

**CSSC** 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

**2022**  
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. Save as mentioned below, all Directors of the Company attended the meeting of the Board for approving this interim report.

Position held by absent Director	Name of absent Director	Reasons for absence	Name of proxy
Director	Chen Zhongqian	Work	Chen Ji
Director	Xiang Huiming	Work	Chen Liping
Independent Director	Nie Wei	Work	Li Zhijian

- III. The accounting information in this interim report is unaudited. The financial information contained in this report has been reviewed and confirmed by the Audit Committee.
- IV. Chen Liping, 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 2022 (First half of 2021: 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. There does not exist circumstances where more than half of the Directors of the Company are unable to guarantee the truthfulness, accuracy and completeness of the interim report disclosed by the Company.
- X. 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.
- XI. As at the date of this interim report, the Board comprises ten Directors, namely executive Directors Mr. Chen Liping and Mr. Xiang Huiming, non-executive Directors Mr. Chen Zhongqian, Mr. Chen Ji, Mr. Gu Yuan and Mr. Ren Kaijiang and independent non-executive Directors Mr. Yu Shiyong, Mr. Lin Bin, Mr. Nie Wei and Mr. Li Zhijian.
- XII. This report is prepared in both Chinese and English. In case of any inconsistency, the Chinese version shall prevail.

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## SECTION I DEFINITIONS

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

### Definitions of frequently used terms

China Shipbuilding Group	China Shipbuilding Group Co., Ltd., 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 Finance	CSSC Finance Company Limited, a non-bank 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 as at the end of the Reporting Period
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
Wenchuan Heavy Industrial	Guangzhou Wenchuan Heavy Industrial Co., Ltd., a wholly-owned subsidiary of Huangpu Wenchong

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### 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
Fax	020-81896411	020-81896411
E-mail	lizd@comec.cssc.net.cn	yuw@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
Historical changes to the Company's registered address	On 2 April 2020, the registered address of the Company was changed from "40 South Fangcun Main Road, Liwan District, Guangzhou City, the People's Republic of China" to "15th Floor, Marine Tower, No.137 Gexin Road, Haizhu District, Guangzhou City, the People's Republic of China"
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 (www.cs.com.cn) and Securities Daily (www.zqrb.cn)
Website for publishing the interim report	www.sse.com.cn, www.hkexnews.hk
Place for inspection of the interim report 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

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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

#### (I) Key accounting data

Unit: Yuan Currency: RMB

Key accounting data	Reporting Period (From January to June)	Corresponding period of last year	Change (%)
Operating income	4,271,202,500.99	4,717,550,453.48	-9.46
Net profit attributable to shareholders of the Company	18,906,736.89	-95,042,597.22	Not applicable
Net profit attributable to shareholders of the Company after deduction of non-recurring gains and losses	2,078,508.92	-135,379,996.15	Not applicable
Net cash flows from operating activities	1,279,468,624.31	-1,037,725,605.50	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	14,393,754,669.17	15,524,746,801.15	-7.29
Total assets	48,635,299,841.48	44,265,408,872.54	9.87

#### (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)	0.0134	-0.0672	Not applicable
Diluted earnings per share (RMB/share)	0.0134	-0.0672	Not applicable
Basic earnings per share after deduction of non-recurring gains and losses (RMB/share)	0.0015	-0.0958	Not applicable
Weighted average return on equity (%)	0.13	-0.69	0.82
Weighted average return on equity after deduction of non-recurring gains and losses (%)	0.01	-0.98	0.99

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

- During the Reporting Period, the net profit attributable to shareholders of the Company was RMB19 million, the net profit attributable to shareholders of the Company after deduction of non-recurring gains and losses was RMB2 million, which turned into profit from loss when compared with the corresponding period of last year, mainly due to the increase in the overall production efficiency and the consolidated gross profit margin of products of the Company during the Reporting Period, as well as the year-on-year increase of the net interest income/expenses and net exchange gains due to changes in exchange rate and year-on-year decrease of financial expenses.
- During the Reporting Period, net cash flows from operating activities of the Company was RMB1.279 billion, representing a year-on-year increase of RMB2.317 billion. The significant improvement of the operating cash flow is mainly due to the impact of the year-on-year increase in progress payment for ship products during the Reporting Period.

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### 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	-480,690.60	
Tax relief and reduction with approval exceeding authority or without formal approval or of non-recurring nature	10,287.86	
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	27,510,415.37	
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	3,681,498.94	
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	874,280.51	
Other gain or loss items meeting the definition of non-recurring gains or losses	263,802.99	
Less: Effect of income tax	7,134,072.16	
Effect of minority interests (after tax)	7,897,294.94	Refund of handling fee for withholding individual income tax
Total	16,828,227.97	

## SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### Description on non-operating gains and losses items defined as operating gains and losses, according to the Explanatory Announcement No.1 on Information Disclosure for Companies Offering their Securities to the Public-Non-recurring Gains and Losses

The items of government grants defined as recurring gains and losses are as follow:

Unit: Yuan Currency: RMB

Item	Amount	Reason
Finance interest discount	5,300,000.00	Closely relating to operation, granted at fixed amount and on a continuous basis
Immediately refunded value-added tax of self-developed software	53,982.30	Closely relating to operation, granted at fixed amount and on a continuous basis
Total	5,353,982.30	

Note: All the aforesaid government grants are closely related to the normal operation of the Company, subject to national policies and granted on fixed amount basis or enjoyed on continuous fixed amount basis subject to certain standard, and fall under recurring gains and 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.



## SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

### 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 171 years since its establishment and 130 years of military industry, and its development history spans three centuries. It is the main construction base for military ships, special engineering ships 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, operating income of the Group amounted to RMB4,271 million, representing a year-on-year decrease of 9.46%, mainly due to the adjustment of product structure during the Reporting Period and the decrease in products in process with performance obligations at a point in time that have met the conditions for revenue recognition.

### 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, 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 and special vessels such as feeder containerships, public service ships, scientific exploration ships, wind power installation platforms. 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 2022

The price of newbuilding continued to increase. In June 2022, the Clarkson new ship price index closed at 162 points, representing a year-on-year increase of 23 points. Looking at the major ship types, the Clarkson new ship price index for oil tankers, bulk carriers, container ships and liquefied gas tankers were 189 points, 168 points, 103 points and 170 points, respectively, increasing by 1 point, 2 points, 0 point and 4 points over the previous month, and were 30 points, 22 points, 13 points and 27 points higher year-on-year, respectively. New ship price for typical ship types has increased by 10%-30% year-on-year.

The scale of newbuild vessel transactions declined significantly. In recent years, factors like changes in shipping trade, disruption in logistics and more stringent environmental regulations have supported the shipbuilding market and resulted in a larger trading volume of newbuild vessels in 2021. In the first half of 2022, the epidemic and the risk of stagflation affected global economic growth, with 701 new ship orders for a total of 40.73 million DWT traded globally, representing a year-on-year decrease of 52%.

The offshore engineering market has rebounded. The global offshore engineering equipment market continued its growth momentum and the new ship market remained stable. In the first half of 2022, a total of 56 ships/sets of various types of marine engineering equipment were traded worldwide with total value of US\$6.606 billion, a year-on-year increase of 2.13% in monetary terms.

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 RMB3,145 million, representing a year-on-year decrease of 45.1%; operating income of the Group amounted to RMB4,271 million, representing a year-on-year decrease of 9.46%. Net profit attributable to the shareholders of the Company amounted to RMB18.9067 million. Earnings per share were RMB0.0134, and earnings per share after deduction of non-recurring gains and losses were RMB0.0015.

## SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

### 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>4,271,202,500.99</b>	4,717,550,453.48	-9.46
Operating costs	<b>3,977,648,314.95</b>	4,425,424,782.00	-10.12
Selling expenses	<b>38,110,356.05</b>	35,008,793.06	8.86
Administrative expenses	<b>245,491,846.23</b>	209,252,449.69	17.32
Finance cost	<b>-230,602,089.67</b>	-23,632,895.39	Not applicable
Research and development expense	<b>221,092,386.17</b>	245,716,359.22	-10.02
Net cash flows from operating activities	<b>1,279,468,624.31</b>	-1,037,725,605.50	Not applicable
Net cash flows from investing activities	<b>-1,180,395,245.21</b>	92,966,986.81	-1,369.69
Net cash flows from financing activities	<b>1,015,586,196.88</b>	-1,307,153,516.09	Not applicable
Taxes and surcharges	<b>10,590,337.20</b>	6,104,223.65	73.49
Investment income	<b>-24,331,129.96</b>	-37,145,812.01	Not applicable
Gain on change in fair value	<b>17,336,152.70</b>	49,852,986.83	-65.23
Credit impairment loss (loss expressed with "-")	<b>24,145,248.32</b>	-4,491,607.52	Not applicable
Asset impairment loss (loss expressed with "-")	<b>-25,904,928.57</b>	-9,917,850.86	Not applicable
Non-operating income	<b>2,016,537.01</b>	7,843,345.87	-74.29
Non-operating expense	<b>712,882.16</b>	5,596,444.66	-87.26
Income tax expense	<b>-57,157.56</b>	-6,216,916.97	Not applicable

Reason for change in operating income: mainly due to the adjustment of the structure of products during the Reporting Period and a year-on-year decrease of products in process with performance obligations at a point in time that have met the conditions for revenue recognition.

Reason for change in operating costs: mainly due to the adjustment of the structure of products during the Reporting Period and a year-on-year decrease of products in process with performance obligations at a point in time that have met the conditions for revenue recognition.

Reason for change in selling expenses: mainly due to the effect of the year-on-year increase of the product warranty provisions during the Reporting Period.

Reason for change in administrative expenses: mainly due to the effect of the year-on-year increase of the employee benefits and depreciation expense during the Reporting Period.

Reason for change in finance cost: mainly due to the effect of the year-on-year increase of the net interest income/expense and net exchange gains due to changes in exchange rate.

## SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

Reason for change in research and development expense: mainly due to the effect of the differences in scientific and research projects and transfer of related expenses.

Reason for change in net cash flow from operating activities: mainly due to the effect of the year-on-year increase of the progress payments for shipping products during the Reporting Period.

Reason for change in net cash flow from investing activities: mainly due to consolidated effect of the year-on-year increase of time deposits of more than 3 months during the Reporting Period and the year-on-year increase of recovery of the entrusted assets under management upon maturity.

Reason for change in net cash flow from financing activities: mainly due to the effect of the year-on-year increase of the net short-term borrowings during the Reporting Period.

Reason for the change in taxes and surcharges: mainly due to the effect of the year-on-year increase of the stamp tax during the Reporting Period.

Reason for the change in investment income: mainly due to the consolidated effect of the year-on-year increase of investment income recognized under the equity accounting method during the Reporting Period and the year-on-year decrease of the investment income from disposal of financial assets held for trading.

Reason for the change in gain on change in fair value: mainly due to the effect of the year-on-year decrease of the gain on change in fair value of financial assets held for trading during the Report Period.

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

Reason for the change in asset impairment loss: mainly due to the effect of decline in value of inventories and a year-on-year increase 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 contractual liquidated damages received in the corresponding period last year.

Reason for the change in non-operating expense: mainly due to the effect of net insurance claims expenses recognized in the corresponding period last year.

Reason for the change in income tax expense: mainly due to the effect of the year-on-year decrease in recognized deferred income tax assets during the Report Period.

### **2. Explanation for material change in profit due to non-principal business**

During the Reporting Period, there was no material change in profit due to non-principal business.

## SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

### (II) 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	14,215,936,971.26	29.23	9,560,403,363.57	21.60	48.70	Increase in net product gains during the Reporting Period.
Financial assets held-for-trading	986,065,684.60	2.03	3,281,028,607.57	7.41	-69.95	At the end of the Reporting Period, the balance of entrusted assets under management decreased.
Accounts receivable	1,011,992,195.13	2.08	1,160,063,923.81	2.62	-12.76	-
Including: Notes receivable	118,450,417.96	0.24	82,331,260.05	0.19	43.87	At the end of the Reporting Period, the balance of the bank acceptance bills increased.
Accounts receivable	893,541,777.17	1.84	1,077,732,663.76	2.43	-17.09	-
Receivable financing	45,495,501.69	0.09	192,855,840.34	0.44	-76.41	Due for settlement of reclassified notes receivable and electronic debt certificates of accounts receivable during the Reporting Period.
Prepayments	3,183,657,889.06	6.55	2,149,658,651.91	4.86	48.10	Increase in the balance of prepayments for materials and equipment at the end of the Reporting Period.
Other receivables	58,950,506.72	0.12	94,550,370.96	0.21	-37.65	Decrease in guarantee deposit balances on deposits at the end of the Reporting Period.
Inventories	6,654,550,490.17	13.68	4,922,901,059.95	11.12	35.18	Increase in products in process with performance obligations at a point in time that have not met the conditions for revenue recognition at the end of the Reporting Period
Contract assets	3,175,019,880.50	6.53	2,542,443,559.33	5.74	24.88	-
Other current assets	81,491,626.03	0.17	177,819,458.91	0.40	-54.17	Decrease in input value-added tax at the end of the Reporting Period.
Investment properties	139,455,344.10	0.29	142,724,056.62	0.32	-2.29	-
Long-term equity investments	4,946,352,215.83	10.17	4,952,678,909.18	11.19	-0.13	-
Fixed assets	5,115,058,432.01	10.52	4,740,631,472.84	10.71	7.90	-
Construction in progress	236,589,643.05	0.49	229,186,214.27	0.52	3.23	-
Right-of-use assets	164,753,819.92	0.34	189,367,500.07	0.43	-13.00	-
Short-term borrowings	3,458,312,218.75	7.11	1,914,936,125.56	4.33	80.60	New borrowings during the Reporting Period.
Contract liabilities	13,330,735,361.47	27.41	9,348,839,525.55	21.12	42.59	Increase in prepayments for products received during the Reporting Period.
Employee benefits payable	118,306,520.46	0.24	361,255.50	0.00	32,648.71	Increase in wages, subsidies and benefits accrued but not paid in the Reporting Period.
Other payables	391,850,153.33	0.81	185,245,553.74	0.42	111.53	Cash dividends declared but remained undistributed amounting to RMB195 million at the end of the Reporting Period.
Non-current liabilities due within one year	1,266,694,248.03	2.60	951,219,195.92	2.15	33.17	Increase in long-term borrowings due within 1 year at the end of the Reporting Period.
Long-term borrowings	2,435,456,215.55	5.01	3,189,417,299.77	7.21	-23.64	-
Lease liabilities	127,211,863.62	0.26	169,778,977.55	0.38	-25.07	-
Deferred tax liabilities	333,717,048.71	0.69	664,220,819.92	1.50	-49.76	Effect of decrease in the fair value of shares of CSSC Holdings.
Other non-current liabilities	282,169,516.49	0.58	196,955,482.65	0.44	43.27	Increase in hedged items at the end of the Reporting Period.
Other comprehensive income	908,916,895.64	1.87	1,863,752,512.56	4.21	-51.23	Effects of decrease in the fair value of shares of CSSC Holdings.

## SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

### 2. *Oversea Assets*

Oversea assets amounted to RMB1,236,050,142.62 at the end of current period, accounting for 2.54% 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 RMB7,642,824,513.00 in total and notes receivable pledged amounting to RMB7,638,701.12. The use rights restriction will be lifted after the completion of the contract(s). For details of breakdown of restricted projects, please refer to the notes to the financial statements.

## (III) 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 RMB4,946,352,200, representing a decrease of 0.13% from RMB4,952,678,900 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 and financial liabilities held-for-trading such as forward exchange contracts, foreign exchange swaps and foreign exchange option trading portfolio contracts, entrusted wealth management, receivable financing, as well as investments in other equity instruments. In particular, financial derivative operations such as forward foreign exchange contracts, foreign exchange swaps and foreign exchange option trading portfolio contracts are accounted for and reported based on hedge accounting if they meet the criteria or hedging, or through financial assets or liabilities held for trading if they do not meet the criteria for hedging. 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 benchmark lending 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, they were measured according to the fair value at end of period as provided by the entrusted financial institutions; and for receivable financing, measurement was made on the present value of cash flow expected to receive. 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	Description
Financial assets held-for-trading	3,281,028,607.57	986,065,684.60	-2,294,962,922.97	3,681,498.94	①②
Hedging instruments	196,955,482.65	286,636,356.49	89,680,873.84		③
Hedged items	-196,955,482.65	-282,169,516.49	-85,214,033.84		
Receivable financing	192,855,840.34	45,495,501.69	-147,360,338.65		④
Investments in other equity instruments	5,480,001,529.79	4,198,249,864.75	-1,281,751,665.04	192,641.21	⑤
Total	8,953,885,977.70	5,234,277,891.04	-3,719,608,086.66	3,874,140.15	

## SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

Description:

- ① The Group attaches importance to the study of exchange rate risk management policies and strategies. In order to guard against exchange rate risks, the Group entered into forward foreign exchange contracts, foreign exchange swaps and foreign exchange option trading portfolio contracts with banks. As at the end of the Reporting Period, there were 125 outstanding forward exchange contracts amounting to US\$1,415.17 million with a maximum settlement period to 26 October 2026; one outstanding swap contract amounting US\$40 million with a settlement period to 8 June 2022; and 67 outstanding option packages amounting to US\$253.905 million with a maximum settlement period to 23 December 2024. The closing fair value of such financial assets was RMB75.3366 million and a gain or loss on fair value changes and investment income totaling RMB-13.324 million was recognized for the Reporting Period.
- ② At the end of the Reporting Period, the book cost of financial assets held for trading, such as entrusted wealth management and shares, amounted to RMB902.3073 million, the fair value of financial assets held for trading, such as entrusted wealth management and shares, amounted to RMB910.7291 million at the end of the Reporting Period and a gain or loss on fair value changes and investment income totaling RMB17.0055 million was recognized for the Reporting Period.
- ③ As at the end of the Reporting Period, the carrying value of hedging instruments was 286.6364 million, the cumulative amount of fair value hedge adjustments on hedged items (included in the carrying amount of the hedged item) was RMB-282.1695 million and amount of impact on profit for the current period was zero.
- ④ As at the end of the Reporting Period, the closing fair value of receivable financing was RMB45.4955 million and amount of impact on profit for the current period was zero.
- ⑤ As at the end of the Reporting Period, the book cost of investments in other equity instruments was RMB2,920.0685 million, the closing fair value was RMB4,198.2499 million and dividend income of RMB192,600 was recognized in the Reporting Period.

At the end of the Reporting Period, the Group held financial assets measured at fair value of RMB5,234.2779 million, and their impact on profit for the current period amounted to RMB3,874,100 for the Reporting Period.

#### **(IV) 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

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

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

Unit: RMB0'000

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	361,918.32	54.5371	3,378,974.86	675,763.17	11,700.29
Guangzhou Shipyard International Company Limited	Metal shipbuilding; ship design; professional design services; ship manufacture; metal structure manufacture; etc.	887,014.46	46.3018	2,908,622.94	716,376.63	1,704.97
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.	142,017.85	100	659,913.56	222,358.56	658.62
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	281,473.59	-26,157.73	-6,044.03
Guangzhou Wenchuan Heavy Industrial Co., Ltd.	Manufacturing of equipment for railways, ships, aerospace and other transportation facilities	21,000	100	200,802.90	28,873.59	1,607.61
Zhanjiang Nanhai Ship Hi-Tech Services Ltd.	Repair, debugging and maintenance of shipboard equipment and system	200	60	856.33	709.58	42.55
Guangzhou Xingji Maritime Engineering Design Co., Ltd.	Ship design services, metal structure design services, engineering and technical consulting services	500	37.5	692.57	617.74	-102.87
Guangzhou CSSC Wenchong Bingshen Facilities Co., Ltd.	Manufacturing of equipment for railways, ships, aerospace and other transportation facilities	560	60	2,463.73	571.93	50.41
CSSC Industrial Internet Co., Ltd.	Information transmission, software and information technology services	5,000	100	2,860.25	1,807.24	256.80
Wah Loong International Marine Limited	Ship leasing	HK\$1,000,000	99	58,384.12	5,624.10	526.25
Wah Shun International Marine Limited	Ship leasing	HK\$1,000,000	99	14,195.52	839.91	225.87
Huaxin (Tianjin) Ship Leasing Co., Ltd.	Ship leasing	5	100	87,420.50	-1,249.89	-564.81
Huaxin (Tianjin) Ship Leasing Co., Ltd.	Ship leasing	5	100	5.16	5.13	-0.02
CSSC (Guangzhou) New Energy Co., Ltd.	Production and supply of fuel gas	1800	61.88	138.45	128.20	-2.25
Wah Cheung International Marine Limited	Ship leasing	HK\$10,000	100	0.33	0.33	-0.01
Wah Sheng International Marine Limited	Ship leasing	HK\$10,000	100	51,024.05	4.95	4.50
Wah Yu International Marine Limited	Ship leasing	HK\$10,000	100	0.33	0.33	-0.01
Wah Shui International Marine Limited	Ship leasing	HK\$10,000	100	0.33	0.33	-0.01
Wah Hing International Marine Limited	Ship leasing	HK\$10,000	100	0.33	0.33	-0.01

## SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

### 2. Subsidiaries with net profit or associates with investment income 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	394,495.83	20,373.22	11,700.29
Guangzhou Wenchong Shipyard Co. Ltd.	39,170.40	3,057.15	658.62
Guangzhou Huangchuan Ocean Engineering Co., Ltd.	43,449.84	-930.62	-6,044.03
Guangzhou Wenchuan Heavy Industrial Co., Ltd.	74,145.66	5,705.39	1,607.61
Wah Loong International Marine Limited	1,078.38	406.58	526.25
Huacheng (Tianjin) Ship Leasing Co., Ltd.	875.26	-564.51	-564.81
Guangzhou Shipyard International Company Limited	509,543.30	37,767.21	1,704.97

### 3. Companies or associates with significant change in operating results year-on-year which has material impact on the Company's consolidated results

Unit: RMB0'000

Name of entity	Net profit in current period	Net profit in corresponding period of last year	Change (%)
CSSC Huangpu Wenchong Shipbuilding Company Limited	11,700.29	-8,856.92	Not applicable
Guangzhou Wenchong Shipyard Co. Ltd.	658.62	1,662.14	-60.38
Guangzhou Wenchuan Heavy Industrial Co., Ltd.	1,607.61	1,199.32	34.04
Wah Loong International Marine Limited	526.25	-949.78	Not applicable
Guangzhou Shipyard International Company Limited	1,704.97	-9,844.13	Not applicable

Description of changes in net profit:

During the Reporting Period, the operating performance of the subsidiaries of the Company improved significantly year-on-year, mainly due to the overall improvement of productivity of its subsidiaries, improvement of consolidated gross profit margin of products, and a year-on-year increase in net exchange gains as a result of net interest income and expenses and net exchange gains due to changes in exchange rate during the Reporting Period and year-on-year decrease in finance cost; the year-on-year decrease in recognized operating income of Wenchong Shipyard because of the effect of the product settlement method as well as the year-on-year decrease in the operational results.

### V. OTHER DISCLOSURES

#### (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), liabilities (or debts) and building contracts on hand, mainly concentrated on export shipbuilding orders denominated in United States dollars due to exchange rate fluctuations. 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 focus on the changes in the exchange rate market, strengthen the analysis of exchange rate trend and formulate exchange rate risk prevention plans, mainly by means of hedging.
- (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. During the Reporting Period, it continued to obtain bank borrowings mainly with competitive fixed rate.

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

##### 2. Customer risk

As a result of global economy and shipping trade as well as the impact from the 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 orders on hand to default risk. The Group will further strengthen its management on contract performance and successfully deliver its orders on hand.

##### 3. Cost risk

The Group's products are manufactured on an order basis. Currently, in addition to the rigid rise in labour costs, due to factors such as the global economy, monetary policies and supply and demand conditions, the prices of bulk raw materials caused 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.

## SECTION IV CORPORATE GOVERNANCE

### 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 2021	19 May 2022	<a href="http://www.see.com.cn">www.see.com.cn</a> <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> <a href="http://comec.cssc.net.cn">comec.cssc.net.cn</a>	20 May 2022	Resolutions including the report of the Board for 2021, the report of the Supervisory Committee for 2021, the annual report for 2021 (including the financial statements for 2021), the profit distribution proposal for 2021 and the resolution on the proposed provision of guarantee by the Company and its subsidiaries for 2022, the resolution on the conduct of foreign exchange derivative transactions with banks in 2022, the resolution on the appointment of auditor for the financial report of the Company for 2022, the resolution on the amendments of the Articles of Association, the resolution on the amendments of the Rules for Proceedings of General Meetings of the Company, the resolution on the formulation of the External Donation Management System of COMEC and the amounts were considered and approved
First extraordinary general meeting of 2022	23 June 2022	<a href="http://www.see.com.cn">www.see.com.cn</a> <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> <a href="http://comec.cssc.net.cn">comec.cssc.net.cn</a>	24 June 2022	The resolution on the waiver of the right to exercise pro rata capital contribution to Guangzhou Shipyard International Company Limited and related party transaction was 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.

