margin as a result.

Foreign currency revenue is recognized base upon contracted currency, and is translated into Renminbi according to No.19 Accounting Standards for Business Enterprises – Foreign Currency Translation. For the foreign currency received when revenue recognized, is subject to the received amount; for the foreign currency not received when revenue recognized, is subject to the amount calculated by spot rate at balance date. The amount of combination is recognized as accumulated RMB revenue. The accumulated RMB revenue less prior accounting period accumulated RMB revenue is recognized as current period RMB revenue.

At the balance sheet date, if estimated total construction contract costs exceed estimated total construction contract revenue, the provision is made and estimated loss is recognized as current period expenses.

27. Government grants

Government grants are monetary or non-monetary assets obtained from the governments, excluding the contributed capital from the government investor. The special grant of investment from government, which should be recognized as Capital reserves according to related Federal documents, should also be capitalized in nature, and therefore shouldn't be recognized as government grants.

A government grant of the Group shall be recognized if the Group can meet the conditions for the government grant and also can obtain the government grant.

If a government grant is a monetary asset, it is measured in the light of the received or receivable amount.

If a government grant is a non-monetary asset, it is measured at its fair value. If the fair value of a non-monetary asset cannot be acquired in a reliable way, it is measured at its nominal amount (RMB 1).

The government grants pertinent to assets are recognized as deferred revenue, and equally accounted into current profit and loss within the useful life.

The government grants pertinent to incomes are recognized as deferred income, and equally accounted into current profit and loss during the useful life.

When the deferred income exists when the recognized government grant should be returned, reverse the deferred income, the exceed amount is accounts to current profits and losses; if deferred income does not exist, the amount is directly accounts to current profits and losses.

28. Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liability are recognized at the differences (temporary tax differences) between the tax base of an asset or liability and its book value. According to Taxation law, the Group recognizes the deferred tax assets arising from a deductible temporary difference to the extent of the amount of the taxable income which is most likely to acquire and can be deducted from the deductible temporary difference. For the temporary difference arise from goodwill recognition is not recognized as deferred tax liability. For assets or liabilities arise from non-consolidation transactions which do not give any influence on the temporary difference arise from neither accounting profits nor taxable profits, is not recognized as deferred tax assets or deferred tax liability. On the balance sheet date, deferred tax assets and deferred tax liability are measured at applicable tax rate.

The group probably received deductible temporary difference, is recognized as deferred tax liability. When the Group estimates that there is not sufficient tax loss could recouped, the initial recognized deferred tax assets shall be impaired. When the Group estimates that there is sufficient tax loss could recouped, the initial recognized deferred tax assets shall be reversed.

The taxable temporary differences arise from investments on subsidiaries or joint ventures, is recognized as deferred tax liabilities, unless the Group could control the time of temporary differences reverse and highly probably the temporary difference could not be reversed in the foreseeable future. The deductible temporary difference arise from investments on subsidiaries or joint ventures, the temporary difference is highly probable to be reversed in the foreseeable future and the tax losses could recouped, is recognized as deferred tax assets.

The Group shall offset deferred tax assets and deferred tax liability if, and only if the Group:

- 1) Deferred tax assets and deferred tax liabilities are related to the same tax collection and administration department to the same entity in the Group; and
- 2) Has a legally enforceable right to set-off the recognized amounts.

29. Lease

The Group divided lease by financing lease and operation lease on the start date of the lease. Financing lease refers to the lease that essentially transfers all the risks and compensations related with the ownership of the asset; Operation lease refers to the lease other than financing lease.

(1) Asset of financing leasee

From the start date of the lease, comparing the fair value of the lease asset and the present value of the minimum lease payment, the lower one would be the entry value as asset of financing leasee. The unconfirmed financing expenses refers to the balance of the entry value as asset of financing leasee and the minimum lease payment; the amortization applied by effective interest method over the lease term. The minimum lease payment deducts the unconfirmed financing expenses account to long-term liabilities and the long-term liabilities due within one year.

The lease assets accrue depreciation during the working life if the ownership is reasonable confirmed before expiration. Otherwise, the lease assets would accrue depreciation in the shorter term between the lease term and its working life.

(2) Asset of financing leaser

From the start date of the lease, the entry value of receivable financing lease is the sum of the minimum lease payment and the initial direct expenses, and the unguaranteed residual value would be accounted; the balance of the total value of minimum lease payment, initial direct expenses and unguaranteed residual value and the sum of the present value is recognized as unrealized financing income, and distributed during the lease term. The current financing income is calculated by effective interest rate method.

The unguaranteed residual value would be reviewed at the end of each year. There is no adjustment while the unguaranteed residual value increases. If the evidence indicates that unguaranteed residual value has been decreased, the lease implicit interest rate would be recalculated. The caused decrease of net value of lease investment is accounted to the current profit or loss; the financing revenue would be recognized according to modified net value of lease investment and the lease implicit interest rate. The net value of lease investment refers to the balance of the minimum lease payment and unguaranteed residual value and unrealized financing income.

The recognized loss of unguaranteed residual value that might be recovered, which would be return in the original recognized amount of investment and recalculated lease implicit interest rate. The financing revenue would be recognized according to modified net value of lease investment and the lease implicit interest rate.

It might be accounted to the current profit or loss when the contingent rental actual occurs.

(3) Assets of operating leasee

The rental expenses of assets of operating leasee are recognized as relevant asset cost or current profit or loss due to the straight line method during the period of the lease. The initial direct expenses would be accounted to the current profit or loss. It might be accounted to the current profit or loss when the contingent rental actual occurs.

(4) Assets of operating leaser

The rental income of assets of operating leaser is recognized as revenue due to the straight line method during the period of the lease. As to the initial direct expenses of assets of the operating leaser, the bigger amount would be capitalization and the whole lease period may accordance with the basic stages that are same as the recognized rental income; the smaller amount would be directly accounted to current profit or loss. It might be accounted to the current profit or loss when the contingent rental actual occurs.

30. Accounting for income tax

Income tax is accounted for using liability method. Income tax expenses represent the sum of current tax and deferred tax. Current tax and deferred tax relating to the transactions or matters that are directly recorded in shareholders' equity are deal with in shareholders' equity. Deferred tax arising from business combination is adjusted to the carrying amount of goodwill. All other current tax and deferred tax are recognized in the profit or loss for the period.

The tax currently payable is the amount of tax payable to taxation bureau by the enterprise in respect of the transactions and matters of the current period calculated according to the taxation regulations. The deferred income tax is the difference between the balances of the deferred tax assets and deferred tax liabilities at the end of period that should be recognized using the balance sheet liabilities approach and their balances originally recognized.

31. Segment report

Business segment is confirmed in accordance with governance structure, management requests, internal reporting system, and the Group confirm the report segment on the basis of business segment.

Business segment is a component of the Group that satisfies the following conditions simultaneously: the component can take revenue and expenses; the management level can appraise the operating performance of the component in order to allocation of resource and appraise the performance; and the Group can acquire the financial position, operating performance and cash flow of the component etc. If two or more than two segments carry similar economic characteristics, and satisfied certain condition, could merger as one operation segment.

32. Changes in accounting policies and accounting estimates

There is no change in accounting policies, accounting estimates and correction of previous errors for current accounting period.

33. Corrections of prior year errors

There is no correction of previous errors for current accounting period.

34. Judgment on significant estimates

When preparing financial statements, the management of the Group needs to use assumptions and evaluations, which might influence accounting policy application and the amounts of assets, liabilities revenues and expenses. The effective result might have conflicts with these estimates. The management will process continuing evaluation on the uncertain factors and key assumptions that affect estimates. The changes on accounting estimates effects should be recognized in the current period or carry forward.

The following accounting estimates and key assumptions would result in significant adjustment of the book value of assets and liabilities for next fiscal year.

(1) Provision for receivables' devaluation

As disclosed in Note II.11, the Group would review the Accounts receivables measured with amortized costs on the balance sheet date to evaluate the existence of impairment, and determine the estimated amount of impairment. The proof for impairment includes data indicated that the future cash flow for individual or combined accounts receivable's significant decrease; data indicated that the debtors for individual or combined accounts receivable negative financial issues. If it's proved that the value of accounts receivable has recovered, and objectively related to the post damage, then the impairment should be reversed.

(2) Impairment for inventories

As stated in Note II.12, the Group would estimate net realizable value of Inventories on a regular basis, and the difference of inventory cost higher than net realizable value would be recognized as loss from inventory devaluation. The estimating net realizable value is based on estimated price of similar goods, net of costs, selling expense and related taxes. If the effective price is different from estimated price, the management would adjust the net realizable value. Therefore the estimation according to current experience would be different from the actual value, resulting in adjustment of book value of Inventories in the Balance sheet. Provision for Inventory impairment could be revised because of the above issues. The adjustment for Provision for Inventory impairment could impact the current profit or loss.

(3) Accounting estimates for fixed assets impairment

The Group would carry out impairment test for fixed assets such as buildings, machinery and equipments, etc. The higher of collectable value and discounted future cash flow; and fair value net of the disposal costs, the calculation of which needs accounting estimates.

If the management revises the applied gross margin rate for asset group or its future cash flow calculation, and the revised gross margin rate is lower than effective discount rate applied, the Group should increase the accrual the impairment for fixed assets.

If the management revises the pre-tax cash flow discount rate, and the revised pre-tax discount rate is higher than the effective discount rate applied, the Group should increase the accrual the impairment for fixed assets.

If the effective gross margin rate or the pre-tax discount rate higher or lower than estimated, the Group would not recover the impairment for fixed assets accrued.

(4) Accounting estimates for deferred income tax assets recognized

The estimates for deferred income tax assets need include taxable income and applicable tax rate for the future years. The deferred income tax assets' existence depends on whether the Group has enough taxable income in the future. The recover spot time for tax rate change and temporary difference might also influence income tax expenses (income) and the balance of deferred income tax. The change for above estimates might result in significant adjustment in deferred income tax.

(5) The useful life for fixed assets and intangible assets

The Group would review the estimated useful life for fixed assets and Intangible assets at year end for at least once a year. The estimated useful life is determined by the management based on previous experience, and that of the same industry, together with the upgrade of technology. If the previous experience changes significantly, the Group need to adjust the depreciation expense and amortization expense in the future years.

(6) The estimated total cost of construction contract

The Group reviews the estimated total cost of construction contract monthly. The estimated cost of uncompleted part that might incur in the future would be revised constantly based on the total cost of the same type ships which have completed, actual cost and progress of the ships in progress, changes in materials and employees and others.

III. TAXATION

1. Turnover tax and surcharges

Items	Tax base	Tax rate
Value-Added Tax	The sale of goods and provision of processing, repairing, repair services; leasing revenue	17%
	Sales except the oil and gas exports	0%
	Modern services	6%
Business Tax	Transportation and construction installation	3%
	Other services	5%
Urban Maintenance and Construction Tax	Turnover tax payable	7%
Education Surcharge	Turnover tax payable	3%
Local Education Surcharge	Turnover tax payable	2%
Flood Control and Maintenance Expenses	Main business income and other incomes	0.09%

Note: According to Caishui [2012] 71, some modern service business in Guangdong is applicable to Value-Added Tax rather than Business Tax since November 1, 2012.

2. Income tax

Company name	Tax rate	Note
The Company	15%	
Guangzhou Hongfan Technology Co., Ltd.	15%	
USSL	15%	
Glory Group Developing Co., Ltd.	16.5%	Registered in HK
Fanguang Development Co., Ltd.	16.5%	Registered in HK
Other subsidiaries	25%	

3. Tax incentives and approvals

The Company and its subsidiary Guangzhou Hongfan Technology Co., Ltd. and United Steel Structures Ltd. (USSL) are approved to be Hi-tech Enterprises, The Company and Guangzhou Hongfan Technology Co., Ltd. are taxed at 15% since January 1, 2011 to December 31 2013; USSL is taxed at 15% since January 1, 2012 to December 31 2014.

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

1. Subsidiaries

Company name	Type	Registration place	Nature	Registered capital ('000)	Business scope	Investment at year end ('0000)	Other investment in nature	Holding shares %	Voting rights %	Legal representative	Organization code	Whether or not consolidated	Non-controlling shareholder's equity expensed
Subsidiaries acquired through established or investment													
Guangzhou Wanda Marine Engineering Co., Ltd.	Wholly-owned subsidiary	Guangzhou	Ships built	USD600	Designing, production, installation, repairing; ship out-fitting, ship piping, ventilation system, furniture, interior decoration, sales of production	451.4		100.00	100.00	Jin Lichao	61841220X	Yes	
Guangzhou Xingshun Marine Services Co., Ltd.	Wholly-owned subsidiary	Guangzhou	Ship welding, outfitting, painting	RMB2,000	Hull installation, welding, outfitting, painting, repairing.	60.00		100.00	100.00	Jin Lichao	231249006	Yes	
United Structures Ltd.	Wholly-owned subsidiary	Guangzhou	Large steel structure	USD8,850	Production, designing of steel products, sales of enterprise products & providing after-sale installation services	12,239.94		100.00	100.00	Chen Jianrong	618435700	Yes	
Guangdong GSI elevator Co., Ltd.	Wholly-owned subsidiary	Guangzhou	Production of elevator	RMB21,000	designing, manufacturing & sales, installation & modification, repairing all types of elevators	2,030.00		100.00	100.00	Chen Jianrong	231128917	Yes	
Guangzhou Hongfan Technology Co., Ltd.	Controlled subsidiary	Guangzhou	Computer sales, system integration development	RMB5,000	Computer sales, system integration development	255.00		51.00	51.00	Wang Lijian	708257645	Yes	
Guangzhou Guangli Ship Shipbuilding Human Resources Service Company, Limited	Wholly-owned subsidiary	Guangzhou	Provide labor service	RMB500	Provide labor service, ship installation, welding, copy rusting, painting etc.	315.25		100.00	100.00	Qin Tinggui	190474652	Yes	
Guangzhou Hongfan hotel Limited	Wholly-owned subsidiary	Guangzhou	Catering service	RMB10,000	Industry of Catering, tourist, beauty, code drinks and hair dressing	1,000.00		100.00	100.00	Wang Lijian	633203529	Yes	
Glory Group Development Co., Ltd.	Wholly-owned subsidiary	Hong Kong	General business trade	HKD30,000	General business trade	2,644.38		100.00	100.00	Han Guangde	190445392	Yes	
Fanguang Development Co., Ltd.	Controlled subsidiary	Hong Kong	General business trade	HKD200	General business trade	12.35		70.00	70.00	Chen Liping	190440559	Yes	
Guangzhou Shipyard Machinery Co., Ltd.	Wholly-owned subsidiary	Guangzhou	Designing, manufacturing and installation.	RMB188,610	Design, manufacture, installation and sales; auxiliary ships, large mechanical and electrical equipments	18,861.00		100.00	100.00	Chen Jianrong	68132734X	Yes	
Zhongshan Guangzhou Shipyard International Ship and Marine Engineering Co., Ltd.	Wholly-owned subsidiary	Zhongshan	Accessories of ship and marine engineering equipment manufacturing	RMB100,000	Design, manufacture, installation, sales of ships and auxiliaries (for fishing purpose excluded) ocean project equipments	10,000.00		100.00	100.00	Wang Lijian	684420937	Yes	
Guangzhou Shipyard International Marine Engineering Co., Ltd.	Wholly-owned subsidiary	Guangzhou	Ship and marine products manufacturing	RMB50,000	Offshore vessels and platform design, construction, alteration, repair	5,000.00		100.00	100.00	Zhou Xuhui	058916716	Yes	

2. Change of consolidation scope

No change of consolidation scope has been recognized.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following disclosed financial statement data, unless specifically noted, "Beginning Balance" refers to January 1, 2013; and "Ending Balance" refers to June 30, 2013. "Current Period" refers to the period from January 1, 2013 to June 30, 2013; and "Last Period" refers to the period from January 1st, 2012 to June 30, 2012.

1. Cash and bank

Items	Ending Balance			Beginning Balance		
	Original currency	Exchange rate	Amount (RMB)	Original currency	Exchange rate	Amount (RMB)
1. Cash						
RMB			114,548.68			127,328.94
USD	6,567.80	6.1787	40,580.47	3,567.80	6.2855	22,425.41
HKD	17,582.83	0.7966	14,006.48	50,601.20	0.8109	41,032.51
GBP	917.25	9.4213	8,641.69	917.25	10.1611	9,320.27
EUR	954.84	8.0536	7,689.90	954.84	8.3176	7,941.98
Subtotal			185,467.22			208,049.11
2. Bank						
RMB			2,285,047,855.24			2,906,952,882.66
USD	134,625,098.88	6.1787	831,808,098.46	131,097,674.60	6.2855	824,014,433.68
HKD	7,036,502.00	0.7966	5,605,277.49	22,415,555.67	0.8109	18,176,774.11
EUR	382,594.22	8.0536	3,081,260.81	90,900.28	8.3176	756,072.16
Subtotal			3,125,542,492.00			3,749,900,162.61
3. Others						
RMB			2,517,587,883.17			2,374,632,817.53
Subtotal			2,517,587,883.17			2,374,632,817.53
Total			5,643,315,842.39			6,124,741,029.25

The ending balances of other monetary fund include credit card deposit of RMB 85,437.56 (Beginning Balance: RMB 100,310.53); purchasing card: RMB 14,600.00, guarantee deposit of RMB 8,849,636.79 (Beginning Balance: RMB 25,460,357.00); and fixed deposit for long-term and short-term mortgage loans amounted RMB 2,508,638,208.82 (Beginning Balance: RMB 2,349,072,150.00), this guaranteed fixed deposit would be terminated after the debt redemption.

As at June 30, 2013, there is no existence of pledge, frozen or potential risk of recovery except for guarantee and fixed deposit mentioned above.

As at June 30, 2013, the Company deposits RMB 599,907,485.07 in CSSC Financial Co. (Beginning Balance: RMB 599,458,828.86). CSSC Financial Co. is one of subsidiaries of CSSC is a non-bank financial institution and authorized and monitored by People's Bank of China.

2. Financial assets held for trading

Items	Ending fair value	Beginning fair value
Foreign exchange forward contract	32,648,663.78	22,862,044.25
Total	32,648,663.78	22,862,044.25

The fair value of the Financial assets held for trading (forward contracts) is determined by banks' public offer and assessment technology.

3. Notes receivable

(1) Classification

Items	Ending Balance	Beginning Balance
Bank acceptance bill	8,983,093.56	3,492,665.00
Total	8,983,093.56	3,492,665.00

(2) Notes receivable endorsed but not yet due by the year end (TOP 5)

Item	Name of company	Endorsed date	Due date	Amount	Note
Bank acceptance bill	China's Construction Installation Engineering Co., Ltd.	2013-1-31	2013-7-26	650,000.00	
	Wenzhou Mingdeng Shoes Co., Ltd.	2013-3-26	2013-9-25	800,000.00	
	Liu Ming toughened glass company	2013-2-5	2013-8-5	600,000.00	
	Chengdu into cylinder hydraulic equipment manufacturing Co., Ltd.	2013-2-5	2013-8-5	600,000.00	
	Jintan three Pharmaceutical Co. Ltd.	2013-2-4	2013-8-4	500,000.00	
Total				3,150,000.00	

4. Accounts receivable

Items	Ending Balance	Beginning Balance
Accounts receivable	1,007,504,265.01	786,242,618.03
Less: provision for bad debts	10,338,276.96	9,487,298.78
Net Amount	997,165,988.05	776,755,319.25

(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	933,628,388.81	92.67	4,663,873.34	0.50	928,964,515.47	711,671,717.11	90.52	3,558,358.58	0.50	708,113,358.53
1-2 years	39,895,314.50	3.96	1,194,476.57	2.99	38,700,837.93	43,243,685.14	5.50	1,211,218.43	2.80	42,032,466.71
2-3 years	8,433,134.60	0.84	805,952.55	9.56	7,627,182.05	2,900,115.77	0.37	778,287.45	26.84	2,121,828.32
3-4 years	22,290,505.45	2.21	501,203.98	2.25	21,789,301.47	25,002,429.29	3.18	514,763.60	2.06	24,487,665.69
4-5 years	84,574.00	0.01	422.87	0.50	84,151.13					
Over 5 years	3,172,347.65	0.31	3,172,347.65	100		3,424,670.72	0.44	3,424,670.72	100.00	
Total	1,007,504,265.01	-	10,338,276.96	-	997,165,988.05	786,242,618.03	-	9,487,298.78	-	776,755,319.25

(3) Classification by risks

Items	Ending Balance					Beginning Balance				
	Book Value		Bad debt		Net value	Book Value		Bad debt		Net value
	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	5,331,682.65	0.53	5,331,682.65	100.00		5,584,005.72	0.71	5,584,005.72	100.00	
Accounts receivable accrued bad debt provision by a certain percentage of the balance	1,002,172,582.36	99.47	5,006,594.31	0.50	997,165,988.05	780,658,612.31	99.29	3,903,293.06	0.50	776,755,319.25
Total	1,007,504,265.01	-	10,338,276.96	-	997,165,988.05	786,242,618.03	-	9,487,298.78	-	776,755,319.25

(i) Accounts receivable that are individually significant, or insignificant but are provided for bad debts on individual basis

Company Name	Book value	Bad debts	%	Reasons
WHL-FONKWANG	2,522,101.79	2,522,101.79	100.00	To recover with low probability
Chongqing Far East Fuji Electrical Company	670,000.00	670,000.00	100.00	Liquidity difficulties
Guilin Fortune elevator company	398,250.00	398,250.00	100.00	Long outstanding period, with operational difficulties
GSI Elevator Co., Ltd., Chongqing	313,700.00	313,700.00	100.00	Long outstanding period, with operational difficulties
Chongqing South Group Company	257,884.00	257,884.00	100.00	Long outstanding period, with operational difficulties
Qingdao Haier Special electric freezer Co., Ltd.	208,000.00	208,000.00	100.00	Operational difficulties
China Refrigeration Industry Co., Ltd.	166,510.00	166,510.00	100.00	Operational difficulties
Hunan Lian Xiang elevator company	144,037.20	144,037.20	100.00	Long outstanding period, with operational difficulties
Chongqing Yi Cheng Real Estate Company	123,465.32	123,465.32	100.00	Long outstanding period, with operational difficulties
Hefei Hualing Co., Ltd.	117,000.00	117,000.00	100.00	Operational difficulties
Miscellaneous	410,734.34	410,734.34	100.00	Other 30 customers receivables
Total	5,331,682.65	5,331,682.65	-	

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

Items	Ending Balance			Beginning Balance		
	Book value	%	Bad debts	Book value	%	Bad debts
Within 1 year	933,628,388.81	0.50	4,663,873.34	711,671,717.11	0.50	3,558,358.58
1-2 years	38,895,314.50	0.50	194,476.57	42,243,685.14	0.50	211,218.43
2-3 years	7,665,509.60	0.50	38,327.55	2,132,490.77	0.50	10,662.45
3-4 years	21,898,795.45	0.50	109,493.98	24,610,719.29	0.50	123,053.60
4-5 years	84,574.00	0.50	422.87			
Over 5 years						
Total	1,002,172,582.36	-	5,006,594.31	780,658,612.31	-	3,903,293.06

(4) *The accounts receivable balance details exclude shareholders who hold 5% or more of the Company's shares.*

(5) *Bad debts reversed or recovered*

Company Name	Accounts receivable	Bad Debts Before Reserved or Recovery	Amounts reversed (or recovered)	Basis for original bad debts	Reason for reversed (or recovered)
Chengdu JIAXIANG real estate company		187,903.01	187,903.01	Long outstanding period, with operational going concern	Demand repayment
Chengdu Xing GuangHua company		28,694.38	28,694.38	Long outstanding period, with operational going concern	Demand repayment
Total		216,597.39	216,597.39	-	-

(6) *Top 5 Clients*

Company Name	Relationship	Amount	Aging	Proportion in Accounts Receivable (%)
China Shipping Development Co., Ltd.	External Client	227,120,145.00	Within 1 year	22.54
The Ministry of Agriculture Fisheries Bureau of Nanhai District	External Client	137,310,000.00	Within 1 year	13.63
Bechtel International Inc	External Client	80,871,138.01	Within 1 year	8.03
China CNOOC Transportation Co., Ltd.	External Client	61,110,941.50	Within 1 year	6.07
China Shipping liners Ltd.	External Client	54,604,141.40	Within 1 year	5.42
Total		561,016,365.91		55.68

(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	17,977,488.93	6.1787	111,077,510.85	12,751,299.20	6.2855	80,148,291.12
HKD	10,400,567.54	0.7966	8,285,092.10	3,254,095.82	0.8109	2,638,746.30
MOP	3,277,585.17	0.7695	2,522,101.79			
EUR				509,078.50	8.3176	4,234,311.33
Total			121,884,704.74			87,021,348.75

As of the reporting day, the Company has collected RMB 53,528,433.05 from China Shipping Development Co., Ltd., RMB 137,310,000.00 from The Ministry of Agriculture Fisheries Bureau of Nanhai District, RMB 55,195,955.28 from Bechtel International Inc., RMB 34,110,941.50 from China CNOOC Transportation Co., Ltd., RMB 30,430,097.50 from HongkongWanli (Valles) shipping company, RMB 22,243,320.00 from Greece – Tomaso Brothers Ins. and RMB 21,810,811.00 from Sweden-Stena Weco.

5. Advances to Suppliers

(1) Aging

Items	Ending Balance		Beginning Balance	
	Amount	%	Amount	%
Within 1 year	689,843,204.14	95.41	465,136,534.65	92.31
1-2 years	29,072,732.57	4.02	32,559,724.57	6.46
2-3 years	3,772,181.40	0.52	5,394,379.42	1.07
Over 3 years	338,526.16	0.05	774,291.04	0.16
Total	723,026,644.27	100.00	503,864,929.68	100.00

(2) Major clients

Company Name	Relationship	Amount	%	Aging	Reasons
The Shipbuilding Industry Complete Logistics Co., Ltd. (Guangzhou)	Related party	259,655,550.31	35.99	Within 1 year	Not settled
Guangzhou Wenchong Shipyard Co. Ltd.	Related party	158,400,000.00	21.91	Within 1 year	Not settled
Dalian Marine Diesel Engine Co., Ltd.	External client	91,445,000.00	12.65	0-2 year	Not settled
A Research Institute of China Shipbuilding Industry Corp	External client	29,980,000.00	4.15	0-2year	Not settled
Frank Mohn	External client	27,170,440.00	3.76	Within 1 year	Not settled
Total		566,650,990.31	78.46		

(3) The prepayments balance details exclude shareholders who hold 5% or more of the Company's shares.

