



中船海洋与防务装备股份有限公司

CSSC OFSHORE & MARINE ENGINEERING (GROUP) COMPANY LIMITED

H Stock Code: 00317 A Stock Code: 600685

2015 Interim Report

IMPORTANT NOTICES

1. The board of directors (the "Board"), the Supervisory Committee (the "Supervisory Committee") and the directors (the "Directors"), supervisors and senior management of CSSC Offshore & Marine and Engineering (Group) Company Limited ("COMEC" of the "Company") guarantee that the information contained in 2015 interim report (the "Report") is true, accurate and complete without any false or misleading statements or material omission and will be held severally and jointly liable for the above.
2. All Directors were present at the Board meeting held on 26 August 2015. The Report was approved by unanimous vote.
3. The Report of the Company has not been audited.
4. Mr. Han Guangde, the legal representative of the Company, Mr. Chen Qionxiang, the chief accountant of the Company and Mr. Hou Zengquan, the head of accounting department of the Company, have declared that they guarantee the trueness, accuracy and completeness of the financial statements contained in the Report.
5. The Company had no profit distribution or increase of share capital through conversion of reserves in the first half of 2015.
6. The Company has no capital mis-appropriation by the controlling shareholder or any connected parties of the Company.
7. The Company has not provided any external guarantees that do not comply with its decision-making procedures.
8. The financial statements contained in the Report are prepared in accordance with the Accounting Standards for Business Enterprises, and have been reviewed and confirmed by the Audit Committee of the Board of the Company.
9. Any forward-looking statements such as future plans and development strategies contained in the Report do not constitute a commitment by the Company to its investors. Investors should be aware of investment risks.
10. The Report is prepared in both Chinese and English. In case of any difference between two versions, the Chinese version shall prevail.

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SECTION 1 DEFINITION AND NOTICE OF MATERIAL RISKS

1. Definition

Unless otherwise stated in context, the following terms should have the following meanings in the Report:

Definition of Frequently Used Terms

DWT (deadweight tonnage)	means	deadweight capacity with ton as unit
CSSC	means	China State Shipbuilding Corporation, the controlling shareholder of the Company
Company	means	CSSC Offshore & Marine and Engineering (Group) Company Limited
Group	means	CSSC Offshore & Marine and Engineering (Group) Company Limited and its subsidiaries
CSSC HK	means	CSSC (Hong Kong) Shipping Company Limited, an overseas subsidiary wholly-owned by CSSC
Huangpu Wenchong	means	CSSC Huangpu Wenchong Shipbuilding Company Limited, a subsidiary wholly-owned by CSSC
GSI Yangzhou	means	GSI Yangzhou Co., Ltd., a subsidiary wholly-owned by CSSC
Yangzhou Kejin	means	Yangzhou Kejin Shipbuilding Company Limited
GSI	means	Guangzhou Shipyard International Company Limited, a subsidiary wholly-owned by CSSC
Jiangsu Shenghua	means	Jiangsu Shenghua Shipbuilding Company Limited
Guangli Company	means	Guangzhou Guangli Shipbuilding Human Resources Service Company Limited, a subsidiary of the Company
Shanghai Stock Exchange	means	The Shanghai Stock Exchange
Hong Kong Stock Exchange	means	The Stock Exchange of Hong Kong Limited
Listing Rules	means	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
CSSC Finance	means	CSSC Finance Company Limited, a non-banking financial institution wholly-owned by CSSC
United Steel	means	Guangzhou United Steel Structures Limited, a subsidiary of the Company
Shanghai Lingxiang	means	Shanghai Lingxiang Equity Investment Co., Ltd., a controlling shareholder of CSSC

2. Notice of Material Risks

Affected by global recession and excessive shipbuilding capacity, risks in respect of lower ship price and high labor cost still exist, which has affected the profitability of the Company to a certain extent.

SECTION 2 COMPANY OVERVIEW

1. Company Information

Chinese name of the Company	中船海洋与防务装备股份有限公司
Chinese abbreviation of the Company	中船防务
English name of the Company	CSSC OFFSHORE & MARINE ENGINEERING (GROUP) COMPANY LIMITED
English abbreviation of the Company	COMEC
Legal Representative of the Company	Han Guangde

2. Contact Person and Methods

	Secretary to the Board and Joint Company Secretary	Joint Company Secretary	Authorized Securities Representative
Name	Shi Weidong	Li Zhidong	Yu Wenbo
Contact address	40 South Fangcun Main Road, Liwan District, Guangzhou, the People's Republic of China	40 South Fangcun Main Road, Liwan District, Guangzhou, the People's Republic of China	40 South Fangcun Main Road, Liwan District, Guangzhou, the People's Republic of China
Tel	020-81636688	020-81636688	020-81636688
Fax	020-81896411	020-81896411	020-81896411
E-mail	shiw@comec.cssc.net.cn	lizd@comec.cssc.net.cn	yuwb@comec.cssc.net.cn

3. General Information

Registered address of the Company	40 South Fangcun Main Road, Liwan District, Guangzhou, the People's Republic of China
Zip code	510382
Office address of the Company	40 South Fangcun Main Road, Liwan District, Guangzhou, the People's Republic of China
Zip code	510382
Website	comec.cssc.net.cn
E-mail	comec@comec.cssc.net.cn

4. The Company's Principal Place of Business in Hong Kong

54/F, Hopewell Centre, 183 Queen's Road East, Hong Kong

5. Auditors

Auditors	Name	Shinewing Certified Public Accountants (special general partnership)
	Office Address	8/F, Tower A, Fuhua Mansion, 8 North Chaoyangmen Street, Dongcheng District, Beijing

6. Legal Advisers of the Company

PRC Legal Adviser	Name	SG&CO PRC LAWYERS
	Office Address	15/F, 21st Century Tower, No. 210 Century Ave., Lujiazui, Shanghai
Hong Kong Legal Adviser	Name	Tung & Co. Solicitors in association with Jiayuan Law Office
	Office Address	Office 1601, 16/F, LHT Tower, 31 Queen's Road Central, Hong Kong

7. Change of Information Disclosure and Place for Inspection

Name of newspapers designated for information disclosure	Shanghai Securities News Securities Times China Securities Journal Securities Daily
Website designated by CSRC for publishing the interim report	www.sse.com.cn
Place for the inspection of the interim report of the Company	Office of the Board
The website of The Stock Exchange of Hong Kong Limited	www.hkexnews.hk

8. Information of the Company's Shares

Types of shares	Place of listing of the Shares	Stock abbreviation	Stock code	Stock abbreviation before changes
A Share	Shanghai Stock Exchange	COMEC	600685	GUANGZHOU SHIP
H Share	The Stock Exchange of Hong Kong Limited	COMEC	00317	GSI

9. Changes of the Company during the Reporting Period

Date of registration	June 19, 2015
Place of registration	Guangzhou
Registration No. of Business License of Enterprise Legal Person	440101400025144
Tax Registration No.	440107190499390
Organization code	190499390

10. Share Registrars

Share Registrar for A Shares	Name Office Address	China Securities Depository & Clearing Corporation Limited, Shanghai Office 3/F, China Assurance Tower, 166 East Lujiazui Road, Pudong New District, Shanghai
Share Registrar for H Shares	Name Office Address	Computershare Hong Kong Investor Services Limited 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong

11. American Depositary Receipt (ADR) Custodian Bank

The Bank of New York Mellon

SECTION 3 SUMMARY OF ACCOUNTING INFORMATION AND FINANCIAL INDICATORS

I. Key Accounting Information and Financial Indicators of the Company

(I) Key accounting information

Unit: Yuan Currency: RMB

Key accounting information	Reporting Period	Corresponding period	Changes for the
	(January-June)	of last year	Reporting Period as compared with the corresponding period of last year (%)
Operation income	10,809,719,237.47	8,403,738,453.36	28.63
Net profit attributable to shareholders of the Company	-524,993,554.11	-219,947,405.11	N/A
Net profit attributable to shareholders of listed company after exceptional items	-589,332,813.80	-260,829,594.36	N/A
Net cash flow from operating activities	-3,498,657,736.99	-2,934,608,266.63	N/A
	End of the Reporting Period	End of last year	Changes for the end of Reporting Period as compared with the end of last year (%)
Net assets attributable to shareholders of the Company	9,711,245,452.29	8,662,233,821.71	12.11
Total assets	45,125,043,988.34	43,741,099,087.43	3.16

Note: The Company completed the acquisition of Huangpu Wenchong during the Reporting Period, included into the scope of consolidation, and the consolidated financial statements were prepared under common control, and the comparative financial statements were adjusted retrospectively.

(II) Key financial indicators

Key financial indicators	Reporting Period	Corresponding period	Changes for the
	(January-June)	of last year	Reporting Period as compared with the corresponding period of last year (%)
Basic earnings per share ("EPS") (RMB/Share)	-0.3866	-0.1688	N/A
Diluted EPS (RMB/share)	-0.3866	-0.1688	N/A
Basic EPS after deduction of exceptional items (RMB/share)	-0.4823	-0.3117	N/A
Weighted average returns on net assets (%)	-5.71	-2.50	Decreased by 3.21
Weighted average returns on net assets after deduction of exceptional items (%)	-7.70	-5.56	Decreased by 2.14

Note: For business combination under common control during the Reporting Period, in calculating weighted average returns on net assets, net assets of the acquirer were weighted starting from the beginning of the reporting period; in calculating weighted average returns on net assets after deduction of exceptional items, net assets of acquirer were weighted starting from the next month of the date of combination. In calculating weighted average returns on net assets during the comparative period (i.e. comparing with the corresponding period of last year), net profit and net assets of acquirer were weighted starting from the beginning of the comparative period; in calculating weighted average returns on net assets after deduction of exceptional items during comparative period, net assets of the acquirer shall not be weighted (weighting is zero).

II. The exceptional items and amounts

Unit: Yuan Currency: RMB

Exceptional items	Amount	Notes (as applicable)
Profits or losses from disposal of non-current assets	-408,623.73	
Documents approved by whom exceeded the authority or non-officially approved, or return and reduce of tax occasionally		
Government subsidy included in profit and loss for the period, except for those closely relevant to normal business of the company, conformed to requirements of State policy, granted on fixed amount basis or enjoyed on continuous fixed amount basis subject to certain standard	44,402,340.49	Government subsidies and R&D subsidies received
Capital occupation fee received from non-financial entities included in profit or loss for the current period		
Gain from the excess of the fair value of the identifiable net assets of investee companies on acquisition of the investment over the cost of investment in the Company's subsidiaries, associates and joint ventures		
Profit or loss from exchange of non-monetary assets		
Profit or loss from entrusted investments or asset management		
Provision for impairment on assets due to force majeure events, such as natural disasters		
Profit and loss from debt restructuring		
Corporate restructuring costs, such as employee relocation expenses and integration costs		
Profit or loss from transactions with obviously unfair transaction price for amount which exceeds fair value		
Net gains and losses from subsidiaries, consolidated under common control, for the period from beginning of the year to consolidation date	-31,243,445.75	Gains or losses under common control recognized from the beginning of period to the date of settlement due to acquisition of Huangpu Wenchong
Profit or loss from other contingencies which are not related to the Company's normal operations		
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	60,090,471.08	Changes in fair value of forward foreign exchange contracts and investment gains from settlement of contracts at maturity
Reversal of provision for impairment for receivables that had been subject to individual impairment assessment		
Profit or loss from entrusted loans		
Profit or loss arising from changes in fair value of investment property under fair value model on subsequent measurement		
Effect of one-time adjustment to profit or loss for the current period according to the requirements of tax and accounting laws and regulations on profit or loss for the current period		
Entrusted fee income from entrusted operations		
Other non-operating profits and losses apart from above items	3,078,650.34	
Other profit and loss items falling within the definition of extraordinary		
Effect of non-controlling interests	-220,773.00	
Effect of income tax	-11,359,359.74	
Total	64,339,259.69	

SECTION 4 REPORT OF THE BOARD

I. Discussion and analysis of the Board on the overall operation during the Reporting Period

During the Reporting Period, the shipping market continued to be at a low point, the shipbuilding market has not showed any sign of recovery slowly. Facing unfavorable factors like impact of overall market condition and slow release of the Company's effectiveness, the Company conducted fully various works in production and operation with the corporate spirits of "pulling together and pursuit of excellency". In the first half year of 2015, the Company completed the acquisition of 100% equity interest in Huangpu Wenchong, which successful injecting into of such high quality core military assets has further enhanced the building capacity of the Company in military ships and offshore engineering equipment, achieving overall optimization and comprehensive development in military ships, military auxiliary ships, civil ships and offshore engineering business. However, since the consolidation is at beginning stage, the synergy effect has not yet seen.

As at June 30, 2015, total revenue of the Group prepared in accordance with the Accounting Standards and Regulations amounted to RMB10.8 billion, representing an increase of 28.63% compared with the corresponding period of last year. The net profit attributable to the shareholders of the Company amounted to RMB-525 million. The basic EPS were RMB-0.3866 and RMB-0.4823 respectively before and after deduction of exceptional items.

(I) Main business analysis

1 Analysis of changes on relevant items in the financial statements

Unit: Yuan Currency: RMB

Item	Reporting Period	Corresponding period of last year	Change (%)
Operating income	10,809,719,237.47	8,403,738,453.36	28.63
Operating cost	10,505,677,087.10	8,108,022,448.97	29.57
Selling expenses	77,145,661.29	17,291,683.33	346.14
Administrative expenses	603,455,675.24	557,235,616.68	8.29
Financial expenses	39,589,871.47	19,803,998.95	99.91
Net cash flows from operating activities	-3,498,657,736.99	-2,934,608,266.63	N/A
Net cash flows from investing activities	-652,263,549.02	-1,263,427,394.67	N/A
Net cash flows from financing activities	2,351,461,445.40	1,156,514,252.40	103.32
Research and development expenditure	173,326,764.96	164,549,651.76	5.33
Analysis of changes on relevant items in balance sheet			
Financial asset at fair values through profit or loss	61,925,184.49	17,905,895.15	245.84
Accounts receivable	2,033,948,226.94	718,056,504.75	183.26
Financial assets available for sale	20,251,595.49	14,426,737.16	40.38
Payroll payable	128,842,930.39	46,080,312.09	179.61
Taxes payable	-705,308,420.40	-311,783,190.54	N/A
Dividends payable	256,485,146.98	177,721.77	144,218.36
Other payables	163,944,865.80	245,383,148.57	-33.19
Deferred income	212,730,013.96	149,269,700.92	42.51
Deferred income tax liabilities	9,794,647.79	3,069,736.73	219.07
Share capital	1,413,506,378.00	1,030,534,651.00	37.16
Special reserve	960,971.20	1,439,966.32	-33.26
Retained earnings	530,041,683.10	1,310,184,662.42	-59.54

Reason for the changes in operating income: due to the increase in production volume;

Reason for the changes in operating costs: due to the increase in production volume;

Reason for the changes in selling expenses: mainly due to the increase in shipbuilding income, provision of maintenance fee according to the progress and increase in the write-back of ship maintenance fee for subsidiaries' ships expiring maintenance period in last year;

Reason for the changes in administrative expenses: mainly due to an increase in research and development expenses, depreciation expenses and repairing costs as compared with the corresponding period of last year;

Reason for the changes in financial expenses: mainly due to the decrease in deposits amount as compared with the corresponding period of last year resulting in a decrease in interest income;

Reason for the changes in net cash flows from operating activities: production business volume increased, the increase in payment;

Reason for the changes in net cash flows from investing activities: the decrease in secured loans;

Reason for the changes in net cash flows from financing activities: the difference between proceed raised from issue of shares and borrowings;

Reason for the changes in research and development expenditure: the structural difference in research and development projects.

Reasons for the changes in balance sheet items

Reasons for the change in financial asset at fair values through profit or loss: mainly due to the increase in number of forward foreign currency contracts and the change in fair values resulted from forward exchange rate fluctuations;

Reasons for the change in accounts receivable: mainly due to amounts from ship receivable for the period increased;

Reasons for the change in financial assets available for sale: mainly due to the decrease in the shareholdings in CSSC Heavy Equipment Co., Ltd. Such shares are transferred to as financial assets available for sale;

Reasons for the change in payroll payable: mainly due to the monthly provision of year-end bonus by individual subsidiaries, which increased the balances at the end of the period;

Reasons for change in taxes payable: mainly due to the increase in input VAT for the period;

Reasons for change in dividends payable: mainly due to the gain or loss of Huangpu Wenchong being attributable to the original shareholders before the completion of transfer. Such dividends have not yet paid;

Reasons for the change in other payables: mainly due to the collection of payment of current accounts by subsidiaries;

Reasons for the change in deferred income: mainly due to the receipt of government grant during the period;

Reasons for the change in deferred income tax liabilities: mainly due to the increase in fair value;

Reasons for the change in share capital: mainly due to increase in shares in issue;

Reasons for the change in special reserve: mainly due to increase in work safety fee of subsidiaries for the period;

Reasons for the change in retained earnings: mainly due to the loss of RMB525 million for the period and provision for the dividend of Huangpu Wenchong of RMB255 million for the period before the completion of transfer.

2 Others

(1) Details of the composition of the Company's profits or material changes of the sources of profits

Unit: RMB

Item	Reporting period	Corresponding period of last year	Change (%)	Reasons for the changes
Business taxes and surcharges	8,389,291.14	15,319,242.88	-45.24	Mainly due to the increase in input VAT and decrease in value-added tax, resulting in a decrease in business tax and surcharges as compared to the corresponding period of last year
Selling expenses	77,145,661.29	17,291,683.33	346.14	Mainly due to the increase in shipbuilding income, provision of maintenance fee according to the progress and increase in the write-back of ship maintenance fee for subsidiaries' ships expiring maintenance period in last year
Financial expenses	39,589,871.47	19,803,998.95	99.91	Mainly due to the decrease in deposits amount as compared with the corresponding period of last year resulting in a decrease in interest income and an increase in financial cost
Loss on impairment of assets	230,127,890.25	48,171,631.69	377.72	Mainly due to the expected and actual cost of the same ship models as compared to the corresponding period of last year resulting in an increase in asset impairment loss
Gain arising from the changes in fair value	52,317,853.55	-149,982,185.14	-134.88	Mainly due to the change in exchange rate fluctuations
Investment income	7,925,146.08	66,028,216.29	-88.00	Mainly due to the change in currency rate resulting in loss in settlement of currency contract
Non-operating income	52,325,766.15	223,833,101.95	-76.62	Mainly due to the difference in overseas subsidy during the transition period
Non-operating expenses	1,219,283.81	629,661.01	93.64	Mainly due to increase in penalties during the period
Income tax expenses	-19,723,979.56	12,609.76	-156,518.36	Mainly due to the increase in deferred tax asset for the period
Other comprehensive income	668,612.45	-40,259,427.43	-101.66	Mainly due to the recognition of remuneration for third class staff of a subsidiary, Huangpu Wenchong

(2) Analysis of progresses for implementation of all kinds of financing and material assets re-organization of the Company in prior periods

In March 2015, the Company completed the subject assets transfer work for significant assets restructuring project in respect of issue of A Shares and cash payment for assets acquisition and supporting funds raising and connected transactions; on 8 April 2015, the change in registration of such issue of new shares was completed, and total number of shares of the Company was changed from 1,030,534,651 shares to 1,413,506,378, details of which refers to the announcements published on websites of Shanghai Stock Exchange, Hong Kong Stock Exchange and the Company on March 19, 2015 and April 9, 2015.

(3) Particulars of the progress of business plan

During the first half of 2015, the total amount of industrial production value completed was RMB11.503 billion, of which: Shipbuilding and maintenance: amount of production completed was RMB8.236 billion, representing an increase of 11.09% as compared with the corresponding period of last year; 23 ships were delivered. Offshore engineering products: amount of production completed was RMB2.536 billion, representing an increase of 73.51% as compared with the corresponding period of last year. Electromechanical equipment: amount of production completed was RMB731 million, representing an increase of 62.05%. A total of 359 sets of shearing press were sold; 276 elevators were completed and the production volume of steel structure was 23,748 tons.

Business plan for the second half of 2015: the Company plans to complete an industrial production amounting to RMB14.017 billion; it is expected to complete the construction of 50 vessels, the sale of 241 sets of shearing press, the production of 524 elevators and 21,702 tons of steel structure.

(II) Information on businesses by industry, product or region

1. Information on principal businesses by industry and product

Unit: Yuan Currency: RMB

Information on principal business by product

Product	Operating income	Operating cost	Gross profit margin (%)	Change of operating income compared with the corresponding period last year (%)	Change of operating cost compared with the corresponding period last year (%)	Change of gross profit margin compared with the corresponding period last year (%)
Shipbuilding and maintenance business (including offshore engineering products)	10,065,488,135.21	9,818,438,584.95	2.45	29.94	30.51	-14.82
Ship maintenance	65,637,265.97	63,221,527.10	3.68	-3.74	-12.41	-162.93
Steel structure engineering	368,915,503.50	344,271,434.50	6.68	107.95	114.11	-28.67
Electromechanical products and others	197,667,606.51	188,784,919.29	4.49	-18.54	-18.79	7.18

During the Reporting Period, the Company's income from principal businesses amounted to RMB10.698 billion, representing an increase of 29.91% compared with the corresponding period last year; the gross profit of principal business amounted to RMB283 million, representing an increase of 15.03% compared with the corresponding period last year; among which, the income of shipbuilding and offshore engineering products amounted to RMB10.065 billion, representing an increase of 29.94% compared with the corresponding period last year, due to increase in production capacity and the increase in the number of ships under construction compared with the corresponding period last year. As for its offshore engineering business, 90000 tons of sub-submerged ships and 2 polar deck carriers were added. Income from ship maintenance amounted to RMB66 million, presenting a decrease of 3.74% as compared with the corresponding period of last year. For non-shipbuilding businesses, the accumulated income from steel structure engineering amounted to RMB369 million, representing an increase of 107.95% as compared with the corresponding period of last year, which was mainly due to new "City of Dreams" project; however, as results of the demanding technique requirement of and difficulties involved in those newly contracted steel structure projects, resulting in a drop in gross profit margin.

2. Information on principal businesses by region

Unit: Yuan Currency: RMB

Region	Operating income	Changes of operating income compared with corresponding period of the last year (%)
PRC (including Hong Kong, Macau and Taiwan)	7,669,965,485.67	50.21
Other Asian countries and regions	372,584,716.44	-66.81
Europe	2,089,219,755.96	61.21
Oceania	370,554,537.21	412.31
North America	153,182,679.44	-34.41
Africa	42,201,336.47	-89.56
Total	10,697,708,511.19	29.91

During the Reporting Period, the income from the Group's principal business increased by 29.91% compared with the corresponding period of last year, among which, the turnover in the PRC (including Hong Kong, Macau and Taiwan) increased by RMB2.564 billion compared with the corresponding period of last year, representing an increase of 50.21%. Affected by the unfavorable economic environment, the overseas market was still in the trough. Therefore, the Company focused more on the development of the domestic market, and increased the business of building special vessels and public service vessels.

(III) Core competitiveness analysis

During the Reporting Period, the Company completed the significant assets restructuring involving the acquisition of 100% equity interest in Huangpu Wenchong. After injected the core military assets of Huangpu Wenchong, our position as the globally leading manufacturer of handy-size tankers and military auxiliary ships has been further enhanced by enabling us to build military ships and marine engineering equipment. This allows the overall optimization and comprehensive development of the Company's business such as military ships, military auxiliary ships, civil ships and offshore engineering, and thus improves the overall strength and competitiveness of the Company.

(IV) Analysis of investment status

1. Overall analysis of equity investments

As at June 30, 2015, the balance of external equity investment of the Company was RMB92.6853 million, representing a decrease of 0.52% compared with RMB93.1679 million at the beginning of the year, which was mainly due to investment income from associates.

Shares of other listed companies held

Unit: RMB

Stock code	Abbreviation	Initial investment cost	Shareholding proportion at the beginning of the Reporting Period (%)	Shareholding proportion at the end of the Reporting Period (%)	Book value at the end of the Reporting Period	Profit or loss during the Reporting Period	Changes in owners' equity during the Reporting Period	Accounting item	Source of shares
601328	BOCOM	1,155,497.30	0.00	0.00	4,501,116.48	786,602.88		Financial assets available for sales	Trading
Total		1,155,497.30	/	/	4,501,116.48	786,602.88		/	/

Descriptions of shares of other listed companies held

2. Non-financial entrusted wealth management and investments in derivatives

(1) Entrusted wealth management

Unit: Yuan Currency: RMB

Cooperation party name	Type of entrusted wealth management products	Value of entrusted wealth management	Date of commencement of entrusted wealth management	Expiry date of entrusted wealth management	Return determination manner	Expected earnings	Principal amounts recovered actually	Actual gains obtained	Legal procedures or not	Amounts of provision on Impairment	Connected transaction or not	Lawsuit involved or not	Fund source and whether funds raised or not	Relation with the Company
CSSC Finance Co., Ltd	Entrusted assets	300,000,000	December 29, 2014	June 21, 2017	Return of the principal with interest upon expiry on one-off basis	37,191,780.82	0	7,416,203.82	Yes	0	Yes	No	No	Sister Company of the Group
CSSC Finance Co., Ltd	Entrusted assets	205,000,000	December 29, 2014	December 29, 2016	Return of the principal with interest upon expiry on one-off basis	20,528,082.19	0	5,063,127.69	Yes	0	Yes	No	No	Sister Company of the Group
CSSC Finance Co., Ltd	Entrusted assets	50,500,000	December 29, 2014	December 29, 2015	Return of the principal with interest upon expiry on one-off basis	2,272,500	0	1,164,015.56	Yes	0	Yes	No	No	Sister Company of the Group
Total		555,500,000	/	/	/	59,992,363.01	0	13,643,347.07	/	0	/	/	/	/

Accumulated amounts of the principal and gain unrecovered overdue (in RMB)
Information of entrusted wealth management

0
Huangpu Wenchong applied to China development bank for a loan for special project, total principal amount of which was RMB555.50 million, bearing interest rate of 30% discount on the per annum. Such loan is intended to be used as the advances for the pre-construction work. According to the payment condition of the Company and the actual situation, such RMB555.50 million loan can be entrusted for wealth management after credited into account. After discussion with CSSC Finance and application, the general manager and the board of directors agreed to transfer out the RMB555.50 million by three installments for entrusting assets at the interest rate above.

(2) *Entrusted loans**Unit: Yuan Currency: RMB*

Name of borrower	Amount of entrusted loan	Term of loan	Loan interest rate	Purpose	Collateral or guarantor	Overdue or not	Connected transaction or not	Renewed or not	Lawsuit involved or not	Fund source and whether raised externally	Relation with Company	Expected income	Investment profit or loss
Zhongshan GSI Marine Engineering Company Limited	775,000,000.00	Jul 3, 2013 – May 31, 2017	1.5%	Infrastructure project		No	Yes	No	No	Advances received from shipbuilding contracts	Wholly owned subsidiary		
Zhongshan GSI Marine Engineering Company Limited	40,000,000.00	February 6, 2015 – May 24, 2016	1.5%	Revolving funds for production		No	Yes	No	No	Advances received from shipbuilding contracts	Wholly owned subsidiary		
Guangzhou United Steel Structures Limited	30,000,000.00	February 13, 2015 – February 12, 2016	5%	Revolving funds for production		No	Yes	No	No	Advances received from shipbuilding contracts	Wholly owned subsidiary		
Guangzhou GSI Large-size Heavy Mechanical Equipment Co., Ltd.	15,000,000.00	October 21, 2014 – October 20, 2016	1.5%	Infrastructure project		No	Yes	No	No	Advances received from shipbuilding contracts	Wholly owned subsidiary		
CSSC Huangpu Wenchong Shipbuilding Co., Ltd.	500,000,000.00	July 18, 2012 – July 15, 2019	5.00%	Production and operation	Guangzhou Wenchong Shipyard Co. Ltd	No	Yes	No	No	The Group issued mid-term notes for financing	Controlling shareholder		
Guangzhou Wenchong Shipyard Co. Ltd	500,000,000.00	July 18, 2012 – July 15, 2019	5.00%	Production and operation	CSSC Huangpu Wenchong Shipbuilding Co., Ltd.	No	Yes	No	No	The Group issued mid-term notes for financing	Controlling shareholder		
Guangzhou Wenchong Shipyard Co. Ltd	50,000,000.00	June 12, 2015 – March 4, 2016	3.50%	Production and operation	Nil	No	Yes	No	No	Advances received from shipbuilding contracts	Controlling shareholder		
Guangzhou Wenchong Chonggong Co. Ltd.	10,000,000.00	September 15, 2014 – September 14, 2016	0	Production and operation	Nil	No	Yes	No	No	Advances received from shipbuilding contracts	Wholly owned subsidiary		
Guangzhou Wenchong Chonggong Co. Ltd.	10,000,000.00	October 15, 2014 – September 14, 2016	0	Production and operation	Nil	No	Yes	No	No	Advances received from shipbuilding contracts	Wholly owned subsidiary		
Guangzhou Wenchong Chonggong Co. Ltd.	10,000,000.00	December 17, 2014 – September 14, 2016	0	Production and operation	Nil	No	Yes	No	No	Advances received from shipbuilding contracts	Wholly owned subsidiary		

Information of entrusted loans

In order to solve the bottleneck of insufficient production resources, the Company increased entrusted loan to its wholly-owned subsidiary Zhongshan GSI for its construction with Industrial and Commercial Bank of China and CSSC Finance as entrusted financial institutions. The Company has provided 23 entrusted loans with a total amount of RMB815 million to Zhongshan GSI from August 2012 to June 30, 2015; such entrusted loans are applied in the investment in the Company's fixed assets and intangible assets (land use rights). Zhongshan GSI is the future base for the Company's non-ship business and it is free of capital risk.

During the year 2014, Large-scale Machinery, a wholly-owned subsidiary of the Company, had to pay share cost of for the construction of machinery processing center, as its own funding was insufficient, it was granted 1 entrusted loan with amount of RMB15 million through CSSC Finance, which was used for repayment of construction project payment. Large-scale Machinery has high quality shipbuilding ancillary assets, and it is free of capital risk.

In February 2015, United Steel, a wholly-owned subsidiary of the Company, had insufficient funds for undertaking the "City of Dream" project in Macau; therefore, it was granted 1 entrusted loan with amount of RMB 30 million through CSSC Finance, which was used for payment of materials. United Steel has high quality shipbuilding ancillary assets, and it is free of capital risks.

Huangpu Wenchong, a wholly-owned subsidiary of the Company had no sufficient funds due to the time notes, and given that the industrial park project of Longxue factory zone was developed and the Company was required to pay the land use fee for Longxue base in the second half of 2012. Therefore, it applied to CSSC for entrusted loan of RMB 500 million, among which RMB 450 million was used for production and operation and RMB 50 million was used for the industrial park product. The method of guarantee was mutual guarantee with Wenchong Shipyard with an amount of RMB 500 million and with no guarantee fees.

With CSSC Finance as the trustee financial institution, Wenchong Shipyard applied to CSSC for 2 entrusted loans with an accumulative amount of RMB 550 million, which was substantially used to support the operation and development of the Company, free of capital risks.

With CSSC Finance as the trustee financial institution, Wenchong Shipyard increased entrusted loan of RMB 30 million for Wenchong Chonggong, a wholly-owned subsidiary of Wenchong Shipyard, for its daily production and operation. The entrusted loan was substantially used to support the operation and development of Wenchong Chonggong for the on-board component processing business, free of capital risks.

(3) Other wealth management and investment in derivatives

Type of investment	Fund source	Contracting party	Investment proportion	Investment period	Product category	Expected earnings	Investment profit or loss	Lawsuit involved or not
USD forward exchange settlement	Contract for export of products	Bank		Within three years	Forward exchange settlement	4,341,269.67	3,885,500.00	No
USD forward exchange settlement	Contract for export of products	Finance company		Within three years	Forward exchange settlement	9,438,380.41	-	No
Euro forward purchase exchange	Contract for export of ships	Bank		Within one year	Forward exchange settlement	725,800.00	-9,273,848.84	No

Information of other wealth management and investment in derivatives

To minimize the foreign currency risk, the Group engaged in the forward foreign exchange contract with bank. At the end of the period, there were 91 outstanding forward foreign exchange contracts amounting to USD1,255,700,000, with the longest settlement date of February 6, 2017; the gains from changes in the fair value was RMB13,223,200 recognized at the end of the period. There are 13 outstanding forward foreign exchange contracts amounting to USD18,300,000, with the longest settlement date of June 16, 2016; the gains from changes in the fair value was RMB524,800 recognized at the end of the period.

3. Information on use of funds raised

(1) General information on use of funds raised

Unit: Yuan Currency: RMB

Year of fund raising	Method of fund raising	Total amount of proceeds	Total amount of proceeds used during the Reporting Period	Total amount of proceeds accumulatively used	Total amount of proceeds that have not been used	Use and status of proceeds that have not been used
2015	Non-public issue	1,607,882,382.42	1,255,945,482.42	1,255,945,482.42	351,936,900.00	Unutilized funds raised were deposited in the special account for funds raised held by Huangpu Wenchong as account holder.
Total	/	1,607,882,382.42	1,255,945,482.42	1,255,945,482.42	351,936,900.00	/

General usage of funds raised

As approved by the "Approval to Issuance of Shares by Guangzhou Shipyard International Company Limited to China State Shipbuilding Corporation and others for asset acquisition and supporting funds raising" (CSRC Permit [2015] No. 330) from the China Securities Regulatory Commission, the Company issued 42,559,089 A Shares to 7 specific investors by a non-public issue manner at the issue price of RMB37.78 per share, which raised an aggregate of RMB1,607,882,382.42, and final net funds raised after deduction of issue expenses of RMB 66,509,089.85 were RMB1,541,373,292.57, of which, RMB104,959,959.97 had been used to complement liquidity of COMEC, and the special account for fund raising which deposited such funds had been cancelled in May; RMB680,408,300.00 had been used to pay CSSC as 15% of consideration for equity interest in Huangpu Wenchong under restructuring, and the special account for fund raising which deposited such funds had been cancelled in May; RMB333,836,243.90 had been used to complement working capital of GSI Yangzhou in utilizing original related shipbuilding assets of Yangzhou Kejin, and the special account for fund raising which deposited such funds had been cancelled in May; RMB42,168,788.70 had been used to complement liquidity of Huangpu Wenchong and the special account for fund raising which deposited such funds is in the process of cancellation; RMB28,063,100.00 had been used to complement and improve production facilities project for offshore engineering equipment at Longxue Factory of Huangpu Wenchong, and the remaining funds raised of RMB 351,936,900.00 are not utilized, and deposited in the special account for funds raised held by Huangpu Wenchong as account holder, which will continue to be used to complement and improve production facilities project for offshore engineering equipment at Longxue Factory of Huangpu Wenchong.

4. Analysis on main subsidiaries and investees

Unit: RMBO'000

	Name	Principal Business	Registered capital	Shareholding proportion (%)	Asset Size/ Total assets at the end of the period	Net assets at the end of the period	Net profit/ loss for the period
Direct shareholding							
1	Guangzhou Shipyard International Company Limited	Vessels, electrical machinery, general machinery, and steel structure technology design, manufacture, and repair	272,000.00	100	1,133,688.71	-16,223.29	-17,410.43
2	CSSC Huangpu Wenchong Shipbuilding Co., Ltd.	Manufacturing of equipment for railways, ships, aerospace and other transportation facilities	155,163.00	100	1,709,953.98	300,816.31	24,707.45
3	GSI Yangzhou Company Limited	Shipbuilding, mechanical processing, steel structure, installation and labor service	100	100	130,803.15	-97.23	-197.23
4	Guangdong GSI Elevator Co., Ltd	Production and sales of elevators	2,100	95	8,565.35	4,437.93	214.44
5	Guangzhou Xingshun Marine Services Co., Ltd.	Welding and ship outfit coating	200	83.33	7,432.40	1,832.67	-1,766.06
6	Guangchuan large-scale Machinery and Equipment Co., Ltd.	Machinery design, processing and installation, etc.	18,861 USD	100	27,072.12	11,239.43	-183.03
7	Guangzhou United Steel Structures Limited	Large-size steel structure	8.85 million HKD	75	32,664.20	12,785.92	870.85
8	Glory Group Development Co., Ltd.	Trading	30 million	100	11,033.30	8,048.98	326.58
9	Zhongshan Guangzhou Shipyard International Ship and Marine Engineering Co., Ltd.	Large-size steel structure, section manufacturing, etc.	10,000	100	89,576.99	-14,952.36	-4,454.50
10	Guangzhou Shipyard International Marine Engineering Co., Ltd.	Design, construction, reformation and repair of marine engineering vessels and platforms	5,000	100	18,239.41	740.80	-327.69
11	Guangzhou Hongfan Hotel Co., Ltd.	Tourism and catering industry	11,940	91.62	13,026.98	11,807.10	-2.23
12	Guangzhou Shipyard Shipping Co., Ltd.	Manufacturing of equipment for railways, ships, aerospace and other transportation facilities	124,800	100	121,078.05	120,608.75	-3,422.55
Indirect shareholding							
13	Guangdong GSI Elevator Co., Ltd.	Production of elevator	2,100 HKD	5	8,565.35	4,437.93	214.44
14	Fanguang Development Co., Ltd	General business trade	200,000	80	17,804.26	445.73	-13.04
15	Fanguang (Macau) Development Single person Co., Ltd.	General business trade	HKD 100,000	80	309.71	-123.04	-90.43
16	Guangzhou United Steel Structures Limited	Large-size steel structure	USD 8.85 million	25	32,664.20	12,785.92	870.85
17	Guangzhou Xingshun Marine Services Co., Ltd.	Ship welding, outfitting, Painting	200	16.67	7,432.40	1,832.67	-1,766.06
18	Guangzhou Hongfan Hotel Co., Ltd.	Tourism and catering industry	11,940	8.38	13,026.98	11,807.10	-2.23
19	Guangzhou Longxue Pipe Co., Ltd.	Ferrous metal allergy and calendar processing	7,000	42.86	9,361.00	5,253.40	355.77
20	CSSC Wenchong Shipyard Co., Ltd.	Manufacturing of equipment for railways, ships, aerospace and other transportation facilities	52,017.85	100.00	438,839.98	86,267.82	-10,910.12
21	Guangzhou Shipyard International Marine Engineering Co., Ltd	Design, construction, reformation and repair of marine engineering vessels and platforms	6,800	100.00	25,725.10	6,573.90	6.05
22	Guangzhou Wenchong Chonggong Co. Ltd.	Design, manufacturing, installation and repair of vessels and auxiliary engines, and metal structures	3,000	100.00	27,112.29	1,729.78	138.16

5. Information of non-raised capital investment projects

Unit: Yuan Currency: RMB

Project	Amount	Progress	Amount invested during the Reporting Period	Actual amount invested accumulatively	Project revenue
General Contracting for Design and Construction of Workers' Dormitory Project (Phase I) CSSC Longxue Base	627,700,000.00	64%	77,022,314.62	404,511,634.10	No revenue generated
General shipbuilding platform and development the construction of security conditions	666,670,000.00	14%	62,410,846.79	96,373,540.16	No revenue generated
Project 7	424,940,000.00	9%	13,482,942.17	39,450,237.39	No revenue generated
Haiping project	278,630,000.00	11%	5,065,067.78	30,768,008.73	No revenue generated
Others			77,022,979.57	77,022,979.57	
Total	1,997,940,000.00	/	235,004,150.93	648,126,399.95	/

II. Proposal on profit distribution or transfer of capital reserve

(1) Implementation or adjustments of the proposal on the profit distribution for the Reporting Period

It was passed at the 2014 annual general meeting held on May 8, 2015 that the Company did not distribute any profit or increase the number of shares by transfer of capital reserve for the year 2014.

(II) Profit distribution plan or plan to transfer capital reserves into share capital proposed for the period

Distribution or transfer	No
Number of bonus share for every 10 shares (share)	0
Amount of cash dividend for every 10 shares (including tax)	0
Number of shares converted for every 10 shares(share)	0

Relevant comments on profit distribution plan or plan to transfer capital reserves into share capital proposed for the period
The Company will no distribute any profit or increase the number of shares by transfer of capital reserve for the first half of 2015.

III. Other disclosures

(I) Others

1. Contingent liabilities

Please refer to note 12 to the financial statements headed "Contingencies" for details.

2. Gearing ratio

As at June 30, 2015, the Company's gearing ratio (total liabilities/total assets x 100%) was 78.38% (at the beginning of the Reporting Period: 80.09%). Such change was mainly due to changes incurred from acquisition of 100% equity interest in Huangpu Wenchong by cash payment and non-public issue of A Shares during the period.

3. Detailed information on charges on the assets

As at June 30, 2015, an amount of RMB6.948 billion of the Company's deposits and USD0.283 billion of right of receiving payments from ship had been applied as charge for long-term and short-term borrowings. Save for pledged bank fixed deposit and right of receiving payments from ship, no other assets of the Company were charged.

SECTION 5 SIGNIFICANT EVENTS

I. Significant litigation, arbitration and matters commonly concerned by media

(I) Litigation, arbitration and matters commonly concerned by media that has been disclosed in temporary announcement with no further progresses

Summary and type of events	Index for details
As concerning the case that the Company sued Jiangsu Shenghua in relation to a dispute over technical service contract, and the case that Guangzhou Guangli sued Jiangsu Shenghua in relation to a dispute over the Contract for Installation Engineering of 1# and 2# 79,600DWT bulk carriers. During the Reporting Period, Jiangsu Shenghua was ruled by Zhenjiang Intermediate Court to go bankruptcy. We submitted the creditor right information to the liquidation committee of Jiangsu Shenghua and participated in the first creditors' meeting of Jiangsu Shenghua. The liquidation work will continue. Save as disclosed above, the Company did not have other material litigations, arbitrations and matters commonly concerned by media during the reporting period.	For details, please refer to the "Significant Events (I) Significant Litigation and Arbitration" in the Annual Report 2014 of the Company

II. Bankruptcy and restructuring related matters

During the Reporting Period, the Company has no bankruptcy or restructuring related matters.

III. Assets transfer and business combination

(I) Acquisition, sales of assets and business combination that has been disclosed in temporary announcement without further changes in subsequent implementation

Summary and type of events	Index for details
In March 2015, the Company completed the subject assets transfer work for significant assets restructuring project in respect of issue of A Shares and cash payment for assets acquisition and supporting funds raising and connected transactions; on April 8, 2015, the change in registration of such issue of new shares was completed, and total number of shares of the Company was changed from 1,030,534,651 shares to 1,413,506,378 shares.	Refers to the announcements published on websites of Shanghai Stock Exchange, Hong Kong Stock Exchange and the Company on March 19, 2015 and April 9, 2015 for details.

IV. Material connected transactions

(I) Connected transactions related to daily operation

Continued connected transactions related to operation

Unit: 0'000 Currency: RMB

Connected transaction	2012	2013	2014	June 30, 2015
Materials and labor services provided by COMEC for CSSC				
Provision of electromechanical equipment and metal components	1,044	8,412	31,548	17,998
Supply of power	149	86	8,277	2,124
Labor and technical services	16,947	30,386	20,376	353
Materials, lease and labor service provided by CSSC for COMEC				
Provision of electromechanical equipment, metal material, fittings for vessels and onboard equipment etc.	37,264	87,897	268,183	308,568
Lease, labor and technical services	10,084	17,446	52,128	20,819
Financial services provided by CSSC				
Deposit (limit)	59,946	59,959	278,929	484,425
Interests from deposits	1,394	1,669	1,714	5,280
Loan (limit)	60,000	60,000	178,757	389,570
Loan interests	1,392	3,042	18,436	7,722
Other and banking facilities (commission charges)	0	0	0	50
Guarantee fee				
Guarantee fees provided by the Company for CSSC and members	–	–	–	–
Guarantee fees provided by CSSC and members for the Company	–	–	–	–
Vessel sale service provided by CSSC				
Vessel sales agency fees	3,556	1,713	2,767	1,255
Agency service provided by CSSC for purchase of materials				
Material purchase agency fees	171	528	399	113

(II) Connected transactions related to assets acquisition and disposal

1. Events that have been disclosed in temporary announcements without no progress or changes in subsequent implementation

Summary and type of events	Index for details
The counterparty of the transaction for purchase of 100% equity interests in Huangpu Wenchong by payment of cash and issue of A shares by the Company is the controlling shareholder of the Company, which is a connected person of the Company. Therefore, the transaction constitutes a connected transaction. As of March 9, 2015, 100% equity of Huangpu Wenchong held by CSSC was transferred to the Company, and relevant formalities for changes with the administration for industry and commerce were completed. The acquisition was completed.	Refer to the Announcement concerning the delivery of assets disclosed on the websites of Shanghai Stock Exchange, Hong Kong Stock Exchange and the Company on March 19, 2015.

V. Material contracts and performance

(I) Entrustment, contracting and leasing matters

1. Leasing

Unit: Yuan Currency: RMB

Lessor	Lessee	Type of leasing assets	Amount of assets leasing	Commencement date	Expiry date	Gain on lease	Basis of determination of such gain	Effect of gain on lease on the Company	Connected transaction or not	Connected relation
Guangzhou Shipyard Industrial Co., Ltd	The Company	Land, houses and buildings		October 1, 2014	December 31, 2017	0		No	Yes	Other connected person
Guangzhou Ship Industrial Company	CSSC Huangpu Wenchong Shipbuilding Co., Ltd.	Land, houses and buildings		January 1, 2015	December 31, 2015	3,787,036.81		Yes	Yes	Sister company of the Group
Guangzhou Ship Industrial Company	Guangzhou Wenchong Shipyard Co. Ltd.	Land, houses and buildings		January 1, 2015	December 31, 2015	6,793,069.46		Yes	Yes	Sister company of the Group
Guangzhou Wenchong Shipyard Co. Ltd.	Shipbuilding Chengxi Voyage Ship Co., Ltd. (Guangzhou)	Houses and buildings		January 1, 2015	December 31, 2015	46,871.52		Yes	Yes	Sister company of the Group

Leasing explanation

On September 27, 2014, Heliwai, South Fangcun Main Road, Liwan District, Guangzhou, 29 Donglang Market Road, South Fangcun Main Road, Liwan District, Guangzhou and on the south side of Heliwai, Donglangxiang, Liwan District, Guangzhou ("Leasing Properties"), of industrial use, and the buildings and structures on the landplots with total site area of 108,939 sq.m. were leased to the Company. Starting from 1 October 2014, Leasing Properties were leased to the Company, for a term of 39 months, and rental was RMB0. The lease will be continued to perform according to the "Lease Agreement" agreed under "Equity Transfer Agreement in Relation to the 100% Equity Interests in Guangzhou Shipyard Industrial Co., Ltd" entered between the Company and Shanghai Lingxiang Equity Investment Co., Ltd.

In 2014, Guangzhou Ship Industrial Company ("Guangzhou Company"), CSSC Huangpu Wenchong Shipbuilding Company Limited and Guangzhou Wenchong Shipbuilding Factory Company Limited ("Wenchong Shipbuilding Factory") entered into Land Use Right Lease Agreement, pursuant to which Guangzhou Company leased the land for Changzhou factory of 638,083.00 m² located at No.188 Changzhou Street, Huangpu District, Guangzhou, and 14 lands of 638,776.58 m² located at Wenchong Shipbuilding Factory, Guangzhou, to Huangpu Wenchong and Wenchong Shipbuilding Factory, respectively. The parties agreed that the term of lease of land use right should start from 1 May 2014 and end when Huangpu Wenchong and Wenchong Shipbuilding Factory finish relocation from Changzhou Factory and Wenchong Factory respectively and both of them start operation in new factory. The rent paid by Huangpu Wenchong for the land amounted to RMB5,051,232.42 per annum and the rent paid by Wenchong Shipbuilding Factory for the land amounted to RMB14,061,703.20 per annum. The parties agreed that the rent for the land use rights of the lands and the construction erected thereon should be determined on the basis of charge for use plus tax. The costs mainly include depreciation of the property and amortization of the lands. Tax is calculated based on the actual amount of tax incurred.

2. Guarantee

Unit: Yuan Currency: RMB

External guarantees provided by the Company (excluding those provided to its subsidiaries)

Guarantor	Relationship Between guarantor and the listed company	Guaranteed party	Value Guaranteed	Date of Guarantee (date of Agreement)	Commencement date of guarantee	Expiration date of guarantee	Type of Guarantee	Guarantee fully fulfilled	Guarantee overdue?	Over-due amount of guarantee	Any Counter guarantee?	Guarantee provided to connected?	Connected relation
Guangzhou Shipyard International Company Limited	Wholly-owned subsidiary	Shanghai Shipyard Co., Ltd	1,000,000,000.00	June 20, 2012	June 20, 2012	September 17, 2022	Surety of joint and several liability	No	No	0	Yes	Yes	Sister company of the Group
Guangzhou Shipyard International Company Limited	Wholly-owned subsidiary	Shanghai Shipyard Co., Ltd	800,000,000.00	September 19, 2012	September 19, 2012	September 17, 2022	Surety of joint and several liability	No	No	0	Yes	Yes	Sister company of the Group
Total value guaranteed during the Reporting Period (excluding those provided to its subsidiaries)													0
Total balance guaranteed at the end of the Reporting Period (A) (excluding those provided to its subsidiaries)													1,800,000,000.00
Guarantees provided by the Company to its subsidiaries													
Total value guaranteed for its subsidiaries during the Reporting Period													174,237,600.00
Total balance guaranteed for its subsidiaries at the end of the Reporting Period (B)													1,610,237,600.00
Total value guaranteed by the Company (including those provided to its subsidiaries)													
Total value guaranteed (A+B)													3,410,237,600.00
Percentage of total value guaranteed to the Company's net assets (%)													34.95
Among which:													
Value guaranteed for shareholders, actual controller and related parties (C)													
Value directly or indirectly guaranteed for guaranteed parties whose gearing ratio exceed 70% (D)													
Amount of total value guaranteed exceeding 50% of net assets (E)													
Total of value guaranteed for the above three items (C+D+E)													3,410,237,600.00
Statement on the contingent joint and several liability in connection with unexpired guarantee													Not applicable
Statement on guarantee													The above guarantee provided by Guangzhou Shipyard to Shanghai Shipbuilding Co., Ltd. was contract which was already existed before the Company's acquisition of Longxue International Shipbuilding. The issue was disclosed on the circular of the first extraordinary general meeting of the Company held on February 13, 2014.