Mr. Han Guangde, the Chairman of the Company, submitted a written resignation to the Board of the Company on 2 August 2022 to resign from the positions of the Chairman and a director of the tenth session of the Board and a member of the Strategy Committee of the Board of the Company due to his retirement. His written resignation shall take effect upon its delivery to the board of directors of the Company.

### 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)	–

# SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

## 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 2022 (Sui Huan [2022] No. 30) issued by Guangzhou Environmental Protection Bureau in April 2022, four members of the Group, namely Huangpu Wenchong, Wenchong Shipyard, Huangchuan Ocean Engineering and Wenchuan Heavy Industrial, were included as key pollution discharge entities in Guangzhou for 2022.

#### 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 (intermittent)	Huangpu Wenchong (4)	Average emission concentration 0.04mg/m <sup>3</sup> , total emission 6KG	None	Emission Limits of Air Pollutants (DB44/27-2001) period II Standard Level 2	-
		Wenchong Shipyard (6)	Average emission concentration 2.35mg/m <sup>3</sup> , total emission 458KG	None		-
		Huangchuan Ocean Engineering (7)	Average emission concentration 0.07mg/m <sup>3</sup> , total emission 9KG	None		-
		Wenchuan Heavy Industrial (1)	Average emission concentration 0.024mg/m <sup>3</sup> , total emission 0.05KG	None		-
Xylene	Organized (intermittent)	Huangpu Wenchong (4)	Average emission concentration 0.16mg/m <sup>3</sup> , total emission 27KG	None	Emission Limits of Air Pollutants (DB44/27-2001) period II Standard Level 2	-
		Wenchong Shipyard (6)	Average emission concentration 3.43mg/m <sup>3</sup> , total emission 844KG	None		-
		Huangchuan Ocean Engineering (7)	Average emission concentration 2.13mg/m <sup>3</sup> , total emission 400 KG	None		-
		Wenchuan Heavy Industrial (1)	Average emission concentration 0.37mg/m <sup>3</sup> , total emission 1KG	None		-
VOCs	Organized emission (intermittent)	Huangpu Wenchong (4)	Average emission concentration 1.8075mg/m <sup>3</sup> , total emission 320KG	None	Emission Limits of Air Pollutants (DB44/27-2001) period II Standard Level 2	-
		Wenchong Shipyard (6)	Average emission concentration 8.99mg/m <sup>3</sup> , total emission 2913KG	None		-
		Huangchuan Ocean Engineering (7)	Average emission concentration 3.11mg/m <sup>3</sup> , total emission 380 KG	None		-
		Wenchuan Heavy Industrial (1)	Average concentration 2.32mg/m <sup>3</sup> , total emission 12KG	None		-
Particulate matter	Organized emission (intermittent)	Huangpu Wenchong (4)	Average emission concentration 5.4625mg/m <sup>3</sup> , total emission 288KG	None	Emission Limits of Air Pollutants (DB44/27-2001) period II Standard Level 2	-
		Wenchong Shipyard (12)	Average emission concentration 9.64mg/m <sup>3</sup> , total emission 2390 KG	None		-
		Huangchuan Ocean Engineering (13)	Average emission concentration 20mg/m <sup>3</sup> , total emission 2960 KG	None		-
		Unorganized emission	Wenchuan Heavy Industrial (1)	None	None	-
COD	Organized emission (intermittent)	Huangpu Wenchong (1)	Average emission concentration 27mg/L, total emission 3042KG	None	Emission Limits of Water Pollutants in Guangdong Province period II Standard Level 3 for Class II Area	-
		Wenchong Shipyard (1)	Average emission concentration 140.17mg/L, total emission 25622KG	None		-
		Huangchuan Ocean Engineering (1)	Average emission concentration 14mg/L, total emission 1290 KG	None	Emission Limits of Water Pollutants in Guangdong Province period II Standard Level 1	-
		Wenchuan Heavy Industrial (1)	Average emission concentration 23mg/L, total emission 0.28KG	None	Emission Limits of Water Pollutants in Guangdong Province period II Standard Level 1	-
Ammonia nitrogen	Organized emission (intermittent)	Huangpu Wenchong (1)	Average emission concentration 6.67mg/L, total emission 763KG	None	Emission Limits of Water Pollutants in Guangdong Province period II Standard Level 3 for Class II Area	-
		Wenchong Shipyard (1)	Average emission concentration 11.4mg/L, total emission 2084KG	None		-
		Huangchuan Ocean Engineering (1)	Average emission concentration 2.89mg/L, total emission 330 KG	None	Emission Limits of Water Pollutants in Guangdong Province period II Standard Level 1 for Class II Area	-
		Wenchuan Heavy Industrial (1)	Average emission concentration 1.59mg/L, total emission 0.02KG	None	Emission Limits of Water Pollutants in Guangdong Province period II Standard Level 1	-

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

#### (1) *Huangpu Wenchong*

Existing facilities of Huangpu Wenchong against environmental pollution: 7 sets of organic waste gas purification and treatment devices installed in two pretreatment lines, old painting and assembly workshop, new painting and assembly workshop, paint mixing workshop and hazardous waste warehouse respectively; 7 sets of dust removal facilities installed in two pretreatment lines, old painting and assembly workshop and new painting and assembly workshop respectively. The organic waste gas purification and treatment device adopts the technical process of "activated carbon adsorption + catalytic combustion", and the dust treatment device adopts the method of cyclone dust removal + filter cartridge dust removal. It has also built a hazardous waste dump to store hazardous waste and prevent environmental pollution.

#### (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 building enclosure, establishing sound insulation covers and installing mufflers.

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

Huangchuan Ocean Engineering has established a sewage treatment station to treat general production waste water and domestic sewage, installed cyclone + filter cartridge dust collectors at the steel pretreatment line and sandblasting room, 12 sets of activated carbon adsorption + catalytic combustion purification treatment devices for organic waste gas, and 2 sets of zeolite rotor + CO purification devices. All these facilities operate normally. For production noise, it mainly reduces the impact of production noise through equipment selection, building enclosure, establishing sound insulation covers, installing damping pads and mufflers.

#### (4) *Wenchuan Heavy Industrial*

Wenchuan Heavy Industrial's existing environmental pollution prevention and control facilities: one set of sewage treatment plant to treat production wastewater and domestic sewage; one set of drencher spraying + activated carbon adsorption treatment plant for organic waste gas; 25 sets of mobile welding fume purifiers.

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

Huangpu Wenchong, Wenchong Shipyard, Huangchuan Ocean Engineering and Wenchuan Heavy Industrial have strictly implemented the item reporting and approval system in strict accordance with national laws and regulations, all items have project documents and environmental impact assessment report, and have obtained approval for the environmental impact assessment for the items 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 Environmental Impact Assessment approval.

Huangpu Wenchong, Wenchong Shipyard and Huangchuan Ocean Engineering own the Pollution Discharge Permit and the Drainage Permit. Wenchuan Heavy Industrial owns the Receipt of Sewage Discharge Registration for Fixed Pollution Sources.

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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

Huangpu Wenchong, Wenchong Shipyard, Huangchuan Ocean Engineering and Wenchuan Heavy Industrial 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 local environmental protection department; at the same time, regularly conduct the drills with site records and summary assessment in compliance with the annual environment emergency drill plan, to continuously improve the ability to deal with environment emergencies.

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

According to the State Environmental Protection Standard HJ819-2017 “General Rules for Selfmonitoring Technical Guide for Emission Units”, Huangpu Wenchong, Wenchong Shipyard and Huangchuan Ocean Engineering have developed their own environmental monitoring programs for posting, on the National Pollutants Emission Permits Ad-ministration Information Platform. Qualified companies has been appointed by Huangpu Wenchong, Wenchong Shipyard, Huangchuan Ocean Engineering and Wenchuan Heavy Industrial to carry out regular monitoring work, quarterly monitoring is performed on waste gas, waste water and noise emissions in each plant area, and test results are in compliance with the emissions standards. Test data is used to keep track of the operation of environmental protection equipment and facilities, with good maintenance and 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 pays close attention to the trend of global climate change, fully implements various national and local policies and requirements, strictly complies with the contents of relevant international conventions, integrates carbon emission management into its energy management business and achieves 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 and charging piles at its plants.

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

The Group actively responds to the State’s appeals, fulfills its social responsibility as a state-owned enterprise and actively participates in specific work such as consolidating and expanding the achievements in poverty alleviation and village revitalisation. During the Reporting Period, agricultural products amounting to RMB10,203 were purchased from the targeted counties in Yunnan.

## SECTION VI SIGNIFICANT EVENTS

### 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	China Shipbuilding Group	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. 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. 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. 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. 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.	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	China 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. 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

### 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

- (1) It was considered and passed at the annual general meeting of 2021 of the Company that, Shu Lun Pan CPAs was re-appointed as the auditor for the financial report of the Company for 2022. The audit fee is RMB1.26 million (inclusive of tax). As of 31 December 2021, Shu Lun Pan CPAs has provided audit services to the Company for a continuous period of one year. The financial statements in the Company's annual report 2022 will be 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 the appointment term and offer themselves for re-appointment.
- (2) It was considered and passed at the 12th 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 2022. The audit fee is RMB280,000 (inclusive of tax). Shu Lun Pan CPAs will carry out audit on the effectiveness of the Company's internal control and issue an audit report.

### 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 2022 (from January to June)

Unit: RMB'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 the Group to the CSSC</b>				
1.1	Provision of shipping products, electrical and mechanical engineering equipment and metallic materials	267,354.00	13,819.61	3.30	Market price
1.2	Supply of utilities	160.00	20.28	6.87	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	Leasing, labour supply, shipping products and environmental protection business including land restoration, and other technical services related to engineering	4,400.00	934.84	12.21	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 Group</b>				
2.1	Provision of equipment for use on ships, electrical and mechanical engineering equipment, accessories and materials	707,354.00	200,543.20	56.43	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.	59,455.00	15,482.50	15.57	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 the Group</b>				
3.1	Deposits (maximum limit)	623,500.00	619,194.02	64.77	Appropriate rise of benchmark deposit interest rate set by the People's Bank of China
3.2	Deposits (interest)	8,675.00	4,285.09	18.58	
3.3	Loans (maximum limit)	180,000.00	114,000.00	16.24	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	1,079.09	15.26	
3.5	Others and bank facilities (maximum limit)	335,000.00	138,305.46	14.48	On terms no less favourable to the Group than terms available from independent third parties
3.6	Others and bank facilities (handling fee)	482.00	55.89	2.58	
3.7	Forward exchange settlement (maximum limit)	200,000.00	199,302.64	17.35	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	160,000.00	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	1,092.08	100.00	
<b>4</b>	<b>Guarantee provided by CSSC to the Group</b>				
4.1	Maximum guarantee amount	160,000.00	-	Not applicable	Related terms shall not be less favourable to the terms available from independent third parties
4.2	Guarantee fee	1,280.00	-	Not applicable	
<b>5</b>	<b>Ship sales agency services provided by CSSC to the Group</b>				
5.1	Ship sales agency	3,407.00	894.37	18.67	Follow the worldwide industry practice and will not exceed 1.5% of the contract price and be paid in according to the shipbuilding progress of the vessel in question
<b>6</b>	<b>Materials purchase agency services provided by CSSC to the Group</b>				
6.1	Materials purchase agency	383.00	5.54	100.00	Follow the worldwide industry practice at 1-2% of the contract price in general

## SECTION VI SIGNIFICANT EVENTS

### (II) Connected transactions in relation to the acquisition or disposal of assets or equity interests

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

On 29 April 2022 and 23 June 2022, the Resolution on the Waiver of Right to Exercise the Pro Rata Capital Contribution to Guangzhou Shipyard International Company Limited and Related Party Transaction was considered and approved at the 13th meeting of the tenth session of the Board of the Company and the first extraordinary general meeting of 2022. CSSC Holdings proposed to increase the capital of Guangzhou Shipyard International Company Limited by RMB1,070,432,000; CSSC and the Company waived the right to exercise pro rata capital contribution to Guangzhou Shipyard International Company Limited. Upon completion of the transaction, the Company's shareholding in Guangzhou Shipyard International Company Limited decreased from 46.3018% to 41.9170%. For details, please refer to the announcements including "Announcement on the Resolution of the Thirteenth Meeting of the Tenth Session of the Board of CSSC", "Announcement on the Waiver of the Right to Exercise the Pro Rata Capital Contribution to Guangzhou Shipyard International Company Limited by COMEC and Related Party Transaction" and "Announcement on the Resolutions of the First Extraordinary General Meeting of 2022 of CSSC" published on the SSE website ([www.sse.com.cn](http://www.sse.com.cn)), the Stock Exchange website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([comec.cssc.net.cn](http://comec.cssc.net.cn)) dated 29 April 2022 and 23 June 2022.

