



中船海洋与防务装备股份有限公司

CSSC OFFSHORE & MARINE ENGINEERING (GROUP) COMPANY LIMITED

H Stock Code: 00317 A Stock Code: 600685

# 2021 INTERIM REPORT



## IMPORTANT NOTES

- I. The Board, the Supervisory Committee and the Directors, Supervisors and senior management of the Company confirm that information contained in this interim report is true, accurate, and complete without any false and misleading statements or material omissions, and severally and jointly accept legal responsibility for the above.
- II. All Directors of the Company attended the meeting of the Board. The interim results of 2021 have been reviewed by the Audit Committee of the Company.
- III. The accounting information in this interim report is unaudited.
- IV. Han Guangde, the person in charge of the Company, Hou Zengquan, the person in charge of accounting and Xie Weihong, the head of accounting department (accountant in charge), have declared that they guarantee the truthfulness, accuracy and completeness of the financial statements contained in this interim report.
- V. The Company will not make profit distribution or issue new bonus shares by conversion of capital reserve for the first half of 2021 (First half of 2020: Nil).
- VI. This interim report contains forward-looking statements that involve future plans and development strategies which do not constitute a commitment by the Company to its investors. Investors should be aware of the investment risks.
- VII. No controlling shareholder or related party of the Company has misappropriated funds of the Company.
- VIII. No external guarantee has been provided by the Company in violation of the required decision-making procedures.
- IX. The relevant risks which might exist have been described in this report in details, please refer to Section III Management's Discussion and Analysis for the risks that the Company might face.
- X. As at the date of this interim report, the Board comprises ten Directors, namely executive Directors Mr. Han Guangde, Mr. Chen Liping and Mr. Xiang Huiming, non-executive Directors Mr. Chen Zhongqian, Mr. Chen Ji and Mr. Gu Yuan and independent non-executive Directors Mr. Yu Shiyong, Mr. Lin Bin, Mr. Nie Wei and Mr. Li Zhijian.
- XI. This report is prepared in both Chinese and English. In case of any discrepancy, the Chinese version shall prevail.

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## SECTION I DEFINITIONS

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

### Definitions of frequently used terms

Board	the board of directors
China Shipbuilding Group	China State Shipbuilding Corporation Limited, the controlling shareholder of CSSC
Company	CSSC Offshore & Marine Engineering (Group) Company Limited
CSSC	China State Shipbuilding Corporation Limited, the controlling shareholder of the Company
CSSC Chengxi	CSSC Chengxi Shipbuilding Co., Ltd., a wholly-owned subsidiary of CSSC Holdings
CSSC Finance	CSSC Finance Company Limited, a non-banking financial institution wholly-owned by CSSC
CSSC Holdings	China CSSC Holdings Limited, a listed company controlled by CSSC
Director(s)	the director(s) of the Company
DWT (deadweight tonnage)	deadweight capacity with ton as unit
Group	CSSC Offshore & Marine Engineering (Group) Company Limited and its subsidiaries
GSI	Guangzhou Shipyard International Company Limited, in which the Company owns a 46.3018% equity interest
Huangchuan Ocean Engineering	Guangzhou Huangchuan Ocean Engineering Co., Ltd., a wholly-owned subsidiary of Huangpu Wenchong
Huangpu Wenchong	CSSC Huangpu Wenchong Shipbuilding Company Limited, a 54.5371%-owned subsidiary of the Company
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shu Lun Pan CPAs	BDO China Shu Lun Pan Certified Public Accountants LLP
SSE	The Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Wenchong Shipyard	Guangzhou Wenchong Shipyard Co., Ltd., a wholly-owned subsidiary of Huangpu Wenchong
WUYIGE	WUYIGE Certified Public Accountants LLP

## I. INFORMATION OF THE COMPANY

Chinese name of the Company	中船海洋與防務裝備股份有限公司
Chinese abbreviation	中船防務
English name of the Company	CSSC OFFSHORE & MARINE ENGINEERING (GROUP) COMPANY LIMITED
English abbreviation	COMEC
Legal representative of the Company	Han Guangde

## II. CONTACT PERSONS AND CONTACT METHODS

Secretary to the Board		Authorised Securities Representative
Name	Li Zhidong	Yu Wenbo
Contact address	15th Floor, Marine Tower, No. 137 Gexin Road, Haizhu District, Guangzhou, China	15th Floor, Marine Tower, No. 137 Gexin Road, Haizhu District, Guangzhou, China
Telephone	020-81636688	020-81636688
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E-mail	lizd@comec.cssc.net.cn	yuwb@comec.cssc.net.cn

## III. CHANGES OF GENERAL INFORMATION

Registered address of the Company	15th Floor, Marine Tower, No. 137 Gexin Road, Haizhu District, Guangzhou, China
Postal code of the registered address of the Company	510250
Office address of the Company	15th Floor, Marine Tower, No. 137 Gexin Road, Haizhu District, Guangzhou, China
Postal code of the office address of the Company	510250
Website	comec.cssc.net.cn
E-mail	comec@comec.cssc.net.cn

## IV. INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

Names of newspapers designated for information disclosure	China Securities Journal, and Securities Daily
Website for publishing interim reports	www.sse.com.cn, www.hkexnews.hk
Place for inspection of interim reports of the Company	Office of the Board

## V. BASIC INFORMATION OF THE SHARES OF THE COMPANY

Type of shares	Stock exchange on which the shares are listed	Stock abbreviation/ Stock short name	Stock code	Stock abbreviation before change
A Shares	The Shanghai Stock Exchange	COMEC	600685	GSI
H Shares	The Stock Exchange of Hong Kong Limited	COMEC	00317	Guangzhou Ship

## VI. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

### (I) Key accounting figures

Unit: Yuan Currency: RMB

Key accounting information	Reporting Period (From January to June)	Corresponding period of last year	Change (%)
Operating income	4,717,550,453.48	4,293,181,183.56	9.88
Net profit attributable to shareholders of the Company	-95,042,597.22	3,102,837,570.74	-103.06
Net profit attributable to shareholders of the Company after deduction of non-recurring gains and losses	-135,379,996.15	-298,961,032.30	Not applicable
Net cash flows from operating activities	-1,037,725,605.50	-2,737,517,979.55	Not applicable
	<b>As at the end of the Reporting Period</b>	<b>As at the end of last year</b>	<b>Change (%)</b>
Net assets attributable to shareholders of the Company	13,989,242,518.56	14,432,091,546.69	-3.07
Total assets	36,641,336,170.07	38,937,517,272.52	-5.90

### (II) Key financial indicators

Key financial indicators	Reporting Period (From January to June)	Corresponding period of last year	Change (%)
Basic earnings per share (RMB/share)	-0.0672	2.1951	-103.06
Diluted earnings per share (RMB/share)	-0.0672	2.1951	-103.06
Basic earnings per share after deduction of non-recurring gains and losses (RMB/share)	-0.0958	-0.2115	Not applicable
Weighted average return on equity (%)	-0.69	27.37	Decrease of 28.06 percentage points
Weighted average return on equity after deduction of non-recurring gains and losses (%)	-0.98	-2.64	Increase of 1.66 percentage points

Explanation on the major accounting data and financial indicators of the Company

- During the Reporting Period, the Company achieved a cumulative net profit attributable to shareholders of the Company of RMB-95 million, representing a year-on-year decrease of RMB3.198 billion, and cumulative earnings per share of RMB-0.0672, representing a year-on-year decrease of RMB2.2623. Weighted average return on equity was -0.69%, representing a year-on-year decrease of 28.06 percentage points, mainly due to the impact of investment income of RMB3.390 billion recognized from the disposal of equity interests in GSI.
- During the Reporting Period, the Company achieved a cumulative net profit attributable to shareholders of the Company after deduction of non-recurring gains and losses of RMB-135 million, representing a year-on-year decrease in loss by RMB164 million. Basic earnings per share after deduction of non-recurring gains and losses amounted to RMB-0.0958, representing a year-on-year increase of RMB0.1157. Weighted average return on equity after deduction of non-recurring gains and losses of -0.98%, representing a year-on-year increase of 1.66 percentage points, mainly due to the overall increase in production volume during the Reporting Period, which led to an increase in comprehensive gross profit of products, as well as the combined effect of a negative net profit after deduction of non-recurring gains and losses of GSI from January to February of last year.
- During the Reporting Period, net cash flows from operating activities of the Company was RMB-1.038 billion, representing a year-on-year increase of RMB1.700 billion, mainly due to the rate of the progress of collection of products being lower than the progress of payment during the Reporting Period.

## VII. EXTRAORDINARY ITEMS AND THEIR AMOUNTS

Unit: Yuan Currency: RMB

Extraordinary items	Amount	Note (where applicable)
Gain or loss on disposal of non-current assets	-573,844.21	
Tax relief and reduction with approval exceeding authority or without formal approval or of non-recurring nature	-	
Government grants included in current profit or loss, 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	22,764,149.11	
Capital occupation fee received from non-financial entities included in current profit or loss	-	
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	-	
Gain or loss on exchange of non-monetary assets	-	
Gain or loss on entrusted investments or assets under management	-	
Provision for impairment on assets due to force majeure events, such as natural disasters	-	
Gain or loss on debt restructuring	-	
Corporate restructuring costs, such as employee redundancy pay and integration costs	-	
Gain or loss on transactions with obviously unfair transaction price for amount which exceeds fair value	-	
Net gains or losses of subsidiaries for the current period from the beginning of the period to the date of combination arising from business combination under common control	-	
Gain or loss on other contingencies which are not related to the Company's normal operations	-	
Gain or loss on changes in fair value of financial assets held-for-trading, derivative financial assets, financial liabilities held-for-trading and derivative financial liabilities, and investment income from disposal of financial assets held-for-trading, derivative financial assets, financial liabilities held-for-trading, derivative financial liabilities and other debt investment, except for effective hedging transactions that are closely related to the Company's normal operation	57,531,864.33	
Reversal of the provision for impairment of receivables and contract assets which are tested individually for impairment	-	
Gain or loss on entrusted loans	-	
Gain or loss arising from changes in fair value of investment properties under fair value model on subsequent measurement	-	
Effect of one-off adjustment to current profit or loss according to the requirements of tax and accounting laws and regulations on current profit or loss	-	
Entrusted fee income from entrusted operations	-	
Other non-operating income and expenses apart from the aforesaid items	1,910,680.48	
Other gain or loss items meeting the definition of non-recurring gains or losses	450,121.48	
Effect of minority interests	-26,927,136.12	
Effect of income tax	-14,818,436.14	
Total	40,337,398.93	

### I. INDUSTRY AND PRINCIPAL ACTIVITIES OF THE COMPANY DURING THE REPORTING PERIOD

#### (I) Principal activities

COMEC is a large comprehensive marine and defense equipment enterprise group incorporating four sectors of maritime equipment being maritime defense equipment, maritime transport equipment, maritime development equipment and maritime technology application equipment. The Group's principal products of shipbuilding and marine products include military ships, marine police equipment and public service ships as the representative defense equipment, feeder containerships, dredgers, offshore engineering platforms and wind power installation platforms as the representative marine offshore products as well as energy equipment, high-end steel structures, construction machinery, environmental protection equipment and industrial internet platforms as the representative marine application business products. During the Reporting Period, there were no material changes to the Group's principal activities.

#### (II) Business model

As a holding company, COMEC currently focuses on asset operation and investment management. Its actual businesses include independent production and operation and manufacturing and providing customers with high-quality products through research and development of ships, seeking orders and implementing customised order production. The Company is mainly engaged in assembly and construction in the shipbuilding and offshore engineering industrial chain. It has extended to shipbuilding and offshore supporting products at the front end of the industrial chain and full life guarantee at the back end of the industrial chain.

#### (III) Industry overview

The shipbuilding industry in which the Group operates is highly cyclical and is mainly subject to factors including the global economic and trading trend, cyclical fluctuation in the shipping market and international crude oil prices. For details of the shipbuilding industry during the Reporting Period, please refer to part III of this section.

The Group is a large-scale backbone shipbuilding enterprise under China State Shipbuilding Corporation Limited and a national core military production enterprise, its controlling subsidiary, Huangpu Wenchong, was founded in 1851, with a history of 170 years of factory building and 130 years of military industry, and its development history spans three centuries. It is the main construction base for military ships, special engineering ship and maritime engineering in China. It is also the largest and strongest production base for dredging engineering ships and feeder containerships in China.

#### (IV) Analysis of factors driving change in business revenue

During the Reporting Period, the Group recorded operating income of RMB4.718 billion, representing an increase of 9.88% compared with the corresponding period of last year, which was mainly due to the overall improvement in production efficiency and production volume.

### II. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

- (I) **Product advantages.** The Group has the capability of regional general assembly shipbuilding mode and simultaneous construction of multiple vessel types, and it is in leading position in the technical indexes of military vessels, civil vessels and offshore engineering business in China, giving rise to products featured both domestically and foreignly, represented by marine police equipment, public service equipment, feeder containerships, dredging dredgers, etc. The Group will continue to improve and optimize ship models and enhance product performance, while extending products on the basis of advantageous products to form a series of products to better meet customer needs.
- (II) **Technological advantages.** The Group has 11 science and technology innovation platforms at or above the provincial and ministerial level, such as national enterprise technology center, postdoctoral research station, national engineering laboratory for marine engineering R&D and design, Guangdong engineering technology research center, etc. It is one of the most powerful ship product development and design centers in South China and the first exemplary base of military-civilian technological innovation in Guangdong Province, possessing independent intellectual property rights in high technology high value-added products such as feeder containerships, public service ships, scientific exploration ships, wind power installation platforms, for producing and special vessels. Through continuous investment in research and development, the Group insists on independent innovation, tackles difficulties in cutting-edge technologies and focuses on strengthening the research and development of new green, energy-saving and environment-friendly ship types and high-tech and high value-added ship types.
- (III) **Brand advantages.** In terms of military products, the Group is the most important production and support facility of military ships in South China of the Chinese Navy, and an important public service ship manufacturer in the PRC; in terms of civil products, the Group enjoys great reputation and occupies a leading position in terms of multi-purpose deep water survey ships, feeder containerships and dredging dredgers; in terms of application industries, the Group has a good reputation in the industry and has undertaken the construction of steel structures for major projects such as the Shenzhen-Zhongshan Bridge and the Hong Kong-Zhuhai-Macao Bridge, and successfully exported offshore wind power equipment to overseas markets.
- (IV) **Market advantage.** The Group's principal business and products have high market share in domestic and overseas markets, which has laid a solid foundation in the market. In particular, it has a leading edge in terms of feeder containerships and dredging engineering ships and a leading position in the PRC in terms of military ships, public service ships, maritime police ship series and new generation of large ocean rescue ships.

Such strengths have contributed to the sustainable development of the Company. In addition, against the background of accelerated industry upgrading in the shipbuilding industry and elimination of backward production capacity, the Company will focus on continuously developing core competitiveness including research and development capability and building technologies, explore new growth drivers, improve profitability and provide higher returns to shareholders.

### III. MANAGEMENT'S DISCUSSION AND ANALYSIS

#### (I) Development of the shipbuilding market in the first half of 2021

In the first half of 2021, the rapid recovery of the world economy and the continued improvement of the international shipping market stimulated shipowners' enthusiasm for investment, and the relaunch of newbuilding projects that had been suspended due to the epidemic in the previous period brought about a repairing growth to the global new shipbuilding market.

Trading volume of new ships exceeded expectations. In the first half of 2021, a total of 74.97 million DWT of new ships were traded worldwide, representing a year-on-year increase of 222%, with the containership market being particularly active.

Trading price of new ships continued to rise. In June 2021, the Clarkson new ship price index closed at 138.5 points, representing a year-on-year increase of 11.6 points. Looking at the major ship types, the Clarkson new ship price index for bulk carriers, oil tankers, containerships and liquefied gas tankers were 145.8 points, 159.2 points, 89.6 points and 143.5 points, respectively, representing increases of 21.6 points, 9.7 points, 12.1 points and 5.9 points, respectively. During the Reporting Period, new ships price for typical major ship types has all increased to a certain extent, with a cumulative increase of over 20% in new ships price for some bulk carriers and containerships.

The offshore engineering equipment market was markedly divergent. The total order value of offshore engineering equipment shipbuilding orders reached USD5.96 billion, but the market trend was markedly divergent. Demand for new shipbuilding of drilling platform and offshore engineering ships for oil and gas applications continued to shrink, with mobile production platforms and offshore wind power installation, operation and maintenance equipment as the main support. Mobile production platform orders totaled 12 platforms/vessels for USD3.1 billion, accounting for 52% of the global total order in the first half of the year; while offshore wind power installation, operation and maintenance equipment orders totaled 12 platforms/vessels for USD1.75 billion, representing a year-on-year increase of 229%.

Note: The above information and data are from China Association of the National Shipbuilding Industry and China Shipbuilding Industrial Economy Research Centre.

#### (II) Operation of the Group

During the Reporting Period, the Group secured new shipbuilding orders with contract value of RMB5,721 million, representing an increase of 157.82% compared with the corresponding period of last year; operating income of the Group amounted to RMB4,718 million, representing an increase of 9.88% compared with the corresponding period of last year. Net profit attributable to the shareholders of the Company amounted to RMB-95 million. Earnings per share were RMB-0.0672, and earnings per share after deduction of non-recurring gains and losses were RMB-0.0958.

## IV. PRINCIPAL OPERATION DURING THE REPORTING PERIOD

### (I) Main business analysis

#### 1. Analysis of changes in relevant items in the financial statements

Unit: Yuan    Currency: RMB

Item	Current period	Corresponding period of last year	Change (%)
Operating income	<b>4,717,550,453.48</b>	4,293,181,183.56	9.88
Operating costs	<b>4,425,424,782.00</b>	4,061,243,529.52	8.97
Selling expenses	<b>35,008,793.06</b>	23,242,577.85	50.62
Administrative expenses	<b>209,252,449.69</b>	259,745,214.38	-19.44
Finance cost	<b>-23,632,895.39</b>	-75,593,784.39	Not applicable
Research and development expense	<b>245,716,359.22</b>	251,764,193.06	-2.40
Net cash flows from operating activities	<b>-1,037,725,605.50</b>	-2,737,517,979.55	Not applicable
Net cash flows from investing activities	<b>92,966,986.81</b>	-4,999,087,021.99	Not applicable
Net cash flows from financing activities	<b>-1,307,153,516.09</b>	291,627,450.31	-548.23
Taxes and surcharges	<b>6,104,223.65</b>	15,586,633.76	-60.84
Investment income	<b>-37,145,812.01</b>	3,373,579,240.59	-101.10
Gain on change in fair value	<b>49,852,986.83</b>	-30,624,591.00	Not applicable
Credit impairment loss (loss expressed with "-")	<b>-4,491,607.52</b>	4,685,877.27	-195.85
Asset impairment loss (loss expressed with "-")	<b>-9,917,850.86</b>	-168,731,612.95	Not applicable
Non-operating income	<b>7,843,345.87</b>	4,002,590.52	95.96
Non-operating expense	<b>5,596,444.66</b>	1,451,741.14	285.50
Income tax expense	<b>-6,216,916.97</b>	16,242,996.39	-138.27

Reason for change in operating income: mainly due to the overall increase in production volume during the Reporting Period, which led to a year-on-year increase in revenue.

Reason for change in operating cost: mainly due to the overall increase in production volume during the Reporting Period, which led to a year-on-year increase in revenue and a corresponding increase in cost.

Reason for change in selling expenses: mainly due to the combined effect of inclusion of GSI data from January to February and the recognition of the first unit (set) of insurance claims in the corresponding period of last year by Huangpu Wenchong.

Reason for the change in administrative expenses: mainly due to the effect of inclusion of GSI data from January to February in the corresponding period of last year.

Reason for the change in finance cost: mainly due to the effect of increase in net exchange losses arising from change in exchange rates during the Reporting Period.

Reason for the change in research and development expenses: mainly due to the combined effect of inclusion of GSI data from January to February in the corresponding period of last year, and the increase of investment in research and development by Huangpu Wenchong during the Reporting Period.

Reason for the change in net cash flows from operating activities: mainly due to decrease in rate of the progress of collection of products being lower than the progress of payment during the Reporting Period.

Reason for the change in net cash flows from investing activities: mainly due to the effect of reclassification of cash and cash equivalent as at the end of the period for GSI in the corresponding period of last year.

Reason for the change in net cash flows from financing activities: mainly due to the effect of higher repayments of bank loans during the Reporting Period.

Reason for the change in taxes and surcharges: mainly due to the effect of inclusion of GSI data from January to February in the corresponding period of last year.

Reason for the change in investment income: mainly due to the effect of the investment income recognized from the disposal of equity interests in GSI in the corresponding period of last year.

Reason for the change in gain on change in fair value: mainly due to the effect of change in fair value of foreign exchange contracts on hand as a result of change in exchange rate.

Reason for the change in credit impairment loss: mainly due to the effect of a year-on-year increase in provision for bad debts during the Reporting Period.

Reason for the change in asset impairment loss: mainly due to the effect of a year-on-year decrease in the provision for contract performance cost during the Reporting Period.

Reason for the change in non-operating income: mainly due to the effect of the year-on-year increase in contractual liquidated damages received during the Reporting Period.

Reason for the change in non-operating expense: mainly due to the effect of the year-on-year increase in net insurance claims expenses.

Reason for the change in income tax expense: mainly due to the effect of the year-on-year decrease in deferred income tax expenses.

### (II) Explanation for material change in profit due to non-principal business

During the Reporting Period, the Group's investment income decreased by RMB3,411 million year-on-year, mainly due to the completion of the disposal of 27.4214% equity interest in GSI to CSSC Holdings by the Company in the corresponding period of last year, which contributed a total investment income of RMB3,390 million to the Company in the corresponding period of last year.

## SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

### (III) Analysis of assets and liabilities

#### 1. Assets and liabilities

Unit: Yuan Currency: RMB

Item	Amount at the end of current period	Proportion among total assets at the end of current period (%)	Amount at the end of last period	Proportion among total assets at the end of last period (%)	Change of amount at the end of current period compared with that of the end of last period (%)	Description
Cash in bank and on hand	6,451,840,803.25	17.61	8,767,750,124.49	22.52	-26.41	-
Accounts receivable	4,611,604,709.37	12.59	4,753,507,336.94	12.21	-2.99	-
Including: Notes receivable	73,367,930.95	0.20	161,625,007.63	0.42	-54.61	Decrease in the balance of both bank acceptance bills and commercial acceptance bills at the end of the Reporting Period.
Accounts receivable	960,961,604.24	2.62	1,244,416,936.61	3.20	-22.78	-
Receivable financing	25,911,392.00	0.07	-	-	Not applicable	Note receivables from 15 low-risk banks are reclassified and presented in this item at the end of the Reporting Period.
Prepayments	1,333,996,534.52	3.64	1,218,386,548.91	3.13	9.49	-
Other receivables	105,959,836.79	0.29	132,470,963.43	0.34	-20.01	-
Long-term receivables	2,111,407,410.87	5.76	1,996,607,880.36	5.13	5.75	-
Inventories	3,538,807,828.42	9.66	4,199,310,024.12	10.78	-15.73	-
Contract assets	4,788,010,387.50	13.07	4,445,388,926.29	11.42	7.71	-
Other current assets	331,236,549.35	0.90	577,884,115.75	1.48	-42.68	Decrease in value-added tax credit at the end of the Reporting Period.
Investment properties	145,992,769.14	0.40	149,261,481.66	0.38	-2.19	-
Long-term equity investments	4,894,179,118.52	13.36	4,938,277,647.10	12.68	-0.89	-
PP&E	4,897,278,765.02	13.37	3,952,299,253.50	10.15	23.91	-
Construction in progress	200,459,115.95	0.55	348,779,440.60	0.90	-42.53	Decrease in construction in progress not carried forward at the end of the Reporting Period.
Right-of-use assets	107,995,335.09	0.29	116,000,602.24	0.30	-6.90	-
Other non-current assets	606,109,177.32	1.65	389,850,209.29	1.00	55.47	Increase in relocation expenses pending write-off and inventories over one year at the end of the Reporting Period.
Short-term borrowings	1,000,811,527.78	2.73	2,049,871,666.70	5.26	-51.18	Repayment of borrowings during the Reporting Period.
Notes payable	937,277,319.10	2.56	2,292,202,595.08	5.89	-59.11	Notes payable were due for settlement during the Reporting Period.
Prepayments	2,618,400.00	0.01	7,855,200.00	0.02	-66.67	Decrease in rent received in advance at the end of the Reporting Period.
Contract liabilities	6,423,632,630.53	17.53	5,172,239,729.14	13.28	24.19	-
Employee benefits payable	85,696,843.07	0.23	851,463.48	0.00	9,964.65	Increase in wages, subsidies and bonuses accrued but not paid in the Reporting Period.
Taxes payables	17,872,532.83	0.05	26,054,822.85	0.07	-31.40	Reduction of personal income tax payable at the end of the Reporting Period.
Other payables	398,930,394.74	1.09	158,810,463.41	0.41	151.20	Dividends payable to listed companies amounted to RMB235 million at the end of the Reporting Period.
Long-term borrowings	2,659,862,368.89	7.26	2,117,721,642.34	5.44	25.60	-
Lease liabilities	86,929,836.50	0.24	96,494,152.25	0.25	-9.91	-
Deferred income	117,238,942.32	0.32	78,742,779.90	0.20	48.89	Increase in government grants not carried forward at the end of the Reporting Period.

### 2. *Oversea Assets*

Oversea assets amounted to RMB879,181,165.82 at the end of current period, accounting for 2.40% of the total assets.

### 3. *Major restricted assets at the end of the Reporting Period*

As at the end of the Reporting Period, the Group had bank deposits pledged to secure borrowings/letters of guarantees/letters of credit/bank acceptance notes/foreign exchange forward contracts with maturity of over 3 months and reclassification of interest receivable amounting to RMB2,991,024,078.08 in total. The use rights restriction will be lifted after the completion of the contract(s). For details of breakdown of restricted cash at bank, please refer to the notes to the financial statements.

## (IV) Analysis of investments

### 1. *General analysis of external equity investments*

The Company is an investment holding company. For external equity investments, please refer to the notes to the financial statements. As at the end of the Reporting Period, the balance of the long-term equity investments of the Group amounted to RMB4,894,179,100, representing a decrease of 0.89% from RMB4,938,277,600 as at the beginning of the year, mainly due to the effect of the recognition of investment income in associates and joint ventures by equity method.

#### (1) *Material equity investments*

During the Reporting Period, the Company had no material external equity investments.

#### (2) *Material non-equity investments*

During the Reporting Period, the Company had no material external non-equity investments.

#### (3) *Financial assets measured at fair value*

During the Reporting Period, the Group's financial assets measured at fair value included financial assets held-for-trading such as forward exchange contracts, foreign exchange swaps and foreign exchange option trading portfolio contracts, as well as investments in other equity instruments. In particular, for financial assets held-for-trading such as forward exchange contracts, foreign exchange swaps and foreign exchange option trading portfolio contracts, at measurement date, the public quotations from 3 banks before adjustment were obtained. According to prudence principle, one quotation is chosen to be input value. The debt rate published by the PBOC is chosen to be discount rate (please refer to the notes to the financial statements for details). For entrusted wealth management and structured deposits, the measurement is based on the closing fair value provided by the entrusted financial institution. For investments in other equity instruments, the shares held in listed companies were measured at their closing market prices, and those without public market quotations were measured using valuation techniques. The breakdown of items measured at fair value during the Reporting Period is as follows:

Unit: Yuan Currency: RMB

Item	Beginning balance	Ending balance	Change	Amount of impact on profit for the period
Financial assets held-for-trading	1,055,191,244.71	1,069,301,219.08	14,109,974.37	57,531,864.33
Investments in other equity instruments	3,923,780,494.34	3,657,326,374.56	-266,454,119.78	252,543.98
Total	4,978,971,739.05	4,726,627,593.64	-252,344,145.41	57,784,408.31

Description:

- ① The Group attaches great importance to the research of exchange risk management policies and strategies. To prevent exchange rate risks, the Group entered into forward exchange trading contracts (forward exchange settlement), foreign exchange swap and foreign trade exchange option portfolios. As of the end of the Reporting Period, the Group had a total of 88 outstanding forward settlement USD foreign exchange contracts with total amount of US\$596.65 million and latest settlement date of 27 May 2024, and recognized profit on change in fair value of RMB34.0551 million as at the end of the year; the Group had a total of 35 outstanding options with total amount of US\$101.48 million and latest settlement date of 27 May 2024, and recognized profit on change in fair value of RMB0 as at the end of the year. During the Reporting Period, gains on changes in fair value and investment income totaling RMB40.0752 million were recognized in respect of such financial assets.
- ② As at the end of the Reporting Period, the book cost of financial assets held-for-trading (such as entrusted wealth management and structured deposits) was RMB852.3073 million with fair value as at the end of the period was RMB866.1187 million, and profit on change in fair value and investment income totaling RMB17.4567 million was recognized during the Reporting Period.
- ③ As at the end of the Reporting Period, the book cost of investment in other equity instruments was RMB2,910,068,500, and their fair value was RMB3,657,326,400, and dividend income of RMB252,500 was recognized during the Reporting Period.

During the Reporting Period, the Group held financial assets measures at fair value of RMB4,726.6276 million, and their impact on profit for the current period (including gain or loss on change of fair value and investment income) amounted to RMB57.7844 million.

#### (V) Significant assets and equity sale

During the Reporting Period, the Company had no significant assets and equity sales.

## SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

### (VI) Analysis of major subsidiaries and associates

#### 1. Analysis of direct and indirect subsidiaries and associates

Unit: RMB'000

Name of enterprise	Principal activities	Registered capital	Shareholding by the Company (%)	Total assets at the end of the period	Net assets at the end of the period	Net profit/loss for the period
CSSC Huangpu Wenchong Shipbuilding Company Limited	Manufacturing of equipment for railways, ships, aerospace and other transportation facilities	361,918	54.5371	2,329,638.49	662,058.01	-8,856.92
Guangzhou Wenchong Shipyard Co., Ltd.	Metal shipbuilding; non-metallic shipbuilding; ship outfitting manufacture and installation; ship conversion and removal; ship repair; ship design services; etc.	142,017.84	100	525,441.66	217,838.68	1,662.14
Guangzhou Huangchuan Ocean Engineering Co., Ltd.	Metal shipbuilding; non-metallic shipbuilding; ship outfitting manufacture and installation; ship conversion and removal; ship repair; ship design services; etc.	6,800	100	98,446.06	-32,383.95	-6,079.69
Guangzhou Wenchuan Heavy Industrial Co., Ltd.	Manufacturing of equipment for railways, ships, aerospace and other transportation facilities	11,000	100	211,979.83	15,988.29	1,199.32
Zhanjiang Nanhai Ship Hi-Tech Services Ltd.	Repair, debugging and maintenance of shipboard equipment and system	200	40.5	636.29	583.85	20.27
Guangzhou Xinhang Human Resources Service Co., Ltd.	Human resources development and management consulting; professional intermediary services; personnel leasing; personnel training; personnel recommendation; labor dispatch services;	200	75	903.86	259.06	24.69
Guangzhou Xingji Maritime Engineering Design Co., Ltd.	Ship design services, metal structure design services, engineering and technical consulting services	500	37.5	813.41	584.18	-96.12
Guangzhou CSSC Wenchong Bingshen Facilities Co., Ltd.	Manufacturing of equipment for railways, ships, aerospace and other transportation facilities	560	60	1,984.52	494.55	48.96
CSSC (Guangzhou) New Energy Co., Ltd.	New energy investment; new energy technology development and application; new energy engineering design and installation; new energy consulting; new energy research and development, technology promotion services, technical consulting, technology transfer; development and sales of new energy products and accessories	1,800	40	191.08	143.33	-1.40
CSSC Industrial Internet Co., Ltd.	Information transmission, software and information technology services	5,000	100	2,856.32	1,400.33	160.32
Wah Loong International Marine Limited	Ship leasing	HK\$1,000,000	99	73,594.93	3,914.23	-949.78
Wah Shun International Marine Limited	Ship leasing	HK\$1,000,000	99	14,323.19	745.38	191.08
Huaxin (Tianjin) Ship Leasing Co., Ltd.	Ship leasing	5	100	90,308.33	-29.00	-34.00
Huaxin (Tianjin) Ship Leasing Co., Ltd.	Ship leasing	5	100	4.99	4.99	-0.01
Guangzhou Shipyard International Company Limited	Manufacturing of equipment for railways, ships, aerospace and other transport facilities.	887,014.46	46.3018	2,795,873.19	701,631.92	-9,844.13

**2. Subsidiary with net profit accounting for over 10% of net profit of the Company**

*Unit: RMB0'000*

Name of entity	Income from principal business	Profit from principal business	Net profit
CSSC Huangpu Wenchong Shipbuilding Company Limited	394,673.37	16,841.09	-8,856.92
Guangzhou Wenchong Shipyard Co. Ltd.	118,281.63	6,401.38	1,662.14
Guangzhou Huangchuan Ocean Engineering Co., Ltd.	38,534.54	-532.88	-6,079.69
Guangzhou Shipyard International Company Limited	390,602.04	33,194.14	-9,844.13

**3. Subsidiaries the operational results of which experienced wide fluctuations and were material to the operational results of the Group during the Reporting Period**

*Unit: RMB0'000*

Name of entity	Net profit of current period	Net profit of corresponding period of last year	Change (%)
Guangzhou Wenchong Shipyard Co. Ltd.	1,662.14	-11,051.16	Not applicable
Guangzhou Shipyard International Company Limited	-9,844.13	-20,803.97	Not applicable

Description:

- ① During the Reporting Period, Wenchong Shipyard overcame the impact of the epidemic, continued to promote refined management, strictly controlled production costs and improved production efficiency, resulting in a significant improvement in its operation as compared to the same period last year.
- ② During the Reporting Period, GSI continued to promote cost engineering and improve cost control, as well as to increase production capacity in an orderly manner and ensure delivery of vessels, thus achieving a trend of cost reduction and efficiency improvement and economic benefits.

### V. OTHER DISCLOSURE

#### (I) Potential risks

##### 1. *Financial risks*

- (1) Exchange rate risk: The Group's exchange rate risk arises from the possibility of the increase or decrease in the value of assets (or creditor's rights) and liabilities (or debts) denominated in foreign currencies due to exchange rate fluctuations. It is mainly concentrated on export shipbuilding orders denominated in United States dollars. The Group will continue to adhere to risk prevention. Based on the exchange rates at the time of the undertaking of orders by it, the Group will strengthen the analysis of exchange rate trend and formulate exchange rate risk prevention plans.
- (2) Interest rate risk: The Group's interest rate risk is generated by bank borrowings and mainly comes from the uncertainty caused by changes in market interest rates. Floating interest rate may expose the Group to interest rate risk of cash flow, while fixed interest rate may expose the Group to interest rate risk of fair value. The Group carefully considers the changes in domestic and overseas market and economic environment and national monetary policies and formulates and timely adjusts effective interest rate risk management plans in light of its own production status.

For the extent of impact of change in exchange rate and interest rate on the Company, please refer to notes to financial statements.

##### 2. *Customer risk*

As a result of global economy and shipping trade as well as the impact from the COVID-19 epidemic, ship owners may experience difficulties in financing and tight funds, resulting in default in shipbuilding payment, deferred recognition of delivery and amendment of contracts, or even abandonment of ships, which subject the Company's orders on hand to default risk. The Group will further strengthen its management on contract performance and strengthen its investigation into the creditworthiness of ship owners and project process management, increase ship owners' default cost and strengthen the early warning and monitoring of contractual performance. It will also develop innovative business models and assist ship owners in obtaining financing so as to successfully deliver its orders on hand.

##### 3. *Cost risk*

The Group's products are manufactured on an order basis and prices are determined by taking into account estimated costs, market conditions and the Company's competitive strength. Currently, in addition to the rigid rise in labour costs, the prices of bulk raw materials are subject to upward and bi-directional fluctuations due to factors such as the global economy, monetary policies and supply and demand conditions, resulting in cost control pressure and risks for the Company. Through management improvement, the Group will carry out cost engineering projects, control costs through managing quality and quantity, enhance efficiency and prevent cost risks at the source of production; control material and labour costs, closely track the trend of material prices and make timely procurement arrangements, with a view to achieving a continuous reduction in the proportion of costs to revenue.

## I. INFORMATION ON GENERAL MEETINGS

No. of session	Date of meeting	Index for search on websites designated for publishing resolutions	Date of disclosure	Resolutions of meeting
Annual general meeting of 2020	27 May 2021	www.see.com.cn www.hkexnews.hk comec.cssc.net.cn	28 May 2021	Resolutions including the report of the Board for 2020, the report of the Supervisory Committee for 2020, the annual report for 2020 (including the financial statements for 2020), the profit distribution proposal for 2020 and the resolution on the proposed provision of guarantee by the Company and its subsidiaries for 2021 and the amount were considered and approved
First extraordinary general meeting of 2021	7 July 2021	www.see.com.cn www.hkexnews.hk comec.cssc.net.cn	8 July 2021	Resolutions including the proposal on the controlling shareholder to exempt themselves from compliance with Step 3 of the undertaking to further avoid horizontal competition provided by controlling shareholder and the resolution on the appointment of auditor for financial reports of the Company for 2021 were considered and approved

## II. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

There were no changes in the directors, supervisors and senior management of the Company during the Reporting Period.

## III. PROFIT DISTRIBUTION PROPOSAL OR PLAN TO CONVERT SURPLUS RESERVES INTO SHARE CAPITAL

### Profit distribution proposal or plan to convert surplus reserves into share capital for the interim period

Whether or not distribution or conversion into share capital	No
Number of bonus shares to be distributed for every ten shares (share)	–
Amount to be distributed for every ten shares (RMB) (tax inclusive)	–
Number of shares to be converted into share capital for every ten shares (share)	–

## I. ENVIRONMENT INFORMATION

### (I) Description of the environment protection of the Company and its major subsidiaries falling to be the key waste water emission entities as announced by the environmental protection authorities of the PRC

According to the Circular on the List of the Key Pollution Discharge Entities in Guangzhou for 2021 (Sui Huan [2021] No. 17) issued by Guangzhou Environmental Protection Bureau in April 2021, three members of the Group, namely Huangpu Wenchong, Wenchong Shipyard and Huangchuan Ocean Engineering, were included as key pollution discharge entities in Guangzhou for 2021.

#### 1. Information on pollution discharge

Name of major and specific pollutants	Emission method	Number and distribution of emission outlets	Emission concentration and total emission	Excess emission	Pollutant emission standards in effect	Approved total emission
Toluene	Organized	Huangpu Wenchong (4)	Average emission concentration 0.06mg/m <sup>3</sup> , total emission 8.31KG	None	Emission Limits of Air Pollutants (DB44/27-2001) period II Standard Level 2	-
		Wenchong Shipyard (6)	Average emission concentration 0.97mg/m <sup>3</sup> , total emission 264.83KG	None		
		Huangchuan Ocean Engineering (4)	Average emission concentration 0.07mg/m <sup>3</sup> , total emission 0.0039t	None		
Xylene	Organized	Huangpu Wenchong (4)	Average emission concentration 5.25mg/m <sup>3</sup> , total emission 269KG	None	Emission Limits of Air Pollutants (DB44/27-2001) period II Standard Level 2	-
		Wenchong Shipyard (6)	Average emission concentration 2.27mg/m <sup>3</sup> , total emission 583.07KG	None		
VOCs	Organized	Huangchuan Ocean Engineering (5)	Average emission concentration 2.13mg/m <sup>3</sup> , total emission 0.28t	None	-	-
		Huangpu Wenchong (4)	Average emission concentration 11.97mg/m <sup>3</sup> , total emission 1621KG	None		
		Wenchong Shipyard (6)	Average emission concentration 8.99mg/m <sup>3</sup> , total emission 2193.13KG	None		
Particulate matter	Organized emission (intermittent)	Huangchuan Ocean Engineering (5)	Average emission concentration 4.15mg/m <sup>3</sup> , total emission 0.41t	None	Emission Limits of Air Pollutants in Guangdong Province period II Standard Level 2 for Class II Area	-
		Huangpu Wenchong (4)	Average emission concentration 28.57mg/m <sup>3</sup> , total emission 2390KG	None		
		Wenchong Shipyard (12)	Average emission concentration 2.66mg/m <sup>3</sup> , total emission 2415.50KG	None		
COD	Organized emission (intermittent)	Huangchuan Ocean Engineering (13)	Average emission concentration 24mg/m <sup>3</sup> , total emission 3.62t	None	Emission Limits of Water Pollutants in Guangdong Province period II Standard Level 3 for Class II Area	-
		Huangpu Wenchong (2)	Average emission concentration 125 mg/l, total emission 13241.25KG	None		
		Wenchong Shipyard (1)	Average emission concentration 146 mg/l; total emission 22452.25KG	None		
Ammonia nitrogen	Organized emission (intermittent)	Huangchuan Ocean Engineering (1)	Average emission concentration 20mg/l, total emission 2.13t	None	Emission Limits of Water Pollutants in Guangdong Province period II Standard Level 1	-
		Huangpu Wenchong (2)	Average emission concentration 21.9mg/l, total emission 2319.86KG	None	Emission Limits of Water Pollutants in Guangdong Province period II Standard Level 3 for Class II Area	
		Wenchong Shipyard (1)	Average emission concentration 16.10mg/l, total emission 2558.35KG	None	Emission Limits of Water Pollutants in Guangdong Province period II Standard Level 1 for Class II Area	
		Huangchuan Ocean Engineering (1)	Average emission concentration 3.41mg/l, total emission 0.36t	None	Emission Limits of Water Pollutants in Guangdong Province (DB44/26-2001) period II Standard Level 3	

### 2. **Construction and operation of pollution prevention facilities**

#### (1) *Huangpu Wenchong*

In terms of waste gas treatment, Huangpu Wenchong has 5 sets of organic waste gas purification installations (1 set in the painting workshop, 2 sets in new painting workshops, 1 set in the 2m line pre-treatment workshop, and 1 set in 3m line pre-treatment workshop), 5 sets of dust removal devices (1 set in the painting workshop, 2 sets in new painting workshops, 1 set in the 2m line pre-treatment workshop, and 1 set in 3m line pre-treatment workshop), 10 sets of welding dust purification device (pipe processing workshops). All units using these anti-pollution devices have kept regular maintenance of the devices with detailed operation record. In terms of sewage water treatment, Huangpu Wenchong has established a sewage water treatment station to treat the dirty oil in the ship's clearing. In terms of noise, it reduces the impacts of production noise through building enclosure, establishing sound insulation covers and other measures. In addition, Huangpu Wenchong has established a general industrial solid waste dump and a temporary storage site for hazardous waste, which are capable of regularizing the collection and storage of solid waste and preventing pollution of the environment by solid waste.

#### (2) *Wenchong Shipyard*

Existing facilities of Wenchong Shipyard against environmental pollution: 9 sets of organic waste gas purification device (1 in the pretreatment workshop, and 2 in each of the painting and assembly workshop A, D, E, and F), 7 sets of dust removal device (1 in the pretreatment workshop, and 3 in each of workshop B and C), 6 sets of welding dust purification device (all installed in the pipe processing workshops). All units using these anti-pollution devices have kept regular maintenance of the devices with detailed operation record. 1 set of online VOC monitoring equipment (provided by the Environmental Protection Bureau of Huangpu District) was installed in painting workshop A and connected to the automatic pollutant monitoring system in Guangzhou City to perform real-time monitoring of VOC emission. For production noise, it mainly reduces the impacts of production noise through equipment selection, building enclosure, establishing sound insulation covers, installing damping pads and mufflers.

#### (3) *Huangchuan Ocean Engineering*

Huangchuan Ocean Engineering has established a sewage treatment station to treat production waste water and domestic sewage, installed cyclone + filter cartridge dust collectors at the steel pretreatment line and sandblasting room, and 12 sets of activated carbon adsorption + catalytic combustion purification treatment devices for organic waste gas. All these facilities operate normally. For production noise, it mainly reduces the impacts of production noise through equipment selection, building enclosure, establishing sound insulation covers, installing damping pads and mufflers.

### 3. **Environmental impact assessment for construction projects and other administrative permission for environmental protection**

Huangpu Wenchong, Wenchong Shipyard and Huangchuan Ocean Engineering have implemented the project reporting and approval system in strict accordance with national laws and regulations, all projects have project documents and environmental impact assessment report, and have obtained approval for the environmental impact assessment for the projects in accordance with the law. Construction projects have strictly implemented the "Three simultaneousness" system for environmental protection, with guaranteed investment in environmental protection facilities, and the environmental acceptance of the projects was completed in accordance with the requirements of the EIA approval.

Huangpu Wenchong, Wenchong Shipyard and Huangchuan Ocean Engineering own the Pollution Discharge Permit; Wenchong Shipyard and Huangchuan Ocean Engineering own the Drainage Permit, while Huangpu Wenchong is applying for a new Drainage Permit.

#### 4. *Emergency plans for sudden environmental events*

Huangpu Wenchong, Wenchong Shipyard and Huangchuan Ocean Engineering have prepared the Emergency Rescue Plan for Environmental Emergencies in strict accordance with the “Measures for the Administration of Emergency Response Plans” issued by the General Office of the State Council, and has made a dossier at the corresponding competent environmental protection department, while undergoing a number of emergency drills at different levels with on-site observation and guidance from the competent environmental protection department, comprehensively enhancing its ability to respond to environmental emergencies.

#### 5. *Environmental self-monitoring solutions*

According to the State Environmental Protection Standard HJ819-2017 “General Rules for Self-monitoring Technical Guide for Emission Units”, the Company develops environmental monitoring programs, has appointed professional companies to carry out monitoring work, monitors waste gas, waste water and noise emissions in each plant area every quarter, maintains good operation of environmental protection equipment and facilities, and carries out maintenance management to ensure that pollutant emissions meet the standards.

### (II) **Information on the protection of the ecology, prevention and control of pollution and fulfillment of environmental responsibilities**

The Group adheres to the environmental protection concept of “green shipbuilding and harmonious development”, incorporates ecological and environmental protection into the strategic elements of the enterprise, and actively explores the whole process control methods for source reduction, process control and end-of-pipe treatment. Through investment in research and development and technological innovation, the Group promotes the iterative upgrading of energy-saving and environment-friendly high-tech marine engineering equipment and strives to reduce the impact of product operation on the environment; in the course of production, the Group has optimized production processes, increased investment in environmental protection, improved environmental protection facilities and strengthened environmental protection infrastructure management to reduce the generation of waste at source, and promoted the recycling of resources and the reduction of waste disposal by improving the level of waste separation management and overall efficiency, so as to continuously promote the harmonious development of the economy and the ecological environment.

### (III) **Measures taken to reduce its carbon emissions during the Reporting Period and their effectiveness**

The Group paid close attention to the trend of global climate change, fully implemented various national and local policies and requirements, strictly complied with the contents of relevant international conventions, integrated carbon emission management into its energy management business and achieved direct and indirect reduction of carbon emissions through energy conservation and energy efficiency. During the Reporting Period, the Group continued to promote the use of clean energy through the construction of projects such as photovoltaic power generation at its plants and the renovation of shore power at its terminals.

## II. **CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS IN POVERTY ALLEVIATION WORK AND RURAL REVITALISATION**

In order to consolidate the achievements of poverty alleviation and accelerate the rural revitalisation, the Company, under the leadership of governments at all levels and higher-level units, has been actively carrying out precise poverty alleviation work to continuously improve the self-development capacity of the target groups. In the first half of 2021, the Company purchased a total of RMB775,800 of agricultural products from Heqing County, Yunnan Province, and plans to carry out poverty alleviation work in batches throughout 2021, with an estimated total investment of approximately RMB2.35 million.

## I. FULFILLMENT OF UNDERTAKINGS

## (I) Undertakings made by the actual controller, shareholders, related persons, buyers and the relevant parties of the Company made or effective during the Reporting Period

Background	Type of undertaking	Undertaking party	Content of undertaking	Date and duration of undertaking	Whether there is a deadline for performance	Whether strictly performed in a timely manner	If not performed timely, describe plans in next steps	If not performed timely, the plans in the next step should be stated
Commitments made in a report of acquisition or a report on changes in equity	Others	CSSC shipbuilding group	<p>1. Independence of personnel : (1) to ensure that senior management personnel such as general manager, deputy general manager, financial controller and secretary to the Board of the listed company will not hold executive positions other than those of directors and supervisors in the Company and other affiliate entities controlled by the Company (hereinafter referred to as the "Affiliate Entities"), and will not receive salaries from the Company and the Affiliate Entities. (2) The financial officers of the listed company will not hold part-time positions with the Company and the Affiliate Entities of the Company.</p> <p>2. Financial independence: (1) the listed company is guaranteed to have an independent financial accounting department and an independent financial accounting system and financial management system, and to make financial decisions independently. (2) To ensure that the listed company will remain independent in financial decision-making and that the Company and the Affiliate Entities of the Company will not interfere with the use of funds of the listed company. (3) To ensure that the listed company opens and settles bank accounts independently, and that it makes tax returns and fulfils its tax obligations independently in accordance with the law.</p> <p>3. Institutional independence: (1) to ensure that the listed company and its subsidiaries establish and improve their corporate governance structure in accordance with the law and are able to operate independently and autonomously; to ensure that the offices and production and operation premises of the listed company are separate from those of the Company and the Affiliate Entities of the Company. (2) To ensure that the listed company and its subsidiaries operate independently and autonomously, and that there is no subordination relationship with the functional departments of the Company.</p> <p>4. Independence of assets: (1) to ensure that the listed company has independent and complete assets. (2) To ensure that the Company and the Affiliate Entities of the Company do not misappropriate the assets, funds and other resources of the listed company.</p> <p>5. Independence of business: (1) to ensure that the listed company is independent in its business and conducts its business activities independently. (2) To ensure that the listed company is independent in signing external contracts and conducting business, forming an independent and complete business system, carrying out independent accounting for operation and management, bearing responsibilities and risks independently, and having the ability to operate independently and on its own in the market.</p>	Made on 30 June 2021	No	Yes	-	-

## SECTION VI SIGNIFICANT EVENTS

Background	Type of undertaking	Undertaking party	Content of undertaking	Date and duration of undertaking	Whether there is a deadline for performance	Whether strictly performed in a timely manner	If not performed timely, describe plans in next steps	If not performed timely, the plans in the next step should be stated
	Solving peer competition	CSSC shipbuilding group	<p>1. With regard to the peer competition between the Affiliate Entities of the Company and the listed company before or as a result of this transfer, the Company will, in accordance with the requirements of the relevant securities regulatory authorities and to the extent permitted by applicable laws and regulations and relevant regulatory rules, within five years from the date of this letter of undertaking, and on the principle of facilitating the development of the listed company and safeguarding the interests of Shareholders, in particular the interests of small and medium shareholders, make comprehensive use of entrustment management, asset restructuring, equity exchange/transfer, asset transfer/sale, business combination, business adjustment or other lawful means to steadily promote the integration of the relevant assets and businesses in line with the injection into the listed company in order to resolve the issue of peer competition.</p> <p>2. Before the elimination of peer competition between the listed company and the Affiliate Entities of the Company, the Company will strictly comply with the provisions of relevant laws, regulations and regulatory documents as well as the internal management system such as the Articles of Association of the listed company, exercise the rights of shareholders through shareholding relationship in accordance with the principle that state-owned assets are owned by the State and managed in a hierarchical manner, properly handle matters involving the interests of the listed company, not make use of its control position to obtain improper benefits or engage in transfer of benefits, and not engage in any acts that are detrimental to the legitimate interests of the listed company and its small and medium Shareholders.</p>	Within five years of the date of the commitment on 30 June 2021	Yes	Yes	-	-

## SECTION VI SIGNIFICANT EVENTS

Background	Type of undertaking	Undertaking party	Content of undertaking	Date and duration of undertaking	Whether there is a deadline for performance	Whether strictly performed in a timely manner	If not performed timely, describe plans in next steps	If not performed timely, the plans in the next step should be stated
Undertaking relating to the material asset reorganisation	Solving the defects on titles to lands	CSSC	<p>Arrangements for supporting the relocation and upgrading of Huangpu Wenchong and Wenchong Shipyard. Pursuant to overall planning of Guangzhou Municipal Government, a land parcel of Huangpu Wenchong at Changzhou Street ("Changzhou Plant") and a land parcel located at Wenchong Plant owned by Wenchong Shipyard, a subsidiary of Huangpu Wenchong, are no longer suitable for industrial use in shipbuilding in accordance with the planning for the regions in which they are located, and will be recovered as reserve by Guangzhou Municipal Government. As such, in accordance with the relevant requirements for management of state-owned assets, these two parcels of land and buildings thereon will be transferred to Guangzhou Ship Industrial Co., Ltd. under CSSC for free. As for the transfer and subsequent matters, it was agreed as follows: 1. The transfer of land and buildings thereon was due to the adjustment to urban planning which caused these assets to be no longer suitable for incorporation into the Company. As such, in order to maintain normal production and operation of Huangpu Wenchong and Wenchong Shipyard, it was agreed that the land of Changzhou Plant, Wenchong Plant and other relevant ancillary domestic area and buildings thereon, of which the ownership has been transferred to Guangzhou Ship Industrial Co., Ltd. under CSSC, will be leased to Huangpu Wenchong and Wenchong Shipyard for continued use, and the rent will be paid based on existing land amortisation, property depreciation and relevant taxes and expenses. In addition, CSSC will spare no efforts to facilitate Guangzhou Municipal Government in finalising the land for new plants and complete the relocation from Changzhou Plant and Wenchong Plant as soon as practicable. 2. Given certain granted land and properties in Changzhou Plant, Wenchong Plant and other relevant ancillary domestic area and buildings thereon are located on partially allocated land or is unlicensed real property, if such land or properties cannot continue to be utilised due to these arrangements, causing adverse impact to the production and operation of Huangpu Wenchong and Wenchong Shipyard, CSSC will actively coordinate in solving the issue and fully indemnify Huangpu Wenchong and Wenchong Shipyard in cash against any economic losses incurred. 3. CSSC will actively assist Huangpu Wenchong and Wenchong Shipyard in future communication with Guangzhou Municipal Government in compensation for the relocation.</p>	Made on 31 October 2014	No	Yes	-	-
	Others	CSSC	<p>1. CSSC will actively assist Huangpu Wenchong, Wenchong Shipyard in communicating with Guangzhou Municipal 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, CSSC will make up the difference in cash within 90 days after relevant government compensation is in place.</p>	Made on 3 March 2015	No	Yes	-	-

## SECTION VI SIGNIFICANT EVENTS

Background	Type of undertaking	Undertaking party	Content of undertaking	Date and duration of undertaking	Whether there is a deadline for performance	Whether strictly performed in a timely manner	If not performed timely, describe plans in next steps	If not performed timely, the plans in the next step should be stated
	Settlement of connected transactions	CSSC	1. Upon completion of the restructuring, CSSC and enterprises under control of CSSC and listed companies and subordinates will minimize and avoid related party transactions. 2. In conducting necessary and unavoidable connected transactions, it will ensure fair operation based on the principles of marketization and fair prices, and perform trading procedures and information disclosure obligations in accordance with relevant laws, regulations, rules and other normative documents and Articles of Association of COMEC, management system of connected transactions and other provisions. When voting on connected transactions at general meetings, it will abstain from voting. CSSC guarantees that it will not prejudice the legitimate rights and interests of listed companies and their shareholders through connected transactions. 3. It will exercise the rights of shareholders in accordance with relevant laws and regulations such as the Company Law of the People's Republic of China and the Articles of Association of COMEC; CSSC undertakes not to harm the legitimate interests of listed company and other shareholders with its status as a shareholder of listed company. 4. Once the letter of commitment is signed, it constitutes an effective, legal and binding commitment to CSSC. CSSC is willing to take full compensation for the economic losses caused to the listed company and its shareholders in violation of the above commitments.	Made on 7 August 2019	No	Yes	-	-
	Others	CSSC	Upon completion of the restructuring, CSSC, as the controlling shareholder of COMEC, will continue to exercise the rights of shareholders in accordance with laws, regulations and the Articles of Association of COMEC. CSSC will not affect the independence of COMEC by virtue of its status as a controlling shareholder and will maintain the independence of COMEC in terms of assets, personnel, finance, business and institutions.	Made on 7 August 2019	No	Yes	-	-

## SECTION VI SIGNIFICANT EVENTS

Background	Type of undertaking	Undertaking party	Content of undertaking	Date and duration of undertaking	Whether there is a deadline for performance	Whether strictly performed in a timely manner	If not performed timely, describe plans in next steps	If not performed timely, the plans in the next step should be stated
	Solving the issues concerning competition in the same industry	CSSC	<p>".....In light of the strategic restructuring of CSSC and CSIC, in order to facilitate the acceleration of market oriented debt-to-equity swaps and the strategic restructuring of the shipping industry, it is planned to optimize and adjust the implementation steps of the original plan (the "Adjusted Plan") as follows: 1. Step 1: China State Shipbuilding proposed to acquire 100% equity interests of Jiangnan Shipbuilding held in aggregate by the 11 counterparties through share offering, namely CSSC shipbuilding group, CSSC Investment, ICBC Investment, BOCOM Investment, National Civil-Military Integration Industry Investment Fund Co., Ltd., Guohua Junmin Fund, ABC Investment, Guoxin Jianxin Fund, Bank of China Investment, Dongfu Guochuang and Guofa Fund; proposed to acquire 36.2717% equity interests of Waigaoqiao Shipbuilding and 21.4598% equity interests of CSSC Chengxi held in aggregate by 9 counterparties through share offering, namely CSSC, Huarong Ruitong, New China Life Insurance, China Structural Reform Fund, CPIC Property Insurance, China Life, PICC, ICBC Investment, Dongfu Tianheng, through share offering; proposed to acquire 23.5786% equity interests of GSI and 30.9836% equity interests of Huangpu Wenchong held in aggregate by 9 counterparties through share offering, namely Huarong Ruitong, Zhongyuan Asset, New China Life Insurance, China Structural Reform Fund, CPIC Property Insurance, China Life, PICC, ICBC Investment and Dongfu Tianheng; proposed to acquire 27.4214% equity interests of GSI held by COMEC through share offering. (China Shipbuilding Issues Shares to Acquire Assets); 2. Step 2: CSSC, with 100% equity interests in CSSC Marine Power, 51% equity interests in CSSC Marine Power Institute and 15 equity interests in CSSC Mitsui, and CSSC holding, with 100% equity interests in Eastern Shanghai Heavy Machinery, jointed established CSSC Marine Power Group ("Establishment of Power Platform"); 3. Step 3: COMEC conducted asset replacement by virtue of 54.5371% equity interests in Huangpu Wenchong, 46.3018% equity interests in GSI and shareholding of CSSC Marine Power Group held by CSSC holding and CSSC ("Asset Swaps"). The three steps of the plan are not inter-conditional with each other. CSSC has made the following commitments on the Adjusted Plan: 1. CSSC promises to start Step 2 (that is, build a power platform) simultaneously when Step 1 (that is, CSSC Holdings issues shares to purchase assets and raise funds) is implemented; and also promises to start Step 3 within six months after the implementation of Steps 1 and 2 (that is, Asset Swaps), to eliminate the competition between CSSC Holdings and COMEC. 2. If CSSC violates such commitments and prejudice the interests of CSSC Holdings and COMEC, CSSC agrees to take corresponding liability; CSSC guarantees that if such commitments are violated, CSSC is willing to bear the corresponding legal liabilities.</p>	Made on 12 September 2019	Yes	Yes	Against the background that the internal and external conditions for the implementation of the joint reorganisation between CSSC and China Shipbuilding Industry Corporation have basically been fulfilled, step 3 of the original undertaking can no longer resolve the issue of peer competition between CSSC holding and COMEC, and the continuation of the implementation will create new situations of peer competition between CSSC holding, COMEC and other listed companies under China Shipbuilding Group and some unlisted enterprises, which is not conducive to safeguarding the interests of listed companies and small and medium-sized Shareholders. The Company's first extraordinary general meeting of 2021 was held on 7 July 2021, at which the resolution relating to the "proposal on the controlling shareholder to exempt themselves from compliance with Step 3" was considered and approved, agreeing to the waiver of Step 3 of the "undertaking to further avoid horizontal competition provided by controlling shareholder" by CSSC shipbuilding group.	—

## SECTION VI SIGNIFICANT EVENTS

### II. THERE WAS NO NON-OPERATIONAL APPROPRIATION OF FUNDS BY THE COMPANY'S CONTROLLING SHAREHOLDER AND OTHER RELATED PARTIES DURING THE REPORTING PERIOD

### III. THERE WAS NO BREACH OF GUARANTEE ON THE PART OF THE COMPANY DURING THE REPORTING PERIOD

### IV. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

The Company changed its accounting firm during the Reporting Period, taking into account the current state of affairs and development needs of the Company.