VI. Fulfillment of Commitments

(I) The commitments of listed company or its shareholders holding more than 5% of shares, the controlling shareholder and the beneficial controller during or up to the Reporting Period

Background	Type	Entity making the commitment	Details	Date and duration	Deadline for fulfillment?	Strictly fulfilled in a timely manner?	Reasons for failure to fulfill in a timely matter	Stating next plan in case of non-fulfillment
Commitments made in the report of acquisition or the report on changes in the equity interests	Solving issues in relation to connected transactions	CSSC Finance Co., Ltd.	Commitments concerning provision of (including but not limited to) security for deposits	December 16, 2013 to December 16, 2016	Yes	Yes		
Commitment related to the material asset reorganization	Solving the issues concerning competition in the same industry	China State Shipbuilding Corporation	1. CSSC will, within 5 years upon the completion of this re-organization, be restructured and integrated through asset re-organization, equity merger and acquisition, business combination that comply with laws, regulations and to the benefits of listed companies and the shareholders, to eliminate the competition in the same industry. 2. CSSC will not, and will prevent and avoid that CSSC controlled enterprises (excluding COMEC and the subsidiaries under its control). 3. If CSSC violates the commitments above, resulting in any damage to the interests of COMEC, CSSC agrees to assume the liabilities for all economic compensations. 4. The commitments shall be governed by the laws of the PRC, and any disputes arising from the execution, validity, explanation and performance shall be governed by the laws of the PRC.	April 8, 2015 to April 8, 2020	Yes	Yes		
Commitment related to the material asset reorganization	Selling restrictions of shares	CSSC (Hong Kong) Shipping Company Limited	Upon the completion of the transaction, the shares subscribed by CSSC (Hong Kong) Shipping Company Limited shall not be traded or transferred within 36 months since the date of listing to safeguard the interests of all shareholders	February 11, 2014 (listing date of new shares) to February 10, 2017	Yes	Yes		
Commitment related to the material asset reorganization	Others	China State Shipbuilding Corporation	CSSC and entities under its control will make great efforts to reduce or avoid connected transactions with the Company in the future operating activities. In case of any connected transaction that is not avoidable, the terms and conditions for such transactions shall be conducted in accordance with normal business standards. The pricing policies of connected transactions shall comply with the market-based principal of equality, fairness and openness.	Commitment made on October 31, 2014	No	Yes		

Background	Type	Entity making the commitment	Details	Date and duration	Deadline for fulfillment?	Strictly fulfilled in a timely manner?	Reasons for failure to fulfill in a timely matter	Stating next plan in case of non-fulfillment
Commitment related to the material asset reorganization	Others	China State Shipbuilding Corporation	Upon the completion of the transaction, CSSC will completely separate from the Company in terms of personnel, assets, business, institutions and finance in accordance with the relevant laws, regulations and normative documents, and will not engage in any act that may affect the independence of the Company's personnel, or the financial independence or damage the interests of GSI and other shareholders, to practically guarantee the independence of the Company in personnel, assets, business, institutions and finance.	Commitments made on October 31, 2014	No	Yes		
Commitment related to the material asset reorganization	Selling restrictions of shares	China State Shipbuilding Corporation	To guarantee that A shares received by CSSC from this asset subscription will not be transfer in any form within 36 months since the listing of such shares.	April 8, 2015 to April 8, 2018	Yes	Yes		
Commitment related to the material asset reorganization	Solving the defects on titles to lands	China State Shipbuilding Corporation	1. Making improvements in defects in the titles to the property of Huangpu Wenchong; 2. Supporting relocation and restructuring of Huangpu Wenchong and Wenchong Shipyard.	Commitment made on October 31, 2014	No	Yes		
Commitment related to the material asset reorganization	Others	China State Shipbuilding Corporation	1. CSSC will actively assist Huangpu Wenchong, Wenchong Shipyard in communicating with Guangzhou Government for compensation for the relocation; 2. If any expenses incurred by Huangpu Wenchong and Wenchong Shipyard due to removal, transportation and installation of some of the assets to be demolished due to relocation shall be included in the government subsidies in accordance with the law and compensated to Huangpu Wenchong and Wenchong Shipyard; 3. If relevant government compensation is less than the expenses actually incurred by Huangpu Wenchong and Wenchong Shipyard due to the relocation and demolition of some assets, the Company will make full supplements in cash within 90 days after relevant government compensation is in place.	Commitment made on March 3, 2015	No	Yes		
Commitment related to the material asset reorganization	Selling restrictions of shares	Yangzhou Kejin Shipbuilding Company Limited	To guarantee that shares of GSI received by Yangzhou Kejin Shipbuilding Company Limited from subscription will not be transferred in any form within 12 months since the date of listing.	April 8, 2015 to April 11, 2016	Yes	Yes		

VII. Punishment and rectification of listed company and its directors, supervisors, senior management, shareholders holding more than 5% of shares, beneficial controller and buyer

During the Reporting Period, the Company and its directors, supervisors, senior management, shareholders holding more than 5% of shares, beneficial controller and buyer have not received any audit, administrative penalty, notice of criticism from China Securities Regulatory Commission or any public censure from the Stock Exchange.

VIII. 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 material asset reorganization.

(I) Corporate governance

The Company kept improving its corporate governance structure in accordance with the PRC Company Law, the Securities Law of the PRC, relevant laws and regulations issued by the China Securities Regulatory Commission and the requirements of the Shanghai Stock Exchange and the Listing Rules, amended the Articles of Association, and facilitated continuous standardization of the operation of the Company. 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, 2015, the Company has applied the codes set out in the Corporate Governance Code and Corporate Governance Report Practices (the "CG Code") contained in Appendix 14 of the Listing Rules, and has complied with all the code provisions;

1. In respect of code provision A.6.7 of the CG Code, Mr. Yang Li, Mr. Wang Jun and Mr. Chen Zhongqian, directors of the Company, were unable to attend the 2014 annual general meeting of the Company held on April 8, 2015 due to their business commitment, and Mr. Yang Li, Mr. Chen Zhongqian, directors of the Company, and Ms. Li Junping, an independent non-executive director of the Company, were unable to attend the first extraordinary general meeting for 2015 held on May 8, 2015 due to their business commitment, which had deviated from such code provision.
2. As the executive directors of the Company Mr. Chen Ji and Mr. Chen Liping, and the independent non-executive directors of the Company Ms. Li Junping and Mr. Zhu Zhenyu (they continued to act their roles until it was elected new independent non-executive directors of the Company) were resigned on March 18, 2015, and the independent non-executive director Mr. Liu Huaijing resigned on May 19, 2015, the Company did not meet the CG Code as follows:
 - (a) In respect of code provision A5.1 of the CG Code, after Ms. Li Junping departed formally on May 8, 2015, the position of chairman of the Nomination Committee of the Company was vacant, which did not satisfy the requirement that the chairman of the Nomination Committee shall be acted by the chairman of the board of directors or an independent non-executive independent;
 - (b) In respect of Rule 3.21 of the Listing Rules, after Ms. Li Junping departed formally on May 8, 2015, the position of one member of the Audit Committee of the Company was vacant, which did not satisfy the requirement that the Audit Committee must include at least three members;
 - (c) In respect of Article 4 of Implementation Measures of the Emolument and Examination Committee, after Mr. Chen Liping departed formally on May 8, 2015, the position of one member of the Emolument and Examination Committee of the Company was vacant, which did not satisfy the requirement that the Emolument and Examination Committee must include at least three members;
 - (d) In respect of Rule 3.10A of the Listing Rules, as the resignation of Mr. Liu Huaijin was effective from July 19, 2015, the Company did not satisfy the requirement that the number of independent non-executive directors must represent at least one-third;

In the event that the resolution for electing Mr. Wang Yichu and Mr. Min Weiguo as the independent non-executive directors is passed by the shareholders of the Company at the second Extraordinary General Meeting for 2015 to be convened on September 29, 2015, the Company will adjust timely each of such professional committees of the Board to meet the above requirements of the CG Code and the Listing Rules as soon as possible.

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 three meetings by means of written resolutions. All the directors including proxies attended the meetings.

In addition, the Audit Committee of the Board held two meetings to review issues including the financial reports of the Company for 2014 Annual Report and the report of the internal control review. The Nomination Committee held one meeting to nominate Mr. Xiang Huiming and Mr. Wang Guozhong as the directors of the eighth session of the Board of the Company and nominate Mr. Liu Huajing and Mr. Zhou Dequn as the independent non-executive directors of the eighth term of the Board of the Company. The Emolument and Examination Committee held one meeting to review the salary matters for directors, supervisors and senior management of the eighth session of the Board.

IX. Notes on other significant events

Not Applicable

SECTION 6 CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS

I. Changes in shares

(I) Statement of changes in shares

1. Statement of changes in shares

	Before the change		Increase and decrease (+,-) in change					After the change	
	Number	Proportion (%)	New shares issued	Bonus share	Share transferred from reserve	Other	Sub-total	Number	Proportion (%)
(I) Shares subject to selling restriction	345,940,890	33.57	382,971,727				382,971,727	728,912,617	51.57
1. State-owned shares									
2. State-owned legal person shares	345,940,890	33.57	272,099,300				272,099,300	618,040,190	43.72
3. Other domestic shares			110,872,427				110,872,427	110,872,427	7.85
Including: Domestic non-state-owned legal person shares									
Domestic natural person shares			110,872,427				110,872,427	110,872,427	7.85
4. Foreign shares									
Including: foreign legal person shares									
Foreign natural person shares									
(II) Shares not subject to selling restriction	684,593,761	66.43						684,593,761	48.43
1. RMB ordinary shares	438,463,454	42.55						438,463,454	31.02
2. Foreign shares listed domestically									
3. Foreign shares listed overseas	246,130,307	23.88						246,130,307	17.41
4. Others									
(III) Total shares	1,030,534,651	100					382,971,727	1,413,506,378	100

2. Notes on changes in shares

During the Reporting Period, as at April 8, 2015, the Company completed issue of totally 382,971,727 A shares to CSSC, Yangzhou Kejin and the other 7 investment institutions by private placement, resulting to the changes of the equity structure of the Company.

(II) Changes in shares subject to selling restrictions*Unit: share*

Name of shareholder	Number of shares subject to selling restriction at the beginning of the period	Number of shares relieved from selling restriction during the Reporting Period	Increase in number of shares subject to selling restriction	Number of shares subject to selling restriction at the end of the period	Reason for selling restriction	Date of relief from selling restriction
CSSC HK	345,940,890	0	0	345,940,890	To subscribe H shares and make the commitment not to transfer such shares within 36 months	February 10, 2017
CSSC	0	0	272,099,300	272,099,300	To subscribe A shares and make the commitment not to transfer such A shares within 36 months	April 9, 2018
Yangzhou Kejin	0	0	68,313,338	68,313,338	To subscribe A shares and make the commitment not to transfer such shares within 12 months	April 11, 2016
Shanxi Securities Company Limited	0	0	9,021,916	9,021,916	To subscribe A shares and make the commitment not to transfer such shares within 12 months	April 11, 2016
Caitong Fund Management Co., Ltd.	0	0	8,000,423	8,000,423	To subscribe A shares and make the commitment not to transfer such shares within 12 months	April 11, 2016
Hua An Fund Management Co., Ltd.	0	0	7,092,641	7,092,641	To subscribe A shares and make the commitment not to transfer such shares within 12 months	April 11, 2016
Penghua Fund Management Co., Ltd.	0	0	5,791,159	5,791,159	To subscribe A shares and make the commitment not to transfer such shares within 12 months	April 11, 2016
Xi'an Investment Holding Co., Ltd.	0	0	5,291,159	5,291,159	To subscribe A shares and make the commitment not to transfer such shares within 12 months	April 11, 2016
Golden Eagle Asset Management Co., Ltd.	0	0	5,244,679	5,244,679	To subscribe A shares and make the commitment not to transfer such shares within 12 months	April 11, 2016
Lion Fund Management Co., Ltd.	0	0	2,117,112	2,117,112	To subscribe A shares and make the commitment not to transfer such shares within 12 months	April 11, 2016
Total	345,940,890	0	382,971,727	728,912,617	/	/

II. Shareholders

(I) Total number of shareholders:

Total number of shareholders as at the end of the Reporting Period (shareholder)	56,861
Total number of shareholders of preferred shares with voting rights recovered as at the end of the Reporting Period	0

(II) Number of shareholders as at the end of the Reporting Period, the shareholding of the top ten shareholders and the top ten shareholders in circulation (or shareholders whose shares are not subject to selling restrictions)

Unit: share

Name of shareholder (Full name)	Changes during the Reporting Period	Number of shares as at the end of Reporting Period	Proportion (%)	Number of shares held subject to selling restrictions	Pledged or locked up		Nature of shareholders
					Status	Number	
HKSCC NOMINEES LIMITED	576,265	588,787,945	41.65	345,940,890	Nil		Foreign legal person
China State Shipbuilding Corporation	272,099,300	501,745,100	35.50	272,099,300	Nil		State-owned legal person
Yangzhou Kejin	68,313,338	68,313,338	4.83	68,313,338	Pledge	48,550,000	Domestic non-State-owned legal person
China Construction Bank Corporation – Fullgoal China Securities Military Index Grading Securities Investment Fund	3,894,588	10,391,044	0.74	0	Nil		Domestic non-State-owned legal person
Shanxi Securities Company Limited	9,027,916	9,027,916	0.64	9,021,916	Nil		Domestic non-State-owned legal person
National Social Security Fund Portfolio 503	5,791,159	5,791,159	0.41		Nil		Domestic non-State-owned legal person
China Construction Bank Corporation – Penghua China Securities National Defense Index Grading Securities Investment Fund	5,740,435	5,740,435	0.41		Nil		Domestic non-State-owned legal person
Xi'an Investment Holding Co., Ltd.	5,291,159	5,291,159	0.37	5,291,159	Nil		Domestic non-State-owned legal person
Golden Eagle Fund – ICBC – Golden Eagle Huitong No. 9 Asset Management Plan	5,244,679	5,244,679	0.37	5,244,679	Nil		Domestic non-State-owned legal person
China Construction Bank Corporation – Huashang Future Theme Equity Type Securities Investment Fund	4,499,901	4,499,901	0.32		Nil		Domestic non-State-owned legal person

(III) **Number of shares held by top ten shareholders subject to selling restrictions and conditions for the selling restriction**

Unit: share

No.	Name of shareholder with shares subject to selling restriction	Number of shares held that are subject to selling restriction	Circumstances where shares subject to selling restrictions can be listed for trading		
			Time for trading	Number of new shares that can be listed for trading	Conditions for restriction
1	CSSC HK	345,940,890	February 10, 2017	0	It is committed not to transfer within 36 months
2	China State Shipbuilding Corporation	272,099,300	April 9, 2018	0	It is committed not to transfer within 36 months
3	Yangzhou Kejin Shipbuilding Company Limited	68,313,338	April 11, 2016	0	It is committed not to transfer within 12 months
4	Shanxi Securities Company Limited	9,021,916	April 11, 2016	0	It is committed not to transfer within 12 months
5	Caitong Fund Management Co., Ltd.	8,000,423	April 11, 2016	0	It is committed not to transfer within 12 months
6	Hua An Fund Management Co., Ltd.	7,092,641	April 11, 2016	0	It is committed not to transfer within 12 months
7	Penghua Fund Management Co., Ltd.	5,791,159	April 11, 2016	0	It is committed not to transfer within 12 months
8	Xi'an Investment Holding Co., Ltd.	5,291,159	April 11, 2016	0	It is committed not to transfer within 12 months
9	Golden Eagle Asset Management Co., Ltd.	5,244,679	April 11, 2016	0	It is committed not to transfer within 12 months
10	Lion Fund Management Co., Ltd.	2,117,112	April 11, 2016	0	It is committed not to transfer within 12 months

Explanation on the connected relationship of the shareholders and action in concert among the aforesaid shareholders

CSSC HK undertook that it will not transfer the 345,940,890 H shares it subscribed within 36 months. As mentioned in the Announcement dated February 12, 2014 in relation to Completion of Non-public issue of Overseas Listed Foreign Shares published on the website of Shanghai Stock Exchange, the number of shares (H shares) subject to selling restriction after changes of the shareholding structure of the Company was 345,940,890. As confirmed by Computershare Hong Kong Investor Services Limited, there is no share identification with selling restriction condition for H share. Therefore, the aforesaid part of shares still marked as outstanding shares with no selling restriction condition (H shares). CSSC and CSSC HK entered into the Parties Acting in Concert Agreement on April 25, 2014, in which it was agreed that CSSC HK shall authorize CSSC to exercise all the rights enjoyed by CSSC HK in the shares of the Company so far as CSSC HK remains a wholly-owned subsidiary of CSSC. (For details, please refer to the Announcement in relation to the Entering to the Parties Acting in Concert Agreement by Substantial Shareholders of the Company published on the websites of Shanghai Stock Exchange and the Hong Kong Stock Exchange on April 29, 2014 by the Company).

III. Purchase, Sale or Redemption of the Company's securities

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

SECTION 7 INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

I. Changes in shareholding

(I) Changes in shareholding of current and the resigned Directors, Supervisors and senior management during the Reporting Period

During the Reporting Period, there have been no changes in the shareholding of current or the resigned directors, supervisors and senior management

II. Changes in the directors, supervisor and the senior management

Name	Position	Change	Reasons
Chen Ji	Executive Director	Resignation	Work
Chen Liping	Executive Director, chief accountant	Resignation	Job relocation
Li Junping	Independent non-executive director	Resignation	Work
Chen Jingqi	Chairman of Supervisory Committee	Resignation	Age
Xiang Huiming	Executive Director	Appointment	Replacement
Wang Guozhong	Non-executive Director	Appointment	Replacement
Liu Huaijing	Independent non-executive director	Appointment	Replacement
Ou Guangquan	Chairman of Supervisory Committee	Appointment	Replacement

(I) The Board received written applications for resignation from Mr. Chen Ji and Mr. Chen Liping, executive Directors, and Ms. Li Junping and Mr. Zhu Zhenyu, Independent Non-executive Directors on March 18, 2015, stating that they applied for resignation from the positions above and their positions in each specialized committee due to their individual work. Mr. Chen Ji, Mr. Chen Liping, and Ms. Li Junping will continue to perform their functions and duties as Directors until new directors are elected in the first extraordinary general meeting in 2015 or May 18, 2015 (whichever comes first); Mr. Zhu Zhenyu will continue to perform his duties and functions as Independent Non-executive Director until a new independent non-executive director is elected by the Company;

On May 8, 2015, the Company held the first extraordinary general meeting in 2015, in which Mr. Xiang Huiming and Mr. Wang Guozhong were approved by the shareholders to be the executive and non-executive Directors of the Company respectively, and Mr. Liu Huaijing was approved by the shareholders to be the independent non-executive Director of the Company.

(II) The Board received a written application for resignation from Mr. Liu Huaijing, Independent Non-executive Director, on May 19, 2015, stating that Mr. Liu Huijing applied for resignation from the position as Independent Non-executive Director due to family-related reasons. Mr. Liu Huaijing will continue to perform his functions and duties as Independent Non-executive Director till until a new director is elected in the second extraordinary general meeting in 2015 or July 19, 2015 (whichever comes first).

As of June 30, 2015, the Board is composed of 11 members, including 4 Independent Non-executive Directors, which comply with the requirements of Article 3.10(1) and Article 3.10A of Listing Rules.

(III) The Board received the written applications from Mr. Zhou Du for resignation from General Manager of the Company, from Mr. Jin Lichao and Mr. Chen Weiping for resignation from Deputy General Manager and Mr. Mai Rongzhi for resignation from Chief Engineer of the Company on July 29, 2015, stating that, due to their personal reasons, they applied for resignation from the position as management staff from the Company with immediate effects.

III. Equity interests of directors, supervisors and senior officers

As of June 30, 2015, except that Mr. Chen Jingqi, who resigned from Chairman of the Supervisor Committee, had 3,302 A shares; the Company has not received any notice sent by any director, supervisor or senior management in accordance with Article 341 of Securities and Futures Ordinance or the Model Code for Securities Transactions by Directors of Listed Issuers to the Company and Hong Kong Stock Exchange, disclosing any equity or debt securities held by such director, supervisor or senior management or their spouses or children under 18 in the Company or any associated corporations (within the meaning of the SFO). No other interests have been recorded in the register, which is required in accordance with Article 352 of the SFO. No directors, supervisors or senior management or their spouses or children under 18 have been granted or exercised any rights to subscribe any share or debts of the Company.

IV. Employees and remuneration policies

The remuneration of the Group's employees includes salary, bonus and other benefit plans as specified by the Country. To the extent that the Group complies with relevant laws and regulations of PRC, the Group carries out the system of performance-based salary for positions. As at June 30, 2015, the Group had 20,552 employees. As of June 30, 2015, the Group has totally paid RMB 1,081 million for employees' remuneration.

SECTION 8 FINANCIAL REPORTS (UNAUDITED)

Consolidated Balance Sheet June 30, 2015

Prepared by: CSSC Offshore & Marine and Engineering (Group) Company Limited

Unit: RMB

Item	Note VI	Ending balance	Beginning balance
Current assets:			
Cash and cash equivalents			16,726,702,642.38
Transaction settlement funds	1	14,828,264,258.78	–
Loans to other banks		–	–
Financial assets at fair value through profit and loss	2	61,925,184.49	17,905,895.15
Derivative financial assets		–	–
Notes receivable	3	21,389,867.00	27,283,280.83
Accounts receivable	4	2,033,948,226.94	718,056,504.75
Prepayments	5	3,098,613,427.54	2,882,805,966.38
Insurance premium receivable		–	–
Reinsurance premium receivable		–	–
Reserves for reinsurance contract receivable		–	–
Interests receivable	6	221,002,378.93	262,827,435.66
Dividends receivable	7	635,116.05	721,976.56
Other receivables	8	287,601,472.78	328,144,005.96
Financial assets purchased with agreement to re-sale		–	–
Inventories	9	9,155,377,039.91	8,342,108,150.38
Assets classified as held for sale		–	–
Non-current assets due within one year		–	–
Other current assets	10	50,500,000.00	50,500,000.00
Total current assets		29,759,256,972.42	29,357,055,858.05
Non-current assets:			
Loans and advances to customers		–	–
Available-for-sale financial assets	11	20,251,595.49	14,426,737.16
Held-to-maturity investments		–	–
Long-term receivables	12	352,338,818.61	369,117,924.41
Long-term equity investments	13	76,934,836.69	82,455,679.64
Investment properties	14	23,823,144.08	24,137,500.16
Fixed assets	15	10,603,904,498.92	9,771,523,029.05
Construction on progress	16	842,748,606.86	809,764,544.77
Construction materials		–	–
Disposal of fixed assets		–	–
Productive biological assets		–	–
Oil and gas assets		–	–
Intangible assets	17	2,102,807,645.15	2,056,507,030.08
Research and development expenses	18	–	–
Goodwill		–	–
Long-term deferred expenses	19	15,786,750.77	17,453,675.02
Deferred tax assets	20	822,191,119.35	733,657,109.09
Other non-current assets	21	505,000,000.00	505,000,000.00
Total non-current assets		15,365,787,015.92	14,384,043,229.38
Total assets		45,125,043,988.34	43,741,099,087.43

Legal Representative:

Accounting Director:

Accounting Manager:

Consolidated Balance Sheet (Continued)
June 30, 2015

Prepared by: **CSSC Offshore & Marine and Engineering (Group) Company Limited**

Unit: RMB

Item	Note VI	Ending balance	Beginning balance
Current liabilities:			
Short-term loans	22	6,783,455,587.92	7,150,873,869.57
Borrowings from central bank		-	-
Receipt of deposits and deposits from other banks		-	-
Loans from other banks		-	-
Financial liabilities at fair value through profit and loss	23	48,177,146.08	56,475,710.29
Derivative financial liabilities		-	-
Notes payable	24	1,754,566,542.90	2,165,483,743.47
Accounts payable	25	5,891,824,635.20	5,231,961,857.57
Advance from customers	26	1,015,460,478.83	1,173,880,958.53
Funds from selling out and repurchasing financial assets		-	-
Fee and commission payable		-	-
Employee benefits	27	128,842,930.39	46,080,312.09
Taxes payable	28	-705,308,420.40	-311,783,190.54
Interests payable	29	49,119,425.09	46,368,757.24
Dividends payable	30	256,485,146.98	177,721.77
Other payables	31	163,944,865.80	245,383,148.57
Reinsurance accounts payable		-	-
Reserves for insurance contracts		-	-
Brokerage for trading securities		-	-
Brokerage for consigning securities		-	-
Liabilities classified as held for sale		-	-
Non-current liabilities due within one year	32	2,001,259,391.90	1,799,060,757.83
Other current liabilities	33	9,403,557,264.34	9,929,067,940.06
Total current liabilities		26,791,384,995.03	27,533,031,586.45
Non-current liabilities:			
Long-term loans	34	6,716,898,400.00	5,620,471,388.68
Bonds payable		-	-
Among which: Preferred shares			
Perpetual bond			
Long-term payables		-	-
Long-term employee salary payable	35	273,729,370.84	286,692,732.20
Special payables	36	900,339,744.58	867,339,744.58
Estimated Liabilities	37	463,268,645.47	573,268,434.40
Deferred income	38	212,730,013.96	149,269,700.92
Deferred tax liabilities	20	9,794,647.79	3,069,736.73
Other non-current liabilities		-	-
Total non-current liabilities		8,576,760,822.64	7,500,111,737.51
Total liabilities		35,368,145,817.67	35,033,143,323.96
The owner's equity			
Share capital	39	1,413,506,378.00	1,030,534,651.00
Other equity instruments		-	-
Among which: Preferred shares		-	-
Perpetual bond		-	-
Capital reserves	40	6,867,585,222.21	5,421,591,956.64
Less: Treasury shares		-	-
Other comprehensive income	41	-44,616,223.70	-45,284,836.15
Specific reserves	42	960,971.20	1,439,966.32
Surplus reserves	43	943,767,421.48	943,767,421.48
Reserve for ordinary risk		-	-
Retained earnings	44	530,041,683.10	1,310,184,662.42
Total equity attributable to shareholders		9,711,245,452.29	8,662,233,821.71
Non-controlling interest	45	45,652,718.38	45,721,941.76
Total shareholder's equity		9,756,898,170.67	8,707,955,763.47
Total liabilities and shareholder's equity		45,125,043,988.34	43,741,099,087.43

Legal Representative:

Accounting Director:

Accounting Manager:

Balance Sheet of Parent
As at June 30, 2015

Prepared by: **CSSC Offshore & Marine and Engineering (Group) Company Limited**

Unit: RMB

Item	Note XVI	Ending balance	Beginning balance
Current asset:			
Cash and cash equivalents	1	3,747,729,000.19	6,703,553,411.25
Financial assets at fair value through profit and loss	2	31,939,941.02	13,007,994.71
Derivative financial assets		-	-
Notes receivable	3	2,500,000.00	2,700,000.00
Accounts receivable	4	1,413,208,508.58	414,520,890.74
Prepayments	5	5,001,010,315.81	2,627,312,549.15
Interests receivable	6	97,000,894.86	123,613,565.69
Dividends receivable	7	49,765,116.05	48,321,976.56
Other receivable	8	5,770,351,243.00	4,209,059,240.56
Inventories	9	2,061,982,900.97	2,617,308,654.45
Assets classified as held for sale		-	-
Non-current assets due within one year		-	-
Other current assets		-	-
Total current assets		18,175,487,920.48	16,759,398,283.11
Non-current assets:			
Available-for-sale financial assets	10	1,000,000.00	1,000,000.00
Held-to-maturity investments		-	-
Long-term receivables		-	-
Long-term equity investments	11	3,878,607,806.45	1,128,688,760.61
Investment properties	12	23,823,144.08	24,137,500.16
Fixed assets	13	412,055,356.09	428,676,105.26
Construction on progress	14	108,067,427.98	45,899,768.25
Construction materials		-	-
Disposal of fixed assets		-	-
Productive biological assets		-	-
Oil and gas assets		-	-
Intangible assets	15	23,892,715.49	23,620,918.69
Research and development expenses	16	-	-
Goodwill		-	-
Long-term deferred expenses	17	6,053,052.30	6,772,678.20
Deferred tax assets	18	271,656,272.23	163,953,069.82
Other non-current assets		-	-
Total non-current assets		4,725,155,774.62	1,822,748,800.99
Total assets		22,900,643,695.10	18,582,147,084.10

Legal Representative:

Accounting Director:

Accounting Manager:

Balance Sheet of Parent (Continued)
June 30, 2015

Prepared by: CSSC Offshore & Marine and Engineering (Group) Company Limited

Unit: RMB

Item	Note XVI	Ending balance	Beginning balance
Current liabilities:			
Short-term loans	19	1,137,129,600.00	1,133,653,446.88
Financial liabilities at fair value through profit and loss	20	47,537,988.94	55,734,758.74
Derivative financial liabilities		-	-
Notes payable	21	647,819,444.46	795,965,835.62
Accounts payable	22	1,975,245,022.92	1,669,628,703.59
Advance from customers	23	282,984,726.61	447,659,099.74
Employee benefits	24	19,684,073.24	19,605,868.71
Taxes payable	25	-292,169,659.34	-127,782,393.39
Interests payable	26	21,981,561.75	15,106,945.53
Dividends payable	27	177,721.77	177,721.77
Other payables	28	44,315,368.71	95,778,432.58
Liabilities classified as held for sale		-	-
Non-current liabilities due within one year	29	1,202,759,391.90	1,276,705,757.83
Other current liabilities	30	5,127,665,653.84	4,859,792,979.07
Total current liabilities		10,215,130,894.80	10,242,027,156.67
Non-current liabilities:			
Long-term loans	31	2,123,983,200.00	1,868,071,388.68
Bonds payable		-	-
Among which: Preferred shares			
Perpetual bond		-	-
Long-term payables		-	-
Long-term employee salary payable	32	52,198,715.48	57,581,358.19
Special payables	33	24,570,000.00	24,570,000.00
Estimated Liabilities	34	426,817,847.19	389,086,110.62
Deferred income	35	174,961,761.19	111,087,296.17
Deferred tax liabilities	18	4,790,991.15	1,951,199.21
Other non-current liabilities		-	-
Total non-current liabilities		2,807,322,515.01	2,452,347,352.87
Total liabilities		13,022,453,409.81	12,694,374,509.54
The owner's equity			
Share capital	36	1,413,506,378.00	1,030,534,651.00
Other equity instruments		-	-
Among which: Preferred shares			
Perpetual bond		-	-
Capital reserves	37	6,147,927,729.10	1,952,637,215.67
Less: Treasury shares		-	-
Other comprehensive income		-	-
Specific reserves	38	-	-
Surplus reserves	39	453,894,266.30	453,894,266.30
Retained earnings	40	1,862,861,911.89	2,450,706,441.59
Total shareholder's equity		9,878,190,285.29	5,887,772,574.56
Total liabilities and shareholder's equity		22,900,643,695.10	18,582,147,084.10

Legal Representative:

Accounting Director:

Accounting Manager:

Consolidated Income Statement
For January to June of 2015

Prepared by: **CSSC Offshore & Marine and Engineering (Group) Company Limited**

Unit: RMB

Item	Note VI	Current Period	Last Period
1. Total operating revenue		10,809,719,237.47	8,403,738,453.36
Including: Operating revenue	49	10,809,719,237.47	8,403,738,453.36
Interest income		-	-
Earned insurance premiums		-	-
Fees and commission income		-	-
2. Total cost of operation		11,464,385,476.49	8,765,844,622.50
Including: Cost of operation	49	10,505,677,087.10	8,108,022,448.97
Interest expenses		-	-
Fees and commission expense		-	-
Refunded premiums		-	-
Net amount of compensation payout		-	-
Net amount of reserves for reinsurance contract		-	-
Policy dividend payment		-	-
Reinsured expenses		-	-
Business taxes and surcharges	50	8,389,291.14	15,319,242.88
Selling and distribution expenses	51	77,145,661.29	17,291,683.33
Administrative expenses	52	603,455,675.24	557,235,616.68
Financial expenses	53	39,589,871.47	19,803,998.95
Loss on impairment of assets	54	230,127,890.25	48,171,631.69
Add: Gain arising from the changes in fair value (loss listed with "-")	55	52,317,853.55	-149,982,185.14
Investment income (Loss listed with "-")	56	7,925,146.08	66,028,216.29
Including: income from investments in associates and joint ventures (Loss listed with "-")		152,528.55	2,506,100.55
Exchange gain (Loss listed with "-")		-	-
3. Operating profit (Loss listed with "-")		-594,423,239.39	-446,060,137.99
Add: Non-operating income	57	52,325,766.15	223,833,101.95
Including: Gain from disposal of non-current assets		22,175.73	129,182.98
Less: Non-operating expenses	58	1,219,283.81	629,661.01
Including: Loss on disposal of non-current assets		430,799.46	424,939.65
4. Total profit (Loss listed with "-")		-543,316,757.05	-222,856,697.05
Less: Income tax expenses	59	-19,723,979.56	12,609.76
5. Net profit (Net loss listed with "-")		-523,592,777.49	-222,869,306.81
Net profit attributable to shareholders of the parent Company		-524,993,554.11	-219,947,405.11
Non-controlling interest		1,400,776.62	-2,921,901.70
6. Net other comprehensive income after tax	67	668,612.45	-40,259,427.43
Net other comprehensive income after tax attributable to owners of the parent company		668,612.45	-40,259,427.43
(1) Other comprehensive income that can not be reclassified to profit and loss in subsequent periods		-	-39,530,000.00
1. Changes in net liabilities or net assets arising from the re-measurement of defined benefit plans		-	-39,530,000.00
2. Share of other comprehensive income of investee that will be subsequently reclassified to profit and loss under equity method		-	-
(2) Other comprehensive income that will be subsequently reclassified to profit and loss		668,612.45	-729,427.43
1. Share of other comprehensive income of investee that will be subsequently reclassified to profit and loss under equity method		-	-
2. Gains and losses from changes in fair value of available-for-sale financial assets		668,612.45	-729,427.43
3. Gains and losses from held-to-maturity investment reclassified as available-for-sale financial assets		-	-
4. Effective part of hedging gains and losses from cash flows		-	-
5. Exchange differences from retranslation of financial statements		-	-
6. Others		-	-
Net other comprehensive income after tax attributable to minority interests		-	-
7. Total comprehensive income		-522,924,165.04	-263,128,734.24
Total comprehensive income attributable to shareholders of the parent company		-524,324,941.66	-260,206,832.54
Total comprehensive income attributable to minority interests		1,400,776.62	-2,921,901.70
8. Earnings per share:	65		
(I) Basic earnings per share (RMB/share)		-0.3866	-0.1688
(II) Diluted earnings per share (RMB/share)		-0.3866	-0.1688

Business combination under common control for the current period, net profit realized by the acquirer before the combination was RMB-31,285,206.87, net profit realized by the acquirer was RMB51,319,429.98 for the last period.

Legal Representative:

Accounting Director:

Accounting Manager:

**Income Statement of Parent Company
For January to June of 2015**

Prepared by: **CSSC Offshore & Marine and Engineering (Group) Company Limited**

Unit: RMB

Item	Note XVI	Current Period	Last Period
1. Revenue from operations	44	3,310,847,149.80	3,113,501,346.08
Less: Cost of operations	44	3,526,509,434.37	3,086,107,827.11
Business tax and surcharges	45	1,275,157.00	2,485,538.04
Selling expenses	46	11,242,258.15	8,471,768.11
Administrative expenses	47	178,135,965.76	166,604,933.86
Financial expenses	48	984,991.84	-81,164,743.90
Loss on impairment of assets	49	335,896,206.79	-29,625,640.27
Add: Gain arising from the changes in fair value (Loss listed with "-")	50	27,128,716.11	-76,498,563.72
Investment gain (Loss listed with "-") Including: income from investments in associates and joint ventures (Loss listed with "-")	51	-4,608,621.81	7,041,905.93
		256,914.03	-101,652.34
2. Operating profit (Loss listed with "-")		-720,676,769.81	-108,834,994.66
Add: Non-operating income	52	23,652,734.83	72,445,259.47
Including: Gain from disposal of non-current assets	-	-	-
Less: Non-operating expenses	53	278,453.26	10,000.00
Including: Loss from disposal of non-current assets		232,003.26	-
3. Total profit (Total loss listed with "-")		-697,302,488.24	-36,399,735.19
Less: Income tax expenses	54	-109,457,958.54	-5,309,442.43
4. Net profit (Net loss listed with "-")		-587,844,529.70	-31,090,292.76
5. Net other comprehensive income after tax	59	-	-748,000.00
(1) Other comprehensive income that can not be reclassified to profit and loss in subsequent periods		-	-
1. Changes in net liabilities or net assets arising from the re-measurement of defined benefit plans		-	-
2. Share of other comprehensive income of investee that can not be subsequently reclassified to profit and loss under equity method		-	-
(2) Other comprehensive income that will be subsequently reclassified to profit and loss		-	-748,000.00
1. Share of other comprehensive income of investee that will be subsequently reclassified to profit and loss under equity method		-	-
2. Gains and losses from changes in fair value of available-for-sale financial assets		-	-748,000.00
3. Gains and losses from held-to-maturity investment reclassified as available-for-sale financial assets		-	-
4. Effective part of hedging gains and losses from cash flows		-	-
5. Exchange differences from retranslation of financial statements		-	-
6. Others		-	-
6. Total comprehensive income		-587,844,529.70	-31,838,292.76
7. Earnings per share			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

Legal Representative:

Accounting Director:

Accounting Manager:

Consolidated Cash Flow Statement
For January to June of 2015

Prepared by: **CSSC Offshore & Marine and Engineering (Group) Company Limited**

Unit: RMB

Item	Note VI	Current Period	Last Period
1. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		8,507,332,545.03	6,343,503,188.15
Net increase in deposits from customers and deposits from other banks		-	-
Net increase in loans from central bank		-	-
Net increase in loans from other financial institutions		-	-
Cash receipts of premium of direct insurance contracts		-	-
Net cash received from reinsurance contracts		-	-
Net increase in deposits from insurance policy holders and investment		-	-
Net increase in disposal of financial assets at fair value through profit and loss		-	-
Cash receipts of interest, fees and commission		-	-
Net increase in placement from banks and other financial institution		-	-
Net increase in sales and repurchase operations		-	-
Cash received from taxes refund		634,473,823.41	429,961,226.39
Cash received relating to other operating activities	69	253,932,348.98	321,669,628.82
Sub-total of cash inflows from operating activities		9,395,738,717.42	7,095,134,043.36
Cash paid for goods and services		11,198,730,643.43	8,528,770,805.09
Net increase in loans and disbursement to customers		-	-
Net increase in deposit with central bank and inter-banks		-	-
Cash paid for claims of direct insurance contracts		-	-
Cash paid for interest, fee and commission		-	-
Cash paid for dividends of insurance policies		-	-
Cash paid to and on behalf of employees Cash paid relating to other operating activities		870,826,405.69	899,915,158.84
Payments of taxes and surcharges		267,690,189.46	178,419,088.33
Cash paid relating to other operating activities	69	557,149,215.83	422,637,257.73
Sub-total of cash outflows from operating activities		12,894,396,454.41	10,029,742,309.99
Net cash flows from operating activities		-3,498,657,736.99	-2,934,608,266.63
2. Cash flows from investment activities:			
Cash received from disposal of investment		-	-
Cash received from investments income		296,000.00	7,766,190.14
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		16,348.25	3,762,260.99
Net cash received from disposal of subsidiaries and other business units		-	-
Cash received relating to other investing activities	69	4,696,321,240.31	4,366,841,240.46
Sub-total of cash outflow from investing activities		4,696,633,588.56	4,378,369,691.59
Cash paid to acquire fixed assets, intangible assets and other long-term assets		489,098,987.88	288,974,364.41
Cash paid for investments		680,408,300.00	599,843,453.82
Net increase in pledged deposits		-	-
Net cash paid to acquire subsidiaries and other business units		-	-
Cash paid relating to other investing	69	4,179,389,849.70	4,752,979,268.03
Sub-total of cash outflow from investing activities		5,348,897,137.58	5,641,797,086.26
Net cash flows from investing activities		-652,263,549.02	-1,263,427,394.67
3. Cash flows from financing activities:			
Cash received from investment absorption		1,541,373,292.57	2,209,912,247.78
Including: Cash received by subsidiaries from investment absorption of non-controlling interest		-	-
Cash received from loans granted		10,167,045,595.34	17,018,830,558.94
Cash received from issue of bonds		-	-
Cash received relating to other financing activities		100,456,014.39	108,500,000.00
Sub-total of cash inflows from financing activities		11,808,874,902.30	19,337,242,806.72
Cash paid for settlement of borrowings		9,220,246,698.15	17,526,084,283.92
Cash paid for dividends, profits appropriation or payments of interest		233,312,259.25	652,278,514.44
Including: Dividends and profits paid to non-controlling interest		-	-
Cash paid relating to other financing activities	69	3,854,499.50	2,365,755.96
Sub-total of cash outflows from financing activities		9,457,413,456.90	18,180,728,554.32
Net cash flows from financing activities		2,351,461,445.40	1,156,514,252.40
4. Effect of changes in foreign exchange rate on cash and cash equivalents		3,574,784.78	60,585,213.07
5. Net increase in cash and cash equivalents		-1,795,885,055.83	-2,980,936,195.83
Add: Cash and cash equivalents at the beginning of the year		8,341,435,741.37	8,201,641,691.39
6. Cash and cash equivalents at the end of the year		6,545,550,685.54	5,220,705,495.56

Legal Representative:

Accounting Director:

Accounting Manager:

**Cash Flow Statement of Parent Company
For January to June of 2015**

Prepared by: **CSSC Offshore & Marine and Engineering (Group) Company Limited**

Unit: RMB

Item	Note XVI	Current Period	Last Period
1. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		2,474,441,757.78	2,334,766,034.39
Cash received from taxes refund		251,036,246.14	122,862,464.07
Cash received relating to other operating activities	61	23,768,791.26	6,063,550.04
Sub-total of cash inflows from operating activities		2,749,246,795.18	2,463,692,048.50
Cash paid for goods and services		5,821,078,459.91	3,916,060,766.32
Cash paid to and on behalf of employee		148,772,908.67	140,654,671.09
Payments of taxes and surcharges		99,931,505.43	56,977,064.85
Cash paid relating to other operating activities	61	190,596,937.54	2,191,460,917.44
Sub-total of cash outflows from operating activities		6,260,379,811.55	6,305,153,419.70
Net cash flows from operating activities		-3,511,133,016.37	-3,841,461,371.20
2. Cash flows from investing activities:			
Cash received from with drawing investment capital		-	-
Cash received from investments income		721,976.56	27,138,494.90
Cash received from disposal of fixed assets, intangible assets and other long-terms assets		16,348.25	7,208.65
Net cash received from disposal of subsidiaries and other business units		-	-
Cash received relating to other investing activities	61	1,973,122,688.86	937,215,135.53
Sub-total of cash inflows from investing activities		1,973,861,013.67	964,360,839.08
Cash paid to acquire fixed assets, intangible assets and other long-term assets		80,893,498.96	15,816,631.81
Cash paid for investments		1,437,413,332.60	599,843,453.82
Net cash paid to acquire subsidiaries and other business units		-	-
Cash paid relating to other investing	61	312,272,000.00	1,348,171,602.75
Sub-total of cash outflows from investing activities		1,830,578,831.56	1,963,831,688.38
Net cash flows from investing activities		143,282,182.11	-999,470,849.30
3. Cash flows from financing activities			
Cash received from investment absorption		1,541,373,292.57	2,201,832,410.24
Cash received from loans granted		5,264,977,919.70	3,540,634,465.03
Cash received from bonds issued		-	-
Cash received relating to other financing activities		67,456,014.39	-
Sub-total of cash inflows from financing activities		6,873,807,226.66	5,742,466,875.27
Cash paid for settlement of borrowings		5,081,029,672.26	2,225,999,453.32
Cash paid for dividends, profits appropriation or payments of interest		61,829,761.85	151,902,862.37
Cash paid relating to other financing activities	61	3,552,293.41	2,346,960.17
Sub-total of cash outflows from financing activities		5,146,411,727.52	2,380,249,275.86
Net cash flows from financing activities		1,727,395,499.14	3,362,217,599.41
4. Effect of changes in foreign exchange rate on cash and cash equivalents		6,219,186.06	29,163,094.54
5. Net increase in cash and cash equivalents		-1,634,236,149.06	-1,449,551,526.55
Add: Cash and cash equivalents at the beginning of the year		3,702,545,149.25	3,642,373,050.61
6. Cash and cash equivalents at the end of the year		2,068,309,000.19	2,192,821,524.06

Legal Representative:

Accounting Director:

Accounting Manager:

**Consolidated Statement of Changes in Equity
For January to June of 2015**

Prepared by: CSSC Offshore & Marine and Engineering (Group) Company Limited

Unit: RMB

Item	Shareholder's equity attributable to the parent company										Total Shareholder's equity				
	Share Capital	Shares	Other equity vehicles		Others	Capital Reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves		General risk reserves	Undistributed profits	Non-controlling Shareholder's equity	
I.	Ending balance of Last Year	1,030,534,651.00	-	-	-	-	5,421,591,956.64	-	45,284,836.15	1,439,966.32	943,767,421.48	-	1,310,184,662.42	45,721,941.76	8,707,955,763.47
	Add: changes in accounting policies														
	Corrections of prior Period Errors														
	Business combination under common control														
	Others														
II.	Beginning balance of Current Year	1,030,534,651.00	-	-	-	-	5,421,591,956.64	-	45,284,836.15	1,439,966.32	943,767,421.48	-	1,310,184,662.42	45,721,941.76	8,707,955,763.47
III.	Change Through Current Period ("-" for losses)	382,971,727.00	-	-	-	-	1,445,993,265.57	668,612.45	668,612.45	-478,995.12	-	-780,142,979.32	-49,223.38	1,048,942,407.20	
	(1) Total comprehensive income							668,612.45	668,612.45	-478,995.12	-	-780,142,979.32	-49,223.38	1,048,942,407.20	
	(2) Contribution and Withdrawal of Capital by Shareholders	382,971,727.00	-	-	-	-	1,445,993,265.57	-	-	-	-	-	-	1,828,964,992.57	
	1. Ordinary shares contributed by shareholders	382,971,727.00	-	-	-	-	1,445,993,265.57	-	-	-	-	-	-	1,828,964,992.57	
	2. Capital contributed by other equity vehicle holders														
	3. Amounts of share-based payments recognized in shareholder's equity														
	4. Others														
	(3) Profit distribution														
	1. Appropriation of surplus Reserves														
	2. Appropriation of general risk reserves														
	3. Dividends to owners (for shareholders)														
	4. Others														
	(4) Internal carry-over of shareholders' equity														
	1. Capitalized capital reserves														
	2. Capitalized surplus reserves														
	3. Surplus reserves for covering up losses														
	4. Others														
	(5) Special reserves														
	1. Current Period appropriation														
	2. Current Period write-off														
	(6) Others														
IV.	Ending balance of Current Period	1,413,506,378.00	-	-	-	-	6,867,585,222.21	44,616,225.70	960,971.20	943,767,421.48	-	530,041,683.10	45,652,716.38	9,756,898,170.67	

Accounting Director:

Accounting Manager:

Legal Representative:

Consolidated Statement of Changes in Equity (Continued)
For January to June of 2015

Prepared by: **CSSC Offshore & Marine and Engineering (Group) Company Limited**

Unit: RMB

Item	Shareholder's equity attributable to the parent company										Non-controlling Shareholder's equity	Total Shareholder's equity	
	Share Capital	Shares	Other equity vehicles		Capital Reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves			Undistributed profits
I.	Ending Balance of Last Year	643,080,854.00	-	-	2,138,063,611.56	-	-8,830,870.15	956,026.41	444,648,093.25	-	691,646,062.40	18,662,087.21	3,228,222,864.68
	Add: changes in accounting policies												
	Corrections of prior Period Errors												
	Business combination under common control												
	Others												
II.	Beginning balance of Current Year	643,080,854.00	-	-	3,196,183,556.15	-	3,620,793.82	-	385,133,982.60	-	546,302,514.90	1,702,140.16	4,132,942,987.63
III.	Change Through Current Period ("+" for losses)	387,453,797.00	-	-	346,402,273.19	-	-40,259,427.43	490,998.10	17,416,348.19	-	-474,811,826.37	22,342,776.61	259,034,939.29
	(1) Total comprehensive income	387,453,797.00	-	-	346,402,273.19	-	-40,259,427.43	490,998.10	17,416,348.19	-	-474,811,826.37	22,342,776.61	259,034,939.29
	(2) Contribution and Withdrawal of Capital by Shareholders												
	1. Ordinary shares contributed by shareholders												
	2. Capital contributed by other equity vehicle holders												
	3. Amounts of share-based payments recognized in shareholder's equity												
	4. Others												
	(3) Profit distribution												
	1. Appropriation of surplus Reserves												
	2. Appropriation of general risk reserves												
	3. Dividends to owners (for shareholders)												
	4. Others												
	(4) Internal carry-over of shareholders' equity												
	1. Capitalized capital reserves												
	2. Capitalized surplus reserves												
	3. Surplus reserves for covering up losses												
	4. Others												
	(5) Special reserves												
	1. Current Period appropriation												
	2. Current Period write-off												
	Others												
IV.	Ending balance of Current Period	1,030,534,651.00	-	-	5,680,649,440.90	-	-45,469,503.76	1,447,024.51	847,198,424.04	-	763,136,750.93	42,707,003.98	8,320,203,791.60

Accounting Manager:

Accounting Director:

Legal Representative:

**Statement of Changes in Equity of the Parent Company
For January to June of 2015**

Prepared by: CSSC Offshore & Marine and Engineering (Group) Company Limited

Unit: RMB

Item	Current Period										Total Shareholder's equity	
	Share Capital	Shares	Other equity vehicles		Others	Capital Reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves		Undistributed profits
I.	Ending balance of Last Year	1,030,534,651.00	-	-	-	1,952,637,215.67	-	-	-	453,894,266.30	2,450,706,441.59	5,887,772,574.56
	Add: changes in accounting policies											
	Corrections of prior Period Errors											
	Others											
II.	Beginning balance of Current Year	1,030,534,651.00	-	-	-	1,952,637,215.67	-	-	-	453,894,266.30	2,450,706,441.59	5,887,772,574.56
III.	Change Through Current Period ("-" for losses)	382,971,727.00	-	-	-	4,195,290,513.43	-	-	-	-	-587,844,529.70	3,990,417,710.73
(1)	Total comprehensive income											
(2)	Contribution and Withdrawal of Capital by Shareholders											
1.	Ordinary shares contributed by shareholders	382,971,727.00	-	-	-	4,195,290,513.43	-	-	-	-	-	-587,844,529.70
2.	Capital contributed by other equity vehicle holders	382,971,727.00	-	-	-	4,195,290,513.43	-	-	-	-	-	4,578,262,240.43
3.	Amounts of share-based payments recognized in shareholder's equity											
4.	Others											
(3)	Profit distribution											
1.	Appropriation of surplus Reserves											
2.	Dividends to or shareholders											
3.	Others											
(4)	Internal carry-over of shareholders' equity											
1.	Capitalized capital reserves											
2.	Capitalized surplus reserves											
3.	Surplus reserves for covering up losses											
4.	Others											
(5)	Special reserves											
1.	Current Period appropriation							14,083,194.21				14,083,194.21
2.	Current Period write-off							-14,083,194.21				-14,083,194.21
(6)	Others											
IV.	Ending balance of Current Period	1,413,506,378.00	-	-	-	6,147,927,729.10	-	-	-	453,894,266.30	1,862,861,911.89	9,878,190,285.29

Accounting Manager:

Accounting Director:

Legal Representative:

Statement of Changes in Equity of the Parent Company (Continued)
For January to June of 2015

Prepared by: CSSC Offshore & Marine and Engineering (Group) Company Limited

Unit: RMB

Item	Last Period											
	Share Capital	Shares	Other equity vehicles		Others	Capital Reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total Shareholder's equity
I. Ending balance of Last Year	643,080,854.00					503,564,939.20		-8,830,870.15		443,472,281.08	2,367,213,921.15	3,948,501,125.28
Add: changes in accounting policies												
Corrections of prior Period Errors												
Others												
II. Beginning balance of Current Year	643,080,854.00					503,564,939.20		-8,830,870.15		443,472,281.08	2,367,213,921.15	3,948,501,125.28
III. Change Through Current Period ("-" for losses)	387,453,797.00					1,418,665,888.28		-748,000.00			-41,395,639.27	1,763,976,046.01
(1) Total comprehensive income								-748,000.00			-31,090,292.76	-31,838,292.76
(2) Contribution and Withdrawal of Capital by Shareholders	387,453,797.00					1,418,665,888.28						1,806,119,685.28
1. Ordinary shares contributed by shareholders	387,453,797.00					1,418,665,888.28						1,806,119,685.28
2. Capital contributed by other equity vehicle holders												
3. Amounts of share-based payments recognized in shareholder's equity												
4. Others												
(3) Profit distribution											-10,305,346.51	-10,305,346.51
1. Appropriation of surplus Reserves											-10,305,346.51	-10,305,346.51
2. Dividends to or shareholders												
3. Others												
(4) Internal carry-over of shareholders' equity												
1. Capitalized capital reserves												
2. Capitalized surplus reserves												
3. Surplus reserves for covering up losses												
4. Others												
(5) Special reserves												
1. Current Period appropriation								5,650,446.87				5,650,446.87
2. Current Period write-off								-5,650,446.87				-5,650,446.87
(6) Others												
IV. Ending balance of Current Period	1,030,534,651.00					1,922,230,827.48		-9,578,870.15		443,472,281.08	2,325,818,281.88	5,717,477,171.29

Accounting Director: Accounting Manager: Legal Representative:

NOTES TO THE FINANCIAL STATEMENTS

For the period from January 1, to June 30, 2015
(Amounts in Renminbi yuan unless otherwise stated)

1. BACKGROUND INFORMATION

CSSC Offshore & Marine and Engineering (Group) 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 People’s Republic of China (the “PRC”) as a joint stock company with limited liability. The Company was registered in Guangzhou, which was approved by Guojiatigaisheng (1993) Circular 83. The Company became as a public limited liability company, which was approved by Guojiatigaisheng (1993) Circular 110 on 5 July 1993. It was registered on June 7, 1993, addressed No.40, South Fangcun Avenue, Liwan District, Guangzhou.