On 25 July 2022, GSI has obtained the "Notice of Approval for Change of Registration (Filing)" issued by the Guangzhou Municipal Administration for Market Registration, approving the Company to reduce its shareholding in GSI from 46.3018% to 41.9170%.

### (III) Financial operations between the Company and related financial companies, financial companies controlled by the Company and related parties

#### 1. Deposit business

Unit: RMB'000

Related party	Type of relationship	Maximum daily deposit limit	Range of deposit rates	Opening balance	Current balance		Closing balance
					Total amount deposited in the period	Total amount withdrawn in the period	
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	619,194.02	2,833,829.74	2,856,880.14	596,143.62
Total	/	/	/	619,194.02	2,833,829.74	2,856,880.14	596,143.62

#### 2. Loan business

Unit: RMB'000

Related party	Type of relationship	Loan limit	Range of loan interest rate	Opening balance	Current balance		Closing balance
					Total amount borrowed in the period	Total amount repaid in the period	
CSSC Finance Company Limited	Controlled by the same controlling shareholder	180,000.00	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	114,000.00	5,000.00	70,000.00	49,000.00
Total	/	/	/	114,000.00	5,000.00	70,000.00	49,000.00

## SECTION VI SIGNIFICANT EVENTS

### 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	138,305.46
CSSC Finance Company Limited	Controlled by the same controlling shareholder	Others and bank facilities (handling fee)	482.00	55.89
CSSC Finance Company Limited	Controlled by the same controlling shareholder	Forward exchange settlement (maximum limit)	200,000.00	199,302.64
CSSC Finance Company Limited	Controlled by the same controlling shareholder	Entrusted assets (maximum limit)	350,000.00	160,000.00
CSSC Finance Company Limited	Controlled by the same controlling shareholder	Entrusted assets (interest)	7,350.00	1,092.08

## VII. CONTRACTS OF SIGNIFICANCE AND THEIR PERFORMANCE

### (I) Trust, contracting and lease matters

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
Guangxin Shipbuilding & Heavy Industry Co. Ltd. (廣新海軍重工股份有限公司)	Wenchuan Heavy Industrial	Land, buildings and structures	-	2019.5.1		2022.4.30	-	-	No	Other
Guangdong Guangxin Shipbuilding Trading Company Limited (廣東廣新船舶貿易有限公司)	Wenchuan Heavy Industrial	Land, buildings and structures	-	2022.7.1		2024.4.30	-	-	No	Other
Guangdong COSCO SHIPPING Heavy Industry Co., Ltd. (廣東中遠海運重工有限公司)	Wenchuan Heavy Industrial	Land, buildings and structures	-	2021.7.9		2026.7.8	-	-	No	Other

#### 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

Guangxin Shipbuilding & Heavy Industry Co., Ltd. and Wenchuan Heavy Industrial entered into the “Plant and Site Lease Contract”, and leased part of the plant and site use rights in no. 32, Cui Zhu Road, Cuiheng New District, Zhongshan City to Wenchuan Heavy Industrial for operational use. The lease fee of the land use right shall be determined in accordance with the contract, and the rent shall be paid monthly in the form of monetary funds. The lease term of the aforementioned land use rights started from 1 May 2019 and ended on 30 April 2022. On 29 June 2022, Guangdong Guangxin Shipbuilding Trading Company Limited, a wholly-owned subsidiary of Guangxin Shipbuilding & Heavy Industry Co., Ltd., re-entered the “Plant and Equipment Lease Contract” as the owner of the leasing subject with Wenchuan Heavy Industrial. The plant and equipment to be leased remain unchanged, the lease fee shall be determined in accordance with the contract, and the rent shall be paid monthly in the form of monetary funds. The lease term started from 1 July 2022 and will end on 30 April 2024.

Guangdong COSCO SHIPPING Heavy Industry Co., Ltd. and Wenchuan Heavy Industrial entered the “Site and Equipment Lease Contract”, and leased part of the site and its ancillary equipment in Runfeng Road, Dasheng Industrial Zone, Mayong Town, Dongguan City, to Wenchuan Heavy Industrial for operational use. The lease fee of the land use right shall be determined in accordance with the contract, and the rent shall be paid monthly in the form of monetary funds. The lease term of the aforementioned land use rights started from 9 July 2021 and ending on 8 July 2026.

### (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																400,000,000.00
Total balance of guarantees provided for its subsidiaries at the end of the Reporting Period (B)																872,549,798.48
<b>Total amount of guarantees provided by the Company (including those provided for its subsidiaries)</b>																
Total amount of guarantees (A+B)																872,549,798.48
Total amount of guarantees as a percentage of the Company's net assets (%)																4.97
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)																210,800,484.40
Total amount of guarantees in excess of 50% of net assets (E)																-
Sum of the above three guarantees (C+D+E)																210,800,484.40
Description of outstanding guarantees which may incur joint and several liability																Not applicable
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 RMB400 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 RMB873 million, all of them were guarantees provided by the Company's subsidiary Huangpu 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, complete, timely and fair 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 the 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 2022, the Company has applied the codes set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited, and has complied with all the code provisions, except that for the purpose of Code Provision C.1.6 of the CG Code, Mr. Han Guangde, being an executive Director, and Mr. Chen Zhongqian, being a non-executive Director, were unable to attend the 2022 first extraordinary general meeting of the Company held on 23 June 2022 for work reasons.

### 2. Securities Transactions by Directors

The Company has strictly complied with the relevant restrictive provisions imposed by regulatory organs in Mainland China and Hong Kong 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 of all its Directors for preparing this Report and all Directors have confirmed that they have complied with the required standard of dealings as set out in the Model Code 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 four meetings (including two meetings held in writing) were held by the Board. All Directors attended these meetings (including attendance by proxy).

In addition, the Audit Committee held two meetings to consider resolutions including the annual report of the Company for the year 2021, the report on the internal control review, the first quarterly report for the year 2022; the Emolument and Examination Committee held two meetings to consider the resolutions on the remuneration of the Directors, Supervisors and senior management of the Company for the year 2021; the Strategy Committee held one meeting to consider resolutions on the strategic outline of the Company's high quality development and the "14th Five-year" development plan.

## IX. OTHERS

### 1. Details of pledges of the assets of the Group

As at 30 June 2022, the Company had a total of bank deposits amounting to RMB33 million, which were pledged to secure bank acceptance notes, letters of guarantee and as deposit for letters of credit; a total of RMB7 million of notes receivable, which were pledged to secure bank acceptance notes obtained. Apart from above, no other assets of the Company were pledged.

### 2. Gearing ratio

As at 30 June 2022, the Group's gearing ratio (total liabilities/total assets x 100%) was 63.93%, representing an increase of 6.11% as compared with 57.82% as at the beginning of the year.

### 3. Repurchase, 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 2022 and up to the date of this report as required under the Listing Rules.

## SECTION VII CHANGES IN SHARES AND SHAREHOLDERS

### I. CHANGES IN SHARE CAPITAL

#### (I) Table of changes in shares

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 89,458  
 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	-148,270	589,210,618	41.68	0	None	0	Overseas legal person
China State Shipbuilding Corporation Limited	0	481,337,700	34.05	0	None	0	State-owned legal person
Hu Haofeng	6,570,900	7,497,400	0.53	0	None	0	Domestic natural person
Yangzhou Kejin Shipyard Co., Ltd.	0	4,599,086	0.33	0	Pledged	4,300,000	Domestic non-state-owned legal person
China Construction Bank Corporation – Guotai China Securities Military Index Trading Open Index Securities Investment Fund	936,776	4,364,289	0.31	0	None	0	Others
Guan Haiguo	1,627,700	3,936,900	0.28	0	None	0	Domestic natural person
Xi'an Investment Holding Co., Ltd.	0	3,001,159	0.21	0	None	0	State-owned legal person
Southern Fund Steady Plus Value-Added Pension Product – China Merchants Bank Co., Ltd.	-494,474	2,277,726	0.16	0	None	0	Domestic non-state-owned legal person
China Construction Bank Corporation – Fullgoal China Securities Military Index Grading Securities Investment Fund	52,900	2,148,658	0.15	0	None	0	Others
Hong Kong Securities Clearing Company Limited	355,036	2,092,500	0.15	0	None	0	Overseas legal person

## SECTION VII CHANGES IN 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	589,210,618	Overseas listed foreign shares	589,210,618
China State Shipbuilding Corporation Limited	481,337,700	Ordinary shares denominated in RMB	481,337,700
Hu Haofeng	7,497,400	Ordinary shares denominated in RMB	7,497,400
Yangzhou Kejin Shipyard Co., Ltd.	4,599,086	Ordinary shares denominated in RMB	4,599,086
China Construction Bank Corporation – Guotai China Securities Military Index Trading Open Index Securities Investment Fund	4,364,289	Ordinary shares denominated in RMB	4,364,289
Guan Haiguo	3,936,900	Ordinary shares denominated in RMB	3,936,900
Xi'an Investment Holding Co., Ltd.	3,001,159	Ordinary shares denominated in RMB	3,001,159
Southern Fund Steady Plus Value-Added Pension Product – China Merchants Bank Co., Ltd.	2,277,726	Ordinary shares denominated in RMB	2,277,726
China Construction Bank Corporation – Fullgoal China Securities Military Index Grading Securities Investment Fund	2,148,658	Ordinary shares denominated in RMB	2,148,658
Hong Kong Securities Clearing Company Limited	2,092,500	Ordinary shares denominated in RMB	2,092,500
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 2022, 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:

	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 2022.

## SECTION VII CHANGES IN SHARES AND SHAREHOLDERS

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

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

As at the end of the Reporting Period, the Board comprised eleven Directors, namely executive Directors Mr. Han Guangde, Mr. Chen Liping, and Mr. Xiang Huiming; non-executive Directors Mr. Chen Zhongqian, Mr. Chen Ji, Mr. Gu Yuan and Mr. Ren Kaijiang; and independent non-executive Directors Mr. Yu Shiyu, Mr. Lin Bin, Mr. Nie Wei and Mr. Li Zhijian.

During the Reporting Period, there were no change to the Directors, Supervisors and senior management of the Company.

Mr. Han Guangde, the Chairman of the Company, submitted a written resignation to the Board of the Company on 2 August 2022 to resign from the positions of the Chairman and a director of the tenth session of the Board and a member of the Strategy Committee of the Board of the Company due to his retirement. His written resignation shall take effect upon its delivery to the board of directors of the Company.

#### (II) OTHER EXPLANATIONS

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

As at 30 June 2022, 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 2022, the Group had a total of 5,162 employees. For the period ended 30 June 2022, the remuneration paid by the Group to employees was RMB422 million in aggregate.