1. It was considered and passed at the first extraordinary general meeting of 2021 of the Company that, Shu Lun Pan CPAs was appointed as the Company's 2021 financial report auditor. The audit fee is RMB1.05 million (inclusive of tax). The financial statements in the Company's annual report 2021 were prepared according to the Accounting Standards for Business Enterprises of the PRC, and audited by Shu Lun Pan CPAs. Shu Lun Pan CPAs will retire upon expiry of term and offer themselves for re-appointment.
2. It was considered and passed at the 6th meeting of the tenth session of the Board that the Company re-appointed Shu Lun Pan CPAs as the Company's internal control auditor for 2021. The audit fee is RMB280,000 (inclusive of tax). Shu Lun Pan CPAs will audit the effectiveness of the Company's internal control and issue an audit report.

The Company has fully communicated with WUYIGE regarding the change of accounting firm and WUYIGE is aware of the matter and has confirmed that it has no objection.

### V. MATERIAL LITIGATION AND ARBITRATION

There was no material litigation or arbitration of the Company during the Reporting Period.

## VI. MATERIAL RELATED TRANSACTIONS

## (I) Related transactions in the ordinary course of business

## 1. Matters disclosed in announcements with progress or change in the follow-up implementation

## Related transactions related to daily operation for 2021 (from January to June)

Unit: RMB0'000

No	Content and type of transaction	Cap approved at general meeting	Actual transaction amount	Proportion of total amount of transactions of the same type (%)	Pricing basis
<b>1</b>	<b>Products and services provided by COMEC to the CSSC</b>				
1.1	Provision of shipping products, electrical and mechanical engineering equipment and metallic materials	350,135.00	42,848.32	9.19	Market price
1.2	Supply of utilities	160.00	2.27	0.87	Cost plus a 20-25% management fee or on terms no less favourable to the Group than terms available from independent third parties
1.3	Environmental protection business including leasing, labour supply, shipping products and land restoration, and other technical services related to engineering	4,893.00	875.07	16.67	On terms no less favourable to the Group than terms available from independent third parties
<b>2</b>	<b>Products and services provided by CSSC to the COMEC</b>				
2.1	Provision of equipment for use on ships, electrical and mechanical engineering equipment, accessories and materials	612,590.00	169,865.69	37.33	Market price or on terms no higher to the Group than terms available from independent third parties
2.2	Leasing, labour supply, technical services, etc.	51,740.00	12,598.24	8.67	On terms no less favourable to the Group than terms available from independent third parties or cost plus a 10% management fee or market price
<b>3</b>	<b>Financial services provided by CSSC to COMEC</b>				
3.1	Deposits (maximum limit)	623,500.00	617,484.39	70.43	Appropriate rise of benchmark deposit interest rate set by the People's Bank of China
3.2	Deposits (interest)	8,675.00	3,706.67	33.81	People's Bank of China
3.3	Loans (maximum limit)	187,300.00	101,000.00	17.72	No more than benchmark loan interest rate set by the People's Bank of China; on rate no less favourable to the Group than the terms available from independent third parties
3.4	Loans (interest)	7,056.00	1,127.04	18.04	People's Bank of China; on rate no less favourable to the Group than the terms available from independent third parties
3.5	Others and bank facilities (maximum limit)	335,000.00	178,526.60	32.13	On terms no less favourable to the Group than terms available from independent third parties
3.6	Others and bank facilities (handling fee)	422.00	73.15	11.76	On terms no less favourable to the Group than terms available from independent third parties
3.7	Forward exchange settlement (maximum limit)	200,000.00	118,256.43	21.28	Handling fee set by the People's Bank of China; On terms no less favourable to the Group than terms available from independent third parties
3.8	Entrusted assets management services (maximum limit)	350,000.00	25,000.00	100.00	Based on market price, on charging terms no less favourable to the Group than terms available from independent third parties
3.9	Entrusted assets management services (interest)	7,350.00	241.91	100.00	On terms no less favourable to the Group than terms available from independent third parties
<b>4</b>	<b>Guarantee provided by CSSC to COMEC</b>				
4.3	Maximum guarantee amount	480,000.00	–	Not applicable	Related terms shall not be less favourable to the terms available from independent third parties
4.4	Guarantee fee	1,280.00	–	Not applicable	On terms no less favourable to the Group than terms available from independent third parties
<b>5</b>	<b>Ship sales agency services provided by CSSC to COMEC</b>				
5.1	Ship sales agency	3,016.00	1,215.19	32.92	Follow the worldwide industry practice and will not exceed 1.5% of the contract price and be paid in accordance to the shipbuilding progress of the vessel in question
<b>6</b>	<b>Guarantee provided by CSSC to COMEC</b>				
6.1	Materials purchase agency	330.00	68.43	100.00	Follow the worldwide industry practice and 1-2% of the contract price in general

## SECTION VI SIGNIFICANT EVENTS

### (II) Financial operations between the Company and related financial companies, the Company's holding company and related parties

#### 1. Deposit business

Unit: RMB0'000

Related party	Type of relationship	Maximum daily deposit limit	Range of deposit rates	Opening balance	Current balance	Closing balance
CSSC Finance Company Limited	Controlled by the same controlling shareholder	623,500.00	Appropriate rise of benchmark deposit interest rate set by the People's Bank of China	617,484.39	617,484.39	362,012.66
Total	-	-	-	617,484.39	617,484.39	362,012.66

#### 2. Loan business

Unit: RMB0'000

Related party	Type of relationship	Loan limit	Range of loan interest rate	Opening balance	Current balance	Closing balance
CSSC Finance Company Limited	Controlled by the same controlling shareholder	187,300.00	No more than benchmark loan interest rate set by the People's Bank of China; on rate no less favourable to the Group than the terms available from independent third parties	61,000.00	101,000.00	101,000.00
Total	-	-	-	61,000.00	101,000.00	101,000.00

#### 3. Facilities business or other financial business

Unit: RMB0'000

Related party	Type of relationship	Business type	Total	Actual transaction amount
CSSC Finance Company Limited	Controlled by the same controlling shareholder	Others and bank facilities (maximum limit)	335,000.00	178,526.60
		Others and bank facilities (handling fee)	422.00	73.15
		Forward exchange settlement (maximum limit)	200,000.00	118,256.43
		Entrusted assets (maximum limit)	350,000.00	25,000.00
		Entrusted assets (interest)	7,350.00	241.91

## VII. CONTRACTS OF SIGNIFICANCE AND THEIR PERFORMANCE

## (I) Lease

Unit: Yuan Currency: RMB

Name of lessor	Name of lessee	Leased assets	Amount of lease assets	Date of commencement of lease	Date of expiry of lease	Rental Income	Basis for determination of rental income	Impact of rental income on the Company	Whether connected transaction or not	Relationship
Guangzhou Ship Industrial Co., Ltd.	Huangpu Wenchong	Land, buildings and structures	-	2014.5.1	The date on which the relocation is completed and production commences at the new plant	-	-	-	Yes	Sister company of the Group
Guangzhou Wenchong Industrial Co., Ltd.	Wenchong Shipyard	Land, buildings and structures	-	2018.11.1	The date on which the relocation is completed and production commences at the new plant	-	-	-	Yes	Sister company of the Group

## Description of leases

Guangzhou Ship Industrial Company Limited and Huangpu Wenchong entered into a lease agreement in relation to land use rights, pursuant to which Guangzhou Company shall lease its land use rights in relation to part of the land at the Changzhou Plant to Huangpu Wenchong for operational usage. The rent for the land use rights shall be determined based on the principle of asset depreciation, and amortisation of taxes and fees on an annual basis. The rent shall be paid on an annual basis in the form of monetary funds. The term for the aforesaid lease of land use rights commenced on 1 May 2014 and will end on the date on which the relocation of Huangpu Wenchong is completed and commences formal production at its new plant.

Guangzhou Wenchong Industrial Co., Ltd. and Wenchong Shipyard entered into a lease agreement in relation to land use rights, pursuant to which Guangzhou Company shall lease its land use rights in relation to part of the land at the Wenchong Plant to Wenchong Shipyard for operational usage. The rent for the land use rights shall be determined based on the principle of asset depreciation, and amortisation of taxes and fees on an annual basis. The rent shall be paid on an annual basis in the form of monetary funds. The term for the aforesaid lease of land use rights commenced on 1 November 2018 and will end on the date on which the relocation of Wenchong Shipyard is completed and commences formal production at its new plant.

## SECTION VI SIGNIFICANT EVENTS

### (II) Significant guarantees performed and outstanding during the Reporting Period

Unit: Yuan Currency: RMB

Guarantor	Relationship between guarantor and entity the Company	Guaranteed	Amount of guarantee	Date of guarantee (date of signing of agreement)	External guarantees by the Company (excluding guarantees for its subsidiaries)							Overdue amount	Reverse guarantee	Whether provided for by related party	Relationship	
					Date of Commencement of Guarantees	Date of expiry of Guarantees	Type of guarantee	Main debt	Collateral (if any)	Whether fully executed	Whether guarantee is overdue					
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total amount of guarantees during the Reporting Period (excluding guarantees provided for its subsidiaries)															-	
Total balance of guarantees at the end of the Reporting Period (A) (excluding guarantees provided for its subsidiaries)															-	
<b>Guarantees provided by the Company for its subsidiaries</b>																
Total amount of guarantees provided for its subsidiaries during the Reporting Period															540,000,000.00	
Total balance of guarantees provided for its subsidiaries at the end of the Reporting Period (B)															719,672,993.28	
<b>Total amount of guarantees provided by the Company (including those provided for its subsidiaries)</b>																
Total amount of guarantees (A+B)															719,672,993.28	
Total amount of guarantees as a percentage of the Company's net assets (%)															4.22	
Including:																
Amount of guarantees provided for shareholders, actual controllers and related parties (C)															-	
Amount of debt guarantees provided directly or indirectly for companies with gearing ratio over 70% (D)															194,491,758.28	
Total amount of guarantees in excess of 50% of net assets (E)															-	
Sum of the above three guarantees (C+D+E)															194,491,758.28	
Description of outstanding guarantees which may incur joint and several liability															-	
Description of outstanding guarantees which may incur joint and several liability															-	

During the Reporting Period, the Group provided external guarantee with an accumulated amount of RMB540 million, and the content and amount of the Group's external guarantees were within the scope of limit set out in the framework for the guarantees as approved at the general meeting, and there was no overdue guarantee. During the Reporting Period, the Group provided guarantee with a total balance of guarantee of RMB720 million, all of them were guarantees provided by the Company's subsidiary Huangou Wenchong to its wholly-owned subsidiaries. The guaranteed items are comprehensive credit guarantee and financing project guarantee.

## 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 independent non-executive Directors played an important role in the work of Board.

### 1. Corporate Governance

The Company keeps improving its corporate governance structure in accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, relevant laws and regulations issued by the China Securities Regulatory Commission and the requirements of the listing rules of the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited. To date, the Company's governance had no material difference from the Company Law and relevant regulations of the China Securities Regulatory Commission. Saved as disclosed below, during the six months ended 30 June 2021, the Company has applied the codes set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and has complied with all the code provisions, except that for Code Provision A.6.7 of the CG Code, Mr. Xiang Huiming, being executive director of the Company, Mr. Chen Zhongqian, Mr. Chen Ji and Mr. Gu Yuan, being non-executive directors of the Company, were unable to attend the 2020 annual general meeting of the Company held on 27 May 2021 for personal work reasons. Mr. Xiang Huiming, being executive director, Mr. Chen Zhongqian, Mr. Chen Ji and Mr. Gu Yuan, being non-executive directors, and Mr. Nie Wei, being independent director, were unable to attend the 2021 first extraordinary general meeting of the Company held on 7 July 2021 for personal work reasons.

### 2. Securities Transactions by Directors

The Company has strictly complied with the relevant restrictive provisions imposed by PRC and Hong Kong regulatory organs in relation to securities transactions by directors and has consistently upheld the principle of complying with the most stringent provisions and had adopted the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules. The Company has made specific inquiry to all its Directors and Supervisors for preparing this Report and all Directors and Supervisors have confirmed that they have complied with the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers during the Reporting Period.

### 3. Meetings of the Board

As of the end of the Reporting Period, a total of 3 meetings (including 2 meetings held in writing) were held by the Board. All Directors attended these meetings (including attendance by proxy). In addition, the Audit Committee held 3 meetings to consider issues including the annual report of the Company for the year 2020, the report on the internal control review, the first quarterly report for the year 2021, etc.; the Emolument and Examination Committee held 1 meeting to consider the resolution on the remuneration of the Directors, Supervisors and senior management of the Company for the year 2020.

## IV. OTHERS

### 1. Details of the pledge of the Group's assets

As at 30 June 2021, the Company had bank deposits of \$2,991 million, which were pledged to secure long and short-term loans or letters of guarantee, letters of credit, construction work and bank draft deposits. Apart from the above, there were no other assets pledged.

### 2. Gearing ratio

As at 30 June 2021, the Group's gearing ratio (total liabilities/total assets x 100%) was 53.47%, representing a decrease of 1.45% from the beginning of the year (54.92% at the beginning of the period).

### 3. Purchase, sale or redemption of securities of the Company

During the Reporting Period, the Group did not purchase, sell or redeem any of the Company's or any of its subsidiaries' listed securities.

### 4. Public Float

Based on the information that was publicly available and to the best belief and knowledge of the Directors, the Company had maintained the prescribed public float throughout the six months ended 30 June 2021 and up to the date of this report as required under the Listing Rules.

## SECTION VII CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

### I. CHANGES IN SHARE CAPITAL

There was no change in the total number and structure of shares of the Company during the Reporting Period.

### II. SHAREHOLDERS

#### (I) Total number of shareholders:

Total number of ordinary shareholders at the end of the Reporting Period	110,251
Total number of shareholders of preference shares with restored voting right at the end of the Reporting Period	–

#### (II) Shareholding of top ten shareholders, top ten shareholders of circulating shares (or holders of shares not subject to selling restriction) at end of the Reporting Period

Unit: Share

Name of shareholder (full name)	Change during the Reporting Period	Shareholding of top ten shareholders		Number of shares held subject to selling restriction	Pledged, marked or locked up Share status	Number	Nature of shareholder
		Number of shares held at the end of the period	%				
HKSCC NOMINEES LIMITED	72,000	589,301,088	41.69%	0	None	0	Overseas legal person
China State Shipbuilding Corporation Limited	-4,350,000	481,337,700	34.05%	0	None	0	State-owned legal-person
China Construction Bank Corporation – Guotai China Securities Military Index Trading Open Index Securities Investment Fund	2,209,997	6,095,313	0.43%	0	None	0	Others
Yangzhou Kejin Shipyard Co., Ltd.	0	4,599,086	0.33%	0	Pledged	4,300,000	Domestic non-state-owned legal person
Hong Kong Exchanges and Clearing Limited	-4,856,696	3,515,445	0.25%	0	None	0	Overseas legal person
China Construction Bank Corporation – Fullgoal China Securities Military Index Grading Securities Investment Fund	326,100	3,489,258	0.25%	0	None	0	Others
China Merchants Bank Co., Ltd. – Guangfa China Securities Military Trading Index Securities Investment Open-ended Fund* (中國工商銀行股份有限公司—廣發中證軍工交易型開放式指數證券投資基金)	2,017,800	3,067,241	0.22%	0	None	0	Others
Xi'an Investment Holding Co., Ltd.	0	3,001,159	0.21%	0	None	0	Domestic non-state-owned legal person
Hu Haofeng	2,120,454	2,120,454	0.15%	0	None	0	Domestic natural person
Chen Jinxiu	1,857,285	1,857,285	0.13%	0	None	0	Domestic natural person

## SECTION VII CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

### Top ten shareholders of shares not subject to selling restrictions

Name of shareholder	Name of shareholder held not subject to selling restrictions	Class and number of shares	
		Class	Number
HKSCC NOMINEES LIMITED	589,301,088	Overseas listed foreign shares	589,301,088
China State Shipbuilding Corporation Limited	481,337,700	Ordinary shares denominated in RMB	481,337,700
China Construction Bank Corporation – Guotai China Securities Military Index Trading Open Index Securities Investment Fund	6,095,313	Ordinary shares denominated in RMB	6,095,313
Yangzhou Kejin Shipyard Co., Ltd.	4,599,086	Ordinary shares denominated in RMB	4,599,086
Hong Kong Exchanges and Clearing Limited	3,515,445	Ordinary shares denominated in RMB	3,515,445
China Construction Bank Corporation – Fullgoal China Securities Military Index Grading Securities Investment Fund	3,489,258	Ordinary shares denominated in RMB	3,489,258
China Merchants Bank Co., Ltd. – Guangfa China Securities Military Trading Index Securities Investment Open-ended Fund* (中國工商銀行股份有限公司—廣發中證軍工交易型開放式指數證券投資基金)	3,067,241	Ordinary shares denominated in RMB	3,067,241
Xi'an Investment Holding Co., Ltd.	3,001,159	Ordinary shares denominated in RMB	3,001,159
Hu Haofeng	2,120,454	Ordinary shares denominated in RMB	2,120,454
Chen Jinxiu	1,857,285	Ordinary shares denominated in RMB	1,857,285
Description of repurchase accounts among the top ten shareholders			–
Explanation of the above-mentioned shareholders' right to vote by proxy, proxy and abstention from voting			–
Explanation on shareholders of preference shares with restoration of voting rights and their shareholding			–
Explanation on shareholders of preference shares with restoration of voting rights and their shareholding			–

### III. INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2021, the following persons (other than Directors, supervisors or members of senior management of the Company) has the following interests and short positions in the shares and underlying shares of the Company that are required to be notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or are required to be entered in the register to be kept by the Company under section 336 of the SFO:

Name of shareholder	Class of shares	Number of long positions held (shares)	Capacity	Approximate shareholding percentage of issued H Shares (%)	Approximate shareholding percentage of issued A Shares (%)	Percentage of total issued share capital (%)
CSSC	A Shares	481,337,700 (L)	Beneficial owner	–	58.60%	34.05%
CSSC International Holding Company Limited	H Shares	345,940,890 (L)	Beneficial owner	58.43%	–	24.47%

Note: L = Long position S = Short position P = Lending pool

Save as disclosed above, so far as the Directors are aware, there were no other persons or companies who owned any interests or short positions in the shares and underlying shares in issue of the Company that are required to be notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO and are required to be entered in the register to be kept by the Company under section 336 of the SFO as at 30 June 2021.

### IV. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

#### (I) CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Board comprises ten Directors, namely executive Directors Mr. Han Guangde, Mr. Chen Liping and Mr. Xiang Huiming; non-executive Directors Mr. Chen Zhongqian, Mr. Chen Ji and Mr. Gu Yuan; and independent non-executive Directors Mr. Yu Shiyou, Mr. Lin Bin, Mr. Nie Wei and Mr. Li Zhijian. During the Reporting Period, there were no changes to the directors, supervisors and senior management of the Company.

#### (II) OTHER EXPLANATIONS

##### (1) *Equity interest of Directors, Supervisors and Senior Management*

As at 30 June 2021, none of the directors, chief executive officer or supervisors of the Company had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company or any of its associated corporations (within the definition of Part XV of the SFO which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short position which any such Director, chief executive officer or Supervisor is taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the Listing Rules.

##### (2) *Employees and remuneration policies*

The remuneration of the employees of the Group includes salaries, bonuses and other fringe benefits prescribed by the government. The Group applies different rates of remuneration for different employees, which are determined based on their positions and performance pursuant to the relevant PRC laws and regulations. As at 30 June 2021, the Group had a total of 7,246 employees. For the period ended 30 June 2021, the remuneration paid by the Group to employees was RMB371 million in aggregate.

## SECTION VIII FINANCIAL REPORT

(Unless otherwise stated, amounts are in RMB)

### Consolidated balance sheet 30 June 2021

Assets	Note	30 June 2021	31 December 2020
<b>Current assets:</b>			
Cash at bank and on hand	V. (1)	6,451,840,803.25	8,767,750,124.49
Settlement reserve			
Placements with banks and non-bank financial institutions			
Financial assets held-for-trading	V. (2)	1,069,301,219.08	1,055,191,244.71
Derivative financial assets			
Notes receivable	V. (3)	73,367,930.95	161,625,007.63
Accounts receivable	V. (4)	960,961,604.24	1,244,416,936.61
Receivable financing	V. (5)	25,911,392.00	
Prepayments	V. (6)	1,333,996,534.52	1,218,386,548.91
Insurance premium receivable			
Reinsurance premium receivable			
Reserves for reinsurance contract receivable			
Other receivables	V. (7)	105,959,836.79	132,470,963.43
Including: Interest receivable			
Dividends receivable			
Financial assets purchased under agreements to resell			
Inventories	V. (8)	3,538,807,828.42	4,199,310,024.12
Contract assets	V. (9)	4,788,010,387.50	4,445,388,926.29
Assets held for sale			
Non-current assets due within one year			
Other current assets	V. (10)	331,236,549.35	577,884,115.75
<b>Total current assets</b>		<b>18,679,394,086.10</b>	<b>21,802,423,891.94</b>
<b>Non-current assets:</b>			
Loans and advances to customers			
Debt investments			
Other debt investments			
Long-term receivables	V. (11)	2,111,407,410.87	1,996,607,880.36
Long-term equity investments	V. (12)	4,894,179,118.52	4,938,277,647.10
Investments in other equity instruments	V. (13)	3,657,326,374.56	3,923,780,494.34
Other non-current financial assets			
Investment properties	V. (14)	145,992,769.14	149,261,481.66
PP&E	V. (15)	4,897,278,765.02	3,952,299,253.50
Construction in progress	V. (16)	200,459,115.95	348,779,440.60
Productive biological assets			
Oil and gas assets			
Right-of-use asset	V. (17)	107,995,335.09	116,000,602.24
Intangible assets	V. (18)	930,224,758.48	918,938,540.79
Development expenses	V. (19)		
Goodwill			
Long-term prepaid expenses	V. (20)	19,917,551.73	21,210,225.34
Deferred income tax assets	V. (21)	391,051,707.29	380,087,605.36
Other non-current assets	V. (22)	606,109,177.32	389,850,209.29
<b>Total non-current assets</b>		<b>17,961,942,083.97</b>	<b>17,135,093,380.58</b>
<b>Total assets</b>		<b>36,641,336,170.07</b>	<b>38,937,517,272.52</b>

The notes to the accompanying financial statements are an integral part of the financial statements.

Person in charge of the Company:  
**Han Guangde**

Person in charge of accounting:  
**Hou Zengquan**

Head of accounting department:  
**Xie Weihong**

## SECTION VIII FINANCIAL REPORT

(Unless otherwise stated, amounts are in RMB)

Liabilities and owners' equity	Note	30 June 2021	31 December 2020
<b>Current liabilities:</b>			
Short-term borrowings	V. (23)	<b>1,000,811,527.78</b>	2,049,871,666.70
Loans from central bank			
Placements from banks and other financial institutions			
Financial liabilities held-for-trading			
Derivative financial liabilities			
Notes payable	V. (24)	<b>937,277,319.10</b>	2,292,202,595.08
Accounts payable	V. (25)	<b>4,994,083,253.06</b>	5,587,133,569.37
Advances from customers	V. (26)	<b>2,618,400.00</b>	7,855,200.00
Contract liabilities	V. (27)	<b>6,423,632,630.53</b>	5,172,239,729.14
Securities sold under agreements to repurchase			
Deposits from customers and other banks			
Brokerage for securities trading			
Brokerage for underwriting securities			
Employee benefits payable	V. (28)	<b>85,696,843.07</b>	851,463.48
Taxes payable	V. (29)	<b>17,872,532.83</b>	26,054,822.85
Other payables	V. (30)	<b>398,930,394.74</b>	158,810,463.41
Including: Interest payable			
Dividends payable	V. (30)	<b>234,946,101.24</b>	304,042.49
Fee and commission payable			
Reinsured accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	V. (31)	<b>2,065,472,570.68</b>	2,884,252,298.08
Other current liabilities	V. (32)	<b>303,390,988.49</b>	319,331,239.99
<b>Total current liabilities</b>		<b>16,229,786,460.28</b>	18,498,603,048.10
<b>Non-current liabilities:</b>			
Reserves for insurance contracts			
Long-term borrowings	V. (33)	<b>2,659,862,368.89</b>	2,117,721,642.34
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities	V. (34)	<b>86,929,836.50</b>	96,494,152.25
Long-term payables			
Long-term employee benefits payable	V. (35)	<b>158,237,305.57</b>	166,642,915.39
Estimated liabilities	V. (36)	<b>121,145,938.85</b>	146,653,315.33
Deferred income	V. (37)	<b>117,238,942.32</b>	78,742,779.90
Deferred tax liabilities	V. (21)	<b>220,110,302.66</b>	281,517,181.48
Other non-current liabilities			
<b>Total non-current liabilities</b>		<b>3,363,524,694.79</b>	2,887,771,986.69
<b>Total liabilities</b>		<b>19,593,311,155.07</b>	21,386,375,034.79

## SECTION VIII FINANCIAL REPORT

(Unless otherwise stated, amounts are in RMB)

Liabilities and owners' equity	Note	30 June 2021	31 December 2020
<b>Owners' equity:</b>			
Share capital	V. (38)	<b>1,413,506,378.00</b>	1,413,506,378.00
Other equity instruments Including: Preference shares Perpetual bonds			
Capital reserve	V. (39)	<b>9,392,963,801.77</b>	9,309,822,030.75
Less: Treasury shares			
Other comprehensive income	V. (40)	<b>502,714,290.72</b>	699,020,433.90
Special reserve	V. (41)		
Surplus reserve	V. (42)	<b>1,035,952,912.65</b>	1,035,952,912.65
Provision for general risks			
Retained earnings	V. (43)	<b>1,644,105,135.42</b>	1,973,789,791.39
<b>Total equity attributable to owners of the Parent Company</b>		<b>13,989,242,518.56</b>	14,432,091,546.69
Minority interests	V. (44)	<b>3,058,782,496.44</b>	3,119,050,691.04
<b>Total owners' equity</b>		<b>17,048,025,015.00</b>	17,551,142,237.73
<b>Total liabilities and owners' equity</b>		<b>36,641,336,170.07</b>	38,937,517,272.52

The notes to the accompanying financial statements are an integral part of the financial statements.

Person in charge of the Company:  
**Han Guangde**

Person in charge of accounting:  
**Hou Zengquan**

Head of accounting department:  
**Xie Weihong**

## SECTION VIII FINANCIAL REPORT

(Unless otherwise stated, amounts are in RMB)

### Balance sheet of the Parent Company 30 June 2021

Assets	Note	30 June 2021	31 December 2020
<b>Current assets:</b>			
Cash at bank and on hand	XV. (1)	<b>746,038,747.65</b>	743,639,395.39
Financial assets held-for-trading	XV. (2)	<b>610,431,000.00</b>	672,125,000.00
Derivative financial assets			
Notes receivable			
Accounts receivable	XV. (3)	<b>3,252,633.67</b>	537,928.20
Receivable financing			
Prepayments	XV. (4)		603,475.71
Other receivables	XV. (5)	<b>560,641.94</b>	261,726.58
Including: Interest receivable			
Dividends receivable			
Inventories	XV. (6)	<b>30,699,447.66</b>	18,364,424.20
Contract assets			
Assets held for sale			
Non-current assets due within one year	XV. (7)	<b>785,383,777.78</b>	835,538,777.80
Other current assets	XV. (8)	<b>40,935,487.44</b>	42,669,414.34
<b>Total current assets</b>		<b>2,217,301,736.14</b>	2,313,740,142.22
<b>Non-current assets:</b>			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	XV. (9)	<b>6,294,750,019.71</b>	6,338,975,578.23
Investments in other equity instruments	XV. (10)	<b>3,590,841,063.16</b>	3,847,485,064.04
Other non-current financial assets			
Investment properties	XV. (11)	<b>145,992,769.14</b>	149,261,481.66
PP&E	XV. (12)	<b>224,653,112.51</b>	229,803,957.90
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right-of-use asset	XV. (13)	<b>530,945.65</b>	986,041.81
Intangible assets			
Development expenses			
Goodwill			
Long-term prepaid expenses	XV. (14)	<b>201,853.83</b>	374,871.51
Deferred income tax assets			
Other non-current assets			
<b>Total non-current assets</b>		<b>10,256,969,764.00</b>	10,566,886,995.15
<b>Total assets</b>		<b>12,474,271,500.14</b>	12,880,627,137.37

The notes to the accompanying financial statements are an integral part of the financial statements.

Person in charge of the Company:  
**Han Guangde**

Person in charge of accounting:  
**Hou Zengquan**

Head of accounting department:  
**Xie Weihong**

## SECTION VIII FINANCIAL REPORT

(Unless otherwise stated, amounts are in RMB)

Liabilities and owners' equity	Note	30 June 2021	31 December 2020
<b>Current liabilities:</b>			
Short-term borrowings	XV. (1)		
Financial liabilities held-for-trading			
Derivative financial liabilities			
Notes payable			
Accounts payable	XV. (16)	19,574,439.11	148,524,497.33
Advances from customers	XV. (17)	2,618,400.00	7,855,200.00
Contract liabilities	XV. (18)	27,151,418.25	15,419,870.53
Employee benefits payable	XV. (19)		
Taxes payable	XV. (20)	699,911.86	757,913.38
Other payables	XV. (21)	235,166,913.20	443,067.26
Including: Interest payable			
Dividends payable	XV. (21)	234,946,101.24	304,042.49
Liabilities held for sale			
Non-current liabilities due within one year	XV. (22)	600,892,478.00	601,303,114.39
Other current liabilities			
<b>Total current liabilities</b>		<b>886,103,560.42</b>	774,303,662.89
<b>Non-current liabilities:</b>			
Long-term borrowings	XV. (23)		
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities	XV. (24)		86,381.44
Long-term payables			
Long-term employee benefits payable			
Estimated liabilities			
Deferred income			
Deferred tax liabilities	XV. (15)	185,847,215.79	247,931,716.01
Other non-current liabilities			
<b>Total non-current liabilities</b>		<b>185,847,215.79</b>	248,018,097.45
<b>Total liabilities</b>		<b>1,071,950,776.21</b>	1,022,321,760.34
<b>Owners' equity:</b>			
Share capital	XV. (25)	1,413,506,378.00	1,413,506,378.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve	XV. (26)	8,436,016,340.59	8,436,074,569.57
Less: Treasury shares			
Other comprehensive income	XV. (27)	546,668,238.27	738,114,305.04
Special reserve			
Surplus reserve	XV. (28)	552,474,712.68	552,474,712.68
Retained earnings	XV. (29)	453,655,054.39	718,135,411.74
<b>Total owners' equity</b>		<b>11,402,320,723.93</b>	11,858,305,377.03
<b>Total liabilities and owners' equity</b>		<b>12,474,271,500.14</b>	12,880,627,137.37

The notes to the accompanying financial statements are an integral part of the financial statements.

Person in charge of the Company:  
**Han Guangde**

Person in charge of accounting:  
**Hou Zengquan**

Head of accounting department:  
**Xie Weihong**

## SECTION VIII FINANCIAL REPORT

(Unless otherwise stated, amounts are in RMB)

### Consolidated Income Statement From January to June 2021

Item	Note	1st half of 2021	1st half of 2020
<b>I. Total operating income</b>		<b>4,717,550,453.48</b>	4,293,181,183.56
Including: Operating income	V. (48)	<b>4,717,550,453.48</b>	4,293,181,183.56
Interest income			
Premium earned			
Fee and commission income			
<b>II. Total operating costs</b>		<b>4,897,873,712.23</b>	4,535,988,364.18
Including: Operating costs	V. (48)	<b>4,425,424,782.00</b>	4,061,243,529.52
Interest expense			
Fee and commission expenses			
Refunded premiums			
Net amount of compensation payout			
Net increase in insurance contracts reserve			
Policy dividend payment			
Reinsured expenses			
Taxes and surcharges	V. (49)	<b>6,104,223.65</b>	15,586,633.76
Selling expenses	V. (50)	<b>35,008,793.06</b>	23,242,577.85
Administrative expenses	V. (51)	<b>209,252,449.69</b>	259,745,214.38
Research and development expense	V. (52)	<b>245,716,359.22</b>	251,764,193.06
Finance cost	V. (53)	<b>-23,632,895.39</b>	-75,593,784.39
Including: Interest expenses	V. (53)	<b>62,467,771.74</b>	93,466,276.45
Interest income	V. (53)	<b>109,625,930.22</b>	132,806,729.54
Add: Other income	V. (54)	<b>22,308,147.85</b>	21,351,992.29
Investment income (loss expressed with "-")	V. (55)	<b>-37,145,812.01</b>	3,373,579,240.59
Including: Investment income in associates and joint ventures	V. (55)	<b>-45,077,233.49</b>	-6,432,971.46
Derecognition income of financial assets measured at amortised cost (loss expressed with "-")			
Exchange gain (loss expressed with "-")			
Net gain on exposure hedging (loss expressed with "-")			
Gain on change in fair value (loss expressed with "-")	V. (56)	<b>49,852,986.83</b>	-30,624,591.00
Loss on impairment of credit (loss expressed with "-")	V. (57)	<b>-4,491,607.52</b>	4,685,877.27
Loss on impairment of assets (loss expressed with "-")	V. (58)	<b>-9,917,850.86</b>	-168,731,612.95
Gains from disposal of assets (loss expressed with "-")			
<b>III. Operating profit (loss expressed with "-")</b>		<b>-159,717,394.46</b>	2,957,453,725.58
Add: Non-operating income	V. (59)	<b>7,843,345.87</b>	4,002,590.52
Less: Non-operating expenses	V. (60)	<b>5,596,444.66</b>	1,451,741.14
<b>IV. Total profit (total loss expressed with "-")</b>		<b>-157,470,493.25</b>	2,960,004,574.96
Less: Income tax expense	V. (61)	<b>-6,216,916.97</b>	16,242,996.39
<b>V. Net profit (net loss expressed with "-")</b>		<b>-151,253,576.28</b>	2,943,761,578.57
(I) By continuity of operations			
1. Net profit from continuing operations (net loss expressed with "-")		<b>-151,253,576.28</b>	-252,678,750.02
2. Net profit from discontinued operations (net loss expressed with "-")			3,196,440,328.59
(II) By ownership			
1. Net profit attributable to shareholders of the Parent Company (net loss expressed with "-")		<b>-95,042,597.22</b>	3,102,837,570.74
2. Gain or loss attributable to minority interests (net loss expressed with "-")		<b>-56,210,979.06</b>	-159,075,992.17

## SECTION VIII FINANCIAL REPORT

(Unless otherwise stated, amounts are in RMB)

Item	Note	1st half of 2021	1st half of 2020
<b>VI. Net amount of other comprehensive income after tax</b>		<b>-200,363,358.72</b>	700,169,972.07
Net amount of other comprehensive income after tax attributable to owners of the Parent Company		<b>-196,306,143.18</b>	700,600,516.93
(I) Other comprehensive income that may not be reclassified to profit or loss		<b>-195,993,697.97</b>	700,163,899.21
1. Change in re-measurement of defined benefit plans			
2. Other comprehensive income that may not be reclassified to profit or loss under equity method		<b>1,036,933.89</b>	-95,851.03
3. Change in fair value of investments in other equity instruments		<b>-197,030,631.86</b>	700,259,750.24
4. Change in fair value of own credit risk			
(II) Other comprehensive income that may be reclassified to profit or loss		<b>-312,445.21</b>	436,617.72
1. Other comprehensive income that may be reclassified to profit or loss under equity method			
2. Change in fair value of other debt investments			
3. Amount included in other comprehensive income on reclassification of financial assets			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedges reserve (effective portion of gain or loss on cash flow hedges)			
6. Exchange differences arising from translation of foreign currency financial statements		<b>-312,445.21</b>	436,617.72
7. Others			
Net amount of other comprehensive income after tax attributable to minority interests		<b>-4,057,215.54</b>	-430,544.86
<b>VII. Total comprehensive income</b>		<b>-351,616,935.00</b>	3,643,931,550.64
Total comprehensive income attributable to owners of the Parent Company		<b>-291,348,740.40</b>	3,803,438,087.67
Total comprehensive income attributable to minority interests		<b>-60,268,194.60</b>	-159,506,537.03
<b>VIII. Earnings per share:</b>			
(I) Basic earnings per share (RMB/share)		<b>-0.0672</b>	2.1951
(II) Diluted earnings per share (RMB/share)		<b>-0.0672</b>	2.1951

The notes to the accompanying financial statements are an integral part of the financial statements.

Person in charge of the Company:  
**Han Guangde**

Person in charge of accounting:  
**Hou Zengquan**

Head of accounting department:  
**Xie Weihong**

## SECTION VIII FINANCIAL REPORT

(Unless otherwise stated, amounts are in RMB)

### Income statement of the Parent Company From January to June 2021

Item	Note	1st half of 2021	1st half of 2020
<b>I. Operating income</b>	<i>XV. (33)</i>	<b>12,598,800.00</b>	98,222,601.70
Less: Operating costs	<i>XV. (33)</i>	<b>8,257,207.08</b>	94,680,914.39
Taxes and surcharges	<i>XV. (34)</i>	<b>955,069.06</b>	4,213,994.53
Selling expenses	<i>XV. (35)</i>		279,731.32
Administrative expenses	<i>XV. (36)</i>	<b>7,369,338.90</b>	9,480,805.67
Research and development expense			
Finance cost	<i>XV. (37)</i>	<b>-10,678,125.17</b>	-9,397,824.95
Including: Interest expenses	<i>XV. (37)</i>	<b>5,355,368.47</b>	8,184,717.45
Interest income	<i>XV. (37)</i>	<b>16,037,067.35</b>	17,593,464.38
Add: Other income	<i>XV. (38)</i>	<b>10,973.41</b>	14,346.29
Investment income (loss expressed with "-")	<i>XV. (39)</i>	<b>-44,619,140.14</b>	1,248,495,717.54
Including: Investment income in associates and joint ventures	<i>XV. (39)</i>	<b>-45,204,263.43</b>	-98,741,026.22
Derecognition income of financial assets measured at amortised cost			
Net gain on exposure hedging (loss expressed with "-")			
Gain on change in fair value (loss expressed with "-")	<i>XV. (40)</i>	<b>10,140,000.00</b>	
Loss on impairment of credit (loss expressed with "-")	<i>XV. (41)</i>		-346,461.07
Loss on impairment of assets (loss expressed with "-")	<i>XV. (42)</i>		-2,580,564.17
Gain from disposal of assets (loss expressed with "-")			
<b>II. Operating profit (loss expressed with "-")</b>		<b>-27,772,856.60</b>	1,244,548,019.33
Add: Non-operating income	<i>XV. (43)</i>	<b>11,058.00</b>	46,443.78
Less: Non-operating expenses	<i>XV. (44)</i>		6,951.39
<b>III. Total profit (total loss expressed with "-")</b>		<b>-27,761,798.60</b>	1,244,587,511.72
Less: Income tax expense	<i>XV. (45)</i>	<b>2,076,500.00</b>	
<b>IV. Net profit (net loss expressed with "-")</b>		<b>-29,838,298.60</b>	1,244,587,511.72
(I) Net profit from continuing operations (net loss expressed with "-")		<b>-29,838,298.60</b>	1,244,587,511.72
(II) Net profit from discontinued operations (net loss expressed with "-")			
<b>V. Net amount of other comprehensive income after tax</b>		<b>-191,446,066.77</b>	701,107,406.99
(I) Other comprehensive income that may not be reclassified to profit or loss		<b>-191,446,066.77</b>	701,107,406.99
1. Change in re-measurement of defined benefit plans			
2. Other comprehensive income that may not be reclassified to profit or loss under equity method		<b>1,036,933.89</b>	-313,694.29
3. Change in fair value of investments in other equity instruments		<b>-192,483,000.66</b>	701,421,101.28
4. Change in fair value of own credit risk			
(II) Other comprehensive income that may be reclassified to profit or loss			
1. Other comprehensive income that may be reclassified to profit or loss under equity method			
2. Change in fair value of other debt investments			
3. Amount included in other comprehensive income on reclassification of financial assets			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedges reserve			
6. Exchange differences arising from translation of foreign currency financial statements			
7. Others			
<b>VI. Total comprehensive income</b>		<b>-221,284,365.37</b>	1,945,694,918.71
<b>VII. Earnings per share:</b>			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

The notes to the accompanying financial statements are an integral part of the financial statements.

Person in charge of the Company:  
**Han Guangde**

Person in charge of accounting:  
**Hou Zengquan**

Head of accounting department:  
**Xie Weihong**

## SECTION VIII FINANCIAL REPORT

(Unless otherwise stated, amounts are in RMB)

### Consolidated Cash Flow Statement From January to June 2021

Item	Note	1st half of 2021	1st half of 2020
<b>I. Cash flows from operating activities:</b>			
Cash received from sale of goods or rendering of services		<b>6,135,101,232.84</b>	4,453,914,097.85
Net increase in deposits from customers and deposits from other banks			
Net increase in loans from central bank			
Net increase in placements from other financial institutions			
Cash receipts of premium for direct insurance contracts			
Net cash received from reinsurance business			
Net increase in deposits from insurance policy holders and investment			
Cash receipts of interest, fees and commissions			
Net increase in placements from other financial institutions			
Net increase in sales and repurchase operations			
Cash receipts of brokerage for securities trading			
Cash received from tax refund		<b>407,282,556.05</b>	142,231,304.94
Other cash receipts relating to operating activities	V. (68)	<b>234,634,011.33</b>	975,704,748.52
<b>Sub-total of cash inflows from operating activities</b>		<b>6,777,017,800.22</b>	5,571,850,151.31
Cash paid for goods and services		<b>7,214,447,252.35</b>	7,518,112,723.78
Net increase in loans and advances to customers			
Net increase in central bank and interbank deposits			
Cash paid for claims of direct insurance contracts			
Net increase in placements with banks and non-bank financial institutions			
Cash paid for interest, fees and commissions			
Cash paid for dividends of insurance policies			
Cash paid to and on behalf of employees		<b>337,340,254.85</b>	509,240,432.48
Payments of taxes		<b>8,258,627.15</b>	69,932,754.91
Other cash payments relating to operating activities	V. (68)	<b>254,697,271.37</b>	212,082,219.69
<b>Sub-total of cash outflows from operating activities</b>		<b>7,814,743,405.72</b>	8,309,368,130.86
<b>Net cash flows from operating activities</b>		<b>-1,037,725,605.50</b>	-2,737,517,979.55
<b>II. Cash flows from investing activities:</b>			
Cash receipts from recovery of investments		<b>254,000,000.00</b>	994,723,098.00
Cash receipts from investment income		<b>39,674,433.94</b>	3,280,462.79
Net cash receipts from disposal of PP&E, intangible assets and other long-term assets		<b>1,796,744.81</b>	731,602.85
Net cash receipts from disposal of subsidiaries and other business units			
Other cash receipts relating to investing activities	V. (68)	<b>386,113,809.57</b>	1,448,872,954.44
<b>Sub-total of cash inflows from investing activities</b>		<b>681,584,988.32</b>	2,447,608,118.08
Cash paid for acquisition of PP&E, intangible assets and other long-term assets		<b>73,136,780.25</b>	497,937,659.45
Cash paid for investments		<b>250,000,000.00</b>	1,327,671,072.11
Net increase in pledged loans			
Net cash paid for acquisition of subsidiaries and other business units			10,706,417.69
Other cash payments relating to investing activities	V. (68)	<b>265,481,221.26</b>	5,610,379,990.82
<b>Sub-total of cash outflows from investing activities</b>		<b>588,618,001.51</b>	7,446,695,140.07
<b>Net cash flows from investing activities</b>		<b>92,966,986.81</b>	-4,999,087,021.99

## SECTION VIII FINANCIAL REPORT

(Unless otherwise stated, amounts are in RMB)

Item	Note	1st half of 2021	1st half of 2020
<b>III. Cash flows from financing activities:</b>			
Cash receipts from receiving investments			
Including: Cash received by subsidiaries from receiving investments made by minority interest			
Cash receipts from borrowings obtained		<b>1,290,000,000.00</b>	3,476,463,262.48
Other cash receipts relating to financing activities	V. (68)	<b>83,200,000.00</b>	48,500,000.00
<b>Sub-total of cash inflows from financing activities</b>		<b>1,373,200,000.00</b>	3,524,963,262.48
Cash paid for repayment of debts		<b>2,613,200,000.00</b>	3,146,782,119.50
Cash paid for dividends, profit distribution or interest expenses		<b>64,987,410.36</b>	81,313,671.50
Including: Dividends and profits paid by subsidiaries to minority interests			
Other cash payments relating to financing activities	V. (68)	<b>2,166,105.73</b>	5,240,021.17
<b>Sub-total of cash outflows from financing activities</b>		<b>2,680,353,516.09</b>	3,233,335,812.17
<b>Net cash flows from financing activities</b>		<b>-1,307,153,516.09</b>	291,627,450.31
<b>IV. Effect of change in exchange rate on cash and cash equivalents</b>		<b>-6,638,248.36</b>	19,158,231.62
<b>V. Net increase in cash and cash equivalents</b>		<b>-2,258,550,383.14</b>	-7,425,819,319.61
Add: Beginning balance of cash and cash equivalents		<b>5,719,367,108.31</b>	10,683,490,790.99
<b>VI. Ending balance of cash and cash equivalents</b>		<b>3,460,816,725.17</b>	3,257,671,471.38

The notes to the accompanying financial statements are an integral part of the financial statements.

Person in charge of the Company:  
**Han Guangde**

Person in charge of accounting:  
**Hou Zengquan**

Head of accounting department:  
**Xie Weihong**

## SECTION VIII FINANCIAL REPORT

(Unless otherwise stated, amounts are in RMB)

### Cash Flow Statement of the Parent Company From January to June 2021

Item	Note	1st half of 2021	1st half of 2020
<b>I. Cash flows from operating activities</b>			
Cash received from sale of goods or rendering of services		20,022,250.79	42,578,992.48
Cash received from tax refund			147,240.00
Other cash receipts relating to operating activities	XV. (51)	1,419,307.00	3,394,347.32
<b>Sub-total of cash inflows from operating activities</b>		<b>21,441,557.79</b>	46,120,579.80
Cash paid for goods and services		13,285,100.79	16,521,330.25
Cash paid to and on behalf of employees		3,953,898.98	5,826,437.76
Payments of taxes		871,289.98	16,095,421.19
Other cash payments relating to operating activities	XV. (51)	4,234,980.37	51,342,983.83
<b>Sub-total of cash outflows from operating activities</b>		<b>22,345,270.12</b>	89,786,173.03
<b>Net cash flows from operating activities</b>		<b>-903,712.33</b>	-43,665,593.23
<b>II. Cash flows from investing activities</b>			
Cash receipts from recovery of investments		70,000,000.00	491,554,218.00
Cash receipts from investment income		2,419,123.29	
Net cash receipts from disposal of PP&E, intangible assets and other long-term assets			
Net cash receipts from disposal of subsidiaries and other business units			
Other cash receipts relating to investing activities	XV. (51)	57,502,746.60	700,220,416.67
<b>Sub-total of cash inflows from investing activities</b>		<b>129,921,869.89</b>	1,191,774,634.67
Cash paid for acquisition of PP&E, intangible assets and other long-term assets		128,576,796.14	
Cash paid for investments			70,000,000.00
Net cash paid for acquisition of subsidiaries and other business units			
Other cash payments relating to investing activities	XV. (51)	50,000,000.00	390,000,000.00
<b>Sub-total of cash outflows from investing activities</b>		<b>178,576,796.14</b>	460,000,000.00
<b>Net cash flows from investing activities</b>		<b>-48,654,926.25</b>	731,774,634.67
<b>III. Cash flows from financing activities</b>			
Cash receipts from receiving investments			
Cash receipts from borrowings obtained			
Cash receipts related to financing activities			
<b>Sub-total of cash inflows from financing activities</b>			400,000,000.00
Cash paid for repayment of debts			8,377,416.67
Cash paid for dividends, profit distribution or interest expenses		5,338,924.38	475,428.56
Other cash payments relating to financing activities	XV. (51)	539,135.00	
<b>Sub-total of cash outflows from financing activities</b>		<b>5,878,059.38</b>	408,852,845.23
<b>Net cash flows from financing activities</b>		<b>-5,878,059.38</b>	-408,852,845.23
<b>IV. Effect of change in exchange rate on cash and cash equivalents</b>		168.00	-538.84
<b>V. Net increase in cash and cash equivalents</b>		<b>-55,436,529.96</b>	279,255,657.37
Add: Beginning balance of cash and cash equivalents		342,958,485.77	83,638,189.16
<b>VI. Ending balance of cash and cash equivalents</b>		<b>287,521,955.81</b>	362,893,846.53

The notes to the accompanying financial statements are an integral part of the financial statements.

Person in charge of the Company:  
**Han Guangde**

Person in charge of accounting:  
**Hou Zengquan**

Head of accounting department:  
**Xie Weihong**

# SECTION VIII FINANCIAL REPORT

(Unless otherwise stated, amounts are in RMB)

## Consolidated Statement of Changes in Owners' Equity From January to June 2021

Item	1st half of 2021										Total equity		
	Equity attributable to shareholders of the Company												
	Other equity instruments					Other							
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Treasury shares	Less: comprehensive income	Special reserve	Surplus reserve	Provision for general risks	Undistributed profit	Sub-total	Minority interests
<b>I. Ending balance of last year</b>	1,413,506,375.00				9,309,822,030.75		699,020,433.90	1,036,952,912.65	1,973,789,791.39	14,432,091,546.69	3,119,950,891.04	17,551,142,237.73	
Add: Changes in accounting policies													
Correction of previous errors													
Business combination under common control													
Others													
<b>II. Beginning balance of the year</b>	1,413,506,375.00				9,309,822,030.75		699,020,433.90	1,036,952,912.65	1,973,789,791.39	14,432,091,546.69	3,119,950,891.04	17,551,142,237.73	
<b>III. Increase/decrease for the period (Decrease expressed with "-")</b>													
(I) Total comprehensive income							-196,306,143.18						
(II) Capital paid in and reduced by shareholders					83,141,771.02		-196,306,143.18						
1. Ordinary shares paid by shareholders					83,141,771.02								
2. Capital paid by holders of other equity instruments					83,200,000.00								
3. Amount of share-based payments recognised in owners' equity													
4. Others					-58,228.98								
(III) Profit distribution													
1. Transfer to surplus reserve													
2. Transfer to provision for general risks													
3. Distribution to owners (or shareholders)													
4. Others													
(IV) Transfer within owners' equity													
1. Capitalization of capital reserve (or share capital)													
2. Capitalization of surplus reserve (or share capital)													
3. Loss offset by surplus reserve													
4. Transfer to retained earnings arising from change in defined benefit plans													
5. Transfer from other comprehensive income to retained earnings													
6. Others													
(V) Special reserve													
1. Transfer in the period													
2. Utilisation in the period													
(VI) Others													
<b>IV. Ending balance of the period</b>	1,413,506,375.00				9,392,963,801.77		502,714,290.72	1,036,952,912.65	1,644,105,135.42	13,989,242,518.56	3,058,782,466.44	17,046,025,015.00	

# SECTION VIII FINANCIAL REPORT

(Unless otherwise stated, amounts are in RMB)

Item	Equity attributable to shareholders of the Company										Total equity				
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Treasury shares	Less: comprehensive income	Other comprehensive income	Special reserve	Surplus reserve		Provision for general risks	Undistributed profit	Sub-total	Minority interests
<b>I. Ending balance of last year</b>	1,413,506,375.00				9,418,941,779.55		-41,694,917.30	443,910.04	443,910.04	982,452,773.01		-1,605,339,084.53	10,148,256,838.77	5,399,466,849.10	15,547,723,687.87
Add: Changes in accounting policies															
Correction of previous errors															
Business combination under common control															
Others															
<b>II. Beginning balance of the year</b>	1,413,506,375.00				9,418,941,779.55		-41,694,917.30	443,910.04	443,910.04	982,452,773.01		-1,605,339,084.53	10,148,256,838.77	5,399,466,849.10	15,547,723,687.87
<b>III. Increase/decrease for the period (Decrease expressed with "-")</b>															
(I) Total comprehensive income							703,959,199.51	-443,910.04	-443,910.04			3,099,478,889.16	3,255,327,621.76	-2,069,452,183.77	1,185,875,457.99
(II) Capital paid in and reduced by shareholders							700,600,516.93					3,102,837,570.74	3,803,439,087.67	-159,506,537.03	3,643,931,550.64
1. Ordinary shares paid by shareholders															
2. Capital paid by holders of other equity instruments														48,500,000.00	48,500,000.00
3. Amount of share-based payments recognised in owners' equity															
4. Others															
(III) Profit distribution															
1. Transfer to surplus reserve															
2. Transfer to provision for general risks															
3. Distribution to owners (or shareholders)															
4. Others															
(IV) Transfer within owners' equity							3,358,682.58					-3,358,682.58			
1. Capitalization of capital reserve (or share capital)															
2. Capitalization of surplus reserve (or share capital)															
3. Loss offset by surplus reserve															
4. Transfer to retained earnings arising from change in defined benefit plans															
5. Transfer from other comprehensive income to retained earnings															
6. Others							3,358,682.58					-3,358,682.58			
(V) Special reserve															
1. Transfer in the period															
2. Utilisation in the period															
(VI) Others															
<b>IV. Ending balance of the period</b>	1,413,506,375.00				8,871,275,222.68		682,264,282.21			982,452,773.01		1,494,086,803.63	13,403,694,400.53	3,330,014,885.33	16,733,599,145.86

The notes to the accompanying financial statements are an integral part of the financial statements.

Person in charge of the Company:  
**Han Guangde**

Person in charge of accounting:  
**Hou Zengquan**

Head of accounting department:  
**Xie Weihong**

# SECTION VIII FINANCIAL REPORT

(Unless otherwise stated, amounts are in RMB)

## Statement of Changes in Owners' Equity of the Parent Company From January to June 2021

Item	1st half of 2021							Total equity			
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Treasury shares	Less: comprehensive income		Special reserve	Surplus reserve	Undistributed profit
<b>I. Ending balance of last year</b>	1,413,506,378.00				8,436,074,569.57		738,114,305.04		552,474,712.88	716,135,411.74	11,858,305,377.03
Add: Changes in accounting policies											
Correction of previous errors											
Others											
<b>II. Beginning balance of the year</b>	1,413,506,378.00				8,436,074,569.57		738,114,305.04		552,474,712.88	716,135,411.74	11,858,305,377.03
<b>III. Increase/Decrease for the period</b>											
<b>(Decrease expressed with "-")</b>											
(I) Total comprehensive income					-58,228.98		-191,446,066.77			-264,480,357.35	-455,984,653.10
(II) Capital paid in and reduced by shareholders										-29,838,298.60	-221,284,365.37
1. Ordinary shares paid by shareholders											
2. Capital paid by holders of other equity instruments					-58,228.98		-191,446,066.77				-58,228.98
3. Amount of share-based payments recognised in owners' equity											
4. Others					-58,228.98						-58,228.98
(III) Profit distribution											
1. Transfer to surplus reserve											
2. Distribution to owners (or shareholders)											
3. Others											
(IV) Transfer within owners' equity											
1. Capitalization of capital reserve (or share capital)											
2. Capitalization of surplus reserve (or share capital)											
3. Loss offset by surplus reserve											
4. Transfer to retained earnings arising from change in defined benefit plans											
5. Transfer from other comprehensive income to retained earnings											
6. Others											
(V) Special reserve											
1. Transfer in the period											
2. Utilisation in the period											
(VI) Others											
<b>IV. Ending balance of the period</b>	1,413,506,378.00				8,436,016,340.59		546,668,238.27		552,474,712.88	453,655,054.39	11,402,320,723.83

## SECTION VIII FINANCIAL REPORT

(Unless otherwise stated, amounts are in RMB)

Item	1st half of 2020							Total equity			
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Treasury shares	Less: comprehensive income		Special reserve	Surplus reserve	Undistributed profit
<b>I. Ending balance of last year</b>	1,413,506,378.00				6,147,927,729.10				472,681,889.15	721,076,162.84	8,755,192,159.09
Add: Changes in accounting policies											
Correction of previous errors											
Others					2,187,964,271.39		-1,891,574.80			-1,578,580,276.76	607,492,419.83
<b>II. Beginning balance of the year</b>	1,413,506,378.00				8,335,892,000.49		-1,891,574.80		472,681,889.15	-857,504,113.92	9,362,684,578.92
<b>III. Increase/Decrease for the period (Decrease expressed with "-")</b>					35,762.01		701,107,406.99			1,244,587,511.72	1,945,730,680.72
(I) Total comprehensive income							701,107,406.99			1,244,587,511.72	1,945,684,918.71
(II) Capital paid in and reduced by shareholders					35,762.01						35,762.01
1. Ordinary shares paid by shareholders											
2. Capital paid by holders of other equity instruments											
3. Amount of share-based payments recognised in owners' equity											
4. Others					35,762.01						35,762.01
(III) Profit distribution											
1. Transfer to surplus reserve											
2. Distribution to owners (or shareholders)											
3. Others											
(IV) Transfer within owners' equity											
1. Capitalization of capital reserve (or share capital)											
2. Capitalization of surplus reserve (or share capital)											
3. Loss offset by surplus reserve											
4. Transfer to retained earnings arising from change in defined benefit plans											
5. Transfer from other comprehensive income to retained earnings											
6. Others											
(V) Special reserve											
1. Transfer in the period											
2. Utilisation in the period											
(VI) Others											
<b>IV. Ending balance of the period</b>	1,413,506,378.00				8,335,927,762.50		699,215,832.19		472,681,889.15	387,083,397.80	11,308,415,259.64

The notes to the accompanying financial statements are an integral part of the financial statements.

Person in charge of the Company:  
**Han Guangde**

Person in charge of accounting:  
**Hou Zengquan**

Head of accounting department:  
**Xie Weihong**

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## I. BASIC INFORMATION ON THE COMPANY

### (I) General

CSSC Offshore & Marine Engineering (Group) Company Limited (the “Company”, together with its subsidiaries, the “Group”), formerly known as Guangzhou Shipyard International Company Limited, is a joint-stock company with limited liability independently established by Guangzhou Shipyard in 1993 as approved by National Structural Reform [1993] No. 83. On 5 July 1993, it was converted into a public joint-stock company with limited liability as approved by National Structural Reform [1993] No. 110. The Company was established on 7 June 1993, with its registered address at 15th Floor, Marine Tower, No.137 Gexin Road, Haizhu District, Guangzhou City and its headquarters located at 15th Floor, Marine Tower, No.137 Gexin Road, Haizhu District, Guangzhou City.

As approved by Circular (1993) No.31 issued by the China Securities Regulatory Commission, Zheng Jian Fa Shen (1993) No.26 issued by the China Securities Regulatory Commission and Circular SSE (1993) No.2076 issued by the Shanghai Stock Exchange, the Company publicly issued 337,279,600 A shares on 22 September 1993 which became listed on the Shanghai Stock Exchange on 28 October 1993, and publicly issued 157,398,000 H shares on 21 July 1993, which became listed and traded on The Stock Exchange of Hong Kong Limited on 6 August 1993. Its total share capital following public offering amounted to 494,677,600 shares.

Pursuant to the annual general meeting of 2010 and revised Articles of Association of the Company, 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 for Guangzhou Shipyard International Company Limited to list overseas for issuing foreign stocks capital (CSRC permitted [2014] No.117) issued by CSRC, the Company completed on 11 February 2014 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.

According to the Replies on Approval of Issue of Shares by Guangzhou Shipyard International Company Limited to Parties including China State Shipbuilding Corporation for Purchase of Assets and Raising of Related Financing (SCRC Approvement [2015] No. 330) issued by the China Securities Regulatory Commission, on 8 April 2015, the Company placed 272,099,300 ordinary shares of RMB1 each to China State Shipbuilding Corporation Limited (“CSSC”) for purchase of CSSC’s 85% equity interests in CSSC Huangpu Wenchong Shipbuilding Company Limited (“Huangpu Wenchong”) and paid cash to CSSC for acquisition of 15% equity interests in Huangpu Wenchong; placed 68,313,338 ordinary shares of RMB1 each to Yangzhou Kejin Shipyard Co., Ltd. for purchase of its relevant shipbuilding assets; and placed 42,559,089 ordinary shares of RMB1 each to 7 specific investors. The registered capital upon change is RMB1,413,506,378.00.

On 8 May 2015, a resolution on change of the name of the Company was considered and passed at the first extraordinary general meeting of the Company for 2015, and the name of the Company was changed to “CSSC Offshore & Marine Engineering (Group) Company Limited” from “Guangzhou Shipyard International Company Limited”.