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

Pursuant to the Company’s 2010 shareholders’ meeting and revised Articles of Association, the Company’s paid-up capital (share capital) transferred from capital reserves increased by RMB148,403,274, and relevant procedures of H shares and A shares were completed on 15 July 2011 and 19 July 2011, respectively. The registered capital was therefore increased to RMB643,080,854.

Based on the approval of Guangzhou Guangchuan International Co., Ltd to list overseas for issuing foreign stocks capital (CSRC permitted [2014] No.117) on 11 February 2014 issued by CSRC, the Company completed the issuance of 345,940,890, 31,134,680 and 10,378,227 H Shares with face value of RMB1 per share to CSSC (Hong Kong) Shipping Company Limited (“CSSC HK”), Baosteel Resources International Co., Ltd. (“Baosteel International”) and China Shipping (H.K.) Holdings Co., Ltd. (“China Shipping HK”), respectively. All issued shares are ordinary shares and the registered capital has been therefore increased to RMB1,030,534,651.00.

As approved by the “Approval to Issuance of Shares by Guangzhou Shipyard International Company Limited to China State Shipbuilding Corporation and others for asset acquisition and supporting funds raising” (CSRC Permit [2015] No. 330) from CSRC, on 8 April 2015, the Company issued 272,099,300 ordinary shares with face value of RMB1 each to China State Shipbuilding Corporation (“CSSC”) for acquisition its 85% equity interest in CSSC Huangpu Wenchong Shipbuilding Co., Ltd. (“Huangpu Wenchong”), and paid in cash to CSSC for acquisition its 15% equity interest in Huangpu Wenchong, issued 68,313,338 ordinary shares with face value of RMB1 each to Yangzhou Kejin Shipbuilding Company Limited (“Yangzhou Kejin”) by a non-public issue manner for acquisition of its related shipbuilding assets and issued 42,559,089 ordinary shares with face value of RMB1 to 7 specific investors by a non-public issue manner. The registered capital after change has been increased to RMB1,413,506,378.

On 8 May 2015, following the passing of the Resolution on Proposed Change of Name of the Company at the First EGM of 2015, the Company’s name was changed from “Guangzhou Shipyard International Company Limited” to “CSSC Offshore & Marine Engineering (Group) Company Limited”.

On 19 June 2015, 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: Han Guangde. As at 30 June 2015, the Company’s total number of share capital was 1,413,506,378 shares, of which: 345,940,890 shares held by CSSC HK were subject to any sale restrictions for a period of 36 months starting from 11 February 2014, 272,099,300 shares held by CSSC were subject to any sale restrictions for a period of 36 months starting from 8 April 2015, 68,313,338 shares held by Yangzhou Kejin were subject to any sale restrictions for a period of 12 months starting from 8 April 2015 and 42,559,089 shares held by 7 specific investors were subject to any sale restrictions for a period of 12 months starting from 8 April 2015.

The Group belongs to shipbuilding industry. The principal activities of the Group includes: asset management; investment management; design, develop, manufacture, repair, modify, lease and sale of ship and ship accessories, marine engineering and equipment, energy equipment, transportation equipment, environmental protection equipment, electrical and electronic equipment, and metal structures and components; import and export business.

The Company’s controlling shareholder is CSSC which is a wholly state-owned company incorporated in the PRC, while the ultimate controlling party is the State-owned Assets Supervision and Administration Commission of the State Council.

2. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group includes 25 companies, including: Guangzhou Shipyard International Co., Ltd. (Formerly CSSC Guangzhou Longxue Shipbuilding Co., Ltd.), Guangzhou Longxue Pipe Co., Ltd., Guangzhou Wanda Marine Engineering Co., Ltd., Guangzhou Xingshun Marine Services Co., Ltd., United Structures Ltd., Guangdong GSI Elevator Co., Ltd., Guangzhou Hongfan Technology Co., Ltd., Guangzhou Guangli Shipbuilding Human Resources Service Company Limited, Guangzhou Hongfan Hotel Limited, Rong Guang Development Co., Ltd., Fanguang Development Co., Ltd., Fanguang (Macau) Development Single Person Co., Ltd., Guangchuan Large-scale Machinery and Equipment Company Co., Ltd., Zhongshan Guangzhou Shipyard International Ship and Marine Engineering Co., Ltd., Guangzhou Shipyard International Marine Engineering Co., Ltd., Guangzhou Shipyard Industrial Co., Ltd., CSSC International Yangzhou Co., Ltd., CSSC Huangpu Wenchong Shipbuilding Co., Ltd., Guangzhou Huangchuan Ocean Engineering Co. Ltd., Zhanjiang Nanhai Ship Hi-Tech Services Ltd., Guangzhou Xinhang Human Resources Service Co., Ltd., Guangzhou Longxue Properties Co., Ltd., Guangzhou Wenchong Shipyard Co. Ltd., Guangzhou CSSC Wenchong Binshen Facilities Co., Ltd. and Guangzhou Wenchong Heavy Industrial Co. Ltd. etc. Compared with the same period last year, the Company increased by 9 companies of which 8 companies due to enterprise combination under the same control namely CSSC Huangpu Wenchong Shipbuilding Co., Ltd., Guangzhou Huangchuan Ocean Engineering Co. Ltd., Zhanjiang Nanhai Ship Hi-Tech Services Ltd., Guangzhou Xinhang Human Resources Service Co., Ltd., Guangzhou Longxue Properties Co., Ltd., Guangzhou Wenchong Shipyard Co. Ltd., Guangzhou CSSC Wenchong Binshen Facilities Co., Ltd. and Guangzhou Wenchong Heavy Industrial Co. Ltd. and newly incorporated 1 company namely CSSC International Yangzhou Co., Ltd. Please refer to “VII. Change in the Scope of Consolidation” and “VIII. Interest in Other Entities” for details.

3. BASIS FOR PREPARATION OF FINANCIAL STATEMENT

1. Basis for preparation

Based on going-concern assumption and transactions and events actually occurred, the consolidated financial statements of the Group have been prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC, (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 2014) issued by China Securities Regulatory Commission (CSRC), the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and regulations of Hong Kong Companies Ordinance as well as the accounting policies and estimation as described in IV Significant Accounting Policies and Estimation to this note.

2. On a on going concern basis

The Group's ship construction contracts in hand are sufficient. As at 30 June 2015, ship construction contracts in hand were 9.8474 million DWT, orders for shipbuilding plan has been arranged until 2018. Current capital condition can satisfy with the Group's production and operation, it is reasonable for the Group to prepare the financial statements on a on going concern basis.

4. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Declaration of compliance with Accounting Standards for Business Enterprises

The financial statements of the Company have been prepared in accordance with the Accounting Standards for Business Enterprises, and reflect a true and fair view of information such as financial position, the results of operation and the cash flows of the Company and the Group as at end of the period.

2. Accounting year

The accounting year is from January 1 to December 31.

3. Reporting currency

The reporting currency of the Company and the subsidiaries is Renminbi ("RMB").

These financial statements are expressed in RMB.

4. Accounting treatments for a business combination involving enterprises under and not under common control

The assets and liabilities obtained by the Group (as the acquirer) by business combination under common control, 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 combinations adjusted to share premium in the capital reserve. If the balance of share premium is insufficient, any excess is adjusted to retained earnings.

For identifiable net assets, liabilities and contingent liabilities of the acquiree obtained on the acquisition date through business combination under common control are measured at fair value. The cost of business combination is the fair value of consideration paid including cash and non-cash assets, liabilities undertaken, debts and equity securities issued for the controlling interest of the acquiree at the acquisition date and the sum of all expenses incurred during the business combination (For business combination achieved in stages, the cost of combination is the sum of cost for each single transaction). Goodwill is recognized by the difference between the cost of business combination over the fair value of net identifiable assets acquired. In case the cost of business combination is smaller than the fair value of net identifiable assets of the acquiree acquired, firstly, fair values of each identifiable assets, liabilities and contingent liabilities obtained during combination, and fair values of those non-cash assets or equity securities have to reviewed. The excess of the fair value of net identifiable assets of the acquiree acquired over the cost of business combination will be recognized in the consolidated non-operating for the current period after review.

5. Preparation of consolidated financial statements

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

Control is achieved when the Company has power over the investee, is exposed or has rights to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

When preparing the consolidated financial statements, when the accounting policy and the accounting period that subsidiaries adopted are inconsistent with the Company, necessary adjustments are made to the financial statements of those subsidiaries according to the accounting policies or accounting period of the Company.

When preparing consolidated financial statements, all significant internal transactions, balances and un-realized profits within the scope of combination shall be offset. Proportion of shareholder's equity of the subsidiaries which do not belong to the parent company, and proportion of profit or loss for the current period, other comprehensive income and total comprehensive income which belong to the equity of minority shareholders, which shall be listed under " equity of minority shareholders, profit or loss of minority shareholders, other comprehensive income attributable to minor shareholders and total comprehensive income attributable to the minority shareholders".

For subsidiaries acquired through business combination not under common control, its operating results and cash flows shall be included in the consolidated financial statement since the beginning of combination. When preparing comparative consolidated financial statements, adjustment shall be made to the related items in the financial statements for the last year, regarding as the reporting subject which was formed after combination has existing since the final controller started control.

Shareholding acquired through different transactions in stages and obtained shareholding of the acquiree under common control and finally become business combination, when preparing consolidated financial statements, shall be regarded as the final controller started the control and adjustment was made under current status. When preparing comparative financial statements, time limit is the time not earlier than the Group and the acquiree are both under the control of final controller, related assets and liabilities of the acquiree shall be included into the comparative statements of the consolidated financial statements of the Group, and net assets added due to combination adjusted related items under shareholder's equity in the comparative statements. In order to prevent double calculation of the value of net assets of the acquiree, for long-term equity investment held by the Group before combination, from the date of obtaining original shareholding and the date on which the Group and the acquiree are under the same control, whichever is earlier, to the date of combination, the related profit or loss recognized, other comprehensive income and other change in assets, shall be written off retained income at the beginning of the comparative period and profit or loss for the current period.

For subsidiaries acquired through business combination not under common control, its operating results and cash flows shall be included in the consolidated financial statement since the Group obtained its control. When preparing consolidated financial statements, adjustment shall be made to financial statements of the subsidiaries using the fair values of each identifiable assets, liabilities and contingent liabilities as basis, which were determined on date of acquisition.

Shareholding acquired through different transactions in stages and obtained shareholding of the acquiree under common control and finally become business combination, when preparing consolidated financial statements, for shareholding of the acquiree which was holding before the date of acquisition, have to be remeasured according to the fair value of such shareholding on the date of acquisition, difference between the fair value and the carrying value shall be included as the investment income for the current period. Other comprehensive income involving equity calculated under equity method which it holds before the related date of acquisition, and change in equity of other shareholders, besides net profit or loss, other comprehensive income and profit distribution, and change to investment profit or loss during the period which date of acquisition belong, except other comprehensive income incurred by the change in net liabilities or net assets from the newly measured defined benefit plan.

Proceeds from disposal of part of the equity investment in the subsidiaries without losing control and the disposal of long-term equity investment should enjoy the difference between the proportion of net assets calculated from the date of acquisition or date of combination, and adjust the share premium. In case the capital reserve is insufficient for offset, retained earnings will be adjusted.

When the Group loss control in the acquiree due to reasons such as disposal of part of the equity investment, remaining shareholding will be remeasured based on the fair value on the date of loss of control when preparing the consolidated financial statements. The sum of proceeds obtained from the disposal of equity and fair value of the remaining shareholding, and less the difference of the proportion of net assets calculated from the date of acquisition or combination according to the original shareholding proportion, and included into the investment profit or loss of loss of control for the current period, and also goodwill will be written off. Other comprehensive income related to the original equity investment in the subsidiary, will be changed to investment profit or loss for the current period upon loss of control.

For loss of control by the Group through different transactions and disposed shareholding in subsidiaries in stages, in case when each transaction that the Group loss control through disposal of shareholding in subsidiaries belongs to package deal, accounting treatment for each transaction shall be treated as one transaction which involves disposal of subsidiary with loss of control. However, the difference between the proceeds for each disposal before loss of control and the proportion of net assets corresponding to the disposal of such subsidiary, shall be recognized as other comprehensive income in the consolidated financial statements, and transfer to investment profit or loss of loss of control for the current period upon loss of control.

6. Classification of joint arrangement and accounting method for joint operation

Joint arrangement of the Group includes joint operation and joint venture. As for joint operation projects, the Group, as the joint venture party in the joint operation, recognizes assets and liabilities that it holds and assumes individually, and the assets and liabilities that it holds or assumes in proportion, and related income and fees will be recognized according to the related agreed individual or in proportion assets and liabilities. For assets transactions that are purchased or sale under joint operation that do not constitute business, only when profit or loss incurred from that transaction attributable to the other parties under the joint operation.

7. Cash and cash equivalents

Cash in the cash flow statement of the Group indicates the cash on hand and the deposit in bank available for payment at any time. Cash equivalents cash flow statement are terms which are less than three months, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of value change.

8. 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 profit and loss for the period. For non-monetary accounts measured in foreign currency under historical cost method, the foreign currency is also translated into RMB at the spot exchange rate. For non-monetary items in foreign currency measured at fair value, the exchange rate on the date when the fair value is recognized which is applied and the exchange difference is accounted into profit and loss for the period as a result of fair value change, or recognized as other comprehensive income and charged into capital reserves.

9. Financial assets and financial liabilities

When the Group becomes a party in the financial instrument contract, a financial asset or financial liability will be recognized.

(1) Financial assets

1) Classification of financial assets, basis of recognition and method of measurement

The Group classified financial assets into financial assets at fair market value through profit or loss, held-to-maturity investments, receivables and financial assets available for sale according to the investment purpose and the economic stance.

Financial assets at fair value through profit or loss include trading financial assets and financial assets designated into financial assets at profit or loss at initial recognition. Financial asset is classified as held for trading if one of the following conditions is satisfied: It has been acquired principally for the purpose of selling in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured. A financial asset may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring assets or recognising the gains or losses on them on different bases; or the financial asset forms part of a group of financial assets or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; hybrid instruments which contain one or more embedded derivatives, unless the embedded derivatives does not have a substantial effect on the cash flows of the hybrid instruments, or the embedded derivatives obviously should not be separated from the relevant hybrid instruments; hybrid instruments that have to be separated but cannot be individually measured after it has been obtained or the balance sheet date afterwards. Such kind of financial assets designated by the Group mainly includes forward exchange settlement business. The Group applies subsequent measurement based on fair value in respect of such kind of financial assets. Changes in fair values include in the fair value profit or loss; interests or cash dividends obtained during the period of holding assets, shall be recognized as investment income; difference between the fair value and the amount initial record, recognized as investment income on disposal, and the fair value change profit or loss will be adjusted at the same time.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the consolidated income statement when the investments are derecognized or impaired, as well as through the amortization process.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are subsequently measured at amortized cost using the effective interest rate method. Gains or losses arising from amortization or impairment are recognized in the income statement.

Available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available-for-sale and other financial assets which do not fall into any of the above categories. For equity instruments which do not have quotations in active market and the fair values of which cannot be reliably measured and linked to that equity instrument, and derivatives linked to such equity instrument and settled through delivery of such equity instrument, will be measured at cost. 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 are derecognized, the accumulated change in the amount of fair value previous recorded in equity is transferred to the profit and loss account for the period. Interests for the period in which the assets are held are calculated using the effective interest method is charged 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'. As for instruments that do not have quotation in active market and the fair values of which cannot be reliably measured, they are measured subsequently at cost.

2) Recognition basis of transfer of financial assets and measure method

A financial asset is derecognized when any one of the following conditions is satisfied: (1) the rights to receive cash flows from the asset expire, (2) the financial asset has been transferred and the Group transfers substantially all risks and rewards relating to the financial assets to the transferee, (3) the financial asset has been transferred to the transferee, and 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 enterprise 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.

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 de-recognition, 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.

3) *Testing of impairment of financial assets and accounting method*

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.

The published market price of available-for-sale equity instruments on the balance sheet date is used to measure the fair value by the Group. If it is satisfied one of the following conditions, the investment of available-for-sale equity instruments is impaired, the provision of impairment is provided based on the amount which the fair value is lower than the cost, and recorded into the current profit and loss account: 1) on the balance sheet date, the fair value has decreased dramatically, the decrease of fair value is equal or over 50% of the decrease in cost. 2) on the balance sheet date, the fair value has non-temporary decrease, it means that the continuing decrease period is or over 12 months.

When available-for-sale financial assets are disposed, difference between the proceeds received and the carrying amount of the financial assets is recognized as investment income (loss). Meanwhile, the accumulated changes in fair value attributed to the disposal financial assets is deducted from equity and recognized as investment income (loss).

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.

(2) *Financial Liabilities*

1) *Classification of financial liabilities, recognition basis and measurements method*

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 trading financial liabilities and 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.

2) *Conditions of derecognition of financial liabilities*

A financial liability (or a part of financial liability) is derecognised when and only when the obligation specified in the contract is discharged or cancelled. An agreement between the Company and an lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. As for substantive changes made to the contract terms (whole or in part) of the existing financial liabilities, the existing financial liabilities (or part of it) will be derecognized. And financial liabilities after term revision will be recognized as a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss for the period.

3) *Method for determination of fair values of financial assets and financial liabilities*

Fair values of financial assets and financial liabilities of the Group are measured by fair values of principal market to calculate fair values of financial assets and financial liabilities of the Group. In case there is no principal market, fair values of financial assets and financial liabilities are calculated using the price which is the most beneficial to the market, and using valuation technology which is the most appropriate at that time and with sufficient available data and other information.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The inputs which are used to measure the fair value has been divided into 3 levels by the Group, first the level 1 inputs shall be used, and then use level 2 inputs and level 3 inputs will be the last one to use.

Level 1-inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities. The active markets where the quantities and frequencies of transactions of related assets and liabilities can continuously provide pricing information. Measurement for the fair value of the available-for-sale equity securities of the Group (stock of public listed company) adopts this level of inputs.

Level 2-inputs are quoted prices for the asset or liability (other than those included in Level 1) that are either directly or indirectly observable. Fair value measurement of the Group's forward foreign exchange contract adopts this level of input.

Level 3-inputs are unobservable inputs to the related assets or liabilities.

An observable input is the input which is obtained from market data. The observable input reflects the assumption which is used by the market anticipator to determine the price of related assets and liabilities.

An unobservable input is the input which cannot be obtained from the market data. The unobservable inputs shall be determined based on the best information of assumption which is used by the market anticipator to determine the price of related assets and liabilities.

10. Bad debts provision for receivables

Receivables include accounts receivable and other receivables, etc. The Group's accounts receivable from selling products and providing services are initially recorded at consideration of contract value from buyer or service receiver.

Criteria for provision for bad debts: Provision for bad debts on receivable is made when the debtors are dissolved, bankrupt, insolvent, in significant financial difficulty, or suspended its business due to natural disaster and unable to settle the debts in the foreseeable period; or the receivable are defaulted; or when there are objective evidences indicating the debts are not recovered or not likely to be recoverable

Provision for bad debts is made using allowance account method. At the end of the period, receivables are assessed for impairment on individual or group basis and the provision for bad debts is recognised in the profit or loss for the current period. When there are objective evidences indicating the receivable cannot be collected, it is written off against the provision for bad debts as a loss of bad debts according to the required procedures of approval of the Group.

When the receivables are collected by the Group, difference between price of acquisition and the carrying value of the receivables is included into the profit or loss for the current period.

The Company divides trade receivable into those without provision for impairment and 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 as follows:

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

Balance of individual receivables over RMB10,000,000.00 are recognized as significant.

On balance sheet date, the Group 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.

(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 an indication of impairment, are categorized into provision of individual receivables with significant 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, and recording bad debt allowance

(3) Accounts receivable accrued bad debt provision by group.

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 sheet date.

11. Inventories

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

The Group maintains a perpetual inventory system. Inventories are recorded at cost of purchase when received. Actual cost is calculated using weighted average method when the inventories are acquired. Low value consumables are amortised in full when received for use.

The net realizable value of finished goods, work in process and materials for sale, is determined by estimated price deducting estimated selling costs and related taxes. The net realizable value of production materials is determined by estimated price deducting estimated completion cost, sale expenses and related sales taxes.

12. Long-term equity investment

Long-term investment of the Group is the investment in subsidiaries and investment in associates and investment in joint ventures.

Control is achieved when the Company has power over the investee, is exposed or has rights to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

Basis for determination in respect of common control is that all participated parties or a group of participated parties control such arrangement, and that policies of such related business of such arrangement have to obtain unanimous agreement by all parties that are control such arrangement.

The Group directly or indirectly owns 20% (inclusive) or more but less than 50% shares with voting rights in the invested company, usually have significant influence to the invested company. For voting rights less than 20% in the invested company, the Board or representative in similar authority in the invested company or the implementation processes of financial or operation policies of invested company have also been taken into account, or significant transaction with the invested company, or management personnel send to the invested company, or significant technology information provided to the invested company which have significant influence to the invested company.

The Group's subsidiaries are invested companies which form control. For long-term investment obtained through business combination under common control, proportion of carrying value of net assets obtained on the date of acquisition in the consolidated financial statements of the final controller shall be accounted as the initial investment cost of the long-term investment. For carrying value of net assets of the acquiree is negative, investment cost of long-term equity investment is calculated as zero.

For shareholding which obtained by different transactions in stages and become business combination finally, if it belongs to package transaction, the accounting method for which each transaction applies will treat as one transaction which obtains control. If it does not belong to package transaction, according to proportion of fair value of net assets of acquiree after the combination in the consolidated financial statements, and accounted as the initial investment cost of long-term investment. Difference between initial investment cost and the carrying value of long-term equity investment before combination and the sum of carrying value of newly paid consideration for additional shares acquired on the date of combination is to adjust share premium. If the balance of share premium is insufficient, any excess is adjusted to retained earnings.

For long-term equity investment acquired through business combination not under common control, cost of combination will be treated as the initial investment cost.

For shareholding which obtained by different transactions in stages and become business combination finally, if it belongs to package transaction, the accounting method for which each transaction applies will treat as one transaction which obtains control. If it does not belong to package transaction, Initial investment cost will be the sum of the carrying value of the equity investment which it originally holds, and initial investment cost will change to cost method. For shareholding which it holds before the date of acquisition which uses equity method, other related comprehensive income which use equity method for accounting shall not be adjusted, such investment shall use the same accounting basis as the invested company when it directly dispose related assets or liabilities upon disposal. For shareholding which it holds before acquisition and accounted for under fair value method in the available-for-sale financial assets, the accumulated change in fair value which is originally included in other comprehensive income shall be change to profit or loss for the current period on the date of combination.

Apart from the long-term equity investments acquired through business combination mentioned above, the long-term equity investments acquired by cash payment is expensed as the cost of investment based on the actual amount of cash paid for the purchase. For long-term equity investments acquired by issuing equity securities, the cost of investment is the fair value of the equity securities issued. For long-term equity investments invested in the Group by the investor, the investment cost is the agreed consideration as specified in the contract or agreement

Investments in subsidiaries are accounted for the Group using cost method, while investments in the associates and joint ventures are accounted for under equity method.

For long-term equity investments for which the subsequent measure is accounted for using cost method, when making additional investment, carrying value of the long-term equity investments will be added according to the fair value of cost of additional investment and the related expenses incurred by related transactions. For cash dividend or profit paid by the invested company, it shall be recognized as investment income for the current period using the amount which it entitles.

For long-term equity investment for which the subsequent measurement is accounted for under equity method, carrying value of long-term equity investment shall be increased or decreased accordingly according to the change in the shareholders equity of the invested company. When determining the amount of proportion of net profit or loss in the invested company which it entitles, fair value of each identifiable assets of the invested company at the time when the investment is obtained shall be used as basis, and according to the accounting policies and accounting period of the Group, and after offsetting profit or loss incurred in internal transaction between associates and joint ventures, and calculate the proportion which is attributable to the investing company according to the shareholding, and recognized after adjustment is made to the net profit of the invested company.

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.

When the Group loss control in the invested company due to reasons such as disposal of part of the equity investment, remaining shareholding after disposal of will be accounted for under available-for-sale financial assets, difference between fair value and the carry value on the date of loss of common control or significant influence will be included in the profit or loss for the current period. Other comprehensive income recognized in the original equity investment which is accounted for using equity method, upon it will no longer be accounted for under equity method, it shall be using the same accounting basis as the invested company directly disposing related assets or liabilities.

For loss of control in the invested company due to partly disposed long-term equity investment, for remaining shareholding which can apply common control or impose significant influence to the invested company after disposal, shall be accounted for under equity method. Difference between the carrying value of equity disposal and the disposal consideration shall be included as investment income. Such remaining shareholding shall be treated as accounting for under equity method since the shareholding is obtained and make adjustment. For remaining shareholding which cannot apply common control or impose significant influence after disposal, it can be accounted as under available-for-sale financial assets, and difference between carrying value of equity disposal and the disposal consideration shall be included as investment income, difference between fair value and the carrying value of remaining shareholding on the date loss of control shall be included in the investment profit or loss for such period.

For each transaction which equity are disposed in stages until loss of control, which does not belong to package transaction, the accounting method for each transaction will be treated as disposing subsidiary and loss of control. However, difference between each disposal price before loss of control and the carrying value of the long-term investment of the equity disposed, shall be recognized as comprehensive income, and shall be transferred to profit or loss for the current period upon loss of control.

13. Long-term receivables

For the long-term receivables from sale of goods with financing nature by using deferred methods, the discount value of contract or agreement prices receivable(contract or agreement prices receivable less unrealized financing income) are taken as its initial cost. At end of period, the Group separately carries out impairment test for long-term receivables, and the impairment loss is recognized and provision for bad debts are made based on the differences from the present value of future cash flows lower than its book value.

14. Investment property

The investment properties of the Group include leased buildings, which is measured through the cost pattern.

The investment property of the Group is depreciated or amortized in the straight line method. Set out below is the estimated useful life, net salvage value and annual depreciation(amortization) rate of each type of the Group's investment property:

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

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.

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 consist of buildings, machinery, transportation facilities and others.

Apart from fixed assets which are provided in full and continue to use and land which is accounted for separately, the Group made provision for all the fixed assets. The Group made provision for depreciation using straight-line method. The useful life, estimated rate of salvage value and depreciation of fixed assets of the Group are classified as below:

Classification	Useful life (year)	Estimated rate of salvage value (%)	Depreciation rate (%)
Building	8-50	3-10	1.8-12.13
Machinery	6-20	3-10	4.5-16.17
Transportation Equipment	10-15	3-10	6.00-9.7
Others	5-50	3-10	1.80-32.33

The Group makes the assessment on the estimated useful life, estimated rate of salvage value and the depreciation method of fixed assets at each financial year-end. If any changes occur, they will be regarded as changes on accounting estimates.

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

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, but it is not necessary to adjust the previous recorded depreciation or amortization amount.

17. Borrowing costs

Borrowing cost incurred from fixed assets, investment properties and inventories which require construction or production activities for over one year, and can reached usable or sale condition after that. Borrowing costs incurred during assets expense is incurred, and when construction or production activities started in order to make assets to reach the expected usable or sale condition, capitalization starts; When construction or assets that fulfil the capitalization conditions, and reached the expected useable or sale condition, capitalization have to be terminated. Borrowing costs incurred afterward are included into the profit or loss for the current period. If assets that fulfil capitalization conditions interrupted abnormally during construction or production progress, and such interruption occurred for more than three consecutive months, capitalization of borrowing costs have to terminate, until construction of assets or production activities resumed.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalised is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalised on such borrowings by applying a capitalisation rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

18. Intangible assets

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

The Group amortizes land use right on the basis of its useful life by straight-line method since it is acquired. The non-patent technology 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 would assess the estimated useful life of intangible assets with uncertain useful life during each accounting period.

Research and development expenses 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 will be recognized as intangible assets while satisfying the following conditions:

- 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 having 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.

19. Long-term assets impairment

The Group would assess intangible assets such as long-term equity investment, investment properties measured by the cost model, fixed assets, construction in progress and intangible assets with limited useful lives at each of the assets balance sheet date. When there is indication that there is impairment, the Group would perform impairment test. Impairment test should be made for goodwill and intangible assets with uncertain useful life, at the year end regardless of whether there is indication of impairment loss.

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 that can generate cash inflow independently.

After the impairment test, if the carrying value of such assets is higher than its recoverable amount, the difference is recognized as impairment loss. The above assets impairment loss once recognized, cannot be transferred in the subsequent accounting period.

20. Long-term unamortized assets

Long-term unamortized assets of the Group include Long Island Ferry additional Dolphins Engineering, pipe industry transformation expenses. The expenses are amortized evenly over the estimated benefit period. If the Long-term unamortized expenses are no longer beneficial to the subsequent accounting periods, the unamortized balance is then fully transferred to profit or loss for the period.

21. Employee benefits

Employee benefits of the Group include short-term compensation, post employment benefits, termination benefits and other benefits.

Short-term compensation including: wages, bonuses, medical insurance, injury insurance, maternity insurance, supplemental medical insurance, housing fund, union funds and workers education, outsourcing labor compensation and others. Short-term compensation actually incurred shall be recognised as liabilities during the accounting period which the labour provided services, and included into the profit or loss or related assets cost of the current period of beneficiary.

Post employment benefits refer to the compensation and benefits provided, after employees' retirement and termination of employment, by the Group in order to obtain services from employees, except for the short-term compensation and termination benefits.

The Group's defined contribution plan represents the basic endowment insurance, unemployment insurance and enterprise annuity paid for its employee in accordance with the relevant provisions of the local government. During the accounting period when the staff provides service, the Group will calculate the amount payable in accordance with the local stipulated basis and proportions which will be recognized as liabilities, and the liabilities would be charged into current profit and loss or costs of assets.

In addition to defined contribution plan, Huangpu Wenchong, a subsidiary of the Company also has its defined benefit plan. The welfare responsibilities generated from defined benefit plan based on the formula determined by projected unit credit method would be vested to the service period of the staff and charged into current profits and loss or costs of assets. The deficit or surplus generated from the present value of obligations of the defined benefit plan minus the fair value of the assets of defined benefit plan is recognized as net liabilities or net assets. When the defined benefit plan has surplus, the Group will measure the net assets of the defined benefit plan at the lower of the surplus of defined benefit plan and the upper limit of the assets.

All defined benefit plans obligations, including the expected duty of payment within 12 months after the end of annual reporting period during which the staff provided service, were discounted based on the bond market yield of sovereign bond matching the term of defined benefit plans obligations and currency or corporate bonds of high quality in the active market on the balance sheet date.

The service cost incurred by defined benefit plan and the net interest of the net liabilities and net assets of the defined benefit plan would be charged into the current profit and loss or relevant costs of assets. The changes generated from the re-calculation of the net liabilities or net assets of the defined benefit plan would be included in the other comprehensive income and are not reversed to profit or loss in a subsequent accounting period.

When the defined benefit plan is settled, the gain or loss is confirmed based on the difference between the present value of obligations and the settlement price of the defined benefit plan as at the balance sheet date.

Termination benefits are the compensation to employees when the Group terminates the employment relationship with employee before the expiry of the employment contracts or provides compensation as an offer to encourage employee to accept voluntary redundancy. The compensation liability for the termination of employment relationship with employee are charged to the profit or loss for the Current Year at the earlier of the following dates: 1. when the Group cannot unilaterally withdraw from the termination plan or the redundancy offer; 2. when the Group recognize and pay the related costs for a restructuring of termination benefits.

Other long-term employee welfare refers to the employee compensation except for short-term compensation, post employment benefits, and termination benefits.

22. 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.

23. 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 specific reserves. When writing off work safety fees within specified range, it should directly write off specific 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 recorded as normal costs or expenses, and no supplementary work safety fees would be accrued.

24. Recognition and measurement of revenue

The revenue of the Group is mainly revenue from sales of goods, provision of services, transference of right to use assets 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 at the balance sheet 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 amount of rendering could not be reliably measured, the incurred costs could not generate future benefit; the costs are accounts to current profits and losses, not recognized as services revenue

(3) Transference of right to use assets

The revenue from the property alienation will be recognized on the contract date by the contract method, when the economic benefits related to transactions may flow into the Group, and the amount of this relevant revenue can be measured reliably.

(4) Dividend income

Dividend income will be recognized when the shareholders' rights to receive dividend is determined, when the economic benefits may flow into the Group, and the amount of this relevant revenue can be measured reliably.

(5) Interest income

Interest income of financial assets will be recognized when the economic benefits may flow into the Group and the amount of sale income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

25. 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 workload divided by estimated total contract workload.

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 based upon contracted currency. For the foreign currency received when revenue recognized, the revenue is subject to the received amount; for the foreign currency not received when revenue recognized, the revenue 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 Year RMB revenue.

The Group would usually conduct checking for the progress of ship construction contract at the end of each period. If the estimated cost of the construction contract in total is larger than the estimated income in total, provision shall be made to the estimated loss on contracts, and at the same time increase the assets impairment loss and provision for price decrease in inventory – estimated contract loss. Gross profit not recognized before the construction progress reaching 30% (non first-made shipbuilding contract) or 50% (first-made shipbuilding contract), price decrease in inventory will not be written back. Gross profit are recognized when the construction progress reached 30% (non first-made shipbuilding contract) or 50% (first-made shipbuilding contract), provision for price decrease of inventory are written back according to progress, offsetting main business cost. At the end of each period, in respect of uncompleted ships with provision made for price decrease provision in the last period, if the provision made in the previous period was not enough, it is necessary to make supplementary provision, at the same time increase the assets impairment loss and provision for price decrease of inventory-estimated contract loss. If provision made in the last period was excess, it is necessary to reversed, at the same time decrease the assets impairment loss and provision for price decrease of inventory – estimated contract loss. Upon ship delivery, balance of provision for price decrease of inventory shall be written back main business cost. On the assets balance sheet date, carrying value of inventory which formed from the inventory in construction contracts will be analyzed, which is the balance of carry value less provision for price decrease of inventory. If the carry value is negative, it will be re-classified and list under expected liabilities. If the carrying value is positive, it will be compared with the settlement amount of the project, using the lower amount to offset, the balance after offset will be listed under inventory or other current liabilities.

26. 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 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 subsidy is a monetary asset, it is measured at actual received amount; if the amount is fixed or reasonable evidence indicates legal compliance is satisfied and amount is likely to be received in the future, it is measured at 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 (RMB1).

The Group classifies government subsidies as grants pertinent to assets and grants pertinent to incomes, and the base of determination is as the following: grants pertinent to assets are the government subsidy used in the generation of long-term assets through construction or others. Grants pertinent to incomes are the government subsidy other than grants pertinent to assets.

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 and used to compensate the related expenses or losses in subsequent periods are recognized as deferred income, and accounted into profit and loss during the period when the related expenses are recognized; the government grants used to compensate the related expenses or losses are directly recognized in profit or loss.

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.

27. 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 which is relevant to the period of expected assets return or pay liability.

The Group recognizes deferred tax assets as a result of deductible temporary difference, limited to the most probable deductible temporary difference.

28. Leasing

Leasing of the Group includes financial lease and operational lease.

The Group, as the lessee under the financial lease, on the start date of financial lease, according to the lower of the fair value of leasing assets on the start date of leasing and the present value of the minimum lease payments, to be the recorded value of leasing fixed assets. The minimum lease payment shall be the recorded value of the long-term payable, the difference between the two recorded as unrecognized financial expense.

The Group, as the lessee under operational lease, rental during the leasing term in each of the period, shall be included in the cost of related assets or profit or loss for the period using straight-line method directly.

29. Segment information

Business segment is confirmed in accordance with governance structure, management requests, internal reporting system, and the Group confirms 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 merge as one operation segment.

30. Changes in accounting policies and accounting estimates

During the reporting period, there were no changes in accounting policies and accounting estimates which are required to disclose.

31. Significant accounting estimates and judgments

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 continues to evaluate the uncertain factors and key assumptions that affect estimates. The changes on accounting estimates effects should be recognized in the current year 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.

a. Impairment for trade receivables

As disclosed in Note IV.10, 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 is reversed.

b. Impairment for inventories

As stated in Note VI.11, 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.

c. Provision for impairment of long-term receivables

As stated in Note VI.13, the Group separately carries out impairment test for long-term receivables on each balance sheet date, and the impairment loss is recognized and provision for bad debts are made based on the differences from the present value of future cash flows lower than its book value.

d. Accounting estimates for fixed assets impairment

The Group would carry out impairment test for fixed assets such as buildings, machinery and equipment, 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 is higher or lower than estimated, the Group would not recover the impairment for fixed assets accrued.

e. 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.

f. 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 needs to adjust the depreciation expense and amortization expense in the future years.

g. 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.

5. TAXATION

1. Main tax and tax rates

Type of tax	Tax base	Tax rate
Value-Added Tax	The sale of goods and provision of processing, repairing, repair services	17%
Business Tax	Modern service ^{Note}	6%
	Construction and installation business revenue	3%
	Other services	5%
City Maintenance and Construction Tax	Turnover tax payable	7%
Education Surcharge	Turnover tax payable	3%
Local education Surcharge	Turnover tax payable	2%
Embankment control and maintenance expenses	Main business income and other incomes	0.072%

Note 1: According to Finance and Tax Document [2012]71, part of the modern service industry in Guangdong province start to pay VAT from November 1 2012.

Note 2: Guangdong Province levy local education surcharge by 2% of circulation tax from January 1 2011.

Note 3: According to the requirements of the Letter on Cessation of Embankment Control and Maintenance Tax issued by the Bureau of Finance of Guangzhou City (Hui Cai Han[2014] No.235), the embankment control and maintenance tax in Guangzhou was no longer levied starting from 1 January 2015.

2. Corporate income tax

Company name	Tax rate	Note
The Company	15%	
Guangzhou Hongfan Technology Co., Ltd.	15%	
CSSC Huangpu Wenchong Shipbuilding Co., Ltd.	15%	
Guangzhou Wenchong Shipyard Co. Ltd.	15%	
Rong Guang Development Co., Ltd.	16.5%	Registered in HK
Fanguang Development Co., Ltd.	16.5%	Registered in HK
Fanguang (Macau) Development Single Person Co., Ltd.	12%	Registered in Macau
Other subsidiaries	25%	

3. Tax incentives and approvals

(1) Value-added tax

Export revenues: The Company is an enterprise concerned with production and operation, and for its self-operated export and self-produced goods, all policies of tax exemption, deduction and refund are applicable with a tax refund rate of 17%, tax refund rate of 9% for steel structure products and tax refund rate of 15% for large-scale facilities.

Revenues from military products: according to the Notice of the State Administration of Taxation on Certificate [1994] 11 of Tax Exemption for Scientific Research and Production of Military Products (Guo Shui Han [1999] No. 633), the contracts for production (ordering) military products are not subject to any value-added tax after completion of relevant tax exemption formalities.

(2) Tax incentives

The Company and its subsidiary Guangzhou Hongfan Technology Co., Ltd. ("Hongfan Technology"), CSSC Huangpu Wenchong Shipbuilding Co., Ltd. ("Huangpu Wenchong") and Guangzhou Wenchong Shipyard Co. Ltd. ("Wenchong Shipyard") are approved to be Hi-tech Enterprises, The Company and Hongfan Technology are taxed at 15% since January 1, 2014 to December 31, 2016; Huangpu Wenchong and Wenchong Shipyard is taxed at 15% since January 1, 2012 to December 31, 2014. Currently, the application of Hi-tech Enterprise certificates by Huangpu Wenchong and Wenchong Shipyard is under progress. Thus, their corporate income taxes for the reporting period are provisionally calculated at 15%.

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following disclosed financial statement data, unless specifically noted, "Beginning Balance" refers to January 1, 2015; and "Ending Balance" refers to June 30, 2015. "Current Period" refers to the period from January 1, 2015 to June 30, 2015; "Last Period" refers to the period from January 1, 2014 to June 30, 2014. The currency is in RMB.

1. Cash and cash equivalents

Items	Ending Balance	Beginning Balance
Cash	441,557.89	315,056.97
Bank deposits	6,544,891,411.81	8,340,933,684.06
Others	8,282,931,289.08	8,385,453,901.35
Total	14,828,264,258.78	16,726,702,642.38
Including: total amount deposited overseas	23,798,037.79	13,702,979.66

Note 1: The ending balances of other monetary fund include credit card deposit of RMB217,715.84 (Beginning balance: RMB187,000.34); guarantee deposit of RMB11,141,142.70 (Beginning balance: RMB35,995,913.47); deposit for construction-in-progress RMB5,092,920.54 (Beginning balance: RMB5,092,920.54); and fixed deposit for long-term and short-term mortgage loans amounted RMB6,947,734,210.00 (Beginning balance: RMB6,766,897,582.00), this guaranteed fixed deposit would be terminated after the debt redemption. The total time deposits over 3 months amounted to RMB1,318,745,300.00 (Beginning balance: RMB1,577,280,485.00).

Note 2: The amount deposited overseas of the Group at the end of the period is the deposit from Rong Guang Development Co., Ltd, Fanguang Development Co., Ltd. in Hong Kong. and Fanguang (Macau) Development Single Person Co., Ltd. in Macau.

2. Financial assets at fair value through profit and loss

(1) Classification of financial assets at fair value through profit and loss

Item	Ending Balance	Beginning Balance
Financial assets at fair value through profit and loss	61,925,184.49	17,905,895.15
Including: forward foreign exchange contract	61,925,184.49	17,905,895.15
Total	61,925,184.49	17,905,895.15

(2) Analysis of trading financial assets:

Item	Ending fair value	Beginning fair value
Listed		
Un-listed	61,925,184.49	17,905,895.15
Total	61,925,184.49	17,905,895.15

The financial assets at fair value through profit and loss are all forward foreign exchange contract. At measurement date, the public price of 3 banks before adjustment were obtained. According to prudence principle, one price is chosen to be input value. The debt rate published by the PBC is chosen to be discount rate. The fair value is calculated according to the formulation as follows.

As for forward settle foreign exchange contract, choose the highest price to be input value, fair value=exchange price* (contract rate-public rate)/discount rate period.

As for forward purchase foreign exchange contract, choose the lowest price to be input value, fair value=exchange price* (public rate-contract rate)/discount rate period.

If the fair value is positive, the Company disclose it as "Financial assets at fair value through profit and loss"; if negative, then disclose it as "Financial liabilities at fair value through profit and loss".

3. Notes receivable

(1) Classification of Notes receivable

Type	Ending Balance	Beginning Balance
Bank acceptance note	19,182,067.00	27,283,280.83
Commercial acceptance note	2,207,800.00	-
Total	21,389,867.00	27,283,280.83

(2) Notes receivable endorsed at the end of the period but not yet due at the end of balance sheet date

Items	Amount not derecognized at the end of the period
Bank acceptance note	4,121,706.00
Total	4,121,706.00

4. Accounts receivable

Items	Ending Balance	Beginning Balance
Accounts receivable	2,059,492,683.27	737,404,885.47
Less: provision for bad debts	25,544,456.33	19,348,380.72
Net amount	2,033,948,226.94	718,056,504.75

(1) Terms of sales on credit

Business	Credit Term
Shipbuilding	1 month after insurance
Other businesses	1 to 6 months

(2) Aging analysis on accounts receivable

Aging	Ending Balance					Beginning Balance				
	Book value		Bad debt provision		Net value	Book value		Bad debt provision		Net value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Within 1 year	1,929,404,251.05	93.68	9,647,021.25	0.50	1,919,757,229.80	630,342,433.02	85.48	3,104,475.20	0.50	627,237,957.82
1-2 years	71,742,382.63	3.48	358,711.92	0.50	71,383,670.71	55,464,785.99	7.52	320,191.12	0.58	55,144,594.87
2-3 years	26,799,208.47	1.30	350,590.93	1.31	26,448,617.54	16,386,928.92	2.22	303,837.61	1.85	16,083,091.31
3-4 years	3,177,596.91	0.16	531,864.33	16.74	2,645,732.58	11,571,745.44	1.57	9,421,385.83	81.42	2,150,359.61
4-5 years	20,557,130.54	1.00	10,373,530.40	50.46	10,183,600.14	15,096,943.37	2.05	1,436,182.34	9.51	13,660,761.03
5 years or above	7,812,113.67	0.38	4,282,737.50	54.82	3,529,376.17	8,542,048.73	1.16	4,762,308.62	55.75	3,779,740.11
Total	2,059,492,683.27	-	25,544,456.33	-	2,033,948,226.94	737,404,885.47	-	19,348,380.72	-	718,056,504.75

(3) Classification of accounts receivable by risks

Categories	Ending Balance					Beginning Balance				
	Book value		Bad debt provision		Net value	Book value		Bad debt provision		Net value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
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	15,324,104.94	0.74	15,324,104.94	100.00		15,740,926.19	2.13	15,740,926.19	100.00	
Accounts receivable accrued bad debt provision by a certain percentage of the balance	2,044,168,578.33	99.26	10,220,351.39	0.50	2,033,948,226.94	721,663,959.28	97.87	3,607,454.53	0.50	718,056,504.75
Total	2,059,492,683.27	-	25,544,456.33	-	2,033,948,226.94	737,404,885.47	-	19,348,380.72	-	718,056,504.75

1) *Accounts receivable that are individually significant, or insignificant but are provided for bad debts on individual basis as at the end of the period*

Company Name	Book value	Bad debts	%	Reasons
ASTA LTD-KINGSTOWN ST.VINCENT AND THE GRENADINES C/O	4,867,954.00	4,867,954.00	100	Unable to repay due to its financial difficulty
Guangzhou Huayu Electrical and Mechanical Equipment Company Limited	3,965,178.62	3,965,178.62	100	Unable to repay due to its financial difficulty
WHL-FONKWANG	2,549,961.26	2,549,961.26	100	Unable to repay due to its financial difficulty
Chongqing Far East Fuji Electrical Company	894,670.00	894,670.00	100	Unable to repay due to its financial difficulty
Zhanjiang Ankang Real Estate Company	604,790.38	604,790.38	100	Long outstanding period, with operational going concern
Guilin Fortune Elevator Company	398,250.00	398,250.00	100	Long outstanding period, with operational going concern
Fuzhou Jujijia Electronics Technology Co., Ltd.	370,000.00	370,000.00	100	Long outstanding period, with operational going concern
Chongqing South Group Company	263,698.87	263,698.87	100	Long outstanding period, with operational going concern
Other 24 customers	1,409,601.81	1,409,601.81	100	Long outstanding period, with operational going concern
Total	15,324,104.94	15,324,104.94	-	-

2) *Accounts receivable accrued bad debt provision by a certain percentage of the balance as at the end of the period*

Items	Book value	%	Bad debts
Within 1 year	1,929,404,251.05	0.50	9,647,021.25
1-2 years	71,742,382.63	0.50	358,711.92
2-3 years	26,581,525.17	0.50	132,907.63
3-4 years	2,659,027.71	0.50	13,295.13
4-5 years	10,234,280.04	0.50	50,679.90
Over 5 years	3,547,111.73	0.50	17,735.56
Total	2,044,168,578.33	-	10,220,351.39

(4) *Bad debts reversed or recovered as at the end of the period*

Provision for bad debts reversed or recovered on individual basis for the period was RMB36,786.25.

(5) *Accounts receivable actually written off as at the end of the period*

Company name	Nature of accounts receivable	Amount written off	Reasons	Incurred due to connected transaction?
Shantou Qiaojian Head Office Guangzhou Neihuan Road Project Division	Settlement for project	380,035.00	Based on court judgment	No
Total		380,035.00		

(6) *Top 5 clients as at the end of the period*

Company Name	Relationship	Amount	Aging	Proportion in accounts receivable (%)	Ending balances of bad-debt provision
Client 1	External Client	785,410,000.00	Within 1 year	38.14	3,927,050.00
Client 2	External Client	293,800,935.70	Within 2 year	14.27	1,469,004.68
Client 3	Under control of CSSC	137,332,945.22	Within 1 year	6.67	686,664.73
Client 4	External Client	55,780,000.00	Within 1 year	2.71	278,900.00
Client 5	External Client	51,000,000.00	Within 2 year	2.48	255,000.00
Total		1,323,323,880.92		64.27	6,616,619.41

5. Prepayments

(1) Aging analysis

Items	Ending Balance		Beginning Balance	
	Amount	%	Amount	%
Within 1 year	2,818,889,332.57	90.97	2,655,706,055.85	92.12
1-2 years	191,049,264.62	6.16	207,257,397.48	7.19
2-3 years	78,284,704.87	2.53	13,366,208.54	0.46
3 years or above	10,390,125.48	0.34	6,476,304.51	0.23
Total	3,098,613,427.54	–	2,882,805,966.38	–

Prepayments with aging over one year and are of significant amount, and the reasons for not settling on time.

Company Name	Relationship	Amount	Proportion in prepayments		Reasons
			%	Aging	
Poly Technologies Inc.	External Client	40,402,959.60	1.3	1-3 years	Facilities not arrived
WARTSILAFINLANDOY	External Client	26,997,776.36	0.87	1-2 years	Facilities not arrived
HAVYARD DESIGN & SOLUTIONS AS	External Client	18,796,550.72	0.61	1-2 years	Facilities not arrived
Shanghai Dacheng Venture Investment Co., Ltd.	External Client	11,345,023.40	0.37	2-3 years	Facilities not arrived
China Shipbuilding Trading Shanghai Co., Ltd.	Under the same control of CSSC	12,948,713.74	0.42	1-2 years	Facilities not arrived
Total		110,491,023.82	3.57		

(2) Top 5 companies at the end of the period

Company Name	Ending balance	Aging	Proportion of total accounting of ending balance of prepayment(%)
CSSC Industry Complete Logistics Co., Ltd. (Guangzhou)	736,163,553.84	Within 1 year	23.76
Eastern Shanghai Heavy Machinery Co., Ltd.	224,204,709.40	Within 1 year	7.24
WARTSILA Company (Finland)	213,782,402.19	Within 3 years	6.90
Research Institute X of China Shipbuilding Industry Corp	176,659,300.00	Within 3 years	5.70
Guangzhou Shipbuilding Nansha Longxue Construction Development Co., Ltd.	100,000,000.00	Within 1 year	3.23
Total	1,450,809,965.43	–	46.83

6. Interest receivable

Items	Ending Balance	Beginning Balance
Fixed deposit	207,132,709.53	262,601,223.33
Held-to-maturity investment	13,869,669.40	226,212.33
Total	221,002,378.93	262,827,435.66

7. Dividends receivable

Items (or invested company)	Ending Balance	Beginning Balance
South China Special Coating Industrial Co., Ltd. In Guangzhou Economic and Technological Development Zone	635,116.05	721,976.56
Total	635,116.05	721,976.56

8. Other receivables

Items	Ending Balance	Beginning Balance
Other receivables	299,477,564.03	340,219,992.87
Less: provision for bad debts	11,876,091.25	12,075,986.91
Net amount	287,601,472.78	328,144,005.96

(1) Aging analysis

Items	Ending Balance					Beginning Balance				
	Book value	Proportion (%)	Bad debt provision	Provision proportion (%)	Net value	Book value	Proportion (%)	Bad debt provision	Provision proportion (%)	Net value
Within 1 year	277,489,831.77	92.66	1,387,265.67	0.50	276,102,566.10	297,695,244.00	87.50	1,484,476.22	0.50	296,210,767.78
1-2 years	5,241,798.70	1.75	26,209.00	0.50	5,215,589.70	19,588,210.61	5.76	97,941.04	0.50	19,490,269.57
2-3 years	2,167,853.33	0.72	10,839.25	0.50	2,157,014.08	1,430,728.59	0.42	7,153.64	0.50	1,423,574.95
3-4 years	405,538.30	0.14	2,027.69	0.50	403,510.61	3,883,658.31	1.14	19,418.29	0.50	3,864,240.02
4-5 years	327,033.00	0.11	1,635.17	0.50	325,397.83	5,121,922.47	1.51	25,609.63	0.50	5,096,312.84
5 years or above	13,845,508.93	4.62	10,448,114.47	75.46	3,397,394.46	12,500,228.89	3.67	10,441,388.09	83.53	2,058,840.80
Total	299,477,564.03	-	11,876,091.25	-	287,601,472.78	340,219,992.87	-	12,075,986.91	-	328,144,005.96

(2) Classification

Items	Ending Balance					Beginning Balance				
	Book value		Bad debt provision		Net value	Book value		Bad debt provision		Net value
	Amount	Proportion (%)	Amount	Provision proportion (%)		Amount	Proportion (%)	Amount	Provision proportion (%)	
Other receivables that are individually significant and provided for bad debts on individual basis	10,340,232.15	3.45	10,340,232.15	100.00	287,601,472.78	10,340,232.15	3.04	10,340,232.15	100.00	328,144,005.96
Accounts receivable that are individually insignificant but are provided for bad debts on individual basis	90,810.00	0.03	90,810.00	100.00	287,601,472.78	90,810.00	0.03	90,810.00	100.00	328,144,005.96
Accounts receivable accrued bad debt provision by a certain percentage of the balance	289,046,521.88	96.52	1,445,049.10	0.50	287,601,472.78	329,788,950.72	96.93	1,644,944.76	0.50	328,144,005.96
Total	299,477,564.03	-	11,876,091.25	-	287,601,472.78	340,219,992.87	-	12,075,986.91	-	328,144,005.96

1) Other receivables that are individually significant and provided for bad debts on individual basis as at the end of the period

Company Name	Ending Balance			Reasons
	Book value	Bad debts	Provision proportion (%)	
Mitsubishi International Co., Ltd., Hong Kong	10,340,232.15	10,340,232.15	100.00	note
Total	10,340,232.15	10,340,232.15	-	-

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 contract of transfer rights" 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 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. The company has recorded bad debt for the unreceived debt. As at end of the period, the Company has not received the above mentioned debt principal and interest, and shall pay attention to further follow-up.