(4) Advances to suppliers with foreign currency balance

Items	Ending Balance			Beginning Balance		
	Original currency	Exchange Rate	RMB	Original currency	Exchange Rate	RMB
USD	12,819,055.81	6.2548	80,180,756.36	10,830,393.03	6.3269	68,522,318.97
EUR	4,349,215.95	8.4963	36,952,286.00	7,389,793.45	8.6193	63,694,959.62
HKD	502,886.00	0.8789	441,967.44	502,886.00	0.8789	441,967.44
Total			117,575,009.80			132,659,246.03

6. Interest receivable

Items	Beginning Balance	Increase	Decrease	Ending Balance
Interest of fixed deposit	143,581,872.47	99,981,459.70	105,979,259.09	137,584,073.08
Total	143,581,872.47	99,981,459.70	105,979,259.09	137,584,073.08

Note: There is no overdue interest as at 30 June 2013

7. Dividend receivable

Items	Beginning Balance	Increase	Decrease	Ending Balance	Outstanding Reason	Impairment
Aging within 1 year Including: Guangzhou Economic and Technological Development Zone in South China Special Coating Industrial Co., Ltd.	1,043,381.78	11,032,819.50	1,043,381.78	11,032,819.50	-	-
China Merchants Bank Co., Ltd		10,966,819.50		10,966,819.50		No
China Merchants Energy Shipping Co., Ltd		66,000.00		66,000.00		No
Total	1,043,381.78	11,032,819.50	1,043,381.78	11,032,819.50	-	-

8. Other receivables

Items	Ending Balance	Beginning Balance
Other receivables	122,504,310.07	273,951,480.46
Less: provision for bad debts	10,954,994.56	11,715,600.39
Net Amount	111,549,315.51	262,235,880.07

(1) Aging analysis

Items	Ending Balance				Beginning Balance			
	Amount	%	Bad debt	Net value	Amount	%	Bad debt	Net value
Within 1 year	101,671,078.87	82.99	504,985.41	101,166,093.46	255,756,297.77	93.36	1,278,781.47	254,477,516.30
1-2 years	3,714,042.18	3.03	18,570.21	3,695,471.97	5,051,199.03	1.84	25,256.00	5,025,943.03
2-3 years	4,341,752.23	3.54	21,708.76	4,320,043.47	2,300,851.95	0.84	11,504.26	2,289,347.69
3-4 years	2,160,827.43	1.76	10,804.14	2,150,023.29	406,055.35	0.15	2,030.28	404,025.07
4-5 years	218,777.21	0.18	1,093.89	217,683.32	39,244.21	0.01	196.23	39,047.98
Over 5 years	10,397,832.15	8.49	10,397,832.15	-	10,397,832.15	3.8	10,397,832.15	-
Total	122,504,310.07	-	10,954,994.56	111,549,315.51	273,951,480.46	-	11,715,600.39	262,235,880.07

(2) Classification by risks

Items	Ending Balance					Beginning Balance				
	Book value		Bad debt		Net value	Book value		Bad debt		Net value
	Amount	%	Amount	%		Amount	%	Amount	%	
Other receivables that are individually significant and are provided for bad debts on individual basis	10,340,232.15	8.44	10,340,232.15	100	111,549,315.51	3.77	10,340,232.15	100	10,340,232.15	3.77
Other receivables that are individually insignificant but are provided for bad debts on individual basis	57,600.00	0.05	57,600.00	100	263,553,648.31	0.02	57,600.00	100	57,600.00	0.02
Other receivables accrued bad debt provision by a certain percentage of the balance	112,106,477.92	91.51	557,162.41	0.50	111,549,315.51	96.21	1,317,768.24	0.50	262,235,880.07	96.21
Total	122,504,310.07	-	10,954,994.56	-	111,549,315.51	273,951,480.46	-	11,715,600.39	-	262,235,880.07

(i) Other receivables that are individually significant or insignificant but are provided for bad debts on individual basis

Company Name	Book value	Bad debts	%	Reasons
Mitsubishi International Co., Ltd., Hong Kong	10,340,232.15	10,340,232.15	100.00	Note
Guangzhou Urban Construction Archives	57,600.00	57,600.00	100.00	Uncollectable
Total	10,397,832.15	10,397,832.15	100.00	

Note: Trusted deposits have been exchanged for some assets with Guangzhou National Investment Corp. under the Company and Guangzhou National Investment Debt Restructuring Agreement. On 17 August 2005, according to the "Delegation Nominees contract" signed by the Company and Guangzhou National Investment Corp. and Hong Kong Guanghong international Corp., Guangzhou National Investment Corp. transferred the claim of RMB 10,640,000.00 to Hong Kong Guanghong international Corp, which belongs to its subsidiary Guangzhou Guoxin economic developing Corp. to the Company. In the meantime, according to the contract, Hong Kong Guanghong international Corp shall offset part of the debts with 7 cars, which was due to hand over before the end of September 2005, and pay the rest of debt with interest in Guanghong Optoelectronic Technology Corp, on which Hong Kong Guanghong international Corp has the right of disposition. On 21 September 2009, the Guangdong Province Higher People's Court of Final Appeal has made the judgment, Hong Kong Guanghong international Corp. has to settle the debt principal and interest of the Company within 10 days from the legal effective day. As of 30 June 2013, the Company has not received the above mentioned debt principal and interest, and shall pay attention to further follow-up.

(ii) Other receivables accrued bad debt provision by a certain percentage of the balance

Items	Ending Balance			Beginning Balance		
	Book Value	%	Bad Debts	Book Value	%	Bad Debts
Within 1 year	101,671,078.87	0.5	504,985.41	255,756,297.77	0.5	1,278,781.47
1-2 years	3,714,042.18	0.5	18,570.21	5,051,199.03	0.5	25,256.00
2-3 years	4,341,752.23	0.5	21,708.76	2,300,851.95	0.5	11,504.26
3-4 years	2,160,827.43	0.5	10,804.14	406,055.35	0.5	2,030.28
4-5 years	218,777.21	0.5	1,093.89	39,244.21	0.5	196.23
Over 5 years	-	-	-	-	-	-
Total	112,106,477.92	-	557,162.41	263,553,648.31	-	1,317,768.24

(3) The other receivables balance details exclude shareholders who hold 5% or more of the Company's shares.

(4) Top 5 Clients

Company Name	Relationship	Amount	Aging	Proportion in Accounts Receivable (%)	Nature
Product subsidies receivable	Others	80,564,263.57	Within 1 year	65.76	Allowance
Mitsubishi International Co., Ltd., Hong Kong	External client	10,340,232.15	Over 5 years	8.44	Trust loans
J and D Projects Limited	External client	4,837,282.08	1-3 year	3.95	Advances
Baldwin Structure Engineering Co. Ltd.	External client	1,433,776.54	1-3 year	1.17	Advances
Bidding center A	External client	3,600,000.00	Within 1 year	2.45	Security deposit
Total		100,775,554.34		81.77	

(5) Other receivables with foreign currency balance

Items	Ending Balance			Beginning Balance		
	Original currency	Exchange Rate	RMB	Original currency	Exchange Rate	RMB
HKD	10,806,918.64	0.7966	8,608,791.39	10,097,600.19	0.8109	8,188,143.99
Total			8,608,791.39			8,188,143.99

9. Inventories

(1) Classification

Items	Ending Balance			Beginning Balance		
	Book value	Inventory impairment	Carrying amount	Book value	Inventory impairment	Carrying amount
Raw materials	341,458,816.30	5,665,674.49	335,793,141.81	280,070,206.17	6,727,392.92	273,342,813.25
Work in progress	481,597,068.69	12,371,962.61	469,225,106.08	329,182,330.50	15,094,862.61	314,087,467.89
Merchandise inventories	5,433,534.17	487,220.12	4,946,314.05	5,876,867.52	519,865.11	5,357,002.41
Capitalized construction contracts	266,908,898.44	440,517,254.78	-173,608,356.34	293,927,926.79	419,190,388.03	-125,262,461.24
Goods in transit	19,934,420.60		19,934,420.60	38,576,400.38		38,576,400.38
Total	1,115,332,738.20	459,042,112.00	656,290,626.20	947,633,731.36	441,532,508.67	506,101,222.69

(2) Provision for impairment of inventory

Items	Beginning Balance	Accrued	Decrease		Ending Balance
			Reversal	Transferred out	
Raw materials	6,727,392.92	1,854,993.51		2,916,711.94	5,665,674.49
Work in progress	15,094,862.61			2,722,900.00	12,371,962.61
Merchandise inventories	519,865.11			32,644.99	487,220.12
Capitalized construction contracts	419,190,388.03	81,963,816.18	25,159,277.95	35,477,671.48	440,517,254.78
Total	441,532,508.67	83,818,809.69	25,159,277.95	41,149,928.41	459,042,112.00

(3) The methods of provision for impairment of inventory

Items	Calculation basis	Reasons for reversals	Percentage of inventories %
Raw materials	Book value higher than NPV (Estimated disposal proceeds less taxes)		
Work in progress	Book value higher than NPV (Estimated disposal proceeds less related expenses)		
Merchandise inventories	Book value higher than NPV (Estimated disposal proceeds less taxes)		
Capitalized construction contracts	Estimated total cost higher than estimated total revenue	10 ships estimated total cost is expected to decline	2.65%

10. Other current assets

Items	Ending Balance	Beginning Balance	Nature
Advance income taxes		140,571.00	Advance income taxes from subsidiaries
Total		140,571.00	

11. Financial Assets available for sale

Items	Ending fair value	Beginning fair value
Tradable equity instrument		
China Merchants Bank Co., Ltd.(CMBC)	201,928,740.00	239,355,187.50
China Merchants Energy Shipping Co., Ltd.(CMES)	21,450,000.00	28,160,000.00
Wuhan Jinyinhu Golf Membership	2,450,000.00	2,450,000.00
Total	225,828,740.00	269,965,187.50

Note: As at June 30, 2013, the holding shares of "CMES" and "CMBC" are unrestrained outstanding shares, the fair value is calculated based on the year end closing price of the shares mentioned above.

12. Long-term equity investment

(1) Classification

Items	Ending Balance	Beginning Balance
Cost method	1,900,000.00	1,900,000.00
Equity method	41,836,628.97	42,004,311.39
Total	43,736,628.97	43,904,311.39
Less: Provision for impairment		
Net value	43,736,628.97	43,904,311.39

(2) Detailed classification by method

Investee	Share holding %	Voting rights %	Initial investment	Beginning Balance	Increase or decrease	Adjustment	Cash dividends	Ending Balance	Provision for impairment
Cost method									
The CSSC Information Technology Co., Ltd.	5.63	5.63	900,000.00	900,000.00				900,000.00	
China Shipbuilding Industry Yuan Zhou (Beijing) Technology Co., Ltd.	4.05	4.05	1,000,000.00	1,000,000.00			33,010.00	1,000,000.00	
Subtotal			1,900,000.00	1,900,000.00				1,900,000.00	
Equity method									
Guangzhou Economic and Technological Development Zone in South China Special Coating Industrial Co., Ltd.	25.00	25.00	1,722,060.00	3,641,933.33	700,885.14			4,342,818.47	
Zhanjiang Nanhai Ship Hi-Tech Services Ltd.	40.00	40.00	800,000.00	838,480.32	-33,926.16			804,554.16	
Zhenjiang Shipyard modern power generation equipment Co., Ltd.	32.00	32.00	15,558,800.00	37,523,897.74	605,358.60		1,440,000.00	36,689,256.34	
Subtotal			18,080,860.00	42,004,311.39	1,272,317.58		1,440,000.00	41,836,628.97	
Total			19,980,860.00	43,904,311.39	1,272,317.58		1,473,010.00	43,736,628.97	

(3) Investment in associated companies and joint ventures

Investee	Nature	Registration place	Legal representative	Organization Code	Business type	Registered capital ('000)	Share holding %	Voting rights %
Joint ventures								
Guangzhou Economic and Technological Development Zone in South China Special Coating Industrial Co., Ltd.	Company with limited liability (the PRC and foreign countries of joint venture)	Guangzhou	Li Tong'an	618428789	Developing a special coating technology, undertaking special coating works at home and abroad, setting up scaffolding structures, cleaning cabin	USD1,200	25	25
Zhanjiang Nanhai Ship Hi-Tech Services Ltd.	Company with limited liability	Zhanjiang	Chen Miaoqen	74915066-8	Repairing, debugging, maintenance, training, software development and technical application of ship equipment & system	2,000	40	40
Zhenjiang Shipyard modern power generation equipment Co., Ltd.	Company with limited liability (Taiwan, Hong Kong, Macao and the PRC of joint venture)	Zhenjiang	Wang Wenju	78206731-3	Production and sales of generators, marine and land use generator sets and accessories	85,000	32	32

Investee	The Ending Balance of total assets	The Ending Balance of total liabilities	The Ending Balance of net assets	Total operating revenue	Net profit
Joint ventures					
Guangzhou Economic and Technological Development Zone in South China Special Coating Industrial Co., Ltd.	20,440,523.70	2,954,466.58	17,486,057.12	21,706,539.02	2,803,540.55
Zhanjiang Nanhai Ship Hi-Tech Services Ltd.	7,069,183.99	5,065,275.00	2,003,908.99	3,591,169.11	-84,815.41
Zhenjiang Shipyard modern power generation equipment Co., Ltd.	229,879,573.66	100,700,098.53	129,179,475.13	80,503,364.00	3,439,399.40

13. Investment property

(1) Cost method

Items	Beginning Balance	Increase	Decrease	Ending Balance
Original cost	36,977,375.29			36,977,375.29
Buildings	36,977,375.29			36,977,375.29
Accumulated depreciation and amortization	4,803,136.40	375,665.00		5,178,801.40
Buildings	4,803,136.40	375,665.00		5,178,801.40
Carrying amount	32,174,238.89			31,798,573.89
Buildings	32,174,238.89			31,798,573.89
Provision for impairment	1,855,011.59			1,855,011.59
Buildings	1,855,011.59			1,855,011.59
Net book value	30,319,227.30			29,943,562.30
Buildings	30,319,227.30			29,943,562.30

Note: The depreciation and amortization of Investment Property through profit and loss for current period is RMB 375,665.00.

(2) Investment properties analyzed by region and useful life

Items	Ending Balance	Beginning Balance
Inside China	29,943,562.30	30,319,227.30
Mid-term (10-50 years)	29,943,562.30	30,319,227.30
Total	29,943,562.30	30,319,227.30

14. Fixed assets

(1) Fixed assets category

Items	Beginning Balance	Increase	Decrease	Ending Balance
Total original cost	2,770,077,222.92	46,749,684.53	9,511,038.44	2,807,315,869.01
Buildings	1,386,227,015.31	11,312,773.50	66,108.40	1,397,473,680.41
Machinery	1,279,347,623.69	34,499,431.51	7,159,047.71	1,306,688,007.49
Transportation facilities	42,481,207.36	795,357.22	2,067,308.96	41,209,255.62
Office equipments	62,021,376.56	142,122.30	218,573.37	61,944,925.49
Total accumulated depreciation	1,106,774,577.71	57,273,165.77	6,090,064.88	1,157,957,678.60
Buildings	364,381,383.47	19,677,198.75	17,128.32	384,041,453.90
Machinery	693,816,667.50	35,967,678.29	5,208,889.55	724,575,456.24
Transportation facilities	17,569,934.11	1,555,616.42	752,191.34	18,373,359.19
Office equipments	31,006,592.63	72,672.31	111,855.67	30,967,409.27
Total carrying amount	1,663,302,645.21			1,649,358,190.41
Buildings	1,021,845,631.84			1,013,432,226.51
Machinery	585,530,956.19			582,112,551.25
Transportation facilities	24,911,273.25			22,835,896.43
Office equipments	31,014,783.93			30,977,516.22
Total provision for impairment	2,941,797.71			2,941,797.71
Buildings				
Machinery	2,941,797.71			941,797.71
Transportation facilities				
Office equipments				
Total net book value	1,660,360,847.50			1,646,416,392.70
Buildings	1,043,507,961.86			1,013,432,226.51
Machinery	560,926,828.46			579,170,753.54
Transportation facilities	24,911,273.25			22,835,896.43
Office equipments	31,014,783.93			30,977,516.22

1) The amortization of Fixed assets recognized through profit or loss is RMB 57,273,165.77 for current period.

2) The increased Fixed assets included RMB46,749,684.53 of capitalized Construction in progress transferred-in.

3) The profit or loss for Liquidation of fixed assets for current period is RMB0.00

(2) Buildings analyzed by region and useful life

Items	Ending Balance	Beginning Balance
Inside China		
Mid-term (10-50 years)	995,647,450.92	1,025,401,342.27
Outside China		
Long-term (over 50 years)	17,784,775.59	18,106,619.59
Total	1,013,432,226.51	1,043,507,961.86

(3) As at June 30, 2013, there are no idle fixed assets for the Group.

(4) Fixed assets with no certificate of title

Items	Carrying amount	Reasons	Expected time to obtain
Mechanical and electrical suppliers storage	28,173,539.24	Not complete real estate cancellation mortgage registration	Unpredictable
Company 5 floors office building	8,471,956.00	Not complete real estate cancellation mortgage registration	Unpredictable
Zhongshan Base B & C dormitory and dining rooms	41,579,488.87	Not complete real estate cancellation mortgage registration	Unpredictable
Ship joining workshop	135,689,400.70	Not settle	Unpredictable
Adjacent building to production and living	11,473,172.38	Not settle	Unpredictable
Company's job shop	102,027,160.17	Not complete real estate cancellation mortgage registration	Unpredictable
Total	327,414,717.36		

15. Construction in progress**(1) Category**

Items	Ending Balance			Beginning Balance		
	Carrying amount	Impairment	Net book value	Carrying amount	Impairment	Net book value
Preconstruction cost for Zhongshan shipping industry base	18,712,452.13		18,712,452.13	7,245,333.40		7,245,333.40
"1" development the construction of security conditions	4,250,000.00		4,250,000.00	4,250,000.00		4,250,000.00
Renovation project of Guangchuan large-scale machinery and equipment company	1,771,544.69		1,771,544.69	810,238.45		810,238.45
Shunde shipyard 11 roller leveller	1,404,598.18		1,404,598.18	1,328,197.48		1,328,197.48
The shipbuilding division stern work platform	1,124,809.14		1,124,809.14			
Comprehensive renovation costs	1,088,459.01		1,088,459.01			
Machine shop lathe project foundation	1,086,978.11		1,086,978.11			
12.5m CNC Double Column Vertical Lathe				12,450,297.65		12,450,297.65
1 set 200 tons Fixed cranes				10,133,137.79		10,133,137.79
NO. 1-5 Simple steel shed engineering of Guangchuan International (New paint shed)				6,317,606.64		6,317,606.64
Ship generator load test integrated system				3,312,054.35		3,312,054.35
200 tons of fixed pier crane base				2,037,466.56		2,037,466.56
Shelter				1,836,085.54		1,836,085.54
Integrated ship building project				1,350,046.56		1,350,046.56
Preconstruction cost Infrastructure and energy saving transformation				1,088,459.01		1,088,459.01
Long Island pier fixed tower crane				1,024,350.27		1,024,350.27
Other projects	6,388,858.61		6,388,858.61	8,018,542.21		8,018,542.21
Total	35,827,699.87		35,827,699.87	61,201,815.91		61,201,815.91

(2) The changes in significant construction in progress

Project Name	Beginning Balance	Increase	Decrease		Ending Balance
			Capitalized in Fixed assets	Capitalized in Fixed assets	
12.5m CNC Double Column Vertical Lathe	12,450,297.65		12,450,297.65		
1 set 200 tons Fixed cranes	10,133,137.79	28,332.94	10,161,470.73		
NO. 1-5 Simple steel shed engineering of Guangchuan International (New paint shed)	6,317,606.64		6,317,606.64		
"1" development the construction of security conditions	4,250,000.00				4,250,000.00
Ship generator load test integrated system	3,312,054.35		3,312,054.35		
200 tons of fixed pier crane base	2,037,466.56		2,037,466.56		
Shelter	1,836,085.54	2,899,659.80	4,735,745.34		
The total period of transport platform	680,444.34	1,043,957.44	1,724,401.78		
Renovation project of Guangchuan large-scale machinery and equipment company	810,238.45	18,747,903.94	3,398,651.80	14,387,945.90	1,771,544.69
Preconstruction cost for Zhongshan shipping industry base	7,485,493.40	14,079,108.53	2,611,989.68		18,952,612.25
Total	49,312,824.72	36,798,962.65	46,749,684.53	14,387,945.90	24,974,156.94

(Continued)

Project Name	Budget	Budget use-up ratio%	Press of work	Accumulated capitalized interest	Capitalized interest for Current Period	Capitalization %	Source of capital
12.5m CNC Double Column Vertical Lathe	15,260,000.00	81.59	100				Self financed
1 set 200 tons Fixed cranes	11,000,000.00	92.38	100				Self financed
NO. 1-5 Simple steel shed engineering of Guangchuan International (New paint shed)	4,920,000.00	128.41	100				Self financed
"1" development the construction of security conditions	14,020,000.00	30.31	30.31				Self financed
Ship generator load test integrated system	3,560,000.00	93.04	100				Self financed
200 tons of fixed pier crane base	1,920,000.00	106.12	100				Self financed
Shelter	4,000,000.00	118.39	100				Self financed
The total period of transport platform	1,200,000.00	143.70	100				Self financed
Renovation project of Guangchuan large-scale machinery and equipment company	188,610,000.00	111.68	100				Self financed
Preconstruction cost for Zhongshan shipping industry base	839,830,000.00	96	96				Self financed
Total	1,084,320,000.00	-	-				Self financed

Note: The decrease of construction in progress is the land use right on NanshaLongxue Island of subsidiary company Guangzhou shipyard large mechanical equipment Co., Ltd converted into intangible assets.

16. Fixed assets disposal

Items	Ending Balance	Beginning Balance	Reasons
Machinery and equipment	18,622.93	33,554.52	Scrapped
Total	18,622.93	33,554.52	Scrapped

17. Intangible assets

(1) Category

Items	Beginning Balance	Increase	Decrease	Ending Balance
Total original cost	441,877,884.18	14,698,862.26	2,823,111.55	453,753,634.89
Land use right	378,085,665.69	14,387,945.90		392,473,611.59
Non-patent technology	63,792,218.49	310,916.36	2,823,111.55	61,280,023.30
Total accumulated amortization	85,509,824.87	5,430,189.86	2,823,111.55	88,116,903.18
Land use right	39,505,827.34	3,113,028.26		42,618,855.60
Non-patent technology	46,003,997.53	2,317,161.60	2,823,111.55	45,498,047.58
Total carrying amount	356,368,059.31			365,636,731.71
Land use right	338,579,838.35			349,854,755.99
Non-patent technology	17,788,220.96			15,781,975.72
Total net book value	356,368,059.31			365,636,731.71
Land use right	338,579,838.35			349,854,755.99
Non-patent technology	17,788,220.96			15,781,975.72

(2) Land use right analyzed by region and year

Items	Ending Balance	Beginning Balance
Inside China		
Mid-term (10-50 years)	349,854,755.99	338,579,838.35
Total	349,854,755.99	338,579,838.35

(3) The amortization of Intangible assets recognized through profit or loss is RMB 5,430,189.86 for current period.

18. Research and development expenditures

Items	Beginning Balance	Increase	Decrease		Ending Balance
			Expensed	Capitalized	
Research on typical cabin arrangement and decoration design manufacturing technology and luxury cruise		5,187,631.29	5,187,631.29		
The 50000 ton Handymax products tanker replacement exploitation		2,412,238.03	2,412,238.03		
The key technology of complex component molding technology and equipment		2,089,766.44	2,089,766.44		
Research on special innovative enterprises in Guangzhou		2,080,800.24	2,080,800.24		
Research and industrialization of 76000 ton semi-submersible ship design construction technology		2,041,097.73	2,041,097.73		
Shipbuilding computer integrated manufacturing system— GSI-SCIMSII		1,664,122.08	1,664,122.08		
Independent research and development of passengers ferry between strait		715,439.76	715,439.76		
Independent research and development of more than 50,000 dwt semi-submersible self-navigation project boat		531,323.14	531,323.14		
Development of air acoustic measurement standard device		478,032.58	478,032.58		
37500 ton chemicals/product oil ship research		465,289.80	465,289.80		
Study on Optimization of ship		342,394.62	342,394.62		
50000 ton chemicals/product oil ship research		328,069.13	328,069.13		
Other research and development projects		10,987,683.27	10,987,683.27		
Total		29,323,888.11	29,323,888.11		

19. Long-term unamortized assets

Items	Beginning Balance	Increase	Amortized	Decrease	Ending Balance	Reasons
Long Island Ferry additional Dolphins Engineering	4,661,152.86		605,336.60		4,055,816.26	
Total	4,661,152.86		605,336.60		4,055,816.26	

20. Deferred tax assets and deferred tax liabilities

(1) Recognized deferred tax assets and deferred tax liabilities

Items	Ending Balance	Beginning Balance
Deferred tax assets		
Provision for impairment of assets	72,602,109.23	71,446,615.47
Deductible loss	8,270,016.96	7,353,644.98
Prepaid housing subsidy	3,083,431.10	3,400,465.30
Monetary housing allowance for retired employees	7,862,115.86	7,860,883.45
Medical insurance for retired employees within 10 years	129,034.47	129,034.47
Payroll for retiring employees	97,715.28	118,282.91
Accrued expenses	1,512,018.26	110,548.12
Tradable Financial Liabilities	63,179.44	33,531.11
Total	93,619,620.60	90,453,005.81
Deferred tax liabilities		
Fair value changes in Financial assets available for sale	23,832,881.78	30,453,348.90
Tradable financial assets	4,897,299.57	3,429,306.63
Investment Income		573,370.17
Total	28,730,181.35	34,456,025.70

(2) The details that are not recognized as deferred tax assets

Items	Ending Balance	Beginning Balance
Deductible temporary difference	8,318.06	14,431.74
Deductible loss	89,512,185.18	60,666,027.05
Total	89,520,503.24	60,680,458.79

Note: Subsidiaries of the Company, Zhongshan Guangzhou Shipyard International Ship and Marine Engineering Co., Ltd., are uncertain about there is enough taxable income to utilize in the future, so related deductible temporary difference and deductible loss are not recognized as deferred tax assets.

(3) *Deductible loss that is not recognized as deferred assets will be expired as follows:*

Items	Ending Balance	Beginning Balance	Note
2017	60,666,027.05	60,666,027.05	
2018	28,846,158.13		
Total	89,512,185.18	60,666,027.05	

(4) *Taxable differences and deductible differences items*

Items	Ending Balance	Beginning Balance
Deductible difference item		
I Deductible temporary difference	559,784,944.67	544,567,579.48
1. Recognized deferred tax assets	559,776,626.61	544,553,147.78
(1). Provision for impairment of assets	476,299,299.80	467,517,785.40
(2). Prepaid housing subsidy	19,786,015.00	22,020,162.00
(3). Monetary housing allowance for retired employees	52,414,105.71	52,405,889.67
(4). Medical insurance for retired employees within 10 years	860,229.85	860,229.80
(5). Payroll for retiring employees	651,435.13	788,552.73
(6). Accrued expenses	9,344,344.85	736,987.45
(7). Tradable financial liabilities	421,196.27	223,540.73
2. Unrecognized deferred tax assets	8,318.06	14,431.70
(1). Provision for impairment of assets	8,318.06	14,431.70
II Deductible loss	122,592,253.02	90,080,606.97
1. Realized deferred tax assets	33,080,067.84	29,414,579.92
2. Unrealized deferred tax assets	89,512,185.18	60,666,027.05
Subtotal	682,377,197.69	634,648,186.45
Taxable temporary difference		
1. Fair value changes in Financial assets available for sale	158,885,878.53	203,022,326.00
2. Tradable financial assets	32,648,663.80	22,862,044.19
3. Investment income		3,474,970.73
Subtotal	191,534,542.33	229,359,340.92

21. *Provision for impairment of assets*

Items	Beginning Balance	Increase	Decrease		Ending Balance
			Reverse	Write-off	
Bad debts	21,202,899.17	306,969.74	216,597.39		21,293,271.52
From Accounts receivable	9,487,298.78	1,067,575.57	216,597.39		10,338,276.96
Other receivables	11,715,600.39	-760,605.83			10,954,994.56
Provision for devaluation of Inventories	441,532,508.67	83,818,809.69	25,159,277.95	41,149,928.41	459,042,112.00
Provision for impairment of Investment property	1,855,011.59				1,855,011.59
Provision for impairment of Fixed assets	2,941,797.71				2,941,797.71
Total	467,532,217.14	84,125,779.43	25,375,875.34	41,149,928.41	485,132,192.82

22. *Short-term loans*

(1) *Category*

Item	Ending Balance	Beginning Balance
Mortgage loans	43,250,900.00	43,998,500.00
Unsecured loans	2,989,156.86	48,169,296.47
Total	46,240,056.86	92,167,796.47

(2) *Short-term loans with foreign currency balance*

Type	Currency	Ending Balance			Beginning Balance		
		Original currency	Exchange rate	Amount (RMB)	Original currency	Exchange rate	Amount (RMB)
Mortgage loans	USD	7,000,000.00	6.1787	43,250,900.00	7,000,000.00	6.2855	43,998,500.00
Unsecured loans	USD				7,000,000.00	6.2855	43,998,500.00
Unsecured loans	EUO	371,157.85	8.0536	2,989,156.86	501,442.30	8.3176	4,170,796.47
Total				46,240,056.86			92,167,796.47

Mortgage:

As at June 30, 2013, the short-term loans of RMB 43,250,900.00 are granted with other cash fund of RMB 50,680,000.00 of the Group as the pledge.

As at December 31, 2012, the short-term loans of RMB 43,998,500.00 are granted with other cash fund of RMB 50,680,000.00 of the Group as the pledge.

Interest rate:

As at June 30, 2013, the weighted average annual interest rate of the short-term loans is 2.79%. (January 1, 2013: 2.41%)

23. Tradable financial liabilities

Items	Ending fair value	Beginning fair value
Foreign exchange forward contract	421,196.27	223,540.75
Total	421,196.27	223,540.75

24. Notes payable

Items	Ending Balance	Beginning Balance
Bank acceptance bill	309,671,286.08	591,450,235.02
Total	309,671,286.08	591,450,235.02

25. Accounts payable

(1) Category

Items	Ending Balance	Beginning Balance
Product settlement	598,629,111.12	887,154,234.55
Materials purchased	100,214,653.26	188,954,305.01
Settlements for projects	73,743,025.28	92,452,583.15
Warranty	77,073,692.71	76,688,947.17
Total	849,660,482.37	1,245,250,069.88

(2) Aging analysis

Items	Ending Balance	Beginning Balance
Within 1 year	781,879,136.87	1,136,232,351.51
1-2 years	49,579,875.05	91,610,228.23
2-3 years	12,636,934.04	10,068,525.10
Over 3 years	5,564,536.41	7,338,965.04
Total	849,660,482.37	1,245,250,069.88

(3) Large-amount Accounts payable aged more than 1 year at June 30, 2013

Clients	Amount	Nature	Reasons
China Shipbuilding Industry Corporation, Institute C	11,735,244.11	Money owed to suppliers	Not settled
The ship survey and Design Institute Co., Ltd.	5,995,362.89	Money owed to suppliers	Not settled
China Machinery Industry Corporation	4,416,819.98	Project payment and guarantee money	Not settled
China Shipbuilding Industry Corporation, Institute D	3,238,500.00	Money owed to suppliers	Not settled
Beijing the Great Wall Electronic Equipment Co., Ltd.	2,790,900.00	Project payment and guarantee money	Not settled

(4) On June 30, 2013, the balance of accounts payable does not include any amounts payable to shareholders who hold 5% or more of the Company's shares.