On 29 December 2015, the Company received a new business license issued by Guangzhou Administration for Industry and Commerce (uniform social credit code: 91440101190499390U), with legal representative as Han Guangde and registered capital of RMB1,413,506,378.00.

The Company is engaged in the manufacturing of equipment for railways, ships, aerospace and other transportation facilities, and its scope of business is metal shipbuilding; marine equipment manufacturing; container manufacturing; metal structures manufacturing; metal pressure vessel manufacturing; mechanical parts processing; tempered glass manufacturing; cutting tool manufacturing; other furniture manufacturing; ship maintenance; general equipment repairs; engineering survey and design; machinery technology transfer services; interior decoration and design; water transport equipment rental services; container leasing services; machinery and equipment leasing; construction general contracting services; overseas dispatch of all kinds of labour service personnel (excluding seamen); provision of docks, barge anchorages, floats and other facilities for ships.

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

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (II) SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

The scope of consolidation of the Group's consolidated financial statements is determined on a control basis. The scope includes consolidated financial statements of the Group and its 14 subsidiaries, including: CSSC Huangpu Wenchong Shipbuilding Company Limited ("Huangpu Wenchong"), Guangzhou Wenchong Shipyard Co. Ltd. ("Wenchong Shipyard"), Guangzhou Huangchuan Ocean Engineering Co. Ltd. ("Huangchuan Ocean Engineering"), Guangzhou Wenchuan Heavy Industrial Co. Ltd. ("Wenchuan Industrial"), CSSC (Guangzhou) New Energy Co., Ltd. ("CSSC New Energy"), CSSC Industrial Internet Co., Ltd. ("CSSC Internet"), Zhanjiang Nanhai Ship Hi-Tech Services Ltd. ("Zhanjiang Nanhai"), Guangzhou CSSC Wenchong Bingshen Facilities Co., Ltd. ("Wenchong Bingshen"), Wah Shun International Marine Limited ("Wah Shun"), Wah Loong International Marine Limited ("Wah Loong"), Guangzhou Xinhang Human Resources Service Co., Ltd. ("Xinhang"), Xingji Maritime Engineering Design Co., Ltd. ("Xingji"), HuaCheng (TianJin) Ship Leasing Co., Ltd. ("HuaCheng") and HuaXin (TianJin) Ship Leasing Co., Ltd. ("HuaXin").

Please refer to "VII. Interest in Other Entities" for details of the relevant information of the subsidiaries of the Group.

Please refer to "VI. Changes in the Scope of Consolidation" for details of Changes in the consolidation scope during the reporting period.

## II. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

### (I) 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 and relevant regulations (hereinafter referred to as the "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 Hong Kong Companies Ordinance and the Listing Rules of the Hong Kong Stock Exchange, as well as the accounting policies and estimation as described in Note III "Significant Accounting Policies and Accounting Estimation".

### (II) Going-concern

The management of the Group has assessed its ability to operate on a continuing basis for the 12 months from 30 June 2021 and is of the view that its existing financial position should be sufficient to meet the production and operation of the Group. As such, these financial statements are prepared on a going-concern basis.

### (III) Accounting basis and pricing principles

The Group's accounting is based on the accrual basis. Except for certain financial instruments, this financial statement adopts historical cost as the measurement basis. If an asset is impaired, the corresponding provision for impairment shall be made in accordance with relevant regulations.

Under historical cost measurement, assets are measured according to the amount of cash or cash equivalents paid at the time of purchase or the fair value of the consideration paid. Liabilities are measured in accordance with the amount of money or assets actually received as a result of assuming current obligations, or the contract amount for assuming current obligations, or the amount of cash or cash equivalents expected to be paid in daily activities to repay the liabilities.

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Notes on specific accounting policies and accounting estimates:

The Group adopts accounting policies and accounting estimates based on the features of its own production and operation, which cover the recognition and measurement of provision for bad debts for receivables, measurement of inventories delivered, methods for classification and depreciation of PP&E, amortisation of intangible assets, amortisation of long-term prepaid expenses, and recognition and measurement of revenue.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (I) Statement of compliance with Accounting Standards for Business Enterprises

The financial statements have been prepared by the Company in conformity with the China Accounting Standards for Business Enterprises, and present truly and completely the Company's financial position as at 30 June 2021, operating results and cash flow and other related information from January to June 2021.

## (II) Accounting period

The accounting period of the Company is from 1 January to 31 December of each calendar year.

## (III) Operating cycle

The Group's operating cycle is 12 months.

## (IV) Reporting currency

The Company and its domestic subsidiaries used RMB as their functional currencies. The Company's overseas subsidiaries may determine their own functional currencies based on the currency used in the major economic environment in which they operate the business. In preparation of these financial statements, the Group adopted RMB as the functional currency.

## (V) Accounting treatments for business combinations under and not under common control

Business combinations are divided into business combination under common control and business combination not under common control.

### 1. Business combination under common control

A business combination under common control is one in which the enterprises participating in the combination are under the ultimate control of the same party or the same multiple parties before and after the combination, and such control is not temporary.

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 date of combination in the consolidated financial statements of the ultimate controller. 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. Intermediary fees such as auditing, legal services, appraisal and consulting, and other related administrative expenses incurred by the acquirer for the business combination are charged to the current profit or loss when incurred.

### 2. Business combination that are not under common control and goodwill

A business combination in which the enterprises involved in the combination are not under the ultimate control of the same party or the same multiple parties before and after the combination is a business combination that are not under common control. The cost of the combination is the fair value of cash or non-cash assets paid, liabilities incurred or assumed, and equity instruments issued by the Group to obtain control over the acquiree at the date of purchase. Intermediary costs incurred by the acquirer for the business combination, such as audit, legal services, appraisal and consulting, and other related administrative expenses, are charged to the current profit or loss when incurred.

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. Goodwill is recognised in the consolidated financial statements 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 recognised as the non-operating revenue in the consolidated financial statements after review.

The goodwill formed by business combinations is presented separately in the consolidated financial statements, and is measured at the cost after deducting the accumulated impairment provision.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (VI) Preparation of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on a control basis. Control means that the Group has power over the investee, enjoys variable returns through its participation in the investee's related activities, and has the ability to use its power over the investee to influence the amount of its returns. The Group reassesses the definition of control as described above once relevant facts and circumstances have changed resulting in a change in the relevant elements involved in the definition of control.

The consolidation of a subsidiary commences when the Group obtains control of the subsidiary and ends when the Group loses control of such subsidiary.

For subsidiaries disposed of by the Group, the results of operations and cash flows prior to the date of disposal (the date of loss of control) have been appropriately included in the consolidated income statement and the consolidated statement of cash flows.

For subsidiaries acquired through business combination under common control, the operating results and cash flows of the acquiree shall be consolidated into the consolidated financial statements since the beginning of the period 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 existed since the ultimate controller started control.

Shareholding acquired through different transactions in stages and obtained shareholding of the investee under common control and finally become business combination, when preparing consolidated financial statements, shall be regarded as the ultimate 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 ultimate 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 increased 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 later, to the date of combination, the related profit or loss recognised, other comprehensive income and other change in net assets, shall be written off retained earnings at the beginning of the comparative period and profit or loss for 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 statements 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 investee not 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 re-measured 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 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, are changed 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.

If the accounting policy or the accounting period adopted by any subsidiary differs from that adopted by the Group in preparation of the consolidated financial statements, necessary adjustments should be made to the subsidiary's financial statements according to the Group's accounting policy or accounting period.

All material internal transactions, balance of current accounts and unrealized profits in the consolidation scope should be offset in preparation of the consolidated statements.

The part not attributable to the parent company in the owners' equity of the subsidiary, current gains/losses, other consolidated income and the part attributable to minority interests in the total consolidated revenue should be respectively listed under "minority interests, minority losses and gains, other consolidated revenue attributable to minority shareholders and total consolidated revenue attributable to minority shareholders" in the consolidated financial statements.

The balance of the minority's share of losses of a subsidiary in excess of the minority's share of the subsidiary's ownership interest at the beginning of the year is still eliminated to reduce the minority's equity.

For the purchase of minority interest in a subsidiary, the transaction is accounted for as an equity transaction, and the book value attributable to the Company's ownership interest and minority interest is adjusted to reflect the change in its related interest in the subsidiary. The difference between the adjustment to minority interests and the fair value of the consideration paid is adjusted to capital surplus, and in case the capital reserve is insufficient for offset, retained earnings will be adjusted.

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.

# NOTES TO THE FINANCIAL STATEMENTS

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(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

When the Group loses control in the acquiree due to reasons such as disposal of part of the equity investment, remaining shareholding will be re-measured 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 of the subsidiary calculated from the date of acquisition or combination according to the original shareholding proportion, is included into the investment profit or loss of loss of control for 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 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 loses control through disposal of shareholding in subsidiaries belongs to a series of transactions, 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 recognised as other comprehensive income, and transfer to investment profit or loss of loss of control for current period upon loss of control.

## (VII) 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, recognises 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 recognised 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.

The Group's investments in joint ventures and associates are accounted for by the equity method, see Long-term equity investments accounted for under the equity method.

## (VIII) Recognition standard of cash and cash equivalents

Cash in the cash flow statement of the Group represents 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.

## (IX) Foreign currency transactions and translation of foreign currency financial statements

### 1. Foreign currency transaction

When the Group translates the total revenue from foreign currency contracts, the amount to be converted into RMB includes the amounts received and uncollected, of which: the foreign currency received shall be translated at the amount of the reporting currency determined at the time of collection; the foreign currency uncollected shall be translated at the spot exchange rate (mid-rate) on the date of revenue recognition translated. When the Group tests the impairment of foreign currency sales contracts, the portion of the uncollected foreign currency revenue for which the exchange rate has been locked in using hedging instruments is translated at the locked-in exchange rate, and the portion for which the exchange rate has not been locked in is translated at the bank forward quotation rate. For transactions other than those mentioned above, the Group's foreign currency transactions are translated into RMB amounts at the spot exchange rate on the date of the transaction.

At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rate at the balance sheet date. The resulting translation differences are recognized directly in profit or loss for the current period, except for exchange differences arising from special borrowings in foreign currencies for the purpose of acquiring or producing assets eligible for capitalisation, which are treated in accordance with the principle of capitalisation. Non-monetary items measured in terms of historical cost in foreign currencies continue to be measured at the amount in the functional currency of account translated at the spot rate on the date of the transaction. Non-monetary items measured at fair value in foreign currencies are translated using the spot exchange rate at the date when the fair value was determined. The difference between the translated amount in the carrying amount in the functional currency and the original amount in the functional currency is treated as a change in fair value (including exchange rate changes) and recognized in profit or loss or other comprehensive income for the current period.

### 2. Translation of foreign currency financial statements

For the Group's foreign operations, the Group prepares its financial statements by translating the functional currency of accounts into RMB: assets and liabilities in the balance sheet are translated at the spot exchange rate at the balance sheet date; all items in the owner's equity category, except for "undistributed earnings", are translated at the spot exchange rate at the time of the transaction; income and expense items in the income statement are translated at the average of the spot exchange rates at the beginning and end of the year. The income and expense items in the income statement are translated at the average of the spot exchange rates at the beginning and end of the year. The translation differences arising from the above translation are recognized as other comprehensive income. Upon disposal of a foreign operation, the translation differences related to the foreign currency statement are transferred to profit or loss in the year of disposal, or partially disposed of in proportion to the disposal.

Cash flows in foreign currencies and cash flow items from foreign operations are translated at the average of the spot exchange rates at the beginning and end of the year. The amount of the effect of exchange rate changes on cash is presented separately in the statement of cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (X) Financial instruments

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

### 1. Financial assets

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

Based on the business model under which the Group manages assets and the characteristics of contractual cash flows of financial assets, the Group divides financial assets into financial assets at amortised cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

The Group classifies financial assets meeting both of the following conditions into financial assets at amortised cost: (i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such financial assets are initially measured at fair value, and the relevant transaction expenses are included in the initially recognised amount; they are subsequently measured at amortised cost. Except for those designated as hedging items, the difference between the initial amount and the due amount shall be amortised according to the effective interest rate method, and the amortisation, impairment, exchange gains and losses as well as gains or losses arising from derecognition shall be included in profit or loss.

The Group classifies financial assets meeting both of the following conditions into financial assets at fair value through other comprehensive income: (i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets (debt instruments) measured at fair value through other comprehensive income include receivables financing and other creditors' investment, of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognized amount. Except for those designated as hedging items, other gains or losses arising from such financial assets are included in other comprehensive income, other than credit impairment losses or gains, exchange gains or losses and interest of such financial assets calculated using the effective interest rate method. Upon derecognition of financial assets, accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income to profit or loss.

The Group recognises interest income using the effective interest rate method. Interest income is determined by multiplying the book balance of financial assets by the actual interest rate, except: (i) For the purchased or internally generated credit-impaired financial assets, the Group recognises interest income based on amortised cost and credit-adjusted effective interest rate of such financial assets since initial recognition. (ii) For the purchased or internally generated financial assets without credit impairment but subsequently becoming credit-impaired, the Group subsequently recognises their interest income based on amortised costs and effective interest rate of such financial assets.

The Group designates equity instruments not held-for-trading as financial assets at fair value through other comprehensive income. Once the designation is made, it cannot be revoked. Equity instruments not held-for-trading of the Group designated as at fair value through other comprehensive income are initially measured at fair value, and the relevant transaction costs are included in the initially recognised amount. Except for dividends received (other than the recovered part of investment cost) which are included in profit or loss, other related gains or losses (including exchange gains or losses) are included in other comprehensive income and shall not be subsequently transferred to profit or loss. Upon derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred to retained earnings from other comprehensive income.

Financial assets other than the above financial assets classified as at amortised cost and financial assets classified as at fair value through other comprehensive income. The Group classifies them as financial assets at fair value through profit or loss. Such financial assets are initially measured at fair value, and the relevant transaction costs are directly included in profit or loss. Gains or losses on such financial assets are included in profit or loss.

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(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (2) Basis for recognition and measurement method of transfer of financial assets

The Group derecognises financial assets if any of the following conditions is met: (1) the right to receive cash flows from the financial asset expires, (2) the financial asset has been transferred and the Group has transferred substantially all risks and rewards relating to the financial asset to the transferee, (3) the financial asset has been transferred to the transferee, and the Group has not transferred or retained substantially all risks and rewards relating to the financial asset, nor does it maintain the control over the financial asset.

In case the overall transfer of the financial asset meets the criteria for de-recognition, the difference between the carrying amount of financial asset being transferred and the sum of the consideration received as a result of the transfer and the part of derecognised part in the accumulated changes in fair value which were previously directly included in other comprehensive income (the contractual terms of the financial asset involved in transfer provide that the cash flows generated on a particular date represent solely the payment of principal and interest on outstanding principal) is charged to profit or loss.

In case where the transfer of 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 to be derecognised and the portion that continued to be recognised according to their relative fair value. The difference between the sum of the amount of consideration received for the transfer and the amount corresponding to the derecognised part of the accumulated changes in fair value which were previously included in other comprehensive income (the contractual terms of the financial asset provide that the cash flows generated on a particular date represent solely the payment of principal and interest on outstanding principal) and the aforesaid allocated overall carrying amount of the financial asset is charged to profit or loss.

## 2. Financial liabilities

### (1) Classification of financial liabilities, recognition basis and measure 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 financial liabilities held-for-trading and financial liabilities designated at 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 amortised cost using the effective interest method. The Group classifies financial liabilities into financial liabilities at amortised cost, save for the following: (i) financial liabilities at fair value through profit or loss, including financial liabilities held-for-trading (including derivatives within the scope of financial liabilities) and financial liabilities designated at fair value through profit or loss. (ii) financial liabilities arising from the transfer of financial assets which do not meet the conditions for derecognition or the continued involvement in the transferred financial assets. (iii) financial guarantee contracts not falling under (i) or (ii) above, and loan commitments at a rate lower than market rate not falling under (i) above.

### (2) Conditions for 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 Group and a 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 by the Group to the contract terms (whole or in part) of the existing financial liabilities, the existing financial liabilities (or part of it) will be derecognised. And financial liabilities after term revision will be recognised as a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised 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. The inputs used for fair value measurement are divided into three levels. Level 1 input is the unadjusted offer of the same asset or liability that is available on the measurement day in the active market; level 2 input is the input value that can be observed directly or indirectly of the relevant asset or liability other than those in level 1; level 3 input is the unobservable input of the relevant asset or liability. The Group uses level 1 inputs first and level 3 inputs last. In measuring fair value using valuation techniques, the Group uses level 1 inputs for the shares of listed companies held, level 2 inputs for forward exchange contracts, and level 3 inputs for investments in other equity instruments in non-listed companies. The level of the fair value measurement is determined by the lowest level of the input value which is of great significance to the whole of the fair value measurement.

# NOTES TO THE FINANCIAL STATEMENTS

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(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (4) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities of the Group are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied: (1) the Group currently has a legally enforceable right to set off the recognised amounts; and (2) the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

## (5) Distinction between financial liabilities and equity instruments and related treatment methods

The Group distinguishes between financial liabilities and equity instruments according to the following principles: (1) If the Group cannot unconditionally avoid the performance of a contractual obligation by paying cash or delivering other financial assets, the contractual obligation meets the definition of financial liabilities. Some financial instruments, although not explicitly containing the terms and conditions of delivery of cash or other financial assets obligations, may indirectly form contractual obligations through other terms and conditions. (2) If a financial instrument must or may be settled with the Group's own equity instrument, it shall be taken into account whether the Group's own equity instrument used for settling the instrument is the substitute of cash or other financial assets, or is used to entitle the instrument holder with the remaining equity in the assets of the issuer after netting of all the liabilities. In the former case, this instrument is the financial liability of the issuer, while in the latter case, it is the equity instrument of the issuer. In some cases, a financial instrument contract requires the Group to settle the financial instrument with its own equity instrument, where the amount of contractual or contractual obligations equals the number of equity instruments available or to be delivered multiplied by its settlement. The fair value of the contract is classified as a financial liability, regardless of whether the amount of the contractual rights or obligations is fixed or is based, in whole or in part, on changes in variables (for example, interest rate, prices of certain goods or certain financial instrument) other than the market price of the Group's own equity instruments.

When the Group classifies financial instruments (or their components) in a consolidated statement, it considers all the terms and conditions between the Group's members and the holders of financial instruments. If the Group as whole entity assumes the obligation to deliver cash, other financial assets or other obligations causing the instrument to be settled as a financial liability, the instrument shall be classified as a financial liability.

Where a financial instrument or a component thereof is a financial liability, the Group includes the relevant interest, dividends, gains or losses and the gains or losses arising from redemption or refinancing in profit or loss.

Where a financial instrument or a component thereof is an equity instrument, the Group's issuance (including refinancing), repurchase, sale or cancellation is treated as a change in equity and does not recognise changes in the fair value of the equity instrument.

## (XI) Accounts receivable

For the Group's receivables which arise from transactions regulated by the "Accounting Standards for Business Enterprises No. 14 – Revenue Standards" and which do not contain significant financing components, their loss allowance is always measured at the amount of the expected credit losses for the lifetime.

Measurement of expected credit losses. The expected credit loss refers to the weighted average of the credit losses of financial instruments that are weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable from the contract and all cash flows expected to be received by the Group at the original effective interest rate, that is, the present value of all cash shortages.

The Group calculates the expected credit loss of notes and accounts receivable on the balance sheet date. If the expected credit loss is greater than the carrying amount of the current provision for impairment of other receivables, the Group recognises the difference as impairment losses of notes and accounts receivable, and it will debit "credit impairment loss" and credit "provision for bad debts". Otherwise, the Group recognises the difference as an impairment gain and makes the opposite accounting record.

If the Group incurs credit impairment and determines that the relevant notes and accounts receivable are unrecoverable, subject to the approval for writing off, it will debit "provision for bad debts" and credit "notes receivable" or "accounts receivable" based on the approved amount for writing-off. If the written-off amount is greater than the loss allowance made, the "credit impairment loss" is debited for the difference.

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From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## 1. Method of determination of expected credit loss of notes receivable and accounting treatment methods

For notes receivable obtained by the Group, if the maturity date of the notes is within one year and the Group determines that there is no difference between the cash flows of the notes receivable and the cash flows expected to be received for the notes receivable, no provision for impairment is recognised for the notes receivable. If the maturity date of the notes exceeds one period, the Group recognises expected credit loss of notes receivable and make provision for bad debts based on the difference between the carrying amount of the notes receivable and the present value of the cash flows expected to be received for the notes receivable.

## 2. Method of determination of expected credit loss of accounts receivable and accounting treatment methods

According to the common risk characteristics of the borrower type and date of initial recognition, the Group classifies accounts receivable, considers whether credit risk has significantly increased on a collective basis and determines expected credit loss.

- (1) For the receivables from related party, government and utility receivables of the Group without indication of impairment, the Group determines that no expected credit loss exists and no provision for bad debts is made.
- (2) The Group performs separate impairment tests for those receivables for which there is an indication of impairment, as well as for other receivables for which individual tests are applicable, and determine expected credit loss and make provision for bad debts based on the difference between the carrying amount of the accounts receivable and the present value of the cash flows expected to be received.
- (3) For the accounts receivable which have not been tested individually, based on the actual credit loss for previous years and considering forwarding information for the year, the Group determines the default loss ratio (see the table below), and determines the expected credit loss of accounts receivable and makes provision for bad debts based on the default loss ratio.

Ageing	Estimated default loss rate on accounts receivable (%)
0 – 6 months (6 months inclusive)	0
6 months – 1 year (1 year inclusive)	0.5
1 year – 2 years (2 years inclusive)	10
2 years – 3 years (3 years inclusive)	30
2 years – 5 years (5 years inclusive)	80
over 5 years	100

## (XII) Other receivables

Method of determination of expected credit loss of other receivables and accounting treatment methods:

The Group measures loss allowance for other receivables according to the following circumstances: (i) the Group measures loss allowance for the financial assets the credit risk of which has not significantly increased since initial recognition based on the amount of expected credit loss for the next 12 months; (ii) the Group measures loss allowance for the financial assets the credit risk of which has significantly increased since initial recognition based on the amount of expected credit loss during the lifetime of the financial instrument; (iii) the Group measures loss allowance for the financial assets which have been credit-impairment since purchase or origination based on the amount of expected credit loss during the lifetime of the financial assets.

Assessment on a collective basis. For other receivables, the Group cannot obtain sufficient evidence of significant increase in credit risk at a reasonable cost at the level of individual instruments, and it is feasible to evaluate whether credit risk increases significantly on a collective basis. Therefore, the Group classifies other receivables according to the type of borrowers and date of initial recognition as a common risk characteristic and considers whether credit risk increases significantly on a collective basis.

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(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

- (1) For other receivables from related parties, outstanding deposits and security deposits, retained reserve and employee loans, other receivables from government and institutions without indication of impairment, the Group determines that no expected credit loss exists and no provision for bad debts is made.
- (2) The Group performs separate impairment tests for other receivables for which there is an indication of impairment, as well as for other receivables for which individual tests are applicable, and determine expected credit loss and make provision for bad debts based on the difference between the carrying amount of other receivables and the present value of the cash flows expected to be received for other receivables.
- (3) For other receivables which have not been tested individually for impairment, based on the actual credit loss for previous years and considering forwarding information for the year, the Group determines the default loss ratio (see the table below), and determines the expected credit loss of other receivables and make provision for bad debts based on the default loss ratio.

Ageing	Estimated default loss rate on other receivables (%)
0 – 6 months (6 months inclusive)	0
6 months – 1 year (1 year inclusive)	0.5
1 year – 2 years (2 years inclusive)	10
2 years – 3 years (3 years inclusive)	30
3 years – 5 years (5 years inclusive)	80
over 5 years	100

## (XIII) Inventories

### 1. Classification and costs for inventories

The inventories of the Group mainly include raw materials, work in progress, turnover material, finished goods, goods in transit and costs to fulfil a contract, etc..

Inventories are initially measured at cost, which includes the cost of purchase, processing costs and other expenses incurred in bringing the inventories to their present location and condition.

### 2. Valuation method of inventory delivered

When inventories are delivered, the actual cost is determined using the weighted-average method or the first-in, first-out method. For inventories that cannot be substituted for use or purchased or manufactured specifically for a particular project, the Company uses the individual valuation method to determine the cost of inventories delivered. Turnover materials include low-value consumables and packaging materials. Low-value consumables and packaging materials are amortized using the one-time reversal method.

### 3. Basis for determining the net realizable value of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. In determining the net realizable value of inventories, the determination is based on conclusive evidence obtained, taking into account the purpose for which the inventories are held and the effect of post-balance sheet events.

The net realisable 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 realisable value of production materials is determined by estimated price deducting estimated completion cost, sale expenses and related sales taxes. The estimated selling price should be the most reliable estimate of the selling price obtained at the balance sheet date. A provision for decline in value of inventories is made when its net realizable value is lower than its cost.

For inventories with large quantities and low unit prices, provision for inventory value decline is made by inventory category; for inventories that are related to product lines manufactured and sold in the same region, and have the same or similar end use or purpose, and are difficult to measure separately from other items, provision for inventory value decline is made on a consolidated basis; for other inventories, provision for inventory value decline is made for the difference between the cost of individual inventory items and their net realizable value.

After the provision for inventory value decline is made, if the factors affecting the previous write-down of inventory value have disappeared, resulting in the net realizable value of the inventory being higher than its carrying value, the provision for inventory value decline is reversed within the amount originally provided for, and the reversed amount is recognized in profit or loss for the current period.

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## 4. *Inventory system*

The Group maintains a perpetual inventory system.

## (XIV) Long-term equity investments

Long-term equity investments of the Group are the investments in subsidiaries and investment in associates and investment in joint ventures.

### 1. *Judgement criteria for common control that have significant influence*

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.

When the Group directly or indirectly throughout its subsidiary owns 20% (inclusive) or more but less than 50% shares with voting rights in the investee, it is generally considered that the Group has significant influence on the investee. For voting rights less than 20% in the investee, the board or representative in similar authority in the investee or the implementation processes of financial or operation policies of investee have also been taken into account, or significant transaction with the investee, or management personnel send to the investee, or significant technology information provided to the investee which have significant influence to the investee.

### 2. *Determination of initial investment cost*

#### (1) *Long-term equity investments acquired through business combinations under common control*

For long-term equity investments obtained through business combination under common control, proportion of carrying value of net assets obtained on the date of combination in the consolidated financial statements of the ultimate controller shall be accounted as the initial investment cost of the long-term investment. For carrying value of net assets of the acquiree which is negative on the date of combination, investment cost of long-term equity investment is calculated as zero.

For equity interests in investees under common control acquired in a series of transaction which constitute business combination, in case of a package of transactions, the Group accounts for each transaction as a transaction in which the control has been obtained. If it does not fall under a series of transactions, according to proportion of fair value of net assets of acquiree after the combination in the consolidated financial statements of the ultimate controller, and accounted as the initial investment cost of long-term equity investment on the date of combination.

#### (2) *Long-term equity investments acquired through business combinations not under common control*

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 equity interests in investees not under common control acquired in a series of transaction which constitute business combination, in case of a package of transactions, the Group accounts for each transaction as a transaction in which the control has been obtained. If it does not belong to a series of 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.

#### (3) *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.*

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## 3. Subsequent measurement and recognition method of profit or loss

### (1) Long-term equity investments accounted for under the cost method

The Group's investments in subsidiaries are accounted for using the cost method and are measured at the initial investment cost. The cost of long-term equity investments is adjusted when the investment is increased or recovered. Cash dividends or profits declared by the investee are recognized as investment income for the period in accordance with the amount to which they are attributable.

### (2) Long-term equity investments accounted for under the equity method

The Group accounts for its investments in joint ventures and associates using the equity method.

When the equity method of accounting is adopted, if the initial investment cost of a long-term equity investment is higher than the share of the fair value of the identifiable net assets of the investee at the time of investment, the initial investment cost of the long-term equity investment is not adjusted; if the initial investment cost is less than the share of the fair value of the identifiable net assets of the investee at the time of investment, the difference is recognized in profit or loss for the current period and the cost of the long-term equity investment is adjusted.

Under the equity method of accounting, investment income and other comprehensive income are recognized in accordance with the investee's share of net profit or loss and other comprehensive income, respectively, and the carrying value of long-term equity investments is adjusted; the carrying value of long-term equity investments is reduced accordingly to the extent of the investee's share of profits or cash dividends declared by the investee. For changes in the ownership interest of the investee other than net profit or loss, other comprehensive income and profit distribution, the carrying value of the long-term equity investment is adjusted and recognized as capital surplus. The share of net profit or loss of the investee is recognized on the basis of the fair value of the investee's identifiable assets at the time of acquisition, in accordance with the Group's accounting policies and accounting periods, and after offsetting the portion of the gain or loss from internal transactions with associates and joint ventures that is attributable to the investee in proportion to the shareholding, and after adjusting the net profit of the investee.

In recognizing the share of net loss incurred by an investee, the carrying value of long-term equity investments and other long-term interests that substantially constituting a net investment in the investee are written down to zero. In addition, if the Group has an obligation to assume additional losses of the investee, an estimated liability is recognized for the expected obligation assumed, which is included in the current investment loss. If the investee achieves net profit in subsequent periods, the Group resumes recognition of revenue sharing after the revenue sharing amount makes up for the unrecognized loss sharing amount.

### (3) Disposal of long-term equity investments

On disposal of a long-term equity investment, the difference between the carrying value and the consideration actually received is recognised as investment income for the period.

For long-term equity 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 investee due to reasons such as disposal of part of the equity investment, remaining shareholding after disposal of will be accounted for recognition and measurement standard for financial instruments, 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 current period. Other comprehensive income recognised 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 investee directly disposing related assets or liabilities.

For loss of control in the investee due to partly disposed long-term equity investment, for remaining shareholding which can apply common control or impose significant influence to the investee 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.

The transactions from the step-by-step disposal of equity to the loss of controlling equity do not fall under a series of transactions, therefore, the Group shall separately carry out accounting treatment for each transaction. If the transaction fall under a series of transactions, each transaction is accounted for as a disposal of subsidiary with control lost. However, the difference between the consideration for each transaction before losing control and the carrying value of the long-term equity investments corresponding to the equity disposed of is recognised as other comprehensive income and transferred to profit or loss upon loss of control.

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## (XV) 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 recognised amount. At the end of the period, the Group separately carries out impairment test for long-term receivables, and credit impairment loss is recognised and provision for bad debts is made based on the difference from the present value of future cash flows lower than its book value.

## (XVI) Investment properties

Investment properties are properties held to earn rentals or for capital appreciation, or both, and include buildings that have been leased out.

Investment properties are initially measured at cost. Subsequent expenditures related to investment properties are included in the cost of investment properties if it is probable that the economic benefits associated with the asset will flow and the cost can be measured reliably. Subsequent expenditures other than these are charged to the current profit or loss as incurred.

The Group uses the cost model for the subsequent measurement of investment properties. The investment properties of the Group are depreciated or amortised using the straight-line method. The estimated useful life, net residual value ratio and annual depreciation (amortisation) rate are as follows.

Type	Useful life (year)	Residual value ratio (%)	Annual depreciation rate (%)
Buildings and structures	30-70	3-10	4.09-6.67

The proceeds from disposal of investment properties sold, transferred, scrapped or destroyed, net of their carrying values and related taxes, is recognized in profit or loss for the current period.

The Group converts PP&E to investment properties at the carrying amount before conversion when there is evidence of conversion of buildings and structures for own use to rental.

The Group converts buildings and structures that would otherwise be used to earn rentals or for capital appreciation to own-use when there is evidence of conversion, and investment properties are converted to PP&E at their carrying value before conversion.

## (XVII) PP&E

### 1. Recognition and initial measurement of PP&E

PP&E of the Group are tangible assets that held for production of goods or provision of services, leasing to others, or for administrative purposes; have useful life over one accounting year. PP&E are recognised when it is probable that the related economic benefits will flow to the Group and the costs can be reliably measured. PP&E are initially measured at cost.

Subsequent expenditures related to PP&E are included in the cost of the PP&E and the carrying amount of the replaced part is derecognized if it is probable that the economic benefits associated with the PP&E will flow and their cost can be measured reliably. Subsequent expenditures other than these are charged to the current profit or loss as incurred.

PP&E of the Group comprise buildings and structures, machinery equipment, transportation equipment and other equipment.

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## 2. Method of depreciation

Apart from PP&E which are provided in full and continue to be in use, the Group made provision for all the PP&E by using straight-line method from the month after reaching the intended useable state. The useful life, estimated residual value ratio and depreciation rate of PP&E of the Group are classified as below:

Type	Useful life (year)	Residual value ratio (%)	Annual depreciation rate (%)
Buildings and structures	8-50	3-10	1.8-12.13
Machinery and equipment	6-20	3-10	4.5-16.17
Transportation equipment	10-15	3-10	6.00-9.7
Other equipment	3-50	3-10	1.80-32.33

## 3. Other information

PP&E is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a PP&E net of its carrying amount and related taxes and expenses are recognised in profit or loss for current period.

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

For impairment testing of PP&E, please refer to Impairment of assets other than inventories and financial assets.

## (XVII) Construction in progress

The cost of construction in progress is determined on the basis of actual construction expenditures, including all construction expenditures incurred during the construction period, borrowing costs capitalized before the construction reaches its intended useable state, and other related costs.

Construction in progress is transferred to the PP&E when the assets are ready for their intended use at an estimated amount based on the project budget or actual cost of construction. The cost of the PP&E is adjusted when the construction finalization procedures are completed.

For the impairment test of construction in progress, please refer to Impairment of PP&E other than inventories and financial assets.

## (XIX) Borrowing costs

Borrowing costs include interest on borrowings, amortization of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowings. Borrowing cost from PP&E, 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 usable or sale condition, capitalization have to be terminated. Borrowing costs incurred afterward are included into the profit or loss for 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 shall be calculated and determined according to the weighted average interest rate of the general borrowing.

The remaining borrowing costs are recognized as expenses in the period in which they are incurred.

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## (XX) Intangible assets

### 1. Valuation method, useful life and impairment test of intangible asset

The intangible assets of the Group include the land use right, software and others.

Intangible assets are recognized and initially measured at cost only when it is probable that the economic benefits associated with them will flow into the Group and their cost can be measured reliably. 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. However, intangible assets acquired in a business combination that are not under common control whose fair value can be reliably measured are separately recognized as intangible assets and measured at fair value.

Intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful lives from the time they are available for use, less the estimated net residual value and the cumulative amount of the provision for impairment. Intangible assets with indefinite useful lives are not amortized.

The Group amortises land use right on the basis of its useful life. The non-patent technology is amortised on the basis of shorter of estimated useful life, stipulated beneficial year by contract, and legal available year. Software is amortized over its estimated useful life or contractual useful life.

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

For impairment testing of intangible assets, please refer to Impairment of assets other than inventories and financial assets.

### 2. Research and development expenses

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 recognised in profit or loss for the period as incurred.

Expenditure on the development phase will be recognised as intangible assets while satisfying the following conditions and expenditures in the development phase that do not meet the following conditions are charged to the current profit or loss:

- (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, and there is evidence to proof the usefulness of intangible assets for internal use;
- (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.

If it is not possible to distinguish between research and development expenditures, all research and development expenditures incurred are included in the profit or loss for the current period. Development expenditure previously expensed in prior periods is not recognised as an asset in subsequent period. Capitalised 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.

# NOTES TO THE FINANCIAL STATEMENTS

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## (XXI) Impairment of long-term assets

The Group determines impairment of assets other than inventories, contract assets and assets related to contract costs, deferred income taxes, financial assets and assets held for sale as follows:

The Group determines at the balance sheet date whether there is an indication that an asset may be impaired. When there is an indication of impairment, the Group estimates the recoverable amount and performs an impairment test. Goodwill and intangible assets with indefinite useful lives are tested for impairment at the end of each year, regardless of whether there is an indication of impairment. Intangible assets that have not yet reached their useful lives are also tested for impairment annually.

The estimated recoverable amount of an asset is based on an individual asset. If it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group is determined using the asset group to which the asset belongs. An asset group is the smallest combination of assets that can generate cash inflows independently. The recoverable amount is the higher of the net of the fair value of an asset or group of assets, less costs of disposal, and the present value of its estimated future cash flows. If the carrying amount of an asset exceeds its recoverable amount, a provision for impairment is made for the difference and an impairment loss is included.

Goodwill is tested for impairment in conjunction with the asset group or combination of asset groups to which it relates. That is, the carrying amount of goodwill is apportioned from the date of purchase to the asset group or combination of asset groups that can benefit from the synergies of the business combination in a reasonable manner, and if the recoverable amount of the asset group or combination of asset groups that contains the apportioned goodwill is less than its carrying amount, a corresponding impairment loss is recognized. The amount of the impairment loss is first set off against the carrying amount of the goodwill apportioned to that asset group or group of asset groups, and then against the carrying amount of each asset other than goodwill in the asset group or group of asset groups on a pro-rata basis.

The above assets impairment loss once recognised, cannot be transferred in the subsequent accounting period.

## (XXII) Long-term prepaid expenses

Long-term prepaid expenses represent each expense that has been expensed by the Group and has an amortization period of more than one year. Long-term prepaid expenses are amortized evenly over the benefit period of the expense item. For Long-term prepaid expenses items that do not benefit subsequent accounting periods, the amortization value of the item is fully charged to the profit or loss for the current period when it is determined.

Long-term prepaid expenses are accounted for at the actual cost when incurred.

## (XXIII) Employee benefits

Employee benefits are all forms of remuneration or compensation given by the Group for services rendered by employees or for the termination of employment relationships, include short-term compensation, post-employment benefits, termination benefits and other long-term benefits.

### 1. Accounting treatment methods of Short-term benefits

Short-term compensation mainly includes wages, bonuses, medical insurance, injury insurance, maternity insurance, supplemental medical insurance, housing fund, union funds and workers education, outsourcing labour 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. Of these, non-monetary benefits are measured at fair value.

### 2. Accounting for post-employment benefits

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, and are classified into defined contribution plans and defined benefit plans in view of the risks and obligations borne by the Company. Save as defined benefit plans for Huangpu Wenchong and Wenchong Shipyard, being subsidiaries of the Company, the Group's post-employment benefits, which are mainly basic pension and unemployment insurance contributions for employees and enterprise annuity, are all defined contribution plans.

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(1) *Defined contribution plan*

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 recognised as liabilities, and the liabilities would be charged into current profit and loss or costs of assets of beneficiary.

(2) *Defined benefit plan*

There are defined benefit plans for Huangpu Wenchong and Wenchong Shipyard respectively, being subsidiaries of the Company. The present value of this defined benefit plan obligation is calculated annually by an independent actuary using the expected cumulative benefit unit method based on an interest rate on high quality corporate debt of similar maturity and currency to the obligation. The net liability for the present value of the defined benefit plan obligation, less the fair value of plan assets, is shown in the balance sheet under Long-term employee benefits payable. Service costs associated with the plan (including current service costs, past service costs and settlement gains or losses) and net interest based on the net defined benefit plan liability and an appropriate discount rate are included in the profit or loss or the cost of related assets for the current period, and changes resulting from the remeasurement of the net defined benefit plan liability are included in other comprehensive income.

### 3. **Accounting treatment of Termination benefits**

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 year at the earlier of the following dates: (i) when the Group cannot unilaterally withdraw from the termination plan or the redundancy offer. (ii) when the Group recognises and pays the related costs for a restructuring of termination benefits.

### (XXIV) **Estimated liabilities**

In addition to contingent consideration and contingent liabilities assumed in business combinations that are not under common control, present obligations arising from warranty on quality of goods, loss-making contracts and litigation, or other contingent matters meet the following requirements, the Group will recognise them as liabilities:

- (1) the assumed responsibilities are actual and real;
- (2) the fulfilment of obligations will probably to cause the outflow of economic benefit from the Group;
- (3) the amount of liabilities can be measured reliably.

The initial measurement of estimated liabilities is based on the best estimate of the outflow of present obligation by considering relevant risks, uncertainties and time value of money, etc. The Group assesses the book value of estimated liabilities on each balance sheet date. If there is conclusive evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the current best estimate.

If all or part of the expenditure required to settle the estimated liability is expected to be reimbursed by a third party, the amount of reimbursement is recognized separately as an asset when it is substantially certain that it will be received, and the amount of reimbursement recognized does not exceed the carrying amount of the estimated liability.

Contingent liabilities of the acquiree acquired in a business combination that are not under common control are measured at fair value at initial recognition and subsequently measured at the higher of the amount of the expected liability recognized, and the amount initially recognized, less accumulated amortization determined in accordance with the revenue recognition principle.

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## (XXV) Production safety fee

According to the regulation for Notice of the Ministry of Finance and the State Administration of Work Safety on Issuing the Administrative Measures for the Collection and Utilization of Enterprise Work Safety Funds (Cai Qi [2012] No.16), the Group's shipbuilding companies and supporting manufacturing enterprises made provision for production safety fees, which are specifically used to improve and enhance the enterprise or project safety production conditions.

The production safety fees set aside by the Group are included in the cost of the relevant products and the Special reserve item. When writing off production safety fees within specified range, depending on turning into PP&E for separate treatment, it should directly write off specific reserves when accounted for as expenses; If capitalizing production safety fees into PP&E, it should be pooled in work in progress and transfer to PP&E when the projects reach intended use state, the cost of which should write off Special reserves, and recognise accumulated depreciation at the same amount. This PP&E would not be depreciated in subsequent periods.

## (XXVI) Revenue

### 1. Principles for recognition of revenue

The Group recognizes revenue when it has fulfilled its performance obligations under the contract, i.e., when the customer obtains control of the relevant goods. The obtaining of control of the relevant goods is defined as the ability to dominate the use of the goods and derive substantially all of the economic benefits therefrom.

The performance obligations are discharged over time if any of the following condition has been met, otherwise are discharged at a particular point in time.

- (1) customers obtain and consume the economic benefits from the performance by the Group of its obligations at the time of performance;
- (2) customers are able to control the goods under development in the process of performance by the Group of its obligations;
- (3) the goods generated in the course of performance by the Group of its obligations has irreplaceable use and the Group has the right to receive payment for the part of obligations which have been performed during the whole contractual term.

For the performance obligations to be fulfilled over time, the Group recognises revenue based on the performance progress during such period. When the performance progress cannot be reasonably determined, the incurred cost expected to be compensated is recognised as revenue, until the performance progress can be reasonably determined.

For the performance obligations to be fulfilled at a point in time, the Group recognises revenue at contractual price when the customer has obtained the control over the relevant goods.

In determining whether customers have obtained control over goods, the Group considers the following:

- (1) whether the Group has the existing right to receive payment for the goods;
- (2) whether the Group has transferred the legal ownership of the goods to customers;
- (3) whether Group has physically delivered the goods to customers;
- (4) whether the Group has transferred the major risks and rewards relating to the ownership of goods to customers;
- (5) whether the customers have accepted the goods;
- (6) other indications that customers have obtained control over the goods.

### 2. Methods of revenue recognition

The Group's operating income is mainly derived from the revenue from shipbuilding and offshore engineering products, ship maintenance and modification, the sales of steel structures and the electromechanical products. The policies and methods for revenue recognition are as follows:

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(1) *Revenue from shipbuilding and offshore engineering products*

The Group operates shipbuilding and offshore engineering product business. It assesses contracts at their effective dates and determines whether the relevant contract performance obligations meet the condition to “performance over time”.

For contracts meeting the condition to “performance over time”, the Group recognises revenue and carrying costs based on the contract performance progress during such period. The Group adopts the input method to determine the appropriate progress of performance, which is determined by the total actual contract cost incurred in proportion to the total estimated contract cost. When the performance progress cannot be reasonably determined, the incurred cost expected to be compensated for is recognised as revenue, until the performance progress can be reasonably determined. If the incurred cost is expected to be unrecoverable, it is recognised as expense upon occurrence, without recognising revenue.

If the condition to “performance over time” is not met, the Group recognises one-off revenue based on the transaction price specified in the contract or ship delivery documents when the ships and offshore engineering products are completed and delivered and carries forward one-off full cost of the contract.

(2) *Revenue from ship maintenance and modification*

The Group provides general ship maintenance business. With the short repair cycle, the Group recognises revenue when the ship maintenance and the relevant settlement procedures are completed.

(3) *Revenue from the sales of steel structures*

For the manufacturing and installation contracts for large steel structures provided by the Group, if they meet the condition to “performance over time”, the Group recognises their revenue based on performance progress during such period. The due performance progress is determined using the input method, based on the percentage of total accumulated incurred contract target cost to total expected contract cost. For the steel structure manufacturing and delivery contracts not meeting the condition to “performance over time”, the Group recognises revenue according to workload confirmation after the steel structures are completed and delivered to customers, pass inspections and are accepted by customers.

(4) *Revenue from the sales of electromechanical products*

Revenue from electromechanical products provided by the Group is recognised upon completion and delivery.

## (XXVII) Contract assets and contract liability

In the contract between the Company and the customer, the Company has the right to receive the contract price for the transfer of the goods and related services to the customer, and at the same time bear the performance obligation to transfer the goods or services to the customer. Before the customer actually pays the contract price or the goods or services or the consideration is due, when the Company has already transferred such goods or service to the customer, it shall present the rights to receive consideration for the transfer of goods or services as contract assets and shall recognize as accounts receivable when obtaining unconditional collection rights. Otherwise, the obligation to transfer goods or services to a customer for which the Company has received a consideration (or an amount of consideration that is due) from the customer is presented as contract liabilities. When the Company fulfills its obligation to transfer goods or provide services to customers, the contract liabilities are recognized as revenue.

The Group presents contract assets and contract liabilities under the same contract on a net basis.

Provisions for losses are recognized for contract assets on the basis of expected credit losses.

Method of determination of expected credit loss of contract assets. For contract assets arising from the Group's normal performance of contracts, if contractual payment is no more than 30 days past due, the Group determines that there is no difference between the cash flows receivable for the contract and the cash flows expected to be received, and no provision for impairment of contract assets is recognised. If contractual payment is no less than 30 days past due, the Group recognises provision for impairment of contract assets based on the expected credit losses of the contract assets for the entire duration of the contract. For the method of determination, please refer to the description in “11. Notes and accounts receivable” above.

Accounting treatment method. The Group calculates the expected credit loss of contract assets on the balance sheet date. If the expected credit loss is greater than the carrying amount of the current provision for contract assets, the Group recognises the difference as impairment losses, and it will debit “credit impairment loss” and credit “provision for impairment of contract assets”. Otherwise, the Group recognises the difference as an impairment gain and makes the opposite accounting record.

If the Group incurs credit loss and determines that the relevant contract assets are unrecoverable, subject to the approval for writing off, it will debit “provision for impairment of contract assets” and credit “contract assets” based on the approved amount written-off. If the written-off amount is greater than the loss allowance made, the “credit impairment loss” is debited for the difference.

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## (XXVIII) Contract costs

The Group's assets related to contract costs include contract acquisition costs and contract performance costs. They are presented in inventories, other current assets and other non-current assets, respectively, depending on their liquidity.

### 1. *Method of determination of amount of assets relating to contract costs*

The cost incurred by the Group to perform a contract are not applicable to the scope of regulation of relevant standards such as inventory, PP&E or intangible assets and meets all of the following conditions, and is recognised as an asset as contract performance cost:

- (1) the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract;
- (2) the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future;
- (3) the costs are expected to be recovered.

The incremental cost for the Group to obtain a contract is expected to be recoverable and is recognised as an asset as contract acquisition cost, unless If the amortisation period is no more than one year. Incremental cost refers to the cost which will not be incurred by the Group had no contract been acquired. Other expenses incurred by the Group to obtain contracts (other than the incremental cost which is expected to be recoverable) are included in profit or loss as incurred, save for those expressly to be borne by customers.

### 2. *Amortisation of assets relating to contract costs*

The Group's assets relating to contract costs are amortised using the same basis as that for recognition of the revenue from goods relating to the assets, which are included in profit or loss.

### 3. *Impairment of assets relating to contract costs*

In determining the loss on impairment of assets relating to contract costs, the Group first determines the impairment loss for other assets relating to contract costs recognised in accordance with the relevant Accounting Standards for Business Enterprises and then makes provision for impairment based on the excess of its carrying value over the sum of the remaining consideration expected to be received from transfer of the goods relating to the asset and the cost expected to be incurred for transfer of the relevant goods, which is recognised as loss on impairment of assets.

If there is any change in the factors causing impairment in the previous periods, resulting in the said difference higher than the carrying value of the asset, the provision for impairment of assets previously made is reversed and is included in profit or loss. However, the carrying value of the asset following reversal shall not exceed the carrying value of the asset as at the date of reversal, which had no provision for impairment been made.

## (XXIX) Government grants

Government grants are monetary or non-monetary assets obtained from the governments, excluding the contributed capital from the government investor. The special grant of investment from government, which should be recognised as capital reserves according to related national documents, should also be capitalised in nature, and therefore shouldn't be recognised as government grants. Government grants are recognized when the conditions attached to the government grants can be met and can be received.

If a government grant is a monetary asset, it is measured at actual received or receivable amount. Government grants that are non-monetary assets are measured at fair value. If the fair value of a non-monetary asset cannot be determined in a reliable way, it is measured at its nominal amount (RMB1). Government grants that are measured at nominal amounts are recognized directly in profit or loss for the current period.

### 1. *Basis of judgment and accounting treatment for asset-related government grants*

Asset-related government grants are government grants acquired by the Group for the acquisition or long-term assets formed in other ways.

Government grants related to assets are recognized as deferred income and recognized in profit or loss for the current period over the useful life of the related assets in accordance with the straight-line method. If the related assets are sold, transferred, scrapped or destroyed before the end of their useful lives, the unallocated balance of the related deferred gain or loss is transferred to profit or loss in the period when the assets are disposed of.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## 2. Judgment basis and accounting treatment of revenue-related government grants

Revenue-related government grants are government grants other than those related to assets.

Government grants related to revenue that are used to compensate for related costs and expenses or losses in subsequent periods are recognized as deferred revenue and charged to the profit or loss in the current period in which the related costs and expenses or losses are recognized; those used to compensate for related costs and losses already incurred are charged directly to the profit or loss for the current period.

The Group classifies government grants that are difficult to distinguish as a whole as revenue-related government grants.

Government grants related to ordinary activities are recognized in other income in accordance with the substance of economic operations. Government grants that are not related to ordinary activities are included in non-operating income.

## 3. Accounting treatment for loan interest subsidy

Where the Group has obtained loan interest subsidy, different accounting treatment will be applied in accordance with the following principles:

- (1) Where the interest subsidy is paid to the lending bank which provides loan to the Group at a preferential interest rate, the Group recognises the loan at the actual amount of loan received and the interest expense is calculated based on the principal of the loan and the preferential interest rate.
- (2) Where the interest subsidy is directly paid to the Group, the interest subsidy is utilised to offset the interest expense.

If any government grant recognised by the Group is required to be returned, the accounting treatments shall be conducted for the period of return in accordance with the following:

- ① if the government grant is utilised to offset the carrying value of the relevant assets at initial recognition, the carrying value of the assets shall be adjusted.
- ② any deferred income is utilised to offset the book balance of the relevant deferred income and any excess is included in profit or loss for the current period.
- ③ under any other circumstances, they are directly included in profit for loss for the current period.

## (XXX) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are recognized using the balance sheet liability method for temporary differences arising from differences between the carrying amounts of certain items of assets and liabilities and their tax bases, as well as differences between the carrying amounts of items that are not recognized as assets and liabilities but whose tax bases can be determined in accordance with the provisions of the tax laws.

Deferred income tax is generally recognized on all temporary differences. However, for deductible temporary differences, deductible losses and tax credits that can be carried forward to future years, the Group recognises deferred income tax assets to the extent that it is probable that taxable income will be available against which the deductible temporary differences, deductible losses and tax credits that can be utilized.

In addition, No deferred tax liability is recognised for a temporary difference arising from initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss).

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and the carrying amount of deferred tax assets is written down if it is more likely that sufficient taxable income will not be available against which the benefit of the deferred tax assets can be utilized in the future. To the extent that it is probable that sufficient taxable income will be available, the written down amount is reversed.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (XXXI) Leases

A lease is a contract in which the lessor grants the right to use an asset to the lessee for a certain period of time for consideration.

At the inception/change date of a contract, the Group assesses whether the contract is a lease or contains a lease. The Group does not reassess whether a contract is a lease or contains a lease unless there is a change in the terms and conditions of the contract.

### 1. The Group as lessee

#### (1) Splitting of leases

If a contract contains one or more lease and non-lease components at the same time, the Group splits each individual lease and non-lease component and apportions the contract consideration in the relative proportion of the sum of the individual prices of each lease component and the individual prices of the non-lease components.

#### (2) Right-of-use assets

At the commencement date of the lease term, the Group recognises right-of-use assets and lease liabilities for leases other than short-term leases and leases of low-value assets, and recognises depreciation expense and interest expense, respectively, over the lease term.

The right-of-use asset refers to the right of the lessee to use the leased asset during the lease term. On the commencement date of the lease term, the right-of-use assets are initially measured at cost. The cost includes: ①The initial measurement amount of the lease liability; ②The lease payment amount paid on or before the commencement date of the lease term, and the relevant amount of the lease incentive that has been enjoyed shall be deducted if there is a lease incentive; ③The initial direct costs incurred by the lessee; ④The cost which the lessee is expected to dismantle and remove the leased asset, restore the site of leased asset or restore the leased asset to the agreed terms of the lease terms.

The depreciation of the right-of-use assets of the Group is accrued using the straight-line method. For those who can reasonably determine the ownership of the leased asset when the lease term expires, the depreciation is made within the estimated remaining useful life of the leased asset. If it is not reasonable to determine that the leased asset will be acquired at the expiration of the lease term, the depreciation is made during the shorter period between the lease term and the remaining useful life of the leased asset.

The Group determines whether the right-of-use assets have been impaired and carries out accounting treatment to the identified impairment loss in accordance with the relevant provisions of Accounting Standards for Business Enterprises No. 8 – Impairment of Assets.

#### (3) Lease liability

The lease liability is initially measured at the present value of the lease payments that have not been paid on the commencement date of the lease term. In calculating the present value of the lease payments, the Group uses the interest rate embedded in the lease as the discount rate.

If the interest rate embedded in the lease cannot be reasonably determined, the Group's incremental borrowing rate is used as the discount rate. The lease payments, being payments made by the Group to the lessor in connection with the right to use the leased asset during the lease term, include: ① The fixed payment amount (including the substantial fixed payment amount), and the relevant amount of the lease incentive shall be deducted if there is a lease incentive; ②Variable lease payments depending on the index or ratio; ③The amount expected to be paid based on the residual value of the guarantee provided by the lessee; ④The exercise price of purchasing the option, to be determined by the Group on a reasonable basis; ⑤If the lease term reflects that the Group will exercise the option to terminate the lease, payments required to exercise the option to terminate the lease.

Variable lease payments that depend on an index or rate are determined at initial measurement based on the index or rate at the inception date of the lease term. Variable lease payments that are not included in the measurement of the lease liability are recognised in profit or loss when they are actually incurred.

After the commencement date of the lease term, the Group calculates the interest expense on the lease liability for each period of the lease term based on a fixed periodic interest rate and includes it in finance costs. This periodic interest rate is the discount rate or revised discount rate adopted by the Company.

When the Group's evaluation on the renewal and the termination of leasing or purchasing the option changes, the lease liabilities will be re-measured according to the present value of the changed lease payment and the revised discount rate, and the book value of the right-of-use asset will be adjusted accordingly. When the actual lease payment amount, the estimated amount of the guarantee residual value or the variable lease payment amount depending on the index or ratio changes, the lease liability will be re-measured according to the present value calculated from the changed lease payment amount and the original discount rate, and the book value of the right-of-use assets will be adjusted accordingly.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (4) Short-term leases and leases of low-value assets

The Group has chosen not to recognise right-of-use assets and lease liabilities for short-term leases of transportation equipment, machinery and equipment and electronic equipment, as well as leases of low-value assets. Short-term leases refer to leases with a lease term of not more than 12 months at the commencement date of the lease term and do not contain a purchase option. Low-value asset leases are leases with a lower value when the individual leased asset is a brand-new asset. The Group recognises lease payments under short-term leases and leases of low-value asset in the profit or loss for the current period or the cost of the related assets on a straight-line basis over the respective periods of the lease term.

## (5) Changes in leases

If a lease is changed and the following conditions are met, the Group will account for the lease change as a separate lease.

- ① The lease modification expands the scope of the lease by adding the right to use one or more leased assets;
- ② The increased consideration is equivalent to the separate price of the expanded portion of the lease scope adjusted for the circumstances of that contract.

If a lease modification is not accounted for as a separate lease, at the effective date of the lease modification, the Group reapportioned the consideration of the modified contract, redetermined the lease term, and remeasured the lease liability based on the present value of the modified lease payments and the revised discount rate.

If a lease change results in a reduction in the scope of the lease or a shortening of the lease term, the Group reduces the carrying value of the right-of-use asset accordingly and recognises the gain or loss related to the partial termination or complete termination of the lease in the profit or loss for the current period. If other lease changes result in the remeasurement of the lease liability, the Group adjusts the carrying value of the right-of-use asset accordingly.

## 2. The Company as lessor

### (1) Splitting of leases

If a contract contains both lease and non-lease components, the Group apportions the contract consideration in accordance with the provisions of "Accounting Standards for Business Enterprises No. 14—Revenue Standards" on apportionment of transaction prices, based on the respective individual selling prices of the lease component and non-lease component.

### (2) Classification of leases

Leases that substantially transfer almost all the risks and rewards associated with the ownership of leased assets are finance leases. Leases other than finance leases are operating leases.

### (3) Operating Lease

The Group adopts the straight-line method in each period of the lease term to recognise the lease payments from operating leases as rental income. The initial direct costs incurred by the Group in relation to the operating leases are capitalised and recognised in the current period over the lease term on the same basis as the recognition of rental income.

Variable lease receipts obtained by the Group in connection with operating leases that are not included in the lease receipts are recognized in the profit or loss for the current period when they are actually incurred.

## (XXXII) Discontinued operations

Discontinued operations refer to components of the Group which satisfies the following conditions and can be independently distinguished, and such components has been disposed of or classified as held as available-for-sale:

- (1) the component represents an independent major business or an independent major region of activity;
- (2) the component is an intended disposal of part of a relevant plan of an independent major business or an independent major region of activity;
- (3) the component is a subsidiary acquired specifically for resale.

For discontinued operations presented in the current period, the Group presents profits or losses from continuing operations and discontinued operations separately in the income statement for the current period and restates the information originally reported as profit or loss from continuing operations in the income statement for the comparative periods as profit or loss from discontinued operations for the comparative accounting periods.

## (XXXIII) Hedge Accounting

To manage risk exposures arising from specific risks such as foreign exchange risk, the Group designates certain financial instruments as hedging instruments for hedging purposes. Hedges that meet the prescribed conditions are accounted for by the Group using hedge accounting. The Group's hedges include cash flow hedges. Hedges of identified committed foreign exchange exposures are treated as cash flow hedges by the Group.

### 1. Conditions for applying hedge accounting

The Group formally designates the hedging instrument and the hedged item at the beginning of the hedge, records the hedging instrument, the hedged item, the nature of the hedged risk and the method of assessing hedge effectiveness (including an analysis of the reasons for the generation of the ineffective hedge portion and the method of determining the hedge ratio). In addition, the Group continuously evaluates whether the hedging relationship meets the hedge effectiveness requirements at the beginning of the hedge and in subsequent periods. The Group determines that the hedging relationship meets the hedge effectiveness requirements if the hedge meets the following conditions at the same time:

- (1) An economic relationship exists between the hedged item and the hedging instrument.
- (2) The effect of credit risk does not dominate the value changes arising from the economic relationship between the hedged item and the hedging instrument.
- (3) The hedge ratio of a hedging relationship will be equal to the ratio of the number of hedged items that the Group actually hedges to the actual number of hedging instruments that hedge them.

If a hedging relationship no longer meets hedge effectiveness requirements due to the hedge ratio, but the Group's risk management objective in designating the hedging relationship has not changed, the Group will rebalance the hedging relationship by adjusting the number of hedged items or hedging instruments in the already existing hedging relationship so that the hedge ratio meets hedge effectiveness requirements again.

The Group can apply hedge accounting methods only if the conditions specified in the application of hedge accounting standards are also met.

### 2. Discontinuation of hedge accounting

The Group will discontinue the application of hedge accounting if one of the following circumstances occurs:

- (1) The hedging relationship no longer meets the risk management objectives due to a change in risk management objectives.
- (2) The hedging instrument has expired, is sold, the relevant contract is terminated, or is exercised.
- (3) The economic relationship between the hedged item and the hedging instrument no longer exists, or the effect of credit risk begins to dominate the changes in value resulting from the economic relationship between the hedged item and the hedging instrument.
- (4) The hedging relationship no longer meets the other conditions for applying hedge accounting methods.