2) Other receivables that are individually insignificant but are provided for bad debts on individual basis

Company Name	Book value	Bad debts	Provision proportion (%)	Reasons
Guangzhou Urban Construction Archives	57,600.00	57,600.00	100.00	Unrecoverable
Tian He District People's Court in Guangzhou City	33,210.00	33,210.00	100.00	Unrecoverable
Total	90,810.00	90,810.00	–	–

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

Items	Ending balance		Provision proportion (%)
	Other receivables	Bad debts	
Within 1 year	277,489,831.77	1,387,265.67	0.50
1-2 years	5,241,798.70	26,209.00	0.50
2-3 years	2,167,853.33	10,839.25	0.50
3-4 years	405,538.30	2,027.69	0.50
4-5 years	327,033.00	1,635.17	0.50
5 years or above	3,414,466.78	17,072.32	0.50
Total	289,046,521.88	1,445,049.10	–

(3) There was no provision for bad debts reversed or recovered on individual basis for the period

(4) As at end of the period, there were no account receivables that have been actually written off.

(5) Other receivables by nature

Nature	Ending book value	Beginning book value
Refundable deposits	11,626,855.68	11,448,679.83
Temporary receipts receivable	25,490,329.36	24,725,677.77
Subsidy receivables	115,262,642.63	255,129,556.97
Reserve fund	30,227,664.10	22,797,729.23
Other current account	116,870,072.26	26,118,349.07
Total	299,477,564.03	340,219,992.87

(6) Top 5 other receivables according to ending balance of arrearage parties

Company name	Nature	Ending Balance	Aging	Proportion of ending balance of other receivables in total (%)	Ending balance of bad debts provision
Subsidy receivables	Product subsidies	110,282,929.83	Within 2 years	36.83	551,414.65
China Shipbuilding Trading Shanghai Co., Ltd.	Equipment amount	96,451,974.00	Within 1 year	32.21	482,259.87
China Export & Credit Insurance Corporation Guangdong Branch	Prepaid insurance	5,425,446.60	Within 1 year	1.81	27,127.23
Export tax refund receivable	Export tax refund	4,979,712.80	Within 1 year	1.66	24,898.56
Guangzhou Huacai HR Consultancy Co., Ltd.	Labor secured deposit	2,393,388.17	Within 1 year	0.80	11,966.94
Total		219,533,451.40		73.31	1,097,667.25

(7) Receivables involving government subsidy

Name	Projects	Ending Balance	Aging	Expected amount		
				Date	Amount	Basis
Tax Bureau of Liwan District	Export tax refund	3,006,115.88	Within 1 year	August 2015	3,006,115.88	“Provisional Regulation of The People’s Republic of China Value-added tax”
Tax Bureau of Huangpu District	Export tax refund	1,973,596.92	Within 1 year	August 2015	1,973,596.92	“Provisional Regulation of The People’s Republic of China Value-added tax”
Ministry of finance	Product subsidy	110,282,929.83	Within 2 years	December 2015	110,282,929.83	Cai Shui NO.[2009]95
Total	—	115,262,642.63	—	—	115,262,642.63	—

9. Inventories**(1) Classification**

Items	Ending Balance			Beginning Balance		
	Book value	Inventory impairment	Carrying amount	Book value	Inventory impairment	Carrying amount
Raw materials	1,670,422,584.76	22,990,496.17	1,647,432,088.59	1,888,845,406.43	22,990,496.17	1,865,854,910.26
Work in progress	1,592,843,460.68	12,283,882.47	1,580,559,578.21	1,034,908,185.27	24,203,582.47	1,010,704,602.80
Merchandise inventories	29,774,858.14	31,903.89	29,742,954.25	22,569,443.45	31,903.89	22,537,539.56
Capitalized construction contracts	6,486,098,623.72	602,279,224.59	5,883,819,399.13	5,889,265,878.55	478,886,633.68	5,410,379,244.87
Goods in transit	13,823,019.73		13,823,019.73	32,631,852.89		32,631,852.89
Total	9,792,962,547.03	637,585,507.12	9,155,377,039.91	8,868,220,766.59	526,112,616.21	8,342,108,150.38

(2) Inventory impairment

Items	Beginning Balance	Increase		Decrease		Ending Balance
		Accrued	Others	Reversal or write-off	Transferred out	
Raw materials	22,990,496.17					22,990,496.17
Work in progress	24,203,582.47			11,919,700.00		12,283,882.47
Merchandise inventories	31,903.89					31,903.89
Capitalized construction contracts (relates to inventories)	478,886,633.68	279,614,624.63		298,828,245.96		602,279,224.59
Capitalized construction contracts (relates to estimated liabilities)	274,786,802.71	—	—	—	—	132,180,590.47
Subtotal	800,899,418.92	279,614,624.63		310,747,945.96		769,766,097.59
Less: Capitalized construction contracts (relates to estimated liabilities)	274,786,802.71	—	—	—	—	132,180,590.47
Total	526,112,616.21	—	—	—	—	637,585,507.12

(3) The methods of provision for inventory impairment

Items	Basis to recognize net realisable value	Reasons
Raw materials	Book value higher than NPV (Estimated disposal proceeds less taxes)	Selling finished products
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)	Write off according to construction process
Capitalized construction contracts	Estimated total cost higher than estimated total revenue	

(4) The ending completed non-settled capitalized construction contracts

Items	Amount
Accumulated cost incurred	22,383,403,120.37
Accumulated gross profit recognised	-370,279,580.82
Less: estimated loss	734,459,815.06
Add: estimated loss reclassified to estimated liabilities	132,180,590.47
Less: settled amount	15,527,024,915.83
The completed non-settled capitalized construction contracts	5,883,819,399.13

10. Other current assets

Item	Ending Balance	Beginning Balance
Entrusted wealth management	50,500,000.00	50,500,000.00
Total	50,500,000.00	50,500,000.00

Note: On 29 December 2014, Huangpu Wenchong, a subsidiary of the Company and CSSC Finance Co., Ltd. entered into an entrusted wealth management agreement with principal amounting to RMB50.5 million and agreed yield rate of 4.50%, which will mature on 29 December 2015.

11. Available-for-sale financial assets

(1) Available-for-sale financial assets are as follows

Items	Ending Balance			Beginning Balance		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Equity instrument available-for-sale						
Measured at fair value	4,501,116.48		4,501,116.48	3,714,513.60		3,714,513.60
Measured at cost	20,466,789.27	4,716,310.26	15,750,479.01	15,428,533.82	4,716,310.26	10,712,223.56
Total	24,967,905.75	4,716,310.26	20,251,595.49	19,143,047.42	4,716,310.26	14,426,737.16

(2) The analysis is as follows:

Items	Ending Balance	Beginning Balance
Listed	4,501,116.48	3,714,513.60
Including: China (except HK)	4,501,116.48	3,714,513.60
Unlisted	15,750,479.01	10,712,223.56
Total	20,251,595.49	14,426,737.16

(3) The ending balance of available-for-sale financial assets measured at cost

Investee	Book value				Provision for impairment				Share holding of investee %	Cash dividend for the period
	Beginning Balance	Increase	Decrease	Ending Balance	Beginning Balance	Increase	Decrease	Ending Balance		
CSSC Finance Co., Ltd.	5,828,000.00			5,828,000.00						
CSSC Heavy Equipment Co., Ltd.		5,038,255.45		5,038,255.45						
Nanjing Tongchuang Computer Co., Ltd	4,716,310.26			4,716,310.26	4,716,310.26			4,716,310.26		
Beijing Shipbuilding Information Technology Co., Ltd	1,300,000.00			1,300,000.00						
Huangpu Hongshan Community Health Service Center	1,200,000.00			1,200,000.00						
China Shipbuilding Industry Yuan Zhou (Beijing) Technology Co., Ltd.	1,000,000.00			1,000,000.00						
Shanghai Yangzi International Travel Agent Co., Ltd.	497,758.10			497,758.10						
CSSC Information Technology Co., Ltd.	400,000.00			400,000.00						
Guangzhou Wenchuan Industrial Co Ltd.	380,040.46			380,040.46						
Guangzhou Xinzhou Service Co., Ltd.	106,425.00			106,425.00						
Total	15,428,533.82	5,038,255.45		20,466,789.27	4,716,310.26			4,716,310.26		

Note: The paid-up capital of CSSC Heavy Equipment Co., Ltd.(formerly Guangzhou China Shipping Steel Structure Co., Ltd.) at the beginning of the year was RMB43 million, and the Group's shareholdings in it was 34.88% with initial investment of RMB15 million. In March 2015, the Group's shareholdings in it changed to 16.13% after additional capital contribution made by CSSC, which are transferred to financial assets available for sale from long term equity investment for accounting treatment based on 34.88% of net assets of CSSC Heavy Equipment Co., Ltd. attributable to the Group on 28 February 2015.

12. Long-term receivable

Items	Ending Balance		Beginning Balance	
	Balance	Bad-debt provision	Balance	Bad-debt provision
Sales of goods by instalments	439,576,629.59	87,237,810.98	456,980,412.63	87,862,488.22
Total	439,576,629.59	87,237,810.98	456,980,412.63	87,862,488.22

Note: The sales of goods by instalments represents the shipbuilding amounts settled by instalments, the bad debt provision for which are made based on 15% of balances of sales of goods by instalments due to that the Group expected 15% of amounts may have risk of collection.

13. Long-term equity investment

(1) Classifications

Investee	Beginning Balance	Additional investment	Reduction of investment	Increase/Decrease for the period						Ending Balance	Ending balance of provision for impairment
				Investment gain or loss recognized under equity method	Other comprehensive income adjustment	Changes in other equity	Announced cash dividends or profit	Provision for impairment	others		
1. Associated companies											
Zhenjiang CSSC Equipment Co., Ltd.	42,925,266.89			498,367.27							43,423,634.16
South China Special Coating Industrial Co., Ltd.	3,905,513.57			240,805.01			635,116.05				3,511,202.53
CSSC Heavy Equipment Co., Ltd.	5,624,899.18			-586,643.73					5,038,255.45		
2. Joint venture											
Baiyin Sanfeng Wenchong Environmental Protection Power Generation Co., Ltd.	30,000,000.00										30,000,000.00
Total	82,455,679.64			152,528.55			635,116.05		5,038,255.45		76,934,836.69

(2) Analysis

Items	Ending Balance	Beginning Balance
Listed		
Unlisted	76,934,836.69	82,455,679.64
Total	76,934,836.69	82,455,679.64

14. Investment property

(1) Cost method

Items	Buildings	Total
(I) Net book value		
1. Beginning balance	29,171,739.00	29,171,739.00
2. Increase for the period		
3. Decrease for the period		
(1) Disposal		
4. Ending balance	29,171,739.00	29,171,739.00
(II) Accumulated depreciation and amortization		
1. Beginning balance	5,034,238.84	5,034,238.84
2. Increase for the period	314,356.08	314,356.08
(1) Provision or amortization	314,356.08	314,356.08
3. Decrease for the period		
(1) Disposal		
4. Ending balance	5,348,594.92	5,348,594.92
(III) Impairment provision		
1. Beginning balance		
2. Increase for the period		
3. Decrease for the period		
(1) Disposal		
4. Ending balance		
(IV) Carrying value		
1. Ending net book value	23,823,144.08	23,823,144.08
2. Beginning net book value	24,137,500.16	24,137,500.16

The depreciation and amortization of investment property through profit and loss for current period is RMB314,356.08 (the same period of last year: RMB375,665.01).

The provision for impairment of the investment property for the period is RMB0.00 (the same period of last year: RMB0.00).

(2) Investment properties analyzed by region and year

Items	Ending balance	Beginning Balance
Inside China Mid-term (10-50 years)	23,823,144.08	24,137,500.16
Total	23,823,144.08	24,137,500.16

(3) None of investment property was sold during the current period.

15. Fixed assets

(1) Fixed assets category

Items	Buildings	Machinery	Transportation facilities	Others	Total
(I) Net book value					
1. Beginning balance	8,028,034,130.27	4,708,494,450.44	732,842,236.99	282,580,157.50	13,751,950,975.20
2. Increase for the period	732,163,425.79	222,873,346.48	191,515,270.84	6,738,230.20	1,153,290,273.31
(1) construction in progress transferred-in	34,168,106.63	23,636,347.75	189,650,526.40	6,582,845.58	254,037,826.36
(2) Acquisition of shipbuilding assets held by Yangzhou Kejin	697,995,319.16	199,236,998.73	1,864,744.44	155,384.62	899,252,446.95
3. Decrease for the period	1,167,667.10	6,720,876.83	473,393.91	264,323.00	8,626,260.84
(1) Disposal or scrapped	1,167,667.10	6,720,876.83	473,393.91	264,323.00	8,626,260.84
4. Ending balance	8,759,029,888.96	4,924,646,920.09	923,884,113.92	289,054,064.70	14,896,614,987.67
(II) Accumulated depreciation					
1. Beginning balance	1,507,826,128.51	2,022,811,364.83	318,359,212.85	124,187,947.26	3,973,184,653.45
2. Increase for the period	138,913,584.58	122,091,838.81	42,963,815.62	16,415,550.94	320,384,789.95
(1) Provision	138,913,584.58	122,091,838.81	42,963,815.62	16,415,550.94	320,384,789.95
3. Decrease for the period	1,109,283.74	6,313,398.52	428,403.83	251,161.26	8,102,247.35
(1) Disposal or scrapped	1,109,283.74	6,313,398.52	428,403.83	251,161.26	8,102,247.35
4. Ending balance	1,645,630,429.35	2,138,589,805.12	360,894,624.64	140,352,336.94	4,285,467,196.05
(III) Impairment provision					
1. Beginning balance		7,243,292.70			7,243,292.70
2. Increase for the period					
3. Decrease for the period					
4. Ending balance		7,243,292.70			7,243,292.70
(IV) Carrying value					
1. Ending net book value	7,113,399,459.61	2,778,813,822.27	562,989,489.28	148,701,727.76	10,603,904,498.92
2. Beginning net book value	6,520,208,001.76	2,678,439,792.91	414,483,024.14	158,392,210.24	9,771,523,029.05

The amortization of fixed assets recognized through profit or loss is RMB320,384,789.95 for current period (the same period of last year: RMB306,052,837.72).

The increased fixed assets for the period included RMB254,037,826.36 of capitalized construction in progress transferred-in.

(2) Buildings analyzed by region and year

Items	Ending Balance	Beginning Balance
Inside China Mid-term (10-50 years)	7,098,234,649.97	6,504,849,495.42
Outside China Long-term (over 50 years)	15,164,809.64	15,358,506.34
Total	7,113,399,459.61	6,520,208,001.76

(3) Fixed assets with no certificate of title

Items	Book value	Reasons
Ship joining workshop	128,992,012.00	In process
Component fabrication assembly and welding workshop	56,501,403.30	In process
Adjacent building to production and living	12,782,705.35	In process
Security housing project	7,410,613.69	In process
1# Electric Room	5,524,215.10	In process
New platform of the Owner's auxiliary building project	5,018,812.97	In process
Oil paint, oil and chemicals storage	3,004,179.91	In process
Oily waste storage room	1,039,916.64	In process
1# Natural gas pressure regulating and blending station	723,673.85	In process
Weigh house	495,857.70	In process
Public toilet within the factory region	321,220.71	In process
Total	221,814,611.22	

16. Construction in progress**(1) Breakdown of construction in progress**

Items	Ending Balance			Beginning Balance		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Dormitory Project (Phase I) and dwelling district project in CSSC Longxue Base	404,511,634.10		404,511,634.10	327,489,319.48		327,489,319.48
General shipbuilding platform and research security construction project	96,373,540.16		96,373,540.16	33,962,693.37		33,962,693.37
Financing Project	52,562,193.66		52,562,193.66			
Project 7	39,383,386.75		39,383,386.75	25,967,295.22		25,967,295.22
Dwelling district project	35,516,476.64		35,516,476.64	34,497,814.34		34,497,814.34
Sea expansion project	30,768,008.73		30,768,008.73	25,702,940.95		25,702,940.95
Maritime work phrase I	13,703,314.82		13,703,314.82	15,502,824.22		15,502,824.22
Project 3	12,760,533.93		12,760,533.93	12,760,533.93		12,760,533.93
Project 6	12,689,498.84		12,689,498.84	76,991,367.25		76,991,367.25
Project 2	10,685,210.11		10,685,210.11	10,690,549.72		10,690,549.72
Construction of Zhongshan Base (Phrase I)	10,197,039.75		10,197,039.75	3,300,201.63		3,300,201.63
Technological upgrading project	9,910,636.93		9,910,636.93	141,557,371.01		141,557,371.01
Project 4	9,525,288.68		9,525,288.68	9,112,257.45		9,112,257.45
Zhongshan Sanjiao town moving assets	8,117,709.36		8,117,709.36	8,492,239.46		8,492,239.46
Project 5	7,947,100.85		7,947,100.85	7,566,977.72		7,566,977.72
2 sets of 200T gantry cranes project and auxiliary project	6,986,217.59		6,986,217.59	5,600,937.78		5,600,937.78
Horizontal building berth supporting self-manufactured tooling project	6,621,055.68		6,621,055.68	6,621,055.68		6,621,055.68
New elevator and decompression bed construction project	3,408,245.79		3,408,245.79	195,754.71		195,754.71
Middle dock gate	3,277,540.66		3,277,540.66	3,070,393.60		3,070,393.60
Others	67,803,973.83		67,803,973.83	60,682,017.25		60,682,017.25
Consolidated	842,748,606.86		842,748,606.86	809,764,544.77		809,764,544.77

(2) *Changes in significant construction in progress*

Project Name	Beginning Balance	Increase	Decrease		Ending Balance
			Capitalized in Fixed assets	Decrease	
Dormitory Project (Phase I) and dwelling district project in CSSC Longxue Base	327,489,319.48	77,022,314.62			404,511,634.10
Technological upgrading project	141,557,371.01		131,646,734.08		9,910,636.93
Project 6	76,991,367.25	273,194.19	64,575,062.60		12,689,498.84
General shipbuilding platform and research security construction project	33,962,693.37	62,410,846.79			96,373,540.16
Financing Project		52,562,193.66			52,562,193.66
Project 7	25,967,295.22	13,482,942.17	66,850.64		39,383,386.75
Dwelling district project	34,497,814.34	1,018,662.30			35,516,476.64
Sea expansion project	25,702,940.95	5,065,067.78			30,768,008.73
Maritime work phrase I	15,502,824.22	154,916.21	1,954,425.61		13,703,314.82
Project 3	12,760,533.93				12,760,533.93
Total	694,432,159.77	211,990,137.72	198,243,072.93		708,179,224.56

(continued)

Project Name	Budget	Budget use-up ratio %	Press of work	Accumulated capitalized interest	In which: capitalized interest for current period	Capitalization rate %	Source of capital
Overall contracting (design and construction) of workers' dormitory project (Phase I) and dwelling district in CSSC Longxue Base	627,700,000.00	64.44	In progress				Self financed
Project 6	201,000,000.00	38.44	In progress				Self financed/financed by the State
General shipbuilding platform (Heavy Block Stock Yard and Platform Project) and development the construction of security conditions	666,670,000.00	14.46	In progress				Self financed
Financing Project	653,000,000.00	10.00	In progress				Self financed
Project 7	424,940,000.00	10.00	In progress				Financed by the State
Dwelling district project	290,990,000.00	10.00	In progress	6,416,286.77	1,018,662.30	3.10	Self financed/loan
Sea expansion project	278,630,000.00	10.00	In progress	9,465,093.53	2,438,303.61	1.70	Self financed/Loan
Maritime work phrase I	770,000,000.00	20.00	In progress	65,768,454.86			Self financed/loan
Project 3	239,090,000.00	20.00	In progress	24,729,118.48			Self financed/loan
Total	4,152,020,000.00			106,378,953.64	3,456,965.91		

17. Intangible assets

Items	Land use right	Shoreline use rights	Software	Others	Total
(I) Net book value					
1. Beginning balance	2,018,473,182.70	145,232,000.00	165,662,117.48	64,675.00	2,329,431,975.18
2. Increase for the period	73,693,691.10		544,456.14	2,359,259.00	76,597,406.24
(1) Purchase			544,456.14		544,456.14
(2) Acquisition of shipbuilding assets held by Yangzhou Kejin	73,693,691.10				73,693,691.10
(3) Other transfer-in				2,359,259.00	2,359,259.00
3. Decrease for the period					
(1) Disposal					
4. Ending Balance	2,092,166,873.80	145,232,000.00	166,206,573.62	2,423,934.00	2,406,029,381.42
(II) Accumulated amortization					
1. Beginning balance	147,278,527.09	16,701,679.77	108,931,264.24	13,474.00	272,924,945.10
2. Increase for the period	21,064,603.49	1,452,319.98	7,776,633.94	3,233.76	30,296,791.17
(1) Provision	21,064,603.49	1,452,319.98	7,776,633.94	3,233.76	30,296,791.17
3. Decrease for the period					
(1) Disposal					
4. Ending Balance	168,343,130.58	18,153,999.75	116,707,898.18	16,707.76	303,221,736.27
(III) Impairment provision					
1. Beginning balance					
2. Increase for the period					
3. Decrease for the period					
4. Ending Balance					
(IV) Carrying value					
1. Ending carrying value	1,923,823,743.22	127,078,000.25	49,498,675.44	2,407,226.24	2,102,807,645.15
2. Beginning carrying value	1,871,194,655.61	128,530,320.23	56,730,853.24	51,201.00	2,056,507,030.08

There was no intangible asset formed from internal research and development of the Company during the period.

Land use right analyzed by region and year:

Items	Ending Balance	Beginning Balance
Inside China		
Mid-term (10-50 years)	1,923,823,743.22	1,871,194,655.61
Total	1,923,823,743.22	1,871,194,655.61

The amortization of intangible assets recognized through profit or loss was RMB30,296,791.17 for current period (the same period last year: RMB32,836,610.12).

18. Research and development expenses

Items	Beginning Balance	Increase	Decrease	Ending Balance
		Internal research and development expense	Transfer to profit or loss for the current period	
R&D of multifunctional ship		110,663,950.75	110,663,950.75	
R&D and industrialization of offshore oil spill recovery ship		59,575,942.84	59,575,942.84	
Semi submerged ship design and construction technology R&D and industrialization		32,156,003.12	32,156,003.12	
Research of Polar module carriers		14,270,516.26	14,270,516.26	
R&D of key technology of design of 3000 meters deep water drilling ship		14,223,654.84	14,223,654.84	
R&D of energy-saving and environment protective VLOC ship		13,417,053.07	13,417,053.07	
R & D and application of Hongfan information management platform		6,148,955.00	6,148,955.00	
Yacht project		5,929,079.75	5,929,079.75	
Research on typical cabin arrangement and decoration design manufacturing technology and luxury cruise		5,516,724.04	5,516,724.04	
R&D of offshore oil field environment protective operation ship		5,214,000.81	5,214,000.81	
Independent R&D of 100000 Tons semi-submersible engineering ship		4,072,071.59	4,072,071.59	
R&D of energy-saving and environment protective VLCC ship		2,838,439.19	2,838,439.19	
R&D of key techniques of jack-up drilling platform construction		2,204,103.82	2,204,103.82	
Luxury passenger ship replacement exploitation		1,852,833.14	1,852,833.14	
Research of Polar module carriers		1,523,899.38	1,523,899.38	
Research & Development of comprehensive manufacturing technology		1,398,803.42	1,398,803.42	
R&D of tools and machine accessories for rapid manufacturing line of ship		1,347,091.56	1,347,091.56	
R&D of key technology of huge fast ship shipbuilding		1,249,165.45	1,249,165.45	
Deepening application of digital shipbuilding technology and digital sample ship simulation research		1,248,576.79	1,248,576.79	
Other miscellaneous items		23,291,619.24	23,291,619.24	
Total		308,142,484.06	308,142,484.06	

The amounts transferred into management expenses and production costs from research and development expenses amounted to RMB173,326,764.96 and RMB134,815,719.10 respectively.

There was no intangible asset formed from internal research and development of the Company during the period.

19. Long-term deferred expenses

Items	Beginning Balance	Increase	Amortized	Decrease	Ending Balance
Leasing fixed assets	6,732,836.06	319,999.96	170,548.50		6,882,287.52
Reconstruction cost of plant	7,246,727.27		632,833.29		6,613,893.98
Dining hall complex modification	2,793,885.95		675,503.70		2,118,382.25
Renovation of ventilation and air-conditioning system of technical center building	560,225.74		493,038.72		67,187.02
Plan approval certification fee	120,000.00		15,000.00		105,000.00
Total	17,453,675.02	319,999.96	1,986,924.21		15,786,750.77

20. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets without taking into consideration the offsetting of balances

Items	Ending Balance		Beginning Balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment of assets	862,232,788.04	130,278,035.75	980,633,963.89	158,031,271.37
Deductible loss	2,514,827,569.89	544,014,501.15	1,937,447,902.02	457,407,550.98
Prepaid housing subsidy	11,680,891.02	1,822,266.00	14,201,836.96	2,171,995.34
Medical insurance for retired employees within 10 years	860,229.87	129,034.48	860,229.87	129,034.48
Payroll for retiring employees	211,387,870.36	31,708,180.56	217,531,369.74	32,629,705.46
Accrued expenses	236,906,215.60	35,761,527.49	206,694,626.28	31,158,091.85
Payroll balance owing at period end	78,293,308.42	13,304,671.87	183,006.00	27,450.90
Changes of fair value of financial liabilities at fair value through profit and loss	48,177,146.08	7,226,571.91	56,475,710.29	8,471,356.54
Employee education expense	15,958,013.56	2,393,702.04	15,612,686.47	2,341,902.97
Monetary housing allowance for retired employees	52,620,662.35	7,893,099.35	53,318,868.40	7,997,830.26
Timing differences for long-term deferred expenses	2,019,850.72	504,962.68	1,729,043.43	432,260.86
Timing differences of tooling material cost amortization	17,067,368.36	4,266,842.09	17,067,368.36	4,266,842.09
Others (Note)	285,918,159.86	42,887,723.98	190,612,106.60	28,591,815.99
Total	4,337,950,074.13	822,191,119.35	3,692,368,718.31	733,657,109.09

Note: In August 2014, the Company made capital injection to Guangzhou Hongfan Hotel Co., Ltd ("Hongfan Hotel") by its properties, the evaluated value of such property is RMB76,251,487.47, which has been confirmed by the "Assets Valuation Report" (Zhong Lian Ping Bao [2014] No.713) issued by China United Assets Appraisal Group Co., Ltd., on 7 August 2014. In November 2014, the Company contribute to the establishment of Guangzhou Shipyard Shipping Co., Ltd. ("Guangzhou Shipyard Shipping") by its land and buildings and structures, the evaluated value of land and buildings and constructors are RMB876,809,045.44, which have been confirmed by "Assets Valuation Report" (Zhong Lian Ping Bao [2014] No1211-03) issued by China United Assets Appraisal Group Co., Ltd., on 19 September 2014. According to Cai Shui [2014]No. 116: "Non-monetary assets transfer as confirmed by foreign investments by resident enterprise using non-monetary assets, cannot within a period not exceeding five years, include in taxable income for the corresponding years equally in stages, should pay enterprise income tax as stipulated". Since the tax basis of relevant assets is higher than the carrying value, and forming deductible temporary difference, and together with the tax payable in each period, recognized deferred income tax assets during the current period.

(2) Deferred tax liabilities without taking into consideration the offsetting of balances

Items	Ending Balance		Beginning Balance	
	Deductible temporary differences	Deferred tax liabilities	Deductible temporary differences	Deferred tax liabilities
Fair value changes in financial assets available for sale	3,345,619.18	501,842.88	2,559,016.30	383,852.45
Changes of fair value of financial liabilities at fair value through profit and loss	61,925,184.49	9,292,804.91	17,905,895.15	2,685,884.28
Total	65,270,803.67	9,794,647.79	20,464,911.45	3,069,736.73

(3) Unrecognized as deferred tax assets

Items	Ending Balance	Beginning Balance
Deductible temporary difference	161,430,912.99	65,705,569.52
Deductible loss	1,296,640,877.82	1,038,887,408.97
Total	1,458,071,790.81	1,104,592,978.49

Note: The subsidiaries, Zhongshan Guangzhou Shipyard International Ship and Marine Engineering Co., Ltd, Guangchuan Large-scale Machinery and equipment Company Co., Ltd., Guangzhou Shipyard International Marine Engineering Co., Ltd., Guangzhou CSSC Wenchong Binshen Facilities Co., Ltd. And Guangzhou Huangchuan Ocean Engineering Co. Ltd. are uncertain about whether or not be able to generate enough taxable income, and are judged there's no deductible temporary difference and deductible loss recognized as deferred tax assets. Guangzhou Shipyard International Company Limited recognized deferred tax assets in respect of part of the uncovered losses made during the past years according to the estimated earnings in the next three year and did not recognized deferred tax assets in respect of the remaining undistributed deficit.

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

Items	Ending Balance	Beginning Balance
2015	16,041,202.76	16,041,202.76
2016		
2017	81,611,235.35	85,225,091.58
2018	228,996,665.13	228,996,665.13
2019	707,337,167.55	708,624,449.50
2020	262,654,607.03	
Total	1,296,640,877.82	1,038,887,408.97

21. **Other non-current assets**

Item	Ending Balance	Beginning Balance
Entrusted wealth management	505,000,000.00	505,000,000.00
Total	505,000,000.00	505,000,000.00

Note: On 29 December 2014, Huangpu Wenchong, a subsidiary of the Company and CSSC Finance Co., Ltd. entered into two entrusted wealth management agreements with principal amounting to RMB205 million and RMB300 million and agreed yield rate of 5.00%, which will mature on 29 December 2016 and 21 June 2017 respectively.

22. **Short-term loans**

Category	Ending Balance	Beginning Balance
Mortgage loans	5,920,882,140.00	5,945,329,096.88
Fiduciary loans	862,573,447.92	405,544,772.69
Guaranteed loan		800,000,000.00
Total	6,783,455,587.92	7,150,873,869.57

Mortgage:

As at the end of the period, the short-term loans of RMB5,920,882,140.00 are granted with the Group's fixed deposit receipt of RMB5,005,698,910.00 and collection rights of shipbuilding of US140,125,000.00 as the pledge.

Interest rate:

As at the end of the period, the weighted average annual interest rate of short-term loans is 1.9917%.

23. **Financial liabilities at fair value and through profit or loss**

Items	Ending Balance	Beginning Balance
Designated as financial liabilities at fair value through profit or loss Including: forward exchange contract	48,177,146.08	56,475,710.29
Total	48,177,146.08	56,475,710.29

24. **Notes payable**

Items	Ending Balance	Beginning Balance
Bank acceptance bill	1,534,363,023.79	1,898,821,036.95
Commercial acceptance bill	220,203,519.11	266,662,706.52
Total	1,754,566,542.90	2,165,483,743.47

There were no notes payable which were passed due but not yet settled at the end of the period.

25. Accounts payable

(1) Accounts payable

Items	Ending Balance	Beginning Balance
Materials purchased	4,877,990,117.47	3,800,814,738.70
Settlements for projects	235,170,521.50	211,870,498.21
Product settlement	272,522,068.91	347,690,454.66
Warranty	213,566,711.03	226,556,326.47
Other projects and labour service	292,575,216.29	645,029,839.53
Total	5,891,824,635.20	5,231,961,857.57

(2) Aging analysis of accounts payable

As at the end of the period, the aging analysis of accounts payable based on its invoice date are as follows:

Items	Ending Balance	Beginning Balance
Within 1 year	5,455,057,899.27	4,838,660,298.43
1-2 years	238,898,993.35	173,162,749.03
2-3 years	61,222,976.92	84,084,764.45
3 years or above	136,644,765.66	136,054,045.66
Total	5,891,824,635.20	5,231,961,857.57

(3) Significant accounts payable aged more than 1 year

Company name	Ending Balance	Reasons
9th Design and Research Institute of the China Shipbuilding	83,204,935.29	Project settlement Quality guarantee deposit
WARTSILAFINLANDOY	32,947,166.96	Quality guarantee deposit
China Flight Aerospace Science and Industry Technology Research Institute	18,190,000.00	Unsettlements for materials purchased
Nanjing Panda Handa Technology Co., Ltd.	16,419,000.00	Quality guarantee deposit
China Offshore Environmental Service (Tianjin) Co., Ltd	13,385,154.00	Quality guarantee deposit
Total	164,146,256.25	–

26. Advances from customers

(1) Advances from customers

Company name	Ending Balance	Beginning Balance
Shipbuilding and off-shore engineering products	657,290,575.12	842,688,750.96
Other products	358,169,903.71	331,192,207.57
Total	1,015,460,478.83	1,173,880,958.53

(2) Top 5 customers aged more than 1 year

Company name	Ending Balance	Reasons
Customer 1	11,500,000.00	Not settled
Customer 2	5,089,738.80	Not settled
Customer 3	3,900,000.00	Not settled
Customer 4	3,301,886.79	Not settled
Customer 5	3,119,247.86	Not settled
Total	26,910,873.45	–

27. Employee benefits

(1) Classification of employee benefits

Items	Beginning Balance	Increase	Decrease	Ending Balance
Short-term payroll	41,997,777.52	1,547,832,463.15	1,464,885,056.58	124,945,184.09
Post-employment benefits – Defined contribution plan	1,260,938.85	128,052,045.08	128,210,817.63	1,102,166.30
Severance benefits	26,015.72	337,233.33	363,249.05	
Other welfare due within one year	2,795,580.00	1,397,790.00	1,397,790.00	2,795,580.00
Total	46,080,312.09	1,677,619,531.56	1,594,856,913.26	128,842,930.39

(2) Short-term payroll

Items	Beginning Balance	Increase	Decrease	Ending Balance
Wages or salaries, bonuses, allowances and subsidies	2,405,906.04	829,273,841.39	742,645,472.82	89,034,274.61
Staff welfare	5,073,261.30	31,886,359.85	31,882,515.21	5,077,105.94
Social insurance	476,470.98	76,151,216.14	76,449,929.13	177,757.99
Including: medical insurance	463,054.50	63,090,372.04	63,397,386.84	156,039.70
Work-related injury insurance		2,810,490.62	2,808,286.05	2,204.57
Maternity insurance		6,637,478.31	6,624,499.75	12,978.56
Supplementary medical insurance	13,416.48	3,612,875.17	3,619,756.49	6,535.16
Housing fund	5,906,556.45	84,319,825.00	89,574,173.45	652,208.00
Union & Education funds	26,885,926.23	13,071,853.20	10,604,211.96	29,353,567.47
Outsourcing labour costs and others	1,249,656.52	513,129,367.57	513,728,754.01	650,270.08
Non-monetary benefits				
Total	41,997,777.52	1,547,832,463.15	1,464,885,056.58	124,945,184.09

(3) Defined contribution plan

Items	Beginning Balance	Increase	Decrease	Ending Balance
Basic medical insurance	1,197,113.48	112,749,825.74	113,517,724.47	429,214.75
Unemployment insurance	63,825.37	7,741,943.34	7,784,294.16	21,474.55
Enterprise annuity		7,560,276.00	6,908,799.00	651,477.00
Total	1,260,938.85	128,052,045.08	128,210,817.63	1,102,166.30

28. Taxes payable

Items	Ending Balance	Beginning Balance
Value-Added Tax	-796,366,716.53	-511,640,906.25
Business Tax	686,327.68	2,686,796.37
Corporate Income Tax	64,992,640.07	157,012,458.63
Individual Income Tax	4,253,019.94	23,585,896.95
City Maintenance and Construction Tax	412,491.38	1,938,196.41
Real Estate Tax	13,178,375.78	3,913,772.88
Land Appreciation Tax	6,491,672.00	1,682,911.05
Education Surcharge	294,636.75	1,379,072.76
Flood control and maintain expenses	28,843.76	6,251,762.86
Stamp duty	720,288.77	1,406,847.80
Total	-705,308,420.40	-311,783,190.54

As at the end of the period, the Hong Kong income tax payable is RMB111,653.48.

29. Interests payable

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	39,452,265.49	35,783,338.69
Interest payable of short-term borrowings	9,667,159.60	10,585,418.55
Total	49,119,425.09	46,368,757.24

30. Dividends payable

Items	Ending Balance	Beginning Balance
Dividend payable of A Share	67,010.53	67,010.53
Dividend payable of H Share	110,711.24	110,711.24
Dividend payable of the minority interests	1,158,000.00	
Dividend of Huangpu Wenchong during the date of delivery	255,149,425.21	
Total	256,485,146.98	177,721.77

Note: The profit and loss of Huangpu Wenchong during its delivery period shall be enjoyed and assumed by its former shareholder CSSC according to the acquisition agreement.

31. Other payables

(1) Other payables by nature

Nature	Ending Balance	Beginning Balance
Pledged deposits	46,666,786.69	54,654,779.96
Payable of temporary receipts	117,278,079.11	190,728,368.61
Total	163,944,865.80	245,383,148.57

(2) Significant other payables aged more than 1 year

Company Name	Ending Balance	Reasons
9th Design and Research Institute of the China Shipbuilding	8,604,292.55	Deposit
Guangzhou Nanfang Electric Group Nanqu Construction Co., Ltd.	2,159,490.72	Deposit
Shanghai Jiadi Steel Building Products Co., Ltd.	891,418.10	Deposit
Guangdong First Construction Engineering Co., Ltd.	641,642.22	Deposit
Guangdong Jisheng Construction Co., Ltd.	523,791.72	Deposit
Total	12,820,635.31	

32. Non-current liabilities due within one year

Items	Ending Balance	Beginning Balance
Long-term loans due within one year	2,001,259,391.90	1,799,060,757.83
Total	2,001,259,391.90	1,799,060,757.83

33. Other current liabilities

(1) Classification of other current liabilities

Items	Ending Balance	Beginning Balance
Long-term project settlement	9,397,303,881.64	9,925,214,078.38
Shipbuilding products	9,397,303,881.64	9,925,214,078.38
Deferred income	6,253,382.70	3,853,861.68
Government grant	6,253,382.70	3,853,861.68
Total	9,403,557,264.34	9,929,067,940.06

(2) Projects that are completed but not yet settled under construction contract at the end of the period

Items	Amount
Billed amount	24,924,328,797.47
Less: accumulated costs	15,527,024,915.83
Projects that are completed but not yet settled under construction contract	9,397,303,881.64

(3) Government subsidy

Government subsidy items	Beginning Balance	New subsidy	Amount included in non-operating income for the period	Other changes	Ending Balance	Related to assets/related to profit
Expansion project		5,250,000.00	1,750,000.00		3,500,000.00	Related to assets
Haigong Project (Phase I)		2,250,000.00	750,000.00		1,500,000.00	Related to assets
Enterprise Technology Center innovative capacity building projects	300,000.00	150,000.00	150,000.00		300,000.00	Related to assets
Haiping Project		450,000.00	150,000.00		300,000.00	Related to assets
150 tons self-propelled hydraulic flatbed trailer	166,666.68	83,333.34	83,333.34		166,666.68	Related to assets
Coating technology and transformation	153,698.64	76,849.32	76,849.32		153,698.64	Related to assets
Technological transformation potential fund-40000 tons ship to develop new	142,191.84	71,095.92	71,095.92		142,191.84	Related to assets
Construction of single workers' dormitory project (blocks B and C) and canteen	62,182.78	31,091.39	31,091.39		62,182.78	Related to assets
Transferring capabilities of regional value integration and upgrading technologies	50,000.04		16,666.68		33,333.36	Related to assets
Dock adaptive transformation(1)	33,333.36	16,666.68	16,666.68		33,333.36	Related to assets
Dock adaptive transformation	26,666.64	13,333.32	13,333.32		26,666.64	Related to assets
Noise control engineering for painting workshop	15,789.48	7,894.74	7,894.74		15,789.48	Related to assets
Metering scientific instruments for the Group	9,999.96	4,999.98	4,999.98		9,999.96	Related to assets
Noise control engineering for new area	9,519.96	4,759.98	4,759.98		9,519.96	Related to assets
Integrated ship building project	2,348,780.76		411,158.76	1,937,622.00		Related to assets
Infrastructure development of the quality department metering station	535,031.54		122,071.24	412,960.30		Related to assets
Total	3,853,861.68	8,410,024.67	3,659,921.35	2,350,582.3	6,253,382.70	

34. Long-term Loans**(1) Category**

Items	Ending balance	Beginning balance
Mortgage loans	2,306,102,591.90	3,245,032,146.51
Secured loans	2,110,237,600.00	2,075,000,000.00
Unsecured loans	4,301,817,600.00	2,099,500,000.00
Less: Due within 1 year	2,001,259,391.90	1,799,060,757.83
Total	6,716,898,400.00	5,620,471,388.68

Note: Interest rate of long-term loans mainly within range of 1.80%-6.21%.

Mortgage:

As at the end of the period, the long-term loans of RMB2,306,102,591.90 are granted with the Group's certificate of deposit of RMB1,942,035,300.00 and the right of ship's collection of US\$142,625,000.00 as the pledge.

Guarantee:

As at the end of the period, the long-term loans of RMB1,110,237,600 was guaranteed by credit guarantee provided by CSSC Huangpu Wenchong Shipbuilding Company Limited.

As at the end of the period, the long-term loans of RMB500,000,000.00 was guaranteed by credit guarantee provided by China State Shipbuilding Corporation.

As at the end of the period, the long-term loans of RMB500,000,000.00 was guaranteed by credit guarantee provided by Shanghai Shipyard Co., Ltd..

Interest rate: As at the end of the period, the weighted average annual interest rate of long-term loans is 3.6806%.

(2) Long-term loans due date analysis

Items	Ending balance	Beginning balance
1-2 years	4,019,898,400.00	2,489,471,388.68
2-5 years	2,197,000,000.00	2,631,000,000.00
5 years or above	500,000,000.00	500,000,000.00
Total	6,716,898,400.00	5,620,471,388.68

35. Long-term staff welfare payable

Items	Ending balance	Beginning balance
Monetary housing subsidies for retirees	60,261,407.35	62,422,848.42
Housing assistance for employees	419,863.28	5,104,299.92
Medical insurance for retirees	1,660,229.85	1,660,229.85
Three kinds of personnel costs ^{note}	211,387,870.36	217,505,354.01
Total	273,729,370.84	286,692,732.20

Note: Three kinds of personnel costs: According to "Notice of the Ministry of Finance on the financial management of the payments for the resettlement of employees in the restructuring of enterprises" ([2009] No.117 of the Ministry of Finance) and "Notice of the Ministry of Finance on the financial management of the overall external expenses of retirees in the restructuring of the central enterprises" ([2010] No.84 of the Ministry of Finance), the subsidiary company Huangpu Wenchong accrued costs of three kinds of personnel according to the actuarial report on costs of "three kinds of personnel" (retire, retired and retreated) provided by Towers Watson Consult Company. On October 10, 2014, State-owned Assets supervision and Administration Commission approved the actuarial report on three kinds of personnel costs due to April 30, 2014 according to "The approval on the relevant expenses of retired and retreated personnel in the restructuring and reorganization of CSSC Huangpu Wenchong Shipbuilding Company Limited." ([2014] No.997 of State-owned assets allocation).

36. Special payable

Items	Beginning balance	Increase	Decrease	Ending balance
Item 1& 2	241,969,744.58			241,969,744.58
Item 7	211,000,000.00			211,000,000.00
Item 6	150,000,000.00	33,000,000.00		183,000,000.00
Item 4	168,150,000.00			168,150,000.00
Item 5	71,650,000.00			71,650,000.00
High-speed rolling passenger ships technological transformation projects	17,850,000.00			17,850,000.00
18000 tons Semi-submersible	6,720,000.00			6,720,000.00
Total	867,339,744.58	33,000,000.00		900,339,744.58

Note: The above special payable are state funds allocated to the projects, and as the capital investment from the state, the special purpose payable belongs to the state exclusively when the projects have been completed and approved qualified. According to resolution of board of directors, these special purpose payable can be converted into investment of CSSC.

37. Estimated liabilities

Items	Ending balance	Beginning balance
Product quality warranties	331,088,055.00	298,481,631.69
Onerous contract ^{note}	132,180,590.47	274,786,802.71
Total	463,268,645.47	573,268,434.40

38. Deferred income

(1) Classification of deferred income

Item	Beginning balance	Increase	Decrease	Ending balance
Government subsidy	149,269,700.92	89,886,105.63	26,425,792.59	212,730,013.96
Total	149,269,700.92	89,886,105.63	26,425,792.59	212,730,013.96

(2) Government subsidy items

Government subsidy items	Beginning balance	New subsidy	Amount included in non-operating income for the year	Other changes	Ending balance	Related to assets/related to profit
"1" development the construction of security conditions	30,000,000.00	67,456,014.39			97,456,014.39	Related to assets
Upfront fees for comprehensive technology upgrading	43,700,000.00				43,700,000.00	Related to assets
Sea expansion project	21,000,000.00			5,250,000.00	15,750,000.00	Related to assets
Ship building project	12,241,310.75			-1,937,622.00	14,178,932.75	Related to assets
Shipbuilding Division stern platform	16,981,842.95		5,492,426.89		11,489,416.06	Related to profit
Phase I of Sea Project	9,000,000.00			2,250,000.00	6,750,000.00	Related to assets
Fees for infrastructure development of the Quality Department metering station	2,276,499.42			-412,960.30	2,689,459.72	Related to assets
Sea expansion project	2,700,000.00			450,000.00	2,250,000.00	Related to assets
Received innovative enterprise project funds for 2015 from city financial bureau		2,000,000.00			2,000,000.00	Related to profit
Study on the information of ship products full 3D digital sample		2,200,000.00	380,394.67		1,819,605.33	Related to profit
Research on innovative project in Guangzhou	1,505,163.62				1,505,163.62	Related to assets
Expand production capacity and technology of civilian ships of Longxue Shipbuilding Base	1,500,000.00				1,500,000.00	Related to assets
3000m deep diving operation supports ship independent research and development		2,200,000.00	734,012.20		1,465,987.80	Related to profit
New enterprise Technology Center innovative capacity-building projects	1,200,000.00			150,000.00	1,050,000.00	Related to assets
150 tons self-propelled hydraulic flatbed	1,041,666.59			83,333.34	958,333.25	Related to assets
Upfront fees for infrastructure development of the quality department metering station	899,999.98			16,666.68	883,333.30	Related to assets
Coating technology and transformation	947,808.16			76,849.32	870,958.84	Related to assets
Key technology research of the polar multi-purpose container vessel project		800,000.00			800,000.00	Related to profit
Technological transformation potential fund-40000 tons ship to develop new equipment and technological transformation	853,150.32			71,095.92	782,054.40	Related to assets
Research on digital production line technology at the ship general division		1,450,000.00	750,000.00		700,000.00	Related to profit
Research on digital design and manufacturing and management integration technology of ship		900,000.00	214,653.72		685,346.28	Related to profit
Dock adaptive transformation (1)	699,999.76			16,666.68	683,333.08	Related to assets
Dock adaptive transformation	560,000.24			13,333.32	546,666.92	Related to assets
Construction of single workers' dormitory project (blocks B and C) and canteen	532,666.13			8,591.39	524,074.74	Related to assets
Technology research and development for Lizhi area - Steel Structure Center	500,000.00				500,000.00	Related to assets
Subsidy from Zhongshan city development and reform bureau "Introducing 100 projects in 2011"	315,000.02			5,833.32	309,166.70	Related to assets
Construction of ship design and manufacturing integration information platform	200,000.00				200,000.00	Related to profit
Noise control engineering for new area	185,973.56			4,759.98	181,213.58	Related to assets
Noise control engineering for painting workshop	173,684.16			7,894.74	165,789.42	Related to assets
Implementation of information technology and industrialization management system standards	100,000.00				100,000.00	Related to profit
Guangzhou Research Institute of Mechanical Engineering		96,000.00			96,000.00	Related to profit
Standardized special fee	88,818.28		10,771.50		78,046.78	Related to profit
5000KW power R type reamer cutter-suction dredger key technology research and development	29,575.00				29,575.00	Related to profit
Metering scientific instruments for the Group	22,500.31			4,999.98	17,500.33	Related to assets
Transferring capabilities of regional value integration and upgrading technologies	14,041.67				14,041.67	Related to assets

Government subsidy items	Beginning balance	New subsidy	Amount included in non-operating income for the year	Other changes	Ending balance	Related to assets/related to profit
Key equipment and technology of complex component modelling		1,300,000.00	1,300,000.00			Related to profit
Research & Development of designing and manufacturing technology of classical cabin layout and decoration luxury cruise ship		5,000,000.00	5,000,000.00			Related to profit
Emulation of precise shipbuilding techniques		781,465.60	781,465.60			Related to profit
Research & manufacturing of testing and analyzing system of the power and torsional vibration stress of marine propulsion shafting dual-channel axle		507,025.64	507,025.64			Related to profit
Research on the shipbuilding document of International Maritime Organization		200,000.00	200,000.00			Related to profit
Key technique research on the polar deck carrier		4,461,600.00	4,461,600.00			Related to profit
Shipbuilding technology standards		70,000.00	70,000.00			Related to profit
Ship design and construction technical standards		150,000.00	150,000.00			Related to profit
Aluminium alloy special ship high-efficiency welding equipment and key technology research		104,000.00	104,000.00			Related to profit
Ship assembly integration testing technology research		210,000.00	210,000.00			Related to profit
Total	149,269,700.92	89,886,105.63	20,366,350.22	6,059,442.37	212,730,013.96	

39. Share capital

The Company's shares are ordinary shares of nominal value of RMB1 per share. Changes of share capital in current period are listed as below:

Current period

Name/class	Beginning balance		Changes shares(+ · -)					Ending balance	
	Amount	%	Issue of new shares	Stock dividends	Converted from public reserve	Others	Subtotal	Amount	%
Unlimited shares									
RMB Ordinary shares	438,463,454.00	42.55						438,463,454.00	31.02
Foreign share	246,130,307.00	23.88						246,130,307.00	17.41
Restricted shares									
RMB Ordinary shares			382,971,727.00				382,971,727.00	382,971,727.00	27.10
Shares held by foreign investor	345,940,890.00	33.57						345,940,890.00	24.47
Of which: Shares held by foreign legal person	345,940,890.00	33.57						345,940,890.00	24.47
Total	1,030,534,651.00	100.00	382,971,727.00				382,971,727.00	1,413,506,378.00	100.00

Note: Based on the approval of Guangzhou Guangchuan International Co., Ltd through issuance of shares to buy assets and raise matching funds from CSSC (CSRC permitted [2015] No.330) issued by CSRC, on April 8, 2015, the Company completed the issuance of 272,099,300 ordinary shares with face value of RMB1 per share to CSSC through private placement to purchase its 85% shares of CSSC Huangpu Wenchong Shipbuilding Company Limited(Huangpu Wenchong) and purchased 15% shares of Huangpu Wenchong from CSSC with cash; and issued 68,313,338 ordinary shares to Yangzhou Kejin Shipyard Company limited through private placement with face value of RMB1 per share to purchase its shipbuilding related business assets; and issued 42,559,089 ordinary shares to 7 specific investors through private placement with face value of RMB1 per share. The registered capital has been therefore increased to RMB1,413,506,378.