(5) Accounts payable with foreign currency balance

Currency	Ending Balance			Beginning Balance		
	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
USD	24,989.50	6.1787	154,402.62	879,227.11	6.2855	5,526,382.00
HKD	182,658.69	0.7966	145,505.92	665,550.50	0.8109	539,694.90
Total			299,908.54			6,066,076.90

26. Advances from customers

(1) Advances from customers

Items	Ending Balance	Beginning Balance
Total	663,692,318.02	434,610,806.03
Over 1 year	160,255,437.75	122,683,278.46

(2) On June 30, 2013, large-amount Advances from customers aged more than 1 year

Clients	Amount	Nature	Reasons
Guangdong Hydropower Second Board Co., Ltd.	77,937,268.35	Engineering projects	Not settled
Qingyuan Storage Power Generation Co., Ltd.	19,880,151.62	Engineering projects	Not settled
Sihui Highway Administration	7,799,468.00	Engineering projects	Not settled
Guangdong Changhong Highway Engineering Co., Ltd.	3,174,017.10	Engineering projects	Not settled
Qingdao Haier specialty refrigerator Co. Ltd.	3,119,247.86	Engineering projects	Not settled
Total	111,910,152.93		

(3) The Advances from customers balance details exclude shareholders who hold 5% or more of the Company's shares.

(4) Advances from customers with foreign currency balance

Currency	Ending Balance			Beginning Balance		
	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
Euro	1,324,533.00	8.5866	11,373,193.35			
USD	39,662,154.96	6.2815	249,138,629.60	28,923,569.09	6.3908	184,843,695.26
HKD	142,128.82	0.8521	121,112.43	167,538.81	0.8471	141,918.46
Total			260,632,935.38			184,985,613.72

27. Employee Benefit Payable

Items	Beginning Balance	Increase	Decrease	Ending Balance
Wages or salaries, bonuses, allowances and subsidies	952,995.15	337,167,344.65	337,477,423.19	642,916.61
Staff welfare	5,072,421.30	12,547,390.32	12,547,390.32	5,072,421.30
Social insurance		77,934,018.09	77,934,018.09	
Including:				
Basic medical insurance (Note 1)		24,689,354.99	24,689,354.99	
Basic pension (Note 2)		44,775,229.99	44,775,229.99	
Unemployment insurance (Note 3)		4,961,544.39	4,961,544.39	
Work-related injury insurance		1,832,668.22	1,832,668.22	
Maternity insurance		1,675,220.50	1,675,220.50	
Supplementary medical insurance				
Corporate annuity (Note 4)	1,701,937.69		1,701,937.69	
Housing fund (Note 5)	326,024.00	37,477,546.00	37,507,605.95	295,964.05
Union & Education funds	10,291,959.64	5,904,406.10	4,044,001.30	12,152,364.44
Non-monetary benefits				
Severance benefits	788,552.68	819,833.06	956,950.61	651,435.13
Settlement for labor contract dissolution (Note 6)	788,552.68	819,833.06	956,950.61	651,435.13
Outsourcing labor costs and others		223,442,966.23	223,442,966.23	
Share-based payment in cash				
Total	19,133,890.46	695,293,504.45	695,612,293.38	18,815,101.53

As stipulated by the relevant regulations of the PRC government, the Company and its local subsidiaries had provided existing and upon retiring employees with Basic medical insurance, Basic pension, Unemployment insurance, Work-related injury insurance, Maternity insurance, Supplementary medical insurance, Corporate annuity, Housing fund, etc. Other than those disclosed employee benefit plans, the Group had no other significant legal or constructive obligations for retiring payment to retiree or existing employees.

Note 1: Basic medical insurance: Since 2001, the Company and its local subsidiaries had joined the Guangzhou City scheme of basic medical insurance for workers and paid the basic medical insurance for workers based on 8% of the last month's average salary of the Group or the average salary of Guangzhou City.

Note 2: Basic pension: Since 1994, the Company and its local subsidiaries had joined the pension fund plan proposed by the Guangdong Province and paid the basic medical for workers based on 18% of the last month's average salary of the Group or the average salary of Guangzhou City. Guangzhou Province Social Insurance Fund Management Authority, the underwriting unit, will pay the retired workers monthly.

Note 3: Unemployment insurance: Since 1999, the Company and its local subsidiaries had joined the unemployment insurance plan proposed by the Guangdong Province and paid the unemployment insurance based on 2% of the last month's average salary of the Group or the average salary of Guangzhou City.

Note 4: Corporate annuity: According to the State Regulation, the proposed annuity program of the Group was examined and approved by the representatives of the employees of the General Assembly and board of directors of the Group, which was reported to and reviewed by the Guangdong Provincial Labor and Social Security Department. The Group had established the Annuity Council, which is responsible for daily management of annuity. Segregation of management of annuity assets and the Group's assets was implemented. Annuity Council had engaged independent third party to act as the annuity account-in-charge and investment management-in-charge. The Group should account the annuity in the profit and loss in the respective period and pay the annuity into the bank account opened by the employees at the annuity account-in-charge on a quarterly basis.

According to CSSC regarding to the control of labor cost and enterprise's economic performance, approved by the 2012-33th general manager's office meeting, that is 2012-33th The Party committee on December 4, 2012, the enterprise annuity Council on December 7, 2012, submitted and approved by Workers' congress welfare committee on December 20, 2012, the Company stopped to pay enterprise annuity from January, 2013.

Note 5: Housing fund: The Company and its local subsidiaries were required to pay housing allowance, based on 12% of total staff salary.

Note 6: Settlement for labor contract dissolution: When the Group had formally proposed the plan of termination of labor, either termination of labor before the date stated on the employment contract or compensation proposal of voluntary acceptance of termination, and that the plan will be implemented, the Group could not unilaterally cancel the plan for termination of labor and compensation can not be accounted into the profit or loss.

28. Taxes payable

Items	Ending Balance	Beginning Balance
Value-Added Tax	-43,647,758.85	24,331,012.14
Business Tax	330,250.14	385,774.93
Corporate Income Tax	15,425,737.68	24,751,773.08
Individual Income Tax	840,195.75	7,135,644.42
City Maintenance and Construction Tax	1,053,239.65	9,490,735.82
Real Estate Tax	3,479,995.96	2,415,372.23
Land Appreciation Tax	2,228,630.78	280,593.80
Education Surcharge	760,294.47	6,783,612.42
Flood control and maintain expenses	1,759,687.08	2,699,866.82
Total	-17,769,727.34	78,274,385.66

29. Interest payable

(1) Category

Item	Ending Balance	Beginning Balance
Long-term loans with installment interest and principal return	13,413,995.17	13,681,940.14
Short-term loans	33,639.56	75,286.34
Total	13,447,634.73	13,757,226.48

(2) Interest payable with foreign currency balance

Currency	Ending Balance			Beginning Balance		
	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
USD	2,041,376.25	6.1787	12,613,051.42	2,042,885.67	6.2855	12,840,557.88
Total			12,613,051.42			12,840,557.88

30. Dividend payable

Currency Name	Ending Balance	Beginning Balance
A stock	52,674,733.23	59,118.75
H stock	24,652,882.23	98,794.23
Non-controlling shareholder	3,260,000.00	
Total	80,587,615.46	157,912.98

Note: On June 30, 2013, the balance of dividend payable of A stock aging over 1 year is RMB59,118.75, H stock aging over 1 year is RMB98,794.23, all belongs to individual shareholders with the confirming rights just in progress.

31. Other payables

(1) Aging analysis

Items	Ending Balance	Beginning Balance
Within 1 year	19,609,246.84	17,121,646.63
1-2 years	975,637.60	879,993.95
2-3 years	303,641.47	238,480.28
Over 3 years	8,200,194.86	8,823,166.62
Total	29,088,720.77	27,063,287.48

(2) The Other payables balance details exclude shareholders who hold 5% or more of the Company's shares.

(3) Large-amount Other payables on June 30, 2013

Items	Amount	Nature
Supplementary pension	3,251,393.73	Supplementary pension
Wu Han Yinhu Golf club membership	1,210,000.00	membership due
Retiring medical insurance	860,229.85	Retiring medical insurance
Monetary housing allowance for retired employee	800,000.00	Monetary housing allowance for retired employee
Employee aid fund for purchasing house	789,300.00	Employee aid fund for purchasing house
Total	6,910,923.58	

32. Non-current liabilities due within one year

Items	Ending Balance	Beginning Balance
Non-current liabilities due within one year	1,261,132,555.57	1,057,958,531.65
Total	1,261,132,555.57	1,057,958,531.65

See Note V.34

33. Other current liabilities

Items	Ending Balance	Beginning Balance
Long-term project settlement	1,669,674,454.57	1,342,923,102.78
Shipbuilding products	1,669,674,454.57	1,342,923,102.78
Deferred income	2,199,571.66	2,205,633.55
Metering scientific instruments for the Group	9,999.96	9,999.96
Infrastructure construction projects	1,229,522.28	1,229,502.14
150tons self-propelled hydraulic flatbed(Revamp fund)	166,666.68	166,666.68
Technological transformation potential fund– 4000tons ship to develop new equipment and technological transformation	142,191.84	142,191.84
Dock adaptive transformation	26,666.64	26,666.64
Noise control engineering for painting workshop	15,789.48	15,789.48
Coating technology and transformation (coating workshop building)	153,698.64	154,313.95
Noise control engineering for new area	9,519.96	10,799.94
Transferring capabilities of regional value integration and upgrading technologies	50,000.04	54,186.78
Innovative capacity-building projects of the Enterprise Technology Centre	300,000.00	300,000.00
Dock adaptive transformation (1)	33,333.36	33,333.36
Initial investment for Zhongshan projects	62,182.78	62,182.78
Total	1,671,874,026.23	1,345,128,736.33

34. Long-term loans

(1) Category

Classification	Ending Balance	Beginning Balance
Mortgage loans	2,120,442,299.99	1,871,591,867.49
Unsecured loans	600,000,000.00	600,000,000.00
Less: Due within 1 year	1,261,132,555.57	1,057,958,531.65
Total	1,459,309,744.42	1,413,633,335.84

Mortgage:

As at June 30, 2013, the long-term loans of RMB 2,120,442,299.99 are granted with other monetary fund of RMB 2,457,958,208.82 of the Group as the pledge.

As at December 31st, 2012, the long-term loans of RMB 1,871,591,867.49 are granted with other monetary funds of RMB 2,298,392,150.00 of the Group as the pledge.

Interest rate:

As at June 30, 2013, the weighted average annual interest rate of the long-term loans is 3.66%. (January 1, 2013: 3.55%)

(2) Long-term loans due date

Item	Ending Balance	Beginning Balance
Within 1 year	1,261,132,555.57	1,057,958,531.65
1-2 years	859,309,744.42	813,633,335.84
2-7 years		
Within 1 year	600,000,000.00	600,000,000.00
Total	2,720,442,299.99	2,471,591,867.49

(3) Top 5 clients

Company Name	Start date	Ending date	Currency	Interest rate %	Ending Balance		Beginning Balance	
					Foreign currency	Functional currency	Foreign currency	Functional currency
Finance Co., CSSC	2012-7-18	2019-7-15	CNY	5.00		600,000,000.00		600,000,000.00
Bank of Communications Guangzhou Zhuhai Branch	Subtotal:				105,100,000.00	649,381,370.00	76,000,000.00	518,510,000.00
	2011-12-30	2013-12-30	USD	3.80	10,000,000.00	61,787,000.00	10,000,000.00	68,225,000.00
	2012-1-31	2014-1-31	USD	3.80	20,000,000.00	123,574,000.00	20,000,000.00	136,450,000.00
	2012-4-25	2014-4-24	USD	3.45	10,000,000.00	61,787,000.00	10,000,000.00	68,225,000.00
	2013-5-8	2015-5-8	USD	1.80	19,100,000.00	118,013,170.00		
	2013-5-24	2015-5-24	USD	1.80	10,000,000.00	61,787,000.00		
	2012-5-17	2014-5-17	USD	3.45	36,000,000.00	222,433,200.00	36,000,000.00	245,610,000.00
Citibank (China) Co., Ltd. Guangzhou Branch	Subtotal:				62,338,210.86	390,792,010.05	43,239,421.84	271,781,385.98
	2011-10-11	2013-10-11	USD	3 months libor+370BP	19,964,925.00	125,158,118.33	20,025,000.00	125,867,137.50
	2011-10-11	2013-10-11	USD	3 months libor+370BP	10,042,007.75	62,952,342.36	10,072,224.42	63,308,966.59
	2011-10-20	2013-10-21	USD	3 months libor+370BP	9,636,684.07	60,411,408.75	9,665,681.11	60,753,638.62
	2011-10-27	2013-10-28	USD	3 months libor+370BP	2,036,372.50	12,765,815.57	2,042,500.00	12,838,133.75
	2011-11-28	2013-11-28	USD	3 months libor+370BP	1,559,432.54	9,775,926.62	1,434,016.31	9,013,509.52
	2013-1-29	2015-1-29	USD	3 months libor+190BP	12,038,662.69	75,469,172.54		
	2013-2-7	2015-2-6	USD	3 months libor+190BP	7,060,126.32	44,259,225.89		
JP Morgan Chase Bank Guangzhou Branch	Subtotal:				86,066,595.42	536,126,342.97	49,777,900.83	312,878,995.67
	2013-5-8	2015-5-8	USD	1.72	9,550,000.00	59,006,585.00		
	2013-5-24	2015-5-22	USD	1.72	10,080,000.00	62,281,296.00		
	2013-6-25	2015-6-25	USD	1.80	17,000,000.00	105,037,900.00		
	2013-6-28	2015-6-28	USD	1.72	1,247,351.00	7,707,007.62		
	2011-8-19	2013-8-16	USD	3.37	42,262,114.63	264,936,970.41	43,655,371.16	274,395,835.41
	2011-9-14	2013-9-6	USD	3.37	5,927,129.79	37,156,583.94	6,122,529.67	38,483,160.26
Shanghai Pudong Development Bank Guangzhou Branch	2012-5-23	2014-5-23	USD	3.50	31,446,080.00	197,132,330.91	31,446,080.00	197,654,335.84

(4) Long-term loans with foreign currency balance

Currency	Ending Balance			Beginning Balance		
	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
USD	343,185,831.97	6.1787	2,120,442,299.99	297,763,402.67	6.2855	1,871,591,867.49
Total	343,185,831.97		2,120,442,299.99	297,763,402.67		1,871,591,867.49

35. Estimated liabilities

Items	Beginning Balance	Increase	Decrease	Ending Balance
Product quality warranties	106,158,954.38	-7,553,985.00	3,324,207.27	95,280,762.11
Unpaid retiree housing subsidy	52,405,889.64	2,501,074.59	2,492,858.52	52,414,105.71
Onerous contract	9,327,748.41			9,327,748.41
Total	167,892,592.43	-5,052,910.41	5,817,065.79	157,022,616.23

36. Special payable

Items	Beginning Balance	Increase	Decrease	Ending Balance	Note
High-speed rolling passenger ships technological transformation projects	6,720,000.00			6,720,000.00	Ship fiscal [2001] NO.13 Boatman account [2002] NO.350
18000tons Semi-submersible	17,850,000.00			17,850,000.00	
Total	24,570,000.00			24,570,000.00	

Note: The above projects have been completed and the special purpose payable belongs to the state exclusively. According to resolution of board of directors, these special purpose payables can be converted into investment of CSSC.

37. Other non-current liabilities

Items	Ending Balance	Beginning Balance
Upfront fees for comprehensive technology upgrading Integrated ship building project	38,331,063.93	35,000,000.00
Upfront fees for infrastructure development of the quality Department metering station	18,328,302.53	18,943,083.81
Enterprise Technology centre innovative capacity-building projects	4,478,885.37	4,368,270.37
150tons self-propelled hydraulic flatbed	1,650,000.00	1,800,000.00
Coating technology and transformation (coating workshop building)	1,291,666.61	1,374,999.95
Technological transformation potential fund- 4000tons ship to develop new equipment and technological transformation	1,178,356.12	1,254,590.13
Upfront fees for infrastructure development of Zhongshan Torch development area	1,066,438.08	1,137,534.00
Special funds for innovative enterprises	1,840,940.30	1,872,031.69
Dock adaptive transformation (1)		1,589,725.06
Dock adaptive transformation	749,999.80	766,666.48
2011's Funding for technology research and development for Lizhi area-Engineering Center	600,000.20	613,333.52
Noise control engineering for new area	500,000.00	500,000.00
Noise control engineering for painting workshop	200,253.50	203,733.50
Transferring capabilities of regional value integration and upgrading technologies	197,368.38	205,263.12
Metering scientific instruments for the Group	89,041.65	109,854.93
	37,500.25	42,500.23
Total	70,539,816.72	69,781,586.79

Government grants recorded into deferred income

Items	June 30, 2013		Expensed	Refund	Reasons
	Other non-current liabilities	Other current liabilities			
Upfront fees for comprehensive technology upgrading Integrated ship building project	38,331,063.93				
Upfront fees for infrastructure development of the quality Department metering station	18,328,302.53	1,229,522.28	614,761.14		
Upfront fees for infrastructure development of Zhongshan Torch development area	4,478,885.37				
Enterprise Technology Center innovative capacity-building projects	1,840,940.30	62,182.78	31,091.39		
150tons self-propelled hydraulic flatbed	1,650,000.00	300,000.00	150,000.00		
Coating technology and transformation (coating workshop building)	1,291,666.61	166,666.68	83,333.34		
Technological transformation potential fund- 4000tons ship to develop new equipment and technological transformation	1,178,356.12	153,698.64	76,849.32		
Dock adaptive transformation (1)	1,066,438.08	142,191.84	71,095.92		
Dock adaptive transformation	749,999.80	33,333.36	16,666.68		
2011's Funding for technology research and development for Lizhi area-Engineering Center	600,000.20	26,666.64	13,333.32		
Noise control engineering for new area	500,000.00				
Noise control engineering for painting workshop	200,253.50	9,519.96	4,759.98		
Transferring capabilities of regional value integration and upgrading technologies	197,368.38	15,789.48	7,894.74		
Metering scientific instruments for the Group	89,041.65	50,000.04	25,000.02		
Special funds for innovative enterprises	37,500.25	9,999.96	4,999.98		
			1,589,725.06		
Total	70,539,816.72	2,199,571.66	2,689,510.89		

38. Stock

Classification	Beginning Balance	Increase	Decrease	Ending Balance
Unlimited shares				
Ordinary shares	438,463,454.00			438,463,454.00
Foreign share	204,617,400.00			204,617,400.00
Total	643,080,854.00			643,080,854.00

39. Capital reserves

Items	Beginning Balance	Increase	Decrease	Ending Balance
Share capital premium	502,982,007.95	2,302,208.48		505,284,216.43
Other capital reserves	173,151,908.32		37,515,980.38	135,635,927.94
Total	676,133,916.27	2,302,208.48	37,515,980.38	640,920,144.37

Note 1: The increase in Share capital premium from January to June, 2013, comes from the difference of:

- 1) The consideration of purchasing of the 49% non-controlling shareholder's equity of subsidiary of USSL; and
- 2) the share of fair value of net asset on a basis of continuous computing from the acquisition day.

Note 2: The changes in other capital reserves are the post-tax amount of fluctuation of fair value of financial assets available for sale.

40. Special reserves

Items	Beginning Balance	Increase	Decrease	Ending Balance
Safe production fees		11,854,072.58	11,206,866.56	647,206.02
Total		11,854,072.58	11,206,866.56	647,206.02

41. Surplus reserves

Items	Beginning Balance	Increase	Decrease	Ending Balance
Statutory surplus reserves	413,120,806.34			413,120,806.34
Discretionary surplus reserves	18,926,387.43			18,926,387.43
Total	432,047,193.77			432,047,193.77

42. Undistributed profits

Items	Current Period	Last Period
Beginning Balance of Current Period	2,393,852,509.26	2,389,241,266.41
Add: Net profit attributable to Parent Company	55,334,088.40	10,327,540.44
Less: Provision of statutory surplus reserve		5,716,297.59
Provision of discretionary surplus reserve		
Ordinary share dividend payable	77,169,702.48	
Ending Balance of Current Period	2,372,016,895.18	2,393,852,509.26

43. Non-controlling shareholder's equity

(1) Proportion of non-controlling shareholder's equity

Subsidiary	Ending Proportion	Beginning Proportion
USSL		49%
Guangzhou Hongfan Technology Co., Ltd.	49%	49%
Fanguang Development Co., Ltd.	30%	30%

(2) Non-controlling shareholder's equity attributable to each non-controlling shareholder

Subsidiary	Ending Balance	Beginning Balance	Note
USSL		87,179,555.48	Note
Guangzhou Hongfan Technology Co., Ltd.	10,646,881.13	10,645,609.18	
Fanguang Development Co., Ltd.	288,081.94	3,636,479.63	
Total	10,934,963.07	101,461,644.29	

Note: The seventh meeting of the tenth board of directors in 2012, approved the resolution, the Company and its wholly owned subsidiary RongGuang Development Co. Ltd. ("RongGuang") purchase the 49% share of the subsidiary of Guangzhou Yonglian Steel Structure Co., Ltd. ("Yonglian") from the foreign shareholders. The Company purchase 24% share, RongGuang purchase 25% stock right, and the purchasing price is refer to the assessment value of the assets of Yonglian as at December 31, 2011. On December 31, 2011, the Company paid the purchasing price amounted USD6,610,000.00, equivalent to RMB41,573,700.00. On February 5, 2013, RongGuang paid the purchasing price amounted USD6,890,000.00, equivalent to RMB43,303,700.00. The relevant legislation procedures were finished on March 13, 2013, and the shares were delivered. Thus, the group held the 100% stock right of Yonglian.

44. Net current assets

Items	Ending Balance	Beginning Balance
Current assets	8,321,597,066.34	8,344,818,915.44
Less: Current liabilities	4,926,861,266.55	4,905,176,419.19
Net current assets	3,394,735,799.79	3,439,642,496.25

45. Total assets less current liabilities

Items	Ending Balance	Beginning Balance
Total assets	10,766,680,881.68	10,862,086,077.54
Less: current liabilities	4,926,861,266.55	4,905,176,419.19
Total assets less current liabilities	5,839,819,615.13	5,956,909,658.35

46. Loans

Detailed information:

Items	Ending Balance	Beginning Balance
Short-term loans	46,240,056.86	92,167,796.47
Long-term loans	2,720,442,299.99	2,471,591,867.49
Total	2,766,682,356.85	2,563,759,663.96

(1) Brief analysis

Items	Ending Balance	Beginning Balance
Bank loans	2,166,682,356.85	1,963,759,663.96
– Due within 5 years	2,166,682,356.85	1,963,759,663.96
– Due after 5 years		
Other loans	600,000,000.00	600,000,000.00
– Due within 5 years		
– Due after 5 years	600,000,000.00	600,000,000.00
Total	2,766,682,356.85	2,563,759,663.96

(2) Due date analysis

Items	Ending Balance	Beginning Balance
Pay back as required or within 1 year	1,304,383,453.80	1,150,126,328.12
1-2 years	862,298,903.05	813,633,335.84
2-5 years		
Over 5 years	600,000,000.00	600,000,000.00
Total	2,766,682,356.85	2,563,759,663.96

47. Operating income & Operating cost

Items	Current Period	Last Period
Main business income	1,706,718,735.01	3,386,128,297.94
Other business income	39,150,698.34	46,511,170.24
Total	1,745,869,433.35	3,432,639,468.18
Main business cost	1,542,246,654.00	3,175,986,706.69
Other business cost	21,214,278.17	32,924,317.92
Total	1,563,460,932.17	3,208,911,024.61

(1) Gross margin

Items	Current Period	Last Period
Main business income	1,706,718,735.01	3,386,128,297.94
Main business cost	1,542,246,654.00	3,175,986,706.69
Gross margin	164,472,081.01	210,141,591.25

(2) Main business income – classified by products

Items	Current Period		Last Period	
	Main business income	Main business cost	Main business income	Main business cost
Shipbuilding products	1,279,170,064.49	1,163,871,675.17	2,924,347,295.79	2,778,644,856.49
Steel Structure Engineering	351,357,573.31	329,535,184.21	177,550,080.45	162,654,625.54
Mechanical and electrical products and others	76,191,097.21	48,839,794.62	284,230,921.70	234,687,224.66
Total	1,706,718,735.01	1,542,246,654.00	3,386,128,297.94	3,175,986,706.69

(3) Main business income – classified by regions

Region	Current Period		Last Period	
	Main business income	Main business cost	Main business income	Main business cost
Denmark	491,391,155.33	441,901,975.32	249,195,877.32	212,265,562.43
Greece	220,686,959.01	206,117,616.04	272,454,588.75	232,922,524.00
Hong Kong	137,570,732.48	122,767,427.36	16,736,426.67	16,234,080.83
Philippines	87,630,033.20	76,893,354.08	1,339,341.31	2,258,562.54
Sweden	64,003,567.59	61,625,302.67	104,304,947.41	103,667,764.96
Canada	57,752,525.61	51,046,625.61	27,716,111.49	24,805,919.78
Netherlands	25,890,163.90	25,890,163.90	451,106,894.00	386,131,668.49
Malta			131,863,990.13	105,031,151.33
Columbia	4,405,310.38	3,369,824.74	66,703,419.13	58,955,988.73
America			35,873,547.03	31,347,299.34
Thailand			22,338,172.30	22,264,349.68
Other countries and regions	17,321,783.57	16,988,891.32	21,501,984.86	17,023,525.54
China	600,066,503.94	535,645,472.96	1,984,992,997.54	1,963,078,309.04
Total	1,706,718,735.01	1,542,246,654.00	3,386,128,297.94	3,175,986,706.69

(4) Other business income & Other business cost

Items	Current Period		Last Period	
	Other business income	Other business cost	Other business income	Other business cost
Sales of material	15,084,774.57	9,932,293.43	1,774,469.66	1,171,246.48
Sales of scratches	13,057,660.52	5,599,843.66	25,838,051.30	12,898,568.01
Rental income	4,984,166.42	2,242,492.09	2,797,065.22	1,627,501.10
Income from power providing	161,452.64	139,332.25	159,668.95	137,792.94
Service income	5,862,644.19	3,300,316.74	15,941,915.11	17,089,209.39
Total	39,150,698.34	21,214,278.17	46,511,170.24	32,924,317.92

(5) Contract revenue

Items	Total amount	Accumulated cost	Accumulated gross margin	Amounts settled
115000 series (tankers for product oil/crude oil)	532,452,497.50	1,580,962.40		54,006,280.00
250000 series (ore sand tankers)	708,672,803.00	265,800.04		70,869,689.00
308000 series (tankers for product oil/crude oil)	1,046,115,070.00	5,384,832.50		106,334,800.00
375000 series (tankers for product oil/chemicals)	914,418,712.51	259,533,442.00	14,632,953.28	355,582,928.67
390000 series (tankers for product oil/chemicals)	191,580,676.46	216,073,840.18	-24,493,163.72	191,580,676.46
40000 series (tankers for product oil/chemicals)	339,670,061.10	111,398,626.54		136,626,527.00
Fixed price contract	411,965,811.97	12,947,177.68		183,589,743.58
48000 series (tankers for product oil/chemicals)	655,095,182.74	751,325,643.77	-96,230,461.04	655,088,897.71
50000 series (tankers for product oil/chemicals)	2,192,117,325.00	42,926,519.16		264,424,712.00
50000 series (bulk carrier)	494,700,854.70	522,282,698.01	-67,779,355.28	462,000,000.00
50500 series (tankers for product oil/chemicals)	1,241,120,558.62	764,925,160.17	110,112,507.82	686,357,759.31
semi-submerged ships series	880,251,609.67	193,269,109.23		209,928,970.00
6000 series (tankers for product oil/chemicals)	55,659,208.55	98,914,203.56	-43,254,995.01	55,556,534.72
52300 series (tankers for product oil/chemicals)	233,239,127.51	250,827,982.72	-17,588,855.21	233,239,127.51
Special ships	2,965,678,674.70	715,639,784.45	37,198,083.10	1,483,316,923.05
Total	12,862,738,174.03	3,947,295,782.41	-87,403,286.06	5,148,503,569.01

Because the declining trend of the ship's price, the estimated total revenue of contracts decrease 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. The estimated loss for contracts for current period is RMB 81,963,816.18, reserved RMB 25,159,277.95

(6) Top 5 customers

Company Name	Operating income	%
Denmark – LAURITAEN TARKERS A/S	379,992,528.79	22.26%
Greece – Tomaso Brothers Ins.	156,009,927.63	9.14%
Shenzhen Ocean Shipping Co., Ltd.	145,556,912.06	8.53%
HongkongWanli (Valles) shipping company	129,622,218.42	7.59%
NORDN company	111,398,626.54	6.53%
Total	922,580,213.44	54.06%

48. Business tax and surcharges

Items	Current Period	Last Period	Tax Base
Business Tax	2,204,560.41	2,180,789.53	Service revenue
City Maintenance and Construction Tax	5,594,951.72	2,206,722.21	Turnover tax payable
Education Surcharge	4,029,589.82	1,602,135.84	Turnover tax payable
Total	11,829,101.95	5,989,647.58	

49. Sales Expense

Items	Current Period	Last Period
Ship maintenance fee	-7,553,985.00	-9,252,998.08
Salary	2,761,490.48	1,760,000.71
Business expenditure	1,380,552.75	1,066,942.96
Advertisement	363,355.51	411,113.13
Exhibition	238,750.93	84,053.97
Consignment fee	1,283,400.00	
Other selling expenses	1,054,145.71	1,346,534.75
Total	-472,289.62	-4,584,352.56

50. Administration Expense

Items	Current Period	Last Period
Entertainment	2,390,706.66	2,509,537.77
Research and development fee	29,323,888.11	34,236,587.87
Salaries	60,938,496.06	51,650,511.14
Repairing expenses	19,897,202.14	16,126,838.70
Taxation	8,034,825.57	9,229,664.71
Depreciation	6,788,353.99	7,199,223.29
Amortization of intangible assets	6,044,597.19	6,025,633.03
Travelling expense	1,685,119.69	1,813,278.85
Guards fire fee	1,638,863.52	1,794,343.36
Board meeting fee	1,323,839.88	2,962,772.10
Water supply and electricity expense	1,302,853.41	1,819,739.38
Hire an intermediary agency fees	2,160,944.23	2,498,692.98
Office supply	1,186,375.10	1,092,142.70
Labor training	1,132,999.99	1,099,999.98
Others	15,699,667.10	18,432,690.67
Total	159,548,732.64	158,491,656.53

51. Financial expense
(1) Category

Items	Current Period	Last Period
Interest expenditure	52,727,960.93	44,177,970.88
Less: Interest income	101,533,605.83	95,206,768.06
Add Exchange loss	-12,731,675.87	7,427,764.34
Add: Other expenditure	529,852.30	729,311.49
Total	-61,007,468.47	-42,871,721.35

(2) Interest expenditure category

Items	Current Period	Last Period
Bank loan interest, overdraft interest	37,644,627.61	44,177,970.88
Other interest due within 5 years	15,083,333.32	
Other interest due after 5 years		
Subtotal	52,727,960.93	44,177,970.88
Less: Capitalized interest		
Total	52,727,960.93	44,177,970.88

(3) Interest income category

Items	Current Period	Last Period
Interest income from bank deposit	101,533,605.83	95,206,768.06
Total	101,533,605.83	95,206,768.06

52. Assets impairment losses

Items	Current Period	Last Period
Bad debts	90,372.35	-1,287,385.62
Loss from inventory devaluation	58,659,531.74	177,634,532.45
Total	58,749,904.09	176,347,146.83

53. Gain or loss on changes in fair value

Items	Current Period	Last Period
Tradable financial assets	9,786,619.53	-16,931,313.28
Gains in the changes in the fair value of Foreign exchange forward contract	9,786,619.53	-16,931,313.28
Tradable financial liabilities	-197,655.52	-992,368.22
Gains in the changes in the fair value of Foreign exchange forward contract	-197,655.52	-992,368.22
Total	9,588,964.01	-17,923,681.50

54. Investment income

(1) Source of investment income

Items	Current Period	Last Period
From long-term equity investment under equity method	1,272,317.58	2,332,275.59
From long-term equity investment under cost method	33,010.00	
From holding financial assets available for sale	11,032,819.50	7,411,213.00
From disposal of financial assets available for sale		59,259.00
From disposal of Financial assets held for trading	24,126,845.00	18,990,577.22
Total	36,464,992.08	28,793,324.81

The Investment income from listed companies for current period is RMB11,032,819.50 (last period: RMB7,411,213.00).