### 3. Cash flow hedge accounting treatment

The Group recognizes the portion of the gain or loss arising from the hedging instrument that is effective as a cash flow hedge reserve in other comprehensive income, and the portion that is ineffective as a hedge is recognized in the profit or loss for the current period. The amount of the cash flow hedge reserve is determined as the lower of the absolute amount of: the cumulative gain or loss on the hedging instrument from the inception of the hedge; and the cumulative change in the present value of estimated future cash flows of the hedged item from the inception of the hedge.

When the hedged item is an anticipated transaction and the anticipated transaction results in the Group's subsequent recognition of a non-financial asset or non-financial liability, or the anticipated transaction of a non-financial asset or non-financial liability creates a firm commitment to which fair value hedge accounting applies, the Group reverses the amount of the cash flow hedge reserve originally recognized in other comprehensive income to the amount initially recognized for that asset or liability. For cash flow hedges that do not fall into the above category, the Group reverses the amount of cash flow hedge reserve originally recognized in other comprehensive income to profit or loss in the same period in which the hedged expected cash flows affect the profit or loss. If the amount of the cash flow hedge reserve recognized in other comprehensive income is a loss that is not expected to be recovered in whole or in part in a future accounting period, the Group transfers the portion that is not expected to be recovered from other comprehensive income to the profit or loss for the current period when it is not expected to be recovered.

When the Group terminates the application of hedge accounting to a cash flow hedge, if the hedged future cash flows are still expected to occur, the amount of the accumulated cash flow hedge reserve is retained and accounted for as described above; if the hedged future cash flows are no longer expected to occur, the amount of the accumulated cash flow hedge reserve is transferred from other comprehensive income and recognized in the profit or loss for the current period.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (XXXIV) Segment report

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments, after taking into account of the principle of materiality. In preparing segment reports, the Group measures the revenue from inter-segment transactions based on the actual transaction price. The accounting policies adopted for the preparation of segment reports are consistent with those adopted for the preparation of the Group's financial statements.

## (XXXV) Fair value measurement

The Group measures its investments in derivative financial instruments and other equity instruments at fair value at each balance sheet date. The Group measures the relevant assets or liability at fair value supposing the orderly transaction of asset selling or liability transferring incurring in a principal market of relevant assets or liabilities. In the absence of a principal market for the asset or liability, the group assumes that the transaction take place at the most advantageous market of relevant asset or liability. A principal market (or the most advantageous market) is the transaction market that the group can enter into at measurement date. The Group implements the hypothesis used by the market participants to realize the maximum economic benefit in assets or liabilities pricing.

For non-financial assets measured at fair value, the Group should consider the capacity of the market participants to put the assets into optimal use thus generating the economic benefit, or the capacity to sell assets to other market participants who can put the assets into optimal use and generate economic benefit.

The Group implements the valuation technique suitable for the current condition and supported by enough available data and other information, gives priority in use of relevant observable inputs, only the observable inputs cannot be obtained or impracticable before using unobservable inputs.

For the assets and liabilities measured at fair value or disclosure at financial statements, fair value hierarchies are categorized into three levels as the lowest level input that is significant to the entire fair value measurement. Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities. Level 2: inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3: inputs are unobservable inputs for the assets or liability.

The Group prioritizes the use of Level 1 inputs and then finally uses Level 3 inputs. The Group uses Level 1 inputs for shares of listed companies, Level 2 inputs for forward foreign exchange contracts and Level 3 inputs for investments in other equity instruments of unlisted companies to measure fair value using valuation techniques.

At each balance sheet date, the group reviews the assets and liabilities recognized to be measured at fair value on the financial statements to make sure whether conversion occurs between fair value hierarchies.

## (XXXVI) Other significant accounting policies and accounting estimates

When preparing financial statements, the management of the Group needs to use assumptions and evaluations, which might influence accounting policy application and the amounts of assets, liabilities revenues and expenses. The effective results might differ from these estimates. The management of the Group continues to evaluate the uncertain factors and key assumptions that affect estimates. The changes on accounting estimates effects should be recognised in the current period or carry forward.

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

### 1. **Net realisable value of inventories**

The Group estimates net realisable value of inventories on a regular basis, and the difference of inventory cost higher than net realisable value is recognised as loss on impairment of inventories. The Group estimates the net realisable value of inventories based on estimated price of similar goods, net of costs, selling expenses and related taxes. If the effective price is different from estimated price, the management would adjust the net realisable value. Therefore, the estimation according to current experience would be different from the actual value, resulting in adjustment to book value of Inventories in the balance sheet. Provision for impairment of inventories could be revised because of the above issues. The adjustment for provision for impairment of inventories could affect the current profit or loss.

### 2. **Estimated useful life and residual value of PP&E and intangible assets**

The Group depreciates or amortizes property, plant and equipment and intangible assets over their estimated useful lives, taking into account their residual values. The Group reviews the estimated useful lives and residual values of PP&E and intangible assets at least at the end of each year. The estimated useful lives, residual values are determined by management based on the historical experience of similar assets, with reference to estimates generally applied in the same industry and in conjunction with expected technological updates. When there is a significant change in previous estimates, depreciation expense and amortization expense in future periods are adjusted accordingly.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## 3. **Impairment of financial instruments**

The Group uses the expected credit loss model to assess the impairment of financial assets measured at amortized cost, investments in debt instruments measured at fair value through other comprehensive income, and lease receivables. The application of the expected credit loss model requires significant judgments and estimates, which require consideration of all reasonable and substantiated information, including forward-looking information. In making such judgments and estimates, the Group presumed expected changes in debtors' credit risk based on historical repayment data combined with economic policies, macroeconomic indicators, industry risks and other factors. Different estimates may affect the provision for impairment, and the provision for impairment made may not equal to the actual amount of future impairment loss.

## 4. **Impairment of non-current assets other than financial assets (other than goodwill)**

The Group determines at the balance sheet date whether there is an indication that a non-current asset, other than financial assets, may be impaired. Intangible assets with indefinite useful lives are tested for impairment when there is an indication of impairment, in addition to the impairment test performed annually. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

## 5. **Target contract cost**

The Group reviews the target contract cost on a regular basis. 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.

## 6. **Income tax**

The Group estimates income tax expense and deferred income tax in accordance with existing tax rules and regulations, taking into account special approvals obtained from the relevant tax authorities and tax incentives to which the Group is entitled in the places or jurisdictions in which it operates. In the normal course of business, there will be uncertainties in the ultimate tax treatment of some transactions and matters. If the final determination of these tax matters differs from the amounts initially recorded, such difference will have an impact on the amount of income tax expense and deferred income tax in the period in which such final determination is made.

Deferred income tax assets are recognized for unused losses and other deductible temporary differences, such as impairment allowances for pre-tax non-deductible receivables, inventories, PP&E and construction in progress, to the extent that it is probable that future taxable profit will be available to cover the losses or the deductible temporary differences can be reversed. The amount of recognition of deferred tax assets requires management to apply significant estimates based on the timing and amount of future taxable profit to be generated and future tax planning.

The Group believes that the appropriate current income taxes and deferred income taxes are recognised based on current tax rules and regulations and current best estimates and assumptions. If future changes in tax rules and regulations or related circumstances require adjustments to current and deferred income taxes, which will have an impact on the Group's financial position

## (XXXVII) **Changes in significant accounting policies and accounting estimates**

### 1. **CHANGES IN SIGNIFICANT ACCOUNTING POLICIES**

There is no change in accounting policy during the period.

### 2. **CHANGES IN ACCOUNTING ESTIMATES**

There is no change in accounting estimates during the period.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## IV. TAXATION

### (I) Main taxes and rates

	Tax basis	Tax rate
Value-added tax	Levied based on the difference between the output tax (calculated based on the revenue from sales of goods and rendering of services according to tax law) and the deductible input tax for the period	13%, 9%, 6%
City maintenance and construction tax	Levied based on the VAT and consumption tax actually paid	7%
Educational surcharge	Levied based on the VAT and consumption tax actually paid	3%
Local educational surcharge	Levied based on the VAT and consumption tax actually paid	2%
Enterprise income tax	Levied based on taxable income	15%, 20%, 25%
Hong Kong profits tax	Taxable income	16.50%

Companies subject to different income tax rates are disclosed as follows:

Name of tax payer	Tax rate
The Company	25.00%
Huangpu Wenchong	15.00%
Wenchong Shipyard	15.00%
Huangchuan Offshore Engineering	25.00%
Wenchuan Heavy Industrial	15.00%
CSSC New Energy	20.00%
CSSC Internet	20.00%
Zhanjiang Nanhai	20.00%
Wenchong Bingshen	20.00%
Wah Shun	16.50%
Wah Loong	16.50%
Xinhang	25.00%
Xingji	20.00%
HuaCheng	20.00%
HuaXin	20.00%

Note: Wah Shun and Wah Loong, which are registered in Hong Kong, are subject to Hong Kong profits tax with the rate of 16.50%.

### (II) Preferential taxation treatment

#### 1. Value-added tax

- (1) Revenue from export: The Group is an enterprise engaged in production and operation. Tax relief, credit and rebate policy is applicable to all of its self-produced goods for export. The tax rebate rate is 13% for ship products and 9% for steel structure products.
- (2) Revenue from military products: Value-added tax is exempted for military production (order) contracts upon completion of the relevant procedures for tax relief.
- (3) Revenue from software: In accordance with the Circular of the State Administration of Taxation of the Ministry of Finance on the Value-added Tax Policy of Software Products (Cai Shui [2011] No. 100), for sales of self-developed software by certain subsidiaries of the Group, the portion of actual value-added tax burden in excess of 3% may be recovered upon payment in accordance with the relevant policy.
- (4) According to the relevant regulations of the "Announcement on the Policies Concerning the Deepening of Value-Added Tax Reform" (Announcement of the Ministry of Finance, State Administration of Taxation and General Administration of Customs [2019] No. 39), some of the subsidiaries of the Group, as production and life service companies, will be deductible input VAT plus 10% from 1 April 2019 to 31 December 2021, deducting VAT payables.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## 2. Enterprise income tax

- (1) Huangpu Wenchong, Wenchuan Heavy Industrial and Wenchong Shipyard obtained the Certificate of Hitech Enterprise, with a validity period of three years, and enterprise income tax of these enterprises for this period was paid at a rate of 15%;
- (2) CSSC New Energy, CSSC Internet, Zhanjiang Nanhai, and Wenchong Bingshen, Xingji, HuaCheng and HuaXin are small low-profit enterprises, with the income tax rate of 20% for this period.

## V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

### (I) Cash at bank and on hand

Item	Ending balance	Beginning balance
Cash on hand	26,382.26	55,083.55
Bank deposits	3,460,790,342.91	5,719,312,024.76
Other cash at bank and on hand	2,991,024,078.08	3,048,383,016.18
<b>Total</b>	<b>6,451,840,803.25</b>	<b>8,767,750,124.49</b>
Including: Total amount deposited overseas	22,579,269.83	7,241,163.01

Including: Breakdown of restricted cash at bank and on hand is as follow:

Item	Ending balance	Beginning balance
Deposit for bank acceptance bills	4,877,943.04	51,346,416.93
Deposit for letters of guarantee and letters of credit	11,862,193.20	4,486,002.03
Foreign exchange forward contract bond	3,013,575.34	4,009,010.06
Fixed deposits with a term of over 3 months	2,790,000,000.00	2,857,500,000.00
Special housing fund for employees	17,499,624.86	17,331,705.44
Interest income from fixed deposits	163,770,741.64	113,709,881.72
<b>Total</b>	<b>2,991,024,078.08</b>	<b>3,048,383,016.18</b>

Note: The amount deposited overseas of the Group at the end of the period is the deposit of its Hong Kong subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

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## (II) Financial assets held-for-trading

### 1. Types of financial assets held-for-trading

Item	Ending balance	Beginning balance
Financial assets at fair value through profit or loss	<b>866,118,732.53</b>	862,076,236.61
Including: Investment in debt instruments		
Investments in equity instruments	<b>2,932,732.53</b>	1,642,611.95
Entrusted wealth management	<b>863,186,000.00</b>	672,125,000.00
Structured deposits		188,308,624.66
Assigned financial assets at fair value through profit or loss	<b>203,182,486.55</b>	193,115,008.10
Including: Forward exchange contracts	<b>203,182,486.55</b>	193,115,008.10
<b>Total</b>	<b>1,069,301,219.08</b>	1,055,191,244.71

### 2. Financial assets held-for-trading are analysed as follows :

Item	Ending balance	Beginning balance
Listed	<b>2,932,732.53</b>	1,642,611.95
Unlisted	<b>1,066,368,486.55</b>	1,053,548,632.76
<b>Total</b>	<b>1,069,301,219.08</b>	1,055,191,244.71

Note: The Group's financial assets at fair value through profit or loss are equities, entrusted wealth management, forward exchange contracts.

- (1) For stocks, the fair value is determined based on the closing price of the shares at the end of the period.
- (2) For entrusted wealth management, the fair value is determined based on valuation documents provided by financial institutions.
- (3) For forward exchange contracts, 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 prevailing benchmark loan interest rate promulgated by the People's Bank of China is chosen to be discount rate. The fair value is calculated according to the formula as follows.

As for forward foreign exchange settlement contract, choose the highest price to be input value, fair value = exchange price x (contract rate – quoted price)/discount rate Number of years.

As for forward foreign exchange purchase contract, choose the lowest quoted price to be input value, fair value = exchange price x (quoted price – contract rate)/discount rate Number of years.

If the fair value derived is positive, the Company discloses it under "Financial assets held-for-trading"; if negative, then discloses it under "Financial liabilities held-for-trading".

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (III) Notes receivable

### 1. Classification of notes receivable:

Item	Ending balance	Beginning balance
Bank acceptance bills	19,193,306.35	46,528,161.34
Commercial acceptance bills	54,174,624.60	115,096,846.29
Less: provision for bad debts		
<b>Total</b>	<b>73,367,930.95</b>	161,625,007.63

### 2. Notes receivable pledged as at the end of the period:

None.

### 3. Notes receivable which have been endorsed or discounted at the end of the period to other party but not yet expired at the balance sheet date

Item	Amount derecognized as at the end of the period	Amount not derecognized as at the end of the period
Bank acceptance bills	203,519,298.19	12,075,558.35
Commercial acceptance bills		23,254,344.60
<b>Total</b>	<b>203,519,298.19</b>	35,329,902.95

### 4. Notes transferred to accounts receivable at the end of period due to non-performance of drawers:

None.

### 5. Disclosure by the method using which the provision for bad debts is made

Type	Ending balance				Carrying Value
	Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts made on an individual basis					
Provision for bad debts made on a collective basis	73,367,930.95	100.00			73,367,930.95
Including: Due within one year	73,367,930.95	100.00			73,367,930.95
<b>Total</b>	<b>73,367,930.95</b>				<b>73,367,930.95</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

Type	Book balance		Beginning balance		Carrying Value
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts made on an individual basis					
Provision for bad debts made on a collective basis	161,625,007.63	100.00			161,625,007.63
Including: Due within one year	161,625,007.63	100.00			161,625,007.63
<b>Total</b>	<b>161,625,007.63</b>				<b>161,625,007.63</b>

## (IV) Accounts receivable

Item	Ending balance	Beginning balance
Accounts receivable	991,990,574.15	1,264,356,804.96
Less: Provision for bad debts	31,028,969.91	19,939,868.35
<b>Total</b>	<b>960,961,604.24</b>	<b>1,244,416,936.61</b>

### 1. The ageing analysis of accounts receivable as at the transaction date is as follows:

Ageing	Ending balance		
	Accounts receivable	Provision for bad debts	Percentage (%)
Within one year	769,844,206.21	968,100.28	0.13
1-2 years	189,696,134.44	14,534,978.16	7.66
2-3 years	20,856,261.64	6,250,713.98	29.97
3-4 years	11,593,971.86	9,275,177.49	80.00
4-5 years			
Over 5 years			
<b>Total</b>	<b>991,990,574.15</b>	<b>31,028,969.91</b>	

Ageing	Beginning balance		
	Accounts receivable	Provision for bad debts	Percentage (%)
Within one year	1,020,874,824.44	676,279.81	0.07
1-2 years	196,065,663.17	10,628,194.20	5.42
2-3 years	45,380,995.05	7,685,016.85	16.93
3-4 years	1,348,776.86	950,377.49	70.46
4-5 years			
Over 5 years	686,545.44		
<b>Total</b>	<b>1,264,356,804.96</b>	<b>19,939,868.35</b>	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## 2. Credit period of accounts receivable

Business	Credit period
Shipbuilding business	One month after issue of invoices
Other business	Generally 1 to 6 months

## 3. Disclosure of breakdown of accounts receivable by the method using which the provision for bad debts is made

Type	Ending balance				
	Book balance		Provision for bad debts		Net amount
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made on an individual basis Including: Accounts receivable of which the credit risk has significantly increased since initial recognition					
Provision for bad debts made on a collective basis Including: Accounts receivable of which the credit risk has not significantly increased since initial recognition	991,990,574.15	100.00	31,028,969.91	3.13	960,961,604.24
	991,990,574.15	100.00	31,028,969.91	3.13	960,961,604.24
<b>Total</b>	<b>991,990,574.15</b>		<b>31,028,969.91</b>		<b>960,961,604.24</b>

Type	Beginning balance				
	Book balance		Provision for bad debts		Net amount
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made on an individual basis Including: Accounts receivable of which the credit risk has significantly increased since initial recognition					
Provision for bad debts made on a collective basis Including: Accounts receivable of which the credit risk has not significantly increased since initial recognition	1,264,356,804.96	100.00	19,939,868.35	1.58	1,244,416,936.61
	1,264,356,804.96	100.00	19,939,868.35	1.58	1,244,416,936.61
<b>Total</b>	<b>1,264,356,804.96</b>		<b>19,939,868.35</b>		<b>1,244,416,936.61</b>

(1) Accounts receivable assessed individually for provision for bad debts at the end of the period

None.

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

(2) Accounts receivable with provision for bad debts on a collective basis

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Amounts receivable from related parties	53,276,556.99		
Portfolio of government units and public institutions	186,625,633.75		
Ageing portfolio	752,088,383.41	31,028,969.91	4.13
<b>Total</b>	<b>991,990,574.15</b>	<b>31,028,969.91</b>	

Breakdown of ageing on a collective basis:

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Within one year (including one year)	574,248,357.26	968,100.28	0.17
1 to 2 years	145,410,341.04	14,534,978.16	10.00
2 to 3 years	20,835,713.25	6,250,713.98	30.00
3 to 4 years	11,593,971.86	9,275,177.49	80.00
<b>Total</b>	<b>752,088,383.41</b>	<b>31,028,969.91</b>	

#### 4. Movement on provision for bad debts in respect of account receivable

Type	Beginning balance	Change in the period			Ending balance
		Provision made	Recovered or reversed	Offset or written off	
Provision for bad debts in respect of accounts receivable	19,939,868.35	11,089,101.56			31,028,969.91
<b>Total</b>	<b>19,939,868.35</b>	<b>11,089,101.56</b>			<b>31,028,969.91</b>

(1) Accounts receivable written-off during the period

None.

(2) Significant provision for bad debts recovered or reversed during the period

None.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

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## 5. Top five accounts receivable by ending balance of debtors

Name of entity	Ending balance		
	Accounts receivable	Percentage of total accounts receivable (%)	Provision for bad debts
Entity 1	195,421,400.00	19.70	
Entity 2	175,063,814.34	17.65	133,167.62
Entity 3	155,291,689.65	15.65	7,725,610.99
Entity 4	92,194,219.56	9.29	558,473.19
Entity 5	81,031,560.08	8.17	
<b>Total</b>	<b>699,002,683.63</b>	<b>70.46</b>	<b>8,417,251.80</b>

## 6. Accounts receivable derecognised arising from transfer of financial assets:

None.

## 7. Amounts of assets and liabilities transferred from accounts receivable with continuing involvement:

None.

## (V) Receivable financing

### 1. Receivable financing

Item	Ending balance	Beginning balance
Notes receivable	25,911,392.00	
<b>Total</b>	<b>25,911,392.00</b>	

Note: The Group discounts and endorses a portion of its bank acceptance bills more frequently for day-to-day fund management purposes. Therefore, the Group classified bank acceptance bills with higher remaining credit rating on the books as financial assets measured at fair value through other comprehensive income, and the Group believed that the bank acceptance bills held by it are not subject to significant credit risk and will not incur significant losses due to bank defaults, and therefore no bad debt provision has been recognized.

### 2. Changes in receivables financing and fair value changes in the current period

Items	Beginning balance	Addition during the period	Derecognised during the period	Ending balance	Other changes	Accumulated loss provision recognized in other comprehensive income
Notes receivable		25,911,392.00			25,911,392.00	
<b>Total</b>		25,911,392.00			25,911,392.00	

# NOTES TO THE FINANCIAL STATEMENTS

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## (VI) Prepayments

### 1. Ageing of prepayments

Ageing	Ending balance		Beginning balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within one year	926,106,049.63	69.43	608,841,323.57	49.97
1-2 years	32,842,785.99	2.46	86,598,324.14	7.11
2-3 years	3,903,170.45	0.29	51,282,662.06	4.21
Over 3 years	371,144,528.45	27.82	471,664,239.14	38.71
<b>Total</b>	<b>1,333,996,534.52</b>	<b>100.00</b>	1,218,386,548.91	100.00

Significant prepayments aged over 1 year:

Name of the entity	Relationship with the Group	Ending balance	Of which aged over one year	Amount aged over 1 year as a percentage of total prepayments (%)	Ageing	Reason for unsettlement
China Shipbuilding Trading Shanghai Co., Ltd.	Same controlling shareholder	235,995,152.19	235,995,152.19	17.69	1 to 2 years and over 3 years	Large equipment received in batches and inspected and accepted
TGE Marine Gas Engineering GmbH	Unrelated party	50,376,816.40	14,499,494.44	1.09	Less than 1 year and 1 to 2 years	Goods not yet delivered
MTU Asia Pte. Ltd.	Unrelated party	29,913,617.97	29,913,617.97	2.24	Over 3 years	Large equipment received in batches and inspected and accepted
Tognum Asia Ltd.	Unrelated party	28,854,422.00	28,854,422.00	2.16	Over 3 years	Large equipment received in batches and inspected and accepted
CNR (Dalian) Diesel & Special Hudong Co.Ltd.(北車(大連)柴油及特種裝備有限公司)	Unrelated party	9,360,000.00	9,360,000.00	0.70	Over 3 years	Large equipment received in batches and inspected and accepted
Anqing CSSC Diesel Engine Co., Ltd.	Same controlling shareholder	6,952,844.46	5,994,500.00	0.45	Less than 1 year and 1 to 2 years	Goods not yet delivered
Siemens AG	Unrelated party	6,215,114.88	6,215,114.88	0.47	Over 3 years	Large equipment received in batches and inspected and accepted
<b>Total</b>		<b>367,667,967.90</b>	330,832,301.48	24.80		

### 2. Top five prepayments by supplier based on ending balance

Name of entity	Ending balance	Ageing	Percentage of total ending balance of advances to suppliers (%)
China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd	349,888,402.55	Within 1 year	26.23
China Shipbuilding Trading (Shanghai) Co., Ltd	235,995,152.19	1-2 years, over 3 years	17.69
China Shipbuilding Trading Co., Ltd.	175,805,766.75	Within one year	13.18
TGE Marine Gas Engineering GmbH	50,376,816.40	Within 2 years	3.78
Hefei Ziking Steel Pipe Co., Ltd.	40,729,727.32	Within 1 year	3.05
<b>Total</b>	<b>852,795,865.21</b>	-	<b>63.93</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (VII) Other receivables

Item	Ending balance	Beginning balance
Interest receivable		
Dividends receivable		
Other receivables	105,959,836.79	132,470,963.43
<b>Total</b>	<b>105,959,836.79</b>	<b>132,470,963.43</b>

Other receivables:

Item	Ending balance	Beginning balance
Other receivables	106,523,220.21	132,792,392.12
Less: Provision for bad debts	563,383.42	321,428.69
<b>Total</b>	<b>105,959,836.79</b>	<b>132,470,963.43</b>

### 1. Breakdown of other receivables by nature

Nature of amount	Book balance as at the end of the period	Book balance as at the beginning of the year
Refundable deposit	52,256,083.00	53,543,972.74
Temporary payments receivables	356,706.89	101,138.36
Reserve funds	9,564,653.63	6,411,464.07
Others	44,345,776.69	72,735,816.95
Total	106,523,220.21	132,792,392.12

### 2. Provision for bad debts made for other receivables

Provision for bad debts	Stage 1 Expected credit losses for next 12 months	Stage 2 Expected credit losses during the whole life span (not credit impaired)	Stage 3 Expected credit losses during the whole life span (credit impaired)	Total
Beginning balance	240,628.80	80,799.89		321,428.69
Book balance of other receivables as at 1 January 2020				
- Transfer to stage 2	-16,451.53	16,451.53		
- Transfer to stage 3				
- Transfer back to stage 2				
- Transfer back to stage 1				
Provision made during the period	208,412.92	33,541.81		241,954.73
Reversed during the period				
Offset during the period				
Written off during the period				
Other changes				
Ending balance	432,590.19	130,793.23		563,383.42

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

- (1) Information on the book balance of provision for bad debts made for other receivables on a collective basis at stage 1

Name	Ending balance		
	Other receivables	Provision for bad debts	Percentage of provision (%)
Within 1 year	56,533,200.39	176,166.21	0.31
1-2 years	43,613,027.54	256,423.98	0.59
2-3 years	5,659,675.85		
3-4 years	308,357.92		
4-5 years	20,508.00		
Over 5 years	80,250.00		
<b>Total</b>	<b>106,215,019.70</b>	<b>432,590.19</b>	

- (2) Information on the book balance of provision for bad debts made for other receivables on a collective basis at stage 2

Name of portfolio	Ending balance		
	Other receivables	Provision for bad debts	Percentage of provision (%)
Within one year			
1-2 years			
2-3 years	231,534.34	69,460.30	30.00
3-4 years	20,455.84	16,364.67	80.00
4-5 years	56,210.33	44,968.26	80.00
Over 5 years			
<b>Total</b>	<b>308,200.51</b>	<b>130,793.23</b>	

- (3) Information on the book balance of provision for bad debts made for other receivables on a collective basis at stage 3

None.

### 3. Ageing analysis

Ageing	Ending balance		
	Other receivables	Provision for bad debts	Percentage of provision (%)
Within one year	56,533,200.39	176,166.21	0.31
1-2 years	43,613,027.54	256,423.98	0.59
2-3 years	5,891,210.19	69,460.30	1.18
3-4 years	328,813.76	16,364.67	4.98
4-5 years	76,718.33	44,968.26	58.61
Over 5 years	80,250.00		
<b>Total</b>	<b>106,523,220.21</b>	<b>563,383.42</b>	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

Ageing	Beginning balance		
	Other receivables	Provision for bad debts	Percentage of provision (%)
Within one year	59,280,466.64	10,653.79	0.02
1-2 years	71,419,586.32	229,975.01	0.32
2-3 years	1,916,192.47	20,488.94	1.07
3-4 years	19,178.36	15,342.69	80.00
4-5 years	107,718.33	44,968.26	41.75
Over 5 years	49,250.00		
<b>Total</b>	<b>132,792,392.12</b>	<b>321,428.69</b>	

#### 4. Accrued reverse and recovery of provision for bad debts for other receivables in the period

Type	Beginning balance	Change in the period			Ending balance
		Provision made	Recovered or reversed	Offset or written off	
Provision for bad debts of other receivables	321,428.69	241,954.73			<b>563,383.42</b>
<b>Total</b>	<b>321,428.69</b>	<b>241,954.73</b>			<b>563,383.42</b>

#### 5. Significant provision for bad debts recovered or reversed during the period

None.

#### 6. Significant other receivables actually written off during the reporting period

None.

#### 7. Top five other receivables by ending balance of debtors

Name of entity	Nature of amount	Ending balance	Ageing	Percentage of ending balance of total other receivables (%)	Ending balance of provision for bad debt
Shenzhen-Zhongshan Bridge Management Centre (深中通道管理中心)	Performance deposit	<b>38,526,178.00</b>	1 to 2 years	36.17	
People's Insurance Company of China Guangzhou Branch	Estimated insurance claims	<b>29,754,245.28</b>	Within 1 year and 1 to 2 years	27.93	315,424.52
Guangxin Shipbuilding & Heavy Industry Co. Ltd. (廣新海事重工股份有限公司)	Security deposit	<b>8,000,000.00</b>	Within 1 year and 2 to 3 years	7.51	
China Shipbuilding Trading Co., Ltd.	Compensation receivable	<b>1,088,621.08</b>	2 to 3 years	1.02	
China Machinery Industry Construction Group INC. Guangzhou Branch	Security deposit	<b>1,031,100.00</b>	2 to 3 years	0.97	
<b>Total</b>		<b>78,400,144.36</b>		<b>73.60</b>	<b>315,424.52</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

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## 8. Other receivables related to government grants

None.

## 9. Other receivables derecognised arising from transfer of financial assets:

None.

## 10. Transfer of other receivables, such as securitization, factoring, etc., continue to involve amounts of assets and liabilities formed

None.

## (VIII) Inventories

### 1. Details of inventories

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment of inventories/ provision for impairment of contract performance cost	Carrying value	Book balance	Provision for impairment of inventories/ provision for impairment of contract performance cost	Carrying value
Raw materials	748,963,749.79	3,960,760.93	745,002,988.86	541,377,625.59	3,960,760.93	537,416,864.66
Work in progress	2,201,040,793.11	103,628,812.05	2,097,411,981.06	3,637,267,531.70	354,741,375.43	3,282,526,156.27
Contract performance cost	696,335,899.32		696,335,899.32	379,310,044.01		379,310,044.01
Goods in transit	56,959.18		56,959.18	56,959.18		56,959.18
<b>Total</b>	<b>3,646,397,401.40</b>	<b>107,589,572.98</b>	<b>3,538,807,828.42</b>	<b>4,558,012,160.48</b>	<b>358,702,136.36</b>	<b>4,199,310,024.12</b>

### 2. Provision for impairment of inventories and provision for impairment of contract performance cost

Item	Beginning balance	Increase for the period		Decrease for the period		Ending balance
		Provision	Others	Reversal or writing-off	Other transfer-out	
Raw materials	3,960,760.93					3,960,760.93
Work in progress	354,741,375.43	3,726,000.00		254,838,563.38		103,628,812.05
<b>Total</b>	<b>358,702,136.36</b>	<b>3,726,000.00</b>		<b>254,838,563.38</b>		<b>107,589,572.98</b>

### 3. Provision for impairment of inventories made

Item	Basis for determination of net realisable value	Reason for reversal or offsetting during the period
Raw materials	Book cost higher than net realisable value (estimated disposal proceeds less taxes)	Production and reuse
Work in progress	Book cost higher than net realisable value (estimated selling price less related costs and expenses, etc.)	Completed for sale
Finished goods	Book cost higher than net realisable value (estimated selling price less taxes)	Completed for sale

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#### 4. Note on capitalised borrowing costs included in ending balance of inventory

None.

#### 5. Note on amount of amortisation of contract performance cost for the period

The amount of amortisation of contract performance cost for the period was transferred to operating cost.

### (IX) Contract assets

#### 1. Information on contract assets

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Contract assets related to shipbuilding	3,941,313,500.05		3,941,313,500.05	3,822,880,027.48		3,822,880,027.48
Contract assets related to steel structures	846,696,887.45		846,696,887.45	622,508,898.81		622,508,898.81
<b>Total</b>	<b>4,788,010,387.50</b>		<b>4,788,010,387.50</b>	<b>4,445,388,926.29</b>		<b>4,445,388,926.29</b>

#### 2. Amount and reason for significant changes in carrying values during the period

Item	Amount of change	Reason for change
Contract assets relating to shipbuilding	118,433,472.57	The contract is being performed and the date of recognition of contract revenue recognised based on contract performance progress is earlier or later than the date of receipt of consideration on due date.
Contract assets relating to steel structure engineering	224,187,988.64	
<b>Total</b>	<b>342,621,461.21</b>	

#### 3. Information on provision for impairment of contract assets during the period

As at the end of the period, all of the balances of contract assets of the Group arose from normal performance of contracts, and the date due for contractual payment had not arrived. No provision for impairment was made.

### (X) Other current assets

Item	Ending balance	Beginning balance
Value-added input tax credit	331,082,830.06	577,776,249.50
Prepaid Income tax	153,719.29	107,866.25
<b>Total</b>	<b>331,236,549.35</b>	<b>577,884,115.75</b>

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## (XI) Long-term receivables

### 1. Information on long-term receivables

Item	Ending balance			Beginning balance			Range of discount rate
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value	
Receipt in instalments for sale of goods	2,169,076,404.35	57,668,993.48	2,111,407,410.87	2,061,116,322.61	64,508,442.25	1,996,607,880.36	4%-8%
<b>Total</b>	<b>2,169,076,404.35</b>	<b>57,668,993.48</b>	<b>2,111,407,410.87</b>	<b>2,061,116,322.61</b>	<b>64,508,442.25</b>	<b>1,996,607,880.36</b>	

### 2. Provision for bad debts made for long-term receivables

Provision for bad debts	Stage 1 Expected credit losses for next 12 months	Stage 2 Expected credit losses during the whole life span (not credit impaired)	Stage 3 Expected credit losses during the whole life span (credit impaired)	Total
Beginning balance			64,508,442.25	64,508,442.25
Beginning balance during the period			64,508,442.25	64,508,442.25
- Transfer to stage 2				
- Transfer to stage 3				
- Transfer back to stage 2				
- Transfer back to stage 1				
Provision made during the period			-6,839,448.77	-6,839,448.77
Reversed during the period				
Offset during the period				
Written off during the period				
Other changes				
<b>Ending balance</b>			<b>57,668,993.48</b>	<b>57,668,993.48</b>

(1) Information on the book balance of provision for bad debts made for long-term receivables on a collective basis at stage 1

None.

(2) Information on the book balance of provision for bad debts made for long-term receivables on a collective basis at stage 2

None.

(3) Information on the book balance of provision for bad debts made for long-term receivables on an individual basis at stage 3

Name of entity	Book balance	Amount of bad debts	Percentage of provision (%)
Guangdong Yuanyang Transportation Co., Ltd.	141,351,968.44	29,850,393.69	21.12
SHAOSHAN EIGHT SHIPPING LIMITED	116,694,736.57	10,544,653.35	9.04
LOMAR Shipping	57,052,953.70	5,419,910.51	9.50
CMIC OCEAN EW TECH HOLDING CO LTD	31,284,042.03	977,235.93	3.12
Shenzhen Shunchang Ocean Fishery Co., Ltd.	16,628,000.00	10,876,800.00	65.41
<b>Total</b>	<b>363,011,700.74</b>	<b>57,668,993.48</b>	

Note: The above long-term receivables had been overdue, for which the Group recognised provision for bad debts based on the expected future net recoverable cash flows.

### 3. Long-term receivables derecognised arising from transfer of financial assets:

None.

### 4. Amounts of assets and liabilities transferred from long-term receivables with continuing involvement:

None.

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## (XII) Long-term equity investments

### 1. Breakdown of long-term equity investments

Investee	Beginning balance	Change for the period						Ending balance	Provision for impairment
		Increase in investment	Decrease in investment	Investment gain or loss recognised using equity method	Adjustment to other comprehensive income	Other changes in equity	Declaration and payment of cash dividend or profit		
1. Joint ventures									
2. Subtotal of associates									
Guangzhou Shipyard International Company Limited	4,925,619,090.98			-45,204,263.43	1,036,933.89	-58,228.98			4,861,383,532.46
CSSC HuangpuZhengji Offshore Engineering Co., Ltd.	12,568,556.12			127,029.94					12,765,586.06
Sub-total	4,938,277,647.10			-45,077,233.49	1,036,933.89	-58,228.98			4,894,179,118.52
<b>Total</b>	4,938,277,647.10			-45,077,233.49	1,036,933.89	-58,228.98			4,894,179,118.52

### 2. Analysis of long-term equity investments

Item	Ending balance	Beginning balance
Listed		
Unlisted	4,894,179,118.52	4,938,277,647.10
<b>Total</b>	4,894,179,118.52	4,938,277,647.10

# NOTES TO THE FINANCIAL STATEMENTS

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## (XIII) Investments in other equity instruments

### 1. Information on investments in other equity instruments

Item	Ending balance	Beginning balance
At fair value through other comprehensive income	<b>3,657,326,374.56</b>	3,923,780,494.34
<b>Total</b>	<b>3,657,326,374.56</b>	3,923,780,494.34

### 2. Analysis of other equity instruments

Item	Ending balance	Beginning balance
Listed	<b>3,628,053,978.56</b>	3,888,828,346.79
Including: China (except Hong Kong)	<b>3,593,517,697.96</b>	3,849,932,273.00
Unlisted	<b>29,272,396.00</b>	34,952,147.55
<b>Total</b>	<b>3,657,326,374.56</b>	3,923,780,494.34

### 3. Breakdown of other equity instruments

Item	Ending balance			Beginning balance		
	Book cost	Change in fair value	Carrying value	Book cost	Change in fair value	Carrying value
Sub-total of listed	<b>2,901,754,058.93</b>	<b>726,299,919.63</b>	<b>3,628,053,978.56</b>	2,901,754,058.93	987,074,287.86	3,888,828,346.79
CSSC	<b>2,857,883,200.00</b>	<b>732,957,863.16</b>	<b>3,590,841,063.16</b>	2,857,883,200.00	989,601,864.04	3,847,485,064.04
CMIC OCEAN EW TECH HOLDING CO., LTD	<b>42,715,361.63</b>	<b>-8,179,081.03</b>	<b>34,536,280.60</b>	42,715,361.63	-3,819,287.84	38,896,073.79
Bank of Communications	<b>1,155,497.30</b>	<b>1,521,137.50</b>	<b>2,676,634.80</b>	1,155,497.30	1,291,711.66	2,447,208.96
Sub-total of unlisted	<b>8,314,465.46</b>	<b>20,957,930.54</b>	<b>29,272,396.00</b>	8,314,465.46	26,637,682.09	34,952,147.55
CSSC Finance Company Limited	<b>5,828,000.00</b>	<b>17,433,591.89</b>	<b>23,261,591.89</b>	5,828,000.00	21,318,379.81	27,146,379.81
Huangpu Hongshan Community Health Service Center	<b>1,200,000.00</b>	<b>459,256.94</b>	<b>1,659,256.94</b>	1,200,000.00	1,297,399.11	2,497,399.11
China Shipbuilding IT Co., Ltd.	<b>800,000.00</b>	<b>2,552,385.60</b>	<b>3,352,385.60</b>	800,000.00	3,494,475.00	4,294,475.00
Guangzhou Wenchuan Industrial Co., Ltd.	<b>380,040.46</b>	<b>460,072.66</b>	<b>840,113.12</b>	380,040.46	495,734.60	875,775.06
Guangzhou Xinzhou Service Co., Ltd.	<b>106,425.00</b>	<b>52,623.45</b>	<b>159,048.45</b>	106,425.00	31,693.57	138,118.57
CSSC Heavy Equipment Co., Ltd.						
Nanjing Tongchuang Computer Co., Ltd.						
<b>Total</b>	<b>2,910,068,524.39</b>	<b>747,257,850.17</b>	<b>3,657,326,374.56</b>	2,910,068,524.39	1,013,711,969.95	3,923,780,494.34

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## 4. Information on investments in equity instruments not held-for-trading

Item	Dividend income recognised during the period	Accumulated gain	Accumulated loss	Amount of retained earnings transferred from other comprehensive income	Reason for designation as at fair value through other comprehensive income	Reason for transfer from other comprehensive income to retained earnings
<b>Sub-total of listed</b>		734,479,000.66	8,179,081.03			
China CSSC Holdings Limited		732,957,863.16			Investments not held for trading	
CMIC OCEAN EW TECH HOLDING CO., LTD			8,179,081.03		Investments not held for trading	
Bank of Communications Co., Ltd.		1,521,137.50			Investments not held for trading	
Sub-total of unlisted	252,543.98	20,957,930.54				
CSSC Finance Company Limited		17,433,591.89			Investments not held for trading	
Huangpu Hongshan Community Health Service Center		459,256.94			Investments not held for trading	
China Shipbuilding IT Co., Ltd.	116,824.88	2,552,385.60				
Guangzhou Wenchuan Industrial Co., Ltd.	101,344.10	460,072.66			Investments not held for trading	
Guangzhou Xinzhou Service Co., Ltd.	34,375.00	52,623.45			Investments not held for trading	
<b>Total</b>	<b>252,543.98</b>	<b>755,436,931.20</b>	<b>8,179,081.03</b>			

## (XIV) Investment properties

### 1. Investment properties measured at cost

Item	Buildings and structures	Total
1. Original carrying amount		
(1) Beginning balance	157,433,262.96	157,433,262.96
(2) Increase for the period		
(3) Decrease for the period		
(4) Ending balance	157,433,262.96	157,433,262.96
2. Accumulated depreciation and amortisation		
(1) Beginning balance	8,171,781.30	8,171,781.30
(2) Increase for the period	3,268,712.52	3,268,712.52
– Provision made or amortisation	3,268,712.52	3,268,712.52
(3) Decrease for the period		
(4) Ending balance	11,440,493.82	11,440,493.82
3. Provision for impairment		
(1) Beginning balance		
(2) Increase for the period		
(3) Decrease for the period		
(4) Ending balance		
4. Carrying value		
(1) Carrying value at the end of the period	145,992,769.14	145,992,769.14
(2) Carrying value at the beginning of the period	149,261,481.66	149,261,481.66

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

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Other explanations:

- (1) The depreciation and amortisation of investment properties recognised in profit or loss during the period is RMB3,268,712.52 (last period: RMB104,785.35).
- (2) The provision for impairment of investment properties made for the period is RMB0 (last period: RMB0).
- (3) Investment properties analysed by region and ageing:

Item	Ending balance	Beginning balance
Within China	145,992,769.14	149,261,481.66
Medium term (10-50 years)	145,992,769.14	149,261,481.66
<b>Total</b>	<b>145,992,769.14</b>	<b>149,261,481.66</b>

## 2. Investment properties without property ownership certificates

As at the end of the period, included in investment properties were properties with carrying amount of RMB145,992,769.14 for which the property ownership certificates were being applied for. Given the aforesaid properties were in compliance with the relevant legal procedures, the Board believes that the transfer of its title will not meet any substantial obstacle or affect their normal use by the Company and will have no material impact on the normal operation of the Group. As such, no provision for impairment is required for investment properties and there will be no additional material costs.

Item	Carrying value	Reason for failure to obtain property ownership certificates
Hull joint Workshop	79,096,619.01	In the process of obtaining ownership certificates
Component welding workshop	63,313,451.19	In the process of obtaining ownership certificates
Sanding and coating workshop	3,582,698.94	In the process of obtaining ownership certificates
<b>Total</b>	<b>145,992,769.14</b>	

## (XV) PP&E

### 1. PP&E and disposal of PP&E

Item	Ending balance	Beginning balance
PP&E	4,896,930,376.63	3,951,950,865.11
Disposal of PP&E	348,388.39	348,388.39
<b>Total</b>	<b>4,897,278,765.02</b>	<b>3,952,299,253.50</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## 2. PP&E

Item	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Total
1. Original carrying amount					
(1) Beginning balance	3,041,925,695.67	2,328,935,938.15	999,185,394.37	184,404,144.00	6,554,451,172.19
(2) Increase for the period	140,362,382.36	33,797,606.68	907,035,181.09	7,135,225.35	1,088,330,395.48
– Additions		30,973.45	697,866.29	71,266.13	800,105.87
– Transfer from construction in progress			3,539,283.49		3,539,283.49
– Transfer of inventories	140,362,382.36	33,766,633.23	902,798,031.31	7,063,959.22	184,732,258.30
(3) Decrease for the period		10,952,475.98	11,965,135.00	3,840,153.80	26,757,764.78
– Disposal or retirement		10,952,475.98	4,885,446.97	3,840,153.80	19,678,076.75
– Exchange differences arising from translation of foreign currency financial statements					
(4) Ending balance	3,182,288,078.03	2,351,781,068.85	1,894,255,440.46	187,699,215.55	7,616,023,802.89
2. Accumulated depreciation					
(1) Beginning balance	929,870,863.00	1,213,309,674.40	245,354,708.37	143,614,230.91	2,532,149,476.68
(2) Increase for the period	57,434,031.71	54,071,482.91	16,527,400.31	6,732,140.66	134,765,055.59
– Provision made	57,434,031.71	54,071,482.91	16,527,400.31	6,732,140.66	134,765,055.59
(3) Decrease in current period		10,080,437.92	4,379,593.60	3,637,807.77	18,097,839.29
– Disposal or retirement		10,080,437.92	4,379,593.60	3,637,807.77	18,097,839.29
(4) Ending balance	987,304,894.71	1,257,300,719.39	257,502,515.08	146,708,563.80	2,648,816,692.98
3. Provision for impairment					
(1) Beginning balance		2,842,096.93	67,424,958.03	83,775.44	70,350,830.40
(2) Increase for the period					
(3) Decrease for the period		74,097.12			74,097.12
– Disposal or retirement		74,097.12			74,097.12
(4) Ending balance		2,767,999.81	67,424,958.03	83,775.44	70,276,733.28
4. Carrying value					
(1) Carrying value at the end of the period	2,194,983,183.32	1,091,712,349.65	1,569,327,967.35	40,906,876.31	4,896,950,376.63
(2) Carrying value at the beginning of the period	2,112,054,832.67	1,112,784,166.82	686,405,727.97	40,706,137.65	3,951,950,865.11

Other explanations:

The depreciation of PP&E recognised in profit or loss during the period is RMB134,765,055.59 (last period: RMB205,517,070.18);

Included in PP&E added during the period is transfer from construction in progress of RMB184,732,258.30. The transfer from inventories amounted to RMB902,798,031.31 which represented the transfer of inventories from the Group to PP&E for external operations.

# NOTES TO THE FINANCIAL STATEMENTS

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### 3. PP&E leased through finance leases

None.

### 4. PP&E leased out through operating leases

Item	Carrying value
Transportation vehicles	545,985,088.30
<b>Total</b>	<b>545,985,088.30</b>

### 5. Buildings and structures are analysed by region and ageing as follows:

Item	Ending balance	Beginning balance
Within China	<b>2,194,983,183.32</b>	2,112,054,832.67
Including: Medium term (10-50 years)	<b>2,194,405,046.18</b>	2,111,350,722.29
Short term (within 10 years)	<b>578,137.14</b>	704,110.38
<b>Total</b>	<b>2,194,983,183.32</b>	2,112,054,832.67

### 6. PP&E without property ownership certificates

None.

### 7. Disposal of PP&E

Item	Ending balance	Beginning balance
Machinery and equipment	<b>348,388.39</b>	348,388.39
<b>Total</b>	<b>348,388.39</b>	348,388.39

## (XVI) Construction in progress

### 1. Construction in progress and engineering materials

Item	Ending balance	Beginning balance
Construction in progress	<b>200,459,115.95</b>	348,779,440.60
Engineer material		
<b>Total</b>	<b>200,459,115.95</b>	348,779,440.60

### 2. Construction in progress

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Project 8	45,578,316.67		45,578,316.67	154,547,454.34		154,547,454.34
Residential project	35,651,749.35		35,651,749.35	35,651,749.35		35,651,749.35
Technology reform	33,359,299.51		33,359,299.51	48,915,377.40		48,915,377.40
Offshore platform project	28,835,806.04		28,835,806.04	30,224,122.73		30,224,122.73
IPO projects	22,070,245.20		22,070,245.20	25,972,512.72		25,972,512.72
Project 9	17,755,281.09		17,755,281.09	35,559,422.91		35,559,422.91
Other projects	17,208,418.09		17,208,418.09	17,908,801.15		17,908,801.15
<b>Total</b>	<b>200,459,115.95</b>		<b>200,459,115.95</b>	<b>348,779,440.60</b>		<b>348,779,440.60</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

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### 3. Changes in material construction in progress during the period

Item	Budget amount	Beginning balance	Increase for the period	Transferred into PP&E during the period	Decrease during the period	Ending balance	Proportion of total project investment in the budget (%)	Progress of project	Accumulated capitalised interest	Including: capitalised interest for the period	Interest rate of capitalisation (%)	Source of fund
Project 8	453,000,000.00	154,547,454.34	20,101,462.20	129,070,599.87		45,576,316.67	98.00	Under construction				State-subsidized/ Self-financed
Offshore platform project	278,630,000.00	30,224,122.73			1,386,316.69	28,835,806.04	61.00	Under construction	22,039,060.45			Self-financed/loan
IPO projects	653,000,000.00	25,972,512.72	1,557,226.26	5,459,493.78		22,070,245.20	86.00	Under construction				Self-financed/loan
Project 9	216,300,000.00	35,559,422.91	4,257,669.37	22,061,811.19		17,755,291.09	82.00	Under construction				State-subsidized/ Self-financed
<b>Total</b>		246,303,512.70	25,916,357.83	156,591,904.84	1,388,316.69	114,239,649.00			22,039,060.45			

### (XVII) Right-of-use assets

Item	Buildings and structures		Machines and equipment		Total
	Lands	Buildings and structures	Machines and equipment	Total	
1. Original carrying amount					
(1) Beginning balance	33,250,756.72	130,626,003.53	188,583.97	164,065,344.22	
(2) Increase for the period		4,262,068.97		4,262,068.97	
– Increase in leases		4,262,068.97		4,262,068.97	
(3) Decrease for the period					
(4) Ending balance	33,250,756.72	134,888,072.50	188,583.97	168,327,413.19	
2. Accumulated depreciation					
(1) Beginning balance	14,153,414.35	33,758,582.96	152,744.67	48,064,741.98	
(2) Increase for the period	3,265,241.28	8,971,375.50	30,719.34	12,267,336.12	
– Provision made	3,265,241.28	8,971,375.50	30,719.34	12,267,336.12	
(3) Decrease for the period					
(4) Ending balance	17,418,655.63	42,729,958.46	183,464.01	60,332,078.10	
3. Provision for impairment					
(1) Beginning balance					
(2) Increase for the period					
(3) Decrease for the period					
(4) Ending balance					
4. Book value					
(1) Ending book value	15,832,101.09	92,158,114.04	5,119.96	107,995,335.09	
(2) Beginning book value	19,097,342.37	96,867,420.57	35,839.30	116,000,602.24	

Other explanations: The depreciation of right-of-use assets recognized in the profit and loss during the period is RMB12,267,336.12 (last period: RMB14,259,373.53).

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## (XVIII) Intangible assets

### 1. Details of intangible assets

Item	Land use rights	Software	Others	Total
1. Original carrying amount				
(1) Beginning balance	1,014,357,263.86	86,807,710.72	1,063,675.00	1,102,228,649.58
(2) Increase for the period		25,390,451.21		25,390,451.21
– Purchase		25,390,451.21		25,390,451.21
(3) Decrease for the period				
(4) Ending balance	1,014,357,263.86	112,198,161.93	1,063,675.00	1,127,619,100.79
2. Accumulated amortisation				
(1) Beginning balance	139,631,028.82	43,280,109.69	378,970.28	183,290,108.79
(2) Increase for the period	10,188,418.86	3,763,022.08	152,792.58	14,104,233.52
– Provision made	10,188,418.86	3,763,022.08	152,792.58	14,104,233.52
(3) Decrease for the period				
(4) Ending balance	149,819,447.68	47,043,131.77	531,762.86	197,394,342.31
3. Provision for impairment				
(1) Beginning balance				
(2) Increase for the period				
(3) Decrease for the period				
(4) Ending balance				
4. Carrying value				
(1) Carrying value at the end of the period	864,537,816.18	65,155,030.16	531,912.14	930,224,758.48
(2) Carrying value at the beginning of the period	874,726,235.04	43,527,601.03	684,704.72	918,938,540.79

Other explanations:

- (1) There were no intangible assets arising from internal research and development of the Company during the period.
- (2) The depreciation and amortisation of intangible assets recognised in profit or loss during the period is RMB14,104,233.52 (last period: RMB17,099,498.90).
- (3) Land use rights analysed by region and term:

Item	Ending balance	Beginning balance
Within China	<b>864,537,816.18</b>	874,726,235.04
Including: Medium term (10-50 years)	<b>864,537,816.18</b>	874,726,235.04
<b>Total</b>	<b>864,537,816.18</b>	874,726,235.04

### 2. Land use rights without real estate certificates

None.

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## (XIX) Research and development expenses

Item	Increase for the period		Decrease for the period		Ending balance	Capitalisation Starting time	Capitalisation Specific basis	Research and development progress at the end of the period
	Internal research and development expenses	Others	Recognized as intangible assets	Transferred to current profit or loss				
Construction of the experimental test environment for the industrial Internet platform in the shipbuilding industry cluster of Guangdong Province	17,046,207.32			17,046,207.32				
Research on key technology of design and building train transport ships	14,383,457.29			14,383,457.29				
Research on new process and tooling and research on application of new materials for ships (Phase I)	10,070,308.72			10,070,308.72				
Research on key technologies for design and building of 2700TEU green energy-saving container ship	9,788,165.10			9,788,165.10				
Development of 2038TEU-class feeder container ship	8,661,349.27			8,661,349.27				
High-end equipment industrial mechanism model library	7,832,583.50			7,832,583.50				
Research on key technology of design and construction of 95000 ton bulk carrier	7,460,366.69			7,460,366.69				
Construction of level two section of industrial Internet identification of ship industry	6,981,054.59			6,981,054.59				
Research on Key Technologies of semi-submersible ships for both military and civil uses	6,870,356.33			6,870,356.33				
Research and development of advanced manufacturing process tooling for marine engineering equipment (Phase II)	6,747,303.16			6,747,303.16				
Research on key technologies for the design and construction of a new type of offshore towing work vessel	6,693,032.86			6,693,032.86				
Research on key technology of antarctic kill boat fishing and deep processing	6,643,802.81			6,643,802.81				
Research on key technologies for the assembly and construction of gas hydrate drilling and production ship (Ocean Drilling)	6,286,709.09			6,286,709.09				
Research on key technologies of design and construction of steel shell immersed pipes on Linjiang Avenue	6,001,141.10			6,001,141.10				
Research on key technologies for design and construction of large-scale maritime patrol ship	5,848,272.71			5,848,272.71				
DO research of localized design and building Technologies	5,742,788.23			5,742,788.23				
Development of 1500TEU-class container ship	5,538,951.20			5,538,951.20				
Research of common key processes and technologies for smart manufacturing of ships	5,077,520.60			5,077,520.60				
Development of engineering prototype of marine 400mm bore low-speed dual-fuel engine	4,744,209.15			4,744,209.15				
9500m3LEG/LPG/LNG transportation and bunker	4,738,080.17			4,738,080.17				
Research on key technologies of solar and wind powered unmanned ships	4,196,208.73			4,196,208.73				
Manufacturing big data-driven predictive operation and precise service technology and system	4,127,498.84			4,127,498.84				
2019 complete equipment project of total assembly and construction of ships	4,056,576.91			4,056,576.91				
Development of 7800KW self-propelled cutter suction dredger	3,906,570.22			3,906,570.22				
Research on Special Test Technology of XX Prototype Ship Principle	3,700,424.61			3,700,424.61				
Research on key technologies for design and building of Dexiang 1900TEU container ship	3,233,258.92			3,233,258.92				

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Item	Increase for the period			Decrease for the period			Ending balance	Capitalisation Starting time	Capitalisation Specific basis	Research and development progress at the end of the period
	Beginning balance	Internal research and development expenses	Others	Recognized as intangible assets	Transferred to current profit or loss	Others				
Research on key technologies for the design and construction of a new type of 65,000-ton Panamax bulk carrier		3,205,883.78			3,205,883.78					
Research on key technologies of design and Construction of gas hydrate drilling and production ship		3,117,837.22			3,117,837.22					
Research on efficient construction technology of wind power single pile integrated ancillary components		2,331,818.94			2,331,818.94					
Development and application demonstration of floating offshore wind power equipment		2,251,942.98			2,251,942.98					
Research on U-rob welding technology of bridge beam plate unit		2,241,237.76			2,241,237.76					
Research on key technologies for design and building of 1080TEU container ship		2,189,268.72			2,189,268.72					
Ship advanced manufacturing process tooling research and development (Phase II, including portable automatic welding and portal high-efficiency welding equipment)		2,186,457.00			2,186,457.00					
Development and demonstration application of deep-sea optical AUV system		2,185,087.43			2,185,087.43					
Research on construction technology of suction tube racks for offshore wind power		2,131,814.99			2,131,814.99					
Research on high-efficiency construction technology of pile group foundation for wind power		2,090,512.06			2,090,512.06					
New welding technology and new process development and application technology research		2,043,137.15			2,043,137.15					
Other projects		43,366,162.07			43,366,162.07					
<b>Total</b>		245,716,359.22			245,716,359.22					

  

Item	Increase for the period			Decrease for the period			Ending balance
	Beginning balance	Increase for the period	Amortisation for the period	Other decreases for the period	Ending balance		
General tooling	14,936,492.55		1,545,154.38		13,391,338.17		
13-metre beam of Huangpu Shipyard Division	4,935,183.75	925,978.25	396,274.80		5,464,887.20		
Others	1,338,549.04		277,222.68		1,061,326.36		
<b>Total</b>	21,210,225.34	925,978.25	2,218,651.86		19,917,551.73		

## (XX) Long-term prepaid expenses

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (XXI) Deferred tax assets and deferred tax liabilities

### 1. Deferred tax assets not offset

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Deductible tax loss	1,857,473,670.91	308,904,050.64	1,518,268,263.21	258,023,239.48
Provision for impairment of assets	199,352,249.89	30,182,327.73	446,123,375.97	67,198,613.98
Estimated liabilities	134,278,368.78	22,794,515.40	157,861,510.00	26,331,986.61
Payroll for retiring employees	171,314,770.32	25,772,692.58	171,314,770.32	25,772,692.58
Difference in the time of amortisation of long-term prepaid expenses	652,538.76	163,134.69	990,290.60	247,572.65
Change in fair value of investments in other equity instruments	21,566,575.00	3,234,986.25	16,756,667.03	2,513,500.06
<b>Total</b>	<b>2,384,638,173.66</b>	<b>391,051,707.29</b>	<b>2,311,314,877.13</b>	<b>380,087,605.36</b>

### 2. Deferred tax liabilities not offset

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Change in fair value of investments in equity instruments	754,108,114.95	186,412,003.56	1,015,752,326.72	251,323,035.42
Change in fair value of financial assets held-for-trading	216,718,893.66	33,550,934.05	198,875,532.91	30,045,087.89
Timing difference arising from depreciation methods of PP&E	893,121.52	147,365.05	903,382.86	149,058.17
<b>Total</b>	<b>971,720,130.13</b>	<b>220,110,302.66</b>	<b>1,215,531,242.49</b>	<b>281,517,181.48</b>

### 3. Breakdown of unrecognised deferred tax assets

Item	Ending balance	Beginning balance
Deductible temporary difference	54,642,973.23	67,699,330.08
Deductible tax loss	290,533,063.35	212,886,748.13
<b>Total</b>	<b>345,176,036.58</b>	<b>280,586,078.21</b>

### 4. Deductible loss for which no deferred tax assets are recognised will become due in the following year

Year	Ending balance	Beginning balance	Notes
2021	51,262,939.86	51,262,939.86	
2022	1,826,757.13	1,826,757.13	
2023	23,659,621.61	23,659,621.61	
2024	20,437,427.77	32,665,360.60	
2025	81,732,291.22	81,732,291.22	
2026	89,874,248.05		
2027	3,887,901.93	3,887,901.93	
2028	4,351,237.20	4,351,237.20	
2029	233,487.78	233,487.78	
2030	13,267,150.80	13,267,150.80	
<b>Total</b>	<b>290,533,063.35</b>	<b>212,886,748.13</b>	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (XXII) Other non-current assets

Item	Ending balance			Beginning balance		
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value
Relocation expenses to be written off	413,580,341.79		413,580,341.79	313,168,786.04		313,168,786.04
Advances for non-current assets	57,959,820.11		57,959,820.11	58,820,490.99		58,820,490.99
Others	134,569,015.42		134,569,015.42	17,860,932.26		17,860,932.26
<b>Total</b>	<b>606,109,177.32</b>		<b>606,109,177.32</b>	<b>389,850,209.29</b>		<b>389,850,209.29</b>

Note: Relocation expenses to be written off represented the assets disposal expense and labour costs incurred as a result of the relocation of plant of Wenchong Shipyard due to the shutdown of some docks, which will be used to offset upon the confirmation of asset transfer.