Last year

Name/class	Beginning balance		Changes shares(+ · -)					Ending balance	
	Amount	%	Issue of new shares	Stock dividends	Converted from public reserve	Others	Subtotal	Amount	%
Unlimited shares									
RMB Ordinary shares	438,463,454.00	68.18						438,463,454.00	42.55
Foreign share	204,617,400.00	31.82	41,512,907.00				41,512,907.00	246,130,307.00	23.88
Restricted shares									
Shares held by foreign investor			345,940,890.00				345,940,890.00	345,940,890.00	33.57
Of which: Shares held by foreign legal person			345,940,890.00				345,940,890.00	345,940,890.00	33.57
Total	643,080,854.00	100.00	387,453,797.00				387,453,797.00	1,030,534,651.00	100.00

Note: Based on the approval of Guangzhou Guangchuan International Co., Ltd to list overseas for issuing foreign stocks capital (CSRC permitted [2014] No.117) issued by CSRC, on February 11, 2014, the Company completed the issuance of 345,940,890, 31,134,680 and 10,378,227 overseas listed foreign shares with face value of RMB1 per share to CSSC HK, Baosteel International and China Shipping HK respectively. All issued shares are ordinary shares and the registered capital has been therefore increased to RMB1,030,534,651.

40. Capital reserves

Current period

Items	Beginning balance	Increase	Decrease	Ending balance
Share capital premium	5,337,884,029.53	5,982,048,646.03	4,536,055,380.46	6,783,877,295.10
Other capital reserves	65,447,048.32			65,447,048.32
Capital reserves transferred in from the original system	18,260,878.79			18,260,878.79
Total	5,421,591,956.64	5,982,048,646.03	4,536,055,380.46	6,867,585,222.21

Note: During the period, the share capital premium increased by RMB1,445,993,265.57. On April 8, 2015, the Company completed issuance of 382,971,727 ordinary shares (A share) to CSSC, Yangzhou Kejin and 7 special investors, share capital premium increased by RMB5,982,048,646.03; on March 2015, Huangpu Wenchong completed Industrial and Commercial registration of changes of shareholders, the Company completed the acquisition of 100% equity interest in Huangpu Wenchong (for details of acquisition, please refer to Note VII/1), at the end of delivery 100% of Huangpu Wenchong shares recognized as corresponding net assets to pay the price difference, set off share capital of RMB1,786,758,132.60; when preparing consolidated financial statements, due to business combination under common control, share capital premium decreased by RMB2,749,297,247.86.

Last Year

Items	Beginning balance	Increase	Decrease	Ending balance
Share capital premium	5,250,539,240.60	1,812,155,347.66	1,724,810,558.73	5,337,884,029.53
Other capital reserves	65,447,048.32			65,447,048.32
Capital reserves transferred in from the original system	18,260,878.79			18,260,878.79
Total	5,334,247,167.71	1,812,155,347.66	1,724,810,558.73	5,421,591,956.64

Note: During the year of 2014, due to business combination under common control, the Company increased RMB4,828,183,556.15 at the beginning of 2014. During the year of 2014, share capital premium increased by RMB1,812,155,347.66. On February 11 2014, the Company completed the issuance of 387,453,797 overseas-listed foreign shares (H shares) in aggregate to CSSC HK, Baosteel International and China Shipping HK. Share capital premium therefore increased by the remaining proceeds after the issuance cost; During the year 2014, share capital premium decreased by RMB1,724,810,558.73: On 28 February 2014, the Company completed the acquisition of 100% equity interest in Longxue Shipbuilding, among which, acquisition of CSSC 60% interest in Longxue Shipbuilding according to business combination under common control, difference between initial investment cost which is 60% of the net assets value recognized on the corresponding combination date (if net assets value on the date of acquisition is negative, then long-term equity investment will be decreased to zero) and the consideration, set off share capital of RMB363,083,071.19; when preparing consolidated financial statements, investment cost of acquisition of 40% minority interests and the unrecognized excess loss set off share capital reserve of RMB267,320,059.10. (2) The assets-stripping of Huangpu Wenchong decreased share capital premium by RMB1,094,407,428.44.

41. Other comprehensive income

Items	Amount							Ending Balance
	Beginning Balance	Income tax for the period	Less: Transferred from Other Comprehensive Income in Previous period to current profit and loss	Less: Income tax expense	Attributable to parent company after tax	Attributable to minority shareholders after tax		
(I) Other comprehensive income can not to be reclassified into profit or loss in the future Including: Changes in net liabilities or assets from remeasurement of defined contribution plan	-35,000,000.00						-35,000,000.00	
(II) Other comprehensive income to be reclassified into profit or loss in the future								
(I) Other comprehensive income to be reclassified into profit or loss in the future	-10,284,836.15	786,602.88		117,990.43			-9,616,223.70	
Total	-45,284,836.15	786,602.88		117,990.43			-44,616,223.70	

42. Special reserves

Current period

Items	Beginning balance	Increase	Decrease	Ending balance
Safe production fees	1,439,966.32	31,423,611.79	31,902,606.91	960,971.20
Total	1,439,966.32	31,423,611.79	31,902,606.91	960,971.20

Last year

Items	Beginning balance	Increase	Decrease	Ending balance
Safe production fees	956,026.41	40,652,429.59	40,168,489.68	1,439,966.32
Total	956,026.41	40,652,429.59	40,168,489.68	1,439,966.32

43. Surplus reserves

Current period

Items	Beginning balance	Increase	Decrease	Ending balance
Statutory surplus reserves	923,846,651.25			923,846,651.25
Discretionary surplus reserves	19,920,770.23			19,920,770.23
Total	943,767,421.48			943,767,421.48

Last year

Items	Beginning balance	Increase	Decrease	Ending balance
Statutory surplus reserves	809,861,305.62	113,985,345.63		923,846,651.25
Discretionary surplus reserves	19,920,770.23			19,920,770.23
Total	829,782,075.85	113,985,345.63		943,767,421.48

Note: The Company increases its statutory surplus Reserves by 10% of net profit of the parent company.

44. Undistributed profit

Current period

Items	Amount	Appropriation %
Ending Balance of last year	1,310,184,662.42	
Add: Beginning retained earnings adjustment		
Including Retroactive adjustment according to new accounting standards		
Including: Changes in accounting policies		
Corrections of Prior Period Error		
Change of consolidation scope under common control		
Other adjustments		
Beginning Balance of Current Period	1,310,184,662.42	
Add: Net profit attributable to Parent Company of Current Period	-524,993,554.11	
Less: Provision of statutory surplus reserve		10
Provision of discretionary surplus reserve		
Provision of general risk reserve		
Ordinary share dividend payable	255,149,425.21	
Capitalized ordinary share dividend		
Ending Balance of Current Period	530,041,683.10	

Last Year

Items	Amount	Appropriation %
Ending Balance of last year	691,646,062.40	
Add: Beginning retained earnings adjustment		
Including: Changes in accounting policies		
Corrections of Prior Period Errors		
Change of consolidation scope under common control		
Other adjustments		
Beginning Balance of Current Year	1,237,948,577.30	
Add: Net profit attributable to Parent Company of Current Year	423,669,503.82	
Less: Provision of statutory surplus reserve	113,985,345.63	10
Provision of discretionary surplus reserve		
Provision of general risk reserve		
Ordinary share dividend payable		
Capitalized ordinary share dividend		
	237,448,073.07	
Ending Balance of Current Year	1,310,184,662.42	

45. Minority shareholders' interest

Name of subsidiaries	Proportion of minority shareholders' interest (%)	Ending Balance	Beginning Balance
Guangzhou Hongfan Technology Co., Ltd.	49.00	13,062,886.17	14,033,222.09
Guangzhou Longxue Pipe Co., Ltd.	57.14	30,019,406.97	27,986,415.16
Guangzhou CSSC Wenchong Binshen Facilities Co., Ltd.	40.00	1,341,151.24	1,366,922.82
Fanguang Development Co., Ltd.	20.00	629,889.63	836,846.11
Zhanjiang Nanhai Ship Hi-Tech Services Ltd.	19.50	482,016.61	474,163.47
Guangzhou Xinhang Human Resources Service Co., Ltd.	25.00	65,371.85	967,204.55
Guangzhou Longxue Properties Co., Ltd.	33.33	51,995.91	57,167.56
Total	-	45,652,718.38	45,721,941.76

46. Net current assets

Items	Ending balance	Beginning balance
Current assets	29,759,256,972.42	29,357,055,858.05
Less: Current liabilities	26,791,384,995.03	27,533,031,586.45
Net current assets	2,967,871,977.39	1,824,024,271.60

47. Total assets less current liabilities

Items	Ending balance	Beginning balance
Total assets	45,125,043,988.34	43,741,099,087.43
Less: Current liabilities	26,791,384,995.03	27,533,031,586.45
Total assets less current liabilities	18,333,658,993.31	16,208,067,500.98

48. Loans

Detailed information:

Items	Ending balance	Beginning balance
Short-term loans	6,783,455,587.92	7,150,873,869.57
Non-current assets due within 1 year	2,001,259,391.90	1,799,060,757.83
Long-term loans	6,716,898,400.00	5,620,471,388.68
Total	15,501,613,379.82	14,570,406,016.08

(1) Analysis

Items	Ending balance	Beginning balance
Bank loans		
– Bank loans due within 5 years	11,605,917,379.82	11,453,336,016.08
– Bank loans due after 5 years		
Other loans		
– Other loans due within 5 years	3,395,696,000.00	2,017,070,000.00
– Other loans due after 5 years	500,000,000.00	1,100,000,000.00
Total	15,501,613,379.82	14,570,406,016.08

(2) Due date analysis

Items	Ending balance	Beginning balance
On demand or within 1 year	8,784,714,979.82	8,949,934,627.40
1-2 years	4,019,898,400.00	2,489,471,388.68
2-5 years	2,197,000,000.00	2,631,000,000.00
Over 5 years	500,000,000.00	500,000,000.00
Total	15,501,613,379.82	14,570,406,016.08

49. Operating income & Operating cost

Items	Current Period	Last Period
Main operation income	10,697,708,511.19	8,234,783,071.18
Other operation income	112,010,726.28	168,955,382.18
Total	10,809,719,237.47	8,403,738,453.36

Items	Current Period	Last Period
Main operation cost	10,414,716,465.84	7,988,757,987.21
Other operation cost	90,960,621.26	119,264,461.76
Total	10,505,677,087.10	8,108,022,448.97

Gross margin

Items	Current Period	Last Period
Main operation income	10,697,708,511.19	8,234,783,071.18
Main operation cost	10,414,716,465.84	7,988,757,987.21
Gross margin	282,992,045.35	246,025,083.97

Revenue from building contracts

Items	Current Period	Last Period
Revenue from building contracts	10,065,488,135.21	7,746,538,082.16

(1) Main operation income – classified by products

Items	Current Period	Last Period
Operation income		
Shipbuilding	10,065,488,135.21	7,746,538,082.16
Ship repair	65,637,265.97	68,190,546.34
Steel Structure Engineering	368,915,503.50	177,406,594.26
Mechanical and electrical products and others	197,667,606.51	242,647,848.42
Total	10,697,708,511.19	8,234,783,071.18
Operation cost		
Shipbuilding	9,818,538,584.95	7,523,312,546.78
Ship repair	63,221,527.10	72,178,598.95
Steel Structure Engineering	344,271,434.50	160,792,975.17
Mechanical and electrical products and others	188,684,919.29	232,473,866.31
Total	10,414,716,465.84	7,988,757,987.21

(2) Main operation income – classified by regions

Region	Current Period	Last Period
Operation income		
Mainland China	7,003,291,535.08	4,807,690,006.84
Hong Kong	503,358,459.69	275,855,447.37
Holland	465,788,172.16	227,881,332.00
Greece	464,722,651.23	342,011,048.12
Switzerland	432,912,309.61	154,069,640.34
Sweden	381,337,575.65	178,483,682.07
Singapore	298,724,027.58	511,573,516.20
Denmark	194,089,365.25	143,925,343.61
Australia	189,712,195.91	63,919,749.01
Marshall Islands	180,842,341.30	8,410,919.47
Macao	163,315,490.90	22,647,520.17
Germany	111,096,641.24	129,664,506.44
British Virgin Islands	87,395,731.51	155,942,964.93
Japan	48,778,725.68	
Liberia	42,201,336.47	258,369,499.41
Canada	36,428,030.83	20,627,469.09
USA	29,358,917.10	56,987,965.94
Chile		59,957,765.96
United Arab Emirates		44,492,030.91
India		579,883,895.75
Mauritius		145,783,047.13
Other countries and regions	64,355,004.00	46,605,720.42
Total	10,697,708,511.19	8,234,783,071.18
Operation cost		
Mainland China	6,372,205,796.67	4,449,499,817.50
Hong Kong	524,980,470.31	274,996,484.67
Holland	248,925,389.24	222,552,093.25
Greece	511,379,872.90	366,704,480.73
Switzerland	489,847,288.54	150,499,645.74
Sweden	426,338,892.10	188,084,780.26
Singapore	435,763,918.72	500,587,020.26
Denmark	235,886,416.40	165,093,312.68
Australia	189,667,189.30	64,439,298.20
Marshall Islands	250,975,917.69	8,410,919.47
Macao	157,512,652.29	21,313,887.45
Germany	110,341,282.00	142,693,807.45
British Virgin Islands	105,064,606.25	151,034,870.17
Japan	43,443,803.23	
Liberia	99,384,044.24	324,529,608.32
Canada	35,224,802.99	20,131,540.88
USA	44,182,351.08	37,911,223.34
Chile		35,633,120.47
United Arab Emirates		41,452,505.28
India		598,524,097.47
Mauritius		175,985,570.35
Other countries and regions	133,591,771.89	48,679,903.27
Total	10,414,716,465.84	7,988,757,987.21

(3) Other operation Income and other operation cost

Items	Current Period	Last Period
Other operation income		
Sales of materials	12,693,984.72	52,016,574.72
Sales of scrap materials	62,105,890.64	52,777,489.16
Service income	5,581,313.16	18,382,777.28
Rental income	6,618,431.19	11,865,544.46
Energy income	23,701,046.48	15,911,070.59
Disposal of investment property income		10,222,240.00
Others	1,310,060.09	7,779,685.97
Total	112,010,726.28	168,955,382.18
Other operation cost		
Sales of materials	11,426,222.86	46,021,399.99
Sales of scrap materials	47,912,456.03	37,843,896.32
Service income	2,106,332.31	6,247,836.87
Rental income	5,678,991.40	5,981,211.12
Energy income	23,435,477.05	15,944,510.37
Disposal of investment property cost		5,699,943.62
Others	401,141.61	1,525,663.47
Total	90,960,621.26	119,264,461.76

(4) Contract Revenue

Items	Total amount	Accumulated cost	Accumulated gross margin	Amounts settled	Falling price reserves provided at the end of the period
Fixed Price contract	55,422,273,360.24	22,383,403,120.37	-370,279,580.82	24,924,328,797.47	734,459,815.06
Total construction in In which: contract under construction which is expected to incur loss at end of period					
50,000 tonnes series (tankers for product oil/chemicals)	4,916,858,207.53	2,405,496,476.20	-298,306,276.76	1,371,295,188.21	227,691,369.51
113,000 ton series (tanks for product oil/chemicals)	2,917,821,892.32	643,791,044.26	-7,701,654.41	1,623,016,390.44	126,354,729.70
2500TEU	1,053,484,033.19	294,185,557.63	-45,215,807.90	362,048,789.34	102,834,654.82
2200TEU	1,358,593,284.25	428,336,081.28	-21,438,401.48	157,017,463.50	73,767,097.30
R-550D platform	1,056,340,320.00	533,139,301.52	-	103,311,600.00	52,968,590.00
36,000 tonnes multi-purpose ship	841,230,769.23	130,466,981.10	-	126,184,615.40	43,243,200.00
250,000 tonnes ore carriers	2,158,229,174.70	1,133,892,894.02	-185,573,540.19	537,115,882.66	36,343,508.63
115,000 tonnes (tanks for product oil/chemicals)	822,708,095.38	860,291,130.36	-218,699,766.59	396,999,414.24	34,725,114.18
Large cruise rescue ship	372,649,572.65	125,755,993.20	-	223,589,743.58	29,729,800.00
30.8WTVLCC	888,996,608.90	1,200,889,834.74	-360,786,550.30	357,351,944.44	2,512,176.77
82,000 tonnes bulk carrier	167,025,765.26	237,027,684.21	-74,407,520.46	167,383,873.88	2,133,758.40
64,000 tonnes bulk carrier	2,080,785,982.12	536,246,060.59	-38,202,736.59	285,946,094.92	872,834.45
2200TEUEC	478,160,913.00	507,966,682.97	-62,699,738.55	160,723,416.00	815,737.72
2800DWT bulk carrier	518,724,453.21	575,529,120.67	-104,201,741.26	154,602,870.93	336,372.86
8000HP oil field workover service supporting ship	118,200,000.00	129,003,904.66	-11,393,247.50	82,740,000.00	57,252.50
78m supply ship	97,348,536.75	110,426,397.37	-13,573,185.16	97,348,536.75	45,516.23
5,000 cu.m cutter suction dredger	177,230,769.23	184,482,186.06	-7,881,128.77	146,126,769.23	28,101.99

Due to the shipbuilding market is still in the trough period and ship price is at the low position, as well as the estimated total cost increase because of improvement of the construction standard resulted from changes of demand-supply relationship in the shipbuilding market, which lead to the estimated total cost exceeds the estimated total revenue for some ship contracts, resulting in an estimated loss.

(5) Operating income from top 5 clients

Client	Current period	% of the total main operating revenue
Client 1	4,027,133,193.09	37.64
Client 2	444,747,986.12	4.16
Client 3	381,337,575.65	3.56
Client 4	364,581,584.65	3.41
Client 5	341,823,588.69	3.20
Total	5,559,623,928.20	51.97

(6) Purchase amounts of top five suppliers

Supplier	Relationship	Amount	% of the total main operating cost
China Shipbuilding Industry Complete Equipment Logistics (Guangzhou) Company Limited	Under the same control of CSSC	2,442,804,529.88	23.46
Eastern Shanghai Heavy Machinery Co., Ltd.	Under the same control of CSSC	301,540,506.33	2.90
Shanghai Academy of Spaceflight Technology	External Client	239,010,000.00	2.29
X Research Institute of China Shipbuilding Industry Corporation	External Client	211,601,000.00	2.03
China United Shipbuilding Company Limited	Under the same control of CSSC	65,644,472.87	0.63
Total		3,260,600,509.08	31.31

50. Business taxes and surcharges

Item	Current period	Last period
Business tax	3,211,086.37	5,227,751.42
City maintenance and construction tax	3,013,852.92	5,886,542.90
Education surcharge	2,164,351.85	4,204,948.56
Total	8,389,291.14	15,319,242.88

51. Sales expense

Item	Current period	Last period
Ship maintenance fee	59,931,944.05	-599,785.96
Consignment fee	1,232,683.49	950,088.35
Salary	10,351,316.77	11,692,488.95
Business expenditure	1,499,112.14	1,685,512.13
Advertisement	910,929.10	957,540.26
Exhibition	1,855,468.93	1,095,463.21
Travelling expense	775,969.26	403,002.92
Rental expense	212,979.98	69,812.38
Depreciation	63,285.02	95,407.66
Other selling expenses	311,972.55	942,153.43
Total	77,145,661.29	17,291,683.33

52. Administration expense

Item	Current period	Last period
Salaries	162,275,786.05	162,320,535.13
Research and development fee	173,326,764.96	164,549,651.76
Repairing expenses	89,074,323.25	63,437,221.44
Taxation	33,392,939.91	34,152,934.95
Service fee	4,341,861.27	776,365.32
Depreciation	38,240,690.58	26,722,133.44
Amortization of intangible assets	28,800,512.08	32,535,076.13
Business entertainment expense	3,113,355.10	2,882,580.79
Travelling expense	3,543,048.99	2,849,334.92
Security expense	10,811,950.14	9,145,171.21
Agency fee	4,050,669.09	7,504,965.54
Board meeting fee	2,426,161.25	4,558,447.17
Water supply and electricity expense	5,745,331.50	5,094,040.08
Office supply	2,072,234.47	1,969,770.06
Rental expense	10,033,676.83	5,263,938.49
Insurance expense	726,911.76	679,777.61
Environmental protection fee	2,530,880.01	3,785,589.06
Other management fees	28,948,578.00	29,008,083.58
Total	603,455,675.24	557,235,616.68

53. Financial expenses**(1) Financial Expenses Category**

Item	Current period	Last period
Interest expenditure	262,246,505.39	302,129,986.78
Less: Interest income	210,008,890.35	272,697,039.62
Add: Exchange loss	-17,099,119.90	-13,299,290.42
Add: Other expenditure	4,451,376.33	3,670,342.21
Total	39,589,871.47	19,803,998.95

(2) Interest expenditure category

Item	Current period	Last period
Interests from bank loans and overdraft		
Interests from bank loans due within 5 years	185,030,648.72	220,446,649.46
Interests from bank loans due after 5 years		
Subtotal	185,030,648.72	220,446,649.46
Other borrowings		
Interests from other borrowings due within 5 years	64,630,240.23	53,475,004.00
Interests from other borrowings due after 5 years	12,585,616.44	28,208,333.32
Subtotal	77,215,856.67	81,683,337.32
Less: Capitalized interest		
Total	262,246,505.39	302,129,986.78

(3) Interest income category

Item	Current period	Last period
Interest income from bank deposit	210,008,890.35	272,697,039.62
Total	210,008,890.35	272,697,039.62

54. Assets impairment losses

Item	Current period	Last period
Bad debts	5,371,502.71	4,650,678.46
Loss from inventory devaluation	224,756,387.54	43,520,953.23
Total	230,127,890.25	48,171,631.69

55. Gain or loss on changes in fair value

Item	Current period	Last period
Financial assets measured at fair value through profit or loss	44,889,251.01	-66,850,099.22
Financial liabilities measured at fair value through profit or loss	7,428,602.54	-83,132,085.92
Total	52,317,853.55	-149,982,185.14

56. Investment income

Item	Current period	Last period
From long-term equity investment under equity method	152,528.55	2,506,100.55
From disposal of financial assets at fair value through profit and loss and its changes in fair value recognized in the current profit and loss account	-5,880,729.54	59,028,858.27
From holding financial assets available for sale	10,000.00	173,257.47
Gain on entrusted wealth management	13,643,347.07	4,320,000.00
Total	7,925,146.08	66,028,216.29

The investment income from investment in non-listed companies for the period is RMB7,925,146.08 respectively

57. Non-operating income

(1) Non-operating income

Item	Current period	Last period	Amount included in non-recurring profit and loss for the period
Gain on disposal of non-current assets	22,175.73	129,182.98	22,175.73
In which: gain on disposal of fixed assets	22,175.73	129,182.98	22,175.73
Government grants	48,436,455.73	180,841,886.16	44,402,340.49
Penalty income	171,300.00	165,170.00	171,300.00
Compensation income	40,755.06	3,838,100.99	40,755.06
Ship surrendering income		32,288,600.00	
Others	3,655,079.63	6,570,161.82	3,655,079.63
Total	52,325,766.15	223,833,101.95	48,291,650.91

The amount included in non-recurring profit and loss for current period is RMB48,291,650.91. (Last period: RMB104,093,101.95).

(2) Government grants category

Item	Current period	Last period	Source and basis	Related to assets/income
Interest subsidy	17,500,000.00	17,500,000.00	Ministry of Finance	Related to income
Shipbuilding technology research	5,492,426.89	2,508,045.17	National Funding	Related to income
Research and Development of technology of classical cabin layout of a luxury cruise ship design and decoration	5,000,000.00	6,000,000.00	MIIT	Related to income
R&D of key technology of polar deck transportation ship	4,461,600.00		MIIT	Related to income
Product subsidy	4,034,115.24	119,740,000.00	National Funding	Related to income
Expansion project	1,750,000.00	1,750,000.00	Yue Cai Gong [2010] No.445, Yue Jing Mao Ji Gai [2009] No.666 and Sui Jing Mao [2009] No.870	Related to assets
R&D of key technique and equipment technology of complex component modeling	1,300,000.00	800,000.00		Related to income
R&D income of Dawn Project	1,165,094.34		CSSC	Related to income
Emulation of precise shipbuilding techniques	781,465.60	1,300,000.00	National Funding	Related to income
Special fund for export credit insurance	776,000.00	44,900.00	Liwan District national treasury payment center: 2013 special fund for export credit insurance	Related to income
Haigong Project (Phase I)	750,000.00	750,000.00	Yue Cai Gong [2010] No.445 and Sui Jing Mao [2008] No.35	Related to assets
Research on general ship construction digital production line research techniques	750,000.00	989,271.54		Related to income
Independent R&D of 3000m depth underwater operation supporting ship	734,012.20		MIIT	Related to income
Tax refund for selling self-produced software	530,108.58		Tax refund from National Tax Bureau	Related to income
Research & manufacturing of testing and analysing system of the power and torsional vibration stress of marine propulsion shafting dual-channel axle	507,025.64	600,000.00		Related to income
Ship construction projects	411,158.76		Central government finance	Related to assets
Research on ship products with 3D figures information	380,394.67		MIIT	Related to income
Digital design and manufacture of ship management integration technology research	214,653.72			Related to income

Item	Current period	Last period	Source and basis	Related to assets/income
Research on integrated testing technology for general assembly of ship	210,000.00			Related to income
Research on the shipbuilding document of International Maritime Organisation	200,000.00	120,000.00	MIIT	Related to income
Enterprise Technology Center innovative capacity building projects	150,000.00		Central government finance	Related to assets
Development of vessel design and construction technology standard	150,000.00			Related to income
Haiping Project	150,000.00		Huangpu District national treasury payment center	Related to assets
Infrastructure development of the Quality Department metering station	122,071.24		Central government finance	Related to assets
R&D and industrialisation of deep sea high power multifunction rescue ship		7,000,000.00	Chuan Gong Ke [2013] No.913	Related to income
R & D of key technology of 3000m deep water drillship design		7,000,000.00	Chuan Gong Ke [2013] No.912	Related to income
3000m Drilling wave compensation device development		1,950,476.39	MIIT	Related to income
Compensation for Gang Qian Lu expropriation		1,836,986.97	MIIT	Related to income
R&D on environmental protection offshore oilfield ship		1,578,434.76	MIIT Lian Zhuang [2012] No.537	Related to income
The high-tech ship project of the Ministry of Industry and Information Technology undertaken by CSSC Integrated Technology Economy Institute – “Research on the Energy Consumption Evaluation and Monitoring and Management Systems of Shipbuilding Enterprises		1,292,010.67	National Funding: Research on the Energy Consumption Evaluation and Monitoring and Management Systems of Shipbuilding Enterprise	Related to income
Research on deep water multi-purpose under water engineering ship specific technology		1,000,000.00	MIIT Lian Zhuang [2011] No.528	Related to income
Subsidies for service trade in provinces, municipality and regions		1,000,000.00	National Funding	Related to income
Funding for R&D on green coating production process optimisation		657,144.78	National Funding: R&D on green coating production process optimisation	Related to income
Research and development and application of energy management systems for shipbuilding industry		380,000.00	Nansha District Innovation and independent development: Research and development and application of energy management systems for shipbuilding industry	Related to income
Others	916,328.85	5,044,615.88		
Total	48,436,455.73	180,841,886.16		

58. Non-operating expense

Item	Current period	Last period	Amount included in non-operating gains or losses for current period
Loss on disposal of non-current assets	430,799.46	424,939.65	430,799.46
Including: Loss on disposal of fixed assets	430,799.46	424,939.65	430,799.46
Penalties	547,000.00	38,775.41	547,000.00
Compensation	37,860.00		37,860.00
Donation	2,000.00	85,000.00	2,000.00
Others	201,624.35	80,945.95	201,624.35
Total	1,219,283.81	629,661.01	1,219,283.81

The amount included in non-recurring profit and loss for current period is RMB1,219,283.81. (Last period: RMB629,661.01).

59. Income tax expenses

(1) Income tax expenses

Item	Current period	Last period
Current income tax: China Corporate Income Tax	62,213,178.16	36,477,652.71
1. China	66,646,746.31	36,492,412.37
2. Hong Kong		
3. Accruals and/or deferrals from previous years	-4,433,568.15	-14,759.66
Deferred income tax	-81,937,157.72	-36,465,042.95
Total	-19,723,979.56	12,609.76

(2) The reconciliation sheet between Current income tax and total income

Income tax expenses calculation is based on the total profit in the consolidated income statement and the applicable tax rates:

Item	Current period	Last period
Total consolidated profit for the period	-543,316,757.05	-222,856,697.05
Income tax calculated at statutory/applicable tax rate	-81,497,513.56	-33,428,504.56
Impact from different tax applicable for subsidiaries	-25,909,359.68	-23,559,701.76
Impact from adjustment to income tax in prior periods	-4,433,568.15	-14,759.66
Impact from non-taxable income		
Impact from non-deductible costs, fees and losses	3,012,479.44	101,574.36
Impact from utilization of deductible losses of unrecognized deferred income tax assets in prior periods		
Impact from deductible temporary differences or losses of unrecognized deferred income tax assets in the period	88,369,703.08	56,914,001.38
Less than accrued income tax of Last Period		
Tax rates effect on the beginning balance changes of deferred income tax assets/liabilities	734,279.31	
Income tax expenses	-19,723,979.56	12,609.76

60. Audit fees and auditor

The audit fees charged in 2015 is RMB2.60 million. (2014: RMB1.85 million). Auditor engaged by the Company is Shinewing Certified Public Accountants (special general partnership), there has not been any change since 2011.

61. Depreciation and amortization

Item	Current period	Last period
Depreciation of investment properties	314,356.08	375,665.01
Depreciation of fixed assets	320,384,789.95	306,052,837.72
Amortization of intangible assets	30,296,791.17	32,836,610.12
Total	350,995,937.20	339,265,112.85

62. Gain (or loss) from disposal of investment or property

None.

63. Operating rentals expenditure

Operating rentals expenditure for the current period is RMB39,471,835.92 (last period: RMB20,173,084.34), among which rental expenditure for machinery is RMB10,424,654.96 (last period: RMB4,483,862.70).

64. Rental income

Operating rental income during current period is RMB6,618,431.19 (last period: RMB26,224,558.07), among which rental income from land and buildings is RMB5,644,099.32 (Last period: RMB 6,782,236.72).

65. Earnings per share

Basic earnings per share shall be calculated by profit 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:

Item	No.	Current period	Last period
Net profit attributable to shareholders of Parent Company	1	-524,993,554.11	-219,947,405.11
Non-recurring profit and loss attributable to shareholders of Parent Company	2	64,339,259.69	40,882,189.25
Net profit after deducting non-recurring profit and loss attributable to shareholders of Parent Company	3=1-2	-589,332,813.80	-260,829,594.36
Total number of shares at the beginning of the year	4	1,030,534,651.00	643,080,854.00
The number of shares increased due to transferring capital reserve into share capital or dividend distribution of shares (I)	5		
The number of shares increased due to issuance of new shares or debt for equity swap (II)	6	382,971,727.00	387,453,797.00
The number of months from next month to the year end regarding the number of shares (II)	7	3	3
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	6
Weighted average number of ordinary shares issued out	12	1,358,070,164.50	1,302,633,951.00
Weighted average number of ordinary shares adjustments because of merger under common control	13	1,222,020,514.50	836,807,752.50
Basic EPS (I)	14=1÷12	-0.3866	-0.1688
Basic EPS (II)	15=3÷13	-0.4823	-0.3117
Potential diluted interests of ordinary shares recognized as expense	16		
Transfer fee	17		
Income tax rate	18	0.15	0.15
Weighted average amount of ordinary shares increased due to warrant, share options, and convertible bonds, etc.	19		
Diluted EPS (I)	20=[1+(16-18)×(1-17)]÷(12+19)	-0.3866	-0.1688
Diluted EPS (II)	21=[3+(16-18)×(1-17)]÷(13+19)	-0.4823	-0.3117

Note: According to Article No. 8 – For business combination under common control during the reporting period, the acquirer issues new shares on the date of combination and uses it as consideration under No. 9 Preparation and Reporting Rules of Information Disclosure of Public Offering Companies — Calculation and Disclosure of Return on Net Assets and EPS (2010 Revised), when calculating basic earnings per share as at the end of the reporting period, the shares shall be treated as outstanding ordinary shares at the beginning of the combination (to calculate the weighted average using weighting as 1). When calculating basic earnings per share at the comparative period, shares shall be treated as outstanding ordinary shares at the beginning of the comparative period. When calculating earnings per share as at the end of the reporting period (after deducting non-operating profit and loss), new shares issued by acquirer after combination shall be weighted starting from the next month. When calculating earnings per share as at the end of the comparative period (after deducting non-operating profit and loss), new shares issued by acquirer after combination shall not be weighted (weighting is zero).

66. Dividends

For the six months ended June 30, 2015, dividends amounted to RMB0 has been declared for the year ended December 31, 2014. (last period: RMB10,305,346.51).

According to the resolutions of the board of directors dated August 26, 2015, the Company would not distribute the interim dividends for the 6-month period ended June 30, 2015 (last period: None).

67. Other comprehensive income

Item	Current period	Last period
1. Gains or losses from Available-for-sale financial assets	786,602.88	-858,149.92
Less: Tax effects of available-for-sale financial assets	117,990.43	-128,722.49
2. Items that can not be reclassified to profit and loss in subsequent periods		-39,530,000.00
Actuarial gains		-39,530,000.00
Total	668,612.45	-40,259,427.43

68. Supplemental information for Consolidated Profit and Loss Statement

Expenses includes: operating expense, selling expense, administrative expenses, the details are listed by nature as bellow:

Item	Current period	Last period
Raw material consumed	7,622,677,335.71	6,035,442,150.03
Salaries expense	1,677,619,531.56	1,431,478,056.34
Depreciation expense	320,699,146.03	306,052,837.72
Amortization	32,283,715.38	34,080,567.97
Product specific fee	775,175,896.65	497,959,930.00
Power cost	179,879,073.48	120,291,706.34
Taxes and surcharges	33,392,939.91	34,152,934.95
Others	544,550,784.91	223,091,565.64
Total	11,186,278,423.63	8,682,549,748.99

69. Notes to the Consolidated Cash Flow Statement

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

1) Other cash receipts from operating activities

Item	Current period	Last period
Received product subsidy		37,081,092.53
Received income from other current accounts	202,642,591.97	158,727,096.24
Government subsidies	46,686,642.19	84,414,144.97
Other non-operating income	4,603,114.82	41,447,295.08
Total	253,932,348.98	321,669,628.82

2) Other cash payments from operating activities

Item	Current period	Last period
Administrative expenditure	162,877,120.40	136,178,919.95
Selling expense	6,862,400.47	6,481,575.48
Non-operating expense	788,484.35	204,721.36
Repairing expense	37,410,633.86	21,088,140.41
Paid to other accounts	345,005,286.35	254,957,593.77
Bank charges	4,205,290.40	3,726,306.76
Total	557,149,215.83	422,637,257.73

3) Other cash receipts from investing activities

Item	Current period	Last period
Fixed deposit pledge resolution	4,430,843,836.16	4,063,081,150.43
Interest income from deposit	265,477,404.15	303,760,090.03
Total	4,696,321,240.31	4,366,841,240.46

4) *Other cash payments from investment activities*

Item	Current period	Last period
Fixed deposit pledge	4,179,389,849.70	4,752,979,268.03
Total	4,179,389,849.70	4,752,979,268.03

5) *Cash received relating to other financing activities*

Item	Current period	Last period
Capital appropriated from the national treasury	100,456,014.39	108,500,000.00
Total	100,456,014.39	108,500,000.00

6) *Cash paid relating to other financing activities*

Item	Current period	Last period
Issuance fees and relevant cost for Qihang Project	3,854,499.50	
Issuance fees and relevant cost for Shuguang Project		2,365,755.96
Total	3,854,499.50	2,365,755.96

(2) *Supplemental information for Consolidated Cash Flow Statement*

Item	Current period	Last period
1. Reconciliation of not profit to cash flows from operating activities:		
Net profit	-523,592,777.49	-222,869,306.81
Add: Provision for impairment	230,127,890.25	48,171,631.69
Depreciation of fixed assets	320,699,146.03	306,052,837.72
Amortization of intangible assets	30,296,791.17	32,836,610.12
Long-term unamortized assets amortization	1,986,924.21	1,243,957.85
Loss from disposal of Fixed assets, Intangible assets and other long-term	408,623.73	295,756.67
Loss from scrapped of Fixed assets (gain marked "-")		
Loss on changes in fair value (gain marked "-")	-52,317,853.55	149,982,185.14
Finance costs (gain marked "-")	36,015,086.69	-40,781,214.12
Investment loss (gain marked "-")	-7,925,146.08	-66,028,216.29
Decrease in Deferred tax assets (increase marked "-")	-88,534,010.26	-20,385,569.40
Increase in Deferred tax liabilities (decrease marked "-")	5,938,308.18	-16,094,852.22
Decrease in Inventories (increase marked "-")	-852,846,782.69	-953,555,040.58
Decrease in operating receivables (increase marked "-")	-1,469,204,222.48	-995,777,669.15
Increase in operating payables (decrease marked "-")	-1,129,709,714.70	-1,157,699,377.25
Others		
Net Cash Flow From Operating Activities	-3,498,657,736.99	-2,934,608,266.63
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	6,545,550,685.54	5,220,705,495.56
Less: Beginning balance	8,341,435,741.37	8,201,641,691.39
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-1,795,885,055.83	-2,980,936,195.83

(3) Information of acquisition of or disposal of subsidiaries or other operating units

Item	Current period	Last period
Information of acquisition of subsidiaries or other operating unit		
1. Consideration of acquisition of subsidiaries or other operating units	4,537,055,380.46	599,843,453.82
2. Cash and cash equivalents received from acquisition of subsidiaries or other operating units	681,408,300.00	599,843,453.82
Less: cash and cash equivalents hold by subsidiaries and other operating units		
3. Net cash received from acquisition of subsidiaries or other operating units	681,408,300.00	599,843,453.82
4. Net assets of the acquiring subsidiaries	2,754,150,755.75	-54,109,262.03
Current asset	13,869,608,161.04	3,857,975,285.64
Non-current asset	5,559,812,661.34	6,503,493,106.27
Current liability	12,716,142,880.21	6,068,620,974.94
Non-current liability	3,959,127,186.42	4,346,956,679.00
Information on disposal of subsidiaries or other operating units		
1. Consideration of disposal of subsidiaries or other operating units		
2. Cash and cash equivalents received from disposal of subsidiaries or other operating units		
Less: cash and cash equivalents hold by subsidiaries and other operating units		
3. Net cash received from disposal of subsidiaries or other operating units		
4. Net assets of the disposing subsidiaries		
Current asset		
Non-current asset		
Current liability		
Non-current liability		

(4) Cash and Cash Equivalents

Item	Ending Balance	Beginning Balance
Cash	6,545,550,685.54	8,341,435,741.37
Including: Cash	441,557.89	315,056.97
Bank deposit available-for-use	6,544,891,411.81	8,340,733,984.06
Other cash fund available-for-use	217,715.84	187,000.34
Deposits in central bank available-for-use		
Deposits in other banks		
Replacement in other banks		
Cash Equivalents		
Including: Bond investment due within 3 months		
Ending Balance of Cash and Cash Equivalents	6,545,550,685.54	8,341,435,741.37
Including: Restricted Cash and Cash Equivalents available-for-use to Parent Company or Subsidiaries		

(5) Significant investment and fund raising activities not involving cash expenses for the Current Period.

Please refer to Note VII.1 for details.

70. Assets with restricted ownerships or right to use

Item	Ending carrying value	Reason
Cash fund	8,282,713,573.24	Loans pledged, guarantee deposit, and fixed deposit maturing over three months

71. Foreign currency items

Item	Ending foreign currency balance	Exchange rate	Ending RMB balance
Cash fund			
Including USD	388,494,484.39	6.1136	2,375,100,253.21
HKD	24,537,836.73	0.7886	19,350,561.73
GBP	917.25	9.6422	8,844.31
EUR	4,086,649.52	6.8699	28,074,873.53
MOP	9,948.48	0.7780	7,739.92
JPY	125,762.00	0.0501	6,294.64
Accounts receivable			
Including USD	44,399,257.49	6.1136	271,439,300.58
HKD	87,918,748.35	0.7886	69,332,724.96
MOP	3,277,585.17	0.7780	2,549,961.26
EUR	3,487,479.03	6.8699	23,958,632.18
Interests receivable			
USD	666,556.30	6.1136	4,075,058.59
Other receivable			
USD	2,540,292.92	6.1136	15,530,334.79
HKD	18,247,887.46	0.7886	14,390,284.04
MOP	514,083.10	0.7780	399,956.65
Accounts payable			
USD	6,248,967.06	6.1136	38,203,696.92
HKD	6,117,386.21	0.7886	4,824,170.77
Interests payable			
USD	6,441,497.24	6.1136	39,380,737.53
Short-term loans			
USD	1,039,079,523.12	6.1136	6,352,516,572.54
EUR	38,113,061.60	6.8699	261,832,921.89
HKD	57,197,683.86	0.7886	45,106,093.49
Long-term loans			
Including USD	421,708,615.53	6.1136	2,578,157,791.90

7. CHANGE IN THE SCOPE OF CONSOLIDATION

1. Business combination under common control

No.	Subsidiary name	Registration place	Registered Capital	Investment amount	Shareholding (%)	Business Scope
1	CSSC Huangpu Wenchong Shipbuilding Co., Ltd.	Guangzhou	RMB 1,551,629,800	RMB 2,749,297,200	100.00	Design, manufacture, processing, installation and maintenance; ship and auxiliary machines, ship accessories
2	Guangzhou Huangchuan Ocean Engineering Co. Ltd.	Guangzhou	RMB 68 million	RMB 68 million	100.00	Design, manufacture, processing and repair of special equipment for oil drilling, ships (except for fishing ships), electric machinery, general machinery, metal structure and its components.
3	Zhanjiang Nanhai Ship Hi-Tech Services Ltd.	Zhanjiang	RMB 2 million	RMB 1.61 million	80.50	Repair, debugging and maintenance of shipboard equipment and system; development and application of software for ships, development and technical service for new electronic technologies for ships.
4	Guangzhou Longxue Properties Co., Ltd.	Guangzhou	RMB 1.5 million	RMB 1 million	66.67	Operating, design, manufacturing, processing and sales of carbon steel pipes, stainless steel pipes, copper pipes, aluminium pipes, aluminium alloy pipes and plastic pipes
5	Guangzhou Xinhang Human Resources Service Co., Ltd.	Guangzhou	RMB 2 million	RMB 1.5 million	75.00	Occupation introduction and information service; service despatch and provision of service; vessel repair and maintenance; interior and exterior decoration; water and power utility installation; development, design and consultancy of vessel technologies; installation and maintenance of vessel refrigerating equipment and production lines; processing, manufacturing and installation of metal structure; house repairs; wholesale and retail sale trade.
6	Guangzhou Wenchong Shipyard Co. Ltd.	Guangzhou	RMB 520,178,500	RMB 520,178,500	100.00	Design, manufacture, installation and repair of vessels and auxiliary machines, general equipment, general parts and components, metal structure and components, pipelines special for power stations, oil refinery and chemicals and environmental protection equipment; construction of marine engineering.
7	Guangzhou Wenchong Chonggong Co. Ltd.	Guangzhou	RMB 30 million	RMB 30 million	100.00	Design, manufacturing, installation and repair of vessels and its auxiliary machines, general equipment, metal structure and components.
8	CSSC Guangzhou Wenchong Bingshen Equipment Co., Ltd.	Guangzhou	RMB 5.6 million	RMB 3.36 million	60.00	Development, design, manufacturing, installation, repair and sales of pumps for marine use, oil-water separator and other electromechanical device.

(1) CSSC Huangpu Wenchong Shipbuilding Co., Ltd. (Huangpu Wenchong) was initially founded in 1851, formerly known as Huangpu Shipyard, and turned successively into Huangpu Ship Repair Works in the era of the Republic of China, Navy No. 201 Factory after the liberation, the State-owned Huangpu Shipbuilding Factory in the 1960s, Guangzhou Shipbuilding Factory in the 1990s and Guangzhou CSSC Huangpu Shipbuilding Co., Ltd. In December 2013, according to the strategic arrangements for accelerating the business transformation and six major business segments, CSSC transferred 100% equity interest in Guangzhou Wenchong Shipyard Co. Ltd. (Wenchong Shipyard) to the original CSSC Guangzhou Huangpu Shipbuilding Company Limited. And the two companies were officially combined. The former CSSC Guangzhou Huangpu Shipbuilding Company Limited was renamed to CSSC Huangpu Wenchong Shipbuilding Co., Ltd. According to the fourth extraordinary general meeting in 2014, the first domestic share class general meeting in 2014 and the first foreign share class general meeting held on December 22, 2014 and the "Approval to Issuance of Shares by Guangzhou Shipyard International Company Limited to China State Shipbuilding Corporation and others for asset acquisition and supporting funds raising" (CSRC Permit [2015] No. 330) from the China Securities Regulatory Commission, the Company issued shares of RMB272,099,300 by private placement to CSSC to purchase 85% equity in Huangpu Wenchong held by CSSC and pay CSSC cash for 15% equity in Huangpu Wenchong. On March 9, 2015, Huangpu Wenchong completed the registration for changes with the administration for industry and commerce. The Shareholder was changed from CSSC to the Company. The Company held 100% equity. Huangpu Wenchong mainly produced public service vessels, offshore oil related vessels, feeder container ships, dredging vessels, drilling platforms, drilling vessels, large marine engineering auxiliary vessels.

7 subsidiaries were included in the consolidation range of Huangpu Wenchong: Guangzhou Huangchuan Ocean Engineering Co. Ltd., Zhanjiang Ship High and New Technical Service Co., Ltd., Guangzhou Longxue Properties Co., Ltd., Guangzhou Xinhang Human Resources Service Co., Ltd., Guangzhou Wenchong Shipyard Co. Ltd., Guangzhou Wenchong Chonggong Co. Ltd., CSSC Guangzhou Wenchong Bingshen Equipment Co., Ltd. Upon the acquisition of Huangpu Wenchong, the Company included Huangpu Wenchong and its subsidiaries in the range of consolidation.

(2) Before the equity transfer of Huangpu Wenchong, the controlling shareholder was CSSC (shareholding proportion: 100%) and the actual controller was CSSC, which was the same actual controller as the Company. Upon the completion of the equity acquisition, the Company held 100% equity as well as voting rights in Huangpu Wenchong. The Company has controlling power over the major operations and financial decision-making. The combination is business combination under common control. The actual controller under common control is CSSC.

(3) Basis of determination of consolidation date and method of accounting

According to "Approval to Issuance of Shares by Guangzhou Shipyard International Company Limited to China State Shipbuilding Corporation and others for asset acquisition and supporting funds raising" (CSRC Permit [2015] No. 330) from the China Securities Regulatory Commission, the Company issued shares of RMB272,099,300 by private placement to CSSC to purchase 85% equity in Huangpu Wenchong held by CSSC and pay CSSC cash for 15% equity in Huangpu Wenchong. China Enterprise Appraisals Company, Inc. evaluated the assets and liabilities of Huangpu Wenchong with April 30, 2014 as the reference date and issued Appraisal Report for All Shareholders' Equity of CSSC Huangpu Wenchong Shipbuilding Co., Ltd. Held by CSSC Involved in Intended Acquisition by Guangzhou Shipyard International through Issuance of Shares and Payment of Cash (ZHQPZi (2014) No. 1253-01), the evaluated net assets of Huangpu Wenchong was RMB4,536,055,400. The evaluated value of 85% equity held by CSSC was RMB 3,855,647,100. With the average trading price for 120 trading days prior to the reference date as the market reference price and 90% of such price as the issue price, which is RMB14.17 per share, the number of shares to be issued is 272,099,300 shares.

According to the Auditors' Report of CSSC Huangpu Wenchong Shipbuilding Co., Ltd. For January to February 2015 and May to December 2014 (XYZH/21014A10007) issued by ShineWing Certified Public Accountants on March 16, 2015, the net assets attributable to the parent company in the consolidated statements of Huangpu Wenchong as at February 28, 2015 was RMB3,004,446,673.07. According to the agreement, the profit or loss during the closing period was owned by the original shareholders less the income of RMB 255,149,425.21, multiplied by 85% proportion, the initial investment cost for the long-term equity investment is RMB2,336,902,660.68; the increased paid-up capital is RMB272,099,300; the increased capital reserve is 2,064,803,360.68; multiplied by 15% proportion, the initial investment cost for the long-term equity investment is RMB 412,394,587.18; the capital reserve written off is RMB 268,013,712.82 and the price paid for acquisition is RMB680,408,300.00.

(4) Basic financial condition of Huangpu Wenchong

Item	As at February 28, 2015/From January 1 to February 28, 2015	As at December 31, 2014/From January 1 to December 31, 2014
Total assets	19,428,420,822.38	20,088,611,709.52
Total liabilities	16,420,120,641.42	17,048,692,015.47
Owners' equity	3,008,300,180.96	3,039,919,694.05
Operating income	1,091,074,647.97	11,588,703,378.31
Net profit	-31,285,206.87	272,737,141.93
Net cash flows from Operating activities	-1,317,968,790.00	-788,037,153.65
Net cash flows	-1,050,394,521.21	-377,482,591.59

2. Disposal of subsidiaries.

No subsidiaries were disposed of during the reporting period.

3. Other of change in the scope of combination

Establishment of GSI Yangzhou Co., Ltd. ("GSI Yangzhou")

In January 2015, the Group made contributions of RMB 1 million in cash to establish GSI Yangzhou. On January 29, 2015, GSI Yangzhou obtained the business license for enterprise legal person (registration number: 321088000330103) verified and issued by Administration of Yangzhou for Industry and Commerce. The registered capital was RMB 1 million; the legal representative was Wu Guangjun and the place of registration was Ship Industrial Park, Yanjiang Development Zone, Daqiao Town, Jiangdu District, Yangzhou City.

8. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

Name of subsidiaries	Place of registration and principal place of operation	Business nature	Proportion of shareholding (%)		Acquisition method
			Direct	Indirect	
Guangzhou Shipyard International Company Limited	Guangzhou	Shipbuilding	100.00		Business combination under common control
Guangzhou Longxue Pipe Co., Ltd.	Guangzhou	Pipe processing		42.86	Business combination under common control
Guangzhou Wanda Marine Engineering Co., Ltd.	Guangzhou	Interior decoration, of ships	75.00	25.00	Investment
Guangzhou Xingshun Marine Services Co., Ltd.	Guangzhou	Ship welding, outfitting, painting	83.33	16.67	Investment
United Steel Structures Ltd.	Guangzhou	Steel structure	75.00	25.00	Investment
Guangdong GSI elevator Co., Ltd.	Guangzhou	Production of elevator	95.00	5.00	Investment
Guangzhou Hongfan Technology Co., Ltd.	Guangzhou	Software development	51.00		Investment
Guangzhou Guangli Shipbuilding Human Resources Service Company Limited	Guangzhou	Provision of labor service	80.00	20.00	Investment
Guangzhou Hongfan Hotel Limited	Guangzhou	Catering services	91.62	8.38	Investment
Glory Group Development Co., Ltd.	Hong Kong	General business trade	100.00		Investment
Fanguang Development Co., Ltd.	Hong Kong	General business trade		80.00	Investment
Fanguang (Macau) Development Single Person Co., Ltd.	Macau	Construction engineering		80.00	Investment
CSSC Large-scale Machinery and Equipment Co., Ltd	Guangzhou	Equipment Manufacturing	100.00		Investment
Zhongshan Guangzhou Shipyard International Ship and Marine Engineering Co., Ltd.	Zhongshan	Equipment Manufacturing	100.00		Investment
Guangzhou Shipyard International Marine Engineering Co., Ltd.	Guangzhou	Equipment Manufacturing	100.00		Investment
Guangzhou Shipyard Shipping Co., Ltd.	Guangzhou	Equipment Manufacturing	100.00		Investment
GSI Yangzhou Co., Ltd.	Yangzhou	Shipbuilding	100.00		Investment
CSSC Huangpu Wenchong Shipbuilding Co., Ltd.	Guangzhou	Shipbuilding	100.00		Business combination under common control
Guangzhou Huangchuan Ocean Engineering Co. Ltd.	Guangzhou	Shipbuilding		100.00	Business combination under common control
Zhanjiang Nanhai Ship Hi-Tech Services Ltd.	Zhanjiang	Provision of labor service	40.00	40.50	Business combination under common control
Guangzhou Longxue Properties Co., Ltd.	Guangzhou	Property management		66.67	Business combination under common control
Guangzhou Xinhang Human Resources Service Co., Ltd.	Guangzhou	Provision of labor service		75.00	Business combination under common control
Guangzhou Wenchong Shipyard Co. Ltd.	Guangzhou	Shipbuilding		100.00	Business combination under common control
Guangzhou Wenchong Chonggong Co. Ltd.	Guangzhou	Equipment Manufacturing		100.00	Business combination under common control
CSSC Guangzhou Wenchong Bingshen Equipment Co., Ltd.	Guangzhou	Equipment Manufacturing		60.00	Business combination under common control

Note: two of the five directors of Guangzhou Longxue Pipe Co., Ltd. are appointed by the Company, which acted as Chairman and general manager, who are responsible for the production and operation activities, Accounting Manager is appointed by the Company. The Company has substantial control over Pipe Company, it is therefore included into the scope of consolidation.