## SECTION VIII FINANCIAL REPORT

(Unless otherwise stated, amounts are in RMB)

### Consolidated balance sheet 30 June 2022

Assets	Note	30 June 2022	31 December 2021
<b>Current assets:</b>			
Cash at bank and on hand	V. (1)	14,215,936,971.26	9,560,403,363.57
Settlement reserve			
Placements with banks and non-bank financial institutions			
Financial assets held-for-trading	V. (2)	986,065,684.60	3,281,028,607.57
Derivative financial assets			
Notes receivable	V. (3)	118,450,417.96	82,331,260.05
Accounts receivable	V. (4)	893,541,777.17	1,077,732,663.76
Financing receivable	V. (5)	45,495,501.69	192,855,840.34
Prepayments	V. (6)	3,183,657,889.06	2,149,658,651.91
Insurance premium receivable			
Reinsurance premium receivable			
Reserves for reinsurance contract receivable			
Other receivables	V. (7)	58,950,506.72	94,550,370.96
Including: Interest receivable			
Dividends receivable			
Financial assets purchased under agreements to resell			
Inventories	V. (8)	6,654,550,490.17	4,922,901,059.95
Contract assets	V. (9)	3,175,019,880.50	2,542,443,559.33
Assets held-for-sale			
Non-current assets due within one year			
Other current assets	V. (10)	81,491,626.03	177,819,458.91
<b>Total current assets</b>		<b>29,413,160,745.16</b>	<b>24,081,724,836.35</b>
<b>Non-current assets:</b>			
Loans and advances to customers			
Debt investments			
Other debt investments			
Long-term receivables	V. (11)	2,260,479,993.88	2,371,139,998.94
Long-term equity investments	V. (12)	4,946,352,215.83	4,952,678,909.18
Investments in other equity instruments	V. (13)	4,198,249,864.75	5,480,001,529.79
Other non-current financial assets			
Investment properties	V. (14)	139,455,344.10	142,724,056.62
PP&E Fixed assets	V. (15)	5,115,058,432.01	4,740,631,472.84
Construction in progress	V. (16)	236,589,643.05	229,186,214.27
Productive biological assets			
Oil and gas assets			
Right-of-use assets	V. (17)	164,753,819.92	189,367,500.07
Intangible assets	V. (18)	919,887,296.17	933,616,499.15
Development expenses	V. (19)		
Goodwill			
Long-term prepaid expenses	V. (20)	47,010,275.73	51,236,644.02
Deferred income tax assets	V. (21)	353,256,805.35	365,036,681.11
Other non-current assets	V. (22)	841,045,405.53	728,064,530.20
<b>Total non-current assets</b>		<b>19,222,139,096.32</b>	<b>20,183,684,036.19</b>
<b>Total assets</b>		<b>48,635,299,841.48</b>	<b>44,265,408,872.54</b>

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

Person in charge of the Company:  
**Chen Liping**

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 2022	31 December 2021
<b>Current liabilities:</b>			
Short-term borrowings	V. (23)	<b>3,458,312,218.75</b>	1,914,936,125.56
Loans from central bank			
Placements from banks and other financial institutions			
Financial liabilities held-for-trading			
Derivative financial liabilities			
Notes payable	V. (24)	<b>2,866,770,519.83</b>	2,524,645,592.26
Accounts payable	V. (25)	<b>5,876,803,462.25</b>	5,851,878,752.31
Advances from customers			
Contract liabilities	V. (26)	<b>13,330,735,361.47</b>	9,348,839,525.55
Securities sold under agreements to repurchase			
Deposits from customers and other banks			
Brokerage for securities trading			
Brokerage for underwriting securities			
Employee benefits payable	V. (27)	<b>118,306,520.46</b>	361,255.50
Taxes payable	V. (28)	<b>26,264,560.41</b>	35,046,259.47
Other payables	V. (29)	<b>391,850,153.33</b>	185,245,553.74
Including: Interest payable			
Dividends payable	V. (29)	<b>195,376,821.25</b>	312,941.09
Fee and commission payable			
Reinsured accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	V. (30)	<b>1,266,694,248.03</b>	951,219,195.92
Other current liabilities	V. (31)	<b>206,094,906.91</b>	202,747,908.16
<b>Total current liabilities</b>		<b>27,541,831,951.44</b>	21,014,920,168.47
<b>Non-current liabilities:</b>			
Reserves for insurance contracts			
Long-term borrowings	V. (32)	<b>2,435,456,215.55</b>	3,189,417,299.77
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities	V. (33)	<b>127,211,863.62</b>	169,778,977.55
Long-term payables			
Long-term employee benefits payable	V. (34)	<b>143,268,538.70</b>	152,165,220.45
Estimated liabilities	V. (35)	<b>125,325,723.55</b>	117,524,817.28
Deferred income	V. (36)	<b>102,770,788.37</b>	89,607,608.17
Deferred tax liabilities	V. (21)	<b>333,717,048.71</b>	664,220,819.92
Other non-current liabilities	V. (37)	<b>282,169,516.49</b>	196,955,482.65
<b>Total non-current liabilities</b>		<b>3,549,919,694.99</b>	4,579,670,225.79
<b>Total liabilities</b>		<b>31,091,751,646.43</b>	25,594,590,394.26

## SECTION VIII FINANCIAL REPORT

(Unless otherwise stated, amounts are in RMB)

Liabilities and owners' equity	Note	30 June 2022	31 December 2021
<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>9,393,552,946.58</b>	9,393,552,318.37
Less: Treasury shares			
Other comprehensive income	V. (40)	<b>908,916,895.64</b>	1,863,752,512.56
Special reserve	V. (41)		
Surplus reserve	V. (42)	<b>1,042,398,235.53</b>	1,042,398,235.53
Provision for general risks			
Retained earnings	V. (43)	<b>1,635,380,213.42</b>	1,811,537,356.69
<b>Total equity attributable to owners of the Parent Company</b>		<b>14,393,754,669.17</b>	15,524,746,801.15
Non-controlling interests	V. (44)	<b>3,149,793,525.88</b>	3,146,071,677.13
<b>Total owners' equity</b>		<b>17,543,548,195.05</b>	18,670,818,478.28
<b>Total liabilities and owners' equity</b>		<b>48,635,299,841.48</b>	44,265,408,872.54

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

Person in charge of the Company:  
**Chen Liping**

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 2022

Assets	Note	30 June 2022	31 December 2021
<b>Current assets:</b>			
Cash at bank and on hand	XV. (1)	998,165,092.23	985,746,117.67
Financial assets held-for-trading	XV. (2)	610,224,000.00	600,411,000.00
Derivative financial assets			
Notes receivable			
Accounts receivable	XV. (3)	11,823,417.69	16,382,059.52
Financing receivable			
Prepayments			
Other receivables	XV. (4)	808,304.97	301,242.19
Including: Interest receivable			
Dividends receivable			
Inventories	XV. (5)	24,909,034.04	24,909,034.04
Contract assets			
Assets held-for-sale			
Non-current assets due within one year			
Other current assets	XV. (6)	20,693,393.06	21,215,192.31
<b>Total current assets</b>		<b>1,666,623,241.99</b>	1,648,964,645.73
<b>Non-current assets:</b>			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	XV. (7)	6,358,672,818.02	6,351,976,696.47
Investments in other equity instruments	XV. (8)	4,128,053,505.68	5,391,698,967.64
Other non-current financial assets			
Investment properties	XV. (9)	139,455,344.10	142,724,056.62
PP&E Fixed assets	XV. (10)	4,632,100.72	4,575,092.24
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right-of-use assets	XV. (11)		75,849.49
Intangible assets			
Development expenses			
Goodwill			
Long-term prepaid expenses	XV. (12)		28,836.15
Deferred income tax assets			
Other non-current assets			
<b>Total non-current assets</b>		<b>10,630,813,768.52</b>	11,891,079,498.61
<b>Total assets</b>		<b>12,297,437,010.51</b>	13,540,044,144.34

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

Person in charge of the Company:  
**Chen Liping**

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 2022	31 December 2021
<b>Current liabilities:</b>			
Short-term borrowings			
Financial liabilities held-for-trading			
Derivative financial liabilities			
Notes payable			
Accounts payable	XV. (14)	<b>28,999,793.53</b>	33,925,784.09
Advances from customers			
Contract liabilities	XV. (15)	<b>23,764,409.51</b>	23,764,409.51
Employee benefits payable	XV. (16)		
Taxes payable	XV. (17)	<b>240,424.62</b>	410,928.33
Other payables	XV. (18)	<b>195,450,701.54</b>	409,568.47
Including: Interest payable			
Dividends payable	XV. (18)	<b>195,376,821.25</b>	312,941.09
Liabilities held for sale			
Non-current liabilities due within one year	XV. (19)		86,381.44
Other current liabilities			
<b>Total current liabilities</b>		<b>248,455,329.20</b>	58,597,071.84
<b>Non-current liabilities:</b>			
Long-term borrowings			
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities	XV. (20)		
Long-term payables			
Long-term employee benefits payable			
Estimated liabilities			
Deferred income			
Deferred tax liabilities	XV. (13)	<b>320,098,576.42</b>	633,556,691.91
Other non-current liabilities			
<b>Total non-current liabilities</b>		<b>320,098,576.42</b>	633,556,691.91
<b>Total liabilities</b>		<b>568,553,905.62</b>	692,153,763.75
<b>Owners' equity:</b>			
Share capital	XV. (21)	<b>1,413,506,378.00</b>	1,413,506,378.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve	XV. (22)	<b>8,436,541,414.86</b>	8,436,541,414.86
Less: Treasury shares			
Other comprehensive income	XV. (23)	<b>950,088,923.02</b>	1,897,973,747.33
Special reserve			
Surplus reserve	XV. (24)	<b>558,920,035.56</b>	558,920,035.56
Retained earnings	XV. (25)	<b>369,826,353.45</b>	540,948,804.84
<b>Total owners' equity</b>		<b>11,728,883,104.89</b>	12,847,890,380.59
<b>Total liabilities and owners' equity</b>		<b>12,297,437,010.51</b>	13,540,044,144.34

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

Person in charge of the Company:  
**Chen Liping**

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 2022

Item	Note	1st half of 2022	1st half of 2021
<b>I. Total operating income</b>		<b>4,271,202,500.99</b>	4,717,550,453.48
Including: Operating income	V. (48)	<b>4,271,202,500.99</b>	4,717,550,453.48
Interest income			
Premium earned			
Fee and commission income			
<b>II. Total operating costs</b>		<b>4,262,331,150.93</b>	4,897,873,712.23
Including: Operating costs	V. (48)	<b>3,977,648,314.95</b>	4,425,424,782.00
Interest expense			
Fee and commission expenses			
Refunded premiums			
Net amount of compensation payout			
Net amount of insurance contracts reserve withdrawn			
Policy dividend payment			
Reinsured expenses			
Taxes and surcharges	V. (49)	<b>10,590,337.20</b>	6,104,223.65
Selling expenses	V. (50)	<b>38,110,356.05</b>	35,008,793.06
Administrative expenses	V. (51)	<b>245,491,846.23</b>	209,252,449.69
Research and development expense	V. (52)	<b>221,092,386.17</b>	245,716,359.22
Finance cost	V. (53)	<b>-230,602,089.67</b>	-23,632,895.39
Including: Interest expenses	V. (53)	<b>70,720,155.93</b>	62,467,771.74
Interest income	V. (53)	<b>230,567,348.75</b>	109,625,930.22
Add: Other income	V. (54)	<b>26,918,135.72</b>	22,308,147.85
Investment income (loss expressed with "-")	V. (55)	<b>-24,331,129.96</b>	-37,145,812.01
Including: Investment income in associates and joint ventures	V. (55)	<b>6,186,446.15</b>	-45,077,233.49
Derecognition income of financial assets measured at amortisation cost			
Exchange gain (loss expressed with "-")			
Net gain from exposure hedging (loss expressed with "-")			
Gain from change in fair value (loss expressed with "-")	V. (56)	<b>17,336,152.70</b>	49,852,986.83
Loss on impairment of credit (loss expressed with "-")	V. (57)	<b>24,145,248.32</b>	-4,491,607.52
Loss on impairment of assets (loss expressed with "-")	V. (58)	<b>-25,904,928.57</b>	-9,917,850.86
Gains from disposal of assets (loss expressed with "-")			
<b>III. Operating profit (loss expressed with "-")</b>		<b>27,034,828.27</b>	-159,717,394.46
Add: Non-operating income	V. (59)	<b>2,016,537.01</b>	7,843,345.87
Less: Non-operating expenses	V. (60)	<b>712,882.16</b>	5,596,444.66
<b>IV. Total profit (total loss expressed with "-")</b>		<b>28,338,483.12</b>	-157,470,493.25
Less: Income tax expense	V. (61)	<b>-57,157.56</b>	-6,216,916.97
<b>V. Net profit (net loss expressed with "-")</b>		<b>28,395,640.68</b>	-151,253,576.28
(I) By continuity of operations			
1. Net profit from continuing operations (net loss expressed with "-")		<b>28,395,640.68</b>	-151,253,576.28
2. Net profit from discontinued operations (net loss expressed with "-")			
(II) By ownership			
1. Net profit attributable to shareholders of the Parent Company (net loss expressed with "-")		<b>18,906,736.89</b>	-95,042,597.22
2. Gain or loss attributable to minority interests (net loss expressed with "-")		<b>9,488,903.79</b>	-56,210,979.06

## SECTION VIII FINANCIAL REPORT

(Unless otherwise stated, amounts are in RMB)

Item	Note	1st half of 2022	1st half of 2021
<b>VI. Net other comprehensive income after tax</b>		<b>-960,603,195.65</b>	-200,363,358.72
Net other comprehensive income after tax attributable to owners of the Parent Company		<b>-954,835,616.92</b>	-196,306,143.18
(I) Other comprehensive income that may not be reclassified to profit or loss		<b>-956,278,232.71</b>	-195,993,697.97
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>-150,727.84</b>	1,036,933.89
3. Change in fair value of investments in other equity instruments		<b>-956,127,504.87</b>	-197,030,631.86
4. Change in fair value of own credit risk			
(II) Other comprehensive income that may be reclassified to profit or loss		<b>1,442,615.79</b>	-312,445.21
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		<b>1,442,615.79</b>	-312,445.21
7. Others			
Net other comprehensive income after tax attributable to non-controlling interests		<b>-5,767,578.73</b>	-4,057,215.54
<b>VII. Total comprehensive income</b>		<b>-932,207,554.97</b>	-351,616,935.00
Total comprehensive income attributable to owners of the Parent Company		<b>-935,928,880.03</b>	-291,348,740.40
Total comprehensive income attributable to non-controlling interests		<b>3,721,325.06</b>	-60,268,194.60
<b>VIII. Earnings per share:</b>			
(I) Basic earnings per share (RMB/share)	V. (75)	<b>0.0134</b>	-0.0672
(II) Diluted earnings per share (RMB/share)	V. (75)	<b>0.0134</b>	-0.0672