## (XXIII) Short-term borrowings

### 1. Breakdown of short-term borrowings

Item	Ending balance	Beginning balance
Guaranteed borrowings		175,094,111.11
Credit loans	1,000,811,527.78	1,874,777,555.59
<b>Total</b>	<b>1,000,811,527.78</b>	<b>2,049,871,666.70</b>

### 2. Outstanding overdue short-term borrowings:

None.

### 3. Weighted average annual interest rate of short-term borrowings

As at the end of the period, the weighted average annual interest rate of short-term borrowings was 2.3044%.

## (XXIV) Notes payable

Types of notes	Ending balance	Beginning balance
Bank acceptance bills	705,576,862.42	1,956,667,659.28
Commercial acceptance bills	231,700,456.68	335,534,935.80
<b>Total</b>	<b>937,277,319.10</b>	<b>2,292,202,595.08</b>

Other explanations:

Total notes payable due and unpaid as at the end of the period amounted to RMB0 (RMB0 as at the beginning of the period).

Among the above notes payable of the Group as at the end of the period, RMB930,277,319.00 had an ageing of less than 180 days, and RMB7,000,000.00 had an ageing of 181-360 days.

## (XXV) Accounts payable

Accounts payable are interest-free which will be paid within one year in general. Accounts payable aged over 1 year are mainly payables for construction projects which will be settled after settlement.

### 1. Breakdown of accounts payable

Item	Ending balance	Beginning balance
Materials purchased	3,769,626,367.24	4,412,415,946.52
Payment for projects under construction	66,257,024.87	137,357,317.66
Retention money	561,453,324.55	548,165,604.67
Other construction and labour services	596,746,536.40	489,194,700.52
<b>Total</b>	<b>4,994,083,253.06</b>	<b>5,587,133,569.37</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## 2. Ageing analysis of accounts payable based on the transaction date

Ageing	Ending balance	Beginning balance
Within one year	<b>3,466,587,432.03</b>	2,875,172,053.45
1-2 years	<b>269,975,492.12</b>	1,389,474,863.76
2-3 years	<b>678,005,285.26</b>	396,841,239.38
Over 3 years	<b>579,515,043.65</b>	925,645,412.78
<b>Total</b>	<b>4,994,083,253.06</b>	5,587,133,569.37

of which, significant accounts payable aged over one year:

Projects	Ending balance	Including: Amount aged over one year	Reason for unsettlement or carrying forward
China Shipbuilding Industry Corporation 715 Research Institute	<b>390,019,250.00</b>	66,585,000.00	Account payable and warranty
China Shipbuilding Industry Corporation 704 Research Institute	<b>171,075,777.64</b>	42,902,611.11	Account payable and warranty
Nanjing Keruida Electronic Equipment Co., Ltd.	<b>95,442,000.00</b>	95,442,000.00	Account payable and warranty
Guangzhou Ship Industrial Co., Ltd.	<b>49,583,570.14</b>	34,946,290.93	Account payable and warranty
Wenzhou Bohong Electric Co., Ltd.	<b>20,881,527.64</b>	20,456,509.00	Account payable and warranty
Changshu Electronic Instrument Factory	<b>19,589,416.62</b>	19,589,416.62	Account payable and warranty
<b>Total</b>	<b>746,591,542.04</b>	279,921,827.66	

## (XXVI) Advance from customers

Item	Ending balance	Beginning balance
Rent received in advance	<b>2,618,400.00</b>	7,855,200.00
<b>Total</b>	<b>2,618,400.00</b>	7,855,200.00

## (XXVII) Contract liabilities

### 1. Information on contract liabilities

Item	Ending balance	Beginning balance
Advance from customers for shipbuilding products	<b>4,312,461,138.81</b>	3,754,214,390.43
Advance from customers for offshore engineering products	<b>303,641,926.37</b>	303,900,444.87
Advance from customers for steel structures	<b>6,647,615.90</b>	27,518,035.03
Advance from customers for ship maintenance and modification	<b>1,695,857,955.89</b>	726,688,283.83
Advance from customers for electro-mechanical products and others	<b>105,023,993.56</b>	359,918,574.98
<b>Total</b>	<b>6,423,632,630.53</b>	5,172,239,729.14

Other explanations: The income included in the beginning carrying value was recognised as RMB1,135,693,828.04 in the period.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## 2. Amount and reason for significant changes in carrying value during the Reporting Period

Item	Amount of change	Reason for change
Advance from customers for shipbuilding products	558,246,748.38	When revenue is recognised using temporal method, there is a difference between the point of receipt of contract payments in advance and the point of acceptance. When revenue is recognised using time phasing, there is a difference between the progress of collection and the progress of performance.
Advance from customers for offshore engineering products	-258,518.50	
Advance from customers for steel structures	-20,870,419.13	
Advance from customers for ship maintenance and modification	969,169,672.06	
Advance from customers for electro-mechanical products and others	-254,894,581.42	
<b>Total</b>	<b>1,251,392,901.39</b>	

## (XXVIII) Employee benefits payable

### 1. Breakdown of employee benefits payable

Item	Beginning balance	Increase for the period	Decrease for the period	Ending balance
Short-term remuneration	851,463.48	1,164,361,043.16	1,079,515,663.57	<b>85,696,843.07</b>
Post-employment benefits – defined contribution plans		59,140,936.15	59,140,936.15	
Termination benefits		1,856,886.32	1,856,886.32	
<b>Total</b>	<b>851,463.48</b>	<b>1,225,358,865.63</b>	<b>1,140,513,486.04</b>	<b>85,696,843.07</b>

### 2. Short-term remuneration

Item	Beginning balance	Increase for the period	Decrease for the period	Ending balance
(1) Salaries, bonuses, allowances and subsidies		353,978,635.77	275,313,860.38	<b>78,664,775.39</b>
(2) Employee benefits	34,935.97	13,645,218.01	9,387,062.33	
(3) Social insurance contribution		30,134,653.23	30,134,653.23	<b>4,293,091.65</b>
Including: Medical insurance contribution		25,805,684.08	25,805,684.08	
Work-related injury insurance contribution		703,859.05	703,859.05	
Maternity insurance contribution		3,625,110.10	3,625,110.10	
(4) Housing fund		49,013,950.00	49,013,950.00	<b>2,738,976.03</b>
(5) Labour union & employee education funds	816,527.51	9,491,602.77	7,569,154.25	
(6) Short-term paid leaves				
(7) short-term benefits sharing scheme				
(8) Outsourcing labour costs and others		708,096,983.38	708,096,983.38	
<b>Total</b>	<b>851,463.48</b>	<b>1,164,361,043.16</b>	<b>1,079,515,663.57</b>	<b>85,696,843.07</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

### 3. Defined contribution plans

As required, the Group participates in the social insurance plans established by the government authorities. The Group makes contributions to these plans as required by local governments. The Group has no further payment obligations other than the contributions. The relevant expenses are included in current profit or loss or as the cost of the relevant assets.

The pension, annuity and unemployment plan contributions made by the Group during the year were as follows:

Item	Beginning balance	Increase for the period	Decrease for the period	Ending balance
Basic pension insurance		57,603,087.03	57,603,087.03	
Unemployment insurance contribution		1,537,849.12	1,537,849.12	
<b>Total</b>		<b>59,140,936.15</b>	<b>59,140,936.15</b>	

Note: The Group shall pay a deposit fee of RMB59,140,936.15 for participating defined contribution plans in the current period (last period: RMB33,123,940.96). At the end of the period, the Group had a deposit fee of RMB0 (beginning of the year: RMB0) that was due and unpaid during the reporting period, and the relevant deposit fee was paid after the reporting period.

### (XXIX) Taxes payable

Item	Ending balance	Beginning balance
Value-added tax	109,585.95	1,573,033.96
Income tax	14,334,353.81	14,361,608.03
City maintenance and construction tax	10,267.32	112,321.46
Property tax	1,366,119.92	192,204.97
Land use tax	2,402.64	919.92
Individual income tax	731,213.58	9,227,957.11
Educational surcharge	7,333.80	80,229.61
Other taxes	1,311,255.81	506,547.79
<b>Total</b>	<b>17,872,532.83</b>	<b>26,054,822.85</b>

### (XXX) Other payables

Item	Ending balance	Beginning balance
Interest payable		304,042.49
Dividends payable	234,946,101.24	
Other payables	163,984,293.50	158,506,420.92
<b>Total</b>	<b>398,930,394.74</b>	<b>158,810,463.41</b>

#### 1. Dividends payable

Item	Ending balance	Beginning balance
Dividends for ordinary shares	234,946,101.24	304,042.49
Including: Dividends payable for A shares	136,424,331.22	66,091.17
Dividends payable for H shares	98,521,770.02	237,951.32
<b>Total</b>	<b>234,946,101.24</b>	<b>304,042.49</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

### 2. Other payables

#### (1) Other payables by nature

Item	Ending balance	Beginning balance
Deposits received	39,739,515.09	44,232,386.80
Withholding amount for employees	2,084,702.68	
Payables for temporary receipts	122,160,075.73	114,274,034.12
<b>Total</b>	<b>163,984,293.50</b>	158,506,420.92

#### (2) Significant other payables aged over one period

Item	Ending balance	Reason for unsettlement or carrying forward
China Rescue and salvage of Ministry of Transport of the PRC	3,157,183.29	Accounts received and paid by shipowner
DIG Automation Engineering (Wuhan) Co., Ltd.	1,719,700.00	Deposits for bids
No. 5 Engineering Company of CCCC First Harbor Engineering Co. Ltd.	1,052,580.00	Performance deposit
Guangxi Construction Engineering Group Metallurgical Construction Co., Ltd.	800,000.00	Performance deposit
<b>Total</b>	<b>6,729,463.29</b>	

#### (XXXI) Non-current liabilities due within one year

Item	Ending balance	Beginning balance
Long-term borrowings due within one year	2,041,000,497.23	2,861,561,365.21
Lease liabilities due within one year	24,472,073.45	22,690,932.87
<b>Total</b>	<b>2,065,472,570.68</b>	2,884,252,298.08

#### (XXXII) Other current liabilities

Item	Ending balance	Beginning balance
Note endorsement amount that is not due and not terminated at the end of the period	203,595,626.14	170,770,935.16
Advances from customers for shipbuilding orders cancelled	71,610,821.50	101,975,350.89
Output value-added tax payable	28,184,540.85	46,584,953.94
<b>Total</b>	<b>303,390,988.49</b>	319,331,239.99

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (XXXIII) Long-term borrowings

Classification of long-term borrowings:

Item	Ending balance	Beginning balance
Guaranteed borrowings	510,269,166.66	445,250,861.11
Credit loans	4,190,593,699.46	4,534,032,146.44
<b>Total</b>	<b>4,700,862,866.12</b>	<b>4,979,283,007.55</b>
<b>The carrying amount of the above borrowings shall be repaid:</b>		
Within one year	2,041,000,497.23	2,861,561,365.21
Over one year but less than two years after balance sheet date	790,569,722.22	835,463,375.01
Over two years but less than five years after balance sheet date	600,280,000.00	
Over five years after balance sheet date	1,269,012,646.67	1,282,258,267.33
<b>Less: Amount due within one year, as shown under current liabilities</b>	<b>2,041,000,497.23</b>	<b>2,861,561,365.21</b>
<b>Amount shown under non-current liabilities</b>	<b>2,659,862,368.89</b>	<b>2,117,721,642.34</b>

Other explanations:

Details of guarantee: As at the end of the period, of RMB510,000,000.00 was guaranteed by the Huangpu Wenchong for Wenchong Shipyard.

Details of interest rates: Long-term borrowing interest rates mainly fluctuate in the range of 1.08-3.60%. As at the end of the period, weighted average annual interest rate of long-term borrowings was 1.8216%.

## (XXXIV) Lease liabilities

Item	Ending balance	Beginning balance
Lease payment amount	124,116,851.36	133,465,990.30
Less: Unrecognized financing cost	12,714,941.41	14,280,905.18
Less: Lease liability due within one year	24,472,073.45	22,690,932.87
<b>Total</b>	<b>86,929,836.50</b>	<b>96,494,152.25</b>

## (XXXV) Long-term employee benefits payable

### 1. Breakdown of long-term employee benefits payable

Item	Ending balance	Beginning balance
I. Post-employment benefits – net liabilities for defined benefit plans	149,440,567.57	157,759,505.39
II. Dismissal benefits		
III. Other long-term benefits		
IV. Financial assistance for property purchase	8,796,738.00	8,883,410.00
<b>Total</b>	<b>158,237,305.57</b>	<b>166,642,915.39</b>

Note: The Group's defined benefit plans during the period represent the expenses of "three kinds of persons" (being retire, retired and retreated employees) recognised by Huangpu Wenchong and Wenchong Dockyard, in accordance with the relevant requirements of the State-owned Assets Supervision and Administration Commission.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

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## 2. Changes in defined benefit plans

(1) present value of obligations under defined benefit plans

Item	Amount for the period	Amount for last period
1. Beginning balance	<b>157,759,505.39</b>	178,290,000.00
2. Cost of defined benefits included in profit or loss for the period	<b>2,563,591.98</b>	2,771,599.99
(1) Service cost for current period		
(2) Service cost for previous period		
(3) Gains on settlement (Loss expressed with "-")		
(4) Net interest	<b>2,563,591.98</b>	2,771,599.99
3. Cost of defined benefits included in other comprehensive income		
(1) Gains on settlement (Loss expressed with "-")		
4. Other changes	<b>-10,882,529.80</b>	-18,040,611.72
(1) Consideration paid upon settlement	<b>-150,061.17</b>	
(2) Benefits paid	<b>-10,732,468.63</b>	-10,310,611.72
(3) Decrease in Scope of consolidation		-7,730,000.00
5. Ending balance	<b>149,440,567.57</b>	163,020,988.27

(3) Net liabilities (net assets) under defined benefit plans

Item	Amount for the period	Amount for last period
1. Beginning balance	<b>157,759,505.39</b>	178,290,000.00
2. Cost of defined benefits included in profit or loss for the period	<b>2,563,591.98</b>	2,771,599.99
3. Cost of defined benefits included in other comprehensive income		
4. Other changes	<b>-10,882,529.80</b>	-18,040,611.72
5. Ending balance	<b>149,440,567.57</b>	163,020,988.27

## 3. Post-employment actuarial assumptions and sensitivity analysis

(1) Actuarial calculation method: projected unit credit method

(2) Actuarial assumption

Depreciation rate: Pursuant to the China Treasury Bond yield rate, the elected specific depreciation rate was: post-employment benefits 3.5%, loss of office benefits 2.5%.

Annual turnover rate: 4%

Mortality rate: China insurance experience life span statement (2010-2013)-Elderly care business statement for men/women

The growth rate of complementary medical benefits of existing retirees, existing internal retirees upon their official retirements, and existing employees in office upon their official retirements: 6%

The annual growth rate in cost of living of existing internal retirees: 8%

The annual growth rate in social insurance fees and housing provident funds of existing employees before their official retirement: 8%

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

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(3) Sensitivity analysis of actuarial assumption:

Sensitivity analysis of depreciation rate	Change in present value of determining the obligation of beneficiary plan (RMB ten thousand)
Increase by 0.25 percentage point	-293
Decrease by 0.25 percentage point	305

## (XXXVI) Estimated liabilities

Item	Ending balance	Beginning balance
Product quality warranty	92,978,340.26	121,689,661.93
Pending loss contract	28,167,598.59	24,963,653.40
<b>Total</b>	<b>121,145,938.85</b>	146,653,315.33

Note: The pending loss contract represent the expected contract loss recognised by the Group in accordance with the effective ship and offshore engineering product contracts signed and based on the difference between the expected contract revenue and expected total contract cost, which is written off based on the progress of product completion.

## (XXXVII) Deferred income

Item	Beginning balance	Increase for the period	Decrease for the period	Ending balance
Government grants	78,742,779.90	69,735,346.20	31,239,183.78	117,238,942.32
<b>Total</b>	<b>78,742,779.90</b>	<b>69,735,346.20</b>	<b>31,239,183.78</b>	<b>117,238,942.32</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

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Items of liability	Beginning balance	Additions of grants for the period	Included in non-operating income for the period	Included in other income for the period	Other changes	Ending balance	Relating to assets/relating to revenue
Projects with government grants:							
Research of localized design and building Technologies	27,390,000.00	13,000,000.00		4,800,000.00		35,590,000.00	Relating to revenue
Research on key technologies of design and construction of deepwater drilling and production ships		20,000,000.00				20,000,000.00	Relating to revenue
Construction of the experimental test environment for the industrial Internet platform in the shipbuilding industry cluster of Guangdong Province	12,680,000.00					12,680,000.00	Relating to revenue
Research on key technologies for the assembly and construction of gas hydrate drilling and production ship (Ocean Drilling)		15,240,000.00		4,580,000.00		10,660,000.00	Relating to revenue
Localization development and application verification of 1561 aluminium alloy (Russian series) and its supporting materials	5,770,000.00	1,900,000.00		450,000.00		7,220,000.00	Relating to revenue
Construction of level two section of industrial internet identification of ship industry	4,005,000.00	4,120,000.00		980,000.00		7,145,000.00	Relating to revenue
Separation and transfer of water, power and gas supply and property management business	7,198,799.82		910,064.94			6,288,734.88	Relating to revenue
Manufacturing big data-driven predictive operation and precise service technology and system	7,640,000.00	600,000.00		5,560,000.00		2,680,000.00	Relating to revenue
High-end equipment industrial mechanism model library	1,400,000.00	2,200,000.00		1,400,000.00		2,200,000.00	Relating to revenue
Research on integrated application technologies of intelligent logistics and fine art delivery unit in shipbuilding process	1,500,000.00					1,500,000.00	Relating to revenue
2019 complete equipment project of total assembly and construction of ships	2,500,000.00	1,500,000.00		2,500,000.00		1,500,000.00	Relating to revenue
Research on intelligent manufacturing standards for ship assembly	110,000.00	1,110,000.00				1,220,000.00	Relating to revenue
R&D and industrialization of large-scale deep water multifunctional wind power platform	2,100,000.00			900,000.00		1,200,000.00	Relating to revenue
Production and auxiliary guarantee of the structural parts of the deep-sea optical AUV system	1,140,800.00			9,159,118.84		1,140,800.00	Relating to revenue
Others	5,308,180.08	10,065,346.20				6,214,407.44	Relating to revenue
<b>Total</b>	<b>78,742,779.90</b>	<b>69,735,346.20</b>	<b>910,064.94</b>	<b>30,329,118.84</b>		<b>117,238,942.32</b>	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (XXXVIII) Share capital

Changes in the authorised, issued and paid-up share capital of the Company are as follows:

### Current period

Item	Beginning balance		Increase or decrease (+, -) during the period				Sub-total	Ending balance	
	Amount	Percentage (%)	Issue of new shares	Bonus issue	Conversion from reserve	Others		Amount	Percentage (%)
<b>Shares not subject to selling restriction</b>									
Ordinary shares denominated in RMB	821,435,181.00	58.12						821,435,181.00	58.12
Overseas listed foreign shares	592,071,197.00	41.88						592,071,197.00	41.88
<b>Shares subject to selling restriction</b>									
<b>Total number of shares</b>	<b>1,413,506,378.00</b>	<b>100.00</b>						<b>1,413,506,378.00</b>	<b>100.00</b>

### Last period

Item	Beginning balance		Increase or decrease (+, -) during the period				Sub-total	Ending balance	
	Amount	Percentage (%)	Issue of new shares	Bonus issue	Conversion from reserve	Others		Amount	Percentage (%)
<b>Shares not subject to selling restriction</b>									
Ordinary shares denominated in RMB	821,435,181.00	58.12						821,435,181.00	58.12
Overseas listed foreign shares	592,071,197.00	41.88						592,071,197.00	41.88
<b>Shares subject to selling restriction</b>									
<b>Total number of shares</b>	<b>1,413,506,378.00</b>	<b>100.00</b>						<b>1,413,506,378.00</b>	<b>100.00</b>

Note: All the shares in the Company are ordinary shares with nominal value of RMB 1 each.

## (XXXIX) Capital reserve

### Current period

Item	Beginning balance	Increase for the period	Decrease for the period	Ending balance
Share premium		9,224,996,115.28	83,200,000.00	<b>9,308,196,115.28</b>
Other capital reserve		66,565,036.68	58,228.98	<b>66,506,807.70</b>
Capital reserves transferred from the original system		18,260,878.79		<b>18,260,878.79</b>
<b>Total</b>		<b>9,309,822,030.75</b>	<b>83,200,000.00</b>	<b>9,392,963,801.77</b>

Note: The increase in share capital premium for the period was due to the addition of exclusively state-owned capital reserve for the period; the decrease in other capital reserve for the period was due to changes in capital reserve and special reserve of associated enterprises recognised in proportion to shareholding.

### Last period

Item	Beginning balance	Increase for the period	Decrease for the period	Ending balance
Share premium		9,332,395,757.24	544,731,998.77	<b>8,787,663,758.47</b>
Other capital reserve		68,285,143.52	2,934,557.10	<b>65,350,586.42</b>
Capital reserves transferred from the original system		18,260,878.79		<b>18,260,878.79</b>
<b>Total</b>		<b>9,418,941,779.55</b>	<b>547,666,555.87</b>	<b>8,871,275,223.68</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (XL) Other comprehensive income Current period

Item	Amount for the period					Ending balance
	Beginning balance	Amount for the period before income tax	Less: Net amounts previously included in other comprehensive income and transferred to profit or loss for the period	Less: Net amount previously included in other comprehensive income and transferred to retained earnings for the period	Amount attributable to minority interests after tax	
1. Other comprehensive income that may not be subsequently reclassified to profit and loss Including: Change in remeasurement of defined benefit plans Other comprehensive income that cannot be transferred to profit or loss under the equity method Change in fair value of investments in other equity instruments	701,678,387.92 -66,853,030.09 -1,977,674.93 770,509,092.94	-265,417,165.89  1,036,933.89 -266,454,119.78	  -65,632,518.05  -65,632,518.05	-3,790,969.87  1,036,933.89 -3,790,969.87	-3,790,969.87  -3,790,969.87 -266,245.67	505,694,689.95 -66,853,030.09 -940,741.04 573,478,461.08 -2,970,399.23 -2,970,399.23
2. Other comprehensive income that will be subsequently reclassified to profit or loss Including: Exchange differences arising from translation of foreign currency financial statements	-2,657,954.02 -2,657,954.02	-578,690.88 -578,690.88			-266,245.67 -266,245.67	
<b>Total other comprehensive income</b>	689,020,433.90	-265,995,876.77	-65,632,518.05	-195,306,143.18	-4,057,215.54	502,714,290.72

## Last period

Item	Amount for the period					Ending balance
	Beginning balance	Amount incurred for the period before income tax	Less: Net amounts previously included in other comprehensive income and transferred to profit or loss for the period	Less: Amount previously included in other comprehensive income and transferred to retained earnings for the period	Amount attributable to minority interests after tax	
1. Other comprehensive income that may not be subsequently reclassified to profit and loss Including: Change in remeasurement of defined benefit plans Other comprehensive income that may not be reclassified to profit or loss under equity method Change in fair value of investments in other equity instruments	-40,528,773.76 -66,476,669.27 25,947,895.51 -1,166,143.54	932,699,139.29  -95,851.03 932,794,990.32	233,337,842.42  -3,359,682.58 233,337,842.42	-3,359,682.58  -3,359,682.58	-802,602.34  -802,602.34 363,970.73	662,993,806.03 -66,476,669.27 -95,851.03 729,566,326.33 -729,525.82 -729,525.82
2. Other comprehensive income that will be subsequently reclassified to profit or loss Including: Exchange differences arising from translation of foreign currency financial statements	-1,166,143.54 -1,166,143.54	800,588.45 800,588.45			363,970.73 363,970.73	
<b>Total other comprehensive income</b>	-41,694,917.30	933,499,727.74	233,337,842.42	-3,359,682.58	-438,631.61	662,264,282.21

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (XLI) Special reserve

### Current period

Item	Beginning balance	Increase for the period	Decrease for the period	Ending balance
Production safety fee		17,256,281.98	17,256,281.98	
<b>Total</b>		17,256,281.98	17,256,281.98	

### Last period

Item	Beginning balance	Increase for the period	Decrease for the period	Ending balance
Production safety fee	443,910.04	5,501,685.12	5,945,595.16	
<b>Total</b>	443,910.04	5,501,685.12	5,945,595.16	

## (XLII) Surplus reserve

### Current period

Item	Beginning balance	Increase for the period	Decrease for the period	Ending balance
Statutory surplus reserve	1,016,032,142.42			1,016,032,142.42
Discretionary surplus reserve	19,920,770.23			19,920,770.23
<b>Total</b>	1,035,952,912.65			1,035,952,912.65

### Last period

Item	Beginning balance	Increase for the period	Decrease for the period	Ending balance
Statutory surplus reserve	942,532,002.78			942,532,002.78
Discretionary surplus reserve	19,920,770.23			19,920,770.23
<b>Total</b>	962,452,773.01			962,452,773.01

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (XLIII) Retained earnings

Item	Current period	Last period
Retained earnings as at the end of last year before adjustment	1,973,789,791.39	-1,605,393,084.53
Total year-beginning adjustment to undistributed profit (increase +, decrease -)		
Retained earnings as at the beginning of the year after adjustment	1,973,789,791.39	-1,605,393,084.53
Add: Net profit attributable to owners of the Company for the period	-95,042,597.22	3,102,837,570.74
Add: Transfer from other comprehensive income to retained earnings		-3,358,682.58
Less: Statutory surplus reserve set aside		
Dividends payable on ordinary shares	234,642,058.75	
<b>Retained earnings as at the end of the period</b>	<b>1,644,105,135.42</b>	<b>1,494,085,803.63</b>

## (XLIV) Minority interests

Name of subsidiary	Minority shareholding percentage (%)	Ending balance	Beginning balance
Wenchong Bingshen	40.00	1,978,198.72	1,782,375.52
Zhanjiang Nanhai	59.50	3,473,935.00	3,353,323.43
Xinhang	25.00	647,660.91	585,939.70
Xingji	62.50	3,651,126.06	4,251,893.60
Wah Shun	1.00	74,275.19	56,093.02
Wah Loong	1.00	391,159.71	490,998.50
CSSC New Energy	38.04	545,204.06	550,533.73
Huangpu Wenchong	45.46	3,048,020,936.79	3,107,979,533.54
<b>Total</b>		<b>3,058,782,496.44</b>	<b>3,119,050,691.04</b>

## (XLV) Net current assets

Item	Ending balance	Beginning balance
Current assets	18,679,394,086.10	21,802,423,891.94
Less: Current liabilities	16,229,786,460.28	18,498,603,048.10
<b>Net current assets</b>	<b>2,449,607,625.82</b>	<b>3,303,820,843.84</b>

## (XLVI) Total assets less current liabilities

Item	Ending balance	Beginning balance
Total assets	36,641,336,170.07	38,937,517,272.52
Less: Current liabilities	16,229,786,460.28	18,498,603,048.10
<b>Total assets less current liabilities</b>	<b>20,411,549,709.79</b>	<b>20,438,914,224.42</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (XLVII) Borrowings

Details of the borrowings of the Group are as follows:

Item	Ending balance	Beginning balance
Short-term borrowings	<b>1,000,811,527.78</b>	2,049,871,666.70
Non-current liabilities due within one year	<b>2,041,000,497.23</b>	2,861,561,365.21
Long-term borrowings	<b>2,659,862,368.89</b>	2,117,721,642.34
<b>Total</b>	<b>5,701,674,393.90</b>	7,029,154,674.25

### 1. Analysis of borrowings

Item	Ending balance	Beginning balance
Bank borrowings		
– Bank borrowings repayable within 5 years	<b>3,236,762,222.23</b>	5,136,397,483.31
– Bank borrowings repayable after 5 years	<b>1,269,012,646.67</b>	1,282,258,267.33
Other borrowings		
– Other borrowings repayable within 5 years	<b>1,195,899,525.00</b>	610,498,923.61
– Other borrowings repayable after 5 years		
<b>Total</b>	<b>5,701,674,393.90</b>	7,029,154,674.25

### 2. Analysis of maturity of borrowings

Item	Ending balance	Beginning balance
Repay on demand or within one year	<b>3,041,812,025.01</b>	4,911,433,031.91
1-2 years	<b>790,569,722.22</b>	835,463,375.01
2-5 years	<b>600,280,000.00</b>	
Over 5 years	<b>1,269,012,646.67</b>	1,282,258,267.33
<b>Total</b>	<b>5,701,674,393.90</b>	7,029,154,674.25

## (XLVIII) Operating income and Operating costs

### 1. Information on operating income and operating cost

Item	Amount for the period		Amount for last period	
	Income	Costs	Income	Costs
Principal business	<b>4,643,105,717.32</b>	<b>4,371,224,933.52</b>	4,213,353,546.66	4,003,870,049.28
Other businesses	<b>74,444,736.16</b>	<b>54,199,848.48</b>	79,827,636.90	57,373,480.24
<b>Total</b>	<b>4,717,550,453.48</b>	<b>4,425,424,782.00</b>	4,293,181,183.56	4,061,243,529.52

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## Gross profit from principal business

Item	Amount for the period	Amount for last period
Income from principal business	<b>4,643,105,717.32</b>	4,213,353,546.66
Costs of principal business	<b>4,371,224,933.52</b>	4,003,870,049.28
Gross profit	<b>271,880,783.80</b>	209,483,497.38

### (1) Principal business – by product

Product name	Amount for the period	Amount for last period
<b>Income from principal business</b>		
Ship products	<b>3,183,208,527.53</b>	3,077,585,661.50
Including:		
Bulk carriers	<b>123,228,565.56</b>	461,601,376.43
Oil tankers		245,129,888.16
Containerships	<b>1,170,863,660.88</b>	1,257,982,462.91
Special ships and others	<b>1,889,116,301.09</b>	1,112,871,934.00
Offshore engineering products	<b>347,174,694.45</b>	105,645,690.20
Steel structures	<b>904,208,483.16</b>	605,871,872.62
Ship maintenance and modification	<b>106,629,134.14</b>	250,019,839.88
Electro-mechanical products and others	<b>101,884,878.04</b>	174,230,482.46
<b>Total</b>	<b>4,643,105,717.32</b>	4,213,353,546.66
<b>Costs of principal business</b>		
Ship products	<b>3,038,571,115.85</b>	2,994,497,444.65
Including:		
Bulk carriers	<b>115,670,344.10</b>	417,486,200.12
Oil tankers		316,911,954.31
Containerships	<b>1,141,976,569.54</b>	1,282,270,841.27
Special ships and others	<b>1,780,924,202.21</b>	977,828,448.95
Offshore engineering products	<b>341,305,426.57</b>	114,357,275.36
Steel structures	<b>811,776,809.54</b>	566,416,293.66
Ship maintenance and modification	<b>102,552,097.59</b>	190,538,170.88
Electro-mechanical products and others	<b>77,019,483.97</b>	138,060,864.73
<b>Total</b>	<b>4,371,224,933.52</b>	4,003,870,049.28

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

(2) *Principal business – by region*

Region	Amount for the period	Amount for last period
<b>Income from principal business</b>		
China (including Hong Kong, Macau and Taiwan)	<b>3,684,741,526.10</b>	3,139,489,487.26
Other regions in Asia	<b>356,554,846.72</b>	267,951,335.87
Europe	<b>212,157,768.26</b>	367,886,390.41
Oceania	<b>381,952,035.08</b>	251,106,911.37
North America		75,098,988.95
Africa	<b>7,699,541.16</b>	111,820,432.80
<b>Total</b>	<b>4,643,105,717.32</b>	4,213,353,546.66
<b>Costs of principal business</b>		
China (including Hong Kong, Macau and Taiwan)	<b>3,373,388,480.21</b>	2,874,921,896.24
Other regions in Asia	<b>387,159,965.19</b>	308,846,613.87
Europe	<b>198,060,354.21</b>	401,631,502.32
Oceania	<b>376,551,732.94</b>	244,018,968.67
North America		54,197,998.96
Africa	<b>36,064,400.97</b>	120,253,069.22
<b>Total</b>	<b>4,371,224,933.52</b>	4,003,870,049.28

(3) *Other operating income and other operating costs*

Product name	Amount for the period	Amount for last period
<b>Income from other business</b>		
Sale of materials	<b>12,364,528.13</b>	1,051,327.23
Sales of scrap materials	<b>41,463,587.17</b>	59,215,417.11
Provision of service	<b>152,539.26</b>	300,817.40
Leasing	<b>16,205,916.79</b>	9,172,449.56
Provision of energy	<b>2,604,616.24</b>	7,528,695.12
Others	<b>1,653,548.57</b>	2,558,930.48
<b>Total</b>	<b>74,444,736.16</b>	79,827,636.90
<b>Costs of other business</b>		
Sale of materials	<b>12,090,066.43</b>	190,966.04
Sales of scrap materials	<b>33,966,385.66</b>	48,115,864.04
Provision of service	<b>30,600.00</b>	123,806.88
Leasing	<b>6,118,951.88</b>	4,641,345.99
Provision of energy	<b>2,370,587.13</b>	3,688,352.50
Others	<b>-376,742.62</b>	613,144.79
<b>Total</b>	<b>54,199,848.48</b>	57,373,480.24

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## 2. Breakdown of operating income

Item	Amount for the period	Amount for last period
Operating income	4,717,550,453.48	4,293,181,183.56
Less: Business income not related to the principal operations	74,444,736.16	79,827,636.90
Less: Commercially non-substantial income		
Operating income less business revenue not related to the principal operations and commercially non-substantial income	4,643,105,717.32	4,213,353,546.66

## 3. Revenue from contracts

Breakdown of contracts	Shipbuilding and related business segment	Steel structure engineering business segment	Ship maintenance and related business segment	Others segment	Total
<b>Product type:</b>					
Ship products	3,059,790,088.45			123,418,439.08	3,183,208,527.53
Offshore engineering products	347,174,694.45				347,174,694.45
Steel structure	348,835,926.14	555,372,557.02			904,208,483.16
Ship maintenance and modification	105,371,046.14		1,258,088.00		106,629,134.14
Electromechanical products and others	55,044.04	60,781,239.60		41,048,594.40	101,884,878.04
Other business				74,444,736.16	74,444,736.16
<b>Total</b>	<b>3,861,226,799.22</b>	<b>616,153,796.62</b>	<b>1,258,088.00</b>	<b>238,911,769.64</b>	<b>4,717,550,453.48</b>
<b>Region of operation:</b>					
Domestic	3,032,414,530.28	616,153,796.62	1,258,088.00	109,359,847.36	3,759,186,262.26
Overseas	828,812,268.94			129,551,922.28	958,364,191.22
<b>Total</b>	<b>3,861,226,799.22</b>	<b>616,153,796.62</b>	<b>1,258,088.00</b>	<b>238,911,769.64</b>	<b>4,717,550,453.48</b>
<b>Type of market or customer:</b>					
State-owned enterprises	1,967,783,389.19	604,943,517.27	1,258,088.00	39,439,845.31	2,613,424,839.77
Private enterprises	128,574,367.83	11,210,279.35		46,207,407.27	185,992,054.45
Foreign enterprises	1,764,869,042.20			153,264,517.06	1,918,133,559.26
<b>Total</b>	<b>3,861,226,799.22</b>	<b>616,153,796.62</b>	<b>1,258,088.00</b>	<b>238,911,769.64</b>	<b>4,717,550,453.48</b>
<b>Type of contracts:</b>					
Fixed price	3,861,226,799.22	616,153,796.62	1,258,088.00	238,911,769.64	4,717,550,453.48
Cost plus					
<b>Total</b>	<b>3,861,226,799.22</b>	<b>616,153,796.62</b>	<b>1,258,088.00</b>	<b>238,911,769.64</b>	<b>4,717,550,453.48</b>
<b>Date of transfer of goods:</b>					
Performed over time	3,685,644,723.97				3,685,644,723.97
Performed at a point in time	175,582,075.25	616,153,796.62	1,258,088.00	238,911,769.64	1,031,905,729.51
<b>Total</b>	<b>3,861,226,799.22</b>	<b>616,153,796.62</b>	<b>1,258,088.00</b>	<b>238,911,769.64</b>	<b>4,717,550,453.48</b>
<b>By contract term:</b>					
Short-term	142,509,455.38	616,153,796.62	1,258,088.00	234,486,990.88	994,408,330.88
Long-term	3,718,717,343.84			4,424,778.76	3,723,142,122.60
<b>Total</b>	<b>3,861,226,799.22</b>	<b>616,153,796.62</b>	<b>1,258,088.00</b>	<b>238,911,769.64</b>	<b>4,717,550,453.48</b>
<b>By sales channel:</b>					
Direct sales	3,861,226,799.22	616,153,796.62	1,258,088.00	238,911,769.64	4,717,550,453.48
Sale through distributors					
<b>Total</b>	<b>3,861,226,799.22</b>	<b>616,153,796.62</b>	<b>1,258,088.00</b>	<b>238,911,769.64</b>	<b>4,717,550,453.48</b>

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## 4. Note on contract performance obligations

The Group's contract performance obligations represent mainly the construction, delivery and maintenance of ships and ancillary products. The time of contract performance obligation substantially corresponds to the ship completion progress, mainly includes those for construction commencement, closure, docking, launch, trial sailing and delivery. The time and proportion of progress payment are set out in the contracts between the Group and its customers, and the parties perform the relevant obligations in accordance with the terms of the contracts. In case of any default or failure by any party to timely perform a contract, the Group is required to return the advance payment from the customer and contract assets which have been generated if it is the Group's default, and the Group has the right to request the customer to continue to perform the contract or compensate the Group for the cost and profit for contract performance if it is the customer's default. The warranty period of a contract is generally one year. The Group is required to provide repair services free of charge for any defects arising from unintentional reason, navigation risk and natural damages.

## 5. Note on allocation to remaining contract performance obligations

The amount of transaction prices corresponding to the contract performance obligations for which contracts had been entered into and which had not been performed or fully performed as of 30 June 2021 was RMB34,475,501,000, of which RMB9,580,058,800 is expected to be recognised as revenue in 2021; RMB7,558,257,300 is expected to be recognised as revenue in 2022.

## 6. Top five customers in operating income

Customers	Relationship with the Group	Current period	Percentage of total income from principal business (%)
Customer 1	Non-related party	1,102,792,446.29	23.75
Customer 2	Non-related party	566,762,975.61	12.21
Customer 3	Non-related party	348,835,926.14	7.51
Customer 4	Non-related party	192,962,088.02	4.16
Customer 5	Non-related party	175,218,792.30	3.77
<b>Total</b>		<b>2,386,572,228.36</b>	<b>51.40</b>

## 7. Purchase amounts from top five suppliers

Suppliers	Relationship with the Group	Current period	Percentage of total income from principal business (%)
Supplier 1	Under common control of controlling shareholder	645,576,385.38	14.77
Supplier 2	Non-related party	149,314,083.40	3.42
Supplier 3	Under common control of controlling shareholder	103,419,920.00	2.37
Supplier 4	Under common control of controlling shareholder	92,519,835.23	2.12
Supplier 5	Under common control of controlling shareholder	92,214,679.65	2.11
<b>Total</b>		<b>1,083,044,903.66</b>	<b>24.79</b>

## (II) Taxes and surcharges

Item	Amount for the period	Amount for the last period
City maintenance and construction tax	110,058.59	1,531,165.41
Educational surcharge	78,613.28	1,108,982.70
Property tax	2,719,235.96	5,397,435.37
Land use tax	1,271,226.55	1,068,448.36
Stamp duty	1,866,126.36	6,357,287.82
Vehicle usage tax	45,953.96	90,605.64
Environmental protection tax	13,008.95	32,708.46
<b>Total</b>	<b>6,104,223.65</b>	<b>15,586,633.76</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

### (L) Selling expenses

Item	Amount for the period	Amount for the last period
Product quality warranty	25,402,812.35	8,147,721.64
Employee benefits	7,999,802.74	12,656,303.55
Travelling expense	525,090.26	750,347.69
Business expenditure	382,822.01	521,914.58
Advertising publicity fee	274,236.08	42,711.81
Transportation fees		272,520.68
Other selling expenses	424,029.62	851,057.90
<b>Total</b>	<b>35,008,793.06</b>	<b>23,242,577.85</b>

### (LI) Administrative expenses

Item	Amount for the period	Amount for the last period
Employee benefits	101,480,323.01	138,712,140.14
Repairing expenses	36,099,806.10	37,415,262.24
Depreciation and amortization charge	17,829,542.38	31,861,072.40
Labour service fee	14,973,298.29	10,293,586.75
Lease expenses	8,809,083.12	7,160,114.51
Board meeting fee	2,254,345.46	3,110,874.96
Travelling expense	1,350,620.36	1,043,733.46
Litigation fees	1,303,136.78	192,112.15
Warehouse fee	924,389.01	744,379.19
Business entertainment expense	881,023.30	1,073,080.30
Environmental protection and drainage fee	767,175.93	635,673.98
Transportation fees	625,552.24	1,556,717.79
Office expenses	602,357.31	746,024.51
Security, firefighting and safety activity fee	469,954.47	2,254,578.67
Insurance premium	207,848.96	181,503.36
Intermediary fee	158,496.28	399,125.18
Logistics service fee	133,673.42	142,753.01
Consulting fee	125,122.06	173,662.23
Information management fee	108,380.63	155,451.93
Utilities expense	36,319.62	668,806.84
Others	20,112,000.96	21,224,560.78
<b>Total</b>	<b>209,252,449.69</b>	<b>259,745,214.38</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (LII) Research and development expenses

Item	Amount for the period	Amount for the last period
Material fee	147,409,739.48	113,361,692.12
Wages and labor costs	51,345,886.06	57,472,338.24
Design fee	16,111,023.54	15,221,071.05
Outsourcing fee	13,484,593.51	40,431,577.21
PP&E usage fee	9,048,749.37	9,439,816.85
Dedicated fee	5,125,041.76	2,050,240.75
Travelling expense	1,050,494.35	996,457.52
Service fee	669,874.12	1,384,384.35
Project management fee	581,207.04	3,401,055.77
Fuel power fee	404,298.88	7,567,719.93
Conference fee	268,270.42	89,357.95
Expert consultation fee	107,700.00	162,493.54
Other	109,480.69	185,987.78
<b>Total</b>	<b>245,716,359.22</b>	<b>251,764,193.06</b>

## (LIII) Finance cost

### 1. Breakdown of finance costs

Item	Current period	Corresponding period of last year
Interest expenses	62,467,771.74	93,466,276.45
Interest income	-109,625,930.22	-132,806,729.54
Net exchange losses	17,304,460.53	-42,433,302.07
Other expenses	6,220,802.56	6,179,970.77
<b>Total</b>	<b>-23,632,895.39</b>	<b>-75,593,784.39</b>

### 2. Breakdown of interest expenses

Item	Current period	Corresponding period of last year
Interest on bank borrowings and overdraft		
Interest on bank borrowings due within 5 years	56,072,278.62	71,873,322.27
Other borrowings		
Interest on other borrowings due within 5 years	6,026,252.96	33,760,360.05
Other interest expenses	4,849,240.16	7,282,594.13
Sub-total	66,947,771.74	112,916,276.45
Less: Interest capitalised		
Less: Finance interest discount	4,480,000.00	19,450,000.00
<b>Total</b>	<b>62,467,771.74</b>	<b>93,466,276.45</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

### 3. Breakdown of interest income

Item	Current period	Corresponding period of last year
Interest income from bank deposits	86,122,465.07	131,805,680.42
Interest income from receivables	23,503,465.15	1,001,049.12
<b>Total</b>	<b>109,625,930.22</b>	<b>132,806,729.54</b>

### (LIV) Other income

Item	Amount for the period	Amount for the last period	Relating to assets/income
Research on localized construction technology	4,800,000.00		Relating to income
Foundry subsidies	4,356,500.00		Relating to income
High-tech allowance	2,610,300.00	7,000,000.00	Relating to income
2019 complete equipment project of total assembly and construction of ships	2,500,000.00		Relating to income
2019 business contribution award of Nansha District	2,116,100.00		Relating to assets
Employment subsidies	1,721,141.07		Relating to income
High-end equipment industrial mechanism model library	1,400,000.00		Relating to income
Huangpu District training subsidies	511,120.00		Relating to income
Research of common key processes and technologies for smart manufacturing of ships	500,000.00		Relating to income
Localization development and application verification of 1561 aluminum alloy (Russian series)	450,000.00		Relating to income
Refund of handling fee for individual income tax	352,145.69	126,837.03	Relating to income
Research on key technology of high-tech ship logistics and assembly system	250,000.00		Relating to income
Immediately refunded value-added tax	226,106.20	563,270.66	Relating to income
Offshore platform project	150,000.00	150,000.00	Relating to assets
Post-award grant from military tender	140,000.00	420,000.00	Relating to income
Guangzhou technological innovation and benchmarking company fund		5,000,000.00	Relating to income
Guangzhou emerging industries post development subsidy funds		4,000,000.00	Relating to income
Offshore expansion projects		1,750,000.02	Relating to assets
Offshore engineering phase I		750,000.00	Relating to assets
2019 Intellectual Property Rights Policy Incentive Grant from Finance Bureau of Guangzhou Nansha District		500,000.00	Relating to income
2018 High enterprise verification subsidies from the State Treasury Centre of Guangzhou Development District		400,000.00	Relating to income
Additional deduction of input VAT		174,487.42	Relating to income
2020 second batch of Guangzhou patent funds		157,500.00	Relating to income
Nansha Plant 1# Welding factory section expansion project		103,556.62	
Other government grants	224,734.89	256,340.54	
<b>Total</b>	<b>22,308,147.85</b>	<b>21,351,992.29</b>	

Note: Government grants from other income included in non-recurring gains and losses amounted to RMB22,082,041.65 during the period. Please refer to Note 16 (1) for the reason why the VAT that is levied and refunded amounted to RMB226,106.20 is included in the recurring gains and losses.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (LV) Investment income

Item	Current period	Corresponding period of last year
Gain on long-term equity investments accounted under equity method	-45,077,233.49	-6,432,971.46
Investment income from disposal of long-term equity investments		1,630,702,642.39
Investment income from disposal of financial assets held-for-trading	7,678,877.50	-11,105,630.33
Dividend income from other investments in equity instruments	252,543.98	12,500.00
Gain on re-measurement of remaining equity interests upon loss of control at fair value		1,758,109,549.31
Investment income from holding entrusted wealth management products		2,293,150.68
<b>Total</b>	<b>-37,145,812.01</b>	<b>3,373,579,240.59</b>

Note: Investment income from investment in listed companies and non-listed companies for the period amounted to RMB0 (corresponding period of last year: RMB0) and RMB-37,145,812.01 (corresponding period of last year: RMB3,373,579,240.59), respectively.

## (LVI) Gain/loss on change in fair value

Source of gain/loss on change in fair value	Amount for the period	Amount for the last period
Financial assets held-for-trading	49,852,986.83	68,496,346.27
Financial liabilities held-for-trading		-99,120,937.27
<b>Total</b>	<b>49,852,986.83</b>	<b>-30,624,591.00</b>

## (LVII) Credit impairment loss

Item	Amount for the period	Amount for the last period
Loss on bad debts of accounts receivable	-11,089,101.56	854,886.65
Loss on bad debts of other receivables	-241,954.73	3,830,895.31
Loss on bad debts of long-term receivables	6,839,448.77	95.31
<b>Total</b>	<b>-4,491,607.52</b>	<b>4,685,877.27</b>

Note: A negative amount for each credit impairment loss represents provision for the period and a positive amount represents reversal for the period.

## (LVIII) Loss on impairment of assets

Item	Amount for the period	Amount for the last period
Loss on impairment of inventories	-3,726,000.00	-732,302.47
Loss on impairment of assets in respect of contract performance cost	-6,191,850.86	-167,999,310.48
<b>Total</b>	<b>-9,917,850.86</b>	<b>-168,731,612.95</b>

Note: A negative amount for each loss on impairment of assets represents provision for the period and a positive amount represents reversal for the period.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (LIX) Non-operating income

### 1. Breakdown of non-operating income

Item	Amount for the period	Amount for the last period	Amount included in non-recurring gains and losses for the current period
Gain on disposal of non-current asset	745,488.49	706,805.12	745,488.49
Including: Gain on disposal of PP&E	745,488.49	706,805.12	745,488.49
Government grants not related to daily corporate activities	910,064.94	992,617.26	910,064.94
Contractual liquidated damages	6,164,861.43		6,164,861.43
Penalty income		365,415.09	
Negative goodwill from business combination not under common control		1,760,005.87	
Others	22,931.01	177,747.18	22,931.01
<b>Total</b>	<b>7,843,345.87</b>	<b>4,002,590.52</b>	<b>7,843,345.87</b>

Including: The amount included in non-recurring gains and losses for the period was RMB7,843,345.87 (corresponding period of last year : RMB4,002,590.52).

### 2. Government grants included in non-operating income

Item	Current period	Corresponding period of last year	Relating to assets/ relating to revenue
Separation and transfer of water, power and gas supply	910,064.94	910,064.94	Relating to income
Quality project funding		32,166.60	Relating to income
Entrepreneurship-driven employment subsidy		30,000.00	Relating to income
Base construction subsidy		10,363.80	Relating to assets
Social Security Subsidy for recruiting people with non-employment difficulties in the 1st quarter of 2020		10,021.92	Relating to income
<b>Total</b>	<b>910,064.94</b>	<b>992,617.26</b>	

Including: Non-operating income for the period included profit from disposal of properties of RMBO (corresponding period of last year: RMBO).

## (LX) Non-operating expenses

Item	Amount for the period	Amount for the last period	Amount included in non-recurring gains and losses for the current period
Losses on disposal of non-current assets	1,319,332.70	1,372,764.94	1,319,332.70
Including: Loss on disposal of PP&E	1,319,332.70	1,372,764.94	1,319,332.70
External donation expenses		267.25	
Penalty and overdue fine	543,109.00	28,708.95	543,109.00
Net cost of insurance claims	3,734,002.96		3,734,002.96
Others		50,000.00	
<b>Total</b>	<b>5,596,444.66</b>	<b>1,451,741.14</b>	<b>5,596,444.66</b>

Including: The amount included in non-recurring gains and losses for the period was RMB5,596,444.66 (corresponding period of last year: RMB1,451,741.14).

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (LXI) Income tax expense

### 1. Income tax expense

Item	Current period	Corresponding period of last year
Current income tax expense	519,852.61	162,415.67
(1) China	519,852.61	162,415.67
(2) Hong Kong		
Deferred income tax expense	-6,736,769.58	16,080,580.72
<b>Total</b>	<b>-6,216,916.97</b>	<b>16,242,996.39</b>

### 2. Reconciliation of accounting profit and income tax expenses

Item	Current period
Total profit	-157,470,493.25
Income tax expenses calculated at statutory/applicable tax rate	-39,367,623.31
Impact of different tax rates for subsidiaries	7,363,904.84
Impact of adjustment for income tax for previous period	-11,707.40
Impact of non-taxable income	11,154,785.04
Impact of non-deductible costs, expenses and losses	3,702,221.81
Impact of utilisation of deductible loss for which no deferred tax assets were previously recognised	-3,988,203.50
Impact of deductible temporary differences for which no deferred tax assets or deductible losses were recognised for current period	15,330,506.99
Others (additional deduction of research and development expense)	-400,801.44
Income tax expense	-6,216,916.97

## (LXII) Audit fees and auditors

The audit fees charged for 2021 are RMB1.33 million (2020: RMB1.51 million). The auditors engaged by the Company are BDO China Shu Lun Pan Certified Public Accountants LLP, which has been changed since 2021.

## (LXIII) Depreciation and amortisation

Item	Current period	Corresponding period of last year
Depreciation of investment properties	3,268,712.52	104,785.35
Depreciation of PP&E	134,765,055.59	205,517,070.18
Depreciation of right-of-use assets	12,267,336.12	14,259,373.53
Amortisation of intangible assets	14,104,233.52	17,099,498.90
Amortisation of long-term prepaid expenses	2,218,651.86	2,208,464.35
<b>Total</b>	<b>166,623,989.61</b>	<b>239,189,192.31</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (LXIV) Gain (or loss) on disposal of investments or properties

Gain on disposal of investments or properties during the current period was RMB0 (RMB3,388,812,191.70 for the disposal of long-term equity in corresponding period of last year, including the gain on remeasurement of remaining equity interests upon the income from the disposal of part of the equity of GSI and loss of control at fair value amounted to RMB 3,389,643,311.70, and equity income amounted to RMB-831,120.00 arising from the disposal of Guangzhou Nanhuan Environmental Service Co., Ltd..

## (LXV) Operating rental expense

Operating rental expense for the period is RMB32,469,763.13 (corresponding period of last year: RMB36,728,473.88), of which rental expense for machinery and equipment is RMB4,181,409.00 (corresponding period of last year: RMB5,027,717.69).

## (LXVI) Rental income

Operating rental income for the period is RMB16,205,916.79 (corresponding period of last year: RMB37,793,033.52), including rental income from land and buildings of RMB15,596,312.50 (corresponding period of last year: RMB10,497,450.04).

## (LXVII) Supplementary information on income statement of expenses by nature

The operating costs, selling expenses, administrative expenses and research and development expenses in the income statement are classified by nature and are listed as follows:

Item	Amount for the period	Corresponding period of last year
Raw materials consumed	2,882,534,452.12	2,431,714,645.47
Employee compensation expenses	1,051,801,220.53	1,191,628,386.16
Product fee	343,841,936.53	517,211,999.51
Depreciation expenses	152,162,804.93	219,881,229.06
Fuel power fee	66,659,692.95	102,271,343.53
Amortisation expenses	16,322,885.38	19,307,963.25
Others	402,079,391.53	113,979,947.83
<b>Total</b>	<b>4,915,402,383.97</b>	<b>4,595,995,514.81</b>

## (LXVIII) Items in cash flow statement

### 1. Other cash receipts relating to operating activities

Item	Amount for the period	Corresponding period of last year
Current account receive	148,522,244.99	148,085,934.70
Government grants	51,254,083.34	82,162,156.71
Interest income	30,164,519.56	34,708,499.85
Receipt/recovery of deposit	3,640,904.91	17,270,754.89
Relocation compensation		686,000,000.00
Insurance premium		3,744,319.00
Other non-operating income	1,052,258.53	3,733,083.37
<b>Total</b>	<b>234,634,011.33</b>	<b>975,704,748.52</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## 2. Other cash payments relating to operating activities

Item	Amount for the period	Corresponding period of last year
Payment of current accounts	175,001,373.32	114,313,539.17
Administrative expenses and other expenses	58,301,326.17	58,279,822.31
Reserve funds	13,598,142.40	13,230,519.89
Refundable deposit/deposit paid	7,253,573.02	26,186,580.76
Non-operating expenses	542,856.46	71,757.56
<b>Total</b>	<b>254,697,271.37</b>	<b>212,082,219.69</b>

## 3. Other cash receipts relating to investing activities

Item	Amount for the period	Corresponding period of last year
Withdrawal of fixed deposits and the principal and interest income of restricted funds over three months	386,113,809.57	1,046,702,287.77
Principal and interest of borrowing and repayment on a consolidated basis		402,170,666.67
<b>Total</b>	<b>386,113,809.57</b>	<b>1,448,872,954.44</b>

## 4. Other cash payments relating to investing activities

Item	Amount for the period	Corresponding period of last year
Refundable fixed deposits and restricted funds over three months	265,481,221.26	1,395,744,308.12
Relocation and other expenses		27,064,625.06
Reclassification of net cash received from disposal of subsidiaries		4,187,571,057.64
<b>Total</b>	<b>265,481,221.26</b>	<b>5,610,379,990.82</b>

## 5. Other cash receipts relating to financing activities

Item	Amount for the period	Corresponding period of last year
State grant	83,200,000.00	48,500,000.00
<b>Total</b>	<b>83,200,000.00</b>	<b>48,500,000.00</b>

## 6. Other cash payments relating to financing activities

Item	Amount for the period	Corresponding period of last year
Leased asset expense	2,166,105.73	5,240,021.17
<b>Total</b>	<b>2,166,105.73</b>	<b>5,240,021.17</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (LXIX) Supplementary information on consolidated cash flow statement

### 1. Supplementary information on consolidated cash flow statement

Supplementary information	Current period	Corresponding period of last year
<b>1. Reconciliation of net profit and cash flows from operating activities</b>		
Net profit	-151,253,576.28	2,943,761,578.57
Add: Loss on impairment of credit assets	4,491,607.52	-4,685,877.27
Provision for impairment of assets	9,917,850.86	168,731,612.95
Depreciation of PP&E	138,033,768.11	205,621,855.53
Depreciation of right-of-use asset	12,267,336.12	14,259,373.53
Amortisation of intangible assets	14,104,233.52	17,099,498.90
Amortisation of long-term prepaid expenses	2,218,651.86	2,208,464.35
Loss on disposal of PP&E, intangible assets and other long-term assets (gain expressed with "-")		
Loss on retirement of PP&E (gain expressed with "-")	573,844.21	665,959.82
Loss on changes in fair value (gain expressed with "-")	-49,852,986.83	30,624,591.00
Finance cost (gain expressed with "-")	25,229,905.63	45,319,541.45
Loss on investments (gain expressed with "-")	37,145,812.01	-3,373,579,240.59
Decrease in deferred tax assets (increase expressed with "-")	-10,242,615.74	17,408,474.51
Increase in deferred tax liabilities (decrease expressed with "-")	3,505,846.16	-503,463.25
Decrease in inventories (increase expressed with "-")	911,614,759.08	-426,655,154.70
Decrease in operating receivables (increase expressed with "-")	169,063,067.83	54,694,138.75
Increase in operating payables (decrease expressed with "-")	-2,154,543,109.56	-2,432,489,333.10
Others		
<b>Net cash flows from operating activities</b>	<b>-1,037,725,605.50</b>	<b>-2,737,517,979.55</b>
<b>2. Significant investing and financing activities not involving cash receipts or payments</b>		
Conversion of debts into capital		
Convertible corporate bonds due within one year		
PP&E acquired under finance lease arrangement		
<b>3. Net changes in cash and cash equivalents</b>		
Ending balance of cash	3,460,816,725.17	3,257,671,471.38
Less: Beginning balance of cash	5,719,367,108.31	10,683,490,790.99
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-2,258,550,383.14	-7,425,819,319.61

### 2. Composition of Cash and cash equivalents

Item	Ending balance	Beginning balance
I. Cash	3,460,816,725.17	5,719,367,108.31
Including: Cash on hand	26,382.26	55,083.55
Bank deposits available for use on demand	3,460,790,342.91	5,719,312,024.76
Other cash at bank and on hand for use on demand		
II. Cash equivalents		
Including: Bond investments due within three months		
III. Ending balance of cash and cash equivalents	3,460,816,725.17	5,719,367,108.31
Including: Cash and cash equivalents of the Company or its subsidiaries subject to restrictions on use		

# NOTES TO THE FINANCIAL STATEMENTS

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## (LXX) Assets subject to restrictions in ownership or use right

Item	Carrying value as at the end of the period	Reasons for restrictions
Cash at bank and on hand	2,991,024,078.08	Fixed deposits with maturity of over 3 months, security deposit, etc.
<b>Total</b>	<b>2,991,024,078.08</b>	

## (LXXI) Foreign currency monetary items

### 1. Foreign currency monetary items

Item	Ending balance of foreign currency	Translation rate	Ending balance denominated in RMB
<b>Cash at bank and on hand</b>			1,431,000,113.82
Including: USD	220,767,285.90	6.4601	1,426,173,600.45
EUR	554,875.27	7.6862	4,264,882.30
HKD	674,956.21	0.8321	561,631.07
<b>Accounts receivable</b>			10,288,266.55
Including: USD	1,494,336.00	6.4601	9,653,559.99
HKD	762,776.78	0.8321	634,706.56
<b>Other receivables</b>			19,172,654.23
Including: USD	2,967,857.19	6.4601	19,172,654.23
<b>Long-term receivables</b>			345,230,635.86
Including: USD	53,440,447.65	6.4601	345,230,635.86
<b>Accounts payable</b>			794,782,030.68
Including: USD	123,029,369.62	6.4601	794,782,030.68
<b>Other payables</b>			40,111,798.72
Including: USD	6,203,857.19	6.4601	40,077,537.83
HKD	41,174.00	0.8321	34,260.89

### 2. Functional currency of significant overseas business entities

Significant overseas business entity	Place of operation	Reporting currency	Basis
Wah Shun International Marine Limited	Hong Kong, China	HKD	Principal activities are dominated in Hong Kong dollars
Wah Loong International Marine Limited	Hong Kong, China	HKD	Principal activities are dominated in Hong Kong dollars

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (LXXII) Government grants

### 1. Basic information on government grants

Type	Amount	Item presented	Amount included in current profit or loss
Research on localized construction technology	4,800,000.00	Other income	4,800,000.00
Foundry subsidies	4,356,500.00	Other income	4,356,500.00
High-tech allowance	2,610,300.00	Other income	2,610,300.00
2019 complete equipment project of total assembly and construction of ships	2,500,000.00	Other income	2,500,000.00
2019 business contribution award of Nansha District	2,116,100.00	Other income	2,116,100.00
Employment subsidies	1,721,141.07	Other income	1,721,141.07
High-end equipment industrial mechanism model library	1,400,000.00	Other income	1,400,000.00
Huangpu District training subsidies	511,120.00	Other income	511,120.00
Research of common key processes and technologies for smart manufacturing of ships	500,000.00	Other income	500,000.00
Localization development and application verification of 1561 aluminum alloy (Russian series)	450,000.00	Other income	450,000.00
Research on key technology of high-tech ship logistics and assembly system	250,000.00	Other income	250,000.00
Immediately refunded value-added tax	226,106.20	Other income	226,106.20
Offshore platform project	150,000.00	Other income	150,000.00
Post-award grant from military tender	140,000.00	Other income	140,000.00
Other revenue items under RMB140,000	576,880.58	Other income	576,880.58
Separation and transfer of water, power and gas supply and property management business	910,064.94	Non-operating income	910,064.94
Finance interest discount	4,480,000.00	Finance cost	4,480,000.00
Research on localized construction process	35,590,000.00	Deferred income	
Research on key technology of design and construction of deepwater drilling vessels	20,000,000.00	Deferred income	
Construction of the experimental test environment for the industrial Internet platform in the shipbuilding industry cluster of Guangdong Province	12,680,000.00	Deferred income	
Research on key technologies of assembly and construction of natural gas hydrate drilling vessels(Ocean drilling vessels)	10,660,000.00	Deferred income	
Localization development and application verification of 1561 aluminum alloy (Russian series)	7,220,000.00	Deferred income	
Construction of level two section of industrial internet identification of ship industry	7,145,000.00	Deferred income	
Separation and transfer of water, power and gas supply and property management business	6,288,734.88	Deferred income	
Manufacture of prediction and precise servicing technology and system driven by big data	2,680,000.00	Deferred income	
High-end equipment industrial mechanism model library	2,200,000.00	Deferred income	
Research on integrated application technologies of intelligent logistics and fine art delivery unit in shipbuilding process	1,500,000.00	Deferred income	
Full set of equipment for ship assembly construction in 2019	1,500,000.00	Deferred income	
Research on smart manufacturing standards of total assembly of ships	1,220,000.00	Deferred income	
R&D and industrialization of largescale deep water multifunctional wind power platform	1,200,000.00	Deferred income	
Production of structural components and auxiliary support for deep-sea optical AUV systems	1,140,800.00	Deferred income	
Deferred revenue items under RMB1 million	6,214,407.44	Deferred income	
<b>Total</b>	<b>144,937,155.11</b>		<b>27,698,212.79</b>

### 2. Information on return of government grants

None.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (LXXIII) Leases

### 1. As lessor

#### Operating leases

Item	Amount for the period
① Information on revenue	162,784,931.04
Operating lease income	162,784,931.04
Including: income related to variable lease payments not included in lease receipts	
② Undiscounted leasing receivable in the balance sheet for the next five consecutive accounting years	379,889,539.76
The first year	79,553,289.06
The second year	70,883,834.86
The third year	56,528,459.04
The fourth year	47,132,889.60
The fifth year	125,791,067.20
③ The total amount of undiscounted leasing receivable in remaining years	379,889,539.76
Within on year	79,553,289.06
One to two years	70,883,834.86
Two to three years	56,528,459.04
Above three years	172,923,956.80

### 2. As lessee

Item	Amount for the period
Interest expense of lease liabilities	1,054,093.52
Expense of short-term leases included in the current profit and loss	1,645,136.59
Total cash outflow related to leases	21,538,483.68

## (LXXIV) Earnings per share

Basic earnings per share shall be calculated by profit or loss attributable to ordinary equity holders of the Company divided by the weighted average number of ordinary shares outstanding 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 recognised 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 increased after conversion of dilutive potential ordinary shares into issued ordinary shares, the dilutive potential ordinary shares which were converted in previous periods are assumed to be converted at the beginning of current period and the dilutive potential ordinary shares which were converted during current period are assumed to be converted at the date of issue.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

The calculation of basic earnings per share and diluted earnings per share are as follows:

Item	No.	Amount for the current period	Amount for the corresponding period of last year
Net profit attributable to shareholders of the Company	1	-95,042,597.22	3,102,837,570.74
Non-recurring gains and losses attributable to the Company	2	40,337,398.93	3,401,798,603.04
Net profit attributable to shareholders of the Company, net of non-recurring gains and losses	3=1-2	-135,379,996.15	-298,961,032.30
Total number of shares at the beginning of the period	4	1,413,506,378.00	1,413,506,378.00
Number of shares increased due to transferring capital reserve into share capital or dividend distribution of shares (I)	5		
Number of shares increased due to issuance of new shares or debt for equity swap (II)	6		
Number of months from the month following the month in which the number of shares is increased to the end of the period (II)	7		
Number of shares decreased due to stock repurchase	8		
Number of months from the month following the month in which the number of shares is decreased to the end of the period	9		
Number of shares decreased due to capital reduction	10		
Number of months in the Reporting Period	11	6	6
Weighted average number of ordinary shares outstanding	12	1,413,506,378.00	1,413,506,378.00
Weighted average number of ordinary shares outstanding following adjustments in relation to business combination under common control for the purposes of earning per share after deduction of non-recurring gains and losses	13	1,413,506,378.00	1,413,506,378.00
Basic earnings per share (I)	14=1÷12	-0.0672	2.1951
Basic earnings per share (II)	15=3÷13	-0.0958	-0.2115
Potential diluted interests of ordinary shares recognised as expense	16		
Transfer fee	17		
Income tax rate	18	0.25	0.25
Weighted average amount of ordinary shares increased due to warrant, share options, and convertible bonds, etc.	19		
Diluted earnings per share (I)	20=[1+(16-18)×(1-17)]÷(12+19)	-0.0672	2.1951
Diluted earnings per share (II)	21=[3+(16-18)×(1-17)]÷(13+19)	-0.0958	-0.2115

## (LXXV) Dividends

Final dividends for the year ended 31 December 2020 totaling RMB234,642,058.75 (corresponding period of last year: RMB0) were declared and paid during the six months ended 30 June 2021.