2. Interests in associates or joint ventures

Summary financial information of significant associates and joint ventures

Item	Ending balance/ Current period	Beginning balance/ Last period
Associates:		
Total amount of investment book value	76,934,836.69	76,830,780.46
Total amount of accounts below in proportion to equity held		
– Net profit	739,172.28	4,212,164.16
– Other comprehensive income		
– Total comprehensive income	739,172.28	4,212,164.16

9. FINANCIAL INSTRUMENTS RELATED RISK

The Group's major financial instruments include: Loans, receivables, payables, trading financial assets and trading financial liabilities etc. For the specific details for each instrument please see Note VI. 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. Each kind of 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 maximize 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

1) 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 is using USD dollar and fragmentary Euro, MOP, GBP and JPY for purchasing and sales transactions, other main business operations are settled in RMB. As of June 30, 2015, except for assets and liabilities with balances in USD, Hong Kong Dollar, MOP, Euro, GBP and JPY 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.

Item	As at June 30, 2015	As at December 31, 2014
Cash and bank-USD	388,494,484.39	343,361,205.78
Cash and bank-HKD	24,537,836.73	5,470,236.72
Cash and bank-EUR	4,086,649.52	2,058,977.18
Cash and bank-MOP	9,948.48	8,302.97
Cash and bank-GBP	917.25	917.25
Cash and bank-JPY	125,762.00	228,762.04
Accounts receivable-USD	44,399,257.49	87,499,906.77
Accounts receivable-HKD	87,918,748.35	46,590,367.40
Accounts receivable-MOP	3,277,585.17	3,277,585.17
Accounts receivable-EUR	3,487,479.03	
Other receivables-USD	2,540,292.92	151,500.50
Other receivables-HKD	18,247,887.46	10,588,968.42
Other receivables-MOP	514,083.10	
Interest receivable-USD	666,556.30	2,986,420.83
Accounts payable-USD	6,248,967.06	18,734,405.00
Accounts payable-HKD	6,117,386.21	7,065,055.30
Accounts payable-MOP		573,423.02
Accounts payable-EUR		5,044,606.25
Interests payable-USD	6,441,497.24	5,540,004.98
Short-term loans-USD	1,039,079,523.12	1,025,260,918.83
Short-term loans-EUR	38,113,061.60	610,616.28
Short-term loans-HKD	57,197,683.86	55,924,099.95
Long-term loans-USD	421,708,615.53	550,320,664.57

The Group has paid close attention to the influence generated from exchange rate changes.

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, and recognized fair values of financial assets (or liabilities) at fair value through or loss as at June 30, 2015 are RMB 13,748,040. The change in fair value of forward settlement contract is included in the profit or loss. Please refer to NoteVI.55 for related information. 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 to offset the risk.

2) 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, 2015, most of the bank borrowings with interest rates are borrowings at fixed interest rate contracts in USD and RMB with total amount of RMB15,501,613,379.82 (December 31, 2014: RMB14,339,206,893.28) and the floating interest rate contracts in RMB and USD with total amount of RMB0 (December 31, 2014: RMB231,199,122.80).

The risk of changes in fair value of financial instrument which caused by changes in interest rate is related to borrowings with floating interest rate. As for the borrowings with floating interest rate, the goal of the Group is to keep the floating interest rate in order to eliminate the risk in fair value related to changes in interest rate.

(2) Credit risk

As at June 30, 2015, the Group's potential maximum exposure to credit risk is mainly because of the counter-parties' failure to perform their obligations leading to losses or financial guarantee related to the Group and the financial burden assumed by 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.

The total amount for the top 5 of Accounts receivable is RMB1,323,323,880.92.

(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 June 30, 2015, the unused bank facilities amount is RMB22,662 million (December 31, 2014: RMB18,035 million).

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

June 30, 2015:

Item	Within 1 year	1 to 2 years	2 to 5 years	5 years or above	Total
Financial assets					
Cash and bank	12,970,109,458.78	1,771,245,300.00	86,709,500.00	200,000.00	14,828,264,258.78
Financial assets which is measured by fair value and changes in fair value are recognized in the current profit and loss account	51,998,803.11	9,926,381.38	-	-	61,925,184.49
Notes receivable	21,389,867.00	-	-	-	21,389,867.00
Accounts receivable	1,950,691,851.94	62,286,677.85	41,546,815.48	4,967,338.00	2,059,492,683.27
Other receivables	271,052,270.58	8,082,570.09	9,122,891.21	11,219,832.15	299,477,564.03
Interest receivable	172,287,787.06	41,545,034.14	7,169,557.73	-	221,002,378.93
Long-term receivable	57,244,706.52	76,010,373.74	193,503,512.80	112,818,036.53	439,576,629.59
Financial liabilities					
Short-term loans	6,783,455,587.92	-	-	-	6,783,455,587.92
Financial liabilities which is measured by fair value and changes in fair value are recognized in the current profit and loss account	17,817,330.02	30,359,816.06	-	-	48,177,146.08
Notes payable	1,754,566,542.90	-	-	-	1,754,566,542.90
Accounts payable	5,527,983,574.90	267,620,329.60	96,220,730.70	-	5,891,824,635.20
Other payables	157,541,232.79	5,742,543.11	661,089.90	-	163,944,865.80
Dividend payable	256,485,146.98	-	-	-	256,485,146.98
Interests payable	37,194,868.60	6,688,722.70	3,599,635.73	1,636,198.06	49,119,425.09
Employee benefits	128,842,930.39	-	-	-	128,842,930.39
Non-current liabilities due within one year	2,001,259,391.90	-	-	-	2,001,259,391.90
Long-term loans	-	4,019,898,400.00	2,197,000,000.00	500,000,000.00	6,716,898,400.00

2. 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 risk sensitivity analysis

The assumption of exchange risk sensitivity analysis: all overseas net operational investment hedge and cash flow hedge are highly effective.

Above the above assumptions, with other factors unchanged, the exchange rate might float within a reasonable range, and has the following after tax effect to the current profit and loss account and equity:

Item	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 5%	-44,088,565.50	-44,088,565.50	-44,604,581.78	-49,374,221.80
USD	Against RMB devaluation 5%	44,088,565.50	44,088,565.50	44,604,581.78	49,374,221.80

(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; The financial instrument's fixed rate is measured by the fair value, the changes in the market rate only influence interest income or expenses;

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:

Item	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%	0	0	-3,814,736.00	-3,814,736.00
Loans with floating rate	Decrease 1%	0	0	3,814,736.00	3,814,736.00

10. FAIR VALUE DISCLOSURE

1. Amount of assets and liabilities measured at fair value at the end of the year and level of fair value measurement

Item	Ending fair value			Total
	First level fair value measurement	Second level fair value measurement	Third level fair value measurement	
I. Continuous fair value measurement				
(I) Financial assets at fair value through profit or loss				
1. Trading financial assets		61,925,184.49		61,925,184.49
(1) Forward settlement contract		61,925,184.49		61,925,184.49
2. Available-for-sale financial assets	4,501,116.48			4,501,116.48
(1) Available-for-sale equity instruments	4,501,116.48			4,501,116.48
Total financial assets continuously measured in fair value	4,501,116.48	61,925,184.49		66,426,300.97
(II) Financial liabilities at fair value through profit or loss				
1. Trading financial liabilities		48,177,146.08		48,177,146.08
(1) Forward settlement contract		48,177,146.08		48,177,146.08
Total financial liabilities continuously measured in fair value		48,177,146.08		48,177,146.08

11. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Related party relationships

(1) Controlling shareholder and the ultimate controller

1) Controlling shareholder and the ultimate controller

Name of controlling shareholder and the ultimate controller	Registration place	Nature	Registered capital	Proportion of shareholding in the Company (%)	Proportion of voting rights to the Company (%)
CSSC	Shanghai	Shipbuilding	RMB23,600 million	59.97	59.97

2) Register capital of controlling shareholder and its change of capital

Controlling Shareholder	Beginning balance	Increase	Decrease	Ending balance
CSSC	RMB 23,600,000,000			RMB 23,600,000,000

3) Shares or equity held by controlling shareholders and its change

Controlling Shareholder	Holding amounts		Holding rights %	
	Ending balance	Beginning balance	Ending Proportion	Beginning Proportion
CSSC	847,685,990.00	575,586,690.00	59.97	55.85

(2) Subsidiaries

For related information in respect of the subsidiaries, please refer to the VIII.1 "Interests in subsidiaries " for details.

(3) Joint ventures and associates

For related information in respect of significant joint ventures and associates in VIII.2 to this Note for details.

(4) Other related parties

Type	Name of related parties	Business type	Organization code
Under common control of the controlling shareholder and the ultimate controller			
	Guangzhou Shipyard Co., Ltd.	Purchasing materials, marine accessories and technical labor services	190440532
	CSSC Southern China Ship Machinery Co., Ltd.	Marine accessories and technical labor services	199124798
	Jiujiang Shipbuilding Fire Equipment Manufacture Co., Ltd.	Marine accessories	769750177
	Jiujiang Haitian Equipment Manufacture Co., Ltd.	Marine accessories	769756704
	CSSC Nanjing Oasis Machine Co., Ltd.	Equipment	134905382
	Shanghai Merchant Vessel Design and Research Institute	Purchasing materials	717810086
	The Shipbuilding Industry Complete Logistics Co., Ltd. (Guangzhou)	Marine accessories	56586979
	Shanghai DeruiSihua Ships Equipment Co., Ltd.	Marine accessories	660813517
	Anqing CSSC Diesel Engine Co., Ltd.	Equipment	151306277
	China Marine Power Co., Ltd.	Marine accessories, equipment	731778430
	China Shipbuilding Trading (Guangzhou) Co., Ltd.	Marine accessories	190550010
	9th Design and Research Institute of the China Shipbuilding	Labor and technical services	425014619
	Guangzhou Shipbuilding Corporation	Purchasing goods and services	190506722
	The Ship Survey and Design Institute (Xiamen) Co., Ltd.	Labor and technical services	13294352-9
	CSSC 11th Research Institute	Marine accessories, equipment	71780666-9
	Design and Research Institute of China Shipbuilding and Marine Engineering	Purchasing goods and services	425007603
	Eastern Shanghai Heavy Machinery Co., Ltd.	Marine accessories, equipment	669401543
	CSSC Xijiang Shipbuilding Co., Ltd.	Purchasing materials	198600924
		Purchasing goods and services, selling goods and rendering services	199125619
	Guijiang Shipbuilding Co., Ltd.	Labor and technical services	67464709-7
	Shanghai Lingang Ship Equipment Co., Ltd.	Purchasing goods and services	Overseas company
	China United Shipbuilding Company Limited	Marine accessories	792801606
	Jiujiang China Shipbuilding Changan Fire Equipment Co., Ltd.	Equipment	756976070
	China Ship Power Station Equipment Co., Ltd.	Purchasing goods and services	781228314
	Shipbuilding Chengxi the Voyage Ship Co., Ltd. (Guangzhou)	Purchasing goods and services	766907124
	National Engineering Research Center of Shanghai Ship Design Technology Co., Ltd.	Purchasing goods and services	132943529
	The Ship Survey and Design Institute Co., Ltd.	Purchasing goods and services	400000472
	China Shipbuilding Technology Institute	Purchasing goods and services	158261489
	Jiangxi Chaoyang Machinery Factory	Purchasing goods and services	

Type	Name of related parties	Business type	Organization code
	Guangzhou CSSC Ship Steel Co. Ltd	Labor and technical services	799437720
	The Shanghai Shipbuilding Institute Survey Geotechnical Engineering Co., Ltd.	Labor and technical services	155729481
	Anqing Marine Electric Co., Ltd.	Purchasing materials	771102718
	Huawai Marine Cargo Access Equipment Company	Purchasing goods and services	132203280
	Beijing Shipbuilding Information Technology Co., Ltd.	Sales of goods and provision of services	802042333
	Eastern Shanghai Shipbuilding Electric Co., Ltd.	Purchasing goods and services	780563727
	China Shipbuilding Trading Company	Purchasing goods and services	100001027
	Shipbuilding International Trading Co., Ltd.	Purchasing goods and services	703424416
	Ships and Ocean Engineering Design and Research Institute of Guangzhou	Sales of goods and rendering services and acceptance of shareholding of subsidiary	717806431
	CSSC Guangzhou Marine Diesel Engine Co., Ltd.	Purchasing goods and services	683265787
	CSSC Chengxi Shipbuilding Co., Ltd.	Sales of goods and provision of services	142243024
	Shanghai Waigaoqiao Shipbuilding Co., Ltd.	Sales of goods and provision of services	631423632
	CSSC Jiangnan Heavy Industry Co., Ltd.	Sales of goods and provision of services	132283663
	CSSC Finance Co., Ltd.	Receiving financial services	100027155
	Guangzhou Shipyard HR Service Co. Ltd	Labor and technical services	664021381
	Guangzhou Shipbuilding Nansha Longxue Construction Development Co., Ltd.	Sales of goods	759441020
	Jiangxi Marine Valve Factory	Purchasing goods and services	158261171
	Shanghai Navigation Instrument Co., Ltd.	Purchasing goods and services	767236625
	Shanghai Shipbuilding Corporation	Purchasing goods and services	132204830
	Shanghai Jiangnan Changxing Shipbuilding Co., Ltd	Purchasing goods and services	797013289
Under joint venture control of the controlling shareholder and the ultimate controller			
	Shanghai Lingxiang Equity Investment Co., Ltd.		32078574-0
	Guangzhou Shipyard Industrial Co., Ltd. (Wholly-owned subsidiary of Shanghai Linxiang)	Asset lease	30460679-4

2. Consolidated related party transactions

(1) Related transactions related to purchasing or selling goods or providing or rendering services

1) Purchasing goods or services

Related party	Transaction	Current period	Last period
China Shipbuilding Industry Complete Equipment Logistics (Guangzhou) Company Limited	Purchasing materials	2,442,804,529.88	1,811,358,040.10
Eastern Shanghai Heavy Machinery Co., Ltd.	Marine accessories	301,540,506.33	333,437,800.00
CSSC Systems Engineering Research Institute	Purchasing materials	16,300,000.00	71,661,000.00
9th Design and Research Institute of the China Shipbuilding	Labor and technical services	105,870,908.70	2,639,260.37
China United Shipbuilding Company Limited	Marine accessories	65,644,472.87	63,656,942.19
China Marine Power Co., Ltd.	Marine accessories	53,713,035.00	52,313,443.59
Guangzhou Shipyard Co., Ltd.	Purchasing materials, marine accessories and technical labor services	41,136,420.11	66,658,911.44
CSSC Nanjing Oasis Machine Co., Ltd.	Marine accessories	32,748,617.69	30,615,917.93
Guangzhou Shipyard HR Service Co. Ltd	Receiving services	25,927,483.13	
Design and Research Institute of China Shipbuilding and Marine Engineering	Labor and technical services	22,860,000.00	6,079,400.00
CSSC Jiangnan Heavy Industry Co., Ltd.	Equipment	21,743,589.75	
Anqing CSSC Diesel Engine Co., Ltd.	Marine accessories	19,067,405.98	3,535,489.15
Shanghai CSSC Mitsui shipbuilding Diesel Engine Co., Ltd	Purchasing materials	18,779,829.06	
Shanghai Merchant Vessel Design and Research Institute	Labor and technical services	18,223,362.26	7,298,858.45
Jiangxi Chaoyang Machinery Factory	Marine accessories	17,450,398.04	6,025,700.00
Haiying Enterprises Group Co., Ltd.	Purchasing materials	17,120,000.00	14,615,400.00
China Shipbuilding Trading Company	Labor and technical services	8,283,675.87	13,652,345.08
Shanghai Navigation Instrument Co., Ltd.	Marine accessories	7,472,000.00	5,573,900.00
CSSC Southern China Ship Machinery Co., Ltd.	Marine accessories	6,436,230.00	7,519,300.00
Jiangnan Shipbuilding(Group) Co., Ltd.	Labor and technical services	6,320,035.00	284,000.00
Guangzhou Shipbuilding Corporation	Labor and technical services	4,283,811.15	2,061,697.55
Jiujiang Shipbuilding Fire Equipment Manufacture Co., Ltd.	Marine accessories	3,940,000.00	10,060,100.00
Jiujiang Haitian Equipment Manufacture Co., Ltd.	Marine accessories	3,441,104.95	2,485,778.23
Nanjing CSSC Oasis Environmental protection Co., Ltd.	Marine accessories	3,353,573.58	4,371,476.06
China Shipbuilding Trading (Guangzhou) Co., Ltd.	Marine accessories	3,235,935.20	7,473,803.72
China Ship Power Station Equipment Co., Ltd.	Marine accessories	2,495,000.00	1,160,000.00
Shipbuilding Chengxi the Voyage Ship Co., Ltd. (Guangzhou)	Marine accessories	2,438,930.17	4,453,200.00
Zhenjiang Shipyard Modern Power Generation Equipment Co., Ltd.	Marine accessories	2,376,000.00	1,434,536.76
CSSC Electronic Technology Co., Ltd.	Marine accessories	2,011,840.00	
Fanhua Equipment Co., Ltd.	Equipment	1,867,081.82	
Beijing Shipbuilding Information Technology Co., Ltd.	Labor and technical services	1,844,444.40	286,253.84
Jiangxi CSSC Valve Co. Ltd.	Marine accessories	1,609,426.08	
Shipbuilding International Trading Co., Ltd.	Labor and technical services	1,559,930.67	

Related party	Transaction	Current period	Last period
Shanghai DeruiSihua Ships Equipment Co., Ltd.	Marine accessories	1,521,367.52	5,911,040.34
China Ship Power Station Equipment Co., Ltd.	Marine accessories	1,500,000.00	
China Shipbuilding Trading Shanghai Company	Purchasing materials	1,447,067.89	22,282,600.00
Shanghai Jiuyuan Engineering Contracting Co., Ltd.	Purchasing materials	1,447,067.89	5,129,000.00
The Ship Survey and Design Institute Co., Ltd.	Labor and technical services	1,408,755.29	379,954.94
Ships and Ocean Engineering Design and Research Institute of Guangzhou	Labor and technical services	560,000.00	
Shanghai Hudong Shipyard Valve Co., Ltd.	Purchasing materials	556,913.65	
The Shanghai Lingang ship Equipment Co., Ltd	Marine accessories	470,000.00	
CSSC (Hong Kong) Shipping Company Limited	Purchasing materials	333,266.31	
Guangzhou CSSC Ship Steel Co. Ltd	Labor and technical services	169,530.86	
Shanghai Starry ship Ocean Engineering Service Co., Ltd.	Marine accessories	157,000.00	
National Engineering Research Center of Shanghai ship design technology Co., Ltd.	Equipment	129,914.53	
Anqing Marine Electric Co., Ltd.	Marine accessories	123,300.00	61,000.00
Jiujiang Shipbuilding Fire Automation Co., Ltd.	Labor and technical services	98,340.00	
CSSC Materials Engineering Co., Ltd.	Purchasing materials	34,188.04	
China Shipbuilding Technology Institute	Labor and technical services	14,301.08	528,770.75
CSSC Materials South China Co., Ltd.	Purchasing materials		7,412,300.00
CSSC 11th Research Institute	Labor and technical services		42,700.00
China State Shipbuilding Corporation	Purchasing materials		4,188,000.00
CSSC Xijiang Shipbuilding Co., Ltd.	Purchasing materials		24,300.00
The Ship Survey and Design Institute (Xiamen) Co., Ltd.	Labor and technical services		423,735.85
Guijiang Shipbuilding Co., Ltd.	Marine accessories		767,692.30
China Shipbuilding Industry Complete Logistics Co., Ltd.	Purchasing materials		7,544,500.00
Zhenjiang CSSC Waxilan propeller Co., Ltd.	Marine accessories		3,865,005.40
The Shanghai Shipbuilding Institute Survey Geotechnical Engineering Co., Ltd.	Labor and technical services		512,800.00
Shanghai Jiangnan Shipbuilding Co., Ltd.	Purchasing materials		800.00
Shanghai Jiangnan Shinbuilding Pipe Industry Co., Ltd.	Marine accessories		1,527,775.42
Shanghai Navigation Instrument Co., Ltd.	Labor and technical services		11,300.00
Shanghai Haixun Electrical Engineering Co., Ltd.	Purchasing materials		5,897,400.00
Shanghai Shipyard Co., Ltd.	Purchasing materials		854,700.00
Total		3,293,870,590.75	2,598,077,929.46

Note: Pricing policy:

- Purchase price of electronic appliance, metallic materials and marine complement are based on market price.
- 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.
- 10% increase of labour cost is executed during the peak production period.
- Purchase price of cabin-cleaning, ship design and relevant technical services are based on market price.
- Purchase prices of medical care, food and beverage, infant care, training for labours, 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".

2) Selling goods or rendering services

Related party	Transaction	Current period	Last period
Shipbuilding Chengxi the Voyage Ship Co., Ltd. (Guangzhou)	Labor and technical services	138,914,851.67	110,617,175.84
China Shipbuilding Industry Complete Equipment Logistics (Guangzhou) Company Limited	Sales of materials	42,114,822.61	52,497,130.26
CSSC Industrial Trading Shanghai Co., Ltd.	Ship building	7,391,801.57	
CSSC Jiangnan Heavy Industry Co., Ltd.	Repair and maintenance	4,069,197.40	
Guangzhou Shipyard Co., Ltd.	Labor and technical services	4,063,028.28	7,200,230.55
China Shipbuilding Industry Complete Logistics Co., Ltd.	Sales of materials, provision of labour and technical services	3,115,940.63	
Beijing Shipbuilding Information Technology Co., Ltd.	Materials	1,666,837.58	363,247.86
Eastern Shanghai Zhonghua Shipbuilding (Group) Co., Ltd.	Ship repairs	1,410,256.42	
CSSC Southern China Ship Machinery (Guangzhou) Co., Ltd.	Labor and technical services	507,022.92	
Guijiang Shipbuilding Co., Ltd.	Labor and technical services	422,240.21	189,666.99
Jiangnan Shipbuilding(Group) Co., Ltd.	Labor and technical services	324,786.32	
China Shipbuilding Technology Institute	Labor and technical services	193,828.41	170,900.00
CSSC	Labor and technical services	183,962.26	
China State Shipbuilding Corporation Guangzhou Company	Materials	162,865.83	
CSSC Nanjing Oasis Machine Co., Ltd.	Labor and technical services	128,205.13	
Guangzhou CSSC Ship Steel Co. Ltd	Labor and technical services	28,320.75	
CSSC Guangzhou Marine Diesel Engine Co., Ltd.	Labor and technical services	22,405.66	109,017.01
CSSC Xijiang Shipbuilding Co., Ltd.	Labor and technical services	15,094.34	133,600.00
Ships and Ocean Engineering Design and Research Institute of Guangzhou	Power supply	8,264.96	48,170.87
CSSC Southern China Ship Machinery Co., Ltd.	Power supply	6,000.00	510,688.19
Guangzhou Shipbuilding Corporation	Materials	5,076.92	
CSSC Systems Engineering Research Institute	Labor and technical services		
CSSC 11th Research Institute	Labor and technical services		
The Ship Survey and Design Institute Co., Ltd.	Labor and technical services		
CSSC Chengxi Shipbuilding Co., Ltd.	Shipbuilding		162,393.16
CSSC Finance Co., Ltd.	Labor and technical services		
Zhenjiang CSSC Wartsila Propeller Co., Ltd.	Labor and technical services		
Shanghai Jiangnan Changxing Shipbuilding Co., Ltd	Labor and technical services		
Workers' Hospital of Guangzhou Huangpu Shipyard	Sales of materials		303,400.00
Kindergarten of Guangzhou Huangpu Shipyard	Sales of materials		96,900.00
Technician Training School of Guangzhou Huangpu Shipyard	Sales of materials		
			1,386,300.00
Total		204,754,809.87	173,788,820.73

Note: Pricing policy

- Sale price of electrical and mechanical equipment and metal materials to be based on market price.
- Supply of electricity to be based on cost plus 20% to 25% of administrative expense.
- Labour 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.

(2) Receiving financial services

1) Deposits

Name	Balance		Interest income from deposit	
	Ending balance	Beginning balance	Current period	Last period
CSSC Finance Co., Ltd.	4,034,175,678.33	7,026,652,068.91	52,795,917.14	41,779,730.02

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.

2) Loans

Name	Balance		Interest expense	
	Ending balance	Beginning balance	Current period	Last period
CSSC Finance Co., Ltd.	3,895,696,000.00	3,117,070,000.00	77,215,856.67	81,683,337.32

Pricing policy: the interest rate for RMB loan is adjusted downward based on the benchmark interest rate for mid-to-long-term loan (5.40%) and short term loan (4.85%) stipulated by the PBOC. The interest rate for USD loan is determined with reference to the USD loan interest rate for the same period.

3) Forward exchange settlement

Name	Forward exchange settlement contract		Gains or losses on changes in fair value of forward exchange settlement		Investment income from forward exchange settlement	
	Ending balance (USD)	Beginning balance (USD)	Current period (RMB)	Last period (RMB)	Current period (RMB)	Last period (RMB)
CSSC Finance Co., Ltd.	59,000,000.00	—	9,438,395.37	—	—	—

4) Entrusted wealth management

Name	Actual income from entrusted wealth management		Actual income from entrusted wealth management	
	Ending balance	Beginning balance	Current period	Last period
CSSC Finance Co., Ltd.	555,500,000.00	555,500,000.00	13,643,347.07	4,320,000.00

Pricing policies: to be determined by the return on the entrusted wealth management in the market in the same period.

(3) Related party lease

1) Leasing

Leasor	Lessee	Type of assets leased	Current period	Last period
Guangzhou Shipbuilding Corporation	CSSC Huangpu Wenchong Shipbuilding Co., Ltd.	Land and houses	3,787,036.81	1,963,310.56
Guangzhou Shipbuilding Corporation	Guangzhou Wenchong Shipyard Co. Ltd.	Land and houses	6,793,069.46	3,278,245.51
Guangzhou Shipyard Industrial Co., Ltd.	The Company	Land and properties	—	—

Note: On 27 September 2014, the Company and Guangzhou Shipyard Industrial entered into a lease agreement pursuant to which three pieces of land plots which are Heliwai, South Fangcun Main Road Liwan District, Guangzhou, No. 29 Donglang Market Main Road, South Fangcun Main Road Liwan District, Guangzhou and on the north side of Heliwai, Donglangxiang, Liwan District, Guangzhou ("Leasing Lands"), the current usage of industrial use, and the buildings and structures on the landplots with total site area of 108,939 sq.m. were leased. Starting from 1 October 2014, "Leasing Lands" were leased to the Company, for a term of 39 months, and rental was RMB0. It is continued to perform according to the "Lease Agreement" agreed under "Equity Transfer Agreement in Relation to the 100% Equity Interests in Guangzhou Shipyard Industrial Co., Ltd" entered between the Company and Shanghai Lingxiang.

2) *Rental*

Leasor	Lessee	Type of assets leased	Current period	Last period
Guangzhou Wenchong Shipyard Co. Ltd.	Shipbuilding Chengxi the Voyage Ship Co., Ltd. (Guangzhou)	Houses	46,871.52	0

(4) *Guarantee*

1) *Guarantee by related parties*

Guarantor	Guarantee	Guaranteed amount	Commencement date	Expiry date	Fully performed or not
Guangzhou Wenchong Shipyard Co. Ltd.	CSSC Huangpu Wenchong Shipbuilding Co., Ltd.	500,000,000.00	2012/7/18	2019/7/15	No
CSSC Huangpu Wenchong Shipbuilding Co., Ltd.	Guangzhou Wenchong Shipyard Co. Ltd.	500,000,000.00	2012/7/18	2019/7/15	No
CSSC Huangpu Wenchong Shipbuilding Co., Ltd.	Guangzhou Wenchong Shipyard Co. Ltd.	\$28,500,000.00	2015/4/13	2017/4/13	No
CSSC Huangpu Wenchong Shipbuilding Co., Ltd.	Guangzhou Wenchong Shipyard Co. Ltd.	436,000,000.00	2014/12/17	2017/5/31	No
Shanghai Shipyard Co., Ltd.	Guangzhou Shipyard International Company Limited	500,000,000.00	2012/6/20	2022/6/15	No

2) *Guarantee provided by the Group to related parties*

Guarantor	Guarantee	Guaranteed amount	Commencement date	Expiry date	Fully performed or not
Guangzhou Shipyard International Company Limited	Shanghai Shipyard Co., Ltd.	1,000,000,000.00	2012/6/20	2022/6/15	No
Guangzhou Shipyard International Company Limited	Shanghai Shipyard Co., Ltd.	800,000,000.00	2012/9/19	2022/9/17	No

Note: The above credit guarantee provided by Longxue Shipbuilding for Shanghai Shipyard Co., Ltd. was already existed before the acquisition of Longxue Shipbuilding by the Company, such acquisition was disclosed in the circular of the Company in respect of the first EGM in 2014 held on 13 February 2014

(5) *Other related transactions*

Transaction type	Name	Current period	Last period
Sales agency fees	China Shipbuilding Trading Company	11,134,560.74	7,444,582.54
Sales agency fees	Shipbuilding International Trading Co., Ltd.	1,420,798.49	3,059,113.78
Purchasing agent fees	China United Shipbuilding Company Limited	1,012,825.01	940,742.99
Purchasing agent fees	China Shipbuilding Trading Company	122,418.86	6,222,245.08
Maintenance fee	CSSC (Hong Kong) Shipping Company Limited	1,126,962.00	187,827.00

Note 1: 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;

Note 2: In May 2014, the Company and China Shipbuilding Trading Company (Common seller, "CSSC Trading Company") entered into "Export Ships Progress Fees Transfer Financing Cooperation Agreement" with CSSC (Hong Kong) Shipping Company Limited ("CSSC Leasing"), pursuant to which, part of the ship progress fees of 6 export ships signed in 2013, were sold to CSSC Leasing, totalling US186.00 million. CSSC Leasing charged handling fee of 0.2%, and it has the right of recourse in respect of the ship progress fees. CSSC Leasing pledged this export ship progress fee to DBS Bank and borrowed US186.00 million.

(6) *Connected Transactions*

The connected transactions mentioned in (1) and (5) above constitute connected transaction or continued connected transaction as defined under in Chapter 14A of the Listing Rules in Hong Kong, and are disclosed in details in the Connected Transaction section in Director's Report as required.

3. Connected Transaction between parent company and subsidiaries

(1) Purchasing goods or services

Connected party	Transaction	Current period	Last period
Guangzhou Guangli Shipbuilding Human Resources Service Company Limited	Purchasing services	138,501,274.49	145,202,477.57
Glory Group Development Co., Ltd.	Purchasing goods	90,806,075.89	36,675,663.61
Zhongshan Guangzhou Shipyard International Ship and Marine Engineering Co., Ltd.	Purchasing goods and services	54,694,458.61	58,167,420.13
Guangzhou XingShun Shipping Services Co., Ltd.	Purchasing goods and services	49,563,055.24	64,927,848.88
Guangzhou Wanda Marine Engineering Co., Ltd.	Purchasing goods and services	29,730,382.38	21,863,185.28
CSSC Large-scale Machinery and Equipment Co., Ltd	Purchasing goods and services	11,296,063.59	17,040,224.95
Guangzhou Hongfan Technology Co., Ltd.	Purchasing goods and services	6,913,469.35	191,302.04
Guangzhou Longxue Pipe Co., Ltd.	Purchasing goods and services	3,597,522.18	2,802,815.92
Guangdong GSI elevator Co., Ltd.	Purchasing goods and services	1,482,935.89	251,538.46
Guangzhou Shipyard International Company Limited	Purchasing goods and services	589,734.14	4,777,641.80
United Steel Structures Ltd.	Purchasing goods and services		7,507,071.86
Total		387,174,971.76	359,407,190.50

Note: Pricing policy for purchasing goods or services from subsidiaries: according to market price if there is market price; if not, adding 8%-10% of the cost or using internal assessment settlement price pricing.

(2) Selling goods and services

Connected party	Transaction	Current period	Last period
Zhongshan Guangzhou Shipyard International Ship and Marine Engineering Co., Ltd.	Selling goods and leasing assets	24,527,395.01	1,786,708.94
Guangzhou Shipyard International Marine Engineering Co., Ltd.	Selling goods and leasing assets	12,420,296.44	134,275,828.90
United Steel Structures Ltd.	Selling goods and leasing assets	4,646,023.86	4,537,573.83
Guangzhou Shipyard International Company Limited	Selling goods	3,958,837.44	6,092,177.94
Guangzhou XingShun Shipping Services Co., Ltd.	Selling goods	3,022,445.60	7,767,004.87
Guangzhou Wenchong Shipyard Co. Ltd.	Selling goods	1,899,693.58	
CSSC Large-scale Machinery and Equipment Co., Ltd	Selling goods and leasing assets	681,134.88	708,878.76
Guangdong GSI elevator Co., Ltd.	Selling goods	109,005.98	349,159.81
Guangzhou Longxue Pipe Co., Ltd.	Selling goods	101,796.59	53,256.60
Guangzhou Huangchuan Ocean Engineering Co. Ltd.	Selling goods	94,567.92	–
Guangzhou Guangli Shipbuilding Human Resources Service Company Limited	Selling goods	78,582.35	102,954.19
Guangzhou Wanda Marine Engineering Co., Ltd.	Selling goods	48,004.72	21,056.18
CSSC Huangpu Wenchong Shipbuilding Co., Ltd.	Selling goods	34,677.36	
Guangzhou Wenchong Chonggong Co. Ltd.	Selling goods	27,052.84	
Guangzhou Hongfan Technology Co., Ltd.	Selling goods	2,777.86	3,885.13
Total		51,652,292.43	155,698,485.15

Note: Pricing policy for selling goods to the subsidiaries: adding 8% of the cost.

4. Payroll for key management staff (Consolidated and parent company)

(1) Directors and supervisors

Payroll for directors and supervisors for current year:

Name	Emoluments	Salaries	Retiring welfare	Total
Directors				
Han Guangde		270,263.14	12,063.60	282,326.74
Zhou Dusheng		268,703.14	12,063.60	280,766.74
Chen Ji		249,598.14	12,063.60	261,661.74
Chen Liping (January to March)		137,100.33	6,031.80	143,132.13
Chen Zhongqian		301,398.00	55,432.74	356,830.74
Yang Li	60,000.00			60,000.00
Wang Guozhong (May to June)	20,000.00			20,000.00
Wang Jun	60,000.00			60,000.00
Li Junping (January to April)	40,000.00			40,000.00
Zhu Zhenyu	73,333.00			73,333.00
Song Dejin	73,333.00			73,333.00
Zhu Mingyou	73,333.00			73,333.00
Liu Huajing (May to June)	33,333.00			33,333.00
Supervisors				
Chen Jingqi (January to April)		154,476.19	2,010.60	156,486.79
Qin Tinggui		187,913.14	12,063.60	199,976.74
Chen Shaolong		181,249.14	12,063.60	193,312.74
Ou Guangquan (May to June)	15,000.00			15,000.00
Fu Xiaosi	45,000.00			45,000.00
Zhu Zhengfu	45,000.00			45,000.00

Payroll for directors and supervisors for the same period last year:

Name	Emoluments	Salaries	Retiring welfare	Total
Directors				
Han Guangde		575,624.66	13,656.60	589,281.26
Zhou Dusheng		449,648.66	13,656.60	463,305.26
Chen Ji		505,481.66	13,656.60	519,138.26
Chen Liping		486,492.66	13,656.60	500,149.26
Chen Zhongqian		329,275.16	53,611.26	382,886.42
Yang Li	60,000.00			60,000.00
Wang Jun	60,000.00			60,000.00
Qiu Jiacheng	60,000.00			60,000.00
Li Junping (May to June)	20,000.00			20,000.00
Supervisors				
Chen Jingqi		497,393.36	13,656.60	511,049.96
Fu Xiaosi	45,000.00			45,000.00
Zhu Zhengfu	45,000.00			45,000.00
Qin Tinggui		307,410.32	13,656.60	321,066.92
Chen Shaolong		262,977.56	13,656.60	276,634.16

Note 1: On May 8, 2015, it was resolved in the first extraordinary general meeting of the Company in 2015 to elect Mr. Xiang Huiming and Mr. Wang Guozhong as the Company's directors, Mr. Liu Huajing as the independent director of the Company and Mr. Ou Guangquan as the supervisor of the Company. Executive directors Mr. Chen Ji, Mr. Chen Liping and independent director Ms. Li Junping and Mr. Zhu Zhenyu retired as director due to reasons of personal career; and Chairman of Supervisory Committee, Mr. Chen Jingqi retired as the supervisor and the Chairman of Supervisory Committee due the ages.

No one of the Board of Directors or Board of Supervisors give up any payroll for current period.

During the 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 by the Company according to the payroll policy, and is authorized by the Board's payroll committee.

(2) Top 5 staff with highest salaries:

The top 5 staff with highest salaries include 4 members of the Board of Directors (last period: 4 members). They are listed as followed

Item	Current period	Last period
Salaries and allowances	1,277,875.56	2,514,641.00
Retiring welfare	103,687.14	68,283.00
Total	1,381,562.70	2,582,924.00

During the 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.

Highest-paid staff-classified by salaries:

Item	Current period	Last period
0-RMB788,500 (0-HKD1,000,000)	5	5
RMB788,500.79-RMB 1,183,350 (HKD1,000,001-HKD1,500,000)		
RMB1,182,750.79-RMB1,577,000 (HKD1,500,001-HKD2,000,000)		
Total	5	5

5. Account balance between related parties**(1) Consolidated**1) *Accounts receivable*

Item	Related party	Ending Balance		Beginning Balance	
		Book value	Provision for bad debts	Book value	Provision for bad debts
Accounts receivable					
	Shipbuilding Chengxi the Voyage Ship Co., Ltd. (Guangzhou)	137,332,945.22	686,664.73	149,346,559.80	746,732.80
	CSSC Jiangnan Heavy Industry Co., Ltd.	7,073,754.55	35,368.77	3,147,443.59	15,737.22
	Guangzhou Shipyard Co., Ltd.	6,638,815.72	33,194.08	15,097,732.41	75,488.66
	China Shipbuilding Industry Complete Equipment Logistics (Guangzhou) Company Limited	5,790,302.68	28,951.51	4,360,388.40	21,801.94
	CSSC Southern China Ship Machinery (Guangzhou) Co., Ltd.	2,018,296.06	10,091.48	87,179.49	435.90
	Eastern Shanghai Zhonghua Shipbuilding (Group) Co., Ltd.	1,650,000.00	8,250.00		
	China State Shipbuilding Corporation	1,500,000.00	7,500.00		
	Beijing Shipbuilding Information Technology Co., Ltd.	1,304,000.00	6,520.00		
	China Shipbuilding Industry Complete Logistics Co., Ltd.	1,278,333.72	6,391.67		
	China Shipbuilding Technology Institute	236,000.00	1,180.00		
	China Shipbuilding Trading Guangzhou Company	190,553.02	952.77		
	Guijiang Shipbuilding Co., Ltd.	151,169.50	755.85		
	CSSC Industrial Trading Shanghai Co., Ltd.	100,000.00	500.00		
	Guangzhou Shipbuilding Nansha Longxue Construction Development Co., Ltd.	84,574.00	422.87		
	Beijing Shipbuilding Information Technology Co., Ltd. Shanghai Branch	43,200.00	216.00		
	CSSC Xijiang Shipbuilding Co., Ltd.	16,000.00	80.00		
	Kindergarten of Guangzhou Huangpu Shipyard	13,031.87	65.16	9,801.59	49.01
	Technician Training School of Guangzhou Huangpu Shipyard	7,000.00	35.00		
	Ships and Ocean Engineering Design and Research Institute of Guangzhou	6,000.00	30.00		
	Guangzhou Shipbuilding Corporation	5,940.00	29.70		
	CSSC Guangzhou Marine Diesel Engine Co., Ltd.	5,337.14	26.69	5,337.14	26.69
	Guangzhou CSSC Ship Steel Co. Ltd			8,018,890.26	40,094.45
	Workers' Hospital of Guangzhou Huangpu Shipyard			45,252.30	226.26
	Sub-total of accounts receivable	165,445,253.48	827,226.28	180,118,584.98	900,592.93

Item	Related party	Ending Balance		Beginning Balance	
		Book value	Provision for bad debts	Book value	Provision for bad debts
Prepayments					
	The Shipbuilding Industry Complete Logistics Co., Ltd. (Guangzhou)	736,163,553.84		1,162,875,998.59	
	Eastern Shanghai Heavy Machinery Co., Ltd.	224,204,709.40		123,046,584.62	
	Guangzhou Shipbuilding Nansha Longxue Construction Development Co., Ltd.	100,000,000.00			
	China Shipbuilding Trading Shanghai Company	95,775,334.69		90,574,086.38	
	Shanghai CSSC Mitsui shipbuilding Diesel Engine Co., Ltd	82,860,000.00		44,740,000.00	
	China Marine Power Co., Ltd.	47,698,954.85		16,528,600.00	
	China Shipbuilding Trading Company	26,534,918.23		22,068,996.04	
	CS Shipping Company Limited	5,910,545.38			
	Anqing CSSC Diesel Engine Co., Ltd.	5,080,000.00		3,418,500.00	
	Guangzhou Shipyard Co., Ltd.	4,393,790.80		5,146,000.00	
	Shanghai DeruiSihua Ships Equipment Co., Ltd.	4,260,000.00			
	Haiying Enterprises Group Co., Ltd.	3,940,000.00		5,960,000.00	
	CSSC Nanjing Oasis Machine Co., Ltd.	3,800,000.00			
	Shanghai Haixun Electrical Engineering Co., Ltd.	3,680,000.00			
	Fanhua Equipment Co., Ltd.	1,400,646.55			
	China United Shipbuilding Company Limited	914,684.69			
	Jiujiang Haitian Equipment Manufacture Co., Ltd.	505,000.00			
	CSSC Systems Engineering Research Institute	296,400.00			
	Jiangxi CSSC Navigation Instrument Co., Ltd.	16,860.00		16,860.00	
	China Shipbuilding Industry Complete Logistics Co., Ltd.			130.99	
	Sub-total of prepayments	1,347,435,398.43		1,474,375,756.62	
Other receivables					
	China Shipbuilding Trading Shanghai Company	96,451,974.00	482,259.87		
	Guangzhou Shipyard HR Service Co. Ltd	613,149.95	3,065.75		
	Technician Training School of Guangzhou Huangpu Shipyard	595,165.50	2,975.83	1,522,336.12	7,611.68
	Guangzhou Shipyard Co., Ltd.	400,000.00	2,000.00		
	China State Shipbuilding Corporation	300,000.00	1,500.00		
	Shipbuilding Chengxi the Voyage Ship Co., Ltd. (Guangzhou)	229,314.39	1,146.57	83,696.21	418.48
	Guangzhou Shipbuilding Nansha Longxue Construction Development Co., Ltd.	188,746.75	943.73		
	CSSC Xijiang Shipbuilding Co., Ltd.	170,780.52	853.90	323,269.31	1,616.35
	Guangxi Guijiang Shipbuilding Co., Ltd.	144,951.72	724.76	144,951.72	724.76
	CSSC Finance Co., Ltd.	99,609.49	498.05		
	China Shipbuilding Trading Company	50,972.41	254.86		
	China United Shipbuilding Company Limited	40,803.84	204.02		
	Workers' Hospital of Guangzhou Huangpu Shipyard	38,234.59	191.17		
	Guangzhou Shipbuilding Corporation	25,650.00	128.25	25,650.00	128.25
	Kindergarten of Guangzhou Huangpu Shipyard	15,052.56	75.26		
	Design and Research Institute of China Shipbuilding and Marine Engineering	822.15	4.11	649.39	3.25
	CSSC Chengxi Shipbuilding Co., Ltd.			144,838.62	724.19
	Sub-total of other receivable	99,365,227.87	496,826.13	2,245,391.37	11,226.96
Total		1,612,245,879.78	1,324,052.41	1,656,739,732.97	911,819.89

2) Accounts payable

Item	Related party	Ending balance	Beginning balance
Accounts payable			
	CSSC Systems Engineering Research Institute	305,046,100.00	121,931,750.00
	China Shipbuilding Industry Complete Equipment Logistics (Guangzhou) Company Limited	142,910,495.57	14,096,850.96
	9th Design and Research Institute of the China Shipbuilding Eastern Shanghai Heavy Machinery Co., Ltd.	91,284,434.06	117,343,849.42
	CSSC Jiangnan Heavy Industry Co., Ltd.	54,154,500.00	37,959,500.00
	CSSC Nanjing Oasis Machine Co., Ltd.	42,757,341.88	42,757,341.88
	China Marine Power Co., Ltd.	24,630,184.81	9,061,925.00
	Anqing CSSC Diesel Engine Co., Ltd.	22,962,952.91	25,870,412.91
	Guangzhou Shipbuilding Nansha Longxue Construction Development Co., Ltd.	20,371,998.33	16,166,340.00
	Guangzhou Shipbuilding Corporation	18,472,294.28	18,472,294.28
	Shipbuilding Chengxi the Voyage Ship Co., Ltd. (Guangzhou)	16,998,664.44	19,833,823.84
	Guangzhou Shipyard Co., Ltd.	16,010,124.10	14,091,058.52
	Shanghai Navigation Instrument Co., Ltd.	13,327,777.00	47,287,161.73
	Shanghai Haixun Electrical Engineering Co., Ltd.	13,117,700.00	5,857,000.00
	Jiujiang Shipbuilding Fire Equipment Manufacture Co., Ltd.	11,959,495.00	11,602,506.11
	Jiujiang Haitian Equipment Manufacture Co., Ltd.	7,748,828.21	7,406,376.45
	Design and Research Institute of China Shipbuilding and Marine Engineering	7,445,506.94	3,570,200.00
	CSSC Southern China Ship Machinery Co., Ltd.	6,327,169.82	1,973,169.82
	China Shipbuilding Trading Guangzhou Company	6,081,900.02	24,783,364.00
	Shanghai Jiuyuan Engineering Contracting Co., Ltd.	5,360,042.00	6,946,099.50
	CSSC Marine Technology Co., Ltd.	3,909,442.69	8,100,659.55
	China Ship Power Station Equipment Co., Ltd.	3,225,200.00	477,200.00
	Shipbuilding International Trading Co., Ltd.	3,190,125.00	1,766,625.00
	Jiangxi Chaoyang Machinery Factory	2,884,175.00	3,700,804.70
	Nanjing CSSC Oasis Environmental protection Co., Ltd.	2,863,190.44	2,347,986.00
	Guangzhou Shipyard HR Service Co. Ltd	2,781,083.86	1,010,000.00
	Zhenjiang Shipyard Modern Power Generation Equipment Co., Ltd.	1,969,873.65	751,495.93
	Beijing Shipbuilding Information Technology Co., Ltd.	1,950,128.20	1,196,100.00
	Jiangxi CSSC Valve Co. Ltd.	1,848,186.50	1,472,386.50
	China Shipbuilding Trading (Guangzhou) Co., Ltd.	1,719,572.00	411,032.00
	The Ship Survey and Design Institute Co., Ltd.	1,520,088.76	205,740.00
	Fanhua Equipment Co., Ltd.	1,349,500.00	4,701,000.00
	CSSC Industrial Material Southern China Co., Ltd.	832,497.81	1,705,404.09
	Jiujiang China Shipbuilding Changan Fire Equipment Co., Ltd.	712,557.79	2,939,919.40
	Shanghai Hudong Shipyard Valve Co., Ltd.	635,365.90	809,000.00
	Beijing Leiyin Electronic Technology Development Co., Ltd.	625,000.00	667,400.00
	CSSC 11th Research Institute	598,705.00	1,413,780.00
	Shanghai Shenbo Information System Engineering Co., Ltd.	595,600.00	872,500.00
	Jiangxi Marine Valve Factory	435,000.00	406,000.00
	Haifeng Navigation Technology Co., Ltd.	406,000.00	536,400.84
	CSSC Southern China Ship Machinery Guangzhou Co., Ltd.	368,283.84	6,000,000.00
	The Shanghai Shipbuilding Institute Survey Geotechnical Engineering Co., Ltd.	322,822.57	
	Ships and Ocean Engineering Design and Research Institute of Guangzhou	326,064.00	
	Guangzhou CSSC Ship Steel Co. Ltd	322,822.57	
	Shanghai Starry ship Ocean Engineering Service Co., Ltd.	260,000.00	170,570.75
	China Shipbuilding Industry Complete Logistics Co., Ltd.	169,530.86	
	The Shanghai Lingang ship Equipment Co., Ltd	157,000.00	
	Shanghai Waigaoqiao Shipbuilding Co., Ltd.	149,526.18	14,108,019.97
	Anqing Marine Electric Co., Ltd.	136,456.64	123,950.00
	CSSC Finance Co., Ltd.	123,950.00	400,000.00
	Shanghai Dongxin Software Engineering Co., Ltd.	100,000.00	166,784.62
	Jiujiang Shipbuilding Fire Automation Co., Ltd.	85,000.00	1,731,490.40
	Guijiang Shipbuilding Co., Ltd.	83,000.00	80,000.00
	National Engineering Research Center of Shanghai Ship Design Technology Co., Ltd.	80,000.00	
	Shanghai DeruiSihua Ships Equipment Co., Ltd.	80,000.00	85,030.00
	The Ship Survey and Design Institute Co., Ltd. Xiamen Branch	77,660.00	2,098,669.66
	Guangzhou Hairong Construction Supervision Co., Ltd.	49,900.00	36,200.00
	Pudong Branch of China Ship Survey Research Institute	46,650.00	
	China Shipbuilding Trading Wuhan Company	42,644.66	
	Nanjing Navigation Marine Equipment Co., Ltd.	36,200.00	
	Shanghai Merchant Vessel Design and Research Institute	36,200.00	
	Shanghai CSSC Mitsui shipbuilding Diesel Engine Co., Ltd	10,273.38	8,325.50
	China Shipbuilding Technology Institute	8,325.50	8,325.50
	Sub-total of accounts payable	4,000.00	156,603.77
		864,019,089.60	653,058,291.10

Item	Related party	Ending balance	Beginning balance
Advances from customers			
	Shipbuilding Chengxi the Voyage Ship Co., Ltd. (Guangzhou)	76,508,714.95	
	Shanghai Merchant Vessel Design and Research Institute	3,301,886.79	300,000.00
	Design and Research Institute of China Shipbuilding and Marine Engineering	950,000.00	950,000.00
	CSSC 11th Research Institute	583,018.87	283,018.87
	China Shipbuilding Technology Institute	247,169.81	105,660.38
	Eastern Shanghai Zhonghua Shipbuilding (Group) Co., Ltd.	239,743.59	
	The Shanghai Shipbuilding Institute Survey Geotechnical Engineering Co., Ltd.	74,448.00	
	Guangzhou Shipbuilding Nansha Longxue Construction Development Co., Ltd.	10,450.00	10,450.00
	Beijing Shipbuilding Information Technology Co., Ltd.		555,000.00
	Sub-total of advances from customers	81,915,432.01	2,204,129.25
Other payables			
	9th Design and Research Institute of the China Shipbuilding	8,660,792.55	12,823,687.92
	China State Shipbuilding Corporation	1,520,165.00	
	China Shipbuilding Industry Complete Equipment Logistics (Guangzhou) Company Limited	646,290.58	
	China United Shipbuilding Company Limited	469,396.39	469,396.39
	Guangzhou Shipbuilding Nansha Longxue Construction Development Co., Ltd.	177,604.00	4,800.00
	Guangzhou Shipyard Co., Ltd.	126,594.00	791,065.33
	China Marine Power Co., Ltd.	125,247.86	324,857.36
	Shanghai Dongxin Software Engineering Co., Ltd.	125,000.00	125,000.00
	Guangzhou Shipbuilding Corporation	116,504.00	116,504.00
	China Shipbuilding Technology Institute	84,000.00	84,000.00
	Beijing Shipbuilding Information Technology Co., Ltd.	35,910.00	582,600.00
	Shanghai Shenbo Information System Engineering Co., Ltd.		304,000.00
	China Shipbuilding Trading (Guangzhou) Co., Ltd.		820.00
	Sub-total of other payables	12,087,504.38	15,626,731.00
	Total	958,022,025.99	670,889,151.35