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

Person in charge of the Company:  
**Chen Liping**

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 2022

Item	Note	1st half of 2022	1st half of 2021
<b>I. Operating income</b>	<i>XV. (28)</i>	<b>6,546,600.00</b>	12,598,800.00
Less: Operating costs	<i>XV. (28)</i>	<b>3,268,712.52</b>	8,257,207.08
Taxes and surcharges	<i>XV. (29)</i>	<b>45,319.32</b>	955,069.06
Selling expenses			
Administrative expenses	<i>XV. (30)</i>	<b>6,143,004.88</b>	7,369,338.90
Research and development expense			
Finance cost	<i>XV. (31)</i>	<b>-12,564,904.12</b>	-10,678,125.17
Including: Interest expenses	<i>XV. (31)</i>	<b>265.23</b>	5,355,368.47
Interest income	<i>XV. (31)</i>	<b>12,568,994.83</b>	16,037,067.35
Add: Other income	<i>XV. (32)</i>	<b>141,292.31</b>	10,973.41
Investment income (loss expressed with "-")	<i>XV. (33)</i>	<b>6,846,849.39</b>	-44,619,140.14
Including: Investment income from associates and joint ventures	<i>XV. (33)</i>	<b>6,846,849.39</b>	-45,204,263.43
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. (34)</i>	<b>9,813,000.00</b>	10,140,000.00
Loss on impairment of credit (loss expressed with "-")	<i>XV. (35)</i>	<b>-58,641.83</b>	
Loss on impairment of assets (loss expressed with "-")			
Gain from disposal of assets (loss expressed with "-")			
<b>II. Operating profit (loss expressed with "-")</b>		<b>26,396,967.27</b>	-27,772,856.60
Add: Non-operating income	<i>XV. (36)</i>		11,058.00
Less: Non-operating expenses	<i>XV. (37)</i>	<b>2,288.50</b>	
<b>III. Total profit (total loss expressed with "-")</b>		<b>26,394,678.77</b>	-27,761,798.60
Less: Income tax expense	<i>XV. (38)</i>	<b>2,453,250.00</b>	2,076,500.00
<b>IV. Net profit (net loss expressed with "-")</b>		<b>23,941,428.77</b>	-29,838,298.60
(I) Net profit from continuing operations (net loss expressed with "-")		<b>23,941,428.77</b>	-29,838,298.60
(II) Net profit from discontinued operations (net loss expressed with "-")			
<b>V. Net other comprehensive income after tax</b>		<b>-947,884,824.31</b>	-191,446,066.77
(I) Other comprehensive income that may not be reclassified to profit or loss		<b>-947,884,824.31</b>	-191,446,066.77
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>-150,727.84</b>	1,036,933.89
3. Change in fair value of investments in other equity instruments		<b>-947,734,096.47</b>	-192,483,000.66
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>-923,943,395.54</b>	-221,284,365.37
<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:  
**Chen Liping**

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 2022

Item	Note	1st half of 2022	1st half of 2021
<b>I. Cash flows from operating activities:</b>		<b>7,825,976,243.19</b>	6,135,101,232.84
Cash received from sale of goods or rendering of services			
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>323,800,214.02</b>	407,282,556.05
Other cash receipts relating to operating activities	V. (68)	<b>360,741,005.43</b>	234,634,011.33
<b>Sub-total of cash inflows from operating activities</b>		<b>8,510,517,462.64</b>	6,777,017,800.22
Cash paid for goods and services		<b>6,509,057,524.64</b>	7,214,447,252.35
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>402,197,049.84</b>	337,340,254.85
Payments of taxes		<b>25,898,832.24</b>	8,258,627.15
Other cash payments relating to operating activities	V. (68)	<b>293,895,431.61</b>	254,697,271.37
<b>Sub-total of cash outflows from operating activities</b>		<b>7,231,048,838.33</b>	7,814,743,405.72
<b>Net cash flows from operating activities</b>		<b>1,279,468,624.31</b>	-1,037,725,605.50
<b>II. Cash flows from investing activities:</b>		<b>3,800,000,000.00</b>	254,000,000.00
Cash receipts from disposal of investments		<b>98,837,063.12</b>	39,674,433.94
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>263,853.27</b>	1,796,744.81
Net cash received from disposal of subsidiaries and other business units			
Other cash receipts relating to investing activities	V. (68)	<b>2,743,763,213.49</b>	386,113,809.57
<b>Sub-total of cash inflows from investing activities</b>		<b>6,642,864,129.88</b>	681,584,988.32
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		<b>89,389,920.99</b>	73,136,780.25
Cash paid for investments		<b>1,604,692,000.00</b>	250,000,000.00
Net increase in pledged loans			
Net cash paid for acquisition of subsidiaries and other business units			
Other cash payments relating to investing activities	V. (68)	<b>6,129,177,454.10</b>	265,481,221.26
<b>Sub-total of cash outflows from investing activities</b>		<b>7,823,259,375.09</b>	588,618,001.51
<b>Net cash flows from investing activities</b>		<b>-1,180,395,245.21</b>	92,966,986.81

## SECTION VIII FINANCIAL REPORT

(Unless otherwise stated, amounts are in RMB)

Item	Note	1st half of 2022	1st half of 2021
<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>3,100,000,000.00</b>	1,290,000,000.00
Other cash receipts relating to financing activities	V. (68)		83,200,000.00
<b>Sub-total of cash inflows from financing activities</b>		<b>3,100,000,000.00</b>	1,373,200,000.00
Cash paid for repayment of debts		<b>2,008,200,000.00</b>	2,613,200,000.00
Cash paid for dividends, profit distribution or interest expenses		<b>75,676,295.75</b>	64,987,410.36
Including: Dividends and profits paid by subsidiaries to minority interests			
Other cash payments relating to financing activities	V. (68)	<b>537,507.37</b>	2,166,105.73
<b>Sub-total of cash outflows from financing activities</b>		<b>2,084,413,803.12</b>	2,680,353,516.09
<b>Net cash flows from financing activities</b>		<b>1,015,586,196.88</b>	-1,307,153,516.09
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>41,391,325.31</b>	-6,638,248.36
<b>V. Net increase in cash and cash equivalents</b>		<b>1,156,050,901.29</b>	-2,258,550,383.14
Add: Beginning balance of cash and cash equivalents		<b>5,417,061,556.97</b>	5,719,367,108.31
<b>VI. Ending balance of cash and cash equivalents</b>		<b>6,573,112,458.26</b>	3,460,816,725.17

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

Person in charge of the Company:  
**Chen Liping**

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 2022

Item	Note	1st half of 2022	1st half of 2021
<b>I. Cash flows from operating activities</b>			
Cash received from sale of goods or rendering of services		8,135,794.00	20,022,250.79
Cash received from tax refund			
Other cash receipts relating to operating activities	XV. (44)	8,988,153.63	1,419,307.00
<b>Sub-total of cash inflows from operating activities</b>		<b>17,123,947.63</b>	21,441,557.79
Cash paid for goods and services		1,060,927.81	13,285,100.79
Cash paid to and on behalf of employees		3,777,036.89	3,953,898.98
Payments of taxes		257,630.42	871,289.98
Other cash payments relating to operating activities	XV. (44)	11,077,622.07	4,234,980.37
<b>Sub-total of cash outflows from operating activities</b>		<b>16,173,217.19</b>	22,345,270.12
<b>Net cash flows from operating activities</b>		<b>950,730.44</b>	-903,712.33
<b>II. Cash flows from investing activities</b>			
Cash receipts from recovery of investments			70,000,000.00
Cash receipts from investment income			2,419,123.29
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		2,910.00	
Net cash receipts from disposal of subsidiaries and other business units			
Other cash receipts relating to investing activities	XV. (44)	517,352,313.89	57,502,746.60
<b>Sub-total of cash inflows from investing activities</b>		<b>517,355,223.89</b>	129,921,869.89
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		386,095.98	128,576,796.14
Cash paid for investments			
Net cash paid for acquisition of subsidiaries and other business units			
Other cash payments relating to investing activities	XV. (44)	286,000,000.00	50,000,000.00
<b>Sub-total of cash outflows from investing activities</b>		<b>286,386,095.98</b>	178,576,796.14
<b>Net cash flows from investing activities</b>		<b>230,969,127.91</b>	-48,654,926.25
<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>			
Cash paid for repayment of debts			5,338,924.38
Cash paid for dividends, profit distribution or interest expenses			539,135.00
Other cash payments relating to financing activities	XV. (44)	90,979.00	
<b>Sub-total of cash outflows from financing activities</b>		<b>90,979.00</b>	5,878,059.38
<b>Net cash flows from financing activities</b>		<b>-90,979.00</b>	-5,878,059.38
<b>IV. Effect of change in exchange rate on cash and cash equivalents</b>		<b>-3.40</b>	168.00
<b>V. Net increase in cash and cash equivalents</b>		<b>231,828,875.95</b>	-55,436,529.96
Add: Beginning balance of cash and cash equivalents		66,939,423.22	342,958,485.77
<b>VI. Ending balance of cash and cash equivalents</b>		<b>298,768,299.17</b>	287,521,955.81

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

Person in charge of the Company:  
**Chen Liping**

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 2022

Item	1st half of 2022										Total equity					
	Equity attributable to shareholders of the Company															
	Share capital	Preference shares	Perpetual bonds	Other equity instruments	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>	1,413,506,376.00					9,393,552,316.37			1,863,752,512.56	1,042,398,235.53	1,042,398,235.53		1,811,537,356.69	15,524,746,801.15	3,146,071,677.13	18,670,816,478.28
Add: Changes in accounting policies																
Correction of previous errors																
Business combination under common control																
Others																
<b>II. Beginning balance of the year</b>	1,413,506,376.00					9,393,552,316.37			1,863,752,512.56	1,042,398,235.53	1,042,398,235.53		1,811,537,356.69	15,524,746,801.15	3,146,071,677.13	18,670,816,478.28
<b>III. Increase/decrease for the period (Decrease expressed with "-")</b>																
(I) Total comprehensive income									-954,635,616.92				-176,157,143.27	-1,130,892,131.98	3,721,846.75	-1,127,270,283.23
(II) Capital paid in and reduced by shareholders						628.21			-954,635,616.92				18,906,736.89	-935,926,880.03	3,721,325.06	-932,207,554.97
1. Ordinary shares paid by shareholders																
2. Capital paid by holders of other equity instruments						628.21								628.21	528.69	1,151.90
3. Amount of share-based payments recognised in owners' equity																
4. Others						628.21										
(III) Profit distribution													-195,063,880.16	628.21	528.69	1,151.90
1. Transfer to surplus reserve																
2. Transfer to provision for general risks																
3. Distribution to owners (or shareholders)																
4. Others																
(IV) Transfer with 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										24,059,691.07				24,059,691.07		24,059,691.07
2. Utilisation in the period										24,059,691.07				24,059,691.07		24,059,691.07
(VI) Others																
<b>IV. Ending balance of the period</b>	1,413,506,376.00					9,393,552,946.58			908,916,895.64	1,042,398,235.53	1,042,398,235.53		1,635,390,213.42	14,933,754,669.17	3,149,793,925.88	17,543,548,195.05



# SECTION VIII FINANCIAL REPORT

(Unless otherwise stated, amounts are in RMB)

Item	Equity attributable to shareholders of the Company														
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Treasury shares	Less: comprehensive income	Other	Special reserve	Surplus reserve	Provision for general risks	Undistributed profit	Sub-total	Minority interests	Total equity
<b>I. Ending balance of last year</b>	1,413,506,376.00				9,309,822,030.75		669,020,433.90		1,035,952,912.65			1,973,789,791.39	14,432,091,546.69	3,119,050,891.04	17,651,142,237.73
Add: Changes in accounting policies															
Correction of previous errors															
Business combination under common control															
Others															
<b>II. Beginning balance of the year</b>	1,413,506,376.00				9,309,822,030.75		669,020,433.90		1,035,952,912.65			1,973,789,791.39	14,432,091,546.69	3,119,050,891.04	17,651,142,237.73
<b>III. Increase/decrease for the period (Decrease expressed with "-")</b>															
(I) Total comprehensive income							-196,306,143.18					-329,694,655.97	-442,849,028.13	-60,288,194.60	-503,117,222.73
(II) Capital paid in and reduced by shareholders							-196,306,143.18					-95,042,697.22	-291,345,740.40	-60,288,194.60	-351,616,935.00
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															
(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>	1,413,506,376.00				9,392,963,801.77		502,714,290.72		1,035,952,912.65			1,644,105,135.42	13,989,242,518.56	3,038,782,406.44	17,046,025,015.00