The Company will not distribute the interim dividends for the six month period ended 30 June 2021 (corresponding period of last year: RMB0).

## VI. CHANGES IN SCOPE OF CONSOLIDATION

The Group newly established Huacheng Company and Huaxin Company as its subsidiaries. In March 2021, Huangpu Wenchong invested in the establishment of Huacheng Company and Huaxin Company in accordance with the Group's "Equity Investment Filing Opinion Form" (Chuan Hai Gu Quan Tou Zi Bei Zi [2021] No. 2) with registered capital of RMB50,000. The scope of business mainly includes transport equipment rental services, machinery and equipment rental services, vessel sales, import and export of goods and import and export agency. As of 30 June 2021, the actual amount of capital contributed by Huangpu Wenchong to both Huacheng Company and Huaxin Company was RMB50,000, and Huangpu Wenchong held 100% shareholding in both subsidiaries. Save for the above, there were no other changes in the scope of consolidation of the Group during the Reporting Period.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## VII. INTERESTS IN OTHER ENTITIES

### (I) Interests in subsidiaries

#### 1. Composition of the Group

Name of subsidiary	Place of registration and principal operation	Business Nature	Registered capital (RMB in ten thousand)	Percentage of shareholding (%)		Acquisition method	法人類別
				Direct	Indirect		
Subsidiary indirectly held through two level structures:							
Huangpu Wenchong	Guangzhou	Ship building	361,918.32	54.5371		Business combination under common control	Other company with limited liability
Subsidiaries indirectly held through three level structures:							
Wenchong Shipyard	Guangzhou	Ship building	142,017.85		100.00	Business combination under common control	Company with limited liability (Wholly-owned by legal person)
Huangchuan Ocean Engineering	Guangzhou	Ship building	6,800.00		100.00	Business combination under common control	Company with limited liability (Wholly-owned by legal person)
Wenchuan Heavy Industrial	Guangzhou	Equipment manufacturing	11,000.00		100.00	Business combination under common control	Company with limited liability (Wholly-owned by legal person)
CSSC Internet	Guangzhou	Information electronic technology services	5,000.00		100.00	Establishment through investment	Company with limited liability (Wholly-owned by legal person)
Zhanjiang Nanhai	Zhanjiang	Provision of labour services	200.00		40.50	Business combination under common control	Company with limited liability (State controlled)
Wenchong Bingshen	Guangzhou	Equipment manufacturing	560.00		60.00	Business combination under common control	Company with limited liability (Sino-foreign joint venture)
Wah Shun	Hong Kong	Other operating leases relating to machinery and equipment	HK\$1 million		99.00	Establishment through investment	Other company with limited liability (State controlled)
Wah Loong	Hong Kong	Other operating leases relating to machinery and equipment	HK\$1 million		99.00	Establishment through investment	Other company with limited liability (State controlled)
Xinhang	Guangzhou	Provision of labour services	200.00		75.00	Business combination under common control	Other company with limited liability
Xingji	Guangzhou	Professional technical services	500.00		37.50	Establishment through investment	Company with limited liability (Taiwan, Hong Kong, Macao and domestic joint venture)
HuaCheng	Tianjin	Other operating leases relating to machinery and equipment	5.00		100.00	Establishment through investment	Company with limited liability (Wholly-owned by legal person)
HuaXin	Tianjin	Other operating leases relating to machinery and equipment	5.00		100.00	Establishment through investment	Company with limited liability (Wholly-owned by legal person)
Subsidiaries indirectly held through four level structures:							
CSSC New Energy	Guangzhou	Liquefied petroleum production and supply	1,800.00		61.96	Establishment through investment	Other company with limited liability

Other explanations:

- (1) Zhanjiang Nanhai has three shareholders and is held as to 40.50% by Huangpu Wenchong, as to 40% by Guangzhou Shipyard International Company Limited (both under the common control of CSSC), as to 19.50% by CSSC Systems Engineering Research Institute (under the common control of CSSC). Its chairman is appointed by Huangpu Wenchong, which is also responsible for the operation and management of Zhanjiang Nanhai. Huangpu Wenchong is in a position to control the relevant activities of Zhanjiang Nanhai. As such, Zhanjiang Nanhai is included in the scope of consolidation. On 10 May 2021, the Office of General Manager of Huangpu Wenchong agreed to acquire 19.5% equity interest of Zhanjiang Nanhai held by CSSC Systems Engineering Research Institute. On 30 June 2021, the change of business registration of Zhanjiang Nanhai was completed. On 16 July 2021, Huangpu Wenchong paid the consideration for the transfer and the equity transfer was completed. After the equity transfer, Zhanjiang Nanhai has two shareholders and is held as to 60% by Huangpu Wenchong and as to 40% by GSI.
- (2) Xingji has three shareholders and is held as to 37.50% by Huangpu Wenchong, as to 37.50% by Shanghai Merchant Vessel Design and Research Institute (both under the common control of CSSC), and as to 25% by Yuzhong International Co., Ltd. Its chairman is appointed by Huangpu Wenchong, which is also responsible for the operation and management of Xingji. Huangpu Wenchong is in a position to control the relevant activities of Xingji. As such, Xingji is included in the scope of consolidation.
- (3) Xingji and Wenchong Bingshen are both sino-foreign joint ventures.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## 2. Significant non-wholly-owned subsidiaries

Name of subsidiary	Percentage of minority interests	Gain or loss attributable to minority interests for the period	Dividends declared to minority interests for the period	Ending balance of minority interests
Huangpu Wenchong	45.4629%	-55,907,168.12		3,048,020,936.79

## 3. Major financial information on significant non-wholly-owned subsidiaries

Unit: RMB in ten thousand

Name of subsidiary	Ending balance			Beginning balance		
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Huangpu Wenchong	1,726,121.68	919,604.81	2,645,726.49	1,614,281.21	317,767.75	1,932,048.96

(Continued)

Name of subsidiary	Current period			Corresponding period of last year		
	Operating income	Net profit	Cash flows from operating activities	Operating income	Net profit	Cash flows from operating activities
Huangpu Wenchong	471,235.02	-12,327.70	-103,676.40	355,945.69	-24,349.48	-324,956.63

## 4. Material restrictions on the use of assets of the enterprise group and settlement of debts of the enterprise group

None.

## 5. Financial or other assistance provided to structured entities included in the consolidated financial statements

None.

## (II) Transactions resulting in the change in percentage of owner's equity in subsidiaries without losing control

None.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (III) Interests in joint ventures or associates

### 1. Significant joint ventures or associates

Name of joint venture or associate	Principal place of business	Place of incorporation	Business nature	Percentage of shareholding (%)		Accounting method for investment in joint ventures or associates
				Direct	Indirect	
GSI	Guangzhou	Guangzhou	Metal shipbuilding	46.3018		Equity method

### 2. Key financial information of significant associates

Item	GSI	
	Ending balance/ current period	Beginning balance/ corresponding period of last year
Current assets	18,069,258,746.26	14,764,793,154.85
Including: Cash and cash equivalents	2,003,633,680.36	3,504,038,266.08
Non-current assets	9,889,473,142.94	9,873,927,567.35
Total assets	27,958,731,889.20	24,638,720,722.20
Current liabilities	19,475,104,723.83	16,698,856,953.37
Non-current liabilities	1,467,307,936.58	837,700,568.92
Total liabilities	20,942,412,660.41	17,536,557,522.29
Minority interests	81,444,129.22	87,155,848.87
Equity attributable to shareholders of the Company	6,934,875,099.57	7,015,007,351.04
Share of net assets based on shareholding percentage	3,123,283,983.15	3,167,509,541.67
Adjustments	1,758,109,549.31	1,758,109,549.31
Carrying amount of equity investments in associates	4,881,393,532.46	4,925,619,090.98
Operating income	4,053,799,899.09	3,850,915,985.25
Finance costs	95,276,810.27	7,180,970.97
Income tax expense	-92,797.83	3,890,015.12
Net profit	-98,441,322.45	-208,039,676.25
Other comprehensive income	2,239,510.98	-677,499.12
Total comprehensive income	-96,201,811.47	-208,717,175.37

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

### 3. Aggregated financial information of insignificant joint ventures and associates

Item	Ending balance/ current period	Beginning balance/ corresponding period of last year
<b>Joint ventures:</b>		
Total carrying amount of investments		
Amounts in aggregate in proportion to the shareholdings		
– Net profit		
– Other comprehensive income		
– Total comprehensive income		
<b>Associates:</b>		
Total carrying amount of investments	12,785,586.06	12,658,556.12
Amounts in aggregate in proportion to the shareholdings		
– Net profit	127,029.94	1,190,620.73
– Other comprehensive income		
– Total comprehensive income	127,029.94	1,190,620.73

### 4. Major restrictions on the ability of joint venture or associate to transfer funds to the Company

None.

## VIII. RISKS RELATING TO FINANCIAL INSTRUMENTS

The Group's major financial instruments include borrowings, receivables, payables, investment in equity instruments not held-for-trading and forward exchange contracts. For details for each financial instrument, please see Note V. The risks related to these financial instruments, and the Group's risk management policies for risk mitigation are stated as below. The management and supervision on the risk exposure by the management of the Group is to ensure that these risks mentioned above are controlled within a reasonable range.

### (i) Various risk management objectives and policies

The risk management objectives of the 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 analyse 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.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## 1. Market risk

### (1) Foreign currency risk

The Group's foreign exchange exposure is mainly related to USD, HKD and EUR. Except that the Group is using foreign currencies including USD, HKD and EUR for sales and purchase transactions in respect of shipbuilding business, other main business operations of the Company are denominated and settled in RMB. As at the end of the period, except for assets and liabilities with balances in USD, HKD and EUR set out below, all other assets and liabilities of the Group were denominated in RMB. The recognised assets and liabilities in USD and the unrecognised ship settlement in USD shown in the table below, leading to foreign currency risk, may affect the results of operation of the Group.

Item	Ending balance	Beginning balance
Cash and cash equivalents-USD	<b>220,767,285.90</b>	116,885,227.02
Cash and cash equivalents-HKD	<b>674,956.21</b>	3,276,975.50
Cash and cash equivalents-EUR	<b>554,875.27</b>	570,220.71
Accounts receivable-USD	<b>1,494,336.00</b>	87,851,470.20
Accounts receivable-HKD	<b>762,776.78</b>	9,703,499.95
Other accounts receivable-USD	<b>2,967,857.19</b>	
Long-term receivables-USD	<b>53,440,447.65</b>	205,342,997.34
Accounts payable-USD	<b>123,029,369.62</b>	81,138,152.36
Other payables-USD	<b>6,203,857.19</b>	
Other payables-HKD	<b>41,174.00</b>	41,174.00

The Group pays close attention to the impact of exchange rate changes on the Group, and attaches importance to the study of exchange rate risk management policies and strategies. It adjusts the structure of foreign currency assets or liabilities in view of the trend of exchange rate changes or enters into forward exchange trading contracts (forward exchange settlement), exchange swaps, exchange option trading portfolio contracts with banks to reduce the impact of exchange rate risk.

### (2) Interest rate risk

The interest rate risk of the Group is generated from bank borrowings with interest rate. Floating-rate financial liabilities expose the Group to cash flow interest rate risk, and fixed-rate financial liabilities expose the Group to fair value interest rate risk. The Group adjusts the relative percentage of contracts with floating rates and fixed rates in view of the then market environment. As at the end of the period, the Group's bank borrowings mainly included fixed interest rate contracts denominated in RMB and USD with total amount of RMB3,378,600,000.00 (at the beginning of the year: RMB3,916,800,000.00) and floating interest rate contracts denominated in RMB and USD with total amount of RMB2,320,000,000.00 (at the beginning of the year: RMB3,105,000,000.00).

The risk of changes in fair value of financial instrument of the Group caused by changes in interest rate is mainly related to bank borrowings with fixed interest rate. As for the borrowings with fixed interest rate, the goal of the Group is to keep these borrowings with floating interest rate.

The risk of changes in cash flows of financial instrument of the Group caused by changes in interest rate is mainly related to bank borrowings with floating interest rate. It is the policy of the Group to keep these borrowings with floating interest rate, in order to eliminate the risk in fair value related to changes in interest rate.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

(3) *Price risk*

The Group undertakes sales orders for shipbuilding and ship maintenance, offshore engineering products and electromechanical products at market price, and is subject to the price fluctuations.

**2. Credit risk**

As at the end of the period, the Group's potential maximum exposure to credit risk is mainly because of the counterparties' failure to perform their obligations leading to losses or financial guarantee related to the Group and the financial burden assumed by the Group, including:

Book value of the recognised financial assets in the consolidated balance sheet; 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 established within the Group in order to ensure that necessary measures have been taken to retrieve expired claims. In addition, the Group reviews the collection of each single receivable at the balance sheet date to ensure sufficient provision for bad debts is made for unrecoverable amounts. Therefore, the management considers that credit risks facing the Group have been reduced significantly.

The current funds of the Group are deposited in financial institutions including banks with high credit ratings, thus the credit risk of current funds is relatively low.

The Group has adopted necessary policies to ensure that all clients have good credit history. The Group has no other significant concentration of credit risk except for the top five accounts receivable and long-term receivables.

Top five accounts receivable amounted to RMB699,002,683.63 (at the beginning of the year: RMB617,798,548.27) in total; long-term receivables amounted to RMB2,169,076,404.35 (at the beginning of the year: RMB2,061,116,322.61) in total.

**3. Liquidity risk**

Liquidity risk refers to the risk that the Group could not meet its 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 reputation of the Group. The analysis of liabilities structure and durations is 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 institutions to maintain the credit lines and reduce liquidity risks.

The sources of funding of the Group are mainly from bank borrowings. As at the end of the period, the unutilised bank facilities of the Group were RMB21.013 billion (at the beginning of the year: RMB16.848 billion).

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

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As at the end of the period, the analysis of financial assets and financial liabilities held by the Group by maturity of undiscounted remaining contractual obligations is as follows:

Item	Ending balance				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
<b>Total financial assets</b>	<b>9,133,099,092.68</b>	<b>1,026,084,913.20</b>	<b>767,500,102.47</b>	<b>3,731,571,955.26</b>	<b>14,658,256,063.61</b>
Cash at bank and on hand	6,451,840,803.25				6,451,840,803.25
Financial assets					
held-for-trading	1,069,301,219.08				1,069,301,219.08
Notes receivable	73,367,930.95				73,367,930.95
Accounts receivable	991,990,574.15				991,990,574.15
Other receivables	106,523,220.21				106,523,220.21
Long-term receivables	440,075,345.04	1,026,084,913.20	767,500,102.47	74,245,580.70	2,307,905,941.41
Investments in other equity instruments				3,657,326,374.56	3,657,326,374.56
<b>Total financial liabilities</b>	<b>10,391,990,140.53</b>	<b>381,969,722.22</b>	<b>364,600,000.00</b>	<b>1,363,035,740.33</b>	<b>12,501,595,603.08</b>
Short-term borrowings	1,018,511,388.89				1,018,511,388.89
Notes payable	937,277,319.10				937,277,319.10
Accounts payable	4,994,083,253.06				4,994,083,253.06
Other payables	398,930,394.74				398,930,394.74
Employee benefits payable	85,696,843.07				85,696,843.07
Long-term employee benefits payable	21,400,000.00	21,400,000.00	44,320,000.00	94,023,093.66	181,143,093.66
Long-term borrowings	2,936,090,941.67	360,569,722.22	320,280,000.00	1,269,012,646.67	4,885,953,310.56

## (II) Sensitivity analysis

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

### 1. Exchange rate risk sensitivity analysis

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

Based on the above assumptions, with other variables unchanged, the exchange rate might float within a reasonable range, the after-tax effect of reasonable exchange rate fluctuations on current profit or loss is as follows:

Item	Change in exchange rate	Current period		Corresponding period of last year	
		Effect on net profit	Effect on owners' equity	Effect on net profit	Effect on owners' equity
USD	Strengthen by 5% against RMB	42,304,927.69	42,304,927.69	50,978,073.28	50,978,073.28
USD	Weaken by 5% against RMB	-42,304,927.69	-42,304,927.69	-50,978,073.28	-50,978,073.28

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## 2. Interest rate risk sensitivity analysis

The interest rate risk sensitivity analysis is based on the following assumptions: changes in market interest rate affect the interest income or expenses of floating-rate financial instruments; for fixed-rate financial instruments measured at fair value, the changes in market value affect their interest income or expenses only; and changes in fair value of derivative financial instruments and other financial assets and liabilities are calculated using cash flow discount method and the market interest rate at the balance sheet date.

Based on the above assumptions, with other variables unchanged, the after-tax effect of reasonable interest rate fluctuations on current profit or loss is as follows:

Item	Change in interest rate	Current period		Corresponding period of last year	
		Effect on net profit	Effect on owners' equity	Effect on net profit	Effect on owners' equity
Floating-rate borrowings	Increase by 1%	-13,562,500.00	-13,562,500.00	-33,880,000.00	-33,880,000.00
Floating-rate borrowings	Decrease by 1%	13,562,500.00	13,562,500.00	33,880,000.00	33,880,000.00

## IX. DISCLOSURE OF FAIR VALUE

The inputs used for fair value measurement are divided into three levels:

Level 1 input is the unadjusted quotation of the same asset or liability that is available on the measurement day in the active market.

Level 2 input is the input that can be observed directly or indirectly of the relevant asset or liability other than those in level 1.

Level 3 input is the unobservable input of the relevant asset or liability.

The level of the fair value measurement is determined by the lowest level of the input which is of great significance to the whole of the fair value measurement.

# NOTES TO THE FINANCIAL STATEMENTS

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## (I) Fair value of assets and liabilities measured at fair value at the end of the period

Item	Fair value at the end of the period			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
<b>I. Fair value measurement on a recurring basis</b>				
◆ Financial assets held-for-trading	2,932,732.53	203,182,486.55	863,186,000.00	1,069,301,219.08
1. Financial assets at fair value through profit or loss	2,932,732.53		863,186,000.00	866,118,732.53
(1) Investment in equity instruments	2,932,732.53			2,932,732.53
(2) Entrusted wealth management products			863,186,000.00	863,186,000.00
2. Financial assets designated at fair value through profit or loss		203,182,486.55		203,182,486.55
◆ Investment in other equity instruments	3,628,053,978.56		29,272,396.00	3,657,326,374.56
<b>Total assets measured at fair value on a recurring basis</b>	<b>3,630,986,711.09</b>	<b>203,182,486.55</b>	<b>892,458,396.00</b>	<b>4,726,627,593.64</b>

## (II) Basis for determination of level 1 fair value measurement on a recurring and a non-recurring basis

Of the investment in equity instruments held and not held for trading measured at fair value, the fair value of the shares of listed companies held by the Group was determined based on the closing prices at 30 June 2021.

## (III) Basis for determination of level 2 fair value measurement on a recurring and a non-recurring basis

For items such as forward exchange contracts measured at fair value out of financial assets held-for-trading and financial liabilities held-for-trading, for the sake of prudence, the Company chooses quotations from one bank as inputs and recognises their fair value based on the difference between the quoted exchange rate at the balance sheet date from the bank and the contract exchange rate, using the benchmark loan interest rate for the corresponding term published by the People's Bank of China as the discount rate.

## (IV) Valuation techniques and qualitative and quantitative information on significant parameters used for level 3 fair value measurement on a recurring and a non-recurring basis

For the entrusted wealth management products measured at fair value, the Group determines their fair value based on the valuation documents provided by financial institutions; for the equity investment held by the Group in unlisted companies out of investment in equity instruments not held for trading measured at fair value, the Group determines their fair value using valuation techniques. The valuation model adopted is mainly the discounted cash flows model, and the inputs to valuation techniques mainly included expected return, expected term of return and weighted average capital cost.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

### (I) Controlling shareholder and ultimate controller

#### 1. Controlling shareholder and ultimate controller

Name of controlling shareholder	Place of incorporation	Business nature	Registered capital	Shareholding percentage in the Company (%)	Percentage of voting rights in the Company (%)
CSSC	Shanghai	Shipbuilding	RMB32 billion	34.05	58.52

The ultimate controller of the Company is: the State-owned Assets Supervision and Administration Commission of the State Council.

#### 2. Controlling shareholder's registered capital and its changes

Name of controlling shareholder	Beginning balance	Increase for the period	Decrease for the period	Ending balance
CSSC	RMB32 billion			RMB32 billion

#### 3. Shareholding of controlling shareholder and the parties acting in concert and its changes

Controlling shareholder	Shareholding amount		Percentage of shareholding (%)		Remarks
	Ending balance	Beginning balance	Ending balance	Beginning balance	
CSSC	481,337,700.00	485,687,700.00	34.05	34.36	Parties acting in concert
CSSC International	345,940,890.00	345,940,890.00	24.47	24.47	
<b>Total</b>	<b>827,278,590.00</b>	<b>831,628,590.00</b>	<b>58.52</b>	<b>58.83</b>	

### (II) Subsidiaries

For details of subsidiaries, please refer to Note "VII. INTERESTS IN OTHER ENTITIES" under this section.

### (III) Joint ventures and associates

For details of significant joint ventures or associates, please refer to Note "VII. INTERESTS IN OTHER ENTITIES" under this section.

Other joint ventures and associates that have related party transactions with the Company during the current period or have balance of related party transactions with the Company for the previous period are as follows

Category of relationship	Name of related party	Principal content of the transactions	Unified social credit identifier	Category of company
Associate	Guangzhou Shipyard International Company Limited	Purchase of goods and receipt of services, sales of goods and provision of services	914401017889253316	Company with limited liability (Joint venture of foreign-invested enterprise and domestic enterprise)
Associate	CSSC Huangpu Zhengli Offshore Engineering Co., Ltd.	Purchase of goods, receipt of services	91350128MA2Y9Q5W5W	Other company with limited liability

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## (IV) Other related parties

Category of relationship	Name of related party	Principal content of the transactions	Unified social credit identifier	Category of company
Common controlling shareholder	Anqing Marine Electric Co., Ltd.	Purchase of goods	913408007711027188	Company with limited liability (Wholly-owned by a legal person invested or controlled by a natural person)
Common controlling shareholder	Anqing CSSC Diesel Engine Co., Ltd.	Product and equipment	91340800151306277Q	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common controlling shareholder	Beijing Ship Industry Management College	Purchase of goods, receipt of services	12110108668420072M	Public institution
Common controlling shareholder	Beijing Leiyin Electronic Technology Development Co., Ltd.	Purchase of goods and receipt of services	91110106633641027L	Other company with limited liability
Common controlling shareholder	China Shipbuilding IT Co., Ltd.	sales of goods and provision of services	911101088020423339	Other company with limited liability
Common controlling shareholder	CSSC (HONGKONG) SHIPPING COMPANY LIMITED	Purchase of goods, receipt of services	Overseas company	Public company limited by shares
Common controlling shareholder	Marinequip China Company Limited	Marine accessories	Overseas company	Other company with limited liability (Wholly state-owned)
Common controlling shareholder	Guangdong GSI Elevator Machinery Equipment Co., Ltd.	Purchase of goods, receipt of services	91440000231128917P	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common controlling shareholder	Guangzhou Ship Industrial Co., Ltd.	Purchase of goods and receipt of services	91440101190506722Q	Company with limited liability (wholly-owned by a legal person)
Common controlling shareholder	Ships and Ocean Engineering Design and Research Institute of Guangzhou	Sales of goods, provision of services	914401011904583375	Ownership by the whole people
Common controlling shareholder	Guangzhou Guanchuan Heavy Machinery and Equipment Co., Ltd.	Purchase of goods, receipt of services	9144010168132734X6	Company with limited liability(Wholly-owned by a legal person of foreign-invested enterprise)
Common controlling shareholder	Nanhai Branch of Guangzhou Guanchuan Heavy Machinery and Equipment Co., Ltd.	Purchase of goods, receipt of services	91440605334733060C	Branch of company with limited liability(Wholly-owned by a legal person of foreign-invested enterprise)
Common controlling shareholder	Guangzhou Hairong Construction Supervision Co., Ltd.	Purchase of goods and receipt of services	914401042312505170	Other company with limited liability
Common controlling shareholder	Guangzhou Hongfan Technology Co., Ltd.	Purchase of goods, receipt of services	91440101708257645P	Other company with limited liability
Common controlling shareholder	Kindergarten of Guangzhou Huangpu Shipyard	Provision of services	12440000738577981F	Public institution
Common controlling shareholder	Workers' Hospital of Guangzhou Huangpu Shipyard	Provision of services	124400007385780283	Public institution
Common controlling shareholder	Guangzhou Longxue Pipe Co., Ltd.	Purchase of goods, receipt of services	91440101696938450J	Other company with limited liability
Common controlling shareholder	Guangzhou Wencheng Shipbuilding Co., Ltd.	Sales of goods, provision of services	91440101MA5CY9PU1E	Company with limited liability (wholly-owned by a legal person)
Common controlling shareholder	Guangzhou Shipyard Co., Ltd	Purchase of goods, marine accessories and labour technical services	91440101190440532F	Company with limited liability (wholly-owned by a legal person)
Common controlling shareholder	Foshan Branch of Casting & Forging Factory of Guangzhou Shipyard Co., Ltd	Purchase of goods, receipt of services	914406057657363359	Company with limited liability (wholly-owned by a legal person)
Common controlling shareholder	Guangzhou Wenchong Dockyard Co., Ltd.	Purchase of goods, receipt of services	91440115781228314Y	Company with limited liability
Common controlling shareholder	Haifeng Navigation Technology Co., Ltd.	Purchase of goods and receipt of services	91110106082890640P	Company with limited liability (wholly-owned by a legal person)
Common controlling shareholder	Haiying Enterprises Group Co., Ltd.	Purchase of goods and receipt of services	913202141347573676	Company with limited liability
Common controlling shareholder	Eastern Shanghai Heavy Machinery Co., Ltd.	Marine accessories, product and equipment	91310115669401543C	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common controlling shareholder	Shanghai Branch of Ship Power Support Company of Eastern Shanghai Heavy Machinery Co., Ltd.	Purchase of goods, receipt of services	91310115669442468E	Company with limited liability
Common controlling shareholder	Wah-Chang International Marine Industry Company Limited	Sales of goods, provision of services	Overseas company	Other company with limited liability (Wholly state-owned)

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Category of relationship	Name of related party	Principal content of the transactions	Unified social credit identifier	Category of company
Common controlling shareholder	China United Shipbuilding Company Limited	Purchase of goods and receipt of services	Overseas company	Other company with limited liability (Wholly state-owned)
Common controlling shareholder	Jiangxi Chaoyang Machinery Co., Ltd.	Purchase of goods	913604001582614892	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common controlling shareholder	Jiangxi CSSC Valve Complete Equipment Co., Ltd.	Purchase of goods, receipt of services	91360429598860469Y	Other company with limited liability
Common controlling shareholder	Jiangxi CSSC Navigation Instrument Co., Ltd.	Purchase of goods and receipt of services	913604021595005410	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common controlling shareholder	Jiujiang Haitian Equipment Manufacture Co., Ltd.	Marine accessories	913604007697567041	Company with limited liability (Wholly state-owned)
Common controlling shareholder	Jiujiang Precision Testing Technology Research Institute	Purchase of goods and receipt of services	91360400705640569G	Ownership by the whole people
Common controlling shareholder	CSSC Jiujiang Fire Fighting Equipment Co., Ltd.	Marine accessories	913604007697501774	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common controlling shareholder	Nanjing CSSC Oasis Environmental Protection Co., Ltd.	Purchase of goods and receipt of services	91320114742362916X	Company with limited liability
Common controlling shareholder	Nanjing CSSC Oasis Environmental Protection Co., Ltd.	Product and equipment	913201151349053822	Company with limited liability
Common controlling shareholder	Shanghai Shipbuilding Technology Research Institute	Purchase of goods, receipt of services	91310104132625934E	Public institution
Common controlling shareholder	Shanghai Merchant Vessel Design and Research Institute	Marine accessories and labour technical services		Public institution
Common controlling shareholder	Shanghai Dongxin Software Engineering Co., Ltd.	Purchase of goods and receipt of services	9131000073745754XT	Company with limited liability (Wholly-owned by a legal person invested or controlled by a natural person)
Common controlling shareholder	Shanghai Haixun Electrical Engineering Co., Ltd.	Purchase of goods and receipt of services, sales of goods and provision of services	91310118751896055E	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common controlling shareholder	Shanghai Hudong Shipyard Valve Co., Ltd.	Purchase of goods	91310230631147500M	Other company with limited liability
Common controlling shareholder	Shanghai Jiangnan Career Skills Training Center	Purchase of goods, receipt of services	52310101425204260L	Private non-enterprise institution
Common controlling shareholder	Shanghai Jiuyuan Engineering Contracting Co., Ltd.	Purchase of goods and receipt of services	913101071329233921	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common controlling shareholder	Shanghai Starr ship Ocean Engineering Service Co., Ltd.	Purchase of goods and receipt of services, sales of goods and provision of services	91310000631140202F	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common controlling shareholder	Shanghai Waigaoqiao Shipbuilding & Marine Engineering Design Co. Ltd.	Purchase of goods, receipt of services	91310115742687243M	Other company with limited liability
Common controlling shareholder	Shanghai Waigaoqiao Shipbuilding Co., Ltd.	Sales of goods and provision of services	913101156314236324	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common controlling shareholder	Shanghai Zhenhua Engineering Consulting Co., Ltd.	Purchase of goods and receipt of services	91310107631898873Q	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common controlling shareholder	Shanghai CSSC Ship Design Technology and National Engineering Research Center Co., Ltd.	Purchase of goods and receipt of services	91310101766907124E	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common controlling shareholder	Shanghai CSSC Lingang ship Equipment Co., Ltd.	Purchase of goods, receipt of services	913101156746470974	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common controlling shareholder	Shanghai CSSC Mitsui Shipbuilding Diesel Engine Co., Ltd.	Purchase of goods and receipt of services	91310000765585565P	Company with limited liability (Sino-foreign joint venture)

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Category of relationship	Name of related party	Principal content of the transactions	Unified social credit identifier	Category of company
Common controlling shareholder	Suzhou Jianghai Communication Co., Ltd.	Purchase of goods, receipt of services	913205061377183984	Company with limited liability (Invested or controlled by a natural person)
Common controlling shareholder	Zhenjiang Shipyard Modern Power Generation Equipment Co., Ltd.	Purchase of goods, receipt of services	913211917820673134	Company with limited liability (Joint venture of Taiwan, Hong Kong, Macau enterprises and domestic enterprise)
Common controlling shareholder	CSSC Finance Company Limited	Receipt of financial services	91310115100027155G	Other company with limited liability
Common controlling shareholder	China Shipbuilding NDRI Engineering Co., Ltd.	Labour technical services	91310107425014619A	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common controlling shareholder	CSSC Electronic Technology Co., Ltd.	Purchase of goods and receipt of services	9111011510201629XL	Company with limited liability (State controlled)
Common controlling shareholder	CSSC Marine Power Institute Co., Ltd.	Purchase of goods, receipt of services	91310115566594282C	Company with limited liability (State controlled)
Common controlling shareholder	CSSC Marine Power (Zhenjiang) Co. Ltd.	Purchase of goods, receipt of services	913211007317784309	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common controlling shareholder	China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	Marine accessories	91440101056586979E	Company with limited liability (wholly-owned by a legal person)
Common controlling shareholder	China Shipbuilding Industry Complete Logistics Co., Ltd.	Purchase of goods and receipt of services, sales of goods and provision of services	91310110051227838H	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common controlling shareholder	CSSC Guangxi Ships and Maritime Engineering Co., Ltd.	Sales of goods, provision of services	91450700059544985W	Other company with limited liability
Common controlling shareholder	CSSC Guijiang Shipbuilding Co., Ltd.	Purchase of goods and receipt of services, sales of goods and provision of services	91450400199125619J	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common controlling shareholder	China Shipbuilding International Trading Co., Ltd.	Purchase of goods and receipt of services	91310115703424416U	Company with limited liability (State controlled)
Common controlling shareholder	CSSC Marine Power Components Co., Ltd.	Purchase of goods, receipt of services	913101157797531368	Other company with limited liability
Common controlling shareholder	CSSC Marine Services Co., Ltd.	Purchase of goods, receipt of services	91310115MA1K3M2Q92	Other company with limited liability
Common controlling shareholder	CSSC Marine Technology Co., Ltd.	Purchase of goods, receipt of services	91310115767236625B	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common controlling shareholder	CSSC Southern China Ship Machinery Co., Ltd.	Marine accessories and labour technical services	914504001991247986	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common controlling shareholder	CSSC Jiujiang Boiler Co., Ltd.	Purchase of goods, receipt of services	91360406MA388PRP8Q	Other company with limited liability
Common controlling shareholder	CSSC Jiujiang Marine Equipment (Group) Co., Ltd.	Purchase of goods, receipt of services	91360400858263725E	Other company with limited liability
Common controlling shareholder	China Shipbuilding Industry Institute of Engineering Investigation & Design Co. Ltd.	Purchase of goods, receipt of services	91310107132943529A	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common controlling shareholder	CSSC Luzhou Zhenjiang Marine Auxiliary Machinery Co., Ltd.	Marine accessories	91321102MA1MQMDU91	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common controlling shareholder	China Shipbuilding Trading Guangzhou Co., Ltd.	Purchase of goods	91440101MA5AKBD904	Company with limited liability (wholly-owned by a legal person)
Common controlling shareholder	CSSC Financial Leasing (Shanghai) Co., Ltd.	Purchase of goods, receipt of services	91310000090006392A	Other company with limited liability (Wholly-owned by Hong Kong, Macau and Taiwan legal persons)
Common controlling shareholder	CSSC Wartsila Engine (Shanghai) Co., Ltd.	Sales of goods, provision of services	9131011533642099X6	Company with limited liability (Sino-foreign joint venture)

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Common controlling shareholder	CSSC (Hong Kong) Shipping Company Limited	Purchase of goods and receipt of services, sales of goods and provision of services	Overseas company	H share listed joint stock company with limited liability(State-controlled)
Common controlling shareholder	China Ship Power Station Equipment Co., Ltd.	Product and equipment	91310115756976070P	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common controlling shareholder	China Shipbuilding Trading (Guangzhou) Co., Ltd.	Purchase of goods, receipt of services	914401011905500105	Ownership by the whole people
Common controlling shareholder	China Shipbuilding Trading Shanghai Co., Ltd.	Purchase of goods	913101151322076441	Other company with limited liability
Common controlling shareholder	China Shipbuilding Trading Co., Ltd.	Purchase of goods and receipt of services, sales of goods and provision of services	91110000100001027Q	Company with limited liability(State controlled)
Common controlling shareholder	CSSC Systems Engineering Research Institute	Purchase of goods and receipt of services		Public institution
Common controlling shareholder	China Shipbuilding Technology Institute	Purchase of goods and receipt of services	12110108400882006D	Public institution
Common controlling shareholder	Marine Design and Research Institute of China (Former CSSC 708 Research Institute)	Purchase of goods, receipt of services	12100000425007603X	Public institution
Common controlling shareholder	China Shipbuilding Group Co., Ltd.	Purchase of goods, receipt of services	91310000MA1FL70B67	Company with limited liability (Wholly state-owned)
Common controlling shareholder	Zhongshan GSI Marine Engineering Company Limited	Leases	91442000684420937T	Other company with limited liability
Common ultimate controller	Beijing the Great Wall Electronic Equipment Co., Ltd.	Purchase of goods, receipt of services	911101081019079710	Company with limited liability (wholly-owned by a legal person)
Common ultimate controller	Dalian Shipbuilding Industry Engineering Company	Purchase of goods, receipt of services	912102042430114845	Collective ownership
Common ultimate controller	Dalian Ship Valve Company Limited	Purchase of goods, receipt of services	912102311185217926	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common ultimate controller	CSSC Dalian Marine Propeller Co., Ltd.	Purchase of goods, receipt of services	912102001184759685	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common ultimate controller	CSSC Dalian New Consumables Co., Ltd.	Purchase of goods, receipt of services	91210213089099384Y	Other company with limited liability
Common ultimate controller	Guangdong Marine Equipment and Offshore Wind Power Research Center Co., Ltd.	Purchase of goods, receipt of services	91440800MA52U9508N	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common ultimate controller	Henan Diesel Engine Heavy Engineering Co., Ltd.	Purchase of goods, receipt of services	914103006634395595	Other company with limited liability
Common ultimate controller	Qingdao Beihai shipbuilding Heavy Industry Co., Ltd.	Purchase of goods, receipt of services	913702007335097010	Other company with limited liability
Common ultimate controller	Qingdao Shuangrui Marine Environment Engineering Co., Ltd.	Purchase of goods, receipt of services	91370200750419038P	Other company with limited liability(Unlisted)
Common ultimate controller	Xiamen Sunrui Ship Coatings Co., Ltd.	Purchase of goods, receipt of services	91350200761709479M	Other company with limited liability
Common ultimate controller	Shanxi Fenxi Heavy Industry Co., Ltd	Purchase of goods, receipt of services	911400007701102654	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common ultimate controller	Shaaxi Diesel Engine Co., Ltd.	Purchase of goods, receipt of services	91610000755231771E	Company with limited liability(State controlled)
Common ultimate controller	Shanghai Hunter Marine Equipment Co., Ltd.	Purchase of goods, receipt of services	91310230067816848E	Other company with limited liability
Common ultimate controller	Shanghai Hengtuo Industrial Development Co., Ltd.	Purchase of goods, receipt of services	913101046822767751	Company with limited liability(State controlled)
Common ultimate controller	Shanghai Huajing Power Station Equipment Co., Ltd.	Purchase of goods, receipt of services	91310113631256379P	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)

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Common ultimate controller	Shanghai Ling Yao Ship Engineering Co., Ltd.	Purchase of goods, receipt of services	91310112055059886N	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common ultimate controller	Shanghai Qiyao System Engineering Co., Ltd.	Purchase of goods, receipt of services	91310112690197284Y	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common ultimate controller	Shanghai Qiyao Heavy Industry Co., Ltd.	Purchase of goods, receipt of services	91310112342099741R	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common ultimate controller	Wuchang Shipbuilding Industry Group Co., Ltd.	Purchase of goods, receipt of services	91420100177688517B	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common ultimate controller	Wuhan Marine Machinery Co., Ltd.	Purchase of goods, receipt of services	914201007581511288	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common ultimate controller	Wuhan Haiyi Science and Technology Limited Company	Purchase of goods, receipt of services	914201000819651028	Company with limited liability (Invested or controlled by a natural person)
Common ultimate controller	Wuhan Kawasaki Marine Machinery Co., Ltd.	Purchase of goods, receipt of services	914201007246755641	Other company with limited liability
Common ultimate controller	Wuhan Huazhongtianqin Defense Technology Co., Ltd.	Purchase of goods, receipt of services	914201005879749892	Company with limited liability (Wholly-owned by a legal person invested or controlled by a natural person)
Common ultimate controller	Wuhan Langan Technology Co., Ltd.	Purchase of goods, receipt of services	914201005749474475	Company with limited liability (Wholly-owned by a legal person invested or controlled by a natural person)
Common ultimate controller	Wuhan Digital Engineering Institute (Former China Shipbuilding Industry Corporation 709 Research Institute)	Purchase of goods, receipt of services	91420100725778493R	Public institution
Common ultimate controller	Wuhan Temo Welding Consumables Co., Ltd.	Purchase of goods, receipt of services	91420107761211961K	Joint stock company with limited liability (unlisted, invested or controlled by a natural person)
Common ultimate controller	Wuhan Changhai Power Propulsion and Chemical Power Co., Ltd.	Sales of goods, provision of services	914201113335685180	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common ultimate controller	Wuhan Heavy Industry Casting & Forging Co., Ltd.	Purchase of goods, receipt of services	91420100177685180G	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common ultimate controller	Xi'an Hualei Machinery and Electronics Group Co., Ltd.	Purchase of goods, receipt of services	91610000779925436W	Other company with limited liability
Common ultimate controller	Yangzhou Marine Science and Electronic Technology Co., Ltd.	Purchase of goods, receipt of services	91420500179161663U	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common ultimate controller	Yichang Marine Diesel Co., Ltd.	Purchase of goods, receipt of services	91420500179161663U	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common ultimate controller	CSSC Southern China Ship Machinery Guangzhou Co., Ltd.	Purchase of goods and receipt of services	91420100663453086G	Company with limited liability (wholly-owned by a legal person)
Common ultimate controller	Shanghai Marine Energy Saving Technology Development Co., Ltd.	Purchase of goods, receipt of services	91310101324445479M	Other company with limited liability
Common ultimate controller	CSIC Electrical Machinery Science&Technology Co., Ltd.	Purchase of goods, receipt of services	91420500760672977G	Joint stock company with limited liability(Unlisted)
Common ultimate controller	CSIC Haisheng Technology Co., Ltd.	Purchase of goods, receipt of services	91420500760672977G	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)

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Category of relationship	Name of related party	Principal content of the transactions	Unified social credit identifier	Category of company
Common ultimate controller	CSIC Tianhe Ship Equipment Jiangsu Co., Ltd.	Purchase of goods, receipt of services	913212830566715245	Other company with limited liability
Common ultimate controller	CSIC Material Trade Group Guangzhou Co., Ltd.	Purchase of goods, receipt of services	91440101552381964L	Other company with limited liability
Common ultimate controller	CSIC Material Trade Group Wuhan Co., Ltd.	Purchase of goods and receipt of services	91420100663453086G	Other company with limited liability
Common ultimate controller	CSIC Material Trade Group Co., Ltd.	Purchase of goods and receipt of services	91110000710934190A	Company with limited liability (wholly-owned by a legal person)
Common ultimate controller	CSIC Zhongnan Equipment Co., Ltd.	Purchase of goods, receipt of services	91420000757020943U	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common ultimate controller	CSIC Chongqing Changping Machinery Co., Ltd.	Purchase of goods, receipt of services	91500101207901754J	Company with limited liability (wholly-owned by a legal person)
Common ultimate controller	China Shipbuilding Equipment & Materials Northeast Corporation	Purchase of goods, receipt of services	91310101132203213X	Company with limited liability(State controlled)
Common ultimate controller	China National Shipbuilding Equipment & Materials (East China) Co., Ltd.	Purchase of goods, receipt of services	91310101132203213X	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common ultimate controller	China National Shipbuilding Equipment & Materials (South China) Co., Ltd.	Purchase of goods, receipt of services	91440000190332072P	Other company with limited liability
Common ultimate controller	Marine Tower of China National Shipbuilding Equipment & Materials (South China) Co., Ltd.	Purchase of goods, receipt of services	9144000070767851XG	Branch of other company with limited liability
Common ultimate controller	CSIC International Trading (Hong Kong) Co., Ltd.	Purchase of goods, receipt of services	Overseas company	Company with limited liability
Common ultimate controller	CSIC Diesel Engine Co., Ltd.	Purchase of goods and receipt of services	91370211MA3DKDQ98F	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Common ultimate controller	China Shipbuilding Industry Corporation 722 Research Institute	Purchase of goods, receipt of services	81420000777564390K	Public institution
Common ultimate controller	China Shipbuilding Industry Corporation 726 Research Institute	Purchase of goods, receipt of services	813100007752031966	Public institution
Common ultimate controller	China Shipbuilding Industry Corporation 725 Research Institute (Luoyang Ship Material Research Institute)	Purchase of goods and receipt of services, sales of goods and provision of services	91410307MA3X4HHL0N	Public institution
Common ultimate controller	Qingdao Division of China Shipbuilding Industry Corporation 725 Research Institute	Purchase of goods, receipt of services	91370202F67621652H	State-owned operating institution (Unincorporated)
Common ultimate controller	China Shipbuilding Industry Corporation 707 Research Institute	Purchase of goods, receipt of services	91360402739183968P	Public institution
Common ultimate controller	China Shipbuilding Industry Corporation 703 Research Institute	Purchase of goods, receipt of services	91230100414001783B	Public institution
Common ultimate controller	Wuxi Division of China Shipbuilding Industry Corporation 703 Research Institute	Purchase of goods, receipt of services	91320200466290935R	Public institution
Common ultimate controller	China Shipbuilding Industry Corporation 704 Research Institute	Purchase of goods, receipt of services	913101041326736107	Public institution
Common ultimate controller	Kunming Division of China Shipbuilding Industry Corporation 705 Research Institute	Purchase of goods, receipt of services	8153011268857997XJ	Public institution
Common ultimate controller	China Shipbuilding Industry Corporation 701 Research Institute	Purchase of goods, receipt of services	121000004416239594	Public institution
Common ultimate controller	China Shipbuilding Industry Corporation 760 Research Institute	Purchase of goods, receipt of services	91210202118425354U	Public institution
Common ultimate controller	China Shipbuilding Industry Corporation 718 Research Institute	Purchase of goods, receipt of services	911304001055711332	Public institution
Common ultimate controller	China Shipbuilding Industry Corporation 719 Research Institute	Purchase of goods, receipt of services	81420000F9966602XH	Public institution
Common ultimate controller	China Shipbuilding Industry Corporation 716 Research Institute	Purchase of goods, receipt of services		Public institution
Common ultimate controller	China Shipbuilding Industry Corporation 713 Research Institute	Purchase of goods, receipt of services	91410100712675452H	Public institution
Common ultimate controller	China Shipbuilding Industry Corporation 714 Research Institute	Purchase of goods, receipt of services	81110000664600359A	Public institution
Common ultimate controller	China Shipbuilding Industry Corporation 715 Research Institute	Purchase of goods, receipt of services	81330000777203464J	Public institution
Common ultimate controller	China Shipbuilding Industry Corporation 711 Research Institute	Purchase of goods, receipt of services	12100000425008729F	Public institution

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Category of relationship	Name of related party	Principal content of the transactions	Unified social credit identifier	Category of company
Common ultimate controller	China Shipbuilding Industry Corporation 12 Research Institute	Purchase of goods, receipt of services	91610481435721982U	Public institution
Common ultimate controller	CSIC Heng Yuan Technology Co., Ltd.	Purchase of goods, receipt of services	91500101207901922L	Company with limited liability
Common ultimate controller	Chongqing Gearbox Co., Ltd.	Purchase of goods, receipt of services	915000002035507235	Company with limited liability
Common ultimate controller	Chongqing Huayu Electrical Group Limited	Purchase of goods, receipt of services	91500000202826724X	Other company with limited liability
Common ultimate controller	Chongqing Jiangjin Shipbuilding Industry Co., Ltd.	Purchase of goods, receipt of services	91500116576196464R	Company with limited liability (wholly-owned by a legal person)
Common ultimate controller	Chongqing Changzheng Heavy Industry Co., Ltd.	Purchase of goods, receipt of services	9150000020280308XL	Company with limited liability (wholly-owned by a legal person)
Common ultimate controller	Chongqing Zhongchi Transportation Co., Ltd.	Purchase of goods, receipt of services	91500116203586718H	Company with limited liability
Common ultimate controller	Zibo Torch Energy Co., Ltd.	Purchase of goods, receipt of services	91370300164109846C	Company with limited liability (Wholly-owned by a legal person invested or controlled by a non-natural person)
Joint venture of controlling shareholder	TTS Hua Hai Ships Equipment Co., Ltd.	Marine accessories	91310000607385242T	Company with limited liability (Sino-foreign joint venture)
Associate of controlling shareholder	Guangzhou Wenchong Industrial Co., Ltd.	Leases	91440101MA5CK3CP5P	Other company with limited liability
Associate of controlling shareholder	Wartsila CME Zhenjiang Propeller Co., Ltd.	Purchase of goods, receipt of services	91321191761020727C	Company with limited liability (Sino-foreign joint venture)
Joint venture of ultimate controller	TTS Bohai Trading (DaLian) Co., Ltd.	Purchase of goods, receipt of services	91210200773011078Y	Company with limited liability (Sino-foreign joint venture)
Joint venture of ultimate controller	Shanghai Kaiyue Construction Consulting and Supervision Co., Ltd.	Purchase of goods, receipt of services	913102301321634692	Other company with limited liability
Joint venture of ultimate controller	CSSC Jiai Cruise Technology Development (Shanghai) Co., Ltd.	Purchase of goods, receipt of services	91310113MA1GLDMA58	Company with limited liability (Invested or controlled by a natural person)
Joint venture of ultimate controller	CSSC Wartsila Electric Automation (Shanghai) Co., Ltd.	Purchase of goods, receipt of services	91310000MA1GM58759	Company with limited liability (Sino-foreign joint venture)
Associate of ultimate controller	Beijing Rui Chi Fei Si Engineering Consulting Co., Ltd. (Beijing Ruichi Feisi Engineering Cost Consulting Co., Ltd.)	Purchase of goods, receipt of services	91110105756019617C	Other company with limited liability
Associate of ultimate controller	CSSC Guangxi North Bay Ship and Marine Engineering Design Co., Ltd.	Purchase of goods, receipt of services	914500000811760314	Other company with limited liability
Associate of ultimate controller	Zhongshan Branch of Guangzhou Diesel Engine Factory Co., Ltd.	Sales of goods, provision of services	91442000MA4WT8A901	Branch of other company with limited liability(Unlisted)
Associate of ultimate controller	Wuhan Kawasaki Marine Machinery Co., Ltd.	Purchase of goods, receipt of services	914201006164298251	Company with limited liability (Sino-foreign joint venture)

Other explanations: In October 2019, CSSC shipbuilding group performed joint restructuring with China Shipbuilding Industry Corporation (hereinafter referred to as the "CSIC") to newly set up China Shipbuilding Group Co., Ltd.\* (中國船舶集團有限公司) (hereinafter referred to as "China Shipbuilding Group"). In November 2019, China Shipbuilding Group was established, and it completed the business registration in the State Administration for Industry and Commerce of the PRC. On 8 November 2019, members of the board of directors, supervisors and senior management of China Shipbuilding Group were appointed, and CSSC shipbuilding group, CSIC and China Shipbuilding Group have the same members of the board of directors, supervisors and senior management. On 29 June 2021, China Shipbuilding Group issued the "Statement of China Shipbuilding Group Co., Ltd. on the Initiation of Relevant Procedures for the Joint Restructuring (中國船舶集團有限公司關於啟動聯合重組相關程序的說明)" and decided to proceed with the procedures in relation to the acquisition of the listed company to which CSSC shipbuilding group and CSIC belong in accordance with relevant regulations from the date of issuance of such statement. Therefore, CSIC and its subsidiaries are also related parties of the Group and their transactions with the Group constitute continuous related party transactions.

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## (V) Related party transactions

The Company and CSSC signed the 2020-2022 Connected Continuing Transaction Framework Agreement and supplementary agreement, whereby both parties provide transactions:

- (1) Provision of products and services by the Group to CSSC shipbuilding group, including ship products, electromechanical equipment and metal materials, etc., supply of power, leasing, labor and technical services, etc.;
- (2) Provision of products and services by CSSC shipbuilding group to the Group, including marine equipment, electromechanical equipment, ancillary parts and material supplies, etc., leasing, labor and technical services, etc.;
- (3) Provision of financial services by CSSC shipbuilding group to the Group, including deposit and loan business, other bank credit facilities, forward exchange settlement and sale, entrusted assets and guarantee business;
- (4) Provision of ship sales agency as well as material procurement agency services by CSSC shipbuilding group to the Group, etc.

The pricing policy of related party transactions: Conducted on normal commercial terms and in the normal and ordinary course of business of the Group (where if there is no or there are not enough transactions for comparison to determine whether the transaction between the parties will be conducted on normal commercial terms, the transaction will be conducted on terms no less favourable than those obtained or entitled from independent third parties by the Group (as the case maybe), and the transaction shall be fair and reasonable to the shareholders of the Company. The parties to the relevant agreements will, if necessary, enter into agreements setting out specific terms (including pricing bases) for each continuing connected transaction.