There's no significant restrict in remittance of investment income.

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

Items	Current Period	Last Period
Total	1,272,317.58	2,332,275.59
Zhenjiang Shipyard modern power generation equipment Co., Ltd.	700,885.14	1,525,512.04
Guangzhou economic and Technological Development Zone, Southern China special coating Co. Ltd.	605,358.60	823,422.87
Zhanjiang Nanhai Marine High-tech Service Co. Ltd.	-33,926.16	-16,659.32

55. Non-operating income

(1) Non-operating income category

Items	Current Period	Last Period
Gain on disposal of non-current assets	1,137.40	3,241,297.80
Gain on Liquidation of fixed assets	1,137.40	3,241,297.80
Government grants	10,534,056.52	157,766,442.68
Penalty income	31,000.00	47,045.00
Compensation income	897,435.90	7,285,249.18
Others	907,261.36	2,560.00
Total	12,370,891.18	168,342,594.66

The non-operating gains or losses for current period are RMB 11,025,505.05.

(2) Government grants category

Items	Current Period	Last Period
Product subsidy	1,345,386.13	152,364,778.41
New product subsidy	6,939,725.06	4,959,456.54
Finance subsidy	1,600,110.96	42,616.60
Rebate from sale of self-produced software	648,834.37	399,591.13
Total	10,534,056.52	157,766,442.68

56. Non-operating expense

Items	Current Period	Last Period
Loss on disposal of non-current assets	77,020.11	148,365.58
Loss on Liquidation of fixed assets	77,020.11	148,365.58
Donation	10,000.00	
Penalties	36,000.00	16,746.00
Compensation	748,226.10	1,071,013.35
Others	554,570.32	2,259.75
Total	1,425,816.53	1,238,384.68

The non-operating gains or losses for current period are RMB1,425,816.53.

57. Income tax expenses

Items	Current Period	Last Period
Current income tax expenses	17,566,227.43	32,762,020.22
China	15,450,062.88	32,583,442.04
Hong Kong	2,116,164.55	178,578.18
Deferred income tax expenses	-2,283,638.76	-13,686,625.10
Total	15,282,588.67	19,075,395.12

58. 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	55,334,088.40	87,985,055.14
Non-operating profit and loss attributable to shareholders of Parent Company	2	36,681,685.26	15,297,968.98
Net profit after deducting non-operating profit and loss attributable to shareholders of Parent Company	3=1-2	18,652,403.14	72,687,086.16
Total number of shares at the beginning of the year	4	643,080,854	643,080,854
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		
The number of months from next month to the year end regarding the number of shares (II)	7		
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+6x7÷11-8x9÷11-10	643,080,854	643,080,854
Basic EPS (I)	13=1÷12	0.09	0.14
Basic EPS (II)	14=3÷12	0.03	0.11
Potential diluted interests of ordinary shares recognized as expense	15		
Transfer fee	16		
Income tax rate	17	0.15	0.15
Weighted average amount of ordinary shares increased due to warrant, share options, and convertible bonds, etc.	18		
Diluted EPS (I)	19=[1+(15-16)x(1-17)]÷(12+18)	0.09	0.14
Diluted EPS (II)	20=[3+(15-16)x(1-17)]÷(12+18)	0.03	0.11

59. Dividends

In the six months as at June 30, 2013, dividends amounted to RMB77,169,702.48 has been declared for the accounting year of 2012. (2012: None)

According to the decisions of board of directors stated on August 30th, 2013, the Company would not distribute the interim dividends 6-month period ended on June 30,2013, (6-month period ended on June 30,2012: None).

60. Other comprehensive income

Items	Current Period	Last Period
Gains and losses from Financial assets available for sale	-44,136,447.50	-12,948,479.66
Less: Financial assets available for sale tax effects	-6,620,467.12	-1,688,932.13
Total	-37,515,980.38	-11,259,547.53

61. Notes to the Consolidated Cash Flow Statement

(1) Other cash receipts or payments from operating activities, investing activities and financing activities

(i) Other cash receipts from operating activities

Items	Current Period	Last Period
Product subsidy	106,723,600.00	34,832,400.00
Infrastructure fund for high-technology research	6,480,250.89	7,950,203.62
Received from other accounts	36,276,610.57	46,300,044.09
Total	149,480,461.46	89,082,647.71

(ii) Other cash payments from operating activities

Items	Current Period	Last Period
Administrative expenditure	65,375,583.97	51,998,421.88
Operating expenditure	4,792,599.10	4,396,732.44
Non-operating expense	1,348,796.42	291,476.67
Repairing expense	3,324,207.27	12,078,943.15
Paid to other accounts	8,937,307.72	39,424,617.27
Total	83,778,494.48	108,190,191.41

(iii) Other cash receipts from investing activities

Items	Current Period	Last Period
Fixed deposit pledge resolution	856,988,042.68	1,804,308,590.00
Interest income from deposit	110,106,710.39	97,352,751.83
Total	967,094,753.07	1,901,661,341.83

(iv) Other cash payments from investment activities

Items	Current Period	Last Period
Fixed deposit pledge	1,019,825,408.82	666,720,000.00
Total	1,019,825,408.82	666,720,000.00

(v) Other cash payments from financing activities

Items	Current Period	Last Period
Bank charges and others	21,071.16	
Total	21,071.16	

(2) Supplemental information for Consolidated Cash Flow Statement

Items	Current Period	Last Period
1. Reconciliation of not profit to cash flows from operating activities		
Net profit	55,476,962.66	89,254,524.71
Add: Provision for impairment	58,749,904.09	176,347,146.83
Fixed assets depreciation, Oil-and-gas depletion, Productive biological assets depreciation	57,648,830.77	56,711,759.24
Intangible assets amortization	5,430,189.86	6,076,876.82
Long-term unamortized assets amortization	605,336.60	582,644.10
Loss on changes in fair value (gain marked "-")	75,882.71	-3,092,932.22
Investments income (gain marked "-")	-9,588,964.01	17,923,681.50
Finance costs (gain marked "-")	-61,007,468.47	-42,592,189.16
Investments income (gain marked "-")	-36,464,992.08	-28,793,324.81
Decrease in Inventories (increase marked "-")	-3,166,614.79	-9,159,949.13
Decrease in Deferred tax liabilities (increase marked "-")	894,622.77	-2,539,697.00
Increase in Inventories (increase marked "-")	-167,699,006.84	640,027,686.15
Decrease in Receivables from operating activities (increase marked "-")	-294,466,619.74	-47,169,220.39
Increase in Payables from operating activities (increase marked "-")	-308,975,522.63	-1,073,319,021.32
Others		
Net Cash Flow From Operating Activities	-702,487,459.10	-219,742,014.68
2. Investing and financing activities that do not involve cash receipts and payments:		
Conversion from debt to capital		
Convertible bonds due within 1 year		
Fixed assets under finance lease		
3. Net changes in cash and cash equivalents		
Ending balance	3,125,827,996.78	3,378,718,945.39
Less: Beginning balance	3,750,208,522.25	2,960,018,580.11
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-624,380,525.47	418,700,365.28

(3) Cash and Cash Equivalents

Items	Current Period	Last Period
Cash	3,125,827,996.78	3,378,718,945.39
Including: Cash		
Bank deposit available-for-use	185,467.22	178,984.20
Other cash fund available-for-use	3,125,542,492.00	3,378,436,971.42
Deposits in central bank available-for-use	100,037.56	102,989.77
Deposits in other banks		
Replacement in other banks		
Cash Equivalents		
Including: Bond investment due within 3 months		
Ending Balance of Cash and Cash Equivalents	3,125,827,996.78	3,378,718,945.39
Including: Restricted Cash and Cash Equivalents available-for-use to Parent Company or Subsidiaries		

VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Related party relationships

(1) Controlling shareholder and the ultimate controller

Company name	Nature	Registration place	Business type	Legal representative	Organization code
China state shipbuilding corporation	State-owned business	Shanghai	Shipbuilding	Hu Wenming	710924478

Change of capital

Controlling shareholder	Beginning Balance ('000,000)	Increase	Decrease	Ending Balance ('000,000)
China state shipbuilding corporation	6,374.3			6,374.3

Change of holding shares or equity

Controlling shareholder	Holding amounts		Holding rights %	
	Ending Balance	Beginning Balance	Ending Balance	Beginning Balance
China state shipbuilding corporation	252,610,380.00	252,610,380.00	35.71	35.71

(2) Joint ventures and associates

See Note V.12

(3) Other related parties

Type	Company name	Business type	Organization code
Under common control of the controlling shareholder and the ultimate controller			
	Anqing CSSC Diesl Engine Co., Ltd.	Purchasing goods and services	151306277
	Guangzhou Wenchong Shipyard Co., Ltd.	Selling goods and rendering services	190500830
	Guangzhou Shipyard Ltd.	Purchasing goods and services, Selling goods and rendering services	190440532
	Guangzhou Huangpu Shipbuilding Co., Ltd.	Purchasing goods and services, Selling goods and rendering services	190500419
	Shipbuilding in South China Marine Machinery Co., Ltd.	Purchasing goods and services, Selling goods and rendering services	199124798
	Jiangxi Chaoyang Machinery Factory	Purchasing goods and services	158261489
	Jiangxi Marine Valve Factory	Purchasing goods and services	158261171
	The Jiujiang Shipbuilding Fire Equipment Co.	Purchasing goods and services	769750177
	CSSC Nanjing Oasis Machine Co., Ltd.	Purchasing goods and services	134905382
	The Shanghai Navigation Instrument Co. Ltd.	Purchasing goods and services	767236625
	Zhenjiang CSSC equipment Co., Ltd.	Purchasing goods and services	731778430
	9th Design and Research Institute of the China Shipbuilding	Purchasing goods and services	425014619
	China Shipbuilding Trading Company	Purchasing goods and services	100001027
	Design and Research Institute of China Shipbuilding and Marine Engineering	Purchasing goods and services	425007603
	Guangzhou Shipbuilding NanshaLongxue construction Development Co., Ltd.,	Purchasing goods and services	759441020
	Eastern Shanghai Zhonghua Shipbuilding (Group) Co., Ltd.	Purchasing goods and services	70326335X
	The Guangzhou Longxue Shipbuilding Co., Ltd.	Purchasing goods and services, Selling goods and rendering services	788925331
	China Shipbuilding Technology Institute of Economic Research	Purchasing goods and services	400000472
	Shipbuilding Guijiang Shipbuilding Co., Ltd.	Purchasing goods and services, Selling goods and rendering services	199125619
	Jiujiang Haitian Equipment Manufacture Co., Ltd.	Purchasing goods and services	769756704
	Shipbuilding International Trading Co., Ltd.	Purchasing goods and services	703424416
	Ships and Ocean Engineering Design and Research Institute of Guangzhou	Selling goods and rendering services	717806431
	Shanghai Waigaoqiao Shipbuilding Co., Ltd.	Selling goods and rendering services	631423632
	Hualian Ship Co., Ltd.	Purchasing goods and services Overseas	190506722
	Guangzhou Shipbuilding Corporation	Purchasing goods and services	132204830
	Shanghai Shipbuilding Corporation	Purchasing goods and services	683265787
	CSSC Guangzhou Marine Diesel Engine Co., Ltd.	Purchasing goods and services	717810086
	Shanghai Ship Research and Design Institute	Purchasing goods and services	400000675
	China Shipbuilding Industry Corporation Ship Systems Engineering Department	Purchasing goods and services	132203280
	Huahai Marine cargo access equipment company	Purchasing goods and services	132943529
	Survey and Design Institute of the China Shipbuilding Co., Ltd.	Purchasing goods and services	100027155
	Finance Co., CSSC	Selling goods and rendering services	132283663
	CSSC Jiangnan Heavy Industry Co., Ltd.	Selling goods and rendering services	802042333
	Beijing Shipbuilding Information Technology Co., Ltd.	Selling goods and rendering services	142243024
	CSSC Chengxi Shipbuilding Co., Ltd.	Selling goods and rendering services	766907124
	National Engineering Research Center of Shanghai ship design technology Co., Ltd.	Purchasing goods and services	780563727
	Eastern Shanghai Shipbuilding Electric Co., Ltd.	Purchasing goods and services	797013289
	Shanghai JiangnanChangxing Shipbuilding Co., Ltd.	Purchasing goods and services	056586979
	China Shipbuilding Industry complete Logistics Co., Ltd. (Guangzhou)	Purchasing goods and services	781228314
	Shipbuilding Chengxi the Voyage Ship Co., Ltd. (Guangzhou)	Purchasing goods and services	

2. Related party transactions

(1) Consolidated

(i) Purchasing goods or services

Company Name	Transactions	Pricing policy	Current Period		Last Period	
			Amount	%	Amount	%
Under common control of the controlling shareholder and the ultimate controller						
Guangzhou Shipyard Ltd.	Marine accessories and Labor technical services	Note	34,906,102.67	2.23	77,670,904.88	3.16
Zhenjiang CSSC equipment Co., Ltd.	Product equipment	Note	27,270,256.41	1.74	54,036,170.94	2.20
CSSC Nanjing Oasis Machine Co., Ltd.	Product equipment	Note	6,083,418.81	0.39	27,997,401.70	1.63
Eastern Shanghai Heavy Machinery Co., Ltd.	Product equipment	Note			40,050,000.00	1.14
Ships and Ocean Engineering Design and Research Institute of Guangzhou	Marine accessories	Note	183,018.87	0.01		
Shipbuilding in South China Marine Machinery Co., Ltd.	Marine accessories	Note	1,491,452.99	0.10	22,675,811.98	0.92
Shanghai Ship Research and Design Institute	Labor technical services	Note	8,161,792.45	0.52	10,202,200.00	0.41
The Shipbuilding Industry Complete Logistics Co., Ltd. (Guangzhou)	Purchase materials	Note	76,000,407.99	4.86		
9th Design and Research Institute of the China Shipbuilding	Labor technical services	Note	426,415.09	0.03	355,660.38	0.01
Anqing CSSC Diesel Engine Co., Ltd.	Product equipment	Note	3,675,213.68	0.24	3,675,213.68	0.15
Design and Research Institute of China Shipbuilding and Marine Engineering	Marine accessories	Note			1,015,000.00	0.04
Guangzhou Shipbuilding Corporation	Purchase materials	Note	4,096,055.08	0.26	2,829,671.45	0.12
Xijiang Shipbuilding Co., Ltd.	Purchase materials	Note			6,410,256.40	0.26
Eastern Shanghai Zhonghua Shipbuilding (Group) Co., Ltd.	Purchase materials	Note	1,200,000.00	0.08		
Shanghai DeruiSihua Ships Equipment Co., Ltd.	Marine accessories	Note	1,369,380.34	0.09		
Shipbuilding Guijiang Shipbuilding Co., Ltd.	Marine accessories	Note			4,035,897.43	0.16
The Guangzhou Longxue Shipbuilding Co., Ltd.	Purchase materials and Labor technical services	Note	67,263,611.33	4.30	2,426,028.64	0.10
The Shanghai Lingang ship Equipment Co.,	Labor technical services	Note			778,500.00	0.03
Hualian Ship Co., Ltd.	Purchase materials	Note			441,435.36	0.02
Jiujiang China Shipbuilding Changan Fire Equipment Co., Ltd.	Marine accessories	Note			2,273,717.95	0.09
China Ship Power Station Equipment Co., Ltd.	Product equipment	Note			2,085,000.00	0.08
Shipbuilding Chengxi the Voyage Ship Co., Ltd. (Guangzhou)	Labor technical services	Note			1,741,337.60	0.07
Jiujiang Haitian Equipment Manufacture Co., Ltd.	Marine accessories	Note	484,273.50	0.03	371,794.87	0.02
National Engineering Research Center of Shanghai ship design technology Co., Ltd.	Marine accessories	Note			74,358.97	
Survey and Design Institute of the China Shipbuilding Co., Ltd.	Labor technical services	Note			100,000.00	
China Shipbuilding Technology Institute of Economic Research	Labor technical services	Note	8,501.00			
Jiangxi Chaoyang Machinery Factory	Marine accessories	Note	24,179.49		125,735.04	0.01
Guangzhou Huangpu Shipbuilding Co., Ltd.	Labor technical services	Note			85,950.00	
Guangzhou Shipyard Ship Steel Structure Co., Ltd.	Labor technical services	Note			156,584.25	0.01
The Shanghai Shipbuilding Institute survey Geotechnical Engineering Co., Ltd.	Labor technical services	Note			103,400.00	
Anqing Marine Electric Co., Ltd.	Purchase materials	Note			12,307.69	
The Shanghai Navigational Equipment Co. Ltd.	Product equipment	Note			273,504.27	0.01
The Jiujiang Shipbuilding Fire Equipment Co. Survey and Design Institute of the China Shipbuilding Xiamen Branch	Labor technical services	Note	124,365.57	0.01		
Eastern Shanghai Shipbuilding Valve Co., Ltd.	Purchase materials	Note			26,839.32	
The Guangzhou Longxue Shipbuilding Co., Ltd.	Purchase materials	Note	114,480.40	0.01		
China Shipbuilding Industrial and Trading Guangzhou Co., Ltd.	Purchase materials	Note	18,432.99			
Shanghai Sidarui Shipping and Marine Engineering Services Co., Ltd.	Purchase materials	Note	128,205.13	0.01		
Shanghai Shipbuilding Technology Research Institute (11th Institute of China Shipbuilding)	Purchase materials	Note	1,799,358.97	0.12		
China Shipbuilding Industry Complete Logistics Co., Ltd.	Purchase materials	Note	5,972,732.74	0.38		
The Shanghai Navigation Instrument Co. Ltd.	Purchase materials	Note	4,226,000.00	0.27		
Huahai Shipbuilding Equipment Co., Ltd.	Purchase materials	Note	1,530,000.00	0.10		
Joint ventures and associates						
Guangzhou Economic and Technological Development Zone in South China Special Coating Industrial Co., Ltd.	Labor technical services	Note	303,163.26	0.02	1,932,264.84	0.08
Total			247,288,169.19	15.83	263,962,947.64	10.72

Note: Pricing policy

- (a) Purchase price of electronic appliance, metallic materials and marine complement are based on market price.
- (b) Purchase price of marine equipment, if there are two or more related parties competed as supplier, after consideration of factors such as inventory cycle, quality of products and services of suppliers, are negotiated with basis on market price. If there is only one related party as supplier due to technical specifications or restrictions, the price should be arm's length as that provided by a third independent party.
- (c) 10% increase of labor cost is executed during the peak production period
- (d) Purchase price of cabin-cleaning, ship design and relevant technical services are based on market price.
- (e) Purchase prices of medical care, food and beverage, infant care, training for labors, management fee for residence, etc, are based on the expense incurred in 2008 and adjusted by the annual "price index" (Guangzhou Municipal Statistics Bureau's announcement of the statistic of the general price index of the living expense of Guangzhou Municipal of the previous year) and further adjusted by the number of employees of the Group, number of household and actual staff welfare, but subject to maximum of adjustment on the annual "price index".

(ii) *Sell goods or render services*

Company name	Related party transactions	Pricing policy	Current Period		Last Period	
			Amount	Percentage of similar transactions %	Amount	Percentage of similar transactions %
Under common control of the controlling shareholder and the ultimate controller						
The Guangzhou Longxue Shipbuilding Co., Ltd.	Labor technical services	Note	60,133,894.03	3.44	66,638,161.93	1.94
Guangzhou Shipyard Ltd.	Labor technical services	Note	5,261,600.29	0.30	14,221,917.71	0.41
Guangzhou Huangpu Shipbuilding Co., Ltd.	Labor technical services	Note	5,415,213.72	0.31	13,682,342.62	0.40
Guangzhou Wenchong Shipyard Co., Ltd.	Labor technical services and materials	Note	222,381.20	0.01	809,968.88	0.02
CSSC Guangzhou Marine Diesel Engine Co., Ltd.	Labor technical services	Note	827,288.39	0.05	192,180.34	0.01
Shipbuilding Chengxi the Voyage Ship Co., Ltd. (Guangzhou)	Labor technical services	Note	44,739,607.62	2.56	28,632.48	
Shipbuilding in South China Marine Machinery Co., Ltd.	Power supply	Note	308,526.09	0.02	290,866.17	0.01
Design and Research Institute of China Shipbuilding and Marine Engineering	Labor technical services	Note			78,000.00	
Beijing Shipbuilding Information Technology Co., Ltd.	Materials	Note			175,854.70	0.01
Shanghai Waigaoqiao Shipbuilding Co., Ltd.	Labor technical services	Note			150,000.00	
Ships and Ocean Engineering Design and Research Institute of Guangzhou	Power supply	Note	7,659.41		85,910.40	
Jiangnan Heavy Industry Co., Ltd.	Labor technical services	Note			92,307.69	
Guangzhou yellow boat Marine Engineering Co., Ltd.	Materials	Note			15,297.45	
Shipbuilding Guijiang Shipbuilding Co., Ltd.	Labor technical services	Note	6,849.06		5,715.00	
Guangzhou Shipbuilding Corporation	Materials	Note			1,196.58	
China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.			8,736,461.99	0.50		
Guangzhou Longxue Pipe Co., Ltd.			110,186.32	0.01		
Guangzhou cssc-oceanline-gws marine engineering Co., Ltd.			562,207.71	0.03		
Joint ventures and associates						
Guangzhou Economic and Technological Development Zone in South China Special Coating Industrial Co., Ltd.	Labor technical services	Note	14,319.45		33,252.15	14,319.45
Total			126,346,195.28	7.23	96,534,856.25	2.80

Note: Pricing policy

- (a) Sale price of electrical and mechanical equipment and metal materials to be based on market price.
- (b) Supply of electricity to be based on cost plus 20% to 25% of administrative expense.
- (c) Labor service and design and technical services to be based on market price or cost plus 10% to 25% of administrative expense, which will not be lower than the price sold to independent third parties.

(iii) *Financial services*

(a) Deposits

Company Name	Balance		Interest income		Note
	Ending Balance	Beginning Balance	Current Period	Last Period	
Finance Co., CSSC	599,907,485.07	599,458,828.86	8,511,717.80	7,633,298.17	Deposit

Note: Pricing policies

Interest income to be based on the basic interest rate set by People's Bank of China, subject to minimum of interest rate provided by CSSC to other third party or the deposit rate provided to the Company by the commercial banks.

(b) Loans

Company Name	Balance		Interest expenditure		Note
	Ending Balance	Beginning Balance	Current Period	Last Period	
Finance Co., CSSC	600,000,000.00	600,000,000.00	15,083,333.32		Loans

Note: The Company has obtained loans of 600 million from Finance Co., CSSC for Current Period, for a period of July 18th, 2012 to July 15th, 2019, the interest rate is 5%.

Pricing policy: The interest rate is based on the basic interest rate (6.55%) set by People's Bank of China, with some decreasing adjustments.

(iv) *Guarantee by related party*

No guarantee was provided by related party for Current Period.

(v) *Other related party transactions*

Items	Company Name	Current Period	Last Period	Pricing policy
Sales agency fees	China Shipbuilding Trading Co., Ltd.	6,609,039.50	15,813,483.03	Note
Sales agency fees	Shipbuilding International Trading Co., Ltd.	2,864,344.73	2,721,391.57	Note
Purchasing agent fees	Hualian Ship Co., Ltd.	1,189,222.06	708,677.26	Note
Purchasing agent fees	China Shipbuilding Trading Co., Ltd.	37,697.46	120,731.80	Note

Note: Pricing policy: the sales agency fees shall not exceed the 1% of pricing basis of contract price; the purchasing agency fees shall range from 1%-2% of the contract price.

(vi) *Lease*

Lessor	Lessee	Leasing Assets	Start date	Expire date	Basis of pricing	Recognized leasing expense from January 2013 to June 2013
The Guangzhou Longxue Shipbuilding Co., Ltd..	Guangzhou Shipyard International Marine Engineering Co., Ltd.	Housing, equipment	2013-01-01	2013-12-31	Market price	21,367,500.00

Note: The subsidiaries of the Company, Guangzhou Shipyard International Marine Engineering Co., Ltd. and Guangzhou Longxue Shipbuilding Co., Ltd signed a one year leasing agreement. The leasing assets include the office building, manufacturing workshops, facilities and equipments etc. of Guangzhou Longxue Shipbuilding Co., Ltd. The leasing price is RMB 50,000,000 (including tax) per year.