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

Person in charge of the Company:  
**Chen Liping**

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 2022

Item	1st half of 2022							Total equity				
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Treasury shares	Less: comprehensive income		Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit
<b>I. Ending balance of last year</b>	1,413,506,378.00				8,436,541,414.86			1,897,973,747.33		558,920,035.56	540,946,804.84	12,847,890,380.59
Add: Changes in accounting policies												
Correction of previous errors												
Others												
<b>II. Beginning balance of the year</b>	1,413,506,378.00				8,436,541,414.86			1,897,973,747.33		558,920,035.56	540,946,804.84	12,847,890,380.59
<b>III. Increase/Decrease for the period</b>												
<b>(Decrease expressed with "-")</b>												
(I) Total comprehensive income												
(II) Capital paid in and reduced by shareholders												
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												
(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				8,436,541,414.86			950,088,923.02		558,920,035.56	369,826,353.45	11,726,863,104.89

## SECTION VIII FINANCIAL REPORT

(Unless otherwise stated, amounts are in RMB)

Item	Other equity instruments							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		552,474,712.68	718,135,411.74	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		552,474,712.68	718,135,411.74	11,858,305,377.03
<b>III. Increase/Decrease for the period (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											
1. Ordinary shares paid by shareholders											
2. Capital paid by holders of other equity instruments					-58,228.98		-191,446,066.77			-29,838,298.60	-221,284,365.37
3. Amount of share-based payments recognised in owners' equity											
4. Others											
(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		552,474,712.68	453,655,054.39	11,402,320,723.93

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

Person in charge of the Company:  
**Chen Liping**

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

Head of accounting department:  
**Xie Weihong**

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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 2022 to 30 June 2022

(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 18 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"), Xingji Maritime Engineering Design Co., Ltd. ("Xingji"), HuaCheng (TianJin) Ship Leasing Co., Ltd. ("HuaCheng") and HuaXin (TianJin) Ship Leasing Co., Ltd. ("HuaXin"), Wah Sheng International Marine Limited ("Wah Sheng"), Wah Cheung International Marine Limited ("Wah Cheung"), Wah Hing International Marine Limited ("Wah Hing"), Wah Shui International Marine Limited ("Wah Shui") and Wah Yu International Marine Limited ("Wah Yu").

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 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 Estimates".

### (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 2022 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 fixed assets, amortisation of intangible assets, amortisation of long-term prepaid expenses, and recognition and measurement of revenue.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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 2022, operating results and cash flow and other related information from January to June 2022.

## (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 that are not 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 be 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 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 cost after deducting the accumulated impairment provision.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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 period, 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 comprehensive 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

From 1 January 2022 to 30 June 2022

(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 assume in proportion, and related income and fees will be recognised according to the related agreed individual or in proportion assets and liabilities. Asset transactions that are purchased or sold under joint operation that do not constitute business are recognised only for that part of 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, please refer to 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 of the year and end of the period. 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.



# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

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 of the year and end of the period. The amount of the effect of exchange rate changes on cash is presented separately in the statement of cash flows.

## (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 for the period.

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 are classified by the Group 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.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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 measurement 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. A contract 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

From 1 January 2022 to 30 June 2022

(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 offset 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 transfer "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 write-off. If the written-off amount is greater than the loss allowance made, the "credit impairment loss" is debited for the difference.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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 year, 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
3 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.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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 of 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 different types 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 impairment 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 impairment of inventory value 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 impairment of inventory value is reversed within the amount originally provided for, and the reversed amount is recognized in profit or loss for the current period.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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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 through 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 sent 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.*

# NOTES TO THE FINANCIAL STATEMENTS

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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 loses 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.

# NOTES TO THE FINANCIAL STATEMENTS

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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 between the present value and the book value (which is lower) of future cash flows.

## (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 fixed assets 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 fixed assets at their carrying value before conversion.

## (XVII) Fixed assets

### 1. Recognition and initial measurement of fixed assets

Fixed assets 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. Fixed assets are recognised when it is probable that the related economic benefits will flow to the Group and the costs can be reliably measured. Fixed assets are initially measured at cost.

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

Fixed assets of the Group comprise buildings and structures, machinery equipment, transportation equipment and other equipment.



# NOTES TO THE FINANCIAL STATEMENTS

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## 2. Method of depreciation

Apart from fixed assets which are provided in full and continue to be in use, the Group made provision for all the fixed assets 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 fixed assets 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

Fixed assets are 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 fixed assets 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 fixed assets at each financial year-end. If any changes occur, they will be regarded as changes on accounting estimates.

For impairment testing of fixed assets, 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 fixed assets when the assets are ready for their intended use at an estimated amount based on the project budget or actual cost of construction. The cost of the fixed assets is adjusted when the construction finalization procedures are completed.

For the impairment test of construction in progress, please refer to Impairment of fixed assets 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 fixed assets, investment properties and inventories which require construction or production activities for over one year, and can reached usable or sale condition after that. Borrowing costs incurred during assets expense is incurred, and when construction or production activities started in order to make assets to reach the expected usable or sale condition, capitalization starts; When construction or assets that fulfil the capitalization conditions, and reached the expected 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.

# 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)

## (XX) Intangible assets

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

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 transferred to as "Intangible assets" when they become ready for their intended use.

# 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)

## (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 period, 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 method for 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 treatment method 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.

# NOTES TO THE FINANCIAL STATEMENTS

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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 method for 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.

# NOTES TO THE FINANCIAL STATEMENTS

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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 fixed assets for separate treatment, it should directly write off specific reserves when accounted for as expenses; If capitalizing production safety fees into fixed assets, it should be pooled in work in progress and transfer to fixed assets when the projects reach intended use state, the cost of which should write off Special reserves, and recognise accumulated depreciation at the same amount. Such fixed asset 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 the 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 the 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 liabilities

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. 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 difference is debited as “credit impairment loss”.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (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, fixed assets 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 2022 to 30 June 2022

(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 2022 to 30 June 2022

(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 lease

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 assets refer 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

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 assets 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 2022 to 30 June 2022

(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) Lease modification

If a lease is modified and the following conditions are met, the Group will account for the lease modification 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 modification 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 assets 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 modifications result in the remeasurement of the lease liability, the Group adjusts the carrying value of the right-of-use assets accordingly.

## 2. The Company as lessor

### (1) Splitting of lease

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.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (XXXIII) Hedge Accounting

### 1. Classification of hedging

- (1) Fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment (except foreign exchange risk).
- (2) Cash flow hedge is a hedge of the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment.
- (3) Hedge of a net investment in a foreign operation is a hedge of the exposure to foreign exchange risk associated with a net investment in a foreign operation. Net investment in a foreign operation is the share of interest in the net asset of the foreign operation.

### 2. Designation of the hedge relationship and recognition of the effectiveness of hedging

At the inception of a hedge relationship, the Group formally designates the hedge relationship and documents the hedge relationship, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the nature and quantity of the hedging instrument, the nature and quantity of the hedged item, the nature of the risk being hedged, the type of hedging and how the Group will assess the hedging instrument's effectiveness. Hedging instrument's effectiveness means the degree of the change of fair value and cash flow of the hedging instrument in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

The hedge is assessed by the Group for effectiveness on an ongoing basis and judged whether it meets the requirements for the effectiveness of using hedge accounting throughout the accounting periods for which the hedging relationship was designated. Provided the discontent of the requirements, the application of a hedge shall be terminated.

The application of hedge accounting shall meet the following requirements on the effectiveness of the hedge:

- (1) There is an economic relationship between the hedged item and the hedging instrument.
- (2) The effect of credit risk does not dominate the value changes that result from that economic relationship.
- (3) The appropriate hedge ratio will not cause the imbalance of relative weight between the hedged item and the hedging instrument, thus generating accounting results inconsistent with the hedge accounting objectives. If the hedge ratio is no longer inappropriate, but the hedge risk management objectives do not change, the amount of the hedged item or the hedging instrument shall be adjusted, so that the hedge ratio can re-meet the requirements on the effectiveness.

### 3. Criteria for hedge accounting

#### (1) Fair value hedges

The change in the fair value of a hedging derivative is recognized in the current profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognized in the current profit or loss.

For fair value hedges relating to financial instruments carried at amortized cost, the adjustment to carrying amount is amortized through the current profit or loss over the remaining term to maturity. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortized to the current profit or loss. Amortization may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in the current profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the current profit or loss. The changes in the fair value of the hedging instrument are also recognized in the current profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (2) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income, while the ineffective portion is recognized immediately in the current profit or loss.

Amounts taken to other comprehensive income are transferred to the current profit or loss when the hedged transaction affects the current profit or loss, such as when hedged financial income or financial expense is recognized or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or nonfinancial liability, the amounts taken to other comprehensive income are transferred to the initial carrying amount of the nonfinancial asset or non-financial liability (or originally recognized in other comprehensive income, and transferred in the same period as the profit and loss is affected by the non-financial assets and non-financial debts, the amounts shall be included in the current profit or loss).

If the forecast transaction or firm commitment is no longer expected to occur, the amounts previously recognized in other comprehensive income are transferred to the current profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, the amounts previously recognised in other comprehensive income remain in there until the forecast transaction or firm commitment affects the current profit or loss.

## (3) Hedges of a net investment in a foreign operation

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in other comprehensive income while any gains or losses relating to the ineffective portion are recognized in the current profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the current profit or loss.

## (XXXIV) Segment reporting

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 segment reporting 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 disclosed in the 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 underlying asset 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.

# 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)

## (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 fixed assets 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 fixed assets 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.

### 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 laws 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.

# NOTES TO THE FINANCIAL STATEMENTS

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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, fixed assets 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

#### (1) Implementation of Interpretation No. 15 of the Accounting Standards for Business Enterprises

The Ministry of Finance issued the Accounting Standards for Business Enterprises-Interpretation No. 15 (Cai Kuai [2021] No. 35, hereinafter referred to as "Interpretation No. 15") on 30 December 2021.

##### ① Accounting treatment for trial operation sales

Interpretation No. 15 stipulates the accounting treatment and presentation of the products or by-products produced by an enterprise before the fixed assets reach the intended usable state or during the research and development process, and stipulates that the net amount arrived after offsetting cost with the trial operation sales related income should not be used to offset the cost of fixed assets or research and development expenditure. The regulation came into effect on 1 January 2022, and the trial operation sales occurring between the beginning of the earliest financial statement presentation period and 1 January 2022 shall be adjusted retrospectively.

The implementation of this provision has no impact on the Group's financial position and results of operations.

##### ② Judgment of onerous contracts

Interpretation No. 15 clarifies that the "cost of performing the contract" considered by an enterprise when judging whether the contract constitutes an onerous contract should include both the incremental cost of performing the contract and the apportionment of other costs directly related to the performance of the contract. The regulation came into effect on 1 January 2022. Enterprises should implement the regulation for contracts that have not fulfilled all the obligations on 1 January 2022 with the accumulative amount adjusted in the retained earnings and other related financial statement items at the beginning of the year of implementation of the regulation, and comparative figures in previous financial statements will not be adjusted.

The implementation of this provision has no impact on the Group's financial position and results of operations.

#### (2) Implementation of Notice on Issues Related to the Application of 'Accounting Treatment of COVID-19 Related Rent Concessions'

On 19 May 2022, the Ministry of Finance issued the Notice on Issues Related to the Application of 'Accounting Treatment of COVID-19 Related Rent Concessions' (Cai Kuai [2022] No. 13), which re-adjusted the scope of the COVID-19 pandemic-related rental concessions that apply to use the simplified method, and abolished the previous limitation that the simplified method could apply to the "concessions that are only for lease payments payable before 30 June 2022". For rent concessions on lease payments payable after 30 June 2022 directly arising from COVID-19 pandemic, lessees and lessors can still continue to elect to apply the simplified method as provided in the Provisions on the Accounting Treatment of the COVID-19 Related Rental Concessions with other applicable conditions remain unchanged.

The Group has adopted the simplified method for accounting treatment for all eligible lease contracts before the adjustment of the scope of application, and also adopted the simplified method for accounting treatment for all eligible lease contracts after the adjustment of the scope of application, and adopted leases before the notice was issued. Retrospective adjustments will be made to the relevant lease contracts that are subject to accounting changes, but the previous comparative financial statement data will not be adjusted; the relevant rent concessions that have not been accounted for in accordance with the provisions of the notice that occur between 1 January 2022 and the effective date of the notice would be adjusted according to the notice.