### 1. Related party transaction in relation to purchase and sale of goods and provision and receipt of services

#### (1) Purchase of goods/receipt of services

Related party	Content of related party transaction	Current period	Corresponding period of last year
China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	710,963,926.73	1,622,608,152.28
China United Shipbuilding Company Limited	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	144,730,920.69	94,631,127.02
Eastern Shanghai Heavy Machinery Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	100,313,548.99	221,620,438.05
China Shipbuilding Industry Corporation 715 Research Institute	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	95,910,000.00	84,314,000.00
Dalian Shipbuilding Industry Engineering Company, Shipbuilding Plant Branch	Leasing, receipt of labor and technical services	70,718,771.33	54,308,360.20
Chongqing Gearbox Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	65,314,153.00	
Shaanxi Diesel Engine Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	54,351,856.93	3,734,003.00
China Shipbuilding Trading Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	42,687,824.69	
Anqing CSSC Diesel Engine Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	32,363,274.34	33,663,508.50

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Related party	Content of related party transaction	Current period	Corresponding period of last year
CSSC Systems Engineering Research Institute	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	30,294,000.00	11,500,000.00
China Shipbuilding Industry Group Diesel Engine Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	30,203,539.82	
Guangzhou Shipyard International Company Limited	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	29,232,330.05	14,045,018.38
TTS Hua Hai Ships Equipment Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	28,764,173.44	5,757,887.17
China Shipbuilding Industry Corporation 711 Research Institute	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	28,712,205.80	16,582,152.24
China Shipbuilding Industry Corporation 707 Research Institute	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	23,662,100.00	
China Shipbuilding Trading Guangzhou Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	22,310,091.24	16,444,406.12
Shanghai CSSC Mitsui Shipbuilding Diesel Engine Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	18,974,137.93	19,300,683.15
Wuhan Marine Machinery Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	18,035,313.11	290,175.47
CSSC Nanjing Luzhou Machine Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	16,180,500.02	15,832,248.51
Wuhan Lingan Technology Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	15,309,734.52	
CSSC Marine Power Zhenjiang Co., Ltd. *(中船動力鎮江有限公司) (Originally CSSC Marine Power Co. Ltd.)	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	12,855,575.26	
CSSC Marine Power Institute Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	12,300,885.00	
Shanghai Merchant Vessel Design and Research Institute	Leasing, receipt of labor and technical services	12,189,100.00	23,146,600.00
CSSC Marine Power Co. Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	10,797,025.66	21,631,978.83

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Related party	Content of related party transaction	Current period	Corresponding period of last year
Dalian Ship Valve Company Limited	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	10,603,586.91	9,588.50
China Shipbuilding Industry Corporation 716 Research Institute	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	10,180,000.00	1,060,000.00
China Ship Power Station Equipment Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	8,915,000.00	
CSIC Haisheng Technology Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	8,515,300.00	
China Shipbuilding Industry Corporation 726 Research Institute	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	7,560,000.00	4,500,000.00
China Shipbuilding Industry Corporation 704 Research Institute	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	7,131,012.57	55,474,200.00
Henan Diesel Engine Heavy Engineering Co., Ltd.	Leasing, receipt of labor and technical services	6,718,796.00	
Wuhan Temo Welding Consumables Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	6,159,400.00	
Qingdao Shuangrui Marine Environment Engineering Co., Ltd	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	5,952,280.19	
Wuhan Heavy Industry Casting & Forging Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	5,607,576.56	2,441,432.87
Guangzhou Ship Industrial Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	5,333,274.75	6,001,610.81
CSSC Southern China Ship Machinery Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	4,988,690.00	793,324.00
China Shipbuilding Industry Corporation 718 Research Institute	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	4,983,530.00	780,000.00
Shanghai Starry ship Ocean Engineering Service Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	4,852,684.96	6,550,852.48
Beijing the Great Wall Electronic Equipment Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	4,785,500.00	14,842,400.00

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Related party	Content of related party transaction	Current period	Corresponding period of last year
China Shipbuilding Industry Corporation 711 Research Institute	Leasing, receipt of labor and technical services	4,632,067.37	
China Shipbuilding Industry Corporation 709 Research Institute	Leasing, receipt of labor and technical services	4,600,000.00	
Guangzhou Longxue Pipe Co., Ltd.	Leasing, receipt of labor and technical services	4,373,020.00	7,315,792.12
Zhenjiang Modern Power Generation Equipment Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	4,358,053.12	3,883,000.89
China Shipbuilding Industry Corporation 701 Research Institute	Leasing, receipt of labor and technical services	4,200,600.00	17,724,202.50
Shanghai CSSC Ship Design Technology and National Engineering Research Center Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	3,870,000.00	
Henan Diesel Engine Heavy Engineering Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	3,768,519.12	3,037,820.07
CSIC material trade group Wuhan Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	3,739,484.79	
China Shipbuilding Industry Corporation 709 Research Institute	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	3,140,000.00	1,470,000.00
China Shipbuilding Industry Corporation 725 Research Institute	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	3,013,287.60	1,605,675.81
CSSC Jiujiang Boiler Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	2,934,703.53	
China Shipbuilding Equipment & Materials Northeast Corporation	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	2,897,148.86	8,499,692.40
Chongqing Jiangjin Shipbuilding Industry Co., Ltd.	Leasing, receipt of labor and technical services	2,840,313.68	
Marine Design and Research Institute of China (Originally CSSC 708 Research Institute)	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	2,771,000.00	
China Shipbuilding Trading (Guangzhou) Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	2,573,424.83	
CSIC material trade group Guangzhou Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	2,541,156.42	25,009,381.92

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Related party	Content of related party transaction	Current period	Corresponding period of last year
Wuhan Haiyi Science and Technology Limited Company	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	<b>2,477,876.10</b>	
Jiangxi Chaoyang Machinery Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	<b>2,272,924.70</b>	1,012,007.46
CSSC Jiujiang Fire Fighting Equipment Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	<b>2,221,646.24</b>	220,318.76
Marine Design and Research Institute of China (708)	Leasing, receipt of labor and technical services	<b>2,185,000.00</b>	
China Shipbuilding Industry Corporation 713 Research Institute	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	<b>2,039,500.00</b>	
Guangzhou Wencheng Shipbuilding Co., Ltd.	Leasing, receipt of labor and technical services	<b>2,021,433.96</b>	
Guangzhou Guangchuan Offshore Engineering Equipment Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	<b>1,858,407.08</b>	330,088.49
Eastern Shanghai Heavy Machinery Co., Ltd.	Leasing, receipt of labor and technical services	<b>1,834,676.00</b>	
CSSC Zhongnan Equipment Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	<b>1,658,000.00</b>	
CSSC Luzhou Zhenjiang Marine Auxiliary Machinery Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	<b>1,637,168.14</b>	6,592.92
Shanghai Dongxin Software Engineering Co., Ltd.	Leasing, receipt of labor and technical services	<b>1,415,929.28</b>	
Wartsila CME Zhenjiang Propeller Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	<b>1,413,793.10</b>	706,896.55
CSSC Dalian Marine Propeller Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	<b>1,381,000.00</b>	
Marine Design and Research Institute of China (Originally CSSC 708 Research Institute)	Leasing, receipt of labor and technical services	<b>1,200,000.00</b>	
CSSC Guangxi North Bay Ship and Marine Engineering Design Co., Ltd.	Leasing, receipt of labor and technical services	<b>1,139,190.83</b>	211,913.39
Beijing Lei Yin Electronic Technology Development Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	<b>1,012,520.00</b>	595,600.00

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Related party	Content of related party transaction	Current period	Corresponding period of last year
Shanghai Huajing Power Station Equipment Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	1,000,000.00	
Shanghai Haixun Electrical Engineering Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	860,000.00	5,309,734.51
Guangzhou Shipyard International Company Limited	Leasing, receipt of labor and technical services	839,730.68	
Jiangxi Chaoyang Machinery Co., Ltd.	Leasing, receipt of labor and technical services	795,420.18	
Nanjing CSSC Oasis Environmental Protection Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	708,748.66	824,654.86
Workers' Hospital of Guangzhou Huangpu Shipyard	Leasing, receipt of labor and technical services	691,893.80	47,216.00
Marinequip China Company Limited	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	627,676.85	9,128,655.97
CSSC Marine Power Co., Ltd.	Leasing, receipt of labor and technical services	615,929.20	
CSSC Marine Power Co., Ltd.* (中船動力鎮江有限公司)	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	507,345.13	
Kindergarten of Guangzhou Huangpu Shipyard	Leasing, receipt of labor and technical services	502,875.00	
Guangzhou Guangchuan Offshore Engineering Equipment Co., Ltd.	Leasing, receipt of labor and technical services	497,439.82	
Zibo Torch Energy Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	464,305.00	
CSSC Jiujiang Fire Fighting Equipment Co., Ltd.	Leasing, receipt of labor and technical services	390,000.00	
China Shipbuilding Industry Corporation 703 Research Institute	Leasing, receipt of labor and technical services	300,000.00	
China Shipbuilding Industry Corporation 704 Research Institute	Leasing, receipt of labor and technical services	297,826.73	
Guangzhou Hongfan Technology Co., Ltd	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	226,421.77	224,521.00
Beijing Ship Industry Management College	Leasing, receipt of labor and technical services	212,933.92	
Guangzhou Shipyard Co., Ltd.	Leasing, receipt of labor and technical services	194,271.51	

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Related party	Content of related party transaction	Current period	Corresponding period of last year
China Shipbuilding Industry Corporation 11 Research Institute (Originally Shanghai Shipbuilding Technology Research Institute)	Leasing, receipt of labor and technical services	155,900.00	
China National Shipbuilding Equipment & Materials (South China) Co., Ltd	Leasing, receipt of labor and technical services	149,945.96	
Guangzhou Hongfan Technology Co., Ltd	Purchase of PP&E	146,371.68	
Chongqing Jiangjin Shipbuilding Industry Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	120,000.00	
CSSC Dalian New Consumables Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	116,814.16	
Guangzhou Shipyard Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	109,704.35	5,897,065.26
China Shipbuilding NDRI Engineering Co., Ltd.	Purchase of PP&E, labour and technical services	98,113.21	5,302,060.73
Xiamen Sunrui Ship Coatings Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	78,274.34	
CSSC Dalian New Consumables Co., Ltd.	Purchase of PP&E	69,911.50	
Beijing Rui Chi Fei Si Engineering Consulting Co., Ltd.	Purchase of PP&E	65,250.00	82,155.66
Guangzhou Hongfan Technology Co., Ltd	Leasing, receipt of labor and technical services	64,150.94	
Guangdong GSI Elevator Machinery Equipment Co., Ltd.	Leasing, receipt of labor and technical services	58,234.26	46,698.11
China Shipbuilding Industry Corporation 714 Research Institute	Leasing, receipt of labor and technical services	53,169.81	
Wuhan Marine Machinery Co., Ltd.	Leasing, receipt of labor and technical services	34,955.75	
Anqing Marine Electric Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	28,858.41	
China Shipbuilding Industry Institute of Engineering Investigation & Design Co. Ltd.	Leasing, receipt of labor and technical services	28,301.89	
China National Shipbuilding Equipment & Materials (South China) Co., Ltd Marine Building	Leasing, receipt of labor and technical services	13,258.50	111,989.06
China Shipbuilding Industry Corporation 707 Research Institute	Leasing, receipt of labor and technical services	9,433.96	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

Related party	Content of related party transaction	Current period	Corresponding period of last year
China Shipbuilding Industry Corporation 722 Research Institute	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	5,309.73	
Qingdao Beihai shipbuilding Heavy Industry Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	4,800.00	620,000.00
China Shipbuilding Industry Corporation 725 Research Institute Qingdao Branch	Leasing, receipt of labor and technical services	4,433.96	
China Shipbuilding Industry Complete Logistics Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	3,982.30	
Shanghai Jiangnan Career Skills Training Center	Leasing, receipt of labor and technical services	3,398.06	3,281.74
Wuhan Kawasaki Marine Machinery Co. Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	398.23	
Shanghai Shipbuilding Technology Research Institute Zhoushan Ship Engineering Research Centre of Shanghai Shipbuilding Technology Research Institute	PP&E		40,111,581.50
Jiujiang Haitian Equipment Manufacture Co., Ltd.	Marine accessories		6,608,205.32
Shanghai CSSC Lingang ship Equipment Co., Ltd.	Materials purchased, PP&E		6,354,663.01
China Shipbuilding Industry Corporation 7 Research Institute	Materials purchased		6,326,000.00
Guangzhou Shipyard HR Service Co., Ltd.	Labour services		5,678,279.67
Guangzhou Zhongdan Ship Design Co., Ltd.	Design and technical services		5,482,080.00
China Shipbuilding Trading Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc.		4,944,051.39
Marine Design and Research Institute of China	Labour and technical services		3,431,886.76
Guangzhou Guangchuan Offshore Engineering Equipment Co., Ltd. Nanhai branch	Materials purchased		2,834,511.57
China Shipbuilding Industry Corporation 723 Research Institute	Materials purchased		2,700,000.00
China Shipbuilding Technology Institute	Labour and technical services		1,886,792.45
Guangzhou Shipyard Co., Ltd. Foshan Zhuduan Branch	Materials purchased		1,800,103.23
Guangzhou Shipyard Hospital	Purchase of goods, receipt of services		1,786,541.50
Haifeng Navigation Technology Co., Ltd.	Materials purchased		1,706,896.46

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

Related party	Content of related party transaction	Current period	Corresponding period of last year
Guangzhou Shipyard International Company Limited	Design and technical services		972,169.81
Dalian Shipbuilding Technology Research Center Co., Ltd.	Design and technical services		952,895.27
CSSC Scientific Research Center (Shanghai)	Materials purchased		734,513.32
China Shipbuilding Industry Corporation 717 Research Institute	Materials purchased		720,000.00
China Shipbuilding Industry Corporation 11 Research Institute	Materials purchased		645,849.06
Wah-Chang International Marine Industry Company Limited	Materials purchased		338,938.37
Shanghai Jiuyuan Engineering Contracting Co., Ltd.	Materials purchased and labour		327,433.64
CSSC Marine Services Co., Ltd.	Materials purchased		274,324.56
China Shipbuilding IT Co., Ltd.	Labour and technical services		200,635.40
Yichang Marine Diesel Engine Co., Ltd.	Materials purchased		118,631.86
Guangzhou Bohang Environment Monitoring Services Co., Ltd.	PP&E and labour		89,029.12
Chongqing Hongjiang Machinery Co., Ltd.	Materials purchased		61,223.40
Shanghai Hudong Shipyard Valve Co., Ltd.	Materials purchased		48,375.93
Chongqing Hengshan Machinery Co., Ltd.	Materials purchased		26,052.70
Dalian Shipyard Tool Industry Co., Ltd. (Dalian Shipping Factory Tools Industry Company)	Materials purchased		19,322.12
CSIS (Shenyang) Microbe Free Technologies Corporation	Design and technical services		4,000.00
CSIC material trade group Guangzhou Co., Ltd., liquor industry branch	Design and technical services		3,328.00
Guangzhou Hongfan Hotel Co., Ltd.	Design and technical services		2,728.00
<b>Total</b>		<b>1,824,639,254.49</b>	<b>2,548,282,207.18</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

Specific pricing method of Purchase of goods and receipt of services:

- 1) Provision of mechanical and electrical equipment and material supplies, etc. at market prices, not higher than those provided by independent third parties;
- 2) Provision of marine accessories, iron outfitting parts, etc. Due to low unit price, sporadic and complicated, and often urgent needs and short lead time, so the unit price is agreed once a year through costing, and the material department of the Group will negotiate the order price with the supplier accordingly. If the price of raw materials in the market changes significantly, the Group will make appropriate adjustments according to the changes in the market;
- 3) Provision of marine equipment. If there is a member unit of CSSC shipbuilding group in the manufacturer lists, the member unit will participate in the competition among two or more manufacturers in the manufacturer list, and the material department of the Group will negotiate the price as usual, and the Group will determine the price according to the market condition, but it will also consider the supply cycle, manufacturer qualification and service level and other factors to select the manufacturer, but the price will not be less favorable than those of the independent third party supplier. If individual equipment may be supplied by only one affiliated manufacturer due to the limitation of technical specifications or delivery conditions, the Group will negotiate the price with the supplier according to the recent contract price of the equipment or the unit price converted according to a certain technical data, combined with the market price of raw materials and other factors, but the price will not be less favorable than the terms and conditions provided by the independent third party supplier;
- 4) Participate in the materials and related logistics and distribution services centrally procured by CSSC shipbuilding group, the price of which will not be less favorable than the terms and conditions provided by the independent third party supplier;
- 5) The price of receiving leasing is based on market price or cost plus 10% management fee, and the annual cap is based on the total value of the right-to-use assets recognized by CSSC and the total annual depreciation and interest costs calculated on the basis of the taxes payable for leasing production bases and staff quarters; Labour services will be priced at market price; the price of comprehensive services will not be less favorable than the terms and conditions provided by independent third parties. The pricing of technical services shall be based on the market price.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

(2) Sale of goods/provision of services

Related party	Content of related party transaction	Current period	Corresponding period of last year
CSSC (Hong Kong) Shipping Company Limited	Sales of shipping products, electrical and mechanical engineering equipment, metallic materials and sales of waste materials, etc.	<b>360,628,320.89</b>	478,982,118.29
China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	Sales of shipping products, electrical and mechanical engineering equipment, metallic materials and sales of waste materials, etc.	<b>34,833,780.65</b>	48,820,357.21
Guangdong Haizhuang Offshore Wind Power Research Center Co., Ltd. (廣東海裝海上風電研究中心有限公司)	Sales of shipping products, electrical and mechanical engineering equipment, metallic materials and sales of waste materials, etc.	<b>17,312,389.38</b>	
Guangzhou Shipyard International Company Limited	Sales of shipping products, electrical and mechanical engineering equipment, metallic materials and sales of waste materials, etc.	<b>15,420,693.96</b>	1,395,597.45
China Shipbuilding IT Co., Ltd.	Provision of leasing, labour, environmental protection business and design and technical services, etc.	<b>3,150,442.48</b>	
Guangzhou Shipyard International Company Limited, Shipbuilding Plant Branch	Sales of shipping products, electrical and mechanical engineering equipment, metallic materials and sales of waste materials, etc.	<b>284,302.62</b>	125,510.61
CSSC Southern China Ship Machinery Guangzhou Co., Ltd.	Provision of leasing, labour, environmental protection business and design and technical services, etc.	<b>59,274.34</b>	242,991.86
CSSC Guangxi North Bay Ship and Marine Engineering Design Co., Ltd.	Provision of leasing, labour, environmental protection business and design and technical services, etc.	<b>43,719.88</b>	1,569.35
Guangzhou Shipyard International Company Limited, Shipbuilding Plant Branch	Provision of leasing, labour, environmental protection business and design and technical services, etc.	<b>38,234.53</b>	
Guangzhou Shipyard International Company Limited, Shipbuilding Plant Branch	Supply of utilities	<b>21,205.49</b>	47,832.06
Guangzhou Diesel Engine Factory Co., Ltd, Zhongshan Branch	Provision of leasing, labour, environmental protection business and design and technical services, etc.	<b>6,834.91</b>	4,198.12
Jiangxi Chaoyang Machinery Co., Ltd.	Sales of shipping products, electrical and mechanical engineering equipment, metallic materials and sales of waste materials, etc.	<b>3,754.42</b>	645.00
Workers' Hospital of Guangzhou Huangpu Shipyard	Supply of utilities	<b>1,483.49</b>	92,997.23
China Shipbuilding NDRI Engineering Co., Ltd.	Provision of leasing, labour, environmental protection business and design and technical services, etc.	<b>670.87</b>	856,858.41

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

Related party	Content of related party transaction	Current period	Corresponding period of last year
Workers' Hospital of Guangzhou Huangpu Shipyard	Provision of leasing, labour, environmental protection business and design and technical services, etc.	197.35	
Anqing CSSC Diesel Engine Co., Ltd.	Provision of leasing, labour, environmental protection business and design and technical services, etc.	18.87	
China Shipbuilding Trading Co., Ltd.	Sale of materials		10,063,546.13
CSSC Science & Technology	Sale of materials, labour and technical services		1,760,229.26
Shanghai Starry ship Ocean Engineering Service Co., Ltd.	Rudder system design and manufacture		1,369,827.58
Guangzhou Wencheng Shipbuilding Co., Ltd.	Sale of materials		197,453.54
Guangzhou Shipyard Co., Ltd.	Sale of materials, supply of utilities, labour and technical services		159,662.77
CSSC Heavy Equipment Co., Ltd.	Sale of materials, labour and technical services		158,848.47
Kindergarten of Guangzhou Huangpu Shipyard	Supply of utilities		35,402.47
TTS Bohai Trading (DaLian) Co., Ltd.	Sale of materials		31,500.00
Ships and Ocean Engineering Design and Research Institute of Guangzhou	Labour and technical services, supply of utilities		5,660.38
CSSC Guijiang Shipbuilding Co., Ltd.	Provision of leasing, labour, environmental protection business and design and technical services, etc.		3,915.09
<b>Total</b>		<b>431,805,324.13</b>	<b>544,356,721.28</b>

Specific pricing method of sales of goods and provision of services is as follows:

- 1) Provision of shipping products, electrical and mechanical engineering equipment and metallic materials. The pricing will be based on market prices.
- 2) Supply of utilities. The pricing will be based on the cost of supply of utilities provided by CSSC shipbuilding group plus a 20-25% management fee or on terms no less favourable to the Group than terms available from independent third parties.
- 3) Leasing, labour supply, technical services, etc. The pricing will be based on terms no less favourable to the Group than terms available from independent third parties.

## 2. Receipt of financial services

### (1) Deposits

Name of related party	Balance of deposits		Balance of deposits	
	Ending balance	Beginning balance	Current period	Corresponding period of last year
CSSC Finance Company Limited	3,620,126,635.66	6,179,869,944.74	37,066,718.00	28,667,971.00

Pricing principle: The interest rates on deposits with CSSC Finance are based on the benchmark deposit interest rates stipulated by the People's Bank of China with appropriate upward adjustments, and such rates should be no less favorable than the terms offered by independent third parties.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

(2) Loans

Name of related party	Balance of loans		Interest expenses on loans	
	Ending balance	Beginning balance	Current period	Corresponding period of last year
CSSC Finance Company Limited	1,010,000,000.00	610,000,000.00	11,270,438.88	5,515,807.01

Pricing principle: Borrowings from CSSC Finance/CSSC are at rates no higher than the lending rates stipulated the People's Bank of China, which should be no less favorable than the terms offered by independent third-party lenders.

(3) Forward exchange settlement (purchase)

Name of related party	Forward exchange settlement (purchase) contract		Gain or loss on change in fair value of forward exchange settlement (purchase) contract		Investment income from forward exchange settlement (purchase)	
	Ending balance	Beginning balance	Current period (RMB)	Last year (RMB)	Current period (RMB)	Last year (RMB)
CSSC Finance Company Limited	US\$183 million	US\$134 million	34,102,242.34	-30,624,591.00	7,253,510.75	-11,105,630.33

Pricing principle: the handling fee for forward exchange settlement in CSSC Finance shall be based on the standard stipulated by the People's Bank of China; the fee standard should be no less favorable than the fee conditions from the independent third parties.

(4) Entrusted wealth management products

Name of related party	Entrusted wealth management products		Income from entrusted wealth management products	
	Ending balance	Beginning balance	Current period	Last year
CSSC Financial Co.	850,000,000.00	670,000,000.00	2,419,123.29	2,293,150.68

Pricing principle: To be determined at market rate, which shall be no less favorable than the fee conditions from the independent third parties.

### 3. Related leases

(1) the Group as lessor;

Name of lessor	Type of leased assets	Rental income recognised for the period	Rental income recognised for last period
Zhongshan Guangzhou Shipbuilding International and Ocean Engineering Co., Ltd.* (中山廣船國際及海洋工程有限公司)	Leasing of plants	5,236,800.00	3,491,200.00
CSSC Guijiang Shipbuilding Co., Ltd. Yinghui South Ship building (Guangzhou Fanyu) Co., Ltd.	Terminals Ships	214,500.00	114,159.29
Guangzhou Shipyard Co., Ltd. CSSC Xijiang Shipbuilding Co., Ltd.	Buildings and structures Land, buildings and structures		73,079.22 6,510.95
Eastern Shanghai Heavy Machinery Co., Ltd.	Buildings and structures		2,590.08
<b>Total</b>		<b>5,451,300.00</b>	<b>3,687,539.54</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

(2) *the Group as lessee:*

Name of lessor	Type of leased assets	Rental fees recognised for the period	Rental fees recognised for last period
Guangzhou Wenchong Industrial Co., Ltd.	Land, buildings and structures	7,284,945.56	7,291,150.32
Guangzhou Ship Industrial Co., Ltd.	Land, buildings and structures	3,250,100.95	3,840,056.64
Guangzhou Ship Industrial Co., Ltd.	Buildings and structures	2,227,889.34	860,670.88
Marine Tower of China National Shipbuilding Equipment & Materials (South China) Co., Ltd	Buildings and structures	513,461.92	475,428.56
Guangzhou Shipyard Co., Ltd	Land, buildings and structures		43,962.03
<b>Total</b>		<b>13,276,397.77</b>	12,511,268.43

Description of related leases: Guangzhou Ship Industrial Co., Ltd. entered into a lease agreement with Huangpu Wenchong and Wenchong Shipyard in relation to land use right, pursuant to which it leased certain land use right at Changzhou Factory owned by it to Huangpu Wenchong for operation. The rent for the land use rights shall be determined based on the principle of asset depreciation, and amortisation of taxes and fees on an annual basis. The rent shall be paid on an annual basis in the form of monetary funds. The term of lease of the land use right shall commence on 1 May 2014 and end on the date on which Huangpu Wenchong finished relocation to Changzhou Factory and commence formal production in the new factory area.

Guangzhou Wenchong Industrial Co., Ltd. and Wenchong Shipyard entered into a lease agreement in relation to land use rights, pursuant to which Guangzhou Company shall lease its land use rights in relation to part of the land at the Wenchong Plant to Wenchong Shipyard for operational usage. The rent for the land use rights shall be determined based on the principle of asset depreciation, and amortisation of taxes and fees on an annual basis. The rent shall be paid on an annual basis in the form of monetary funds. The term for the aforesaid lease of land use rights commenced on 1 November 2018 and will end on the date on which the relocation of Wenchong Shipyard is completed and commenced formal production at its new plant.

#### 4. Related guarantees

(1) *the Group as guarantor:*

As of the end of the period, the Group did not provide any guarantee to the related parties.

(2) *the Group as guarantee:*

Guarantor	Guarantee	Amount of guarantee	Date of commencement of guarantee	Date of expiry of guarantee	Whether fully executed
China Shipbuilding International Trading Co., Ltd.	Huangpu Wenchong	US\$2,970,000.00	2018/4/2	2021/8/14	No
China Shipbuilding International Trading Co., Ltd.	Huangpu Wenchong	US\$12,200,000.00	2019/10/14	2022/4/11	No
China Shipbuilding International Trading Co., Ltd.	Huangpu Wenchong	US\$12,200,000.00	2019/10/14	2022/5/28	No
China Shipbuilding International Trading Co., Ltd.	Huangpu Wenchong	US\$8,760,000.00	2020/10/21	2023/5/12	No
China Shipbuilding International Trading Co., Ltd.	Huangpu Wenchong	US\$8,760,000.00	2020/10/21	2023/6/28	No
China State Shipbuilding Corporation Limited	Huangpu Wenchong	1,120,880,000.00	2020/11/2	2027/6/30	No
China Shipbuilding International Trading Co., Ltd.	Wenchong Shipyard	US\$500,000.00	2020/9/23	2022/5/25	No
China Shipbuilding International Trading Co., Ltd.	Wenchong Shipyard	US\$500,000.00	2020/1/15	2021/9/30	No
China Shipbuilding International Trading Co., Ltd.	Wenchong Shipyard	US\$500,000.00	2020/4/27	2021/12/31	No

Pricing principle: The guarantee services provided by CSSC shipbuilding group to the Group are charged in accordance with general market practice and at a rate not higher than CSSC's external guarantee rates, and the relevant terms are no less favourable than those offered by independent third-party guarantors.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

(3) Guarantees provided within the scope of consolidation of the Group:

Guarantor	Guarantee	Amount of guarantee	Date of commencement of guarantee	Date of expiry of guarantee	Whether fully executed
Huangpu Wenchong	Wenchong Shipyard	350,000,000.00	2020/3/23	2021/6/21	Yes
Huangpu Wenchong	Wenchong Shipyard	400,000,000.00	2020/9/23	2021/6/18	Yes
Huangpu Wenchong	Wenchong Shipyard	300,000,000.00	2020/10/21	2021/10/20	No
Huangpu Wenchong	Wenchong Shipyard	US\$378,425.00	2020/10/30	2021/3/21	Yes
Huangpu Wenchong	Wenchong Shipyard	135,000,000.00	2020/11/11	2021/11/21	No
Huangpu Wenchong	Wenchong Shipyard	135,000,000.00	2020/11/11	2022/1/21	No
Huangpu Wenchong	Wenchong Shipyard	240,000,000.00	2021/4/10	2022/10/30	No
Huangpu Wenchong	Huangchuan Ocean Engineering	7,758,080.00	2020/4/2	2023/3/31	No
Huangpu Wenchong	Wenchong Industrial	23,318,535.00	2020/5/12	2021/7/30	No
Huangpu Wenchong	Wenchong Industrial	9,366,234.00	2020/5/19	2021/8/30	No
Huangpu Wenchong	Wenchong Industrial	6,810,000.00	2020/7/1	2021/6/30	Yes
Huangpu Wenchong	Wenchong Industrial	14,113,970.00	2020/7/1	2021/6/30	Yes
Huangpu Wenchong	Wenchong Industrial	300,000,000.00	2020/7/10	2021/6/12	Yes
Huangpu Wenchong	Wenchong Industrial	30,000,000.00	2020/8/1	2021/7/31	No
Huangpu Wenchong	Wenchong Industrial	300,000,000.00	2021/5/21	2022/1/6	No

## 5. Other related party transactions

Type of transaction	Name of related party	Current period	Last period
Sales agency fees	China Shipbuilding International Trading Co., Ltd	<b>3,948,337.48</b>	8,096,502.50
Sales agency fees	CSSC (Hong Kong) Shipping Company Limited	<b>3,862,221.50</b>	517,303.55
Sales agency fees	China Shipbuilding Trading Co., Ltd.	<b>2,552,574.18</b>	1,237,888.42
Sales agency fees	China Shipbuilding Trading Shanghai Co., Ltd.	<b>169,000.00</b>	139,776.00
Procurement agency fees	China United Shipbuilding Company Limited	<b>684,257.51</b>	41,350.38
Financial institution handling fees	CSSC Finance Company Limited	<b>731,481.33</b>	685,893.50
Letters of guarantee	China Shipbuilding Trading Co., Ltd.	<b>1,619,774.42</b>	
<b>Total</b>		<b>13,567,646.42</b>	10,718,714.35

Pricing principle: The sales agency fee or commission will generally not exceed 1.5% of the contract amount according to international practice and will be paid in proportion to the progress payment per ship. In addition, the intermediary agent fee from overseas collected by CSSC shipbuilding group on behalf of intermediaries will be paid by CSSC shipbuilding group on behalf of relevant parties to the intermediaries. The procurement agency fees shall range from 1% to 2% of the contract price according to international practice, which was paid by the Group to CSSC shipbuilding group.

The guarantee letter fees were determined with reference to the rates charged by the banks issuing guarantee letters. Other financial and bank credit service charges shall be based on the charges stipulated by the People's Bank of China; the financial handling fee standard for bank facility to CSSC Finance shall be no less favourable than the facility terms and conditions provided by independent third party.

## 6. Related party transactions and connected transactions

The related party transactions mentioned in 1 to 5 above constitute connected transaction or continuing connected transaction as defined under Chapter 14A of the Listing Rules in Hong Kong, and are disclosed in details in the Related Party Transaction section in the Director's Report as required.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## 7. Related party transactions between the Company and its subsidiaries

### (1) Purchase of goods/services received

Related party	Content of related party transactions	Current period	Corresponding period of last year
CSSC Internet	Purchase of PP&E	51,212.39	
CSSC Internet	Receipt of services	36,566.03	
Zhongshan shipyard	Purchase of goods and receipt of services		932,659.08
<b>Total</b>		<b>87,778.42</b>	932,659.08

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 for pricing.

### (2) Sale of goods/provision of services

Related party	Content of related party transactions	Current period	Corresponding period of last year
Huangpu Wenchong Elevator Co.	Properties Leasing	7,362,000.00	7,362,000.00
	Sale of goods and provision of services		70,255,251.15
GSI	Sale of goods and provision of services		4,751,953.40
Zhongshan shipyard	Properties Leasing		1,745,600.00
Zhongshan shipyard	Sale of goods and provision of services		495,876.11
<b>Total</b>		<b>7,362,000.00</b>	84,610,680.66

## (VI) Receivables from and payables to related parties

### 1. Receivables

Item	Related party	Ending balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
<b>Cash at bank and on hand – Accrued interest</b>		<b>47,418,161.71</b>		31,409,369.10	
	CSSC Finance Company Limited	47,418,161.71		31,409,369.10	
<b>Account receivables</b>		<b>53,276,556.99</b>		53,941,896.58	
	China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	19,170,255.89		19,595,685.39	
	China Shipbuilding Trading Co., Ltd.	17,471,800.00		17,471,800.00	
	Guangzhou Shipyard International Company Limited	12,913,766.23		8,718,559.69	
	China Shipbuilding IT Co., Ltd.	1,932,500.00		1,840,000.00	
	China Shipbuilding NDRI Engineering Co., Ltd.	645,500.00		645,500.00	
	China Shipbuilding Industry Corporation 725 Research Institute (Luoyang Ship Material Research Institute)	593,912.87		593,912.87	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

Item	Related party	Ending balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Shanghai Starry ship Ocean Engineering Service Co., Ltd.	464,371.56		3,405,391.38	
	Guangzhou Shipyard International Company Limited	39,447.85		223,639.58	
	Wuhan Changhai Power Propulsion and Chemical Power Co., Ltd.	26,731.00		26,731.00	
	CSSC Jiujiang Marine Equipment (Group) Co., Ltd.	14,150.44			
	CSSC Guijiang Shipbuilding Co., Ltd.	4,121.15		4,121.15	
	Wuchang Shipbuilding Industry Group Co., Ltd.			815,731.00	
	CSSC Guangxi Ships and Maritime Engineering Co., Ltd.			489,530.38	
	Zhongshan GSI Marine Engineering Company Limited			51,824.88	
	Guangzhou Wencheng Shipbuilding Co., Ltd.			45,330.00	
	Jiangxi Chaoyang Machinery Co., Ltd.			14,139.26	
<b>Prepayments</b>		<b>805,351,858.83</b>		658,804,018.55	
	China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	349,888,402.55		171,684,013.63	
	China Shipbuilding Trading Shanghai Co., Ltd.	235,995,152.19		235,995,152.19	
	China Shipbuilding Trading Co., Ltd.	175,805,766.75		111,153,965.30	
	CSIC material trade group Guangzhou Co., Ltd.	17,746,627.56			
	CSSC Nanjing Luzhou Machine Co., Ltd.	7,834,546.80			
	Anqing CSSC Diesel Engine Co., Ltd.	6,952,844.46		11,070,500.00	
	Eastern Shanghai Heavy Machinery Co., Ltd.	5,024,999.99		39,420,000.00	
	Marinequip China Company Limited	2,186,530.40		2,186,530.40	
	CSIC (Shanghai) Energy Saving Technology Development Co., Ltd.	1,290,000.00			

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

Item	Related party	Ending balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	CSIC Haisheng Technology Co., Ltd.	985,750.00			
	China National Shipbuilding Equipment & Materials (East China) Co., Ltd.	946,342.00			
	TTS Bohai Machinery (Dalian) Co., Ltd.	280,000.00			
	China Shipbuilding Trading (BVI) Co., Ltd.	279,689.13		632,920.80	
	Shanghai Waigaoqiao Shipbuilding Co., Ltd.	100,000.00			
	Jiangxi CSSC Navigation Instrument Co., Ltd.	15,860.00		15,860.00	
	China Shipbuilding Industry International Trade (Hong Kong) Co., Ltd.* (中國船舶重工國際貿易(香港)有限公司)	13,677.00			
	CSIC Heng Yuan Technology Co., Ltd.	5,670.00		5,670.00	
	China Shipbuilding Industry Corporation 724 Research Institute			34,412,400.00	
	Shaanxi Diesel Engine Co., Ltd.			24,192,697.00	
	China Shipbuilding Industry Corporation 11 Research Institute			10,264,700.01	
	CSSC Marine Power Institute Co., Ltd.			10,030,000.00	
	Wuhan Haiyi Science and Technology Limited Company			3,071,016.80	
	Wartsila Qiyao Diesel Co., Ltd. (Shanghai)			1,581,000.00	
	CSSC Jiujiang Boiler Co., Ltd.			1,264,000.00	
	Shanghai Starry ship Ocean Engineering Service Co., Ltd.			1,096,767.00	
	Guangzhou Shipyard International Company Limited			603,475.71	
	CSIC material trade group Wuhan Co., Ltd.			119,226.52	
	CSSC Wartsila Engine (Shanghai) Co. Ltd.			4,123.19	
<b>Other receivables</b>		<b>2,723,221.13</b>		26,620,935.24	
	China Shipbuilding Trading Co., Ltd.	1,088,621.08		1,088,621.08	
	Guangzhou Wenchong Industrial Co., Ltd.	309,724.29		43,343.31	
	CSSC Guangxi Ships and Maritime Engineering Co., Ltd.	253,999.92			

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

Item	Related party	Ending balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	China National Shipbuilding Equipment & Materials (South China) Co., Ltd	248,748.00		248,748.00	
	Guangzhou Shipyard International Company Limited	211,513.18		43,817.70	
	Beijing Ship Industry Management College	155,200.00		5,000.00	
	Guangzhou Wencheng Shipbuilding Co., Ltd.	152,336.00			
	CSSC Jiujiang Marine Equipment (Group) Co., Ltd.	88,381.74			
	CSSC Financial Leasing (Shanghai) Co., Ltd.	88,313.58			
	CSSC Huangpu Zhengli Offshore Engineering Co., Ltd.	76,738.32			
	China Shipbuilding Industry Corporation	44,845.02			
	China Shipbuilding Industry Corporation 714 Research Institute	4,800.00			
	CSSC Nanjing Luzhou Machine Co., Ltd.			25,187,060.81	
	Guangzhou Shipyard International Company Limited			2,549.27	
	CSSC Guangxi North Bay Ship and Marine Engineering Design Co., Ltd.			1,441.32	
	CSSC Guijiang Shipbuilding Co., Ltd.			353.75	
<b>Contract assets</b>		<b>489,530.38</b>		400,011,648.38	
	CSSC Guangxi Ships and Maritime Engineering Co., Ltd.	489,530.38			
	CSSC (Hong Kong) Shipping Company Limited			400,011,648.38	
<b>Other non-current assets</b>		<b>57,959,820.11</b>		58,820,490.99	
	Guangzhou Shipyard International Company Limited	57,959,820.11		58,820,490.99	
<b>Total</b>		<b>967,219,149.15</b>		1,229,608,358.84	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## 2. Payables

Item	Related party	Book balance at the end of period	Book balance at the beginning of period
Notes payable		<b>691,661,152.09</b>	1,834,311,009.81
	China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	<b>227,908,766.34</b>	692,619,467.81
	Wuhan Heavy Industry Casting & Forging Co., Ltd.	<b>159,545,836.73</b>	6,298,299.44
	CSSC Systems Engineering Research Institute	<b>129,083,250.00</b>	273,185,000.00
	China Shipbuilding Industry Corporation 711 Research Institute	<b>52,614,310.35</b>	6,351,159.00
	China Shipbuilding Industry Group Diesel Engine Co., Ltd.	<b>24,341,000.00</b>	30,867,000.00
	China Shipbuilding Trading Guangzhou Co., Ltd.	<b>14,402,689.42</b>	5,945,704.00
	Eastern Shanghai Heavy Machinery Co., Ltd.	<b>13,035,729.00</b>	92,030,086.83
	Wuhan Lingan Technology Co., Ltd.	<b>12,975,000.00</b>	
	Anqing CSSC Diesel Engine Co., Ltd.	<b>9,221,900.00</b>	39,973,264.60
	Shanghai CSSC Mitsui Shipbuilding Diesel Engine Co., Ltd.	<b>8,438,775.86</b>	17,729,403.72
	Qingdao Shuangrui Marine Environment Engineering Co., Ltd	<b>5,551,920.00</b>	635,500.00
	Shanghai CSSC Ship Design Technology and National Engineering Research Center Co., Ltd.	<b>4,332,000.00</b>	13,100,500.00
	China Shipbuilding Industry Corporation 713 Research Institute	<b>4,297,896.00</b>	
	CSSC Marine Power Co. Ltd.	<b>3,375,000.00</b>	5,671,983.00
	CSIC material trade group Guangzhou Co., Ltd.	<b>2,886,588.20</b>	1,534,074.98
	Chongqing Jiangjin Shipbuilding Industry Co., Ltd.	<b>2,840,313.68</b>	
	Henan Diesel Engine Heavy Engineering Co., Ltd.	<b>2,642,675.00</b>	
	China Shipbuilding Industry Corporation 725 Research Institute (Luoyang Ship Material Research Institute)	<b>2,534,272.23</b>	2,571,538.25
	CSIC material trade group Wuhan Co., Ltd.	<b>2,270,485.00</b>	485,364.84
	CSSC Nanjing Luzhou Machine Co., Ltd.	<b>1,996,982.76</b>	917,700.00
	CSSC Luzhou Zhenjiang Marine Auxiliary Machinery Co., Ltd.	<b>1,757,500.00</b>	
	Shanghai Stary ship Ocean Engineering Service Co., Ltd.	<b>1,271,245.00</b>	1,373,534.00
	Shanghai Marine Energy Saving Technology Development Co., Ltd	<b>645,000.00</b>	
	Guangzhou Longxue Pipe Co., Ltd.	<b>599,747.92</b>	712,299.90
	China Shipbuilding Industry Corporation 705 Research Institute	<b>568,000.00</b>	4,544,000.00
	Nanjing CSSC Oasis Environmental Protection Co., Ltd.	<b>438,031.00</b>	5,058,328.52
	CSSC Finance Company Limited	<b>400,000.00</b>	
	China Shipbuilding Technology Institute	<b>370,000.00</b>	
	China Shipbuilding Industry Corporation 703 Research Institute	<b>291,000.00</b>	
	Guangzhou Hongfan Technology Co., Ltd	<b>286,000.00</b>	
	Jiujiang Haitian Equipment Manufacture Co., Ltd.	<b>217,945.00</b>	
	China Shipbuilding NDRI Engineering Co., Ltd.	<b>216,750.00</b>	
Shanghai CSSC Lingang ship Equipment Co., Ltd.	<b>203,400.00</b>		
China Shipbuilding Industry Corporation	<b>101,142.60</b>		
China Shipbuilding Industry Corporation 715 Research Institute		232,900,000.00	
China Shipbuilding Industry Corporation 724 Research Institute		142,115,000.00	
China Shipbuilding Industry Corporation 717 Research Institute		69,130,000.00	
China Shipbuilding Industry Corporation 704 Research Institute		39,040,400.00	
China Shipbuilding Industry Corporation 709 Research Institute		35,960,000.00	
Shaanxi Diesel Engine Co., Ltd.		31,441,500.00	
Wuhan Marine Machinery Co., Ltd.		27,512,800.00	
Shanghai Haixun Electrical Engineering Co., Ltd.		24,925,000.00	
China Shipbuilding Industry Corporation 11 Research Institute		8,000,000.00	
Wuhan Haiyi Science and Technology Limited Company		7,083,000.00	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

Item	Related party	Book balance at the end of period	Book balance at the beginning of period
	China Shipbuilding Industry Corporation 716 Research Institute		6,312,000.00
	China Shipbuilding Industry Corporation 707 Research Institute		2,880,000.00
	CSSC Guangxi Ships and Maritime Engineering Co., Ltd.		2,002,550.92
	China Shipbuilding Industry Corporation 712 Research Institute		1,843,000.00
	CSIC Haisheng Technology Co., Ltd.		800,000.00
	CSSC Dalian New Consumables Co., Ltd.		561,470.00
	Xiamen Sunrui Ship Coatings Co., Ltd.		200,080.00
<b>Account payable</b>		<b>2,105,844,288.85</b>	2,408,632,234.56
	China Shipbuilding Industry Corporation 715 Research Institute	<b>390,019,250.00</b>	468,974,250.00
	CSSC Systems Engineering Research Institute	<b>379,034,311.46</b>	482,228,246.99
	China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	<b>359,792,475.32</b>	137,972,906.42
	China Shipbuilding Industry Corporation 704 Research Institute	<b>171,075,777.64</b>	137,641,492.68
	Guangzhou Wenchong Industrial Co., Ltd.	<b>108,006,287.19</b>	100,721,341.65
	China Shipbuilding Industry Corporation 711 Research Institute	<b>104,220,650.50</b>	56,857,757.79
	China Shipbuilding Industry Corporation 713 Research Institute	<b>76,124,375.00</b>	84,519,500.00
	Guangzhou Ship Industrial Co., Ltd.	<b>49,583,570.14</b>	46,134,418.91
	China United Shipbuilding Company Limited	<b>35,939,280.11</b>	93,377,817.58
	Shaanxi Diesel Engine Co., Ltd.	<b>34,572,826.00</b>	
	China Shipbuilding Industry Corporation 726 Research Institute	<b>32,873,000.00</b>	38,040,000.00
	China Shipbuilding Trading Guangzhou Co., Ltd.	<b>26,791,262.32</b>	17,615,597.23
	Guangzhou Shipyard International Company Limited	<b>24,744,998.51</b>	29,464,356.79
	Chongqing Gearbox Co., Ltd.	<b>22,362,434.60</b>	66,252,680.00
	Wuhan Marine Machinery Co., Ltd.	<b>22,336,109.56</b>	34,689,691.56
	Haiying Enterprises Group Co., Ltd.	<b>19,417,500.00</b>	24,633,500.00
	China Shipbuilding Industry Corporation 723 Research Institute	<b>19,067,000.00</b>	36,536,000.00
	China Shipbuilding Industry Corporation 709 Research Institute	<b>18,377,600.00</b>	71,058,250.00
	Shanghai Haixun Electrical Engineering Co., Ltd.	<b>16,295,549.42</b>	17,468,635.22
	Dalian Shipbuilding Industry Engineering Company Shipping Plant Branch (Originally Ship camp riveting factory branch)	<b>14,054,121.48</b>	
	CSSC Marine Power Co. Ltd.	<b>13,452,035.71</b>	16,493,189.60
	China Shipbuilding Industry Corporation 716 Research Institute	<b>10,434,301.73</b>	59,428,301.73
	China Shipbuilding Industry Corporation 718 Research Institute	<b>8,232,100.00</b>	3,820,600.00
	China Shipbuilding Industry Corporation 717 Research Institute	<b>7,906,000.00</b>	10,432,000.00
	China Shipbuilding NDRI Engineering Co., Ltd.	<b>6,723,396.89</b>	12,418,324.49
	CSSC Southern China Ship Machinery Co., Ltd.	<b>6,617,396.58</b>	11,583,056.58
	Wuhan Ligan Technology Co., Ltd.	<b>6,376,621.29</b>	16,520,813.77
	Beijing the Great Wall Electronic Equipment Co., Ltd.	<b>6,366,000.00</b>	10,959,000.00
	China Shipbuilding Industry Corporation 7 Research Institute	<b>5,759,100.00</b>	5,417,950.00
	Marinequip China Company Limited	<b>5,488,037.59</b>	1,282,315.89
	Shipyard of Dalian Shipbuilding Engineering Company	<b>5,395,080.33</b>	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

Item	Related party	Book balance at the end of period	Book balance at the beginning of period
	CSSC Marine Technology Co., Ltd.	5,332,516.24	457,416.24
	Dalian Ship Valve Company Limited	5,149,248.47	5,666,928.17
	Wuhan Heavy Industry Casting & Forging Co., Ltd.	5,101,580.69	5,386,109.17
	CSSC Nanjing Luzhou Machine Co., Ltd.	4,929,900.00	14,659,907.79
	TTS Hua Hai Ships Equipment Co., Ltd.	4,361,062.82	
	China Shipbuilding Industry Corporation 712 Research Institute	4,277,000.00	2,040,000.00
	China Shipbuilding Trading (Guangzhou) Co., Ltd.	4,040,503.29	
	CSSC Jiujiang Boiler Co., Ltd.	3,806,248.00	114,090.50
	Shanghai Starry ship Ocean Engineering Service Co., Ltd.	3,571,299.14	3,990,487.93
	China Ship Power Station Equipment Co., Ltd.	3,343,400.00	5,141,050.00
	Zhenjiang Modern Power Generation Equipment Co., Ltd.	3,334,660.39	7,548,804.84
	Guangzhou Guangchuan Offshore Engineering Equipment Co., Ltd.	3,264,613.84	2,189,281.27
	Qingdao Shuangrui Marine Environment Engineering Co., Ltd	3,259,632.30	27,558.00
	Shanghai CSSC Ship Design Technology and National Engineering Research Center Co., Ltd.	3,213,032.46	4,999,132.46
	CSSC Luzhou Zhenjiang Marine Auxiliary Machinery Co., Ltd.	2,955,227.50	2,867,127.50
	CSIC material trade group Guangzhou Co., Ltd.	2,724,047.37	34,451.02
	China Shipbuilding International Trading Co., Ltd.	2,686,175.00	2,686,175.00
	Shanghai Hudong Shipyard Valve Co., Ltd.	2,067,714.17	2,129,183.79
	CSSC Jiujiang Fire Fighting Equipment Co., Ltd.	2,035,906.57	1,886,222.68
	Shanghai Jiuyuan Engineering Contracting Co., Ltd.	1,980,872.69	1,980,872.69
	Shanghai Dongxin Software Engineering Co., Ltd.	1,906,800.00	786,800.00
	Guangzhou Longxue Pipe Co., Ltd.	1,682,999.22	3,366,827.94
	China Shipbuilding Industry Corporation 722 Research Institute	1,331,065.00	1,331,065.00
	Guangzhou Shipyard Co., Ltd.	1,329,149.70	1,242,639.70
	CSIC Zhongnan Equipment Co., Ltd.	1,163,700.00	2,742,800.00
	Guangzhou Wencheng Shipbuilding Co., Ltd.	1,080,407.55	2,031,933.96
	Henan Diesel Engine Heavy Engineering Co., Ltd.	1,066,675.30	1,269,330.50
	Guangzhou Hongfan Technology Co., Ltd	1,019,278.70	1,064,468.97
	Jiujiang Haitian Equipment Manufacture Co., Ltd.	944,666.75	2,095,879.75
	Zhongshan GSI Marine Engineering Company Limited	871,354.50	875,844.50
	Yichang Marine Diesel Engine Co., Ltd.	865,151.73	928,782.43
	Wartsila CME Zhenjiang Propeller Co., Ltd.	807,254.64	20,000.00
	Nanjing CSSC Oasis Environmental Protection Co., Ltd.	796,587.28	440,587.28
	Jiangxi Chaoyang Machinery Co., Ltd.	779,331.47	1,853,735.24
	Wuhan Haiyi Science and Technology Limited Company	730,385.39	
	CSSC Electronic Technology Co., Ltd.	714,629.18	714,629.18
	CSSC Dalian New Consumables Co., Ltd.	712,481.11	
	Chongqing Changzheng Heavy Industry Co., Ltd.	674,075.00	
	Shanghai Haixun Electrical Engineering Co., Ltd.	633,016.97	633,016.97
	CSSC Marine Power Zhenjiang Co., Ltd.	573,300.00	
	CSIC Electrical Machinery Science&Technology Co., Ltd.	510,000.00	510,000.00
	Shanghai CSSC Lingang ship Equipment Co., Ltd.	470,000.00	470,000.00
	CSSC Dalian Marine Propeller Co., Ltd.	464,771.71	395,721.71
	Guangchuan Large-scale Machinery and Equipment Co., Ltd.	461,247.45	
	Suzhou Jianghai Communication Co., Ltd.	421,020.00	428,520.00
	China Shipbuilding Industry Complete Logistics Co., Ltd.	376,716.86	388,266.86
	Wuhan Huazhongtianqin Defense Technology Co., Ltd.	356,603.76	356,603.76
	Beijing Leiying Electronic Technology Development Co., Ltd.	322,000.00	270,000.00
	China Shipbuilding Industry Institute of Engineering Investigation & Design Co. Ltd.	294,821.95	294,821.95
	Xiamen Sunrui Ship Coatings Co., Ltd.	232,258.84	
	Shanghai Ling Yao Ship Engineering Co., Ltd.	228,793.90	268,793.90

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

Item	Related party	Book balance at the end of period	Book balance at the beginning of period
	China National Shipbuilding Equipment & Materials (South China) Co., Ltd	209,879.90	209,879.90
	China Shipbuilding IT Co., Ltd.	206,692.05	4,334,192.05
	Yangzhou Haikē Electronic Technology Co., Ltd.	192,500.00	192,500.00
	CSSC Guangxi North Bay Ship and Marine Engineering Design Co., Ltd.	174,675.00	145,543.68
	Shanghai Kaiyue Construction Consult & Supervision Co., Ltd	154,104.25	
	Haifeng Navigation Technology Co., Ltd.	150,244.96	96,439.65
	CSSC Marine Power Components Co., Ltd.	147,200.00	147,200.00
	Wuhan Kawasaki Marine Machinery Co. Ltd.	145,022.00	
	Guangchuan Large-scale Machinery and Equipment Co., Ltd.	130,351.61	
	CSIC Chongqing Changping Machinery Co., Ltd.	126,240.00	333,340.00
	CSSC Jiai Cruise Technology Development (Shanghai) Co., Ltd.	126,000.00	
	Chongqing Jiangjin Shipbuilding Industry Co., Ltd.	120,000.00	120,000.00
	Chongqing Zhongchi Transportation Co., Ltd.	120,000.00	
	Wuhan Huazhiyang Technology Co. Ltd.	114,000.00	2,280,000.00
	China Ship Power Station Equipment Co., Ltd.	106,600.00	
	Jiangxi China Shipbuilding Value Co., Ltd.	93,972.77	
	Shanghai Waigaoqiao Shipbuilding & Marine Engineering Design Co. Ltd.	84,650.00	846,500.00
	Jiujiang Precision Testing Technology Research Institute	82,613.70	82,613.70
	Chongqing Huayu Electrical Group Limited	79,250.00	79,250.00
	Shanxi Fenxi Heavy Industry Co., Ltd.	78,600.00	172,600.00
	Guangzhou Shipyard Co., Ltd. (Foshan Casting & Forging Plant Branch)	60,551.41	
	Shanghai Huajing Power Station Equipment Co., Ltd.	51,025.64	1,001,025.64
	Anqing Marine Electric Co., Ltd.	50,610.00	18,000.00
	CSSC Finance Company Limited (dedicated to Finance Department)	50,000.00	
	Shanghai Zhenhua Engineering Consulting Co., Ltd.	38,880.00	38,880.00
	Zibo Torch Energy Co., Ltd.	37,247.31	37,693.31
	Wuchang Shipbuilding Industry Group Co., Ltd.	33,000.00	33,000.00
	CSSC Finance Company Limited	33,000.00	83,000.00
	Zhenjiang China Shipbuilding Equipment Co., Ltd.	25,982.91	
	TTS Bohai Trading (DaLian) Co., Ltd.	21,000.00	
	China Shipbuilding Industry Corporation 12 Research Institute	17,150.00	17,150.00
	CSIC Tianhe Ship Equipment Jiangsu Co., Ltd.	16,000.00	320,000.00
	China Shipbuilding Industry Group Diesel Engine Co., Ltd.	12,389.38	26,940,539.82
	Guangzhou Wenchong Dockyard Co., Ltd.	10,500.00	
	Guangzhou Hairong Construction Supervision Co., Ltd.	10,273.38	10,273.38
	Guangdong GSI Elevator Machinery Equipment Co., Ltd.	8,301.89	33,664.15
	Shanghai Qiyao Heavy Industry Co., Ltd.	8,189.66	11,608.46
	China Shipbuilding Industry Corporation 714 Research Institute	5,730.00	5,730.00
	Wuhan Temo Welding Consumables Co., Ltd.	5,000.00	
	Shanghai MicroPowers Ltd	3,418.80	
	Guangdong GSI Elevator Co., Ltd.	3,300.00	
	Anqing CSSC Diesel Engine Co., Ltd.	2,230.09	9,966,082.19
	Eastern Shanghai Heavy Machinery Co., Ltd. Shanghai Ship Power Support Branch	1,500.00	
	China Shipbuilding Equipment & Materials Northeast Corporation	1,495.82	
	Shanghai Hengtuo Industrial Development Co., Ltd.	1,282.05	1,282.05

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

Item	Related party	Book balance at the end of period	Book balance at the beginning of period
	China Shipbuilding Industry Corporation 707 Research Institute		53,180,465.00
	Guangzhou Shipyard International Company Limited		26,242,554.51
	China Shipbuilding Industry Corporation 705 Research Institute		18,992,000.00
	Shanghai CSSC Mitsui Shipbuilding Diesel Engine Co., Ltd.		14,572,137.93
	China Shipbuilding Industry Corporation 719 Research Institute		12,840,000.00
	Marine Design and Research Institute of China		12,549,345.24
	China Shipbuilding Industry Corporation 701 Research Institute		12,145,486.15
	CSIC Haisheng Technology Co., Ltd.		7,721,050.00
	Shanghai Merchant Vessel Design and Research Institute		7,480,000.00
	China Shipbuilding Industry Corporation 725 Research Institute (Luoyang Ship Material Research Institute)		3,844,484.82
	China Shipbuilding Industry Corporation 703 Research Institute		3,262,750.00
	Chongqing Yaojin Machinery Plant Co., Ltd.		1,578,000.00
	Eastern Shanghai Heavy Machinery Co., Ltd.		1,492,981.33
	China Shipbuilding Industry Corporation 710 Research Institute		1,480,000.00
	Workers' Hospital of Guangzhou Huangpu Shipyard		687,522.00
	China National Shipbuilding Equipment & Materials (East China) Co., Ltd		647,658.00
	China Shipbuilding Trading (BVI) Co., Ltd.		364,075.24
	China Shipbuilding Technology Institute		360,000.00
	Xi'an Hualei Machinery and Electronics Group Co., Ltd.		200,615.06
	CSSC Marine Services Co., Ltd.		117,585.00
	Jiangxi CSSC Valve Complete Equipment Co., Ltd.		93,972.77
	CSIC material trade group Co., Ltd.		91,000.00
	Shanghai Jiangnan Career Skills Training Center		2,700.00
<b>Contract liabilities</b>		<b>72,085,513.01</b>	31,303,320.05
	Guangzhou Shipyard International Company Limited	<b>37,643,495.31</b>	14,859,541.43
	Guangdong Haizhuang Offshore Wind Power Research Center Co., Ltd.	<b>17,312,389.38</b>	
	China Shipbuilding Trading Shanghai Co., Ltd.	<b>13,977,600.00</b>	13,977,600.00
	Zhongshan GSI Marine Engineering Company Limited	<b>2,618,400.00</b>	
	Shanghai CSSC Lingang ship Equipment Co., Ltd.	<b>533,628.32</b>	130,628.32
	Marine Design and Research Institute of China		2,000,000.00
	Hudong-Zhonghua Shipbuilding (Group) Co., Ltd.		175,500.00
	China Shipbuilding Trading Co., Ltd.		160,050.30
<b>Advance from customers</b>		<b>2,618,400.00</b>	7,855,200.00
	Zhongshan GSI Marine Engineering Company Limited	<b>2,618,400.00</b>	7,855,200.00
<b>Other payables</b>		<b>7,317,921.68</b>	5,514,035.97
	CSSC Marine Power Co. Ltd.	<b>3,375,000.00</b>	
	Dalian Shipbuilding Industry Engineering Company Shipping Plant Branch (Originally Ship camp riveting factory branch)	<b>703,200.00</b>	703,200.00
	China Shipbuilding Industry Corporation 705 Research Institute Kunming Branch	<b>568,000.00</b>	
	CSSC Finance Company Limited	<b>400,000.00</b>	400,000.00
	China Shipbuilding Technology Institute	<b>370,000.00</b>	
	China Shipbuilding Industry Corporation 703 Research Institute Wuxi Branch	<b>291,000.00</b>	

# NOTES TO THE FINANCIAL STATEMENTS

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(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

Item	Related party	Book balance at the end of period	Book balance at the beginning of period
	Guangzhou Hongfan Technology Co., Ltd	286,000.00	286,000.00
	China Shipbuilding Trading Co., Ltd.	276,231.87	
	China Shipbuilding NDRI Engineering Co., Ltd.	216,750.00	2,751,134.15
	China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	204,677.00	216,301.82
	Shanghai CSSC Lingang ship Equipment Co., Ltd.	203,400.00	203,400.00
	Jiangxi Chaoyang Machinery Co., Ltd.	200,000.00	200,000.00
	Guangzhou Shipyard International Company Limited	118,020.21	
	China Shipbuilding Industry Corporation	101,142.60	
	Qingdao Shuangrui Marine Environment Engineering Co., Ltd	4,000.00	4,000.00
	Shanghai Kaiyue Construction Consult & Supervision Co., Ltd	500.00	
	China Shipbuilding Industry Corporation 11 Research Institute		750,000.00
<b>Interest on short-term borrowings</b>		<b>811,527.78</b>	491,166.67
	CSSC Finance Company Limited	811,527.78	491,166.67
<b>Interests on long-term borrowings due with one year</b>		<b>87,997.22</b>	7,256.94
	CSSC Finance Company Limited	87,997.22	7,256.94
<b>Lease liabilities due within one year</b>		<b>22,235,965.72</b>	22,449,238.94
	Guangzhou Wenchong Industrial Co., Ltd.	13,647,665.67	13,488,140.21
	Guangzhou Ship Industrial Co., Ltd.	6,307,804.52	6,292,983.81
	Guangzhou Shipyard International Company Limited	1,681,350.87	1,658,333.87
	China National Shipbuilding Equipment & Materials (South China) Co., Ltd	599,144.66	1,009,781.05
<b>Lease liabilities</b>		<b>67,205,888.17</b>	96,409,722.99
	Guangzhou Wenchong Industrial Co., Ltd.	34,702,325.18	27,958,255.08
	Guangzhou Shipyard International Company Limited	28,944,638.91	28,109,757.39
	Guangzhou Ship Industrial Co., Ltd.	2,959,779.42	40,255,329.08
	China National Shipbuilding Equipment & Materials (South China) Co., Ltd	599,144.66	86,381.44
<b>Total</b>		<b>2,969,868,654.52</b>	4,406,973,185.93

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

### 3. Receivables of the Company from its subsidiaries

Item	Related party	Ending balance		Beginning balance	
		Book balance	Provision of bad debts	Book balance	Provision of bad debts
Accounts receivables		1,337,430.00			
	Huangpu Wenchong	1,337,430.00			
Non-current assets due within one year		785,383,777.78		835,538,777.80	
	Huangpu Wenchong	785,383,777.78		835,538,777.80	
<b>Total</b>		<b>786,721,207.78</b>		<b>835,538,777.80</b>	

### 4. Payables of the Company to its subsidiaries

Item	Related party	Book balance at the end of period	Book balance at the beginning of period
Accounts payables		3,597,128.22	132,116,054.36
	Wenchong Industrial	3,597,128.22	3,597,128.22
	Huangpu Wenchong		128,518,926.14
Contract liabilities		8,759,660.00	8,759,660.00
	Wenchong Industrial	8,759,660.00	8,759,660.00
<b>Total</b>		<b>12,356,788.22</b>	<b>140,875,714.36</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (VII) Remuneration of Directors, Supervisors and key management

### 1. Details of the remuneration of Directors and Supervisors are as follows

Item	Fees of Directors and Supervisors	Salaries, subsidies, allowances and bonuses	Social insurance and housing fund	Pension	Total
<b>Current period</b>					
<b>Executive Directors</b>					
Han Guangde					
Chen Zhongqian					
Chen Liping		276,600.00	36,275.40	17,025.12	329,900.52
Xiang Huiming		172,602.00	35,344.26	17,025.12	224,971.38
Chen Ji					
<b>Non-executive Directors</b>					
Gu Yuan					
Yu Shiyou	100,000.00				100,000.00
Lin Bin	100,000.00				100,000.00
Nie Wei	100,000.00				100,000.00
Li Zhijian	100,000.00				100,000.00
<b>Sub-total of Directors</b>	<b>400,000.00</b>	<b>449,202.00</b>	<b>71,619.66</b>	<b>34,050.24</b>	<b>954,871.90</b>
<b>Supervisors</b>					
Chen Shuofan					
Chen Shu	60,000.00				60,000.00
Zhu Weibin	60,000.00				60,000.00
Zhang Qingzhen					
Li Kai		161,738.00	39,015.20	25,479.36	226,232.56
<b>Sub-total of Supervisors</b>	<b>120,000.00</b>	<b>161,738.00</b>	<b>39,015.20</b>	<b>25,479.36</b>	<b>346,232.56</b>
<b>Total</b>	<b>520,000.00</b>	<b>610,940.00</b>	<b>110,634.86</b>	<b>59,529.60</b>	<b>1,301,104.46</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

Item	Fees of Directors and Supervisors	Salaries, subsidies, allowances and bonuses	Social insurance and housing fund	Pension	Total
<b>Corresponding period of last year</b>					
<b>Executive Directors</b>					
Han Guangde		96,600.00	10,134.47	2,661.96	109,396.43
Chen Zhongqian		238,098.00	28,726.69	2,661.96	269,486.65
Chen Liping		172,602.00	28,953.79	2,661.96	204,217.75
Sheng Jigang		172,602.00	31,339.60	2,661.96	206,603.56
Xiang Huiming		96,600.00	10,141.38	2,661.96	109,403.34
Chen Ji					
<b>Non-executive Directors</b>					
Shi Jun					
Wang Yichu	100,000.00				100,000.00
Min Weiguo	100,000.00				100,000.00
Liu Renhuai	100,000.00				100,000.00
Yu Shiyong	100,000.00				100,000.00
<b>Sub-total of Directors</b>	<b>400,000.00</b>	<b>776,502.00</b>	<b>109,295.93</b>	<b>13,309.80</b>	<b>1,299,107.73</b>
<b>Supervisors</b>					
Jin Xuejian					
Fu Xiaosi	45,000.00				45,000.00
Chen Shu	45,000.00				45,000.00
Mai Rongzhi		77,940.00	10,126.88	2,661.96	90,728.84
Zhang Shan		158,980.57	31,208.12	2,661.96	192,850.65
<b>Sub-total of Supervisors</b>	<b>90,000.00</b>	<b>236,920.57</b>	<b>41,335.00</b>	<b>5,323.92</b>	<b>373,579.49</b>
<b>Total</b>	<b>490,000.00</b>	<b>1,013,422.57</b>	<b>150,630.93</b>	<b>18,633.72</b>	<b>1,672,687.22</b>

Note: There is no discretionary bonus distributed to Directors and Supervisors during the period and corresponding period of last year.