(2) **Related balance between the parent company and subsidiaries**

1) *Receivables from related parties*

Item	Related party	Ending Balance		Beginning Balance	
		Book value	Provision for bad debts	Book value	Provision for bad debts
Accounts receivable					
	CSSC Large-scale Machinery and Equipment Co., Ltd.	103,058,708.63		97,401,961.86	
	Guangzhou Shipyard International Marine Engineering Co., Ltd.	86,839,260.78		72,753,861.03	
	Zhongshan Guangzhou Shipyard International Ship and Marine Engineering Co., Ltd.	55,914,515.56		17,237,418.11	
	Guangzhou XingShun Shipping Services Co., Ltd.	15,837,671.01		16,964,825.18	
	United Steel Structures Ltd.	10,191,539.70		5,130,670.79	
	Guangzhou Shipyard International Company Limited	10,015,983.44		27,528,773.67	
	Guangzhou Longxue Pipe Co., Ltd.	1,426,761.12		803,615.18	
	Guangdong GSI elevator Co., Ltd.	33,477.38			
	CSSC Huangpu Wenchong Shipbuilding Co., Ltd.	1,160.00			
	Guangzhou Wenchong Shipyard Co. Ltd.	1,775.00			
	Guangzhou Wenchong Chonggong Co. Ltd.	12,516.00			
	Sub-total of accounts receivable	283,333,368.62		237,821,125.82	

Item	Related party	Ending Balance		Beginning Balance	
		Book value	Provision for bad debts	Book value	Provision for bad debts
Prepayments					
	Guangzhou Shipyard International Company Limited	4,085,564,819.00		1,678,381,999.50	
	Zhongshan Guangzhou Shipyard International Ship and Marine Engineering Co., Ltd.	57,377,865.43		87,289,021.10	
	Guangzhou Guangli Shipbuilding Human Resources Service Company Limited	18,033,200.00		18,033,200.00	
	Glory Group Development Co., Ltd.	17,978,257.35			
	CSSC Large-scale Machinery and Equipment Co., Ltd	1,655,600.00		1,655,600.00	
	Fanguang Development Co., Ltd.			36,496,791.81	
	Guangzhou XingShun Shipping Services Co., Ltd.			3,262,806.56	
	Guangdong GSI elevator Co., Ltd.			310,500.00	
	Sub-total of prepayments	4,180,609,741.78		1,825,429,918.97	
Other receivables					
	Guangzhou Shipyard International Company Limited	3,002,950,739.75		3,122,698,352.38	
	GSI Yangzhou Co., Ltd.	1,301,836,243.90			
	Zhongshan Guangzhou Shipyard International Ship and Marine Engineering Co., Ltd.	838,521,968.37		762,852,922.79	
	CSSC Huangpu Wenchong Shipbuilding Co., Ltd.	422,168,788.70			
	United Steel Structures Ltd.	31,267,847.05		651,368.09	
	Glory Group Development Co., Ltd.	21,396,233.59		21,409,733.59	
	CSSC Large-scale Machinery and Equipment Co., Ltd	15,969,827.50		29,705,204.95	
	Guangzhou Guangli Shipbuilding Human Resources Service Company Limited	3,712,514.94		1,755,692.83	
	Guangzhou Hongfan Hotel Limited	2,957,685.43		2,900,000.00	
	Guangdong GSI elevator Co., Ltd.	2,065,334.30		1,900,000.00	
	Guangzhou Longxue Pipe Co., Ltd.	64,339.13		1,353.71	
	Guangzhou Shipyard International Marine Engineering Co., Ltd.	34,983.34		241,657.11	
	Sub-total of other receivables	5,642,946,506.00		3,944,116,285.45	
	Total	10,106,889,616.40		6,007,367,330.24	

2) Payables by related parties

Item	Related parties	Ending Balance	Beginning Balance
Accounts payable			
	Guangzhou Shipyard International Marine Engineering Co., Ltd.	46,010,900.00	
	Guangzhou Shipyard International Company Limited	39,695,020.87	76,300,838.48
	Glory Group Development Co., Ltd.	25,495,369.73	
	Zhongshan Guangzhou Shipyard International Ship and Marine Engineering Co., Ltd.	12,568,300.03	11,033,946.00
	Guangzhou Wanda Marine Engineering Co., Ltd.	11,669,402.76	
	Guangzhou XingShun Shipping Services Co., Ltd.	7,683,159.24	253,439.94
	CSSC Large-scale Machinery and Equipment Co., Ltd	6,656,485.84	4,463,347.64
	United Steel Structures Ltd.	6,514,905.38	6,514,905.38
	Guangzhou Longxue Pipe Co., Ltd.	4,856,699.18	984,021.00
	Guangdong GSI elevator Co., Ltd.	1,747,035.00	2,461,800.00
	Guangzhou Guangli Shipbuilding Human Resources Service Company Limited	1,262,645.04	71,102.47
	Guangzhou Hongfan Technology Co., Ltd.	22,750.00	
	Guangzhou Hongfan Hotel Co., Ltd.		160,882.00
Sub-total of accounts payable		164,182,673.07	102,244,282.91
Other payables			
	CSSC Large-scale Machinery and Equipment Co., Ltd	9,110,000.00	10,120,000.00
	Guangzhou Hongfan Hotel Co., Ltd.	7,620,000.00	10,142,363.00
	Glory Group Development Co., Ltd.	2,798,315.39	7,923.81
	CSSC Large-scale Machinery and Equipment Co., Ltd	300,000.00	
	Guangzhou Shipyard International Company Limited	160,544.28	1,647,122.98
	Guangzhou Guangli Shipbuilding Human Resources Service Company Limited		12,620,000.00
	Guangzhou Wanda Marine Engineering Co., Ltd.		5,280,000.00
	Guangzhou XingShun Shipping Services Co., Ltd.		31,860,000.00
	Fanguang Development Co., Ltd.		1,025,610.23
Sub-total of other payables		19,988,859.67	72,703,020.02
Total		184,171,532.74	174,947,302.93

12. CONTINGENCIES

1. Contingent liabilities derived from pending litigation or arbitration

- (1) On December 31, 2010, the Company and the subsidiary, Guangzhou Guangli Shipbuilding Human Resources Service Company Limited (“GLGS”) filed four lawsuits to the Intermediate People’s Court of Zhenjiang, Jiangsu Province (the “Court”), of which the Company sued Jiangsu Shenghua Shipbuilding Co. Ltd (“Jiangsu Shenghua”) for return of assets, a dispute on a technical service contract and disputes on contracts in relation to the installation of 79600 tons bulk freighter 1# and 2#. The Company claimed for: A.(1) Jiangsu Shenghua to, despite all obstacles, return all the production facilities, equipment and materials which belong to the Company but stored in its production area to the Company immediately; (2) Jiangsu Shenghua to be ordered to bear all the liabilities in respect of the wear and tear or loss of above production facilities, equipment and materials; B. Jiangsu Shenghua to pay to the Company the outstanding technical service fees and interest of RMB2.4 million and be liable for a penalty of RMB2.4 million; C. Jiangsu Shenghua to pay GLGS the outstanding project funds, penalty and the job ready loss, in the amount of RMB50,281,700 in total (among which: 1# Ship RMB26,876,000 and 2# Ship RMB23,405,700). As of June 4, 2013, mediation of the first lawsuit in relation to the return of assets between the Company and Jiangsu Shenghua was conducted in Wuhan Maritime Court and Jiangsu Shenghua has returned all the related assets to the Company. For the remaining three lawsuits, the Company had applied to the Court for compulsory enforcement after the relevant mediation being conducted in Wuhan Maritime Court. The assessment of seized assets has been completed by the valuer instructed by the executing court. The valuation report has been delivered by way of public notice and the notice of objection to the valuation report has been completed by the Court. The court held two auctions on the seized assets of Jiangsu Shenghua on June 4, 2013 and August 8, 2013 respectively, but both of the sales fell through. The Company submitted the formal application to offset the debts by assets to the court on August 19, 2013. While the case was in the process of compulsory enforcement, Zhejiang Nantian Post and Telecommunication Technology Co. Ltd (hereinafter referred as “Zhejiang Nantian”), as one of the main creditors of Jiangsu Shenghua, initiated a lawsuit against Jiangsu Shenghua, GLGS and the Company (all named as the defendants) on July 30, 2013 to the Wuhan Maritime Court, and requested the court to confirm its priority to be repaid by the 300T crane and other assets of Jiangsu Shenghua, and stop the enforcement over the 300T crane, or if the 300T crane has been enforced, its debt from Jiangsu Shenghua shall be repaid by the proceeds with priority. Zhejiang Nantian had applied for objection to enforcement to the court with the same reason on May 22, 2013 and it was subsequently rejected by the court. The proceeding of the case has commenced since November 20, 2013. On December 10, 2013, Wuhan Maritime Court made the first judgment for the case of Zhejiang Nantian (2013 Wuhan Maritime Law and Business No. 01328 civil judgment), which ruled that the Company and GLGS can enjoy the mortgage right for the mortgaged properties of Jiangsu Shenghua, and it has a higher creditors’ priority than Zhejiang Nantian. The application for legal proceedings from Zhejiang Nantian has therefore been rejected. On January 3, 2014, the Company received the petition to appeal of Zhejiang Nantian delivered by Wuhan Maritime Court. The application for appeal was made to Hu Bei Provincial High Court and it requested to repeal the previous judgment by Wuhan Maritime Court, and also to reclaim that Zhejiang Nantian has the priority to be repaid by the 300T crane of Jiangsu Shenghua. The Company and GLGS are currently communicating with the court, and seeking the application for the on-going enforcement of the Shenghua case. On June 20, 2014, the Company made application to the Court for resumption of the enforcement. In November 2014, the Company received notice from the executing judge of Wuhan Maritime Court that Jiangsu Shenghua has been declared bankrupt by the Court in late October, and all executing cases should therefore be terminated. All creditors should report their claims to the Court. The Company and GLGS have completed their calculation in respect of the bankruptcy claims, and have filed the data of the relevant information with the liquidation team of Jiangsu Shenghua. On March 20, 2015, the Company attended the first creditors’ meeting of Jiangsu Shenghua and the current situation of debts of Jiangsu Shenghua was confirmed during the creditors’ meeting. There was also a voting on the property realization plan subsequent to the bankruptcy but the plan was not passed as the largest creditor voted against it. As the appraisal for the buildings and lands owned by Shenghua has not been completed, another creditors’ meeting will be held after the appraisal is completed and a new realization plan is available.
- (2) Guangzhou Shipyard International Company Limited (“GSI”, formerly known as CSSC Guangzhou Longxue Shipbuilding Co., Ltd.), our subsidiary, and Guangzhou CSSC Longxue Construction Development Co., Ltd. (“Longxue Construction”) made a claim to Shandong Qingyun Crane Machinery Co., Ltd. and Shandong Tian Jiang Heavy Industry Technology (Group) Co., Ltd. for the repayment of a loan of RMB44.4965 million with accrued interest (calculated from 29 July 2009 to the date when the verdict becomes effective; in accordance with the lending rates of People’s Bank of China over the same period) to GSI and Longxue Construction; that Shandong Qingyun Crane Machinery Co., Ltd. and the Shandong Tian Jiang Heavy Industry Technology (Group) Co., Ltd. shall continue to fulfill their delivery obligations for the 9 cranes under the contract in relation to the shipment to Longxue Island, Nansha District, Guangzhou; and that Shandong Qingyun Crane Machinery Co., Ltd. and the Shandong Tian Jiang Heavy Industry Technology (Group) Co., Ltd. shall bear the cost of this litigation of RMB283,696 and the property preservation fees of RMB5,000. Jinan Intermediate People’s Court made a judgment in favour of the GSI’s application in the first verdict. The defendant applied for an appeal, which has automatically become void due to late payment of court fees. The case is currently being enforced by the court. Jinan Intermediate People’s Court held two auctions for the components and accessories of 17 cranes with the appraised value amounted to RMB15.96 million, on May 21 and August 12, 2013 respectively, but both auctions fell through as there was no bidder. On December 12, 2013, the court served a notice to the attorney of GSI, ruling that the enforcement would be executed by Shanghe County People’s Court, which caused inconvenience and obstacles for the future enforcement. GSI subsequently made a written objection and submitted relevant materials followed up by vast amount of communication. Jinan Intermediate People’s Court made a ruling on April 29, 2014, that the enforcement shall be executed by Jinan Intermediate People’s Court. Upon the appointment of a new acting judge, on June 12, 2014, the staff and attorney of GSI, accompanied with the acting judge, visited Shandong Tian Jiang Heavy Industry Technology (Group) Co., Ltd. and commenced an investigation on the property subject to enforcement. On June 27, 2014, GSI submitted the second written valuation of land and property to the acting judge and applied for an auction. On July 29, 2014, the court approved the selection of the assessment institution by drawing lots. On January 22, 2015, upon receipt of the valuation report from the appraisal company, GSI submitted the application to the court for auction of land and properties of Tian Jiang and Qingyun. On April 7, 2015, Jinan Intermediate People’s Court engaged Shandong Jiahe International Auction Co., Ltd and Shandong Peifeng Auction and Bidding Co., Ltd to hold a public auction on the land use right (including the buildings on the land) of privately owned park of Shandong Qingyun Crane Machinery Co., Ltd. located in Yangliu Town Xintai City, and the land use right (including the buildings, equipment and trees on the land) of Shandong Tian Jiang Heavy Industry Technology (Group) Co., Ltd. located at Keyuan Road, Shanghe County Economic Development Zone, and the auction fell through as there was no bidder. Upon the auction falling through, GSI immediately applied to the court for setting off some of the debts with the reserved price

determined in the auction. On April 8, 2015, Jinan Intermediate People's Court issued the judgment that, the land use right of Qingyun and the properties on the land and the land use right of Tian Jiang, valued as RMB35,105,956, be delivered to GSI to offset some of the debts. On June 9, 2015, GSI received the ruling for termination of the enforcement process from Jinan Intermediate People's Court, and it might apply for resumption of the execution when new clues of properties are found.

- (3) The case of contractual dispute between Guangzhou Longxue Pipe Co., Ltd. ("Pipe Company"), our subsidiary, and Guangzhou Electromechanical Equipment Co., Ltd. ("Huayu Company") was finally ruled by Guangzhou Intermediate People's Court on October 13, 2014. According to the ruling, Huayu was required to pay Pipe Company RMB 4,953,239.77 and overdue interests as well as the liquidated damages while Pipe Company was required to pay Huayu Company the processing fee of RMB 300,976.74. After the set-off, Huayu Company still had to pay Pipe Company RMB4,652,263.03. At present, Pipe Company has engaged lawyers to seek for enforceable properties of Huayu Company.
- (4) Guangzhou Wenchong Shipbuilding Factory Limited ("Wenchong Shipbuilding"), our subsidiary, received a letter from the attorney of the ship owner of GWS374 for initiation of arbitration. The ship owner has started arbitration proceedings in London, the United Kingdom with respect to the warranty referred in Chapter IX of the contract and the breach of the contract and the specifications due to the quality of asbestos, and arbitrators have been appointed respectively. Both parties have re-collected samples from Ship No. GWS374 and sent the samples to different testing institutions respectively. The test results obtained by the parties were completely opposite. At present, the ship owner has not provided any other evidence and the case is still pending.
2. Except for the contingencies mentioned above, there's no other significant contingency within the Group as at June 30, 2015.

13. COMMITMENTS

1. Significant commitments

1) Pledged assets

Except for the pledged term deposits in bank and the rights of collections for the vessels, the Group has no other pledge assets at the end of the period.

2) Undue forward foreign exchange transaction

To minimise the foreign currency risk, the Group engaged in the forward foreign exchange contract with bank. At the end of the period, there are 91 outstanding forward foreign exchange contracts amounting to USD1,255,700,000, with the longest settlement date of February 6, 2017; the gains from changes in the fair value was RMB13,223,200 recognized at the end of the period. There are 13 outstanding forward foreign exchange contracts amounting to USD18,300,000, with the longest settlement date of June 16, 2016; the gains from changes in the fair value was RMB524,800 recognized at the end of the period.

3) Undue guarantee and letter of credits

As at June 30, 2015, the guarantees issued by the Group yet undue are:

Category	RMB	USD	EUR	HKD
Performance guarantee	133,495,298.40	6,157,561.39	938,238.10	109,394,725.00
Advancement payment guarantee	–	1,092,534,701.00	4,222,071.45	83,140,246.00
Warranty guarantee	–	1,504,577.60	–	–
Deposit guarantee	200,000.00	–	–	–
Customs duties guarantee	5,894,616.00	–	–	–
Total	139,589,914.40	1,100,196,839.99	5,160,309.55	192,534,971.00

As at the end of the period, the amount of letter of credits issued by the Group yet not matured was USD 8,567,853.00 and EUR 25,662,159.20.

4) Foreign exchange option trading not delivered

As at the end of the period, the Group has 4 portfolio of foreign trade exchange options, which consist of long US put options (long RMB call options) and short US call options. The executive foreign exchange rate for the long USD put option is 5.0000, amounting to USD 5 million/transaction; the foreign exchange rate for the short USD call options is between 6.4450 and 6.4700, amount to USD 5 million/transaction. The latest delivery date is December 30, 2015.

2. Fulfilments of previous commitments

The payment of the pledged loans, settlement of forward contracts and guarantee can be done by the Group according to agreement.

3. Except for the commitments mentioned above, there's no other significant commitment as at the end of the period.

14. POST BALANCE SHEET EVENTS

1. Capital increase for subsidiaries

On July 29, 2015, it was resolved in the 22nd meeting of the 8th session of Board of the Company to increase the capital of the following subsidiaries:

- 1) RMB 422,168,800 from the proceeds is injected to Huangpu Wenchong by increasing the registered capital.
- 2) RMB 333,836,200 from the proceeds was injected to GSI Yangzhou by increasing the registered capital; the cash of RMB 968 million was injected to GSI Yangzhou by increasing the registered capital; totally RMB 1,301,836,200 was used to increase the registered capital.
- 3) The registered capital of Zhongshan Guangzhou Shipyard International Ship and Marine Engineering Co., Ltd. was increased by RMB 600 million in cash.

2. Adjustments to the equity of the Company and some subsidiaries

On July 29, 2015, it was resolved in the 22nd meeting of the 8th session of Board of the Company that, it was intended to transfer equities in the Company and some subsidiaries to Guangzhou Shipyard International Company Limited with details as follows:

- (1) to transfer 100% equity in CSSC Large-scale Machinery and Equipment Co., Ltd, 100% equity in Zhongshan Guangzhou Shipyard International Ship and Marine Engineering Co., Ltd., 100% equity in Guangzhou Shipyard International Marine Engineering Co., Ltd., 100% equity in Glory Group Development Co., Ltd., 100% equity in Guangzhou Shipyard Shipping Co., Ltd., 83.33% equity in Guangzhou XingShun Shipping Services Co., Ltd., 80% equity in Guangzhou Guangli Shipbuilding Human Resources Service Company Limited, 95% equity in Guangdong GSI elevator Co., Ltd and 91.62% equity in Guangzhou Hongfan Hotel Limited, which were held by the Company to Guangzhou Shipyard International Company Limited; to transfer 16.67% equity in Guangzhou XingShun Shipping Services Co., Ltd. held by Guangzhou Guangli Shipbuilding Human Resources Service Company Limited, 20% equity in Guangzhou Guangli Shipbuilding Human Resources Service Company Limited held by Guangzhou Wanda Marine Engineering Co., Ltd, and 5% equity in Guangdong GSI elevator Co., Ltd. held by Guangzhou Wanda Marine Engineering Co., Ltd., 6.70% equity in Guangzhou Hongfan Hotel Limited held by Guangzhou XingShun Shipping Services Co., Ltd., and 1.68% equity in Guangzhou Hongfan Hotel Limited held by Guangdong GSI elevator Co., Ltd. to Guangzhou Shipyard International Company Limited. Upon the transfer, the companies above will all become the wholly-subsiidiary of Guangzhou Shipyard International Company Limited.
- (2) to transfer 75% equity in Guangzhou Wanda Marine Engineering Co., Ltd., 75% equity in United Steel Structures Ltd. and 51% equity in Guangzhou Hongfan Technology Co., Ltd. held by the Company to Guangzhou Shipyard International Company Limited. Upon the transfer, the companies above will all become the controlling subsidiaries of Guangzhou Shipyard International Company Limited.
- (3) To transfer 40% equity in Zhanjiang Nanhai Ship Hi-Tech Services Ltd. directly held by the Company to Guangzhou Shipyard International Company Limited; to transfer 25% equity in South China Special Coating Industrial Co., Ltd. In Guangzhou Economic and Technological Development Zone held by the Company, in consultation with the other shareholders to Guangzhou Shipyard International Company Limited; where the consultation fails, the existing shareholding structure should be remained; to transfer 4.04% equity in China Shipbuilding Industry Yuan Zhou (Beijing) Technology Co., Ltd, in consultation with the other shareholders, to Guangzhou Shipyard International Company Limited; where the negotiation fails, the existing structure should be remained.

For the amount transferred above, Zhongshan Guangzhou Shipyard International Ship and Marine Engineering Co., Ltd. should be subject to the audited book value of the long-term equity investment with December 31, 2015 as the reference date; the other equity should be subject to the audited long-term equity investment with December 31, 2014 as the reference date.

The paid-up capital (registered capital) of Guangzhou Shipyard International Company Limited increased by RMB 2.15 billion due to the equity transfer (as the reference for the transfer of equity in Zhongshan Guangzhou Shipyard International Ship and Marine Engineering Co., Ltd. is December 31, 2015, the specific amount to be transferred cannot be determined. Specific amount of capital increase should be subject to the total sum of the product of the audited net assets of all companies to be transferred out and the proportion of the equity.)

The matter is still required to be submitted to the second extraordinary general meeting of the Company in 2015 for consideration.

3. Intended provision and amount of guarantees for subsidiaries in 2015

On July 29, 2015, it was resolved and approved in the 22nd meeting of the 8th session of the Board of the Company to provide guarantee or mutual guarantee to and among subsidiaries to the extent of RMB 5.635 billion, among which, to provide the wholly-owned subsidiary Guangzhou Shipyard International Company Limited with guarantee not exceeding RMB 2.5 billion; to provide the controlling subsidiary Fanguang Development Co., Ltd. with guarantee not exceeding RMB 367 million; to provide the wholly-owned subsidiary United Steel Structures Ltd. with guarantee not exceeding RMB 184 million; to provide wholly owned subsidiary CSSC Huangpu Wenchong Shipbuilding Co., Ltd, Guangzhou Wenchong Shipyard Co. Ltd. and Guangzhou Wenchong Shipyard Co. Ltd. and their participating joint venture (Baiyin Sanfeng Wenchuan Environmental Protection Power Co., Ltd) with guarantee not exceeding RMB2.584 billion. (please see the Announcement on Intended Provision and Amount of Guarantee by the Company and Subsidiaries for 2015 Lin No. 2015-040 released on Shanghai Security Exchange for details.)

The matter is still required to be submitted to the second extraordinary general meeting of the Company in 2015 for consideration.

4. As at the date of the report, there was no non-adjusting significant post balance sheet date event of the Company.

15. OTHER SIGNIFICANT EVENTS

1. Correction of errors of prior periods and their effect

There is no correction of previous errors for current reporting period

2. Segment information

According to the Group's internal organisational 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 of the Group 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.

Reporting segments for current period

Item	Shipbuilding and related business	Steel structure engineering	Others	Elimination	Total
Operating income	11,316,884,486.81	557,411,607.10	783,061,673.14	-1,847,638,529.58	10,809,719,237.47
Including: External transaction revenue	9,754,590,283.53	557,411,607.10	497,717,346.84		10,809,719,237.47
Revenue between segments	1,562,294,203.28	-	285,344,326.30	-1,847,638,529.58	
Operating cost	11,116,528,935.85	530,312,180.99	756,016,223.63	-1,897,180,253.37	10,505,677,087.10
Period charge	557,180,151.88	16,661,290.51	166,922,484.39	-20,572,718.78	720,191,208.00
Segment total profit (total loss)	-681,587,753.98	13,696,553.15	-126,261,540.13	250,835,983.91	-543,316,757.05
Total assets	59,743,695,488.95	731,390,647.72	3,442,310,993.76	-18,792,353,142.10	45,125,043,988.33
Including: Significant impairment loss of individual assets	-	-	-		
Total liabilities	46,562,129,969.35	519,104,363.20	1,962,003,963.79	-13,675,092,478.67	35,368,145,817.67
Supplementary information	-	-	-		
Capitalised expense	190,005,563.66	2,237,990.77	2,127,349.67	-	194,370,904.10
Recognised loss of impairment	415,675,036.88	113,024.21	-47,018.40	-185,613,152.44	230,127,890.25
Including: Share of impairment of goodwill	-	-	-		
Depreciation and amortization expense	324,684,565.41	884,290.99	44,747,458.15	-19,320,377.35	350,995,937.20
Non-cash expenses other than loss of impairment, depreciation and amortization					

Reporting segments for last period

Item	Shipbuilding and related business	Steel structure engineering	Others	Elimination	Total
Operating income	9,246,870,984.97	179,993,463.20	888,425,399.97	-1,911,551,394.78	8,403,738,453.36
Including: External transaction revenue	8,021,331,699.65	179,993,463.20	202,413,290.51		8,403,738,453.36
Revenue between segments	1,225,539,285.32		686,012,109.46	-1,911,551,394.78	
Operating cost	9,002,360,708.45	164,011,965.49	854,235,646.20	-1,912,585,871.17	8,108,022,448.97
Period charge	453,371,123.34	12,724,086.90	129,431,107.35	-1,195,018.63	594,331,298.96
Segment total profit (total loss)	-129,488,120.06	3,962,139.00	-81,983,533.57	-15,347,182.42	-222,856,697.05
Total assets	45,617,517,015.88	361,984,683.30	1,958,915,639.41	-7,598,455,701.91	40,339,961,636.68
Total liabilities	37,200,315,530.25	241,029,613.55	1,723,564,949.27	-7,102,274,994.03	32,062,635,099.04
Supplementary information					
Capitalised expense	147,033,656.58	749,706.45	3,020,395.61	-	150,803,758.64
Recognised loss of impairment	34,563,312.69	12,341.65	-767,351.20	14,363,328.55	48,171,631.69
Including: Share of impairment of goodwill					
Depreciation and amortization expense	314,841,177.19	582,729.67	24,422,767.37	-581,561.38	339,265,112.85
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)	10,690,679,236.17	8,397,484,047.90
Hong Kong	119,040,001.30	6,254,405.46
Total	10,809,719,237.47	8,403,738,453.36

Total non-current assets	Ending balance	Beginning balance
Inside China (except Hong Kong)	13,573,231,755.82	12,663,293,335.79
Hong Kong	15,838,889.96	16,092,443.29
Total	13,589,070,645.78	12,679,385,779.08

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

16. NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Cash and cash equivalents

Item	Ending balance	Beginning balance
Cash	57,063.93	52,919.87
Bank deposits	2,068,129,414.82	3,702,377,814.04
Others	1,679,542,521.44	3,001,122,677.34
Total	3,747,729,000.19	6,703,553,411.25

Including: total amount deposited overseas

Note 1: The ending balances of other monetary fund include credit card deposit of RMB122,521.44 (Beginning balance: RMB114,415.34); and fixed deposit for long-term and short-term mortgage loans amounted RMB1,679,420,000.00 (Beginning balance: 3,001,008,262.00), this guaranteed fixed deposit would be terminated after the debt redemption.

2. Financial assets at fair value through profit or loss

(1) Classification of financial assets at fair value through profit and loss

Item	Ending balance	Beginning balance
Financial assets at fair value through profit and loss	31,939,941.02	13,007,994.71
Including: forward foreign exchange contracts	31,939,941.02	13,007,994.71
Total	31,939,941.02	13,007,994.71

(2) Analysis of trading financial assets:

Item	Ending fair value	Beginning fair value
Listed		
Un-listed	31,939,941.02	13,007,994.71
Total	31,939,941.02	13,007,994.71

The financial assets at fair value through profit and loss are all forward foreign exchange contract. At measurement date, the public price of 3 banks before adjustment were obtained. According to prudence principle, one price is chosen to be input value. The debt rate published by the PBC is chosen to be discount rate. The fair value is calculated according to the formulation as follows.

As for forward settle foreign exchange contract, choose the highest price to be input value, fair value=exchange price* (contract rate-public rate)/discount rate^{period}.

As for forward purchase foreign exchange contract, choose the lowest price to be input value, fair value=exchange price* (public rate-contract rate)/discount rate^{period}.

If the fair value is positive, the company disclose it as "Financial assets at fair value through profit and loss"; if negative, disclose it as "Financial liabilities at fair value through profit and loss"

3. Notes receivable

Classification of Notes receivable	Ending balance	Beginning balance
Bank acceptance bill	2,500,000.00	2,700,000.00
Total	2,500,000.00	2,700,000.00

4. Accounts receivable

Item	Ending balance	Beginning balance
Accounts receivable	1,419,680,673.90	416,203,436.56
Less: provision for bad debts	6,472,165.32	1,682,545.82
Net amount	1,413,208,508.58	414,520,890.74

(1) Terms of sales on credit

Business	Credit term
Shipbuilding	1 month after invoicing
Other businesses	1 to 6 months

(2) Aging analysis

Aging	Ending balance					Beginning balance				
	Book value		Provision for bad debts		Net value	Book value		Provision for bad debts		Net value
	Amount	Proportion %	Amount	Proportion %		Amount	Proportion %	Amount	Proportion %	
Within 1 year	1,280,590,142.45	90.20	5,552,202.38	0.43	1,275,037,940.07	258,782,111.69	62.18	758,375.39	0.29	258,023,736.30
1-2 years	9,403,021.49	0.66	47,015.11	0.50	9,356,006.38	125,400,320.71	30.13	14,364.05	0.01	125,385,956.66
2-3 years	117,476,105.74	8.28	46,600.83	0.04	117,429,504.91	9,755,856.41	2.34	43,988.42	0.45	9,711,867.99
3-4 years	1,543,195.01	0.11	4,572.16	0.30	1,538,622.85	3,743,195.01	0.90	4,572.16	0.12	3,738,622.85
4-5 years	9,955,744.42	0.70	193,461.17	1.94	9,762,283.25	17,809,284.68	4.28	232,728.87	1.31	17,576,555.81
5 years or above	712,464.79	0.05	628,313.67	88.19	84,151.12	712,668.06	0.17	628,516.93	88.19	84,151.13
Total	1,419,680,673.90	—	6,472,165.32	—	1,413,208,508.58	416,203,436.56	—	1,682,545.82	—	414,520,890.74

(3) Classification by risks

Category	Ending balance					Beginning balance					
	Book value		Provision for bad debts		Net value	Book value		Provision for bad debts		Net value	
	Amount	Proportion %	Amount	Proportion %		Amount	Proportion %	Amount	Proportion %		
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	794,400.79	0.06	794,400.79	100.00			794,604.06	0.19	794,604.06	100.00	
Accounts receivable accrued bad debt provision by a certain percentage of the balance	1,135,552,904.49	79.99	5,677,764.53	0.50	1,129,875,139.96		177,587,706.68	42.67	887,941.76	0.50	
Accounts receivable with no bad debts provision	283,333,368.62	19.96			283,333,368.62		237,821,125.82	57.14		237,821,125.82	
Total	1,419,680,673.90		6,472,165.32		1,413,208,508.58		416,203,436.56	—	1,682,545.82	—	414,520,890.74

1) *Accounts receivable that are individually significant, or insignificant but are provided for bad debts on individual basis as at the end of the period*

Company Name	Book value	Bad debts	%	Reasons
Qingdao Haier Special electric freezer Co., Ltd.	208,000.00	208,000.00	100.00	It is expected not to be recoverable
China Refrigeration Industry Co., Ltd.	166,510.00	166,510.00	100.00	It is expected not to be recoverable
Hefei Hualing Co., Ltd.	117,000.00	117,000.00	100.00	It is expected not to be recoverable
Qingdao Haier Special Plastic Co. Ltd.	44,800.00	44,800.00	100.00	It is expected not to be recoverable
Hisense (Nanjing) Electric Company Limited	39,100.00	39,100.00	100.00	It is expected not to be recoverable
Guangzhou Merro Steel Grating Co., Ltd.	35,000.00	35,000.00	100.00	It is expected not to be recoverable
Chengdu Merro Steel Grating Co., Ltd.	35,000.00	35,000.00	100.00	It is expected not to be recoverable
Hefei Haier Refrigerator Co., Ltd.	32,600.00	32,600.00	100.00	It is expected not to be recoverable
Qingdao Haier Special Electric Freezer Co., Ltd.	18,000.00	18,000.00	100.00	It is expected not to be recoverable
Shenzhen Jishang Architectural Company	15,904.00	15,904.00	100.00	It is expected not to be recoverable
Hefei Rongshida Refrigerator Co., Ltd.	14,565.60	14,565.60	100.00	It is expected not to be recoverable
Zhenhua Gulf Engineering Co. Ltd.	67,921.19	67,921.19	100.00	It is expected not to be recoverable
Total	794,400.79	794,400.79	100.00	

2) *Accounts receivable accrued bad debt provision by a certain percentage of the balance as at the end of the period*

Item	Book value	%	Bad debts
Within 1 year	1,110,440,475.52	0.50	5,552,202.38
1-2 years	9,403,021.49	0.50	47,015.11
2-3 years	9,320,166.71	0.50	46,600.83
3-4 years	914,432.35	0.50	4,572.16
4-5 years	5,390,234.42	0.50	26,951.17
5 years or above	84,574.00	0.50	422.88
Total	1,135,552,904.49	—	5,677,764.53

3) *Accounts receivable with no bad debts provision*

Item	Ending book balance	Provision for bad debts	Net amount
Receivables from subsidiaries	283,333,368.62		283,333,368.62
Total	283,333,368.62		283,333,368.62

(4) *There was no bad debts provision reversed or recovered as at the end of the period*

(5) *As at end of the period, there were no account receivables that have been actually written off.*

(6) *Top 5 Clients as at the end of the period*

Company name	Relationship	Amount	Aging	Proportion in accounts receivable (%)	Ending balances of bad-debt provision
Client 1	External client	785,410,000.00	Within 1 year	55.32	3,927,050.00
Client 2	Subsidiary	103,058,708.63	Within 1 year	7.26	
Client 3	Subsidiary	86,839,260.78	Within 1 year	6.12	
Client 4	Subsidiary	55,914,515.56	Within 1 year	3.94	
Client 5	External client	55,780,000.00	Within 1 year	3.93	278,900.00
Total		1,087,002,484.97		76.57	4,205,950.00

5. Prepayments

(1) *Aging analysis*

Item	Ending balance		Beginning balance	
	Amount	%	Amount	%
Within 1 year	4,512,386,626.32	90.23	2,539,837,133.49	96.67
1-2 years	424,477,476.98	8.49	62,221,661.62	2.37
2-3 years	44,597,594.14	0.89	5,908,526.14	0.22
3 years or above	19,548,618.37	0.39	19,345,227.90	0.74
Total	5,001,010,315.81	-	2,627,312,549.15	-

(2) *Prepayments with aging over one year and are of significant amount, and the reasons for not settling on time.*

Company name	Relationship	Amount	Proportion in prepayments %	Aging	Reasons
Guangzhou Shipyard International Company Limited	Subsidiary	352,124,620.00	7.04	1-2 years	Advance for ships
Guangzhou Guangli Shipbuilding Human Resources Service Company Limited	Subsidiary	18,033,200.00	0.36	5 years or above	Advance service fee
Shanghai Dacheng Ventures Investments Co., Ltd.	External client	11,345,023.40	0.23	2-3 years	Facilities not arrived
X Research Institute of China Shipbuilding Industry Corporation	External client	6,533,900.00	0.13	1-2 years	Facilities not arrived
China Marine Power Co., Ltd.	Under the same control of CSSC	4,843,000.00	0.10	1-2 years	Facilities not arrived
Total		392,879,743.40	7.86		

(3) Top 5 prepayments at the end of the period

Company	Ending balance	Aging	Proportion of total ending prepayments (%)
Guangzhou Shipyard International Company Limited	4,085,564,819.00	Within 2 years	81.69
China Shipbuilding Industry Complete Equipment Logistics (Guangzhou) Company Limited	229,852,224.96	Within 1 year	4.60
WARTSILA Company (Finland)	213,782,402.19	1-3 years	4.27
X Research Institute of China Shipbuilding Industry Corporation	176,659,300.00	1-3 years	3.53
Siemens Limited., China Shanghai Branch	67,922,811.53	Within 1 year	1.36
Total	4,773,781,557.68		95.45

6. Interest receivable

Item	Ending balance	Beginning balance
Fixed deposit	97,000,894.86	123,613,565.69
Total	97,000,894.86	123,613,565.69

7. Dividends receivable

Items (or investee)	Ending balance	Beginning balance
South China Special Coating Industrial Co., Ltd. In Guangzhou Economic and Technological Development Zone	635,116.05	721,976.56
United Steel Structures Ltd.	44,000,000.00	44,000,000.00
Guangzhou Guangli Shipbuilding Human Resources Service Company Limited	3,600,000.00	3,600,000.00
Guangzhou Hongfan Technology Co., Ltd.	1,530,000.00	
Total	49,765,116.05	48,321,976.56

8. Other receivables

Item	Ending balance	Beginning balance
Other receivables	5,781,389,218.05	4,220,788,444.34
Less: provisions for bad debts	11,037,975.05	11,729,203.78
Net amount	5,770,351,243.00	4,209,059,240.56

(1) Aging analysis

Item	Ending balance					Beginning balance				
	Book value	Proportion (%)	Provisions for bad debts	Provision proportion (%)	Net value	Book value	Proportion (%)	Provisions for bad debts	Provision proportion (%)	Net value
Within 1 year	5,107,609,504.85	88.35	630,214.67	0.01	5,106,979,290.18	3,967,932,904.30	94.01	1,326,064.26	0.03	3,966,606,840.04
1-2 years	662,867,039.80	11.46	7,354.03	0.00	662,859,685.77	241,596,425.94	5.72	1,000.96	0.00	241,595,424.98
2-3 years	488,746.75	0.01	2,443.73	0.50	486,303.02	835,937.45	0.02	4,179.69	0.50	831,757.76
3-4 years	10,644.50	0.00	53.22	0.50	10,591.28	9,894.50	0.00	49.47	0.50	9,845.03
4-5 years	150.00	0.00	0.75	0.50	149.25	150.00	0.00	0.75	0.50	149.25
5 years or above	10,413,132.15	0.18	10,397,908.65	99.85	15,223.50	10,413,132.15	0.25	10,397,908.65	99.85	15,223.50
Total	5,781,389,218.05	—	11,037,975.05	—	5,770,351,243.00	4,220,788,444.34	—	11,729,203.78	—	4,209,059,240.56

(2) Classification

Item	Ending balance					Beginning balance				
	Book value		Provisions for bad debts		Net value	Book value		Provisions for bad debts		Net value
	Amount	Proportion (%)	Amount	Provision proportion (%)		Amount	Proportion (%)	Amount	Provision proportion (%)	
Other receivables that are individually significant and are provided for bad debts on individual basis	10,340,232.15	0.18	10,340,232.15	100.00		10,340,232.15	0.24	10,340,232.15	100.00	
Other receivables that are individually insignificant but are provided for bad debts on individual basis	57,600.00	0.00	57,600.00	100.00		57,600.00	0.00	57,600.00	100.00	
Other receivables accrued bad debt provision by a certain percentage of the balance	128,044,879.90	2.21	640,142.90	0.50	127,404,737.00	266,274,326.74	6.31	1,331,371.63	0.50	264,942,955.11
Other receivables with no bad debt reserves	5,642,946,506.00	97.61			5,642,946,506.00	3,944,116,285.45	93.45			3,944,116,285.45
Total	5,781,389,218.05	—	11,037,975.05	—	5,770,351,243.00	4,220,788,444.34	—	11,729,203.78	—	4,209,059,240.56

1) *Other receivables that are individually significant and provided for bad debts on individual basis as at the end of the period*

Company name	Ending balance			Reasons
	Book value	Bad debts	Provision proportion (%)	
Mitsubishi International Co., Ltd., Hong Kong	10,340,232.15	10,340,232.15	100.00	Unrecoverable
Total	10,340,232.15	10,340,232.15	—	—

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 contract of transfer rights" 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 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 the end of period, the Company has not received the above mentioned debt principal and interest, and shall pay attention to further follow-up.

2) *Other receivables that are individually insignificant but are provided for bad debts on individual basis*

Company name	Book value	Bad debts	Provision proportion (%)	Reasons
Guangzhou Urban Construction Archives	57,600.00	57,600.00	100.00	Data lost
Total	57,600.00	57,600.00	—	—

3) *Other receivables accrued bad debt provision by a certain percentage of the balance*

Item	Ending balance		
	Other receivables	Bad debts	Provision proportion (%)
Within 1 year	126,059,232.44	630,214.67	0.50
1-2 years	1,470,806.21	7,354.03	0.50
2-3 years	488,746.75	2,443.73	0.50
3-4 years	10,644.50	53.22	0.50
4-5 years	150.00	0.75	0.50
5 years or above	15,300.00	76.50	0.50
Total	128,044,879.90	640,142.90	—

4) *Other receivables with no bad debts provision*

Item	Ending balance	Bad debts provision	Net amount
Receivables from subsidiaries	5,642,946,506.00		5,642,946,506.00
Total	5,642,946,506.00		5,642,946,506.00

(3) *There was no provision for bad debts reversed or recovered on individual basis for the period.*

(4) *As at end of the period, there were no account receivables that have been actually written off.*

(5) *Other receivables by nature*

Nature	Ending book value	Beginning book value
Refundable deposits	1,885,262.70	2,007,111.88
Temporary receipts receivable	1,791,595,976.00	48,113,292.71
Subsidy receivables	110,282,929.83	252,591,822.35
Reserve fund	8,304,658.28	4,002,345.64
Subsidiary production reserves	3,000,000,000.00	3,000,000,000.00
Trusted loans	860,000,000.00	897,380,000.00
Other current account	9,320,391.24	4,964,667.98
Total	5,781,389,218.05	4,209,059,240.56

(6) Top 5 other receivables at the end of the period

Company	Nature	Ending balance	Aging	Proportion of ending balance of other receivables in total (%)	Ending balance of bad debts provision
Guangzhou Shipyard International Company Limited	Production preparation fund and trusted loans	3,002,950,739.75	Within 1 year	51.94	
GSI Yangzhou Co., Ltd.	Fund for capital increase	1,301,836,243.90	Within 1 year	22.52	
Zhongshan Guangzhou Shipyard International Ship and Marine Engineering Co., Ltd.	Trusted loans	838,521,968.37	0-4 years	14.50	
CSSC Huangpu Wenchong Shipbuilding Co., Ltd.	Fund for capital increase	422,168,788.70	Within 1 year	7.30	
Subsidies receivable	Subsidy for ocean going ships	110,282,929.83	Within 2 years	1.91	551,414.65
Total		5,675,760,670.55		98.17	551,414.65

(7) Receivables involving government subsidy

Name	Project	Ending balance	Aging	Date	Expected	
					Amount	Basis
Ministry of Finance	Product subsidy	110,282,929.83	Within 2 years	December 2015	110,282,929.83	Cai Shui [2009] No. 95
Total	—	110,282,929.83	—	—	110,282,929.83	—

9. Inventories

(1) Classification

Item	Ending balance			Beginning balance		
	Book balance	Inventory impairment	Book value	Book balance	Inventory impairment	Book value
Raw materials	404,159,426.56	8,619,954.02	395,539,472.54	581,965,336.64	8,619,954.02	573,345,382.62
Work in progress	171,181,237.71	9,401,636.44	161,779,601.27	144,554,184.57	9,401,636.44	135,152,548.13
Merchandise inventories	23,494,481.51	31,903.89	23,462,577.62	22,424,565.69	31,903.89	22,392,661.80
Capitalized construction contracts	2,005,127,562.87	536,112,157.08	1,469,015,405.79	2,231,345,289.60	344,927,227.70	1,886,418,061.90
Goods dispatched	12,185,843.75		12,185,843.75			
Total	2,616,148,552.40	554,165,651.43	2,061,982,900.97	2,980,289,376.50	362,980,722.05	2,617,308,654.45

(2) Inventory impairment

Item	Beginning balance	Increase			Reversal or write-off	Decrease	
		Accrued	Others	Tranferred out		Ending balance	
Raw materials	8,619,954.02						8,619,954.02
Work in progress	9,401,636.44						9,401,636.44
Merchandise inventories	31,903.89						31,903.89
Capitalized construction contracts (relates to inventories)	344,927,227.70	364,957,510.95			131,469,090.58		536,112,157.08
Capitalized construction contracts (relates to contingent liabilities)	317,247,606.68	—	—		—	—	359,551,097.67
Sub-total	680,228,328.73	364,957,510.95			131,469,090.58		913,716,749.10
Less: Capitalized construction contracts (relates to contingent liabilities)	317,247,606.68	—	—		—	—	359,551,097.67
Total	362,980,722.05	—	—	—	—	—	554,165,651.43

(3) The methods of provision for inventory impairment

Item	Basis to recognize net realisable value	Reasons
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	Write off according to construction process

(4) The ending completed non-settled capitalized construction contracts

Item	Amount
Accumulated cost incurred	8,066,119,631.08
Accumulated gross profit recognised	-533,628,067.86
Less: estimated loss	895,663,254.75
Add: estimated loss reclassified to estimated liabilities	359,551,097.67
Less: settled amount	5,527,364,000.35
The completed non-settled capitalized construction contracts	1,469,015,405.79

10. Available-for-sale financial assets

(1) Available-for-sale financial assets are as follow

Item	Ending balance		Beginning balance			
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Equity instrument available-for-sale Carrying amount	1,000,000.00		1,000,000.00	1,000,000.00		1,000,000.00
Measured at fair value						
Measured at cost	1,000,000.00		1,000,000.00	1,000,000.00		1,000,000.00
Total	1,000,000.00		1,000,000.00	1,000,000.00		1,000,000.00

(2) The analysis is as follows

Item	Ending balance	Beginning balance
Listed		
Including: China (except HK)		
Unlisted	1,000,000.00	1,000,000.00
Total	1,000,000.00	1,000,000.00

(3) The ending balance of available-for-sale financial assets measured at cost

Investee	Book value			Provision for impairment				Share holding of investee %	Cash dividend for the period
	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease		
China Shipbuilding Industry Yuan Zhou (Beijing) Technology Co., Ltd.	1,000,000.00			1,000,000.00					4.05%
Total	1,000,000.00			1,000,000.00					—

11. Long-term equity investment

(1) Long-term equity investment

1) *Classification*

Item	Ending Balance			Beginning Balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiaries	3,874,098,855.55		3,874,098,855.55	1,123,801,607.69		1,123,801,607.69
Investment in joint ventures and associates	4,508,950.90		4,508,950.90	4,887,152.92		4,887,152.92
Total	3,878,607,806.45		3,878,607,806.45	1,128,688,760.61		1,128,688,760.61

2) *Investment in subsidiaries*

Investee	Beginning balance	Increase	Decrease	Ending balance	Impairment provision for the period	Ending balance of impairment provision
Guangzhou XingShun Shipping Services Co., Ltd.	500,000.00			500,000.00		
Guangzhou Wanda Marine Engineering Co., Ltd.	3,685,222.80			3,685,222.80		
United Steel Structures Ltd.	79,095,776.55			79,095,776.55		
Guangdong GSI elevator Co., Ltd.	19,950,000.00			19,950,000.00		
Guangzhou Hongfan Technology Co., Ltd.	2,550,000.00			2,550,000.00		
Glory Group Development Co., Ltd.	26,443,792.13			26,443,792.13		
Guangzhou Guangli Shipbuilding Human Resources Service Company Limited	6,652,492.77			6,652,492.77		
CSSC Large-scale Machinery and Equipment Co., Ltd	188,610,000.00			188,610,000.00		
Zhongshan Guangzhou Shipyard International Ship and Marine Engineering Co., Ltd.	100,000,000.00			100,000,000.00		
Guangzhou Shipyard International Marine Engineering Co., Ltd.	50,000,000.00			50,000,000.00		
Guangzhou Shipyard International Company Limited (CSSC Guangzhou Longxue Shipbuilding Co., Ltd.)	242,055,380.79			242,055,380.79		
Guangzhou Hongfan Hotel	33,067,988.09			33,067,988.09		
CSSC Huangpu Wenchong Shipbuilding Co., Ltd.		2,749,297,247.86		2,749,297,247.86		
GSI Yangzhou Co., Ltd.		1,000,000.00		1,000,000.00		
Guangzhou Shipyard Shipping Co., Ltd.	371,190,954.56			371,190,954.56		
Total	1,123,801,607.69	2,750,297,247.86		3,874,098,855.55		

3) *Investment in joint ventures and associates*

Investee	Increase/decrease for the period										
	Beginning balance	Additional investment	Reduction of investment	Investment gain or loss recognized under equity method	Other comprehensive income adjustment	Changes in other equity	Announced cash dividends or profit	Provision for impairment	Others	Ending balance	Ending balance of provision for impairment
1. Associates											
South China Special Coating Industrial Co., Ltd. In Guangzhou Economic and Technological Development Zone	3,905,513.57			240,805.01			635,116.05			3,511,202.53	
Zhanjiang Nanhai Ship Hi-Tech Services Ltd.	981,639.35			16,109.02						997,748.37	
Total	4,887,152.92			256,914.03			635,116.05			4,508,950.90	

(2) *Analysis*

Item	Ending balance	Beginning balance
Listed		
Unlisted	3,878,607,806.45	1,128,688,760.61
Total	3,878,607,806.45	1,128,688,760.61

12. *Investment property*

This item is consistent with the amount in the consolidated financial statements, please refer to Note VI/12 for details.

13. *Fixed assets*

(1) *Fixed assets category*

Item	Buildings	Machinery	Transportation facilities	Others	Total
(I) Net book value					
1. Beginning balance	174,281,368.35	973,262,691.52	32,572,313.77	23,273,302.63	1,203,389,676.27
2. Increase for the year		6,080,582.73	4,151,257.65	743,782.10	10,975,622.48
(1) Capitalized construction in progress transferred-in		6,080,582.73	4,151,257.65	743,782.10	10,975,622.48
3. Decrease for the period		4,643,424.52		71,225.00	4,714,649.52
(1) Disposal or scrapped		4,643,424.52		71,225.00	4,714,649.52
4. Ending balance	174,281,368.35	974,699,849.73	36,723,571.42	23,945,859.73	1,209,650,649.23
(II) Accumulated depreciation					
1. Beginning balance	75,513,415.22	667,031,363.83	15,971,267.02	16,197,524.94	774,713,571.01
2. Increase for the period	2,415,696.99	22,767,614.37	1,309,008.13	850,059.87	27,342,379.36
(1) Provision	2,415,696.99	22,767,614.37	1,309,008.13	850,059.87	27,342,379.36
3. Decrease for the period		4,392,744.98		67,912.25	4,460,657.23
(1) Disposal or scrapped		4,392,744.98		67,912.25	4,460,657.23
4. Ending balance	77,929,112.21	685,406,233.22	17,280,275.15	16,979,672.56	797,595,293.14
(III) Provision for impairment					
1. Beginning balance					
2. Increase for the period					
3. Decrease for the period					
4. Ending balance					
(IV) Book value					
1. Ending book value	96,352,256.14	289,293,616.51	19,443,296.27	6,966,187.17	412,055,356.09
2. Beginning book value	98,767,953.13	306,231,327.69	16,601,046.75	7,075,777.69	428,676,105.26

The amortization of fixed assets recognized through profit or loss is RMB27,342,379.36 for current year. (Last period: RMB42,457,324.61).