(2) *Parent Company*

(i) *Purchase goods or services*

Company Name	Related party transactions	Pricing policy	Current Period		Last Period		
			Amount	Percentage of similar transactions %	Amount	Percentage of similar transactions %	
Under common control of the controlling shareholder and the ultimate controller							
Guangzhou Shipyard Ltd.	Labor technical services	Note	28,769,434.26	2.29	75,134,196.23	2.54	
Zhenjiang CSSC equipment Co., Ltd.	Product equipment	Note	27,270,256.41	2.17	54,036,170.94	1.83	
CSSC Nanjing Oasis Machine Co., Ltd.	Product equipment	Note	6,083,418.81	0.48	27,997,401.70	0.95	
Eastern Shanghai Heavy Machinery Co., Ltd.	Product equipment	Note		1.35	40,050,000.00	1.35	
Shipbuilding in South China Marine Machinery Co., Ltd.	Marine accessories	Note	1,491,452.99	0.12	19,549,316.24	0.66	
Shanghai Ship Research and Design Institute	Labor technical services	Note			10,202,200.00	0.34	
The Shipbuilding Industry Complete Logistics Co., Ltd. (Guangzhou)	Purchase materials	Note	76,000,407.99	6.06			
9th Design and Research Institute of the China Shipbuilding	Product equipment	Note	426,415.09	0.03	105,660.38	0.00	
Anqing CSSC Diesel Engine Co., Ltd.	Product equipment	Note	3,675,213.68	0.29	3,675,213.68	0.12	
Design and Research Institute of China Shipbuilding and Marine Engineering	Marine accessories	Note	183,018.87	0.01			
Guangzhou Shipbuilding Corporation	Purchase materials	Note	4,096,055.08	0.33	2,829,671.45	0.10	
Xijiang Shipbuilding Co., Ltd.	Purchase materials	Note			6,410,256.4	0.22	
Eastern Shanghai Zhonghua Shipbuilding (Group) Co., Ltd.	Purchase materials	Note	1,200,000.00	0.10			
Shanghai DeruiSihua Ships Equipment Co., Ltd.	Marine accessories	Note	1,369,380.34	0.11			
Shipbuilding Guijiang Shipbuilding Co., Ltd.	Marine accessories	Note			4,035,897.43	0.14	
The Guangzhou Longxue Shipbuilding Co., Ltd.	Purchase materials	Note	1,213,611.33	0.10	1,288,368.13	0.04	
The Shanghai Lingang ship Equipment Co.,	Marine accessories	Note			778,500.00	0.03	
Hualian Ship Co., Ltd.	Product equipment	Note			441,435.36	0.01	
China Ship Power Station Equipment Co., Ltd.	Labor technical services	Note			2,085,000.00	0.07	
The Jiujiang Shipbuilding Fire Equipment Co.	Marine accessories	Note	2,604,487.18	0.05	4,994,145.30	0.07	
Jiujiang Haitian Equipment Manufacture Co., Ltd.	Marine accessories	Note	484,273.50	0.04	371,794.87	0.01	
National Engineering Research Center of Shanghai ship design technology Co., Ltd.	Marine accessories	Note			74,358.97	0.00	
National Engineering Research Center of Shanghai ship design technology Co., Ltd.	Purchase materials	Note	8,501.00		0		
Jiangxi Chaoyang Machinery Factory	Marine accessories	Note			125,735.04	0.00	
Guangzhou Huangpu Shipbuilding Co., Ltd.	Purchase materials	Note			85,950.00	0.00	
Guangzhou Shipyard Ship Steel Structure Co., Ltd.	Purchase materials	Note			156,584.25	0.01	
Anqing Marine Electric Co., Ltd.	Purchase materials	Note			12,307.69	0.00	
Shanghai Marine Equipment Co., Ltd.	Purchase materials	Note			273,504.27	0.01	
The Jiujiang Shipbuilding Fire Equipment Co.	Purchase materials	Note	427,350.43	0.03	2,273,717.95	0.08	
Guangzhou Longxue Pipe Co., Ltd.	Purchase materials	Note	114,480.40	0.01			
China Shipbuilding Trading Guangzhou Co., Ltd.	Purchase materials	Note	18,432.09				
Shanghai Sidarui Shipping and Marine Engineering Services Co., Ltd.	Purchase materials	Note	128,205.13	0.01			
Shanghai ship design technology Co., Ltd. (National Engineering Research Eleventh Center)	Purchase materials	Note	1,799,358.97	0.14			
China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	Purchase materials	Note	5,972,732.74	0.48			
CSSC Guangzhou Shipyard Ltd.	Purchase materials	Note			1,741,337.6	0.06	
Design and Research Institute of China Shipbuilding and Marine Engineering (The 708th Branch)	Purchase materials	Note			1,015,000.00	0.03	
Shanghai Huazhou Real Estate Development Co., Ltd.	Purchase materials	Note	1,530,000.00	0.12	26,839.32	0.00	
Joint ventures and associates							
Guangzhou Economic and Technological Development Zone in South China Special Coating Industrial Co., Ltd.	Labor technical services	Note	303,163.26	0.02	1,812,159.37	0.06	
Total			162,565,162.37	12.95	256,588,577.27	8.67	

Note: Pricing policy

- (a) Purchase price of electronic appliance, metallic materials and marine complement are based on market price.
- (b) Purchase price of marine equipment, if there are two or more related parties competed as supplier, after consideration of factors such as inventory cycle, quality of products and services of suppliers, are negotiated with basis on market price. If there is only one related party as supplier due to technical specifications or restrictions, the price should be arm's length as that provided by a third independent party.
- (c) 10% increase of labor cost is executed during the peak production period
- (d) Purchase price of cabin-cleaning, ship design and relevant technical services are based on market price.
- (e) Purchase prices of medical care, food and beverage, infant care, training for labors, management fee for residence, etc, are based on the expense incurred in 2008 and adjusted by the annual "price index" (Guangzhou Municipal Statistics Bureau's announcement of the statistic of the general price index of the living expense of Guangzhou Municipal of the previous year) and further adjusted by the number of employees of the Group, number of household and actual staff welfare, but subject to maximum of adjustment on the annual "price index".

(ii) *Sell goods and render services*

Company Name	Transactions	Pricing policy	Current Period		Last Period	
			Amount	%	Amount	%
Under common control of the controlling shareholder and the ultimate controller						
The Guangzhou Longxue Shipbuilding Co., Ltd.	Labor technical services	Note	4,486,348.78	0.32	12,313,006.73	0.39
Guangzhou Shipyard Ltd.	Labor technical services	Note	454,438.01	0.03	4,070,816.40	1.30
Shipbuilding Chengxi the Voyage Ship Co., Ltd. (Guangzhou)	Labor technical services	Note	278,607.08	0.02		
Guangzhou Wenchong Shipyard Co., Ltd.	Operating lease	Note	204,769.23	0.01	308,610.00	0.01
CSSC Guangzhou Marine Diesel Engine Co., Ltd.	Labor technical services	Note	69,118.73		172,180.34	0.01
Guangzhou Huangpu Shipbuilding Co., Ltd.	Labor technical services	Note	104,420.76	0.01	93,063.00	
Shipbuilding in South China Marine Machinery Co., Ltd.	Labor technical services	Note	38,240.57		51,075.00	
Ships and Ocean Engineering Design and Research Institute of Guangzhou	Power supply	Note	377.36		85,910.40	
Shipbuilding Guijiang Shipbuilding Co., Ltd.	Labor technical services	Note	6,849.06		5,715.0	
The Shipbuilding Industry Complete Logistics Co., Ltd. (Guangzhou)	Materials	Note	8,699,150.88	0.63		
Anqing CSSC Diesel Engine Co., Ltd.	Materials	Note			20,000.00	
China Marine Bunker Guangzhou Co., Ltd.	Materials	Note			60,000.00	
Joint ventures and associates						
Guangzhou Economic and Technological Development Zone in South China Special Coating Industrial Co., Ltd.	Labor technical services	Note	14,319.45		33,252.15	
Total			14,356,639.91	1.03	17,213,629.02	0.55

Note: Pricing policy

- (a) Sale price of electrical and mechanical equipment and metal materials to be based on market price.
- (b) Supply of electricity to be based on cost plus 20% to 25% of administrative expense.
- (c) Labor service and design and technical services to be based on market price or cost plus 10% to 25% of administrative expense, which will not be lower than the price sold to independent third parties.

(iii) *Financial services*

See Note VI.2 (1)/3

(iv) *Guarantee between related parties*

There's no guarantee between related parties occurred Current Period.

(v) *Other related party transactions*

See Note VI.2 (1)/5

(3) *Consolidated and Parent Company*

Key management staff

(i) Directors and supervisors

Payroll for directors and supervisors for Current Period

Name	Emoluments	Salaries	Retiring welfare	Total
Directors				
Yu Baoshan		150,071.00	12,192.00	162,263.00
Han Guangde		145,732.00	12,192.00	157,924.00
Chen Ji		133,282.00	12,192.00	145,474.00
Yang Li		132,374.00	12,192.00	144,566.00
Chen Jingqi		143,574.00	12,192.00	155,766.00
GaoFeng	50,000.00			50,000.00
Zhou Dusheng	50,000.00			50,000.00
Wang Jun	50,000.00			50,000.00
Fu Zhengping	50,000.00			50,000.00
QiuJiachen	50,000.00			50,000.00
De Lihua	50,000.00			50,000.00
Poon Chiu Kwok	50,000.00			50,000.00
Supervisors				
Chen Jingqi		143,574.00	12,192.00	155,766.00
Chen Shaolong		120,054.00	12,192.00	132,246.00
Qin Tinggui		124,829.00	12,192.00	137,021.00
Fu Xiaosi	40,000.00			40,000.00
Zhu Zhengfu	40,000.00			40,000.00

Payroll for directors and supervisors for last year

Name	Emoluments	Salaries	Retiring welfare	Total
Directors				
Chen Jingqi		177,092.00	18,800.00	195,892.00
Han Guangde		178,892.00	18,800.00	197,692.00
Chen Ji		154,692.00	18,800.00	173,492.00
KeWangjun	41,666.67			41,666.67
Yu Baoshan	50,000.00			50,000.00
GaoFeng	50,000.00			50,000.00
Pan Zunxian	50,000.00			50,000.00
Zhou Dusheng	8,333.33			8,333.33
Fu Zhengping	50,000.00			50,000.00
QiuJiachen	50,000.00			50,000.00
De Lihua	50,000.00			50,000.00
Poon Chiu Kwok	50,000.00			50,000.00
Supervisors				
OuGuangquan	40,000.00			40,000.00
Chen Shaolong		120,657.00	18,800.00	139,457.00
Fu Xiaosi		130,332.00	18,800.00	149,132.00
Wang Shusen	40,000.00			40,000.00
Zhu Zhengfu	40,000.00			40,000.00

On June 7, 2013, the non-executive director, Mr. GaoFeng resigned his responsibility of the non-executive director of the 7th Board of Directors, because he could no longer fulfill the related responsibility as the director of the board of directors of the Company due to the change of his work. On June 8, 2012, on the annual meeting of shareholders of 2011, it reached an agreement to approve Mr. KeWangjun's resignation, and appointed Mr. Zhou Dusheng as the board member of the 7th Board of Directors. On August 23, 2012, the 11th meeting of the 7th Board of Directors, Mr. Yu Baoshan was elected as the chair of the board. On December 19, 2012, the 1st temporary shareholders' meeting, it reached an agreement to approve Mr. Chen Jingqi's, Mr. Pan Zunxian's resignation, and appointed Mr. Yang Li, Mr. Wang Jun (former company's employees, resigned after appointed as non-executive directors) as the board member of the 7 Board of Directors; approved Mr. OuGuangquan's resignation, and appoint Mr. Chen Jingqi as the board member of the 7 Board of Supervisors.

No one of the Board of Directors or Board of Supervisors give up any payroll for Current Period.

There's no motivated monetary funds provided for board members joining or upon-joining the Group, and there's no compensation provided for board members resigning or upon-resigning for giving up the positions.

The payroll for directors and supervisors is determined according to the payroll policy of the Group, and is authorized by the Board's payroll committee.

(ii) Top 5 staff with highest salaries

The top 5 staff with highest salaries include 5 members of the Board of Directors (last year: 3 members). They are listed as followed:

Items	Current Period	Last Period
Salaries and allowances	705,033.00	696,400.00
Retiring welfare	60,960.00	220,958.75
Total	765,993.00	917,358.75

There's no motivated monetary funds provided for board members joining or upon-joining the Group, and there's no compensation provided for board members resigning or upon-resigning for giving up the positions.

Highest-paid staff – classified by the number of people

Items	Current year	Last year
0-RMB 796,550 (0-HKD 1,000,000)	5	5
RMB 796,558-RMB1,194,825 (HKD 1,000,001-HKD 1,500,000)		
RMB 1,194,833-RMB 1,593,100 (HKD 1,500,001-HKD 2,000,000)		
Total	5	5

3. Correspondence account balance between related parties

(1) Consolidated

(i) Accounts receivable

Related parties	Ending Balance		Beginning Balance	
	Book value	Bad debt	Book value	Bad debt
The Guangzhou Longxue Shipbuilding Co., Ltd.	44,582,002.24	222,910.01	40,099,410.51	200,497.05
CSSC Jiangnan Heavy Industry Co., Ltd.	17,308,505.47	86,542.53	17,308,505.47	86,542.53
Guangzhou Huangpu Shipbuilding Co., Ltd.	2,883,040.60	14,415.20	3,629,482.65	18,147.41
Guangzhou Shipyard Ltd.	3,094,871.10	15,474.36	1,976,285.04	9,881.43
Guangzhou Wenchong Shipyard Co., Ltd.	103,020.00	515.10	1,599,676.51	7,998.38
CSSC Guangzhou Marine Diesel Engine Co., Ltd.	13,979.14	69.90	1,044,596.46	5,222.98
Shipbuilding in South China Marine Machinery Co., Ltd.	1,378,778.49	6,893.89	519,944.44	2,599.72
Shipbuilding Chengxi the Voyage Ship Co., Ltd. (Guangzhou)	894,312.54	4,471.56	425,355.00	2,126.78
Guangzhou Shipbuilding NanshaLongxue construction Development Co., Ltd.,	385,534.00	1,927.67	385,534.00	1,927.67
Beijing Shipbuilding Information Technology Co., Ltd.	750,000.00	3,750.00	355,000.00	1,775.00
Ninth Design and Research Institute of the China Shipbuilding Co., Ltd.			180,000.00	900.00
Ships and Ocean Engineering Design and Research Institute of Guangzhou			115,617.36	578.09
Shipbuilding Guijiang Shipbuilding Co., Ltd.				
Total	71,394,043.58	356,970.22	67,639,407.44	338,197.04

(ii) Prepayments

Related parties	Ending Balance	Beginning Balance
Under common control of the controlling shareholder and the ultimate controller		
The Shipbuilding Industry Complete Logistics Co., Ltd. (Guangzhou)	259,655,550.3131	287,847,686.29
Zhenjiang CSSC equipment Co., Ltd.	3,535,770.00	14,560,000.00
China Shipbuilding Trading Company	3,065,825.60	6,245,399.28
Eastern Shanghai Heavy Machinery Co., Ltd.	13,341,000.00	4,000,000.00
Guangzhou Shipyard Ltd.	715,875.00	1,943,110.00
The Shanghai Navigation Instrument Co. Ltd.		980,000.00
Anqing CSSC Diesel Engine Co., Ltd.		400,000.00
Guangzhou Shipyard Ship Steel Structure Co., Ltd.		240,204.80
The Guangzhou Longxue Shipbuilding Co., Ltd.	158,400,000.00	
Hualian Ship Co., Ltd.	9,642,721.57	
Total	448,356,742.48	316,216,400.37

(iii) Accounts payable

Related parties	Ending Balance	Beginning Balance
Under common control of the controlling shareholder and the ultimate controller		
Guangzhou Shipyard Ltd.	15,876,921.68	16,072,785.66
CSSC Nanjing Oasis Machine Co., Ltd.	3,833,425.01	11,351,275.00
Zhenjiang CSSC equipment Co., Ltd.		9,691,690.00
Survey and Design Institute of the China Shipbuilding Co., Ltd.	6,003,688.39	9,421,113.54
Guangzhou Wenchong Shipyard Co., Ltd.		4,831,000.00
Anqing CSSC Diesel Engine Co., Ltd.	2340,000.00	3,900,000.00
China Shipbuilding in South China Marine Machinery Co., Ltd.	1,754,600.00	3,294,332.89
Shanghai DeruiSihua Ships Equipment Co., Ltd.	3,202,175.00	3,219,175.00
Eastern Shanghai Heavy Machinery Co., Ltd.		2,002,500.00
The Shanghai Shipbuilding Harbor Ship Equipment Co., Ltd.	469,950.00	1,585,500.00
China Shipbuilding Industry Corporation Ship Systems Engineering Department	1,410,000.00	1,410,000.00
Guangzhou Shipbuilding Corporation	1,072,906.00	1,403,292.39
Jiujiang China Shipbuilding Changan Fire Equipment Co., Ltd.	2,073,400.00	1,136,400.00
Jiujiang Haitian Equipment Manufacture Co., Ltd.	1,498,900.00	1,010,550.00
Shipbuilding International Trading Co., Ltd.		970,402.35
Shipbuilding Guijiang Shipbuilding Co., Ltd.	610,000.00	642,500.00
Shanghai Ship Research and Design Institute		534,000.00
National Engineering Research Center of Shanghai ship design technology	522,000.00	522,000.00
9th Design and Research Institute of the China Shipbuilding	454,868.00	454,868.00
Xijiang Shipbuilding Co., Ltd.		375,000.00
China Ship Power Station Equipment Co., Ltd.	331,500.00	331,500.00
Jiangxi Chaoyang Machinery Factory	89,466.00	198,898.00
The Jiujiangjingda Detection Technology Co., Ltd.		158,400.00
Shanghai Zhennan Project Management and Consulting Co., Ltd.		151,500.00
Huahai Shipbuilding Equipment Co., Ltd.	1,763,200.00	113,625.00
Guangzhou Longxue Pipe Co., Ltd.		111,332.42
The Jiujiang Shipbuilding Fire Equipment Co.	64,900.00	70,150.00
Guangzhou Huangpu Shipbuilding Co., Ltd.		40,000.00
The Guangzhou Longxue Shipbuilding Co., Ltd.	14,314,123.60	
Anqing Marine Electric Co., Ltd.	70,000.00	
The Shanghai Navigation Instrument Co. Ltd.	211,300.00	
China Shipbuilding Trading Company	328,614.6	-52,941.99
Design and Research Institute of China Shipbuilding and Marine Engineering	3,309,500.00	3,020,500.00
Shanghai Shipbuilding Technology Research Institute	180,000.00	
Shanghai Sidarui Shipping and Marine Engineering Services Co., Ltd.	150,000.00	
Guangzhou Shipbuilding Longxue construction Development Co., Ltd.	100,000.00	100,000.00
Joint ventures and associates		
Guangzhou Economic and Technological Development Zone in South China Special Coating Industrial Co., Ltd.		313,311.12
Total	62,035,438.26	78,384,659.38

(iv) Other payables to related-parties

Related parties	Ending Balance	Beginning Balance
Under common control of the controlling shareholder and the ultimate controller		
Guangzhou Shipyard Ltd.	12,460.00	12,390.00
Total	12,460.00	12,390.00

(v) Advances from customers

Related parties	Ending Balance	Beginning Balance
Under common control of the controlling shareholder and the ultimate controller		
Shanghai Ship Research and Design Institute	3,375,471.70	1,000,000.00
Beijing Shipbuilding Information Technology Co., Ltd.		202,500.00
Shipbuilding in South China Marine Machinery Co., Ltd.		148,000.00
CSSC Jiangnan Heavy Industry Co., Ltd.	170,650.00	90,650.00
Guangzhou Shipyard Ltd.		57,000.00
China Shipbuilding Technology Institute of Economic Research	73,962.26	40,000.00
Guangzhou Shipbuilding NanshaLongxue construction Development Co., Ltd.	10,450.00	10,450.00
Ships and Ocean Engineering Design and Research Institute of Guangzhou		7,500.00
The Guangzhou Longxue Shipbuilding Co., Ltd.	1,724,274.58	
Total	5,354,808.54	1,556,100.00

(2) Parent Company

(i) Accounts receivable

Related parties	Ending Balance		Beginning Balance	
	Book value	Bad debts	Book value	Bad debts
The Guangzhou Longxue Shipbuilding Co., Ltd.	20,243,477.64	101,217.39	19,135,213.61	95,676.07
CSSC Jiangnan Heavy Industry Co., Ltd.	17,231,505.47	86,157.53	17,231,505.47	86,157.53
Guangzhou Shipyard Ltd.	819,206.89	4,096.03	810,885.01	4,054.43
Ninth Design and Research Institute of the China Shipbuilding Co., Ltd.			180,000.00	900.00
Ships and Ocean Engineering Design and Research Institute of Guangzhou			113,117.36	565.59
Guangzhou Shipbuilding NanshaLongxue construction Development Co., Ltd.,	84,574.00	422.87	84,574.00	422.87
Shipbuilding Chengxi the Voyage Ship Co., Ltd. (Guangzhou)	362,678.50	1,813.39	67,355.00	336.78
CSSC Guangzhou Marine Diesel Engine Co., Ltd.	10,073.00	50.37	10,073.00	50.37
Guangzhou Wenchong Shipyard Co., Ltd.	39,420.00	197.10		
Total	38,790,935.50	193,954.68	37,632,723.45	188,163.64

(ii) Prepayments

Related parties	Ending Balance	Beginning Balance
Under common control of the controlling shareholder and the ultimate controller		
The Shipbuilding Industry Complete Logistics Co., Ltd. (Guangzhou)	259,070,550.46	287,847,686.29
Zhenjiang CSSC equipment Co., Ltd.	3,535,770.00	14,560,000.00
China Shipbuilding Trading Company	2,737,211.00	6,245,399.28
Eastern Shanghai Heavy Machinery Co., Ltd.	13,338,500.00	4,000,000.00
Guangzhou Shipyard Ltd.		1,943,110.00
The Shanghai Navigation Instrument Co. Ltd.		980,000.00
Anqing CSSC Diesel Engine Co., Ltd.		400,000.00
Guangzhou Shipyard Ship Steel Structure Co., Ltd.		240,204.80
Hualian Ship Co., Ltd.	9,642,721.57	
Guangzhou Longxue Shipbuilding Co., Ltd.	158,400,000.00	
Total	446,727,253.03	316,216,400.37

(iii) Accounts payable

Related parties	Ending Balance	Beginning Balance
Under common control of the controlling shareholder and the ultimate controller		
Guangzhou Shipyard Ltd.	15,446,898.00	13,144,827.73
CSSC Nanjing Oasis Machine Co., Ltd.	3,833,425.00	11,351,275.00
Zhenjiang CSSC equipment Co., Ltd.		9,691,690.00
Guangzhou Wenchong Shipyard Co., Ltd.		4,831,000.00
Anqing CSSC Diesel Engine Co., Ltd.	2,340,000.00	3,900,000.00
Survey and Design Institute of the China Shipbuilding Co., Ltd.	8,325.50	3,425,750.65
Shipbuilding in South China Marine Machinery Co., Ltd.	967,000.00	3,294,332.89
Shanghai DeruiSihua Ships Equipment Co., Ltd.	3,202,175.00	3,219,175.00
Design and Research Institute of China Shipbuilding and Marine Engineering	3,309,500.00	2,442,500.00
Eastern Shanghai Heavy Machinery Co., Ltd.		2,002,500.00
China Shipbuilding Industry Corporation Ship Systems Engineering Department	1,410,000.00	1,410,000.00
Guangzhou Shipbuilding Corporation	1,072,906.00	1,403,292.39
Jiujiang China Shipbuilding Changan Fire Equipment Co., Ltd.	2,073,400.00	1,136,400.00
Jiujiang Haitian Equipment Manufacture Co., Ltd.	1,498,900.00	1,010,550.00
Shipbuilding International Trading Co., Ltd.		970,402.35
Shipbuilding Guijiang Shipbuilding Co., Ltd.	610,000.00	642,500.00
Design and Research Institute of China Shipbuilding and Marine Engineering		578,000.00
Shanghai Ship Research and Design Institute		534,000.00
National Engineering Research Center of Shanghai ship design technology	522,000.00	522,000.00
Ninth Design and Research Institute of the China Shipbuilding Co., Ltd.	454,868.00	454,868.00
Xijiang Shipbuilding Co., Ltd.		375,000.00
The Shanghai Shipbuilding Harbor Ship Equipment Co., Ltd.	346,000.00	346,000.00
China Ship Power Station Equipment Co., Ltd.	331,500.00	331,500.00
Jiangxi Chaoyang Machinery Factory	89,466.00	198,898.00
The Jiujiangjingda Detection Technology Co., Ltd.		158,400.00
Shanghai Zhennan Project Management and Consulting Co., Ltd.		151,500.00
Guangzhou Longxue Pipe Co., Ltd.		111,332.42
The Jiujiang Shipbuilding Fire Equipment Co.	64,900.00	70,150.00
Guangzhou Huangpu Shipbuilding Co., Ltd.		40,000.00
Anqing Marine Electric Co., Ltd.	70,000.00	
The Shanghai Navigation Instrument Co. Ltd.	211,300.00	
China Shipbuilding Trading Company	328,614.6	-52,941.99
The Shipbuilding Industry Complete Logistics Co., Ltd. (Guangzhou)		
Shanghai Shipbuilding Technology Research Institute	180,000.00	
Shanghai Sidarui Shipping and Marine Engineering Services Co., Ltd.	150,000.00	
GuanZhou Shipbuilding NanshaLongxue construction Development Co., Ltd	100,000.00	100,000.00
Huahai Shipbuilding Equipment Co., Ltd.	1,763,200.00	113,625.00
Total	40,384,378.10	67,908,527.44

(iv) Advances from customers

Related parties	Ending Balance	Beginning Balance
Under common control of the controlling shareholder and the ultimate controller		
Shanghai Ship Research and Design Institute	3,375,471.70	1,000,000.00
China Shipbuilding Technology Institute of Economic Research	73,962.26	40,000.00
Guangzhou Shipbuilding NanshaLongxue construction Development Co., Ltd.,	10,450.00	10,450.00
Total	3,459,883.96	1,050,450.00

VII. CONTINGENCIES**1. Contingent liability derived from pending litigation or arbitration**

On December 31 2010, the Company and the subsidiary, Guangzhou Guangli Shipbuilding Human Resources Services Company Limited (Guangli Company) filed four lawsuits to the Immediate People's Court of Zhenjiang, Jiangsu Province. The Company sued Jiangsu Shenghua Shipbuilding Co. Ltd (Jiangsu Shenghua) for payment and had a dispute on a technical service contract. Guangli Company further sued Jiangsu Shenghua for breach of contract of 79600 tons bulk freighter #1 and #2. As of June 30 2013, Wuhan Maritime Court mediated the litigation between the Company and Jiangsu Shenghua with the later returned all the related assets. For the remaining three lawsuits, the Company had applied to court for compulsory enforcement. The assessment for seized assets has been completed by the evaluation institutions entrusted by the excutioncourt; the objection to notice has been announced by court for assessment report delivery and completion. Wuhan Matitime Court had two auctions of Jiangsu Shenghua seized assets respectively on June 4 2013 and August 8 2013, but both of the sales fell through.

2. There's no other significant contingency within the Group, except for the issue mentioned above.

VIII. COMMITMENTS

1. Significant commitments

(1) Pledged assets

Except for the pledged term deposits in bank, the Group has no other pledged assets at the end of This Period.

(2) Undelivered forward foreign exchange transactions

To minimize the foreign currency risk, the Group engaged in the forward foreign exchange contract with bank. As of June 30 2013, there are 26 forward foreign exchange contracts amounting to USD 247.64 million altogether; the longest delivered date of the contract is July 17 2015; gain from changes in the fair value is RMB 32,227,500 as of June 30 2013. All forward foreign exchange contracts are delivered.

(3) Strategic cooperation with the Guangzhou Longxue Shipbuilding Co., Ltd.

The Company and The Guangzhou Longxue Shipbuilding Co., Ltd. (under common control of CSSC) have signed an Agreement on Strategic Cooperation in November, 2012. The goals of cooperation are: As strategic cooperative partners, according to national laws and regulations and listing rules in Shanghai and Hong Kong, under the mutual benefit and win-win principles, without any conflict of interest to the original business, the counterpart has a priority of utilizing the products, services or resources of the Company and its subsidiaries, no worse than those provided by independent third parties.

The scope of cooperation is ship products, non-ship products and marine engineering business projects cooperation, sharing production plants and equipment facilities and human resources.

The agreement has a validation period of 3 years from January 1, 2013 to December 31, 2015. The specific details would be determined in Continuing related party transactions framework agreement, signed by the Company and CSSC.

2. Fulfillments of previous commitments

The pay back of the trusted loans and settlement of forward contracts can be done according to agreement.

3. There's no other significant commitment within the Group, except for the issue mentioned above.

IX. SUBSEQUENT EVENTS

As at 30 June 2013, there's no subsequent events need to be disclosed as of the end of This Period.