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

### 2. Five highest paid individuals

Of the five highest paid individuals for the year, 1 is Director, 4 are senior management of the Company and subsidiaries (corresponding period of last year: 1 Director, 4 senior management of the Company and subsidiaries). The remuneration of Directors and Supervisors are set out in the above "Remunerations of Directors and Supervisors". The remuneration paid to the other 4 individuals during the period is as follows:

Item	Current period	Corresponding period of last year
Salaries, subsidies, allowances and bonuses	911,467.00	823,116.00
Social insurance and housing fund	143,820.72	120,105.36
Pension	68,100.48	10,647.84
<b>Total</b>	<b>1,123,388.20</b>	<b>953,869.20</b>

Band of remuneration:

Item	Number of persons for the period	Number of persons for the corresponding period of last year
Less than HK\$1,000,000	5	5
HK\$1,000,001 to HK\$1,500,000		
HK\$1,500,001 to HK\$2,000,000		
HK\$2,000,001 to HK\$2,500,000		

3. During the track record period, no Director had waived or agreed to waive any remuneration. During the year, no emoluments were paid by the Company to any of the Directors, supervisors or five highest-paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

### 4. Remuneration of key management

The remuneration of key management, including those paid or payable to Directors, Supervisors and senior management, is as follows:

Item	Current period	Corresponding period of last year
Salaries, subsidies, allowances and bonuses	1,613,219.00	1,920,122.57
Social insurance and housing fund	183,004.34	208,084.31
Pension	93,579.84	23,957.64
<b>Total</b>	<b>1,889,803.18</b>	<b>2,152,164.52</b>

### (VIII) Amount due from Directors/affiliates of Directors

1. Amount of the Company due from Directors/affiliates of Directors:

As of the end of the period, the Group had no amount due from Directors/affiliates of Directors.

2. Amount due from directors/affiliates of directors for which the Company has provided guarantee:

As of the end of the period, the Group had no amount due from Directors/affiliates of Directors for which the Company has provided guarantee.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## XI. SHARE-BASED PAYMENTS

As of the end of the period, the Group had no share-based payments.

## XII. COMMITMENTS AND CONTINGENCIES

### (I) Major commitments

#### 1. Asset mortgage

As at the end of the period, the Group did not have any asset mortgage.

#### 2. Undue guarantees and letter of credit

As at the end of the period, the Group's issued but undue letters of guarantee were:

Type of letters of guarantee	RMB	USD	HKD	GBP
Letters of performance guarantee	580,071,422.83			
Letters of advancement payment guarantee	129,700,136.22	53,566,000.00		
Letters of warranty guarantee	199,969,322.14		355,916.31	
Letters of customs duties guarantee	42,407,578.19			
Non-financing guarantee	1,865,056.00			201,000.00
<b>Total</b>	<b>954,013,515.38</b>	<b>53,566,000.00</b>	<b>355,916.31</b>	<b>201,000.00</b>

As at the end of the period, the Group's issued but undue letters of credit amounted to US\$11,261,140.15, and EUR558,140.60.

#### 3. Outstanding foreign exchange option transactions

The Group attaches great importance to the study of exchange rate risk management policies and strategies, and in order to prevent exchange rate risks, it entered into forward foreign exchange contracts (forward settlement and sale of foreign exchange), foreign exchange swaps, and foreign exchange option trading portfolio contracts with banks. At the end of the period, there were a total of 88 undelivered forward settlements with an amount of US\$596.65 million, which the longest delivery period is up to 27 May 2024. There were 35 undelivered option portfolios with an amount of US\$101.48 million, which the longest delivery period is up to 27 May 2024.

#### 4. Fulfilment of previous commitments

The settlement of forward contracts of letters of guarantee can be done by the Group according to agreement.

Saved for the aforementioned commitments, the Group had no other major commitments as at the end of the period.

### (II) Contingencies

#### 1. Pending litigations or arbitrations

As of the end of the period, the Group did not have discloseable pending litigations or arbitrations.

#### 2. External guarantees

The Group's external guarantees as of the end of the period are detailed in the corresponding content in Note X (5) 4. Related Guarantees.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## XIII. EVENTS AFTER BALANCE SHEET DATE

The Group has no discloseable events after the reporting period.

## XIV. OTHER SIGNIFICANT EVENTS

### (i) Correction of previous accounting errors

#### 1. Retrospective restatement method

During the Reporting Period, there were no corrections of previous accounting errors that adopted the retrospective restatement method.

#### 2. Future applicable method

During the Reporting Period, there were no corrections of previous accounting errors that adopted the future applicable method.

### (ii) Segment information

#### 1. Basis for determination of reportable segments and accounting policies

According to the Group's internal organizational structure, management requirements, and internal reporting system, the segments of the operation can be divided into 3 reporting segment 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 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.

#### 2. Financial information of reportable segments for the period

Current period

Item	Shipbuilding and related business	Steel structure engineering	Ship maintenance and modification business segment	Others segment	Inter-segment elimination	Total
Operating income	5,514,895,332.00	664,969,142.83	3,100,914.86	362,701,128.95	-1,828,116,065.16	4,717,550,453.48
Including: Revenue from external transactions	3,861,226,799.22	616,153,796.62	1,258,088.00	238,911,769.64		4,717,550,453.48
Revenue from intra-segment transactions						
Operating costs	1,653,668,532.78	48,815,346.21	1,842,826.86	123,789,359.31	-1,828,116,065.16	4,425,424,782.00
Costs for the period	5,283,193,414.78	622,510,012.92	2,405,524.03	324,226,914.86	-1,806,911,084.59	4,425,424,782.00
Total segment profit	439,971,848.69	31,467,054.14	478,954.63	1,560,400.77	-7,133,551.65	466,344,706.58
Total assets	-141,469,770.75	12,213,921.37	208,044.37	-34,118,667.14	5,695,978.90	-157,470,493.25
Total liabilities	29,535,262,063.19	2,121,709,103.74	6,362,934.68	14,322,166,944.56	-9,344,164,876.10	36,641,336,170.07
Capital expenses	21,060,134,562.68	1,960,392,868.40	524,388.47	2,846,108,874.28	-6,273,849,538.76	19,593,311,155.07
Impairment loss recognised during current period	273,732,390.45	50,000,000.00	24,832.50	128,580,189.44	-129,200,632.14	323,136,780.25
Depreciation and amortisation expenses	13,251,329.04	1,152,400.38	106,169.75	5,728.96	-6,643,092.84	14,409,458.38
	144,697,930.67	3,315,694.05	25,147,287.98	25,147,287.98		166,623,989.61

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

Corresponding period of last year

Item	Shipbuilding and related business	Steel structure engineering	Ship maintenance and modification business segment	Others segment	Inter-segment elimination	Total
Operating income						
Including: Revenue from external transactions	4,557,185,227.57	789,525,505.97	730,715,372.75	363,549,336.85	-2,147,794,261.58	4,293,181,183.56
Revenue from intra-segment transactions	3,244,382,207.54	571,355,588.23	350,467,410.76	125,982,977.03		4,293,181,183.56
Operating costs	1,312,823,020.03	218,166,917.74	380,247,961.99	236,556,361.82	-2,147,794,261.58	4,061,243,529.52
Costs for the period	4,429,678,021.86	746,094,638.99	686,121,489.04	347,511,461.28	-2,148,162,101.65	4,569,528,929.50
Total segment profit	334,713,710.98	52,264,937.53	45,203,471.60	16,895,942.87	10,080,137.92	459,158,200.90
Total assets	-363,199,831.82	-32,936,305.12	-10,680,106.42	1,241,730,735.53	2,125,082,082.79	2,960,004,574.96
Total liabilities	24,365,546,055.01	4,621,897,118.89	1,684,185,558.13	13,393,700,078.73	-6,826,613,037.45	37,238,825,773.31
Capital expenses	17,677,225,734.41	3,353,263,086.59	1,221,885,403.05	1,955,987,314.15	-3,704,134,920.75	20,505,226,627.45
Impairment loss recognised during current period	1,579,724,746.34	250,715,508.29	95,092,520.62	96,936,847.50	-196,860,891.19	1,825,608,731.56
Depreciation and amortisation expenses	149,046,401.45	7,972,438.34	3,106,628.84	3,820,267.05	100,000.00	184,045,735.68
	178,731,106.73	23,240,068.64	21,547,448.07	20,067,617.78	-4,397,047.91	239,189,192.31

(1) Revenue from external transactions by origin of revenue

Item	Current period	Corresponding period of last year
Revenue from external transactions derived from China	3,759,186,262.26	3,219,317,124.16
Revenue from external transactions derived from other countries	958,364,191.22	1,073,864,059.40
<b>Total</b>	<b>4,717,550,453.48</b>	<b>4,293,181,183.56</b>

(2) Non-current assets by location of assets

Item	Ending balance	Beginning balance
Non-current assets within China (except Hong Kong)	11,256,171,502.95	10,270,517,032.94
Hong Kong	545,985,088.30	564,100,367.58
<b>Total</b>	<b>11,802,156,591.25</b>	<b>10,834,617,400.52</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (III) Discontinued operations

Item	Amount for the period	Amount for last period
I. Income from discontinued operations		729,298,017.81
Less: termination costs and operating expenses		922,411,277.25
II. Total profit from discontinued operations		-193,113,259.44
Less: income tax expenses from discontinued operations		89,723.67
III. Net profit from discontinued operations		-193,202,983.11
Including: net profit from discontinued operations attributable to the parent company		-195,874,354.97
Add: net proceeds from disposal businesses (after-tax)		3,389,643,311.70
Including: total profit or loss of disposal		
Less: income tax expenses (or proceeds)		
IV. Total net profit from discontinued operations		3,196,440,328.59
Including: total net profits from discontinued operations attributable to owners of the parent company		3,193,768,956.73
V. Net amount of cash flow from discontinued operations		-761,262,135.07
Including: Net cash flows from operating activities		555,713,864.41
Net cash flows from investing activities		-806,725,248.73
Net cash flows from financing activities		-524,777,917.76

## (IV) Other important transactions and matters that have an impact on investors' decision-making

None.

## XV. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

### (I) Cash at bank and on hand

Item	Ending balance	Beginning balance
Cash on hand		
Bank deposits	287,521,955.81	342,958,485.77
Other cash at bank and on hand	458,516,791.84	400,680,909.62
<b>Total</b>	<b>746,038,747.65</b>	743,639,395.39

Including: Total amount deposited overseas

Including: Breakdown of restricted cash at bank and on hand

Item	Ending balance	Beginning balance
Fixed deposits with a term of over 3 months	440,000,000.00	390,000,000.00
Interests of fixed deposits	18,516,791.84	10,680,909.62
<b>Total</b>	<b>458,516,791.84</b>	400,680,909.62

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (II) Financial assets held-for-trading

### 1. Types of financial assets held-for-trading

Item	Ending balance	Beginning balance
Financial assets at fair value through profit or loss	610,431,000.00	672,125,000.00
Including: Investment in debt instruments		
Investments in equity instruments		
Entrusted wealth management	610,431,000.00	672,125,000.00
Structured deposits		
Financial assets at fair value through profit or loss		
Including: Forward exchange contracts		
<b>Total</b>	<b>610,431,000.00</b>	<b>672,125,000.00</b>

### 2. Analysis of financial assets held-for-trading

Item	Fair value at the end of the period	Fair value at the beginning of the year
Listed		
Unlisted	610,431,000.00	672,125,000.00
<b>Total</b>	<b>610,431,000.00</b>	<b>672,125,000.00</b>

## (III) Accounts receivable

Item	Ending balance	Beginning balance
Accounts receivable	3,483,174.33	768,468.86
Less: Provision for bad debts	230,540.66	230,540.66
<b>Total</b>	<b>3,252,633.67</b>	<b>537,928.20</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

**1. The ageing analysis of accounts receivable as at the transaction date (including accounts receivable from related parties)**

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Within one year	2,714,705.47		
1-2 years			
2-3 years	768,468.86	230,540.66	30.00
3-4 years			
4-5 years			
Over 5 years			
<b>Total</b>	<b>3,483,174.33</b>	<b>230,540.66</b>	

Name	Beginning balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Within one year			
1-2 years			
2-3 years	768,468.86	230,540.66	30.00
3-4 years			
4-5 years			
Over 5 years			
<b>Total</b>	<b>768,468.86</b>	<b>230,540.66</b>	

**2. Credit period of accounts receivable**

Business	Credit period
Shipbuilding	One month after issue of invoices
Other business	Generally 1 to 6 months

**3. Breakdown of accounts receivable by the method using which the provision for bad debts is made**

Type	Ending balance				
	Book balance		Provision for bad debts		Book value
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made on an individual basis Including: Accounts receivable of which the credit risk has significantly increased since initial recognition					
Provision for bad debts made on a collective basis Including: Accounts receivable of which the credit risk has not significantly increased since initial recognition	3,483,174.33	100.00	230,540.66	6.62	3,252,633.67
	3,483,174.33	100.00	230,540.66	6.62	3,252,633.67
<b>Total</b>	<b>3,483,174.33</b>		<b>230,540.66</b>		<b>3,252,633.67</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

Type	Beginning balance				Book value
	Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made on an individual basis Including: Accounts receivable of which the credit risk has significantly increased since initial recognition					
Provision for bad debts made on a collective basis Including: Accounts receivable of which the credit risk has not significantly increased since initial recognition	768,468.86	100.00	230,540.66	30.00	537,928.20
	768,468.86	100.00	230,540.66	30.00	537,928.20
<b>Total</b>	768,468.86		230,540.66		537,928.20

(1) Accounts receivable for which provision for bad debts is made on a collective basis

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Amounts receivable from related Parties	1,337,430.00		
Ageing portfolio	2,145,744.33	230,540.66	10.74
<b>Total</b>	3,483,174.33	230,540.66	

Of which, breakdown of ageing group is as follows:

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
With one year (inclusive)	1,377,275.47		
1-2 years			
2-3 years	768,468.86	230,540.66	30.00
3-4 years			
4-5 years			
Over 5 years			
<b>Total</b>	2,145,744.33	230,540.66	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

#### 4. Changes in provision for bad debts in respect of accounts receivable

Type	Beginning balance	Change in the period			Ending balance
		Provision made	Recovered or reversed	Offset or written off	
Provision for bad debts in respect of accounts receivable	230,540.66				230,540.66
<b>Total</b>	<b>230,540.66</b>				<b>230,540.66</b>

#### 5. Top five accounts receivable by ending balance of debtors

Name of Unit	Ending balance		Provision for bad debts
	Account receivables	Percentage of ending balance of total accounts receivable (%)	
China Railway 11th Bureau First Engineering Co., Ltd.	1,377,275.47	39.54	
CSSC Huangpu Wenchong Shipbuilding Company Limited	1,337,430.00	38.40	
Guangzhou Municipal Engineering Testing Co., Ltd	768,468.86	22.06	230,540.66
<b>Total</b>	<b>3,483,174.33</b>	<b>100.00</b>	<b>230,540.66</b>

#### 6. Accounts receivable derecognised arising from transfer of financial assets

None

#### 7. Amounts of assets and liabilities transferred from accounts receivable with continuing involvement

None

#### (IV) Prepayments

List of prepayments by ageing:

Item	Ending balance		Beginning balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within one year				
1-2 years			603,475.71	100.00
2-3 years				
Over 3 years				
<b>Total</b>			<b>603,475.71</b>	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (V) Other receivables

Item	Ending balance	Beginning balance
Interest receivable		
Dividends receivable		
Other receivables	560,641.94	261,726.58
<b>Total</b>	<b>560,641.94</b>	<b>261,726.58</b>

Other receivables:

Item	Ending balance	Beginning balance
Other receivables	575,984.63	277,069.27
Less: Provision for bad debts	15,342.69	15,342.69
<b>Total</b>	<b>560,641.94</b>	<b>261,726.58</b>

### (1) Breakdown by nature

Nature of amount	Book balance as at the end of the period	Book balance as at the beginning of the year
Refundable deposit	248,748.00	248,748.00
Temporary payments receivable	275,536.56	19,178.36
Reserve funds	51,700.07	9,142.91
<b>Total</b>	<b>575,984.63</b>	<b>277,069.27</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (2) Provision for bad debts

	Stage 1 Expected credit losses for next 12 months	Stage 2 Expected credit losses during the whole life span (not credit impaired)	Stage 3 Expected credit losses during the whole life span (credit impaired)	Total
<b>Provision for bad debts</b>				
Beginning balance		15,342.69		15,342.69
Beginning balance during the period				
- Transfer to stage 2				
- Transfer to stage 3				
- Transfer back to stage 2				
- Transfer back to stage 1				
Provision made during the period				
Reversed during the period				
Offset during the period				
Written off during the period				
Other changes				
<b>Ending balance</b>		15,342.69		15,342.69

- 1) Information on the book balance of provision for bad debts made for other receivables on a collective basis at stage 1

Name	Book balance		
	Other receivables	Provision for bad debts	Percentage of provision (%)
Within one year	308,058.27		
1-2 years			
2-3 years	248,748.00		
3-4 years			
4-5 years			
Over 5 years			
<b>Total</b>	<b>556,806.27</b>		

- 2) Information on the book balance of provision for bad debts made for other receivables on a collective basis at stage 2

Name	Book balance		
	Other receivables	Provision for bad debts	Percentage of provision (%)
Within one year			
1-2 years			
2-3 years			
3-4 years	19,178.36	15,342.69	80.00
4-5 years			
Over 5 years			
<b>Total</b>	<b>19,178.36</b>	<b>15,342.69</b>	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (3) Disclosure by ageing

Name	Ending balance		
	Other receivables	Provision for bad debts	Percentage of provision (%)
Within one year	308,058.27		
1-2 years			
2-3 years	248,748.00		
3-4 years	19,178.36	15,342.69	80.00
4-5 years			
Over 5 years			
<b>Total</b>	<b>575,984.63</b>	<b>15,342.69</b>	

Name	Beginning balance		
	Other receivables	Provision for bad debts	Percentage of provision (%)
Within one year	9,142.91		
1-2 years	248,748.00		
2-3 years			
3-4 years	19,178.36	15,342.69	80.00
4-5 years			
Over 5 years			
<b>Total</b>	<b>277,069.27</b>	<b>15,342.69</b>	

## (4) Bad debt provision made, reversed or recovered during the period

Type	Beginning balance	Change in the current period			Ending balance
		Provision made	Recovered or reversed	Offset or written off	
Provision for bad debts for other receivables	15,342.69				15,342.69
<b>Total</b>	<b>15,342.69</b>				<b>15,342.69</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (5) Top five other receivables by ending balance of debtors

Name of entity	Nature of amount	Ending balance	Ageing	Percentage of ending balance of total other receivables (%)	Ending balance of provision for bad debts
China National Shipbuilding Equipment & Materials (South China) Co., Ltd.	Deposit	248,748.00	2-3 years	43.19	
Guangzhou Shipyard International Company Limited	Temporary payments receivables	211,513.18	Within one year	36.72	
China State Shipbuilding Corporation Limited	Temporary payments receivables	44,845.02	Within one year	7.79	
Sinopec Chemical Commercial Holding Company Limited Guangdong Guangzhou Branch	Reserve funds	24,850.07	Within one year	4.31	
Temporary payments receivables	Temporary payments receivables	19,178.36	3-4 years	3.33	15,342.69
<b>Total</b>		<b>549,134.63</b>		<b>95.34</b>	<b>15,342.69</b>

## (6) Other receivables relating to government grants

None.

## (7) Other receivables derecognised arising from transfer of financial assets

None.

## (8) Amount of assets and liabilities transferred from other receivables with continuing involvement

None.

## (9) Advance to employees receivable

None.

## (VI) Inventories

Item	Ending balance			Beginning balance		
	Book balance	Provision for inventory impairment/ Provision for contract performance costs	Carrying value	Book balance	Provision for inventory impairment/ Provision for contract performance costs	Carrying value
Contract performance cost	30,699,447.66		30,699,447.66	18,364,424.20		18,364,424.20
<b>Total</b>	<b>30,699,447.66</b>		<b>30,699,447.66</b>	<b>18,364,424.20</b>		<b>18,364,424.20</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (VII) Non-current assets due within one year

Item	Ending balance	Beginning balance
Borrowing and repayment on a consolidated basis due within one year	600,293,333.34	600,293,333.34
Entrusted loans due within one year	185,090,444.44	235,245,444.46
<b>Total</b>	<b>785,383,777.78</b>	<b>835,538,777.80</b>

Note: Entrusted loans due within one year represented borrowings to subsidiaries.

## (VIII) Other current assets

Item	Ending balance	Beginning balance
Value-added tax credit	40,935,487.44	42,669,414.34
<b>Total</b>	<b>40,935,487.44</b>	<b>42,669,414.34</b>

## (IX) Long-term equity investments

### 1. Breakdown of long-term equity investments

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Investments in subsidiaries	3,171,466,036.56		3,171,466,036.56	3,171,466,036.56		3,171,466,036.56
Investments in associates	3,123,283,983.15		3,123,283,983.15	3,167,509,541.67		3,167,509,541.67
<b>Total</b>	<b>6,294,750,019.71</b>		<b>6,294,750,019.71</b>	<b>6,338,975,578.23</b>		<b>6,338,975,578.23</b>

#### (1) Investments in subsidiaries

Investee	Beginning balance	Increase for the period	Decrease for the period	Ending balance
Huangpu Wenchong	3,171,466,036.56			3,171,466,036.56
<b>Total</b>	<b>3,171,466,036.56</b>			<b>3,171,466,036.56</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

(2) *Investments in associates*

Investee	Beginning balance	Changes in the period					Ending balance	Ending balance of provision for impairment				
		Increase in investment	Decrease in investment	Investment gain or loss recognised using equity method	Adjustment to other comprehensive income	Other changes in equity			Declaration and payment of cash dividend or profit	Provision for impairment made	Others	
Guangzhou Shipyard International Company Limited	3,167,509,541.67			-45,204,263.43	1,036,933.89	-58,226.98					3,123,283,983.15	
<b>Total</b>	3,167,509,541.67			-45,204,263.43	1,036,933.89	-58,226.98					3,123,283,983.15	

2. *Analysis of long-term equity investments*

Item	Ending balance	Beginning balance
Unlisted	6,294,750,019.71	6,338,975,578.23
<b>Total</b>	6,294,750,019.71	6,338,975,578.23

(X) *Investments in other equity instruments*

1. *Information on investments in other equity instruments*

Item	Ending balance	Beginning balance
At fair value through other comprehensive income	3,590,841,063.16	3,847,485,064.04
<b>Total</b>	3,590,841,063.16	3,847,485,064.04

2. *Analysis of investments in other equity instruments*

Item	Ending balance	Beginning balance
Listed including: China (except Hong Kong)	3,590,841,063.16	3,847,485,064.04
<b>Total</b>	3,590,841,063.16	3,847,485,064.04

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

### 3. Breakdown of other equity instruments

Item	Ending balance			Beginning balance		
	Book cost	Change in fair value	Carrying value	Book cost	Change in fair value	Carrying value
Sub-total of listed	2,857,883,200.00	732,957,863.16	3,590,841,063.16	2,857,883,200.00	989,601,864.04	3,847,485,064.04
CSSC Holdings	2,857,883,200.00	732,957,863.16	3,590,841,063.16	2,857,883,200.00	989,601,864.04	3,847,485,064.04
<b>Total</b>	<b>2,857,883,200.00</b>	<b>732,957,863.16</b>	<b>3,590,841,063.16</b>	<b>2,857,883,200.00</b>	<b>989,601,864.04</b>	<b>3,847,485,064.04</b>

### 4. Information on investments in equity instruments not held-for-trading

Item	Dividend income recognized during the period	Accumulated gain	Accumulated loss	Amount of retained earnings transferred from other comprehensive income	Reason for designation as at fair value through other comprehensive income	Reason for transfer from other comprehensive income to retained earnings
Sub-total of listed		732,957,863.16				
CSSC Holdings		732,957,863.16			Equity investments not held-for-trading	
<b>Total</b>		<b>732,957,863.16</b>				

## (XI) Investment properties

### 1. Investment properties measured at cost

Item	Buildings and structures	Total
<b>I. Original carrying amount</b>		
(1) Beginning balance	157,433,262.96	157,433,262.96
(2) Increase for the period		
(3) Decrease for the period		
(4) Ending balance	157,433,262.96	157,433,262.96
<b>II. Accumulated depreciation and amortisation</b>		
(1) Beginning balance	8,171,781.30	8,171,781.30
(2) Increase for the period	3,268,712.52	3,268,712.52
– Provision made or amortisation	3,268,712.52	3,268,712.52
(3) Decrease for the period		
(4) Ending balance	11,440,493.82	11,440,493.82
<b>III. Provision for impairment</b>		
(1) Beginning balance		
(2) Increase for the period		
(3) Decrease for the period		
(4) Ending balance		
<b>IV. Carrying value</b>		
(1) Ending carrying value	145,992,769.14	145,992,769.14
(2) Carry value as at the end of last year	149,261,481.66	149,261,481.66

Other descriptions:

- The depreciation and amortisation of investment properties recognised in profit or loss during the period is RMB3,268,712.52 (last period: RMB0).
- The provision for impairment of investment properties made for the year is RMB0.00 (last period: RMB0).

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

(3) Investment properties analysed by region and ageing

Item	Ending balance	Beginning balance
Within China	<b>145,992,769.14</b>	149,261,481.66
Medium term (10-50 years)	<b>145,992,769.14</b>	149,261,481.66
<b>Total</b>	<b>145,992,769.14</b>	149,261,481.66

## 2. Investment properties without property ownership certificates

As at the end of the period, included in properties held for investment were with carrying amount of RMB145,992,769.14 for which the property ownership certificates were being applied for. Given the aforesaid properties were in compliance with the relevant legal procedures, the Board believes that the transfer of its title will not meet any substantial obstacle or affect their normal use by the Group and will have no material impact on the normal operation of the Group. As such, no provision for impairment is required for investment properties and there will be no additional material costs.

Item	Carrying value	Reason for failure to obtain property ownership certificates
Hull joint workshop	<b>79,096,619.01</b>	In the process of obtaining ownership certificates
Component welding workshop	<b>63,313,451.19</b>	In the process of obtaining ownership certificates
Sanding and coating workshop	<b>3,582,698.94</b>	In the process of obtaining ownership certificates
<b>Total</b>	<b>145,992,769.14</b>	

## (XII) PP&E

### 1. PP&E and disposal of PP&E

Item	Ending balance	Beginning balance
PP&E	<b>224,653,112.51</b>	229,803,957.90
Disposal of PP&E		
<b>Total</b>	<b>224,653,112.51</b>	229,803,957.90

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## 2. PP&E

Item	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Total
<b>1. Original carrying value</b>					
(1) Beginning balance	240,100,181.56		560,223.08	1,269,217.13	241,929,621.77
(2) Increase for the period				51,212.39	51,212.39
– Acquisition				51,212.39	51,212.39
(3) Decrease for the period					
(4) Ending balance	240,100,181.56		560,223.08	1,320,429.52	241,980,834.16
<b>2. Accumulated depreciation</b>					
(1) Beginning balance	11,236,882.97		246,640.85	642,140.05	12,125,663.87
(2) Increase for the period	5,056,148.97		26,610.60	119,298.21	5,202,057.78
– Provision made	5,056,148.97		26,610.60	119,298.21	5,202,057.78
(3) Decrease for the period					
(4) Ending balance	16,293,031.94		273,251.45	761,438.26	17,327,721.65
<b>3. Provision for impairment</b>					
(1) Beginning balance					
(2) Increase for the period					
(3) Decrease for the period					
(4) Ending balance					
<b>4. Carrying value</b>					
(1) Ending carrying value	223,807,149.62		286,971.63	558,991.26	224,653,112.51
(2) Carrying value as at the end of last year	228,863,298.59		313,582.23	627,077.08	229,803,957.90

Other explanations:

The depreciation of PP&E recognised in profit or loss during the period amounted to RMB5,202,057.78 (Previous period: RMB10,087,865.54);

Included in PP&E added during the period is capitalised construction in progress of RMB0.

## 3. Buildings and structures are analysed by region and ageing

Item	Ending balance	Beginning balance
Within China	223,807,149.62	228,863,298.59
Including: medium term (10-50 years)	223,807,149.62	228,863,298.59
<b>Total</b>	<b>223,807,149.62</b>	<b>228,863,298.59</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (XIII) Right-to-use assets

Item	Buildings and structures	Total
<b>1. Original carrying value</b>		
(1) Beginning balance	2,730,577.09	2,730,577.09
(2) Increase for the period		
(3) Decrease for the period		
(4) Ending balance	2,730,577.09	2,730,577.09
<b>2. Accumulated depreciation</b>		
(1) Beginning balance	1,744,535.28	1,744,535.28
(2) Increase for the period	455,096.16	455,096.16
– Provision made	455,096.16	455,096.16
(3) Decrease for the period		
(4) Ending balance	2,199,631.44	2,199,631.44
<b>3. Provision for impairment</b>		
(1) Beginning balance		
(2) Increase for the period		
(3) Decrease for the period		
(4) Ending balance		
<b>4. Carrying value</b>		
(1) Ending carrying value	530,945.65	530,945.65
(2) Carrying value as at the end of last year	986,041.81	986,041.81

Other explanations: The depreciation of right-to-use assets recognized as profit and loss during current period amounted to RMB455,096.16. (Previous period: RMB455,096.16).

## (XIV) Long-term prepaid expenses

Item	Beginning balance	Increase for the period	Amortisation for the period	Other decreases	Ending balance
Improvements in office buildings of Shipping Building	374,871.51		173,017.68		201,853.83
<b>Total</b>	374,871.51		173,017.68		201,853.83

## (XV) Deferred tax assets and deferred tax liabilities

### 1. Deferred tax liabilities not offset

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred tax liabilities	Deductible temporary difference	Deferred tax liabilities
Change in fair value of investments in other equity instruments	732,957,863.16	183,239,465.79	989,601,864.04	247,400,466.01
Change in fair value of financial assets held-for-trading	10,431,000.00	2,607,750.00	2,125,000.00	531,250.00
<b>Total</b>	743,388,863.16	185,847,215.79	991,726,864.04	247,931,716.01

### 2. Breakdown of unrecognized deferred tax assets

Item	Ending balance	Beginning balance
Deductible temporary difference	245,883.35	245,883.35
Deductible tax loss	112,096,649.63	84,334,851.03
<b>Total</b>	112,342,532.98	84,580,734.38

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

### 3. Deductible loss for which no deferred tax assets are recognised will become due in the following years

Year	Ending balance	Beginning balance	Remarks
2021	51,262,939.86	51,262,939.86	
2022			
2023	20,260,970.07	20,260,970.07	
2024	12,810,941.10	12,810,941.10	
2025			
2026	27,761,798.60		
<b>Total</b>	<b>112,096,649.63</b>	84,334,851.03	

### (XVI) Accounts payable

#### 1. List of accounts payable

Item	Ending balance	Beginning balance
Materials purchased	3,426,470.12	3,376,470.12
Payment for projects under construction		128,518,926.14
Retention money	15,055,956.39	15,055,956.39
Other construction and labour services	1,092,012.60	1,573,144.68
<b>Total</b>	<b>19,574,439.11</b>	148,524,497.33

#### 2. Ageing analysis of accounts payable (Including accounts payable to related parties) based on the transaction date

Aging	Ending balance	Beginning balance
Within one year	18,703,084.61	19,078,260.30
1-2 years		129,446,237.03
2-3 years	871,354.50	
Over 3 years		
<b>Total</b>	<b>19,574,439.11</b>	148,524,497.33

Of which, significant accounts payable aged over one year:

Item	Ending balance	Including: Amount aged over one year	Reason for unsettlement or carrying forward
Zhongshan GSI Marine Engineering Company Limited	871,354.50	871,354.50	Not yet due
<b>Total</b>	<b>871,354.50</b>	871,354.50	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (XVII) Advances from customers

Item	Ending balance	Beginning balance
Rent received in advance	2,618,400.00	7,855,200.00
<b>Total</b>	<b>2,618,400.00</b>	<b>7,855,200.00</b>

## (XVIII) Contract liabilities

### 1. Breakdown of other current liabilities

Item	Ending balance	Beginning balance
Advance from customers for electromechanical products and others	27,151,418.25	15,419,870.53
<b>Total</b>	<b>27,151,418.25</b>	<b>15,419,870.53</b>

Other explanations: The income included in the beginning carrying value of contract liabilities recognized in the year amounted to RMB0.

### 2. Amount and reason for significant changes in carrying value during the Reporting Period

Item	Amount of change	Reason for change
Advance from customers for electromechanical products and others	11,731,547.72	There was a difference between the collection progress and the progress of revenue confirmation
<b>Total</b>	<b>11,731,547.72</b>	

## (XIX) Employee benefits payable

### 1. List of employee benefits payable

Item	Beginning balance	Increase for the period	Decrease for the period	Ending balance
Short-term remuneration		3,286,809.01	3,286,809.01	
Post-employment benefits – defined contribution plans		291,855.48	291,855.48	
<b>Total</b>		<b>3,578,664.49</b>	<b>3,578,664.49</b>	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

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## 2. List of short-term remuneration

Item	Beginning balance	Increase for the period	Decrease for the period	Ending balance
(1) Salaries, bonuses, allowances and subsidies		2,634,204.00	2,634,204.00	
(2) Employee benefits		100,881.19	100,881.19	
(3) Social insurance		165,340.08	165,340.08	
Including: Medical insurance contribution		141,884.46	141,884.46	
Work-related injury insurance contribution		2,434.50	2,434.50	
Maternity insurance contribution		21,021.12	21,021.12	
(4) Housing fund		296,754.00	296,754.00	
(5) Labour union & employee education funds		89,629.74	89,629.74	
(6) Short-term paid absence				
(7) Short-term profit sharing plan				
(8) Outsourcing labour costs and others Short-term remuneration				
<b>Total</b>		<b>3,286,809.01</b>	<b>3,286,809.01</b>	

## 3. List of defined contribution plans

As required, the Group participates in the social insurance plans established by the government authorities. The Group makes contributions to these plans as required by local governments. The Group has no further payment obligations other than the contributions. The relevant expenses are included in current profit or loss or as the cost of the relevant assets.

The pension and unemployment plan contributions made by the Group during the year were as follows:

Item	Beginning balance	Increase for the period	Decrease for the period	Ending balance
Basic pension insurance		272,070.96	272,070.96	
Unemployment insurance contribution		19,784.52	19,784.52	
<b>Total</b>		<b>291,855.48</b>	<b>291,855.48</b>	

Other explanations: As at the end of the period, all planned pension and unemployment insurance contributions of the Group had been made.

## (XX) Taxes payable

Item	Ending balance	Beginning balance
City maintenance and construction tax	2,576.70	2,576.70
Property tax	460,014.72	156,387.36
Land use tax	1,839.84	919.92
Individual income tax	233,548.30	596,188.90
Educational surcharge	1,840.50	1,840.50
Other taxes	91.80	
<b>Total</b>	<b>699,911.86</b>	757,913.38

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (XXI) Other payables

Item	Ending balance	Beginning balance
Interest payable		304,042.49
Dividends payable	234,946,101.24	139,024.77
Other payables	220,811.96	
<b>Total</b>	<b>235,166,913.20</b>	<b>443,067.26</b>

### 1. Dividends payable

Item	Ending balance	Beginning balance
Dividends on ordinary shares	234,946,101.24	304,042.49
Including: Dividends payable for A shares	136,424,331.22	66,091.17
Dividends payable for H shares	98,521,770.02	237,951.32
<b>Total</b>	<b>234,946,101.24</b>	<b>304,042.49</b>

### 2. Other payables

Item	Ending balance	Beginning balance
Payables for temporary receipts	220,811.96	139,024.77
<b>Total</b>	<b>220,811.96</b>	<b>139,024.77</b>

## (XXII) Non-current liabilities due within one year

Item	Ending balance	Beginning balance
Long-term borrowings due within one year	600,293,333.34	600,293,333.34
Lease liabilities due within one year	599,144.66	1,009,781.05
<b>Total</b>	<b>600,892,478.00</b>	<b>601,303,114.39</b>

## (XXIII) Long-term borrowings

Classification of long-term borrowings:

Item	Ending balance	Beginning balance
Credit loans	600,293,333.34	600,293,333.34
<b>Total</b>	<b>600,293,333.34</b>	<b>600,293,333.34</b>
The carrying amount of the above borrowings shall be repaid:		
Within one year	600,293,333.34	600,293,333.34
Less: Amount due within one year, as shown under current liabilities	600,293,333.34	600,293,333.34
<b>Amount shown under non-current liabilities</b>		

Details of interest rates: As at the end of the year, weighted average annual interest rate of long-term borrowings was 1.76%.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (XXIV) Lease liabilities

Item	Ending balance	Beginning balance
Lease payment amount	606,526.69	1,119,988.61
Less: Unrecognized financing cost	7,382.03	23,826.12
Less: Lease liability due within one year	599,144.66	1,009,781.05
<b>Total</b>		86,381.44

## (XXV) Share capital

For details, please see Note V. (38).

## (XXVI) Capital reserve

Item	Beginning balance	Increase for the period	Decrease for the period	Ending balance
Share premium	6,246,714,797.85			6,246,714,797.85
Other capital reserve	2,189,359,771.72		58,228.98	2,189,301,542.74
<b>Total</b>	8,436,074,569.57		58,228.98	8,436,016,340.59

Note: The decrease in other capital reserves in the current year was due to the changes in the capital reserves and special reserves of associates recognized according to the shareholding ratio.

## (XXVII) Other comprehensive income

Item	Amount for the period				Ending balance	
	Beginning balance	Amount incurred for the period before income tax	Less: Amount Previously including in other comprehensive income and transferred to profit or loss for the period	Less: Amount Previously including in other comprehensive income and transferred to retained earnings for the period		Amount attributable to the Company after tax
1. Other comprehensive income that may not be subsequently reclassified to profit or loss Including: Other comprehensive income that cannot be transferred to profit or loss under the equity method	738,114,305.04	-255,607,066.99		64,161,000.22	-191,446,066.77	546,668,238.27
Change in fair value of investments in other equity instruments	-4,087,092.99	1,036,933.89			1,036,933.89	-3,050,159.10
2. Other comprehensive income that will be subsequently reclassified to profit or loss	742,201,398.03	-256,644,000.88		64,161,000.22	-192,483,000.66	549,718,397.37
Total other comprehensive income	738,114,305.04	-255,607,066.99		64,161,000.22	-191,446,066.77	546,668,238.27

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (XXVIII) Surplus reserve

Item	Beginning balance	Increase for the period	Decrease for the period	Ending balance
Statutory surplus reserve	533,892,516.25			533,892,516.25
Discretionary surplus reserve	18,582,196.43			18,582,196.43
<b>Total</b>	<b>552,474,712.68</b>			<b>552,474,712.68</b>

## (XXIX) Undistributed profit

Item	Current period	Corresponding period of last year
Undistributed profits as at the end of last year before adjustment	718,135,411.74	721,076,162.84
Beginning adjustment to undistributed profits (increase +, decrease-)		-1,578,580,276.76
Undistributed profits as at the beginning of the year after adjustment	718,135,411.74	-857,504,113.92
Add: Net profit attributable to owners of the Company for the period	-29,838,298.60	1,244,587,511.72
Less: Dividends payable on ordinary shares	234,642,058.75	
<b>Undistributed profits as at the end of the period</b>	<b>453,655,054.39</b>	<b>387,083,397.80</b>

## (XXX) Net current assets

Item	Ending balance	Beginning balance
Current assets	2,217,301,736.14	2,313,740,142.22
Less: Current liabilities	886,103,560.42	774,303,662.89
<b>Net current assets</b>	<b>1,331,198,175.72</b>	<b>1,539,436,479.33</b>

## (XXXI) Total assets less current liabilities

Item	Ending balance	Beginning balance
Total assets	12,474,271,500.14	12,880,627,137.37
Less: Current liabilities	886,103,560.42	774,303,662.89
<b>Total assets less current liabilities</b>	<b>11,588,167,939.72</b>	<b>12,106,323,474.48</b>

## (XXXII) Borrowings

Details of the borrowings of the Group are as follows:

Item	Ending balance	Beginning balance
Non-current liabilities due within one year	600,293,333.34	600,293,333.34
<b>Total</b>	<b>600,293,333.34</b>	<b>600,293,333.34</b>

### 1. Analysis of borrowings

Item	Ending balance	Beginning balance
Bank borrowings		
– Bank borrowings repayable within 5 years	600,293,333.34	600,293,333.34
<b>Total</b>	<b>600,293,333.34</b>	<b>600,293,333.34</b>

### 2. Analysis of maturity of borrowings

Item	Ending balance	Beginning balance
On demand or within one year	600,293,333.34	600,293,333.34
<b>Total</b>	<b>600,293,333.34</b>	<b>600,293,333.34</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (XXXIII) Operating income and Operating costs

Information on operating income and operating cost:

Item	Current period		Corresponding period of last year	
	Income	Cost	Income	Cost
Principal business			85,623,801.70	86,423,707.31
Other businesses	12,598,800.00	8,257,207.08	12,598,800.00	8,257,207.08
<b>Total</b>	<b>12,598,800.00</b>	<b>8,257,207.08</b>	<b>98,222,601.70</b>	<b>94,680,914.39</b>

Gross profit from principal business

Item	Current period	Corresponding period of last year
Income from principal business		85,623,801.70
Cost of principal business		86,423,707.31
Gross profit		-799,905.61

### (1) Principal business – by product

Name of products	Current period	Corresponding period of last year
<b>Income from principal business</b>		
Steel structure		4,430,093.02
Electromechanical products and others		81,193,708.68
<b>Total</b>		<b>85,623,801.70</b>
<b>Cost of principal business</b>		
Steel structure products		
Electromechanical products and others		86,423,707.31
<b>Total</b>		<b>86,423,707.31</b>

### (2) Principal business – by region

Region	Current period	Corresponding period of last year
<b>Income from principal business</b>		
China (including Hong Kong, Macau and Taiwan)		85,623,801.70
<b>Total</b>		<b>85,623,801.70</b>
<b>Cost of principal business</b>		
China (including Hong Kong, Macau and Taiwan)		86,423,707.31
<b>Total</b>		<b>86,423,707.31</b>

### (3) Other operating income and other operating costs

Region	Current period	Corresponding period of last year
<b>Income from other business</b>		
Rental	12,598,800.00	12,598,800.00
<b>Total</b>	<b>12,598,800.00</b>	<b>12,598,800.00</b>
<b>Costs of other business</b>		
Rental	8,257,207.08	8,257,207.08
<b>Total</b>	<b>8,257,207.08</b>	<b>8,257,207.08</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (XXXIV) Taxes and surcharges

Item	Current period	Corresponding period of last year
Property tax	901,734.72	550,925.08
Stamp tax	23,431.30	2,509,274.30
City maintenance and construction tax	15,460.20	668,917.45
Educational surcharge	11,043.00	477,798.18
Land use tax	1,839.84	5,519.52
Vehicle usage	1,560.00	1,560.00
<b>Total</b>	<b>955,069.06</b>	<b>4,213,994.53</b>

## (XXXV) Selling expenses

Item	Current period	Corresponding period of last year
Transportation fees		272,398.68
Business expenditure		7,332.64
<b>Total</b>		<b>279,731.32</b>

## (XXXVI) Administrative expenses

Item	Current period	Corresponding period of last year
Employee benefits	3,578,664.49	3,134,031.03
Board meeting fee	2,254,345.46	3,110,874.96
Depreciation and amortisation	662,774.40	2,192,125.76
Repairing expenses	174,098.68	309,154.19
Logistics service fees	131,445.84	119,923.00
Information management fee	108,380.63	77,496.19
Travelling expense	97,307.91	65,266.68
Intermediary fee	51,998.63	86,955.33
Office expenses	47,449.42	68,153.13
Others	262,873.44	316,825.40
<b>Total</b>	<b>7,369,338.90</b>	<b>9,480,805.67</b>

## (XXXVII) Finance cost

### 1. Breakdown of finance costs

Item	Current period	Corresponding period of last year
Interest expenses	5,355,368.47	8,184,717.45
Interest income	-16,037,067.35	-17,593,464.38
Net exchange losses	-168.00	538.84
Other expenses	3,741.71	10,383.14
<b>Total</b>	<b>-10,678,125.17</b>	<b>-9,397,824.95</b>

### 2. Breakdown of interest expenses

Item	Current period	Corresponding period of last year
Interest on bank borrowings and overdraft	5,338,924.38	8,151,305.55
Interest on bank borrowings due within 5 years	5,338,924.38	8,151,305.55
Other interest expenses	16,444.09	33,411.90
<b>Total</b>	<b>5,355,368.47</b>	<b>8,184,717.45</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

### 3. Breakdown of interest income

Item	Current period	Corresponding period of last year
Interest income from bank deposits	8,809,172.34	3,511,718.60
Interest income from receivables	7,227,895.01	14,081,745.78
<b>Total</b>	<b>16,037,067.35</b>	<b>17,593,464.38</b>

### (XXXVIII) Other income

Item	Current period	Corresponding period of last year	Relating to assets/income
Refund of handling fee for withholding individual income tax	10,973.41	14,346.29	Related to income
<b>Total</b>	<b>10,973.41</b>	<b>14,346.29</b>	

### (XXXIX) Investment income

Item	Current period	Corresponding period of last year
Gain on long-term equity investments accounted under equity method	-45,204,263.43	-98,741,026.22
Investment income from disposal of long-term equity investments		1,347,236,743.76
Investment income from disposal of financial assets held-for-trading	585,123.29	
<b>Total</b>	<b>-44,619,140.14</b>	<b>1,248,495,717.54</b>

Other explanations: Investment income from investment in non-listed companies for current period amounted to RMB0 and RMB-44,619,140.14 (Previous period: RMB1,248,495,717.54).

### (XL) Gain/loss on change in fair value

Source of gain on change in fair value	Current period	Corresponding period of last year
Financial assets held-for-trading	10,140,000.00	
<b>Total</b>	<b>10,140,000.00</b>	

### (XLI) Credit impairment loss

Item	Current period	Corresponding period of last year
Loss on bad debts of accounts receivable		-308,934.05
Loss on bad debts of other receivables		-37,527.02
<b>Total</b>		<b>-346,461.07</b>

Note: Negative numbers of credit impairment losses indicate accrual during current period, and positive numbers indicate reversal during current period.

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

### (XLII) Loss on impairment of assets

Item	Current period	Corresponding period of last year
Loss on impairment of inventories		-732,302.47
Loss on impairment of assets related to contract performance cost		-1,848,261.70
<b>Total</b>		<b>-2,580,564.17</b>

Note: Negative numbers of asset impairment losses indicate accrual during current period, and positive numbers indicate reversal during current period.

### (XLIII) Non-operating income

Item	Current period	Corresponding period of last year	Amount included in non-recurring gains and losses for current period
Others	11,058.00	46,443.78	11,058.00
<b>Total</b>	<b>11,058.00</b>	<b>46,443.78</b>	<b>11,058.00</b>

Other explanations: The amount included in non-recurring gains and losses for current period was RMB11,058.00 (Previous period: RMB46,443.78).

### (XLIV) Non-operating expenses

Item	Current period	Corresponding period of last year	Amount included in non-recurring gains and losses for current period
Penalty and late payment fee		6,951.39	
<b>Total</b>		<b>6,951.39</b>	

Other explanations: The amount included in non-recurring gains and losses for current period was RMB0 (Previous period: RMB6,951.39).

### (XLV) Income tax expense

#### 1. List of income tax expense

Item	Current period	Corresponding period of last year
Deferred tax expense	2,076,500.00	
<b>Total</b>	<b>2,076,500.00</b>	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## 2. Accounting profit and income tax expense adjustment process

Item	Current period
Total profit	-27,761,798.60
Income tax expenses calculated at statutory or applicable tax rate	-6,940,449.65
Impact of non-taxable income	11,154,785.04
Impact of non-deductible costs, expenses and losses	503.60
Impact of utilisation of deductible loss for which no deferred tax assets were previously recognised	-2,138,338.99
<b>Income tax expense</b>	<b>2,076,500.00</b>

### (XLVI) Depreciation and amortisation

Item	Current period	Corresponding period of last year
Depreciation of investment properties	3,268,712.52	
Depreciation of PP&E	5,202,057.78	10,087,865.54
Amortisation of intangible assets		67,548.66
Depreciation of right-of-use assets	455,096.16	455,096.16
Amortisation of long-term prepaid expenses	173,017.68	173,017.68
<b>Total</b>	<b>9,098,884.14</b>	<b>10,783,528.04</b>

### (XLVII) Gain (or loss) on disposal of investments or properties

Gain on disposal of investment or properties for the period is RMB0 (Previous period: RMB1,347,236,743.76).

### (XLVIII) Operating rental expense

Operating rental expense for the period is RMB471,540.25 (Previous period: RMB1,047,692.59).

### (IL) Rental income

Operating rental income for the period is RMB12,598,800.00 (Previous period: RMB12,598,800.00), including rental income from land and buildings of RMB12,598,800.00 (Previous period: RMB12,598,800.00).

### (L) Supplementary information to the income statement where expenses are classified by nature

The operating costs, selling expenses, administrative expenses, research and development expenses and finance costs, in the income statement are classified by nature as follows:

Item	Current period	Corresponding period of last year
Raw materials consumed		77,827,527.92
Employee compensation expenses	3,578,664.49	5,171,856.92
Depreciation expenses	8,925,866.46	10,542,961.70
Product fee	28,660.12	91,734.60
Amortisation expenses	173,017.68	240,566.34
Product exclusive fee		5,129,907.39
Others	2,920,337.23	5,436,896.51
<b>Total</b>	<b>15,626,545.98</b>	<b>104,441,451.38</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (LI) Item on cash flow statement

### 1. Other cash receipts relating to operating activities

Item	Current period	Corresponding period of last year
Other current account received	434,563.39	2,610,126.12
Interest income	973,770.20	769,874.91
Refund of handling fee for withholding individual income tax	10,973.41	14,346.29
<b>Total</b>	<b>1,419,307.00</b>	<b>3,394,347.32</b>

### 2. Other cash payments relating to operating activities

Item	Current period	Corresponding period of last year
Payment of other current accounts	1,089,560.33	46,702,498.52
Administrative expense	3,086,983.46	4,437,845.89
Reserve funds	54,937.79	187,118.68
Selling expenses		4,978.31
Bank charges	3,498.79	10,542.43
<b>Total</b>	<b>4,234,980.37</b>	<b>51,342,983.83</b>

### 3. Other cash receipts relating to investing activities

Item	Current period	Corresponding period of last year
Collection of principal and interest on loans made and settled on a consolidated basis	5,338,924.38	408,377,416.67
Principal and interest of entrusted loan	52,163,822.22	261,570,000.00
Fixed deposits with maturity of over three months and principal and interest income of various security deposits		30,273,000.00
<b>Total</b>	<b>57,502,746.60</b>	<b>700,220,416.67</b>

### 4. Other cash payments relating to investing activities

Item	Current period	Corresponding period of last year
Refundable fixed deposits and restricted funds over three months	50,000,000.00	390,000,000.00
<b>Total</b>	<b>50,000,000.00</b>	<b>390,000,000.00</b>

### 5. Other cash payment relating to financing activities

Item	Current period	Corresponding period of last year
Expenditure on lease assets	539,135.00	475,428.56
<b>Total</b>	<b>539,135.00</b>	<b>475,428.56</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (LII) Supplementary information on cash flow statement

### 1. Supplementary information on cash flow statement

Supplementary information	Current period	Corresponding period of last year
<b>1. Reconciliation of net profit to cash flows from operating activities</b>		
Net profit	-29,838,298.60	1,244,587,511.72
Add: Credit impairment loss		346,461.07
Provision for impairment of assets		2,580,564.17
Depreciation of PP&E	8,470,770.30	10,087,865.54
Depreciation of right-to-use assets	455,096.16	455,096.16
Amortisation of intangible assets		67,548.66
Amortisation of long-term prepaid expenses	173,017.68	173,017.68
Loss on disposal of PP&E, intangible assets and other long-term assets (gain is listed with "-")		
Loss on retirement of PP&E (gain is listed with "-")		
Loss on changes in fair value (gain is listed with "-")	-10,140,000.00	
Finance cost (gain is listed with "-")	-8,589,362.88	-8,998,933.93
Loss on investments (gain is listed with "-")	44,619,140.14	-1,248,495,717.54
Decrease in deferred tax assets (increase is listed with "-")		
Increase in deferred tax liabilities (decrease is listed with "-")	2,076,500.00	
Decrease in inventories (increase is listed with "-")	-12,335,023.46	80,082,398.92
Decrease in operating receivables (increase is listed with "-")	-2,410,145.12	-12,509,594.78
Increase in operating payables (decrease is listed with "-")	6,614,593.45	-112,041,810.90
Others		
<b>Net cash flows from operating activities</b>	<b>-903,712.33</b>	<b>-43,665,593.23</b>
<b>2. Significant investing and financing activities not involving cash receipts or payments</b>		
Conversion of debts into capital		
Convertible corporate bonds due within one year		
PP&E acquired under finance lease arrangement		
<b>3. Net changes in cash and cash equivalents</b>		
Cash balance at the end of the year	287,521,955.81	362,893,846.53
Less: Cash balance at the beginning of the year	342,958,485.77	83,638,189.16
Add: Balance of cash equivalents at the end of the period		
Less: Balance of cash equivalents at the beginning of the period		
<b>Net increase in cash and cash equivalents</b>	<b>-55,436,529.96</b>	<b>279,255,657.37</b>

### 2. Compositions of cash and cash equivalents

Item	Current period	Corresponding period of last year
I. Cash	287,521,955.81	342,958,485.77
Including: Cash on hand		
Bank deposits available for use on demand	287,521,955.81	342,958,485.77
Other cash at bank and on hand for use on demand		
II. Cash equivalents		
Including: Investments in bonds maturing within three months		
III. Cash and cash equivalents at the end of the year	287,521,955.81	342,958,485.77
Including: Restricted cash and cash equivalents used by the parent company or intra-group subsidiaries		

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2021 to 30 June 2021

(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## XVI. SUPPLEMENTAL INFORMATION ON FINANCIAL STATEMENTS

### (I) Breakdown of non-recurring gains and losses for the period

According to the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public — Non-recurring Gains and Losses (2008) issued by China Securities Regulatory Commission, the non-recurring gains and losses of the Group for the period were as follows:

Item	Amount	Description
Gain or loss on disposal of non-current assets	-573,844.21	
Tax relief and reduction with approval exceeding authority or without formal approval or of non-recurring nature		
Government grants included in current profit or loss (other than on-going government grants which are closely related to the Company's normal operation, meet the requirements of government policies and are subject to certain limits and conditions)	22,764,149.11	
Capital occupation fee received from non-financial entities included in current profit or loss		
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		
Gain or loss on exchange of non-monetary assets		
Gain or loss on entrusted investments or assets under management		
Provision for impairment on assets due to force majeure events, such as natural disasters		
Gain or loss on debt restructuring		
Corporate restructuring costs, such as employee redundancy pay and integration costs		
Profit or loss from transactions with obviously unfair transaction price for amount which exceeds fair value		
Net gains or losses of subsidiaries for the current year from the beginning of the period to the date of combination arising from business combination under common control		
Gain or loss on other contingencies which are not related to the Company's normal operations		
Gain or loss on changes in fair value of financial assets held-for-trading and financial liabilities held-for-trading, and investment income from disposal of financial assets held-for-trading, financial liabilities held-for-trading and available-for-sale financial assets, except for effective hedging transactions that are closely related to the Company's normal operation	57,531,864.33	
Reversal of the provision for impairment of receivables which are tested individually for impairment		
Gains or losses from entrusted loans		
Gain or loss arising from changes in fair value of investment properties under fair value model on subsequent measurement		
Effect of one-time adjustment to current profit or loss according to the requirements of tax and accounting laws and regulations on current profit or loss		
Entrusted fee income from entrusted operations		
Other non-operating income and expenses apart from the aforesaid items	1,910,680.48	
Other gain or loss items meeting the definition of non-recurring gains or losses	450,121.48	
<b>Sub-total</b>	<b>82,082,971.19</b>	
Effect of income tax	-14,818,436.14	
Effect of minority interests (after tax)	-26,927,136.12	
<b>Total</b>	<b>40,337,398.93</b>	

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(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

Items defined as recurring gains or losses are as follows:

Item	Amount	Reason
Finance interest discount	4,480,000.00	Closely relating to operation, granted at fixed amount and on a continuous basis
Value added tax of self produced software refund upon collection	226,106.20	Closely relating to operation, granted at fixed amount and on a continuous basis
<b>Total</b>	<b>4,706,106.20</b>	

Note: All the aforesaid government grants are closely relating to the normal operation of the Company, subject to national policies and granted at fixed amount and on a continuous basis, and fall under non-recurring gains or losses in accordance with the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public – Non-recurring Gains and Losses.

## (II) Returns on net assets and earnings per share

Profit for the Reporting Period	Weighted average return on net assets (%) Current period	Earnings per share	
		Basic earnings per share Current period	Diluted earnings per share Current period
Net profit attributable to shareholders of the parent company	-0.69	-0.0672	-0.0672
Net profit attributable to shareholders of the parent company, net of non-recurring gains and losses	-0.98	-0.0958	-0.0958