The increased fixed assets included RMB10,975,622.48 of capitalized construction in progress transferred-in.

(2) Buildings analyzed by region and year

Item	Ending balance	Beginning balance
Inside China		
Mid-term (10-50 years)	96,352,256.14	98,767,953.13
Total	96,352,256.14	98,767,953.13

14. Construction in progress

(1) Category

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
General shipbuilding platform and development the construction of security conditions	96,373,540.16		96,373,540.16	33,962,693.37		33,962,693.37
1#3# Slipway Extension Project	3,201,772.20		3,201,772.20	2,041,714.01		2,041,714.01
Research and conservation project for ships	1,770,541.40		1,770,541.40	1,260,541.54		1,260,541.54
Comprehensive technical advance fee	1,172,299.32		1,172,299.32	1,129,021.51		1,129,021.51
Research and conservation projects	958,827.84		958,827.84	904,275.17		904,275.17
4 sets of traveling cranes in the temporary workshop	896,777.44		896,777.44			
Shipbuilding Division onshore power supply with variable frequency function	584,871.97		584,871.97	584,871.97		584,871.97
Zhongshan Base Research and protection projects "synchronization in three assets "	580,174.30		580,174.30			
The shipbuilding division 500HP tugboat 1 set				3,385,711.39		3,385,711.39
Preliminary design of comprehensive technical innovation project	566,037.74		566,037.74	566,037.74		566,037.74
3# team room mechanical parking facilities	497,654.63		497,654.63	497,654.63		497,654.63
Upfront fee of the construction of equipment for middle and small ship coating	473,233.22		473,233.22	473,233.22		473,233.22
1 set of van from Material Department				449,357.28		449,357.28
Other projects	991,697.76		991,697.76	644,656.42		644,656.42
Total	108,067,427.98		108,067,427.98	45,899,768.25		45,899,768.25

(2) Changes in significant in construction in progress

Name	Beginning balance	Increase	Decrease		Ending balance
			Transferred to fixed assets	Others	
Comprehensive technical advance fee	1,129,021.51	43,277.81			1,172,299.32
Research and conservation project for ships (Others)	1,260,541.54	509,999.86			1,770,541.40
General assembly and shipbuilding platform and research, protection and construction project	33,962,693.37	62,410,846.79			96,373,540.16
1#3# Slipway Extension Project	2,041,714.01	1,160,058.19			3,201,772.20
Total	38,393,970.43	64,124,182.65			102,518,153.08

(Continued)

Name	Budget	Budget use-up ratio %	Press of work	Accumulated capitalized interest	Capitalized interest for the period	Capitalization %	Source of capital
Comprehensive technical advance fee	2,000,000.00	58.61	58.61				Self financed
Research and conservation project for ships	398,830,000.00	0.44	0.44				Self financed/ National funding
General assembly and shipbuilding platform and research, protection and construction project	666,670,000.00	14.46	14.46				Self financed/ National funding
1#3# Slipway Extension Project	4,100,000.00	78.09	78.09				Self financed
Total	672,780,000.00						

15. Intangible assets

(1) Intangible assets in details

Item	Land use right	Software	Others	Total
(I) Net book value				
1. Beginning balance	14,780,508.50	64,798,346.25		79,578,854.75
2. Increase for the period		511,550.16	2,359,259.00	2,870,809.16
(1) Purchase		511,550.16	2,359,259.00	2,870,809.16
3. Decrease for the period				
(1) Disposal				
4. Ending balance	14,780,508.50	65,309,896.41	2,359,259.00	82,449,663.91
(II) Accumulated amortization				
1. Beginning balance	3,015,024.44	52,942,911.62		55,957,936.06
2. Increase for the period	162,537.72	2,436,474.64		2,599,012.36
(1) Provision	162,537.72	2,436,474.64		2,599,012.36
3. Decrease for the period				
(1) Disposal				
4. Ending balance	3,177,562.16	55,379,386.26		58,556,948.42
(III) Provision for impairment				
1. Beginning balance				
2. Increase for the period				
3. Decrease for the period				
4. Ending balance				
(IV) Book value				
1. Ending book value	11,602,946.34	9,930,510.15	2,359,259.00	23,892,715.49
2. Beginning book value	11,765,484.06	11,855,434.63		23,620,918.69

There was no intangible asset formed from internal research and development of the Company during the period.

Land use right analyzed by region and year:

Item	Ending balance	Beginning balance
Inside China		
Mid-term (10-50 years)	11,602,946.34	11,765,484.06
Total	11,602,946.34	11,765,484.06

The amortization of Intangible assets recognized through profit or loss is RMB2,599,012.36 for current period (Last period: RMB3,277,964.92).

16. Research and development expense

Item	Beginning balance	Increase	Decrease	Ending balance
76,000 tons of semi-submersible transport ship design and construction echnology development and industrialization		32,156,003.12	32,156,003.12	
R&D of key technology of polar deck transportation ship		14,270,516.26	14,270,516.26	
Research and development of energy conserving and eco-friendly VLOC		13,417,053.07	13,417,053.07	
Research and Development of technology of classical cabin layout of a luxury cruise ship design and decoration		5,516,724.04	5,516,724.04	
Research & Development of comprehensive manufacturing technology for vessels		5,492,426.89	5,492,426.89	
Research and development of green, energy conserving eco-friendly VLCC		2,838,439.19	2,838,439.19	
Luxury passenger ship replacement exploitation		1,852,833.14	1,852,833.14	
Research and development of polar module vessels		1,523,899.38	1,523,899.38	
High performance large curvature complex curved hull plate forming intelligent robot		1,136,808.50	1,136,808.50	
Complex component forming key technology and equipment technology		788,432.32	788,432.32	
Design, research and development on construction and industrialization of 300,000 tons ultra-deep FPSO-based living module unit		765,047.29	765,047.29	
Emulation of precise shipbuilding techniques		750,453.37	750,453.37	
Scientific development and technology tackling management		591,941.24	591,941.24	
Development and application of drawing information management system		498,000.00	498,000.00	
Research & manufacturing of testing and analysing system of the power and torsional vibration stress of marine propulsion shafting dual-channel axle		419,370.34	419,370.34	
Research and development of green, eco-friendly flexible oil tankers		416,227.06	416,227.06	
Others		4,032,732.00	4,032,732.00	
Total		86,466,907.21	86,466,907.21	

There was no intangible asset formed from internal research and development of the Company during the period.

17. Long-term deferred expenses

Item	Beginning balance	Increase	Amortized	Decrease	Ending balance
Improvement on leased fixed asset rented	3,418,566.51		130,548.48		3,288,018.03
Transformation of the comprehensive building of canteen	2,793,885.95		493,038.72		2,300,847.23
Liandiao Building ventilation and air conditioning system improvement	560,225.74		96,038.70		464,187.04
Total	6,772,678.20		719,625.90		6,053,052.30

18. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets without taking into consideration the offsetting of balances

Item	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment of assets	928,636,461.83	139,295,469.29	691,049,649.87	103,657,447.48
Deductible loss	400,790,438.78	60,118,565.81		
Prepaid housing subsidy	11,453,110.06	1,717,966.51	13,784,639.00	2,067,695.85
Monetary housing allowance for retired employees	52,620,662.35	7,893,099.35	53,318,868.40	7,997,830.26
Medical insurance for retired employees within 10 years	860,229.87	129,034.48	860,229.87	129,034.48
Payroll for retiring employees			26,015.73	3,902.36
Accrued expenses	67,266,749.52	10,090,012.43	71,838,503.93	10,775,775.59
Payroll balance owing at period end			183,006.00	27,450.90
Financial liabilities at fair value through profit and loss	47,537,988.94	7,130,698.34	55,734,758.73	8,360,213.81
Fair value changes in financial assets available for sale				
Employee education expense	15,958,013.56	2,393,702.04	15,612,687.33	2,341,903.10
Others	285,918,159.86	42,887,723.98	190,612,106.60	28,591,815.99
Total	1,811,041,814.77	271,656,272.23	1,093,020,465.46	163,953,069.82

(2) Deferred tax liabilities without taking into consideration the offsetting of balances

Item	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred tax liabilities	Deductible temporary differences	Deferred tax liabilities
Fair value changes in financial assets available for sale				
Financial value changes in available-for-sale financial assets	31,939,941.02	4,790,991.15	13,007,994.71	1,951,199.21
Total	31,939,941.02	4,790,991.15	13,007,994.71	1,951,199.21

(3) *Unrecognized as deferred tax assets*

Item	Ending balance	Beginning balance
Deductible temporary difference	4,584,695.69	8,788,268.38
Total	4,584,695.69	8,788,268.38

19. **Short-term loans**

Category	Ending balance	Beginning balance
Mortgage loans	1,137,129,600.00	1,133,653,446.88
Total	1,137,129,600.00	1,133,653,446.88

As at the end of the period, the short-term loans of RMB 1,137,129,600.00 are granted with the time deposit of the Company of RMB502,500,000.00 and rights of collection of USD 140,125,000.00 as pledge.

As at June 30, 2015, the weighted average annual interest rate of the short-term loan is 2.3074%.

20. **Financial liabilities at fair value and through profit or loss**

Item	Ending balance	Beginning balance
Designated as financial liabilities at fair value through profit or loss	47,537,988.94	55,734,758.74
Including: forward exchange contract	47,537,988.94	55,734,758.74
Total	47,537,988.94	55,734,758.74

21. **Notes payable**

Item	Ending balance	Beginning balance
Bank acceptance bill	647,819,444.46	795,965,835.62
Total	647,819,444.46	795,965,835.62

22. **Accounts payable**

(1) *Accounts payable*

Item	Ending balance	Beginning balance
Materials purchased	1,672,168,325.46	1,367,986,554.05
Settlements for projects	152,759,043.20	152,848,035.74
Product settlement	25,507,356.98	24,852,222.08
Warranty	111,662,157.17	110,149,292.45
Other projects and labour service	13,148,140.11	13,792,599.27
Total	1,975,245,022.92	1,669,628,703.59

(2) Aging analysis of accounts payable

As at the end of the period, the aging analysis of accounts payable based on its invoice date are as follows:

Item	Ending balance	Beginning balance
Within 1 year	1,925,768,904.06	1,621,526,071.44
1-2 years	36,961,490.43	33,899,556.55
2-3 years	4,511,984.57	8,774,524.20
3 years or above	8,002,643.86	5,428,551.40
Total	1,975,245,022.92	1,669,628,703.59

(3) Significant accounts payable aged more than 1 year

Name	Ending Balance	Reasons
Shanghai Dacheng Ventures Investments Co., Ltd.	10,823,877.62	Not settled
United Steel Structures Ltd.	6,514,905.38	Not settled
Nanjing Panda Handa Technology Co., Ltd.	4,450,000.00	Not settled
Shenyang Institute of Automation Chinese Academy of Science	3,955,185.00	Not settled
Research Institute B of China Shipbuilding Industry Corp	3,824,250.00	Not settled
Total	29,568,218.00	–

23. Advances from customers

(1) Advances from customers

Item	Ending balance	Beginning balance
Shipbuilding and off-shore engineering products	184,781,899.49	389,388,976.99
Other products	98,202,827.12	58,270,122.75
Total	282,984,726.61	447,659,099.74

(2) Significant advances from customers aged more than 1 year

Name	Ending Balance	Reasons
Client 1	5,089,677.08	Not delivered
Client 2	3,119,247.86	Not settled due to quality issues
Client 3	2,992,000.00	Not settled
Client 4	2,176,200.00	Not settled due to quality issues
Client 5	766,898.00	Not settled
Total	14,144,022.94	–

24. Employee benefits

(1) Classification of employee benefits

Item	Beginning balance	Increase	Decrease	Ending balance
Short-term payroll	16,784,272.99	492,805,266.06	492,701,045.81	16,888,493.24
Post-employment benefits – Defined contribution plan		21,305,392.53	21,305,392.53	
Severance benefits	26,015.72	207,233.33	233,249.05	
Other long-term staff welfare due within one year	2,795,580.00	2,795,580.00	2,795,580.00	2,795,580.00
Total	19,605,868.71	517,113,471.92	517,035,267.39	19,684,073.24

(2) Short-term payroll

Item	Beginning balance	Increase	Decrease	Ending balance
Wages or salaries, bonuses, allowances and subsidies	183,006.04	134,926,296.38	134,628,437.63	480,864.79
Staff welfare		5,531,232.97	5,531,232.97	
Social insurance		12,437,273.43	12,437,273.43	
Including: medical insurance		10,637,026.08	10,637,026.08	
Work-related injury insurance		151,890.64	151,890.64	
Maternity insurance		1,171,163.37	1,171,163.37	
Supplementary medical insurance		477,193.34	477,193.34	
Housing fund		15,545,801.00	15,545,801.00	
Union & Education funds	16,601,266.95	2,658,661.90	2,852,300.40	16,407,628.45
Outsourcing labour costs and others		321,706,000.38	321,706,000.38	
Total	16,784,272.99	492,805,266.06	492,701,045.81	16,888,493.24

(3) Defined contribution plan

Item	Beginning balance	Increase	Decrease	Ending balance
Basic endowment insurance		20,135,669.81	20,135,669.81	
Unemployment insurance		1,169,722.72	1,169,722.72	
Enterprise annuity				
Total		21,305,392.53	21,305,392.53	

(4) Taxes payable

Item	Ending balance	Beginning balance
Value-Added Tax	-294,340,504.81	-222,398,081.68
Business Tax	201,135.38	2,001,307.79
Corporate Income Tax		84,471,034.30
Individual Income Tax	912,603.13	5,034,018.08
City Maintenance and Construction Tax	93,322.54	155,584.48
Real Estate Tax	577,520.51	878,326.70
Land Appreciation Tax	147,580.94	280,593.80
Education Surcharge	66,658.94	111,131.77
Stamp duty	156,338.60	
Flood control and maintain expenses	15,685.43	1,683,691.37
Total	-292,169,659.34	-127,782,393.39

26. Interests payable

Item	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	21,874,424.82	12,161,810.98
Interest payable of short-term borrowings	107,136.93	2,945,134.55
Total	21,981,561.75	15,106,945.53

27. Dividends payable

Item	Ending balance	Beginning balance
Dividend payable of A Share	67,010.53	67,010.53
Dividend payable of H Share	110,711.24	110,711.24
Total	177,721.77	177,721.77

28. Other payables**(1) Other payables by nature**

Nature	Ending balance	Beginning balance
Pledged deposits	307,800.00	308,100.00
Payable of temporary receipts	26,977,568.71	13,180,332.58
Concentrated fund	17,030,000.00	82,290,000.00
Total	44,315,368.71	95,778,432.58

(2) *Significant other payables aged more than 1 year*

Company	Ending balance	Reasons
Fanguang Development Co., Ltd.	1,021,909.05	Temporarily not paid
Hong Kong China United Shipbuilding Company Limited	469,396.39	Temporarily not paid
Renfuwei scientific and technological progress bonus fund	455,960.73	Temporarily not paid
Total	1,947,266.17	

29. **Non-current liabilities due within one year**

Item	Ending balance	Beginning balance
Long-term loans due within one year	1,202,759,391.90	1,276,705,757.83
Total	1,202,759,391.90	1,276,705,757.83

30. **Other current liabilities**

(1) *Classification*

Item	Ending balance	Beginning balance
Long-term project settlement	5,126,774,453.92	4,856,001,300.17
Shipbuilding products	5,126,774,453.92	4,856,001,300.17
Deferred income	891,199.92	3,791,678.90
Government subsidies	891,199.92	3,791,678.90
Total	5,127,665,653.84	4,859,792,979.07

(2) *Projects that are completed but not yet settled under construction contract at the end of the period*

Item	Amount
Billed amount	10,654,138,454.27
Less: accumulated costs	5,527,364,000.35
Projects that are completed but not yet settled under construction contract	5,126,774,453.92

(3) Government subsidies

Government subsidies items	Beginning balance	New subsidy	Amount included in non-operating income for the period	Other changes	Ending balance	Related to assets/income
Enterprise Technology Center innovative capacity building projects	300,000.00	150,000.00	150,000.00		300,000.00	Related to assets
150 tons self-propelled hydraulic flatbed	166,666.68	83,333.34	83,333.34		166,666.68	Related to assets
Coating technology and transformation (coating workshop building)	153,698.64	76,849.32	76,849.32		153,698.64	Related to assets
Technological transformation potential fund-40000 tons ship to develop new equipment and technological transformation	142,191.84	71,095.92	71,095.92		142,191.84	Related to assets
Transferring capabilities of regional value integration and upgrading technologies	50,000.04		16,666.68		33,333.36	Related to assets
No. 1 dock adaptive transformation (1)	33,333.36	16,666.68	16,666.68		33,333.36	Related to assets
No. 1 dock adaptive transformation	26,666.64	13,333.32	13,333.32		26,666.64	Related to assets
Noise control engineering for painting workshop	15,789.48	7,894.74	7,894.74		15,789.48	Related to assets
Metering scientific instruments for the Group	9,999.96	4,999.98	4,999.98		9,999.96	Related to assets
Noise control engineering for new area	9,519.96	4,759.98	4,759.98		9,519.96	Related to assets
Ship construction projects	2,348,780.76		411,158.76	1,937,622.00		Related to assets
Infrastructure development of the Quality Department metering station	535,031.54		122,071.24	412,960.30		Related to assets
Total	3,791,678.90	428,933.28	978,829.96	2,350,582.30	891,199.92	

31. Long-term loans

(1) Classification

Classification	Ending balance	Beginning balance
Mortgage loans	1,694,742,591.90	2,357,777,146.51
Secured loans		187,000,000.00
Credit loans	1,632,000,000.00	600,000,000.00
Less: due within one year	1,202,759,391.90	1,276,705,757.83
Total	2,123,983,200.00	1,868,071,388.68

Interest rate of long-term loans mainly within the range of 1.72%-5%.

Mortgage:

As at the end of the period, the long-term loans of RMB 1,694,742,591.90 are granted with the time deposit of the Group of RMB1,176,920,000.00 and rights of collection of USD 142,625,000.00 as pledge.

Interest rate

As at the end of the period, the weighted average annual interest rate of long-term loans is 3.3223%

(2) Due date analysis of long-term loans

Item	Ending balance	Beginning balance
1-2 years	1,523,983,200.00	1,191,071,388.68
2-5 years	600,000,000.00	677,000,000.00
5 years or above		
Total	2,123,983,200.00	1,868,071,388.68

32. Long-term staff welfare payable

Item	Ending balance	Beginning balance
Monetary housing subsidies for retirees	50,118,622.35	51,616,828.42
Housing assistance for employees	419,863.28	5,104,299.92
Medical insurance for retirees	1,660,229.85	860,229.85
Total	52,198,715.48	57,581,358.19

33. Special payable

Item	Beginning balance	Increase	Decrease	Ending balance
High-speed rolling passenger ships technological transformation projects	6,720,000.00			6,720,000.00
18000 tons 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.

34. Estimated liabilities

Item	Ending balance	Beginning balance	Reason
Product quality warranties	67,266,749.52	71,838,503.94	Provision of warranties
Onerous contract	359,551,097.67	317,247,606.68	
Total	426,817,847.19	389,086,110.62	

35. Deferred income**(1) Classification**

Item	Beginning balance	Increase	Decrease	Ending balance
Government subsidies	111,087,296.17	79,706,105.63	15,831,640.61	174,961,761.19
Total	111,087,296.17	79,706,105.63	15,831,640.61	174,961,761.19

(2) Government subsidy

Government subsidies items	Beginning balance	New subsidy	Amount included in non-operating income for the period	Other changes	Ending balance	Related to assets/income
"1" development the construction of security conditions	30,000,000.00	67,456,014.39			97,456,014.39	Related to assets
Comprehensive technical advance fee	43,700,000.00				43,700,000.00	Related to assets
Ship construction projects	12,241,310.75			-1,937,622.00	14,178,932.75	Related to assets
Shipbuilding technology research	16,981,842.95		5,492,426.89		11,489,416.06	Related to income
Infrastructure development of the Quality Department metering station	2,276,499.42			-412,960.30	2,689,459.72	Related to assets
Enterprise Technology Center innovative capacity building projects	1,200,000.00			150,000.00	1,050,000.00	Related to assets
150 tons self-propelled hydraulic flatbed	1,041,666.59			83,333.34	958,333.25	Related to assets
Coating technology and transformation (coating workshop building)	947,808.16			76,849.32	870,958.84	Related to assets
Technological transformation potential fund-40000 tons ship to develop new equipment and technological transformation	853,150.32			71,095.92	782,054.40	Related to assets
No. 1 dock adaptive transformation (1)	699,999.76			16,666.68	683,333.08	Related to assets
No. 1 dock adaptive transformation	560,000.24			13,333.32	546,666.92	Related to assets
Noise control engineering for new area	185,973.56			4,759.98	181,213.58	Related to assets
Noise control engineering for painting workshop	173,684.16			7,894.74	165,789.42	Related to assets
Implementation of information technology and industrialization management system standards	100,000.00				100,000.00	Related to income
Standardized special fee	88,818.28		10,771.50		78,046.78	Related to income
Metering scientific instruments for the Group	22,500.31			4,999.98	17,500.33	Related to assets
Transferring capabilities of regional value integration and upgrading technologies	14,041.67				14,041.67	Related to assets
R&D of key technique and equipment technology of complex component modeling		1,300,000.00	1,300,000.00			Related to income
Research and Development of technology of classical cabin layout of a luxury cruise ship design and decoration		5,000,000.00	5,000,000.00			Related to income
Emulation of precise shipbuilding techniques		781,465.60	781,465.60			Related to income
Research & manufacturing of testing and analysing system of the power and torsional vibration stress of marine propulsion shafting dual-channel axle		507,025.64	507,025.64			Related to income
Research on the shipbuilding document of International Maritime Organisation		200,000.00	200,000.00			Related to income
R&D of key technology of polar deck transportation ship		4,461,600.00	4,461,600.00			Related to income
Total	111,087,296.17	79,706,105.63	17,753,289.63	-1,921,649.02	174,961,761.19	-

36. Share capital

This item is consistent with the amount in the consolidated financial statements. Please refer to Note VI/37 for details.

37. Capital reserves

Current period

Item	Beginning balance	Increase	Decrease	Ending balance
Share capital premium	1,952,054,284.42	4,195,290,513.43		6,147,344,797.85
Other capital reserves	582,931.25			582,931.25
Total	1,952,637,215.67	4,195,290,513.43		6,147,927,729.10

Note: During the period, the share capital premium increased by RMB4,195,290,513.43: as at April 8, 2015, the Company completed issue of totally 382,971,727 ordinary shares (A share) to CSSC, Yangzhou Kejin and 7 specific investors by private placement with share capital premium of RMB 5,982,048,646.03; in March 2015, Huangpu Wenchong completed the registration with the administration for industry and commerce for change of shareholder. The Company acquired 100% equity in Huangpu Wenchong (please see Note VII. 1 for details of acquisition), and wrote off the share capital premium of RMB 1,786,758,132.60 based on the difference between the net assets corresponding to 100% equity in Huangpu Wenchong and the payment at the end of the period.

Last year

Item	Beginning balance	Increase	Decrease	Ending balance
Share capital premium	502,982,007.95	1,449,072,276.47		1,952,054,284.42
Other capital reserves	582,931.25			582,931.25
Total	503,564,939.20	1,449,072,276.47		1,952,637,215.67

38. Special reserves

Current period

Item	Beginning balance	Increase	Decrease	Ending balance
Safe production fee		14,083,194.21	14,083,194.21	
Total		14,083,194.21	14,083,194.21	

Last year

Item	Beginning balance	Increase	Decrease	Ending balance
Safe production fee		11,299,462.64	11,299,462.64	
Total		11,299,462.64	11,299,462.64	

39. Surplus reserves

Current period

Item	Beginning balance	Increase	Decrease	Ending balance
Statutory surplus reserves	435,312,069.87			435,312,069.87
Discretionary surplus reserves	18,582,196.43			18,582,196.43
Total	453,894,266.30			453,894,266.30

Last year

Item	Beginning balance	Increase	Decrease	Ending balance
Statutory surplus reserves	424,890,084.65	10,421,985.22		435,312,069.87
Discretionary surplus reserves	18,582,196.43			18,582,196.43
Total	443,472,281.08	10,421,985.22		453,894,266.30

40. Undistributed profits

Current period

Item	Amount	Appropriation %
Ending balance of last year	2,450,706,441.59	
Add: Beginning retained earnings adjustment		
Including: Retroactive adjustment according to new Accounting standards		
Changes in accounting policies		
Corrections of Prior Period Error		
Change of consolidation scope under common control		
Other adjustments		
Beginning balance of current year	2,450,706,441.59	
Add: Net profit attributable to Parent Company of Current Period	-587,844,529.70	
Less: Provision of statutory surplus reserve		
Provision of discretionary surplus reserve		
Provision of general risk reserve		
Ordinary share dividend payable		
Capitalized ordinary share dividend		
Ending balance of current period	1,862,861,911.89	

Last year

Item	Amount	Appropriation %
Ending balance of last year	2,367,213,921.15	
Add: Beginning retained earnings adjustment		
Including: Retroactive adjustment according to new Accounting standards		
Changes in accounting policies		
Corrections of Prior Period Error		
Change of consolidation scope under common control		
Other adjustments		
Beginning balance of current year	2,367,213,921.15	
Add: Net profit attributable to Parent Company of Current Period	104,219,852.17	
Less: Provision of statutory surplus reserve	10,421,985.22	10
Provision of discretionary surplus reserve		
Provision of general risk reserve		
Ordinary share dividend payable	10,305,346.51	
Capitalized ordinary share dividend		
Ending balance of current period	2,450,706,441.59	

41. Net current assets

Item	Ending balance	Beginning balance
Current assets	18,175,487,920.48	16,759,398,283.11
Less: current liabilities	10,215,130,894.80	10,242,027,156.67
Net current assets	7,960,357,025.68	6,517,371,126.44

42. Total assets less current liabilities

Item	Ending balance	Beginning balance
Total assets	22,900,643,695.10	18,582,147,084.10
Less: current liabilities	10,215,130,894.80	10,242,027,156.67
Total assets less current liabilities	12,685,512,800.30	8,340,119,927.43

43. Loans

Details of the Group's loans are as follows

Item	Ending balance	Beginning balance
Short-term loans	1,137,129,600.00	1,133,653,446.88
Non-current assets due within 1 year	1,202,759,391.90	1,276,705,757.83
Long-term loans	2,123,983,200.00	1,868,071,388.68
Total	4,463,872,191.90	4,278,430,593.39

(1) Analysis

Item	Ending balance	Beginning balance
Bank loans		
– Bank loans due within 5 years	3,863,872,191.90	3,678,430,593.39
– Bank loans due after 5 years		
Other loans		
– Other loans due within 5 years	600,000,000.00	
– Other loans due after 5 years		600,000,000.00
Total	4,463,872,191.90	4,278,430,593.39

(2) Due date analysis

Item	Ending balance	Beginning balance
Pay back as required or within 1 year	2,339,888,991.90	2,410,359,204.71
1-2 years	1,523,983,200.00	1,191,071,388.68
2-5 years	600,000,000.00	677,000,000.00
5 years or above		
Total	4,463,872,191.90	4,278,430,593.39

44. Operating income & Operating cost

Item	Current period	Last period
Main operating income	3,243,729,842.33	2,924,498,820.91
Other operating income	67,117,307.47	189,002,525.17
Total	3,310,847,149.80	3,113,501,346.08
Main operating cost	3,469,380,020.86	2,922,104,331.33
Other operating cost	57,129,413.51	164,003,495.78
Total	3,526,509,434.37	3,086,107,827.11

Gross margin

Item	Current period	Last period
Main operating income	3,243,729,842.33	2,924,498,820.91
Main operating cost	3,469,380,020.86	2,922,104,331.33
Gross margin	-225,650,178.53	2,394,489.58

Revenue from building contracts

Item	Current period	Last period
Revenue from building contracts	3,129,612,614.32	2,680,532,642.10

(1) Main operation – classified by products

Item	Current period	Last period
Operating income		
Shipbuilding	3,129,612,614.32	2,680,532,642.10
Steel Structure Engineering	3,482,756.37	67,763,989.30
Mechanical and electrical products and others	110,634,471.64	176,202,189.51
Total	3,243,729,842.33	2,924,498,820.91
Operating cost		
Shipbuilding	3,360,652,030.19	2,682,725,916.64
Steel Structure Engineering	306,519.76	65,107,625.65
Mechanical and electrical products and others	108,421,470.91	174,270,789.04
Total	3,469,380,020.86	2,922,104,331.33

(2) Main operation – classified by regions

Region	Current period	Last period
Operating income		
Mainland China	1,605,341,812.42	1,656,005,033.79
Singapore	19,018,059.42	228,726,979.27
Holland	291,284,385.25	227,881,332.00
Sweden	381,337,575.65	178,483,682.07
Switzerland	432,912,309.61	154,069,640.34
Denmark	194,089,365.25	143,925,343.61
Marshall Islands	269,263,409.02	8,410,919.47
Norway	32,041,317.37	15,473,695.09
Greece		270,691,310.05
Other countries and regions	18,441,608.34	40,830,885.22
Total	3,243,729,842.33	2,924,498,820.91
Operating cost		
Mainland China	1,541,377,409.34	1,590,344,685.47
Sweden	489,847,288.54	150,499,645.74
Switzerland	426,338,892.10	188,084,780.26
Holland	277,986,381.80	222,552,093.25
Marshall Islands	269,263,409.02	8,410,919.47
Denmark	235,886,416.40	165,093,312.68
Singapore	101,837,672.99	228,726,979.27
Norway	69,213,633.22	15,473,695.09
Greece		307,989,014.50
Other countries and regions	57,628,917.45	44,929,205.60
Total	3,469,380,020.86	2,922,104,331.33

(3) Other operating income and other operating cost

Item	Current period	Last period
Other operating income		
Sales of materials	32,347,738.38	136,406,758.12
Sales of scrap materials	15,698,940.43	11,412,716.25
Service income	5,292,535.71	9,279,912.26
Rental income	8,591,041.37	11,835,007.91
Energy income	5,187,051.58	9,969,230.63
Disposal of investment property income		10,098,900.00
Total	67,117,307.47	189,002,525.17
Other operating cost		
Sales of materials	35,054,112.59	132,766,635.92
Sales of scrap materials	10,968,656.25	7,744,585.78
Service income	3,796,398.45	3,408,616.52
Rental income	2,632,832.80	3,442,692.72
Energy income	4,677,413.42	10,941,021.23
Disposal of investment property income		5,699,943.61
Total	57,129,413.51	164,003,495.78

(4) Contract revenue

Item	Total amount	Accumulated cost	Accumulated gross margin	Amounts settled	Falling price reserves provided
Fixed Price contract					
Total construction in progress contracts	27,135,863,251.03	8,066,119,631.08	-533,628,067.86	10,654,138,454.27	895,663,254.75
In which: contract under construction which is expected to incur loss at end of period					
50000 series (tanks for product oil/chemicals)	4,916,858,207.53	2,353,615,050.18	-295,160,838.29	1,371,295,188.21	238,110,310.85
113000 ton series (tanks for product oil/chemicals)	2,636,721,445.12	289,084,197.77	-	1,567,825,690.44	362,590,170.62
250,000 series ore sand tankers	3,124,537,237.74	589,865,697.87	-152,230,418.94	560,306,033.00	154,013,165.33
30.8WTVLCC	888,996,608.90	951,995,215.94	-302,701,822.52	357,351,944.44	62,976,066.64
115000 ton series (tanks for product oil/chemicals)	559,393,217.30	369,073,951.20	-87,506,000.28	133,490,952.50	77,973,541.31

Due to the shipbuilding market is still in the trough period and ship price is at the low position, as well as the estimated total cost increase because of improvement of the construction standard resulted from changes of demand-supply relationship in the shipbuilding market, which lead to the estimated total cost exceeds the estimated total revenue for some ship contracts, resulting in an estimated loss.

(5) Operating income from top 5 clients

Client	Current period	% of the total main operating revenue
Client 1	1,388,046,386.70	42.79
Client 2	412,974,842.05	12.73
Client 3	381,337,575.65	11.76
Client 4	269,263,409.02	8.30
Client 5	216,237,206.30	6.67
Total	2,667,859,419.72	82.25

45. Business tax and surcharges

Item	Current period	Last period
Business Tax	584,251.17	1,663,400.02
City Maintenance and Construction Tax	403,028.41	479,580.12
Education Surcharge	287,877.42	342,557.90
Total	1,275,157.00	2,485,538.04

46. Sales expenses

Item	Current period	Last period
Ship maintenance fee	7,927,030.18	5,866,085.86
Consignment fee	1,232,683.49	950,088.35
Business expenditure	631,751.81	688,592.66
Advertisement	317,592.56	317,955.36
Exhibition	1,132,200.11	631,534.16
Other selling expenses	1,000.00	17,511.72
Total	11,242,258.15	8,471,768.11

47. Administration expense

Item	Current period	Last period
Salaries	37,171,286.96	68,749,216.91
Research and development fee	86,466,907.21	38,315,941.60
Repairing expenses	15,424,185.49	14,690,468.19
Taxation	8,740,251.81	9,554,807.71
Depreciation	3,617,201.81	6,179,086.41
Amortization of intangible assets	2,599,012.36	5,331,456.26
Service fee	4,086,296.77	4,470,083.17
Business entertainment expense	840,748.48	3,044,211.28
Travelling expense	935,016.05	1,331,280.17
Security expense	3,057,292.04	1,162,458.00
Agency fee	487,141.05	1,150,150.95
Board meeting fee	2,394,049.75	826,678.58
Water supply and electricity expense	1,466,425.73	648,478.86
Office supply	332,403.22	547,341.41
Rental expense		324,162.29
Insurance expense	125,230.20	131,060.31
Environmental protection fee	1,018,393.53	
Others	9,374,123.30	10,148,051.76
Total	178,135,965.76	166,604,933.86

48. Financial expenses

(1) Financial expenses

Item	Current period	Last period
Interest expenditure	89,571,474.59	48,690,804.03
Less: Interest income	82,611,130.29	98,651,874.10
Add: Exchange loss	-8,114,431.99	-32,909,142.38
Add: Other expenditure	2,139,079.53	1,705,468.55
Total	984,991.84	-81,164,743.90

(2) Interest expenditure category

Item	Current period	Last period
Interests from bank loans and overdraft		
Interests from bank loans due within 5 years	74,488,141.27	33,607,470.71
Interests from bank loans due after 5 years		
Sub-total	74,488,141.27	33,607,470.71
Other borrowings		
Interests from other borrowings due within 5 years	15,083,333.32	
Interests from other borrowings due after 5 years		15,083,333.32
Sub-total		
Less: Capitalized interest		
Total	89,571,474.59	48,690,804.03

(3) Interest income category

Item	Current period	Last period
Interest income from bank deposit	82,611,130.29	98,651,874.10
Total	82,611,130.29	98,651,874.10

49. Assets impairment losses

Item	Current period	Last period
Bad debts	4,098,390.77	53,101.00
Loss from inventory devaluation	331,797,816.02	-29,678,741.27
Total	335,896,206.79	-29,625,640.27

50. Gain or loss on changes in fair value

Item	Current period	Last period
Financial assets by fair value and its change is included into profit and loss	18,931,946.31	535,771.74
Financial liabilities by fair value and its change is included into profit and loss	8,196,769.80	-77,034,335.46
Total	27,128,716.11	-76,498,563.72

51. Investment income

Item	Current period	Last period
From long-term equity investment under equity method	256,914.03	-101,652.34
From long-term equity investment under cost method	1,530,000.00	
From disposal of financial assets at fair value through profit and loss and its changes in fair value recognized in the current profit and loss account	-6,395,535.84	7,143,558.27
Total	-4,608,621.81	7,041,905.93

The investment income from investment in listed companies and non-listed companies for the period is RMB0 and RMB-4,608,621.81 respectively

52. Non-operating income**(1) Non-operating income**

Item	Current period	Last period	Non-operating gains or losses for current period
Gain on disposal of non-current assets			
In which: gain on disposal of fixed assets			
Government grants	22,766,234.83	71,223,310.33	18,732,119.59
Penalty income	55,400.00	89,250.00	55,400.00
Compensation income		186,186.20	
Others	831,100.00	946,512.94	831,100.00
Total	23,652,734.83	72,445,259.47	19,618,619.59

The amount included in non-recurring profit and loss for current period is RMB19,618,619.59. (Last period: RMB15,443,310.33).

(2) Government subsidy

Item	Current period	Last period	Source and basis	Related to assets/income
Shipbuilding technology research	5,492,426.89	2,508,045.17	National Funding	Related to income
Research and Development of technology of classical cabin layout of a luxury cruise ship design and decoration	5,000,000.00	6,000,000.00	MIIT	Related to income
R&D of key technology of polar deck transportation ship	4,461,600.00		MIIT	Related to income
Product subsidy	4,034,115.24	55,780,000.00	National Funding	Related to income
R&D of key technique and equipment technology of complex component modeling	1,300,000.00	800,000.00	State Administration of Science, Technology and Industry for National Defense	Related to income
Emulation of precise shipbuilding techniques	781,465.60	1,300,000.00	National Funding	Related to income
Research & manufacturing of testing and analysing system of the power and torsional vibration stress of marine propulsion shafting dual-channel axle	507,025.64	600,000.00	State Administration of Science, Technology and Industry for National Defense	Related to income
Integrated ship building project	411,158.76		Central government finance	Related to assets
Research on the shipbuilding document of International Maritime Organisation	200,000.00	120,000.00	MIIT	Related to income
Enterprise Technology Center innovative capacity building projects	150,000.00		Central government finance	Related to assets
Infrastructure development of the Quality Department metering station	122,071.24		Central government finance	Related to assets
Subsidies for service trade in provinces, municipality and districts		1,000,000.00	National Funding	Related to income
Others	306,371.46	3,115,265.16		Related to income
Total	22,766,234.83	71,223,310.33		

53. Non-operating expense

Item	Current period	Last period	Non-operating gains or losses for current period
Loss on disposal of non-current assets	232,003.26		232,003.26
Including: Loss on disposal of fixed assets	232,003.26		232,003.26
Penalties			
Compensation			
Others	46,450.00	10,000.00	46,450.00
Total	278,453.26	10,000.00	278,453.26

The amount included in non-recurring profit and loss for current period is RMB278,453.26. (Last period: RMB10,000.00).

54. Income tax expenses**(1) Income tax expenses**

Item	Current period	Last period
Current income tax: China Corporate Income Tax		
China		
Accruals and/or deferrals from previous years	-4,594,548.07	-14,759.66
Deferred income tax	-104,863,410.47	-5,294,682.77
Total	-109,457,958.54	-5,309,442.43

(2) The reconciliation sheet between Current income tax and total income

Income tax expenses calculation is based on the total profit in the consolidated income statement and the applicable tax rates:

Item	Current period	Last period
Total consolidated profit for the period	-697,302,488.24	-36,399,735.19
Income tax calculated at statutory/applicable tax rate	-104,595,373.24	-5,459,960.28
Impact from different tax applicable for subsidiaries		
Impact from adjustment to income tax in prior periods	-4,594,548.07	-14,759.66
Impact from non-taxable income	-	
Impact from non-deductible costs, fees and losses	362,498.67	4,947.41
Impact from utilization of deductible losses of unrecognized deferred income tax assets in prior periods		
Impact from deductible temporary differences or losses of unrecognized deferred income tax assets in the period	-630,535.90	160,330.09
Less than accrued income tax of Last Year		-
Tax rates effect on the beginning balance changes of deferred income tax assets/liabilities		
Income tax expenses	-109,457,958.54	-5,309,442.43

55. Depreciation and amortization

Item	Current period	Last period
Depreciation of investment properties	314,356.08	375,665.01
Depreciation of fixed assets	27,342,379.36	42,457,324.61
Amortization of intangible assets	2,599,012.36	3,277,964.92
Total	30,255,747.80	46,110,954.54

56. Gain (or loss) from disposal of investment or property

None.

57. Operating rentals expenditure

Operating rentals expenditure for current period is RMB 6,272,414.63 (Last period: RMB 4,830,246.44)

58. Rental income

The operating rental income for current period is RMB 8,591,041.37 (Last period: RMB 11,835,007.91); the rental income from land and buildings is RMB 3,075,014.48 (Last period: RMB 4,469,510.56).

59. Other comprehensive income

Item	Current period	Last period
1. Gains and losses from Available-for-sale financial assets	0.00	-880,000.00
Less: Tax effects of available-for-sale financial assets	0.00	-132,000.00
Total	0.00	-748,000.00

60. Supplemental information of parent's income statement

Expenses includes: operating expense, selling expense, administrative expenses, the details are listed by nature as bellow:

Item	Current period	Last period
Raw material consumed	2,556,542,213.19	2,159,878,215.66
Salaries expense	517,113,471.92	345,718,047.31
Depreciation expense	27,656,735.44	42,832,989.62
Amortization	3,318,638.26	3,277,964.92
Product specific fee	575,436,356.28	319,459,535.50
Power cost	21,046,487.55	28,647,978.59
Taxes and surcharges	8,740,251.81	8,756,644.80
Others	6,033,503.83	2,474,388.90
Total	3,715,887,658.28	2,911,045,765.30

61. Notes to the Consolidated Cash Flow Statement

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

1) Other cash receipts from operating activities

Item	Current period	Last period
Financial allocation for scientific research projects		1,291,092.53
Received income from other current accounts	9,879,085.07	4,772,457.51
Government subsidies	13,109,706.19	
Other non-operating income	780,000.00	
Total	23,768,791.26	6,063,550.04

2) Other cash payments from operating activities

Item	Current period	Last period
Administrative expenditure	17,142,371.77	18,766,435.84
Selling expense	1,724,030.11	2,605,682.25
Non-operating expense	46,450.00	10,000.00
Repairing expense	12,205,650.35	12,022,799.35
Paid to other accounts	157,736,127.11	
Bank charges	1,742,308.20	
Payments for entrusted loans of Zhongshan Haiyang		35,000,000.00
Payments for entrusted loans of Longxue		123,056,000.00
Payments for production preparation funds of Longxue		2,000,000,000.00
Total	190,596,937.54	2,191,460,917.44

3) *Other cash receipts from investing activities*

Item	Current period	Last period
Fixed deposit pledge resolution	1,863,898,887.74	1,261,955,135.85
Interest income from deposit	109,223,801.12	123,059,342.37
Total	1,973,122,688.86	937,215,135.53

4) *Other cash payments from investment activities*

Item	Current period	Last period
Fixed deposit pledge	312,272,000.00	1,348,171,602.75
Total	312,272,000.00	1,348,171,602.75

5) *Cash received relating to other financing activities*

Item	Current period	Last period
Capital appropriated from the national treasury	67,456,014.39	
Total	67,456,014.39	

6) *Cash paid relating to other financing activities*

Item	Current period	Last period
Issuance fees and relevant cost for Qihang Project	3,552,293.41	
Issuance fees and relevant cost for Shuguang Project		2,346,960.17
Total	3,552,293.41	2,346,960.17

(2) Supplemental information for Cash Flow Statement of the parent company

Items	Current Period	Last Period
1. Reconciliation of not profit to cash flows from operating activities:		
Net profit	-587,844,529.70	-31,090,292.76
Add:		
Provision for impairment	335,896,206.79	-29,625,640.27
Depreciation of fixed assets	27,656,735.44	42,777,083.53
Amortization of intangible assets	2,599,012.36	3,277,964.92
Long-term unamortized assets amortization	719,625.90	579,402.30
Loss from disposal of Fixed assets, Intangible assets and other long-term	232,003.26	
Loss from scrapped of Fixed assets (gain marked "-")		
Loss on changes in fair value (gain marked "-")	-27,128,716.11	76,498,563.72
Finance costs (gain marked "-")	-5,234,194.22	-81,164,743.90
Investment loss (gain marked "-")	4,608,621.81	-7,041,905.93
Decrease in Deferred tax assets (increase marked "-")	-107,703,202.41	560,288.80
Increase in Deferred tax liabilities (decrease marked "-")	2,839,791.94	-5,986,971.57
Decrease in Inventories (increase marked "-")	364,140,824.10	-534,777,314.43
Decrease in operating receivables (increase marked "-")	-4,937,575,777.71	-525,124,421.08
Increase in operating payables (decrease marked "-")	1,415,660,582.18	-2,750,343,384.53
Others		
Net Cash Flow From Operating Activities	-3,511,133,016.37	-3,841,461,371.20
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	2,068,309,000.19	2,192,821,524.06
Less: Beginning balance	3,702,545,149.25	3,642,373,050.61
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-1,634,236,149.06	-1,449,551,526.55

(3) Cash and Cash Equivalents

Item	Ending Balance	Beginning Balance
Cash	2,068,309,000.19	3,702,545,149.25
Including: Cash	57,063.93	52,919.87
Bank deposit available-for-use	2,068,129,414.82	3,702,377,814.04
Other cash fund available-for-use	122,521.44	114,415.34
Deposits in central bank available-for-use		
Deposits in other banks		
Replacement in other banks		
Cash Equivalents		
Including: Bond investment due within 3 months		
Ending Balance of Cash and Cash Equivalents	2,068,309,000.19	3,702,545,149.25
Including: Restricted Cash and Cash Equivalents available-for-use to Parent Company or Subsidiaries		

SUPPLEMENTAL INFORMATION OF FINANCIAL STATEMENTS

1. Statement of non-operating profit and loss for the period

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 below:

Item	Current period	Explanation
Gains and losses from disposal of non-current assets	-408,623.73	
Casual tax rebate or tax exemption with ultra vires or without formal approval		
Government grants expensed	44,402,340.49	
Funds usage fees from non-financial institutions expense		
Gains from the investment lower than the fair value of net identifiable assets of investees during the process of acquiring subsidiaries, joint ventures and associate		
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	-31,243,445.75	
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	60,090,471.08	
Reversals of provision for impairment reserves from receivables with individual impairment test		
Reversals of provision for impairment reserves from receivables with individual impairment test		
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	3,078,650.34	
Other non-operating profit and loss define		
Sub-total	75,919,392.43	
Income tax impact	11,359,359.74	
Impact on non-controlling shareholder's equity (after-tax)	220,773.00	
Total	64,339,259.69	

2. Return on net assets and earnings per share

Reported profit	Weighted average return on net assets %		Earnings per share			
	January to June 2015	January to June 2014	Basic		Diluted	
			January to June 2015	January to June 2014	January to June 2015	January to June 2014
Net profit attributable to shareholders of Parent Company	-5.71%	-2.50%	-0.3866	-0.1688	-0.3866	-0.1688
Net profit attributable to the shareholders of Parent Company, net of non-operating gains and loss	-7.70%	-5.56%	-0.4823	-0.3117	-0.4823	-0.3117

3. Abnormal issues and explanations

Item	Note	Ending balance	Beginning balance	Amount of change	Change %
Financial assets which are measured by the fair value and changes in fair value is recognized in current profit and loss account	Note 1	61,925,184.49	17,905,895.15	44,019,289.34	245.84%
Accounts receivable	Note 2	2,033,948,226.94	718,056,504.75	1,315,891,722.19	183.26%

Note 1 Financial assets which are measured by the fair value and changes in fair value is recognized in current profit and loss account increased by 245.84%, mainly due to the increase in number of forward foreign exchange contracts held and changes in fair value resulting from fluctuation of forward foreign exchange rate;

Note 2 Accounts receivable increased by 183.26%, mainly due to increase in ship-related receivables;

Liabilities and equity	Note	Ending balance	Beginning balance	Amount of change	Change %
Employee benefits	Note 3	128,842,930.39	46,080,312.09	82,762,618.30	179.61%
Tax payable	Note 4	-705,308,420.40	-311,783,190.54	-393,525,229.86	126.22%
Dividend payable	Note 5	256,485,146.98	177,721.77	256,307,425.21	144218.36%
Other payable	Note 6	163,944,865.80	245,383,148.57	-81,438,282.77	-33.19%
Deferred income	Note 7	212,730,013.96	149,269,700.92	63,460,313.04	42.51%

Note 3 Employee benefits increased by 179.61%, mainly due to accruing of year-end bonuses on a month basis by individual subsidiaries, resulting in the increase in the ending balance;

Note 4 Tax payable increased by 126.22%, mainly due to increase in input tax for the period;

Note 5 Dividend payable increased by 144,218.36%, mainly due to the fact that, according to the acquisition agreement, the original shareholder, CSSC is entitled to income during the closing period, and the dividends have not been paid yet;

Note 6 Other payables decreased by 33.19%, mainly due to recovery of current accounts from subsidiaries;

Note 7 Deferred income increased by 42.51%, mainly due to the governmental subsidies received for the period;

Profit and loss	Note	Ending balance	Beginning balance	Amount of change	Change %
Business taxes and surcharges	Note 8	8,389,291.14	15,319,242.88	-6,929,951.74	-45.24%
Selling expenses	Note 9	77,145,661.29	17,291,683.33	59,853,977.96	346.14%
Financial expenses	Note 10	39,589,871.47	19,803,998.95	19,785,872.52	99.91%
Assets impairment losses	Note 11	230,127,890.25	48,171,631.69	181,956,258.56	377.72%
Gain on changes in fair value	Note 12	52,317,853.55	-149,982,185.14	202,300,038.69	-134.88%
Investment income	Note 13	7,925,146.08	66,028,216.29	-58,103,070.21	-88.00%
Non-operating income	Note 14	52,325,766.15	223,833,101.95	-171,507,335.80	-76.62%
Non-operating expense	Note 15	1,219,283.81	629,661.01	589,622.80	93.64%
Income tax expenses	Note 16	-19,723,979.56	12,609.76	-19,736,589.32	-156518.36%
Other comprehensive income	Note 17	668,612.45	-40,259,427.43	40,928,039.88	-101.66%

- Note 8 Business taxes and surcharges decreased by 45.24% as compared with the same period last year, mainly due to the increase in input tax during the period and decrease in VAT paid, resulting in the decrease in business taxes and surcharges during the period as compared with the same period last year;
- Note 9 Selling expenses increased by 346.14% as compared with the same period last year, mainly due to increase in the repair and maintenance fees provided for the progress of shipbuilding and the subsidiary's written-backs of repair and maintenance fee for vessels with warranty expired in the same period last year;
- Note 10 Financial expense increased 99.91% as compared with last year, mainly due to the decrease in the deposit in current period as compared with the same period last year and decrease in interest income as compared with the same period last year leading to the increase in financial expenses;
- Note 11 Assets impairment losses increased by 377.72% as compared with the same period last year, mainly due to expected increase in the Labor cost, material purchase and expected costs of the same type of vessels, leading to the increase in the asset impairment losses;
- Note 12 Gains from changes in fair value increased by RMB 202 million as compared with the same period last year, mainly due to the increase of the forward foreign exchange rate of USD, leading to the increase in the income from changes in fair value of forward exchange settlement;
- Note 13 Investment income decreased by 88.00% as compared with the same period last year, mainly due to the closing of forward exchange settlement of mainly EUR against USD for current period, and the decrease in the foreign exchange rate of EUR for the period, resulting in the losses from closing of exchange settlement;
- Note 14 Non-operating income decreased by 76.62% as compared with the same period last year, mainly due to the allowance for the transition period of ocean going ships in the same period last year and no such allowance for the period;
- Note 15 Non-operating expense increased by 93.64% as compared with the same period last year, mainly due to increase in penalties for the period;
- Note 16 Income tax expenses decreased by RMB19,736,600 as compared with the same period last year, mainly due to increase in the deferred income tax assets for the period;
- Note 17 Other comprehensive income increased RMB 40,928,000 as compared with the same period last year, mainly due to the recognition of the expenses for three types of personnel by Huangpu Wenchong in the same period last year. According to the Actuarial Report from Towers Watson, the actuarial gains from changes in the financial assumption (i.e. discount rate) are included in the other comprehensive income.

SECTION 9 DOCUMENTS AVAILABLE FOR REFERENCE

1. The interim report affixed with the signature of the Chairman
2. The accounting reports affixed with the signatures and seals of Mr. Han Guangde, the Legal Representative, Mr. Chen Qiongliang, the Accounting Director and Mr. Hou Zengquan, Accounting Manager
3. Originals of the Company's documents and announcements publicly released on the Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily during the Reporting Period

Chairman: Han Guangde

Date of the Board's approval for reporting: August 26, 2015