X. 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 a 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.

2013 January-June Segment information

Items	Shipbuilding	Steel Structure Engineering	Others	Write-off	Total
Operating income	1,322,404,114.84	353,267,792.89	493,205,840.35	423,008,314.73	1,745,869,433.35
Including: External transaction revenue	1,307,089,333.16	353,267,792.89	85,512,307.30		1,745,869,433.35
Revenue between segments	15,314,781.68		407,693,533.05	423,008,314.73	
Operating cost	1,195,497,330.93	329,535,184.21	460,960,738.28	422,532,321.25	1,563,460,932.17
Period charge	54,170,359.11	23,407,044.44	20,491,571.00		98,068,974.55
Segment total profit (total loss)	158,511,239.78	10,983,802.13	-22,992,622.96	75,742,867.62	70,759,551.33
Total assets	10,544,032,361.21	525,439,630.42	790,444,688.38	1,093,235,798.33	10,766,680,881.68
Total liabilities	6,432,418,066.94	357,589,536.26	404,385,889.62	527,359,867.55	6,667,033,625.27
Supplementary information					
Capitalized expense	14,390,438.29	56,892,643.16	25,116,253.53		96,399,334.98
Recognized loss of impairment	58,767,872.04	145,254.73	-163,222.68		58,749,904.09
Including: Goodwill amortization					
Depreciation and amortization expense	48,978,001.06	13,575,349.42	1,108,314.25		63,661,664.73
Non-cash expenses other than loss of impairment, depreciation and amortization					

2012 January-June Segment information

Items	Shipbuilding	Steel Structure Engineering	Others	Write-off	Total
Operating income	2,924,347,295.79	177,550,080.45	755,656,183.94	424,914,092.00	3,432,639,468.18
Including: External transaction revenue	2,924,347,295.79	177,550,080.45	330,742,091.90		3,432,639,468.18
Revenue between segments			424,914,092.00	424,914,092.00	0
Operating cost	2,744,810,232.16	166,649,589.89	709,263,509.39	411,812,306.83	3,208,911,024.61
Period charge	86,908,326.52	5,276,589.54	22,457,255.49	3,606,588.94	111,035,582.62
Segment total profit (total loss)					108,329,919.83
Total assets	10,921,670,293.70	229,592,268.75	776,496,236.06	1,328,509,502.23	10,599,249,296.28
Total liabilities	6,576,116,232.44	57,480,579.23	602,611,740.44	915,728,455.07	6,320,480,097.04
Supplementary information					
Capitalized expense	113,462,021.15	1,912,597.15	1,490,830.30	5,522,499.42	111,342,949.18
Recognized loss of impairment	178,544,867.30	-864,668.88	-1,333,051.59		176,347,146.83
Including: Goodwill amortization					
Depreciation and amortization expense	54,372,004.12	675,754.59	8,323,521.45		63,371,280.16
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)	600,066,503.94	1,984,992,997.54
Hong Kong	137,570,732.48	16,736,426.67
Overseas	969,081,498.59	1,384,398,873.73
Total	1,706,718,735.01	3,386,128,297.94

Total non-current assets	Ending Balance	Beginning Balance
Inside China (except Hong Kong)	2,109,913,048.07	2,097,113,995.25
Hong Kong	15,722,406.67	15,830,662.15
Overseas		
Total	2,125,635,454.74	2,112,944,657.40

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

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's major financial instruments include: Loans, receivables, payables, Financial assets held for trading. Financial liabilities held for trading. Financial assets available for sale, etc., for specific details for each instrument, see Note V. The risks related to these financial instruments, and Group's risk management policies for risk mitigation are stated as below. The management and supervision on the risk exposure is to ensure that these risks mentioned above are controlled within a reasonable range.

1. Risk management objectives and policies

The risk management objectives of this Group are to obtain an appropriate balance between risks and returns, to reduce negative effects caused by operating results to a lowest level, and to maximise interest of shareholders and other equity investors. Based on these objectives, the basic strategies are to confirm and analyze all potential risks related to the Group, to build appropriate risk limitations, to manage and monitor all risks timely and effectively, and to control the risks within a limited scope.

(1) Market risk

(i) Foreign currency risk

Foreign currency risk refers to risk caused by losses occurred because of changes in foreign currency rate. The Group's foreign exchange exposure is mainly related to USD. Except for the Company, subsidiary-Rongguang Development Co., Ltd, and Guangzhou Yonglian Steel Structure, three of which owning business with purchases and sales in USD, all other main operating business are settled in RMB. As of 30 June 2013, except for assets and liabilities with balances in USD depicted as below, all other assets and liabilities of the Group are reported in RMB. The recognized assets and liabilities in USD shown in the table below and the unrecognized not shown in the table below (ship settlement payment in USD), leading to foreign currency risk, may affect the results of operation.

Items	Ending Balance			
	USD	HKD	EUR	GBP
Cash and bank (Note V.1)	134,631,666.68	7,054,084.83	383,549.06	917.25
Accounts receivable (Note V.4)	17,977,488.93	10,400,567.54		
Other receivables (Note V.8)		10,806,918.64		
Accounts payable (Note V.25)	24,989.50	182,658.69		
Interest payable (Note V.29)	2,041,376.25			
Short-term loans (Note V.22)	7,000,000.00		371,157.85	
Long-term loans (Note V.34)	343,185,831.97			

Items	Beginning Balance			
	USD	HKD	EUR	GBP
Cash and bank (Note V.1)	131,101,242.40	22,466,156.87	91,855.12	917.25
Accounts receivable (Note V.4)	12,751,299.20	3,254,095.82	509,078.50	
Other receivables (Note V.8)		10,097,600.19		
Accounts payable (Note V.25)	879,227.11	665,550.50		
Interest payable (Note V.29)	2,042,885.67			
Short-term loans (Note V.22)	14,000,000.00		501,442.30	
Long-term loans (Note V.34)	297,763,402.67			

The Group has paid close attention to the influence generated from exchange rate changes, in which the Group has conducted foreign exchange risk management policy and strategy research. In order to mitigate risks derived from loans in USD and foreign currency interest expenditure risk, the Group has signed several forward foreign exchange contracts with banks. Undelivered foreign exchange contracts as at June 30 2013 are USD 247.64 million and the changes in fair value are RMB 32,227,500. With the increasing trend of international market share, if there's uncontrollable risk arisen from RMB appreciation, the Group would adjust its sales policies to mitigate foreign currency risk or purchase derivatives to offset the risk.

(ii) Interest rate risk

The interest rate risk of the Group generated from borrowings with interest rate. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank balances and bank borrowings with floating interest rates which expose the Group to cash flow interest rate risk. Borrowings at fixed rate expose the Group to fair value interest-rate risk. As at June 30 2013, most of the bank borrowings with interest rates are borrowings at floating interest rate contracts in USD with total amount of RMB 1,024,115,931.91; and the fixed interest rate contracts in USD, RMB and EUR with total amount of RMB 1,696,326,368.08.

The risk of changes in fair value of financial instrument which caused by changes in interest rate is related to borrowings with fixed interest rate. As for the borrowings with fixed interest rate, the goal of the Group is to remain the fixed interest rate while the interest rate increases so that to keep the advantages of borrowings with fixed interest rate; and the Group could get new borrowings and return the old ones appropriately while the interest rate decreases which may avoid the influence of negative changes in fair value with fixed interest rate caused by changes in interest rate.

The risk of changes in financial instrument cash flow which caused by changes in interest rate is related to borrowings with floating interest rate. The policy of the Group has paid close attention to the changes in interest rate; they may keep these borrowings with floating interest rate when the interest rate decreases to remain the advantages of borrowings with floating interest rate; also the Group may increase the proportions of borrowings with fixed interest rate appropriately or shorten the durations of borrowings with floating interest while the interest rate rises which could avoid the change risks of borrowings with floating interest rate for cash flows caused by negative changes in interest rate.

(2) Credit risk

As at June 30 2013, the Group's potential maximum exposure to credit risk is mainly because of the counterparties' failure to perform their obligations leading to losses or financial guarantee related to the Group, including book value of the recognized financial assets; as for financial instruments measured at fair value, book value reflects their exposures to risks, but not the maximum exposure to risks which shall be changed as changes in fair value occurs.

To reduce credit risk, a team, responsible for confirming credit limitations, reviewing paper work related to credit, and executing supervisory procedures, has been built up within the Group in order to ensure that necessary measures have been taken to retrieve expired claims. Therefore, the Management reckons that credit risks held by this Group have been reduced significantly.

The current funds of this Group are deposited in banks that own high credit evaluations, thus the credit risk of current funds is relatively low.

The Group has engaged necessary policies to ensure that all clients have good credit history. The Group has no other collective credit risk except for the top 5 of Accounts receivable. As at June 30 2013, the total amount for the top 5 of Accounts receivable is RMB 561,016,365.91.

(3) Liquidity risk

Liquidity risk refers to the risk that the Group could not engage the financial obligations at the maturity date. The method of the Group to manage liquidity risk is to ensure adequate cash flows to perform obligations at maturity, so that not to cause any unacceptable losses or damages of the Group reputation. The analysis of liabilities structure and durations would be made periodically to ensure the cash is adequate. The Group monitors the usage of bank borrowings and ensures compliance with the borrowing agreements. In the meantime, the Group would make the financing negotiations with financial institutes to remain the credit lines and reduce liquidity risks.

The sources of funding of the Group are mainly from bank borrowings. As at 30 June 2013, the unused bank facilities amount is RMB10.686 billion.

The analysis of financial assets and financial liabilities is analysed as below, in terms of maturity deadline regarding undiscounted remaining contractual obligations.

30 June 2013

Items	Within 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Cash and bank	1,728,359,033.57	813,137,000.00	2,157,794,400.00	944,025,408.82	
Financial assets held for trading	2,526,754.92	1,111,364.08	12,295,278.99	16,685,265.78	
Notes receivable	8,983,093.56				
Accounts receivable	356,086,432.46	402,670,000.00	248,747,832.55		
Other receivables	80,564,300.00	23,039,598.26	8,502,579.66		
Financial liabilities held-for-trading			421,196.27		
Notes payable	63,089,371.68	178,479,196.87	68,102,717.53		
Accounts payable	382,750,000.00	366,695,829.11	100,214,653.26		
Other payables	19,609,246.84	9,479,473.93			
Dividend payable	80,587,615.46				
Interest payable	2,533,094.66	5,083,747.04	5,830,793.03		
Employee benefits	18,815,101.53				
Loans	46,240,056.86	587,634,689.89	673,497,865.68	859,309,744.42	600,000,000.00

31 December 2012

Items	Within 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Cash and bank	3,750,208,522.25	231,200,000.00	76,139,997.00	2,067,192,510.00	
Financial assets held for trading	1,990,000.00	3,512,460.00	10,321,900.00	8,092,500.00	
Notes receivable	3,492,665.00				
Accounts receivable	567,571,483.51	209,183,835.74			
Other receivables	251,646,202.54	10,589,677.53			
Financial liabilities held-for-trading			260,000.00		
Notes payable	542,198,968.62	49,251,266.40			
Accounts payable	808,674,521.70	436,575,548.18			
Other payables	17,473,070.43	9,590,217.05			
Dividend payable	157,912.98				
Interest payable	5,283,635.38	8,473,591.10			
Employee benefits	19,133,890.46				
Loans			1,150,126,328.12	813,633,335.84	600,000,000.00

2. Fair value

Fair value of financial assets and financial liabilities is measured according to the following policies:

- 1) Financial assets and financial liabilities with standard terms and condition are referred to the quoting price, bidding price and asking price, in active market.
- 2) Fair value of other financial assets and financial liabilities (excluding derivative) is measured at discounting future cash flow or observe the trading price in active market.
- 3) The fair value of the forward currency contract is determined by the bank's public offer combining with valuation techniques.

3. Sensitivity analysis

The Group adopted sensitivity analysis of reasonableness and the probable change effect of risk variables on equity or profit or loss. Since risk variables rarely change in isolation, the correlation between the variables can bring significant influence to the financial statement. The following sensitivity analysis is assumed the risk variable is independently carried out.

(1) Exchange rate sensitivity analysis

With other factors unchanged, the exchange rate might float within a reasonable range, and has the following effect:

Currency	Exchange rate change	Current Period		Last Period	
		Effect on Net profit	Effect on equity	Effect on Net profit	Effect on equity
USD	Against RMB appreciation 3%	-38,015,197.97	-38,015,197.97	-32,693,838.72	-32,693,838.72
USD	Against RMB devaluation 3%	38,015,197.97	38,015,197.97	32,693,838.72	32,693,838.72

The effect on net profit and owner's equity due to reasonable change in foreign exchange rate in HKD and EUR is immaterial.

(2) Interest rate sensitivity analysis

The assumptions of the sensitivity analysis in interest rate are the followings:

- Change in interest rate will affect the interest income and expense of the financial instrument which bear variable interest rate.
- Change in fair value of Derivative financial instruments and other financial assets and liabilities, which is calculated using cash flow discount method, with the effective interest rate on the financial statement date.

Based on the above assumption, with other factors unchanged, the interest rate might float within a reasonable range, and has the following effect:

Loans	Interest rate change	Current Period		Last Period	
		Effect on Net profit	Effect on equity	Effect on Net profit	Effect on equity
Loans with floating rate	Increase 1%	- 1,567,991.01	- 1,567,991.01	-2,538,426.52	-2,538,426.52
Loans with floating rate	Decrease 1%	1,567,991.01	1,567,991.01	2,538,426.52	2,538,426.52

XII. OTHER SIGNIFICANT ISSUES

1. Financial assets and liabilities at fair market value

Items	Beginning Balance	Fair value change expensed	Accumulated fair value change charged into equity	Impairment	Ending Balance
	Financial assets				
Forward foreign exchange contract	22,862,044.25	9,786,619.53			32,648,663.78
Financial assets available for sale	269,965,187.50		135,052,996.69		225,828,740.00
Total	292,827,231.75	9,786,619.53	135,052,996.69		258,477,403.78
Financial liabilities					
Forward foreign exchange contract	223,540.75	197,655.52			421,196.27
Total	223,540.75	197,655.52			421,196.27

2. Financial assets and liabilities in foreign currencies

Items	Beginning Balance	Fair value change expensed	Accumulated fair value change charged into equity	Impairment	Ending Balance
Financial assets					
Accounts receivable	87,021,348.75				142,544,568.15
Other receivables	8,188,143.99				11,423,039.72
Financial assets Subtotal	95,209,492.74				153,967,607.87
Financial liabilities					
Short-term loans	92,167,796.47				46,240,056.86
Accounts payable	6,066,076.90				10,076,931.01
Interest payable	12,840,557.88				1,261,3051.42
Non-current liabilities due within one year	1,057,958,531.65				1,261,132,555.57
Long-term loans	813,633,335.84				2,120,442,299.99
Financial liabilities Subtotal	1,982,666,298.74				3,450,504,894.85

3. Annuity and its significant changes

See Note V.27

4. Significant asset restructure events

Pursuant to the approval of the Company's 7th session of the 17th board of directors meeting, the Company applied non-public offering of H shares to raise no more than RMB 2.5 billion from no more than 10 investors, of which the CSSC and its overseas subsidiaries intends to subscribe for not less than RMB 2 billion; as for the raised funds, there will be no more than RMB 1 billion to buy 60% equity of Longxue shipbuilding from the CSSC and 40% equity hold by the rest shareholders. The remaining raised funds would apply for the supplement of the Company's liquidity. According to 'regulations of listing of securities on The Stock Exchange of HongKong Limited', the transaction may consist of related transactions and disclosed transactions. There is significant uncertainty of this event and please pay close attention to the related announcement of the Company.

XIII. NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Cash and bank

Items	Ending Balance			Beginning Balance		
	Original currency	Exchange rate currency	Amount (RMB) Exchange rate	Original currency	Exchange rate currency	Amount (RMB) Exchange rate
1. Cash						
RMB			52,909.68			46,643.25
USD	3,567.80	6.1787	22,044.37	3,567.80	6.2855	22,425.41
HKD	159.42	0.7966	126.99	159.42	0.8109	129.27
GBP	917.25	9.4213	8,641.69	917.25	10.1611	9,320.27
EUR	954.84	8.0536	7,689.90	954.84	8.3176	7,941.98
Subtotal			<u>91,412.63</u>			<u>86,460.18</u>
2. Bank						
RMB			2,170,268,402.57			2,699,830,188.00
USD	126,588,022.45	6.1787	782,149,414.33	121,137,756.41	6.2855	761,411,367.89
HKD	34,915.78	0.7966	27,813.91	39,884.86	0.8109	32,342.63
EUR	3,134.79	8.0536	25,246.33	3,133.55	8.3176	26,063.61
Subtotal			<u>2,952,470,877.14</u>			<u>3,461,299,962.13</u>
3. Others						
RMB			2,508,738,246.38			2,349,172,460.53
Subtotal			<u>2,508,738,246.38</u>			<u>2,349,172,460.53</u>
Total			<u>5,461,300,536.15</u>			<u>5,810,558,882.84</u>

The ending balances of other monetary fund include credit card deposit of RMB 85,437.56 (Beginning Balance: RMB 100,310.53); gift card amounted RMB 14,600.00; and fixed deposit for long-term and short-term mortgage loans amounted RMB 2,508,638,208.82 (Beginning Balance: 2,349,072,150.00), this guaranteed fixed deposit would be terminated after the debt redemption.

As at June 30 2013, there is no existence of pledge, frozen or potential risk of recovery except for guarantee and fixed deposit mentioned above.

As at June 30 2013, the Company deposits RMB 599,907,485.07 in CSSC Financial Co. (Beginning Balance: RMB 599,458,828.86). CSSC Financial Co. is one of subsidiaries of CSSC is a non-bank financial institution and authorized and monitored by People's Bank of China.

2. Financial assets held for trading

Items	Ending fair value	Beginning fair value
Forward foreign contract	32,648,663.78	22,724,517.26
Total	<u>32,648,663.78</u>	<u>22,724,517.26</u>

The fair value of the Financial assets held for trading (forward contracts) is determined by banks' public offer and assessment technology.

3. Notes receivable

(1) Classification

Items	Ending Balance	Beginning Balance
Bank acceptance bill	5,256,910.80	
Total	5,256,910.80	

(2) Notes receivable endorsed but not yet due by the year end

Items	Name of company	Endorsed date	Due date	Amount	Note
Bank acceptance bill	Asia Aluminum (China) Co., Ltd. China Construction Installation	2013-1-31	2013-7-26	650,000.00	
Total				650,000.00	

4. Accounts receivable

Items	Ending Balance	Beginning Balance
Accounts receivable	956,655,745.36	787,014,962.29
Less: provision for bad debts	4,790,782.46	3,924,464.10
Total	951,864,962.90	783,090,498.19

(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			
	Amount	%	Bad debt	Net value	Amount	%	Bad debt	Net value
Within 1 year	900,887,131.83	94.17	3,844,751.58	897,042,380.25	720,687,126.85	91.57	2,913,843.95	717,773,282.90
1-2 years	22,380,231.20	2.34	109,271.86	22,270,959.34	41,561,007.84	5.28	163,938.81	41,397,069.03
2-3 years	8,832,610.11	0.90	3,720.00	8,828,890.11				
3-4 years	23,676,108.40	2.49	105,793.49	23,570,314.91	24,426,458.00	3.10	506,311.74	23,920,146.26
4-5 years	750,349.60	0.08	666,198.47	84,151.13				
Over 5 years	129,314.22	0.02	61,047.06	68,267.16	340,369.60	0.05	340,369.60	
Total	956,655,745.36	-	4,790,782.46	951,864,962.90	787,014,962.29	-	3,924,464.10	783,090,498.19

(3) Classification by risks

Items	Ending Balance					Beginning Balance				
	Book value		Bad debt		Net value	Book value		Bad debt		Net value
	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	726,479.60	0.08	726,479.60	100	-	726,479.60	0.09	726,479.60	100.00	
Accounts receivable accrued bad debt provision by a certain percentage of the balance	812,860,570.38	84.97	4,064,302.86	0.50%	808,796,267.52	639,596,901.07	81.27	3,197,984.50	0.50	636,398,916.57
Accounts receivable with no bad debt reserve	143,068,695.38	14.95			143,068,695.38	146,691,581.62	18.64			146,691,581.62
Total	956,655,745.36	-	4,790,782.46	-	951,864,962.90	787,014,962.29	-	3,924,464.10	-	783,090,498.19

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

Company Name	Book value	Bad debts	%	Reasons
Qingdao Haier specialty refrigerator Co. Ltd.	208,000.00	208,000.00	100	Long outstanding period, with operational going concern
China Refrigeration Industry Co., Ltd.	166,510.00	166,510.00	100	Long outstanding period, with operational going concern
Hefei Hualing Co., Ltd.	117,000.00	117,000.00	100	Long outstanding period, with operational going concern
Qingdao Haier specialty plastics development company	44,800.00	44,800.00	100	Long outstanding period, with operational going concern
Hisense Electric Co., Ltd. (Nanjing)	39,100.00	39,100.00	100	Long-overdue with risk of unable to collect
Guangzhou Merro steel grating Co., Ltd	35,000.00	35,000.00	100	Long-overdue with risk of unable to collect
Chengdu Merro steel grating Co., Ltd	35,000.00	35,000.00	100	Long-overdue with risk of unable to collect
Hefei Haier Refrigerator Co., Ltd.	32,600.00	32,600.00	100	Long-overdue with risk of unable to collect
Hefei Rongshida Refrigerator Co., Ltd.	14,565.60	14,565.60	100	Long-overdue with risk of unable to collect
Shenzhen Jishang Architectural design engineering company	15,904.00	15,904.00	100	Long-overdue with risk of unable to collect
Qingdao Haier Special electric freezer Co., Ltd.	18,000.00	18,000.00	100	Long outstanding period, with operational going concern
Total	726,479.60	726,479.60	-	

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

Items	Ending Balance		
	Book value	%	Bad debts
Within 1 year	769,103,500.06	0.5	3,845,517.51
1-2 years	21,854,371.64	0.5	109,271.86
2-3 years	744,000.00	0.5	3,720.00
3-4 years	21,158,698.68	0.5	105,793.49
4-5 years			
Over 5 years			
Total	812,860,570.38	-	4,064,302.86

(iii) Accounts receivable with no bad debt reserve

Items	Book value	Bad debts	Net value
Receivables from subsidiaries	143,068,695.38		143,068,695.38
Total	143,068,695.38		143,068,695.38

(4) The accounts receivable balance details exclude shareholders who hold 5% or more of the Company's shares.

(5) Top 5 Clients

Company Name	Relationship	Amount	Aging	Proportion in Accounts Receivable (%)
China Shipping Development Co., Ltd.	External Client	227,120,145.00	Within 1 year	23.74
The Ministry of Agriculture Fisheries Bureau of Nanhai District	External Client	137,310,000.00	Within 1 year	14.35
Guangzhou Shipyard Machinery Co., Ltd.	Related Party	93,505,256.65	Within 1 year	9.77
China CNOOC Transportation Co., Ltd.	External Client	61,110,941.50	Within 1 year	6.39
China Shipping liners Co., Ltd.	External Client	54,604,141.40	Within 1 year	5.71
Total		573,650,484.55		59.96

(6) Accounts receivable with foreign currency balance

Items	Ending Balance			Beginning Balance		
	Original currency	Exchange Rate	RMB	Original currency	Exchange Rate	RMB
USD	13,496,958.00	6.1787	83,393,654.40	8,427,345.00	6.2855	52,970,077.00
HKD	203,318.82	0.7966	161,963.77	86,128.82	0.8109	69,841.86
Total			83,555,618.17			53,039,918.86

As of the reporting day, the Company has collected RMB 53,528,433.05 from China Shipping Development Co., Ltd., RMB137,310,000.00 from The Ministry of Agriculture Fisheries Bureau of Nanhai District, RMB 34,110,941.50 from China CNOOC Transportation Co., Ltd., RMB30,430,097.50 from HongkongWanli (Valles) shipping company, RMB22,243,320.00 from Greece – Tomasos Brothers Ins. and RMB21,810,811.00 from Sweden-Stena Weco.

5. Prepayments

(1) Aging

Items	Ending Balance		Beginning Balance	
	Amount	%	Amount	%
Within 1 year	703,054,544.60	87.31	477,678,047.72	90.98
1-2 years	78,667,873.44	9.77	23,544,000.00	4.48
2-3 years	1,197,147.78	0.15	5,181,400.00	0.99
Over 3 years	22,290,686.52	2.77	18,638,700.00	3.55
Total	805,210,252.34	100.00	525,042,147.72	100.00

(2) Top 5 clients

Company Name	Relationship	Amount	%	Aging	Reasons
The Shipbuilding Industry Complete Logistics Co., Ltd. (Guangzhou)	Related Party	259,655,550.31	32.81	Within 1 year	Not settled
Guangzhou CSSC Longxue shipbuilding Co. Ltd.	Related Party	158,400,000.00	19.67	Within 1 year	Not settled
Dalian Marine Diesel Engine Co., Ltd.	External client	91,445,000.00	11.36	0-2 years	Not settled
A research institute of China Shipbuilding Heavy Industry Corporation Group	Related Party	29,980,000.00	3.72	0-2 years	Not settled
Frank Mohn	External client	27,170,440.00	3.37	Within 1 year	Not settled
Total		566,650,990.31	70.93		

(3) The prepayments balance details exclude shareholders who hold 5% or more of the Company's shares.

(4) Prepayments with foreign currency balance

Items	Ending Balance			Beginning Balance		
	Original currency	Exchange Rate	RMB	Original currency	Exchange Rate	RMB
USD	21,082,498.35	6.2923	132,657,404.37	13,005,713.20	6.3297	82,322,679.05
EUR	16,608,440.02	8.2638	137,249,167.56	18,187,475.48	8.4507	153,696,356.44
Total			269,906,571.93			236,019,035.49

6. Interest receivable

Items	Beginning Balance	Increase	Decrease	Ending Balance
Interest of fixed deposit	143,653,250.24	99,971,918.69	105,979,259.09	137,645,909.84
Total	143,653,250.24	99,971,918.69	105,979,259.09	137,645,909.84

Note: There is no overdue interest as at 30 June 2013.

7. Dividend receivable

Items	Beginning Balance	Increase	Decrease	Ending Balance	Uncollectable Reason	impairment
Dividend receivable within 1 year	1,043,381.78	75,027,756.13	1,043,381.78	75,027,756.13	-	-
Including: Guangzhou Economic and Technological Development Zone in South China Special Coating Industrial Co., Ltd.	1,043,381.78		1,043,381.78			
China Merchants Bank Co., Ltd		10,966,819.50		10,966,819.50		no
China Merchants Energy Shipping Co., Ltd		66,000.00		66,000.00		no
USSL		63,484,936.63		63,484,936.63		no
Guangzhou Hongfan Technology Co., Ltd.		510,000.00		510,000.00		no
Total	1,043,381.78	75,027,756.13	1,043,381.78	75,027,756.13	-	-

8. Other receivables

Items	Ending Balance	Beginning Balance
Other receivables	797,056,229.15	897,176,666.23
Less: provision for bad debts	10,867,310.23	11,625,288.29
Total	786,188,918.92	885,551,377.94

(1) Aging analysis

Items	Ending Balance				Beginning Balance			
	Amount	%	Bad debt	Net value	Amount	%	Bad debt	Net value
Within 1 year	298,379,935.88	37.44	467,560.78	297,912,375.10	412,582,670.44	45.99	1,220,950.32	411,361,720.12
1-2 years	285,342,056.22	35.80	1,710.28	285,340,345.94	471,198,817.74	52.52	5,994.09	471,192,823.65
2-3 years	201,016,300.00	25.22	106.50	201,016,193.50	1,075,345.90	0.12	401.73	1,074,944.17
3-4 years	20,104.90	0.00	100.52	20,004.38				
4-5 years					10,000.00	0.00	50.00	9,950.00
Over 5 years	12,297,832.15	1.54	10,397,832.15	1,900,000.00	12,309,832.15	1.37	10,397,892.15	1,911,940.00
Total	797,056,229.15	-	10,867,310.23	786,188,918.92	897,176,666.23	-	11,625,288.29	885,551,377.94

(2) Classification by risks

Items	Ending Balance					Beginning Balance				
	Book value		Bad debt		Net value	Book value		Bad debt		Net value
	Amount	%	Amount	%		Amount	%	Amount	%	
Other receivables that are individually significant and are provided for bad debts on individual basis	10,340,232.15	1.31	10,340,232.15	100.00		10,340,232.15	1.15	10,340,232.15	100.00	
Other receivables that are individually insignificant but are provided for bad debts on individual basis	57,600.00	0.01	57,600.00	100.00		57,600.00	0.01	57,600.00	100.00	
Other receivables accrued bad debt provision by a certain percentage of the balance	93,895,616.00	11.78	469,478.08	0.50	93,426,137.92	245,491,228.00	27.36	1,227,456.14	0.50	244,263,771.86
Other receivables with no bad debt reserves	692,762,781.00	86.91			692,762,781.00	641,287,606.08	71.48			641,287,606.08
Total	797,056,229.15	-	10,867,310.23	-	786,188,918.92	897,176,666.23	-	11,625,288.29	-	885,551,377.94

(i) Other receivables that are individually significant or insignificant but are provided for bad debts on individual basis

Company Name	Book value	Bad debts	%	Reasons
Mitsubishi International Co., Ltd., Hong Kong	10,340,232.15	10,340,232.15	100.00	Note
Guangzhou Urban Construction Archives	57,600.00	57,600.00	100.00	Uncollectable
Total	10,397,832.15	10,397,832.15	100.00	

Note: Trusted deposits have been exchanged for some assets with Guangzhou National Investment Corp. under the Company and Guangzhou National Investment Debt Restructuring Agreement. On August 17 2005, according to the "Delegation Nominees contract" signed by the Company and Guangzhou National Investment Corp. and Hong Kong Guanghong international Corp., Guangzhou National Investment Corp. transferred the claim of RMB10,640,000.00 to Hong Kong Guanghong international Corp, which belongs to its subsidiary Guangzhou Guoxin economic developing Corp. to the Company. In the meantime, according to the contract, Hong Kong Guanghong international Corp shall offset part of the debts with 7 cars, which was due to hand over before the end of September 2005, and pay the rest of debt with interest in Guanghong Optoelectronic Technology Corp, on which Hong Kong Guanghong international Corp has the right of disposition. On September 21 2009, the Guangdong Province Higher People's Court of Final Appeal has made the judgment, Hong Kong Guanghong international Corp. has to settle the debt principal and interest of the Company within 10 days from the legal effective day. As of June 30 2013, the Company has not received the above mentioned debt principal and interest, and shall pay attention to further follow-up.

(ii) Other receivables accrued bad debt provision by a certain percentage of the balance

Items	Ending Balance		
	Book value	%	Bad debts
Within 1 year	93,512,154.88	0.50	467,560.78
1-2 years	342,056.22	0.50	1,710.28
2-3 years	21,300.00	0.50	106.50
3-4 years	20,104.90	0.50	100.52
4-5 years			
Over 5 years			
Total	93,895,616.00	-	469,478.08

(iii) Other receivables with no bad debt reserves

Items	Book value	Bad debt	Net value
Receivables from subsidiaries	692,762,781.00		692,762,781.00
Total	692,762,781.00		692,762,781.00

(3) The other receivables balance details exclude shareholders who hold 5% or more of the Company's shares.

(4) Top 5 clients

Company Name	Relationship	Amount	Aging	Proportion in Accounts Receivable (%)	Nature
Zhongshan Guangzhou Shipyard International Ship and Marine Engineering Co., Ltd.	Subsidiary	685,000,000.00	0-3years	85.94	Entrusted Loan
Receivable subsidies on products	Others	80,564,263.57	Within 1 year	10.11	Subsidies on products
Mitsuhiro International Co., Ltd., Hong Kong	Others	10,340,232.15	Over 5 years	1.30	Credit loans
Guangzhou Shipyard Machinery Co., Ltd.					
Zhongshan Branch	Subsidiary	5,138,189.72	Within 1 year	0.64	Advances
Bidding center	Others	3,600,000.00	Within 1 year	0.45	Secured deposit
Total		784,642,685.44		98.44	

(5) Receivables from related parties

Company Name	Relationship	Amount	%
Zhongshan Guangzhou Shipyard International Ship and Marine Engineering Co., Ltd.	Subsidiary	685,000,000.00	85.94
Guangzhou Shipyard Machinery Co., Ltd. Zhongshan Branch	Subsidiary	5,138,189.72	0.64
Guangdong GSI elevator Co., Ltd.	Subsidiary	1,900,000.00	0.24
USSL	Subsidiary	629,448.67	0.08
Other subsidiaries	Subsidiary	95,142.61	0.01
Total		692,762,781.00	86.91

9. Inventories

(1) Classification

Items	Ending Balance			Beginning Balance		
	Book value	Inventory impairment	Carrying amount	Book value	Inventory impairment	Carrying amount
Raw materials	313,385,731.27	5,665,674.49	307,720,056.78	250,126,798.79	6,147,946.36	243,978,852.43
Work in progress	233,222,883.02	12,371,962.61	220,850,920.41	227,591,594.90	15,094,862.61	212,496,732.29
Merchandise inventories	4,686,287.63	487,220.12	4,199,067.51	4,114,897.43	519,865.11	3,595,032.32
Capitalized construction contracts	266,908,898.44	440,517,254.78	-173,608,356.34	293,927,926.79	419,190,388.03	-125,262,461.24
Total	818,203,800.36	459,042,112.00	359,161,688.36	775,761,217.91	440,953,062.11	334,808,155.80

(2) Inventory impairment

Items	Beginning Balance	Accrued	Decrease		Ending Balance
			Reversal	Transferred out	
Raw materials	6,147,946.36	1,854,993.51		2,337,265.38	5,665,674.49
Work in progress	15,094,862.61			2,722,900.00	12,371,962.61
Merchandise inventories	519,865.11			32,644.99	487,220.12
Capitalized construction contracts	419,190,388.03	81,963,816.18	25,159,277.95	35,477,671.48	440,517,254.78
Total	440,953,062.11	83,818,809.69	25,159,277.95	40,570,481.85	459,042,112.00

(3) The methods of provision for inventory impairment

Items	Calculation basis	Reasons	Percentage of inventories %
Raw materials	Book value higher than NPV (Estimated disposal proceeds less taxes)		
Work in progress	Book value higher than NPV (Estimated disposal proceeds less related expenses)		
Merchandise inventories	Book value higher than NPV (Estimated disposal proceeds less taxes)		
Capitalized construction contracts	Estimated total cost higher than estimated total revenue	10 ships Estimated total cost is expected to decline.	3.83

10. Financial assets available for sale

This section is the same with the Consolidated Financial Statements. See Note V.11.

11. Long-term equity investment

(1) Classification

Items	Ending Balance	Beginning Balance
Cost method	474,887,284.25	433,313,587.25
Equity method	5,147,372.63	4,480,413.65
Total	480,034,656.88	437,794,000.90
Less: Provision for impairment		
Net value	480,034,656.88	437,794,000.90

(2) Detailed classification by method

Investee	Share holding %	Voting rights %	Initial investment	Beginning Balance	Increase or decrease in investment	adjustment in equity	Cash dividends	Ending Balance	Provision for impairment
Cost method									
The Guangzhou Xingshun ship service Co., Ltd	83	100	500,000.00	500,000.00				500,000.00	
Guangzhou Wanda Marine Engineering Co., Ltd.	75	100	2,486,385.00	3,685,222.80				3,685,222.80	
USSL	75	100	79,095,776.55	37,522,079.55	41,573,697.00		63,484,936.63	79,095,776.55	
Guangdong GSI elevator Co., Ltd.	95	100	19,950,000.00	19,950,000.00				19,950,000.00	
Guangzhou Hongfan Technology Co., Ltd.	51	51	2,550,000.00	2,550,000.00			510,000.00	2,550,000.00	
Glory Group Development Co., Ltd.	100	100	26,443,792.13	26,443,792.13				26,443,792.13	
Guangzhou Guangli Shipbuilding Human Resources Service Company Limited	80	100	400,000.00	3,052,492.77				3,052,492.77	
Guangzhou Shipyard Machinery Co., Ltd.	100	100	188,610,000.00	188,610,000.00				188,610,000.00	
Zhongshan Guangzhou Shipyard International Ship and Marine Engineering Co., Ltd.	100	100	100,000,000.00	100,000,000.00				100,000,000.00	
Guangzhou Shipyard International Marine Engineering Co., Ltd.	100	100	50,000,000.00	50,000,000.00				50,000,000.00	
China Shipbuilding Industry Yuan Zhou (Beijing) Technology Co., Ltd.	4.05	4.05	1,000,000.00	1,000,000.00			33,010.00	1,000,000.00	
Subtotal			471,035,953.68	433,313,587.25	41,573,697.00	0	64,027,946.63	474,887,284.25	
Equity method									
Guangzhou Economic and Technological Development Zone in South China Special Coating Industrial Co., Ltd.	25	25	1,722,060.00	3,641,933.33		700,885.14		4,342,818.47	
Zhanjiang Nanhai Ship Hi-Tech Services Ltd.	40	40	800,000.00	838,480.32		-33,926.16		804,554.16	
Subtotal			2,522,060.00	4,480,413.65		666,958.98		5,147,372.63	
Total			473,558,013.68	437,794,000.90	41,573,697.00	666,958.98	64,027,946.63	480,034,656.88	

(3) Investment in associated companies and joint ventures

See notes V.12

12. Investment property

This section is the same with the Consolidated Financial Statements. See Note V.13.

13. Fixed assets

(1) Fixed assets category

Items	Beginning Balance	Increase	Decrease	Ending Balance
Total original cost	1,999,245,609.48	52,034,440.77	3,272,912.54	2,048,007,137.71
Buildings	976,550,986.14	9,517,041.49		986,068,027.63
Machinery	973,490,705.68	41,080,838.09	3,140,984.91	1,011,430,558.86
Transportation facilities	28,946,564.83	733,220.46		29,679,785.29
Office equipments	20,257,352.83	703,340.73	131,927.63	20,828,765.93
Total accumulated depreciation	978,033,535.63	44,947,622.97	3,119,012.57	1,019,862,146.03
Buildings	339,451,776.63	17,396,743.95		356,848,520.58
Machinery	614,850,953.73	25,383,832.04	2,991,042.76	637,243,743.01
Transportation facilities	12,060,182.64	1,109,463.97		13,169,646.61
Office equipments	11,670,622.63	1,057,583.01	127,969.81	12,600,235.83
Total carrying amount	1,021,212,073.85			1,028,144,991.68
Buildings	637,099,209.51			629,219,507.05
Machinery	358,639,751.95			374,186,815.85
Transportation facilities	16,886,382.19			16,510,138.68
Office equipments	8,586,730.20			8,228,530.10
Total provision for impairment				
Buildings				
Machinery				
Transportation facilities				
Office equipments				
Total net book value	1,021,212,073.85			1,028,144,991.68
Buildings	637,099,209.51			629,219,507.05
Machinery	358,639,751.95			374,186,815.85
Transportation facilities	16,886,382.19			16,510,138.68
Office equipments	8,586,730.20			8,228,530.10

1) The amortization of fixed assets recognized through profit or loss is RMB 44,947,622.97 for Current Period.

2) The increased fixed assets included RMB 52,034,440.77 of capitalized Construction in progress transferred-in.

3) The profit or loss for Liquidation of fixed assets for Current Period is RMB 0.00.

(2) Buildings analyzed by region and year

Items	Ending Balance	Beginning Balance
Inside China		
Mid-term (10-50 years)	629,219,507.05	637,099,209.51
Total	629,219,507.05	637,099,209.51

(3) As at December 31st, 2012, there are no idle fixed assets for the Group.

(4) Fixed assets with no certificate of title

Items	Carrying amount	Reasons	Expected time to obtain
Mechanical and electrical suppliers storage	28,173,539.24	Not complete real estate cancellation mortgage registration	Unpredictable
Company 5 floors office building	8,471,956.00	Not complete real estate cancellation mortgage registration	Unpredictable
Total	36,645,495.24		

14. Construction in progress

(1) Category

Items	Ending Balance			Beginning Balance		
	Carrying amount	Impairment	Net book value	Carrying amount	Impairment	Net book value
12.5m CNC Double Column Vertical Lathe				12,450,297.65		12,450,297.65
1 set 200 tons Fixed cranes				10,133,137.79		10,133,137.79
NO. 1-5 Simple steel shed				6,317,606.64		6,317,606.64
"1" development the construction of security conditions	4,250,000.00		4,250,000.00	4,250,000.00		4,250,000.00
Ship generator load test integrated system				3,312,054.35		3,312,054.35
200 tons of fixed pier crane base				2,037,466.56		2,037,466.56
Shelter				1,836,085.54		1,836,085.54
Integrated ship building project				1,350,046.56		1,350,046.56
Shunde shipyard 11 roller leveller	1,404,598.18		1,404,598.18	1,328,197.48		1,328,197.48
Preconstruction cost Infrastructure and energy saving transformation				1,088,459.01		1,088,459.01
Long Island pier fixed tower crane				1,024,350.27		1,024,350.27
Shipbuilding Division stern platform	1,124,809.14		1,124,809.14			
Integrated technological upfront fees	1,088,459.01		1,088,459.01			
Other projects	7,105,991.39		7,105,991.39	7,778,382.21		7,778,382.21
Total	14,973,857.72		14,973,857.72	52,906,084.06		52,906,084.06

(2) The changes in significant Construction in progress

Items	Beginning Balance	Increase	Decrease		Ending Balance
			Capitalized in Fixed assets	Decrease	
12.5m CNC Double Column Vertical Lathe	12,450,297.65		12,450,297.65		
1 set 200 tons Fixed cranes	10,133,137.79	28,332.94	10,161,470.73		
NO. 1-5 Simple steel shed	6,317,606.64		6,317,606.64		
"1" development the construction of security conditions	4,250,000.00				4,250,000.00
Ship generator load test integrated system	3,312,054.35		3,312,054.35		
200 tons of fixed pier crane base	2,037,466.56		2,037,466.56		
Shelter	1,836,085.54	2,899,659.80	4,735,745.34		
Total	40,336,648.53	2,927,992.74	39,014,641.27		4,250,000.00

(Continued)

Items	Budget	Budget use-up ratio %	Press of work	Accumulated capitalized interest	Capitalized interest for Current Period	Capitalization %	Source of capital
12.5m CNC Double Column Vertical Lathe	15,000,000.00	81.59	100				Self financed
1 set 200 tons Fixed cranes	12,000,000.00	92.38	100				Self financed
NO. 1-5 Simple steel shed	4,920,000.00	128.41	100				Self financed
"1" development the construction of security conditions	14,020,000.00	30.31	30.31				Self financed
Ship generator load test integrated system	3,560,000.00	93.04	100				Self financed
200 tons of fixed pier crane base	1,920,000.00	106.12	100				Self financed
Shelter	4,000,000.00	118.39	100				Self financed
Total	55,420,000.00	-	-				

15. Fixed assets disposal

Items	Ending Balance	Beginning Balance	Reasons
Machinery and equipment	18,281.49	33,554.52	Scrapped
Total	18,281.49	33,554.52	Scrapped

16. Intangible assets

(1) Category

Items	Beginning Balance	Increase	Decrease	Ending Balance
Total original cost	134,451,069.32	310,916.36		134,761,985.68
Land use right	73,481,962.38			73,481,962.38
Non-patent technology	60,969,106.94	310,916.36		61,280,023.30
Total accumulated amortization	68,471,331.51	3,072,068.99		71,543,400.50
Land use right	25,290,445.53	754,907.39		26,045,352.92
Non-patent technology	43,180,885.98	2,317,161.60		45,498,047.58
Total carrying amount	65,979,737.81			63,218,585.18
Land use right	48,191,516.85			47,436,609.46
Non-patent technology	17,788,220.96			15,781,975.72
Total net book value	65,979,737.81			63,218,585.18
Land use right	48,191,516.85			47,436,609.46
Non-patent technology	17,788,220.96			15,781,975.72

(2) Land use right analyzed by region and year

Items	Ending Balance	Beginning Balance
Inside China		
Mid-term (10-50 years)	47,436,609.46	48,191,516.85
Total	47,436,609.46	48,191,516.85

(3) The amortization of Intangible assets recognized through profit or loss is RMB 3,072,068.99 for the current period.

17. Research and development expenditures

Items	Beginning Balance	Increase	Decrease		Ending Balance
			Expensed	Capitalized	
Typical luxury cruise cabin layout and interior design manufacturing technology research		5,187,631.29	5,187,631.29		
50,000 dwt Handymax product tanker replacement development		2,412,238.03	2,412,238.03		
Critical complex components forming process and equipment technology		2,089,766.44	2,089,766.44		
Guangzhou innovative enterprises specialized research		2,080,800.24	2,080,800.24		
76,000 tons semi-submersible transport ship design and construction technology development and industrialization		2,041,097.73	2,041,097.73		
Shipbuilding Computer Integrated Manufacturing System GSI-SCIMS II		1,664,122.08	1,664,122.08		
Cross-strait shipping applies based independent research and development		715,439.76	715,439.76		
50,000 dwt and above self-propelled semi-submersible vessel independent research project		531,323.14	531,323.14		
Aeroacoustics measuring standard device development		478,032.58	478,032.58		
37,500 tons chemical product/tanker development		465,289.80	465,289.80		
Research of optimization of ship		342,394.62	342,394.62		
50,000 tons chemical product/tanker development		328,069.13	328,069.13		
Other research and development projects		2,748,085.36	2,748,085.36		
Total		21,084,290.20	21,084,290.20		

18. Long-term unamortized assets

This section is the same with the Consolidated Financial Statements. See Note V.19.

19. Deferred tax assets and deferred tax liabilities

(1) Recognized deferred tax assets and deferred tax liabilities

Items	Ending Balance	Beginning Balance
Deferred tax assets		
Provision for impairment of assets	71,094,718.34	69,764,272.08
Prepaid housing subsidy	2,869,761.60	3,156,862.80
Monetary housing allowance for retired employees	7,862,115.86	7,860,883.45
Medical insurance for retired employees within 10 years	129,034.47	129,034.47
Payroll for retiring employees	97,715.28	118,282.91
Payroll balance owing at year end	1,399,162.26	
Financial liabilities held-for-trading	55,762.67	33,531.11
Total	83,508,270.48	81,062,866.82
Deferred tax liabilities		
Fair value changes in Financial assets available for sale	23,832,881.78	30,453,348.90
Financial instruments held-for-trading	4,897,299.57	3,408,677.58
Total	28,730,181.35	33,862,026.48

(2) Taxable differences and deductible differences items

Items	Ending Balance	Beginning Balance
Deferred tax assets		
Provision for impairment of assets	473,964,788.99	473,907,578.48
Prepaid housing subsidy	19,131,744.00	21,045,752.00
Monetary housing allowance for retired employees	52,414,105.71	52,405,889.67
Medical insurance for retired employees within 10 years	860,229.85	860,229.80
Payroll for retiring employees	651,435.13	788,552.73
Payroll balance owing at year end	9,327,748.41	
Financial liabilities held-for-trading	371,751.14	223,540.73
Total	556,721,803.23	540,419,112.13
Deferred tax liabilities		
Fair value changes in Financial assets available for sale	158,885,878.46	203,022,326.00
Financial instruments held-for-trading	32,648,663.78	22,724,517.20
Total	191,534,542.24	465,095,147.20

20. Provision for impairment of assets

Items	Beginning Balance	Increase	Decrease		Ending Balance
			Reverse	Write-off	
Bad debts	15,549,752.39	108,340.30			15,658,092.69
From Accounts receivable	3,924,464.10	866,318.36			4,790,782.46
From Other receivables	11,625,288.29	-757,978.06			10,867,310.23
Provision for devaluation of Inventories	440,953,062.11	83,818,809.69	25,159,277.95	40,570,481.85	459,042,112.00
Provision for impairment of Investment property	1,855,011.59				1,855,011.59
Total	458,357,826.09	83,927,149.99	25,159,277.95	40,570,481.85	476,555,216.28

21. Short-term loans

Type	Currency	Ending Balance			Beginning Balance		
		Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
Mortgage loans	USD	7,000,000.00	6.1787	43,250,900.00	7,000,000.00	6.2855	43,998,500.00
Unsecured loans	USD				7,000,000.00	6.2855	43,998,500.00
Total				43,250,900.00			87,997,000.00

Mortgage:

As at June 30, 2013, the short-term loans of RMB 43,250,900.00 are granted with other cash fund of RMB 50,680,000.00 of the Group as the pledge.

Interest rate:

As at June 30, 2013, the weighted average annual interest rate of the short-term loans is 2.80%. (January 1, 2013: 2.42%).

22. Financial liabilities held-for-trading

Item	Ending Fair Value	Beginning Fair Value
Forward foreign currency contracts	371,751.14	223,540.75
Total	371,751.14	223,540.75

23. Notes payable

This section is the same with the Consolidated Financial Statements. See Note V.24.

24. Accounts payable

(1) Category

Items	Ending Balance	Beginning Balance
Product settlement	57,515,258.33	91,885,383.15
Materials purchased	505,298,256.07	822,598,502.34
Settlements for projects	74,411,359.01	120,297,551.79
Warranty	73,401,907.97	73,630,116.41
Total	710,626,781.38	1,108,411,553.69

(2) Aging analysis

Items	Ending Balance	Beginning Balance
Within 1 year	658,992,655.72	1,017,965,586.15
1-2 years	40,056,781.13	79,257,207.91
2-3 years	6,168,202.98	6,254,097.96
Over 3 years	5,409,141.55	4,934,661.67
Total	710,626,781.38	1,108,411,553.69

(3) Large-amount Accounts payable aged more than 1 year

Clients	Amount	Nature	Reasons
A research institute of China Shipbuilding Industry Corporation	11,735,244.11	Money owed to suppliers	Not settled
China Machinery Industry Construction Corporation	19,880,151.62	Project payment and warranty	Not settled
Beijing Great Wall Electronic Equipment Co., Ltd.	7,799,468.00	Project payment and warranty	Not settled
Eastern Shanghai Heavy Machinery Co., Ltd.	3,174,017.10	Money owed to suppliers	Not settled
Wuhan Heavy Duty Machine Tool Group Co., Ltd.	3,119,247.86	Money owed to suppliers	Not settled
Total	45,708,128.69		

(4) As of June 30 2013, the accounts receivable balance details exclude shareholders who hold 5% or more of the Company's shares.

(5) Balances of accounts payable in foreign currencies

Currency	Ending Balance			Beginning Balance		
	Original Currency	Exchange Rate	RMB	Original Currency	Exchange Rate	RMB
USD	24,989.50	6.1787	154,402.62			
Total			154,402.62			

25. Advances from customers

(1) Aging analysis

Items	Ending Balance	Beginning Balance
Within 1 year	440,346,299.52	224,781,583.83
Over 1 year	125,653,083.48	133,799,117.78
Total	565,999,383.00	358,580,701.61

(2) Large-amount Advances from customers aged more than 1 year

Clients	Amount	Nature	Reasons
Guangdong Hydropower Second Board Co., Ltd.	77,788,757.81	Engineering projects	Not settled
Qingyuan Storage Power Generation Co., Ltd.	19,880,151.62	Engineering projects	Not settled
Sihui Highway Administration	7,799,468.00	Engineering projects	Not settled
Guangdong Changhong Highway Engineering Co., Ltd.	3,174,017.10	Engineering projects	Not settled
Qingdao Haier Special electric freezer Co., Ltd.	3,119,247.86	Engineering projects	Not settled
Total	111,761,642.39		

(3) The Advances from customers balance details exclude shareholders who hold 5% or more of the Company's shares.

(4) Advances from customers with foreign currency balance

Currency	Ending Balance			Beginning Balance		
	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
USD	51,336,875.41	6.2652	321,637,434.40	26,432,793.88	6.3189	167,024,914.71
Total			321,637,434.40			167,024,914.71

26. Employee benefits

(1) Category

Items	Beginning Balance	Increase	Decrease	Ending Balance
Wages or salaries, bonuses, allowances and subsidies	952,995.15	104,915,100.37	105,257,878.91	610,216.61
Staff welfare		8,724,427.76	8,724,427.76	
Social insurance		32,900,776.72	32,900,776.72	
Including:				
Basic medical insurance (Note 1)		9,704,133.31	9,704,133.31	
Basic pension (Note 2)		19,901,191.04	19,901,191.04	
Unemployment insurance (Note 3)		1,968,706.30	1,968,706.30	
Work-related injury insurance		884,497.38	884,497.38	
Maternity insurance		442,248.69	442,248.69	
Supplementary medical insurance				
Corporate annuity (Note 4)	1,318,378.71		1,318,378.71	
Housing fund (Note 5)		16,348,762.00	16,348,762.00	
Union & Education funds	10,291,959.64	4,329,300.79	2,772,893.36	11,848,367.07
Non-monetary benefits				
Severance benefits	788,552.68	307,741.48	444,859.03	651,435.13
Settlement for labor contract dissolution (Note 6)	788,552.68	307,741.48	444,859.03	651,435.13
Outsourcing labor costs and others		102,315,363.5151	102,315,363.51	
Share-based payment in cash				
Total	13,351,886.18	269,841,472.63	270,083,340.00	13,110,018.81

Note: The payroll policy of the Company is in compliance with the payroll policy of the Group. See Note V.27.

27. Taxes payable

Items	Ending Balance	Beginning Balance
Value-Added Tax	-12,661,140.88	37,552,744.86
Business Tax	40,487.55	41,444.30
Corporate Income Tax	11,418,577.28	22,750,329.21
Individual Income Tax	566,330.52	4,799,696.70
City Maintenance and Construction Tax	869,641.43	9,135,493.30
Real Estate Tax	2,099,684.66	831,534.59
Land Appreciation Tax	2,188,861.22	280,593.80
Education Surcharge	621,172.46	6,525,352.37
Flood control and maintain expenses	1,224,978.10	1,940,026.93
Total	6,368,592.34	83,857,216.06

28. Interest payable

(1) Category

Items	Ending Balance	Beginning Balance
Interest payable of long-term borrowings, of which interests are paid in instalments and the principal is paid at the maturity rate	13,412,745.17	13,681,940.14
Interest payable of short-term borrowings	33,639.56	75,286.34
Total	13,446,384.73	13,757,226.48

(2) Interest payable with foreign currency balance

Currency	Ending Balance			Beginning Balance		
	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
USD	2,041,376.25	6.1787	12,613,051.42	2,042,885.98	6.2855	12,840,559.82
Total			<u>12,613,051.42</u>			<u>12,840,559.82</u>

29. Dividend payable

Name	Ending Balance	Beginning Balance	Reason for not paying over one year
Dividend payable of A Share	52,674,733.23	59,118.75	Dividend payable to individual shareholders due to not applying for the confirmation of right
Dividend payable of H Share	24,652,882.23	98,794.23	Dividend payable to individual shareholders due to not applying for the confirmation of right
Total	<u>77,327,615.46</u>	<u>157,912.98</u>	

Note: On June 30, 2013, the balance of dividend payable aging over 1 year to A stock is RMB59,118.75, H stock is RMB98,794.23, all belongs to individual shareholders with the confirming rights just in progress.

30. Other payables

(1) Aging analysis

Items	Ending Balance	Beginning Balance
Within 1 year	11,424,332.79	11,121,447.96
1-2 years	721,467.48	636,409.94
2-3 years	250,000.00	200,000.00
Over 3 years	9,073,736.29	9,206,691.49
Total	<u>21,469,536.56</u>	<u>21,164,549.39</u>

(2) The Other payables balance details exclude shareholders who hold 5% or more of the Company's shares.

(3) Large-amount Other payables aged more than 1 year

Items	Amount	Age
Supplementary pension	3,251,393.73	Over 5 years
Golf membership	1,210,000.00	Over 5 years
Retiring medical insurance	860,229.85	Over 5 years
Housing stipend for retirees	800,000.00	Over 5 years
Employee aid fund for purchasing house	789,300.00	Over 5 years
Total	<u>6,910,923.58</u>	

31. Non-current liabilities due within one year

This section is the same with the Consolidated Financial Statements. See Note V.32.

32. Other current liabilities

Items	Ending Balance	Beginning Balance
Long-term project settlement	1,669,674,454.57	1,342,923,102.78
Shipbuilding products	1,669,674,454.57	1,342,923,102.78
Deferred income	2,137,388.88	2,143,450.77
Infrastructure construction projects	1,229,522.28	1,229,502.14
150tons self-propelled hydraulic flatbed(Revamp fund)	166,666.68	166,666.68
Technological transformation potential fund- 40000tons ship to develop new equipment and technological transformation	142,191.84	142,191.84
Dock adaptive transformation	26,666.64	26,666.64
Noise control engineering for painting workshop	15,789.48	15,789.48
Coating technology and transformation (coating workshop building)	153,698.64	154,313.95
Noise control engineering for new area	9,519.96	10,799.94
Transferring capabilities of regional value integration and upgrading technologies	50,000.04	54,186.78
Innovative capacity-building projects of the Enterprise Technology Centre	300,000.00	300,000.00
Dock adaptive transformation (1)	33,333.36	33,333.36
Metering scientific instruments for the Group	9,999.96	9,999.96
Total	<u>1,671,811,843.45</u>	<u>1,345,066,553.55</u>

33. Long-term loans

This section is the same with the Consolidated Financial Statements. See Note V.34.

34. Special payable

This section is the same with the Consolidated Financial Statements. See Note V.35.

35. Estimated liabilities

This section is the same with the Consolidated Financial Statements. See Note V.36.

36. Other non-current liabilities

(1) Category

Items	Ending Balance	Beginning Balance
Deferred revenue		
Enterprise Technology Center innovative capacity-building projects	1,650,000.00	1,800,000.00
Special funds for innovative enterprises		1,589,725.06
Integrated ship building project	18,328,302.53	18,943,083.81
Technological transformation potential fund- 40000tons ship to develop new equipment and technological transformation	1,066,438.08	1,137,534.00
Dock adaptive transformation	600,000.20	613,333.52
Dock adaptive transformation (1)	749,999.80	766,666.48
Coating technology and transformation (coating workshop building)	1,178,356.12	1,254,590.13
Noise control engineering for painting workshop	197,368.38	205,263.12
Noise control engineering for new area	200,253.50	203,733.50
Transferring capabilities of regional value integration and upgrading technologies	89,041.65	109,854.93
Upfront fees for comprehensive technology upgrading	38,331,063.93	35,000,000.00
150tons self-propelled hydraulic flatbed	1,291,666.61	1,374,999.95
Upfront fees for infrastructure development of the quality Department metering station	4,478,885.37	4,368,270.37
Metering scientific instruments for the Group	37,500.25	42,500.23
Total	68,198,876.42	67,409,555.10

(2) Government grants

	June 30 2013		Expensed	Refund	Reasons
	Other non-current liabilities	Other current liabilities			
Special funds for innovative enterprises	1,650,000.00	300,000.00	150,000.00		
Integrated ship building project	18,328,302.53	1,229,522.28	614,761.14		
Technological transformation potential fund- 40000tons ship to develop new equipment and technological transformation	1,066,438.08	142,191.84	71,095.92		
Dock adaptive transformation	600,000.20	26,666.64	13,333.32		
Dock adaptive transformation (1)	749,999.80	33,333.36	16,666.68		
Coating technology and transformation (coating workshop building)	1,178,356.12	153,698.64	76,849.32		
Noise control engineering for painting workshop	197,368.38	15,789.48	7,894.74		
Noise control engineering for new area	200,253.50	9,519.96	4,759.98		
Transferring capabilities of regional value integration and upgrading technologies	89,041.65	50,000.04	25,000.02		
Upfront fees for comprehensive technology upgrading	38,331,063.93				
150tons self-propelled hydraulic flatbed	1,291,666.61	166,666.68	83,333.34		
Upfront fees for infrastructure development of the quality Department metering station	4,478,885.37				
Metering scientific instruments for the Group	37500.25	9,999.96	4,999.98		
Special funds for innovative enterprises in Guangzhou			1,589,725.06		
Total	68,198,876.42	2,137,388.88	2,658,419.50		

37. Share capital

This section is the same with the Consolidated Financial Statements. See Note V.38.

38. Capital reserves

Items	Beginning Balance	Increase	Decrease	Ending Balance
Share premium	502,982,007.95			502,982,007.95
Other capital reserves	173,151,908.32		37,515,980.38	135,635,927.94
Total	676,133,916.27		37,515,980.38	638,617,935.89

Note: The change in other capital reserves is due to the after tax fair value change of financial assets held-for trading.

39. Special reserves

Items	Beginning Balance	Increase	Decrease	Ending Balance
Safe production fees		10,235,124.16	10,235,124.16	
Total		10,235,124.16	10,235,124.16	

40. Surplus reserves

Current Period

Items	Beginning Balance	Increase	Decrease	Ending Balance
Statutory surplus reserves	412,289,185.17			412,289,185.17
Discretionary surplus reserves	18,582,196.43			18,582,196.43
Total	430,871,381.60			430,871,381.60

41. Undistributed profits

Items	Current Period	Appropriation %
Ending Balance of Last Period	2,330,975,528.31	
Beginning Balance of Current Period	2,330,975,528.31	
Add: Net profit attributable to Parent Company	145,238,296.95	
Less: Provision of statutory surplus reserve		
Provision of discretionary surplus reserve		
Provision of general risk reserve		
Ordinary share dividend payable	77,169,702.48	
Capitalized ordinary share dividend		
Ending Balance of Current Period	2,399,044,122.78	

42. Net current assets

Items	Ending Balance	Beginning Balance
Current assets	8,614,305,599.22	8,506,472,211.77
Less: Current liabilities	4,694,586,648.52	4,681,976,907.36
Net current assets	3,919,718,950.70	3,824,495,304.41

43. Total assets less current liabilities

Items	Ending Balance	Beginning Balance
Total assets	10,544,032,361.21	10,470,406,097.39
Less: current liabilities	4,694,586,648.52	4,681,976,907.36
Total assets less current liabilities	5,849,445,712.69	5,788,429,190.03

44. Operating income. Operating cost

Items	Current Period	Last Period
Main business income	1,343,838,643.42	3,080,779,759.63
Other business income	45,958,506.51	58,752,521.56
Total	1,389,797,149.93	3,139,532,281.19
Main business cost	1,222,929,675.33	2,925,311,574.37
Other business cost	31,998,739.99	33,816,130.32
Total	1,254,928,415.32	2,959,127,704.69

(1) Gross margin

Items	Current Period	Last Period
Main business income	1,343,838,643.42	3,080,779,759.63
Main business cost	1,222,929,675.33	2,925,311,574.37
Gross margin	120,908,968.09	155,468,185.26

(2) Main business income – classified by products

Items	Current Period		Last Period	
	Main business income	Main business cost	Main business income	Main business cost
Shipbuilding products	1,279,170,064.49	1,163,871,675.17	2,924,347,295.79	2,778,644,856.49
Steel Structure Engineering	22,612,594.85	22,283,286.70	948,854.43	
Mechanical and electrical products and others	42,055,984.08	36,774,713.46	155,483,609.41	146,666,717.88
Total	1,343,838,643.42	1,222,929,675.33	3,080,779,759.63	2,925,311,574.37

(3) Main business income – classified by regions

Regions	Current Period		Last Period	
	Main business income	Main business cost	Main business income	Main business cost
Malta			128,210,255.04	101,746,443.48
Denmark	491,391,155.33	441,901,975.32	249,195,877.32	212,265,562.43
Italy				-2,034,771.54
Hong Kong	130,031,159.94	116,636,313.69	13,108,028.55	12,648,561.62
Greece	220,686,959.01	206,117,616.04	272,454,588.75	232,922,524.00
Taiwan			78,753.75	78,632.48
Sweden	64,003,567.59	61,625,302.67	104,304,947.41	103,667,764.96
Thailand			22,338,172.30	22,264,349.68
Netherlands	25,890,163.90	25,890,163.90	451,106,894.00	386,131,668.49
China	411,835,637.65	370,758,303.71	1,839,982,242.51	1,855,620,838.77
Total	1,343,838,643.42	1,222,929,675.33	3,080,779,759.63	2,925,311,574.37

(4) Other business income & other business cost

Items	Current Period		Last Period	
	Other business income	Other business cost	Other business income	Other business cost
Sales of materials	12,904,237.02	10,680,021.19	1,519,367.83	1,079,914.29
Sales of scrap materials	8,940,509.50	5,329,650.10	23,109,086.25	13,047,075.45
Service income	6,475,916.93	4,065,073.80	16556887.89	3,044,881.30
Rental income	6,855,533.50	2,219,730.18	5,284,518.98	1,631,606.17
Energy income	10,782,309.56	9,704,264.72	12,282,660.61	15,012,653.11
Total	45,958,506.51	31,998,739.99	58,752,521.56	33,816,130.32

(5) Contract revenue

Items	Total amount	Accumulated cost	Accumulated gross margin	Amounts settled
115000 series (tankers for product oil/crude oil)	532,452,497.50	1,580,962.40		54,006,280.00
250000 series (Ore carriers)	708,672,803.00	265,800.04		70,869,689.00
308000 series (tankers for product oil/crude oil)	1,046,115,070.00	5,384,832.50		106,334,800.00
37500 series (tanks for product oil/chemicals)	914,418,712.51	259,533,442.00	14,632,953.28	355,582,928.67
39000 series (tanks for product oil/chemicals)	191,580,676.46	216,073,840.18	-24,493,163.72	191,580,676.46
40000 series (tanks for product oil/chemicals)	339,670,061.10	111,398,626.54		136,626,527.00
Ro series	411,965,811.97	12,947,177.68		183,589,743.58
Fixed price contract				
48000 series (tanks for product oil/chemicals)	655,095,182.74	751,325,643.77	-96,230,461.04	655,088,897.71
50000 series (tanks for product oil/chemicals)	2,192,117,325.00	42,926,519.16		264,424,712.00
50000 series (bulk carrier)	494,700,854.70	522,282,698.01	-67,779,355.28	462,000,000.00
50500 series (tanks for product oil/chemicals)	1,241,120,558.62	764,925,160.17	110,112,507.82	686,357,759.31
Semi-submersible vessels series	880,251,609.67	193,269,109.23		209,928,970.00
6000 series (tanks for product oil/chemicals)	55,659,208.55	98,914,203.56	-43,254,995.01	55,556,534.72
52300 series (tanks for product oil/chemicals)	233,239,127.51	250,827,982.72	-17,588,855.21	233,239,127.51
Special vessels	2,965,678,674.70	715,639,784.45	37,198,083.10	1,483,316,923.05
Total	12,862,738,174.03	3,947,295,782.41	-87,403,286.06	5,148,503,569.01

Because the declining trend of the ship's price, the estimated total revenue of contracts decrease 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. The estimated loss for contracts for Current Period is RMB81,963,816.18, reserved RMB25,159,277.95.

(6) *The total sales revenue for Current Period from top 5 clients:*

Company Name	Operating income	Percentage of total revenue %
Denmark LAURITAEN TARKERS A/S	379,992,528.79	22.26
Greece-Tomasos Brothers Ins	156,009,927.63	9.14
Shenzhen Ocean Shipping Co., Ltd.	145,556,912.06	8.53
Hong Kong Manley (Valles) shipping Co., Ltd.	129,622,218.42	7.59
Denmark – NORDN A/S Company	111,398,626.54	6.53
Total	922,580,213.44	54.06

45. **Business tax and surcharges**

Items	Current Period	Last Period	Tax Base
Business Tax	159,107.79	489,494.57	Service revenue
City Maintenance and Construction Tax	3,207,518.86	749,795.71	Turnover tax payable
Education Surcharge	2,291,084.93	543,120.29	Turnover tax payable
Total	5,657,711.58	1,782,410.57	

46. **Selling expenses**

Items	Current Period	Last Period
Transportation fee	1,283,400.00	167,382.00
Ship maintenance fee	-7,553,985.00	-9,252,998.08
Business expenditure	953,477.85	1,008,234.83
Advertisement	193,620.65	338,620.00
Exhibition	238,750.93	74,362.97
Other selling expenses	534,329.67	321,424.03
Total	-4,350,405.90	-7,342,974.25

47. **Administrative expense**

Items	Current Period	Last Period
Salaries	33,806,961.38	38,085,091.84
Research and development fee	21,084,290.20	26,264,865.88
Repairing expenses	12,690,750.12	15,259,129.52
Labor transfer fees	7,452,901.62	6,654,624.27
Taxes and surcharges	7,120,912.46	7,687,931.75
Depreciation	6,180,211.69	6,642,652.87
Amortization of intangible assets	2,838,315.35	2,757,608.16
Transportation fee	1,974,917.12	-14,879.07
Board meeting fee	1,297,924.58	2,935,419.80
Water supply and electricity expense	1,214,787.08	1,733,511.29
Technical training fees	1,132,999.99	1,099,999.98
Audit fees	1,117,393.67	1,121,649.68
Entertainment	944,870.39	1,301,636.71
Travelling expense	938,948.45	913,131.32
Consulting fees	768,826.41	935,139.62
Guard fire fighting fee	697,625.16	687,662.77
Property insurance premiums	468,568.45	368,737.01
Rental expense	395,904.34	1,361,020.73
Administrative expenses	356,054.93	385,230.55
Labor insurance premiums	354,253.48	225,341.57
Storage fees	271,559.58	143,453.66
Green fees	263,635.00	563,196.00
Others	4,883,025.35	4,907,674.22
Total	108,255,636.80	122,019,830.13

48. Finance costs

Items	Current Period	Last Period
Interest expenditure	47,540,446.73	43,933,489.42
Less: Interest income	102,049,561.96	97,958,238.11
Add Exchange loss	-14,977,818.29	7,141,260.94
Add: Other expenditure	173,596.69	272,114.86
Total	-69,313,336.83	-46,611,372.89

49. Assets impairment losses

Items	Current Period	Last Period
Bad debts	108,340.30	885,610.22
Loss from inventory devaluation	58,659,531.74	177,659,257.08
Total	58,767,872.04	178,544,867.30

50. Gain or loss on changes in fair value

Items	Current Period	Last Period
Financial assets held for trading	9,924,146.52	-18,091,249.22
From: changes in fair value due to forward foreign currency contracts	9,924,146.52	-18,091,249.22
Financial liabilities held-for-trading	-148,210.39	1,159,935.94
From: changes in fair value due to forward foreign currency contracts	-148,210.39	1,159,935.94
Total	9,775,936.13	-16,931,313.28

51. Investment income

(1) Source of investment income

Items	Current Period	Last Period
From long-term equity investment under equity method	666,958.98	806,763.55
From long-term equity investment under cost method	64,027,946.63	
From holding financial assets available for sale	11,032,819.50	7,411,213.00
From disposal of financial assets available for sale		59,259.00
From disposal of Financial assets held for trading	24,120,745.00	18,731,457.22
Total	99,848,470.11	27,008,692.77

The Investment income for Current Period, through listed companies is RMB11,032,819.50 (Last Period: RMB7,411,213.00).

There's no significant limit on Investment incomeremittance.

(2) Realized gain on Long-term equity investments, equity method

Items	Current Period	Last Period	Reasons for changes
Total	666,958.98	806,763.55	
Guangzhou Economic and Technological Development Zone in South China Special Coating Industrial Co., Ltd.	700,885.14	823,422.87	
Zhanjiang Nanhai Ship Hi-Tech Services Ltd.	-33,926.16	-16,659.32	

52. Non-operating income

(1) Non-operating income category

Items	Current Period	Last Period
Gain on disposal of non-current assets	1,137.40	3,182,474.72
Gain on Liquidation of fixed assets	1,137.40	3,182,474.72
Government grants	9,571,750.76	157,294,234.95
Penalty income	24,500.00	37,045.00
Compensation income		2,560.00
Others	1,795,733.92	7,315,249.18
Total	11,393,122.08	167,831,563.85

The non-operating gains or losses for Current Period are RMB 10,047,735.95.

(2) **Government grants category**

Items	Current Period	Last Period	Note
Product subsidy	1,345,386.13	152,364,778.41	
New product subsidy	6,939,725.06	4,929,456.54	
Finance subsidy	1,286,639.57		
Total	9,571,750.76	157,294,234.95	

53. Non-operating expense

Items	Current Period	Last Period
Loss on disposal of non-current assets	63,620.11	136,240.58
Loss on Liquidation of fixed assets	63,620.11	136,240.58
Penalties		16,596.00
Compensation	731,924.10	272,470.92
Other	554,075.82	
Total	1,349,620.03	425,307.50

The non-operating gains or losses for current period are RMB1,349,620.03.

54. Income tax expenses

Items	Current Period	Last Period
Current income tax expenses	11,237,649.93	26,770,231.34
China	11,237,649.93	26,770,231.34
Deferred income tax expenses	-956,781.67	-11,610,540.56
Total	10,280,868.26	15,159,690.78

55. Other comprehensive income

Items	Current Period	Last Period
Gains and losses from Financial assets available for sale	-44,136,447.50	-12,948,479.66
Less: Financial assets available for sale tax effects	-6,620,467.12	-1,688,932.13
Total	-37,515,980.38	-11,259,547.53

56. Notes to the Consolidated Cash Flow Statement

(1) Other cash receipts or payments from operating activities, investing activities and financing activities

(i) *Other cash receipts from operating activities*

Items	Current Period	Last Period
Product subsidy	106,723,600.00	34,832,400.00
Various research and other funding	2,577,086.39	7,950,203.62
Received from other accounts	471,729.62	4,516,054.86
Total	109,772,416.01	47,298,658.48

(ii) *Other cash payments from operating activities*

Items	Current Period	Last Period
Administrative expense	26,834,142.52	48,421,655.24
Operating expenditure	3,203,579.10	1,910,023.83
Non-operating expense	1,349,620.03	425,307.50
Entrusted loan	50,000,000.00	110,000,000.00
Total	81,387,341.65	160,756,986.57

(iii) Other cash receipts from investing activities

Items	Current Period	Last Period
Fixed deposit pledge resolution	865,252,096.85	1,742,282,989.87
Interest income from deposit	105,979,259.09	161,644,681.58
Total	971,231,355.94	1,903,927,671.45

(iv) Other cash payments from investment activities

Items	Current Period	Last Period
Fixed deposit pledge	1,019,825,408.82	666,720,000.00
Total	1,019,825,408.82	666,720,000.00

(v) Other cash payments from financing activities

Items	Current Period	Last Period
Bank charges and others	6,867.55	
Total	6,867.55	

(2) Supplemental information for Consolidated Cash Flow Statement

Items	Current Period	Last Period
1. Reconciliation of not profit to cash flows from operating activities		
Net profit	145,238,296.95	94,335,760.70
Add: Provision for impairment	58,767,872.04	178,544,867.30
Fixed assets depreciation, oil-and-gas depletion and productive biological assets depreciation	45,323,287.99	43,823,575.17
Intangible assets amortization	3,072,068.99	2,757,608.16
Long-term unamortized assets amortization	605,336.60	582,644.10
Loss from Liquidation of fixed assets, Intangible assets and other long-term assets (gain marked "-")	62,482.71	-3,046,234.14
Loss from scrapped of Fixed assets		
Loss on changes in fair value (gain marked "-")	-9,775,936.13	16,931,313.28
Finance costs (gain marked "-")	-69,313,336.83	-46,348,337.32
Realized loss on investments (gain marked "-")	-99,848,470.11	-27,008,692.77
Decrease in Deferred tax assets (increase marked "-")	-2,445,403.66	-9,070,843.56
Increase in Deferred tax liabilities (decrease marked "-")	1,488,621.99	-2,539,697.00
Decrease in Inventories (increase marked "-")	-42,442,582.45	687,145,631.00
Decrease in operating receivables (increase marked "-")	-349,688,450.61	-216,862,253.30
Increase in operating payables (decrease marked "-")	-312,080,821.48	-1,004,091,188.36
Others		
Net Cash Flow From Operating Activities	-631,037,034.00	-284,845,846.74
2. Investing and financing activities that do not involve cash receipts and payments:		
Conversion from debt to capital		
Convertible bonds due within 1 year		
Fixed assets under finance lease		
3. Net changes in cash and cash equivalents		
Ending balance	2,952,662,327.33	3,200,240,700.20
Less: Beginning balance	3,461,486,732.84	2,730,487,268.95
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-508,824,405.51	469,753,431.25

(3) Cash and Cash Equivalents

Items	Current Period	Last Period
Cash	2,952,662,327.33	3,200,240,700.20
Including: Cash		
Bank deposit available-for-use	91,412.63	86,460.18
Other cash fund available-for-use	2,952,470,877.14	3,200,051,250.25
Deposits in central bank available-for-use	100,037.56	102,989.77
Deposits in other banks		
Replacement in other banks		
Cash Equivalents		
Including: Bond investment due within 3 months		
Ending Balance of Cash and Cash Equivalents	2,952,662,327.33	3,200,240,700.20
Including: Restricted Cash and Cash Equivalents available-for-use to Parent Company or Subsidiaries		

XIV. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The Company's financial statements were issued with the approval of the Board of the directors of the Company on August 30 2013.

XV. SUPPLEMENTARY INFORMATION FOR FINANCIAL STATEMENTS

1. Statement of non-operating profit and loss

According to the No. 1 Notice on publicly listed company financial information disclosure – Non-operating gains and losses (2008), issued by China Securities Regulatory Commission, the non-operating gains and losses are disclosed as follows:

Items	Current Period	Last Period
Gains and losses from disposal of non-current assets	-75,882.71	3,092,932.22
Casual tax rebate or tax exemption with ultra vires or without formal approval		
Government grants expensed	9,188,670.39	5,401,664.27
Funds usage fees from non financial institutions expensed		
Gains from the investment lower than the fair value of net identifiable assets of investees during the process of acquiring subsidiaries, joint ventures and associates		
Gains and losses from non-monetary assets exchange		
Gains and losses from commissioned investment or assets management		
Force majeure, provision for impairment of assets due to natural disaster		
Gains and losses from debt restructuring		
Corporate restructuring expenditures		
Gains and losses from the non-arm's length transactions		
Net gains and losses from subsidiaries, consolidated under common control, for the period from beginning of the year to consolidation date		
Gains and losses from non-operating business contingencies		
Gains and losses on changes in fair value from Financial assets/liabilities held-for-trading; and Realized gain on disposal of Financial assets/liabilities held-for-trading, Financial assets available-for-use, except for the operation related hedging transactions	33,715,809.01	1,126,154.72
Reversals of provision for impairment reserves from receivables with individual impairment test	216,597.39	2,176,242.59
Gains and losses from Entrusted loans		
Gains and losses on changes in fair value, arisen from subsequent measurement of Investment property using fair value model		
The impact of one-time adjustment of current profit and loss, according to the laws and regulations of taxation or accounting		
Trustee fee income from entrusted operation		
Other non-operating income and expense except for the above items	478,447.32	6,244,835.08
Other non-operating profit and loss defined		
Subtotal	43,523,641.40	18,041,828.88
Income tax impact	6,571,716.63	2,844,542.66
Impact on non-controlling shareholder's equity (after-tax)	270,239.51	-100,682.76
Total	36,681,685.26	15,297,968.98

2. Return on net assets and earnings per share

Reported profit	Weighted average return		Earnings per share			
	on net assets %		Basic EPS		Diluted EPS	
	January to June 2013	January to June 2012	January to June 2013	January to June 2012	January to June 2013	January to June 2012
Net profit attributable to the parent company	1.34	2.12	0.09	0.14	0.09	0.14
Net profit attributable to the parent company, net of non-operating gains and losses	0.45	1.75	0.03	0.11	0.03	0.11

3. Abnormal issues and explanations

Those significant items which vary 30% or above; account for 5% or above of total assets on June 30, 2013; or account for 10% or above of total profit for the period from January to June 2013 are listed below:

Assets	Index	Ending balance	Beginning balance	Changes	Change
Financial assets held for trading	Note 1	32,648,663.78	22,862,044.25	9,786,619.53	42.81%
Notes receivable	Note 2	8,983,093.56	3,492,665.00	5,490,428.56	157.20%
Prepayments	Note 3	723,026,644.27	503,864,929.68	219,161,714.59	43.50%
Dividend receivable	Note 4	11,032,819.50	1,043,381.78	9989437.72	957.41%
Other receivables	Note 5	111,549,315.51	262,235,880.07	-150,686,564.56	-57.46%
Inventories	Note 6	656,290,626.20	506,101,222.69	150,189,403.51	29.68%
Other current assets	Note 7		140,571.00	-140,571.00	-100.00%
Construction in progress	Note 8	35,827,699.87	61,201,815.91	-25,374,116.04	-41.46%
Liquidation of fixed assets	Note 9	18,622.93	33,554.52	-14,931.59	-44.50%

Note 1: Compared to beginning balance, the ending balance of Financial assets held for trading increased by 42.81%, due to the increase of holding long-term forward foreign currency contracts as well as forward exchange rate fluctuations.

Note 2: Compared to beginning balance, the ending balance of notes receivable increased by 157.20%, due to the increase of receiving bank's acceptance bills.

Note 3: Compared to beginning balance, the ending balance of prepayments increased by 43.50%, mainly due to the prepaid to suppliers because of the additional orders for Current Period; as well as the prepayments for Guangzhou Longxue Shipbuilding Co., Ltd. Guangzhou Longxue outsourcing construction.

Note 4: Compared to beginning balance, the ending balance of dividend receivable increased by 957.41%, mainly due to the recognition of 2012 cash dividend from China Merchants Bank.

Note 5: Compared to beginning balance, the Ending balance of other receivables decreased by 57.46%, mainly due to the collection of product subsidy.

Note 6: Compared to beginning balance, the ending balance of Inventories increased by 29.68%, mainly due to the increase of new orders of non ship business leads to the increase for purchase of raw materials and goods in process.

Note 7: Compared to beginning balance, the ending balance of other current assets decreased by 100.00%, mainly due to the collection of the overpayment of 2012 estimated income tax.

Note 8: Compared to beginning balance, the ending balance of work in progress decreased by 41.46%, mainly due to the capitalization of work in progress.

Note 9: Compared to beginning balance, the ending balance of Liquidation of fixed assets decreased by 44.50%, mainly due to disposal of scrapped fixed assets.

Liabilities and equity	Index	Ending balance	Beginning balance	Changes	Change
Short-term loans	Note 1	46,240,056.86	92,167,796.47	-45,927,739.61	-49.83%
Financial liabilities held-for-trading	Note 2	421,196.27	223,540.75	197,655.52	88.42%
Notes payable	Note 3	309,671,286.08	591,450,235.02	-281,778,948.94	-47.64%
Accounts payable	Note 4	849,660,482.37	1,245,250,069.88	-395,589,587.51	-31.77%
Advances from customers	Note 5	663,692,318.02	434,610,806.03	229,081,511.99	52.71%
Taxes payable	Note 6	-17,769,727.34	78,274,385.66	-96,044,113.00	-122.70%
Dividend payable	Note 7	80,587,615.46	157,912.98	80,429,702.48	50,932.93%
Minority shareholders' interest	Note 8	10,934,963.07	101,461,644.29	-90,526,681.22	-89.22%

- Note 1: Compared to beginning balance, the ending balance of short-term loans decreased by 49.83%, mainly due to the pay back of loans at maturity.
- Note 2: Compared to beginning balance, the ending balance of financial liabilities held-for-trading increased by 88.42%, mainly due to the gains and losses from changes in fair value of partial forward settlement of foreign currency contracts resulted from increased forward exchange rates.
- Note 3: Compared to beginning balance, the ending balance of notes payable decreased by 47.64%, mainly due to the decrease of issuance of the acceptance of bank's acceptance bills.
- Note 4: Compared to beginning balance, the ending balance of accounts payable decreased by 31.77%, mainly due to payment for goods and constructions
- Note 5: Compared to beginning balance, the ending balance of advances from customers increased by 52.71%, mainly due to the increase in receiving some construction contract prepayments.
- Note 6: Compared to beginning balance, the ending balance of taxes payable decreased by 122.70%, due to the increase in overpaid input value added tax and the decrease of income tax payable.
- Note 7: Compared to beginning balance, the ending balance of dividend payable increased by 50932.93%, mainly due to the recognition of 2012 cash dividend.
- Note 8: Compared to beginning balance, the ending balance of non-controlling shareholders' interest decreased by 89.22%, mainly due to the completion of acquiring the non-controlling shareholders' interest of the subsidiary (49%), Yonglian Steel Structure Co., Ltd.

Profit and loss	Index	Current Period	Last Period	Changes	Change
Operating income	Note 1	1,745,869,433.35	3,432,639,468.18	-1,686,770,034.83	-49.14%
Operating cost	Note 2	1,563,460,932.17	3,208,911,024.61	-1,645,450,092.44	-51.28%
Business tax and surcharges	Note 3	11,829,101.95	5,989,647.58	5,839,454.37	97.49%
Selling expenses	Note 4	-472,289.62	-4,584,352.56	4,112,062.94	
Finance costs	Note 5	-61,007,468.47	-42,871,721.35	-18,135,747.12	
Assets impairment losses	Note 6	58,749,904.09	176,347,146.83	-117,597,242.74	-66.69%
Gain on changes in fair value	Note 7	9,588,964.01	-17,923,681.50	27,512,645.51	
Investment income	Note 8	36,464,992.08	28,793,324.81	7,671,667.27	26.64%
Operating income		59,814,476.68	-58,774,290.15	118,588,766.83	
Non-operating income	Note 9	12,370,891.18	168,342,594.66	-155,971,703.48	-92.65%
Total income		70,759,551.33	108,329,919.83	-37,570,368.50	-34.68%
Income tax expenses	Note 10	15,282,588.67	19,075,395.12	-3,792,806.45	-19.88%
Net profit		55,476,962.66	89,254,524.71	-33,777,562.05	-37.84%
Net profit attributable to the parent company		55,334,088.40	87,985,055.14	-32,650,966.74	-37.11%
Minority shareholders	Note 11	142,874.26	1,269,469.57	-1,126,595.31	-88.75%

- Note 1: Compared with Last Period, the Operating income decreased by 49.14%, mainly due to the imbalance of production resulted from the insufficient arrangement of output.
- Note 2: The Operating cost decreased by 51.28% from a year earlier, due to the reason as stated in Note 1.
- Note 3: Compared with Last Period, the Business tax and surcharges increased by 97.49%, mainly due to the increase of turnover tax payable.
- Note 4: Compared with Last Period, the Selling expenses increased by 4.11 million, mainly due to the significant decrease of terminating the warranty obligations of ship warranty fees that reversed.
- Note 5: Compared with Last Period, the Finance costs decreased by 18.13 million, mainly due to the increases of gain in foreign currency exchange.
- Note 6: Compared with Last Period, the Assets impairment losses decreased by 66.69%, mainly due to the decrease in estimated loss of newly accepted shipbuilding contracts.
- Note 7: Compared with Last Period, the Gain on changes in fair value increased by 27.51 million, mainly due to the increase of holding forward foreign currency contracts in the current period as well as the forward exchange rate fluctuations.
- Note 8: Compared with Last Period, the Investment income decreased 26.64%, mainly due to the increase of recognized cash dividend from China Merchants Bank and the increase of recognized investment gain from settlements of forward foreign currency contracts.
- Note 9: Compared with Last Period, the Non-operating income decreased 92.65%, mainly due to the change in the product mix resulting in a large decrease of Subsidies on products receivable.
- Note 10: Compared with Last Period, the Income tax expenses decreased 19.88%, mainly due to the decrease of total profit.
- Note 11: Compared with Last Period, the Minority shareholder's gains and losses decreased 88.75%, mainly due to the completion of acquiring the non-controlling shareholders' interest of the subsidiary (49%), Yonglian Steel Structure Co., Ltd.

IX DOCUMENTS AVAILABLE FOR INSPECTION

- The original interim report signed by the Chairman;
- The original auditor's reports signed and sealed by the legal representative Mr. Yu Baoshan, chief accountant Mr. Chen Liping and manager of financial center Mr. Hou Zengquan;
- The originals of announcements and related company documents published in "Shanghai Securities News".