### 2. CHANGES IN ACCOUNTING ESTIMATES

There is no change in accounting estimates during the period.

# 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)

## 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	15.00%
Zhanjiang Nanhai	20.00%
Wenchong Bingshen	20.00%
Wah Shun	16.50%
Wah Loong	16.50%
Xingji	20.00%
HuaCheng	20.00%
HuaXin	20.00%
Wah Sheng	16.50%
Wah Cheung	16.50%
Wah Hing	16.50%
Wah Shui	16.50%
Wah Yu	16.50%

Note: Wah Shun, Wah Loong, Wah Sheng, Wah Cheung, Wah Hing, Wah Shui and Wah Yu, 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) Export revenue: 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) Software revenue: 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.
- (3) 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) "Announcement on the Clarification of the Policy on Value-added Tax Credit for the Livelihood Service Industry" (General Administration of Taxation, Ministry of Finance Announcement of [2019] No.87), "Announcement on Value-Added Tax Policies Relating to the Relief and Development of Difficult Industries in the Service Sector" (General Administration of Taxation, Ministry of Finance Announcement No.11 of 2022, 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 2022, deducting VAT payables.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## 2. Enterprise income tax

- (1) On 20 December 2021, Huangpu Wenchong obtained a new technology enterprise certificate, Certificate No. GR202144007063, which is valid until 19 December 2024 and Huangpu Wenchong is subject to corporate income tax at a rate of 15%.
- (2) On 2 December 2019, Wenchong Shipyard obtained a new technology enterprise certificate, Certificate No. GR201944010453, which is valid until 1 December 2022 and Wenchong Shipyard is subject to corporate income tax at a rate of 15%.
- (3) On 31 December 2021, Wenchuan Heavy Industrial obtained a new technology enterprise certificate, Certificate No. GR202144012793, which is valid until 30 December 2024 and Wenchuan Heavy Industrial is subject to corporate income tax at a rate of 15%.
- (4) On 20 December 2021, CSSC Internet obtained a new technology enterprise certificate, Certificate No.: GR202144002423, which is valid until 19 December 2024 and CSSC Internet is subject to corporate income tax at a rate of 15%.
- (5) CSSC New Energy, CSSC Internet, Zhanjiang Nanhai, Wenchong Bingshen, Xingji, HuaCheng and HuaXin are small profit-making enterprises. According to the Announcement of the State Administration of Taxation on Issues Concerning the Implementation of Preferential Income Tax Policies to Support the Development of Small Low-Profit Enterprises and individual business (SAT Announcement [2021] No. 8), from 1 January 2021 to 31 December 2022, for small low-profit enterprises whose annual taxable income is less than RMB1 million, their income tax shall be based on the taxable income calculated at 12.5% of the enterprise income tax rate of 20%.

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

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

Item	Ending balance	Beginning balance
Cash on hand	27,780.43	26,324.55
Bank deposits	6,573,084,677.83	5,417,035,232.42
Other cash at bank and on hand	7,642,824,513.00	4,143,341,806.60
<b>Total</b>	<b>14,215,936,971.26</b>	<b>9,560,403,363.57</b>
Including: Deposit in finance Company	6,053,122,733.87	6,191,940,179.15
Total amount Overseas deposit	20,317,610.76	2,733,537.07

The monetary capital which was limited to use by mortgage, pledge, and being frozen, limited to access due to centralised management of funds, or limited to remit to China in foreign countries are as following:

Item	Ending balance	Beginning balance
Fixed deposits with a term of over 3 months	7,250,000,000.00	3,880,000,000.00
Deposit for bank acceptance bills	31,301,994.19	8,875,179.97
Deposit for letters of guarantee and letters of credit	1,609,090.75	8,966,532.49
Special housing fund for employees	17,707,495.45	17,635,623.56
Interest income from fixed deposits	342,205,932.61	227,864,470.58
<b>Total</b>	<b>7,642,824,513.00</b>	<b>4,143,341,806.60</b>

Note: The amount overseas deposit 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 2022 to 30 June 2022

(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	<b>910,729,109.43</b>	3,102,524,392.16
Including: Investment in debt instruments		
Investments in equity instruments	<b>505,109.43</b>	1,863,392.16
Entrusted wealth management	<b>910,224,000.00</b>	3,100,661,000.00
Structured deposits		
Assigned financial assets at fair value through profit or loss	<b>75,336,575.17</b>	178,504,215.41
Including: Forward exchange contracts	<b>75,336,575.17</b>	178,504,215.41
<b>Total</b>	<b>986,065,684.60</b>	3,281,028,607.57

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

Item	Ending balance	Beginning balance
Listed	<b>505,109.43</b>	1,863,392.16
Unlisted	<b>985,560,575.17</b>	3,279,165,215.41
<b>Total</b>	<b>986,065,684.60</b>	3,281,028,607.57

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 2022 to 30 June 2022

(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	69,269,843.96	28,031,260.05
Commercial acceptance bills	49,180,574.00	54,300,000.00
Less: provision for bad debts		
<b>Total</b>	<b>118,450,417.96</b>	<b>82,331,260.05</b>

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

Item	Pledged amount at the end of the period
Bank acceptance bills	7,638,701.12
Commercial acceptance bills	
<b>Total</b>	<b>7,638,701.12</b>

### 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	1,325,156,155.41	28,764,226.64
Commercial acceptance bills		
<b>Total</b>	<b>1,325,156,155.41</b>	<b>28,764,226.64</b>

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

Item	Transfer to accounts receivable
Bank acceptance bills	
Commercial acceptance bills	5,000,000.00
<b>Total</b>	<b>5,000,000.00</b>

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

Type	Ending balance				
	Book balance Amount	Percentage (%)	Provision for bad debts Amount	Percentage (%)	Carrying Value
Provision for bad debts made on an individual basis					
Provision for bad debts made on a collective basis	118,450,417.96	100.00			118,450,417.96
Including: Due within one year	118,450,417.96	100.00			118,450,417.96
<b>Total</b>	<b>118,450,417.96</b>				<b>118,450,417.96</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

Type	Beginning balance				
	Book balance		Provision for bad debts		Carrying Value
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts made on an individual basis					
Provision for bad debts made on a collective basis	82,331,260.05	100.00			82,331,260.05
Including: Due within one year	82,331,260.05	100.00			82,331,260.05
<b>Total</b>	<b>82,331,260.05</b>				<b>82,331,260.05</b>

## (IV) Accounts receivable

### 1. Ageing of accounts receivable

Ageing	Ending balance	Beginning balance
Within one year (including one year)	<b>715,135,067.75</b>	718,694,023.43
1 to 2 years	<b>164,976,281.40</b>	298,261,116.16
2 to 3 years	<b>32,903,504.13</b>	80,017,346.05
3 to 4 years	<b>8,570,300.21</b>	32,692,246.56
4 to 5 years	<b>1,193,971.86</b>	1,187,971.86
Over 5 years		
Sub-total	<b>922,779,125.35</b>	1,130,852,704.06
Less: provision for bad debts	<b>29,237,348.18</b>	53,120,040.30
<b>Total</b>	<b>893,541,777.17</b>	<b>1,077,732,663.76</b>

### 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 accounts receivable by method using of bad debt provision

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	<b>922,779,125.35</b>	<b>100.00</b>	<b>29,237,348.18</b>	<b>3.17</b>	<b>893,541,777.17</b>
Including: Accounts receivable of which the credit risk has not significantly increased since initial recognition	<b>922,779,125.35</b>	<b>100.00</b>	<b>29,237,348.18</b>	<b>3.17</b>	<b>893,541,777.17</b>
<b>Total</b>	<b>922,779,125.35</b>		<b>29,237,348.18</b>		<b>893,541,777.17</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

Type	Book balance		Beginning balance		Net amount
	Amount	Percentage (%)	Amount	Provision for bad debts 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	1,130,852,704.06	100.00	53,120,040.30	4.70	1,077,732,663.76
Including: Accounts receivable of which the credit risk has not significantly increased since initial recognition	1,130,852,704.06	100.00	53,120,040.30	4.70	1,077,732,663.76
<b>Total</b>	<b>1,130,852,704.06</b>		<b>53,120,040.30</b>		<b>1,077,732,663.76</b>

(1) Provision for bad debts made on an individual basis

None.

(2) Provision for bad debts made on a collective basis

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Amounts receivable from related parties	<b>23,925,123.31</b>		
Portfolio of government units and public institutions	<b>267,864,667.84</b>		
Ageing portfolio	<b>630,989,334.20</b>	<b>29,237,348.18</b>	<b>4.63</b>
<b>Total</b>	<b>922,779,125.35</b>	<b>29,237,348.18</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)	<b>478,450,452.64</b>	<b>781,087.75</b>	<b>0.16</b>
1 to 2 years	<b>110,927,397.52</b>	<b>11,092,739.75</b>	<b>10.00</b>
2 to 3 years	<b>31,851,333.12</b>	<b>9,555,399.94</b>	<b>30.00</b>
3 to 4 years	<b>8,566,179.06</b>	<b>6,852,943.25</b>	<b>80.00</b>
4 to 5 years	<b>1,193,971.86</b>	<b>955,177.49</b>	<b>80.00</b>
Over 5 years			
<b>Total</b>	<b>630,989,334.20</b>	<b>29,237,348.18</b>	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

#### 4. Provision for bad debts provision made, reversed or recovered during the period

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	53,120,040.30	-23,882,692.12			29,237,348.18
<b>Total</b>	53,120,040.30	-23,882,692.12			29,237,348.18

Note: There is no significant provision for bad debts recovered or reversed during the period

#### 5. Accounts receivable actually written-off during the period

None.

#### 6. 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
Unit 1	197,411,789.07	21.39	1,760,663.67
Unit 2	189,089,400.00	20.49	
Unit 3	58,055,229.93	6.29	674,678.52
Unit 4	50,610,717.90	5.48	
Unit 5	47,291,689.65	5.12	4,729,168.97
<b>Total</b>	542,458,826.55	58.77	7,164,511.16

#### 7. Accounts receivable derecognised arising from transfer of financial assets

None.

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

None.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (V) Financing receivables

### 1. Financing receivables

Item	Ending balance	Beginning balance
Notes receivable	2,848,428.60	43,060,494.00
Accounts receivable	42,647,073.09	149,795,346.34
<b>Total</b>	<b>45,495,501.69</b>	192,855,840.34

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. The electronic debt certificates of accounts receivable obtained by the Group generating from the sale of goods and the provision of services are included in the item under the "Accounts Receivable" if the mode of business management aims to collect the contract cashflow; For the purpose of collecting the contract cashflow and selling, it is included in the item under the "Financing receivables."

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

Items	Beginning balance	Addition during the period	Derecognised during the period	Other changes	Ending balance	Accumulated loss provision recognized in other comprehensive income
Notes receivable	43,060,494.00	1,414,931.60	41,626,997.00		2,848,428.60	
Accounts receivable	149,795,346.34	37,157,618.51	144,305,891.76		42,647,073.09	
<b>Total</b>	192,855,840.34	38,572,550.11	185,932,888.76		45,495,501.69	

### 3. Provision for impairment of financing receivables

Type	Beginning balance	Change in the period			Ending balance
		Provision made	Recovered or reversed	Offset or written off	
Provision for impairment of notes receivable					
Provision for impairment of accounts receivable	11,271.72	16,313.47			27,585.19
<b>Total</b>	11,271.72	16,313.47			27,585.19

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (VI) Prepayments

### 1. Ageing of prepayments

Ageing	Ending balance		Beginning balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within one year	2,802,030,676.87	88.01	1,753,864,714.61	81.59
1-2 years	20,471,346.70	0.64	3,702,381.84	0.17
2-3 years	2,335,423.34	0.07	14,683,597.64	0.68
Over 3 years	358,820,442.15	11.27	377,407,957.82	17.56
<b>Total</b>	<b>3,183,657,889.06</b>	<b>100.00</b>	<b>2,149,658,651.91</b>	<b>100.00</b>

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	7.41	1 to 2 years and over 3 years	Large equipment received in batches and inspected and accepted
China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd	Same controlling shareholder	193,921,712.86	6,622,519.41	0.21	1 to 2 years, 2 to 3 years and over 3 years	Large equipment received in batches and inspected and accepted
MTU Asia Pte. Ltd.	Unrelated party	29,913,617.97	29,913,617.97	0.94	Over 3 years	Large equipment received in batches and inspected and accepted
Tognum Aisa Ltd.	Unrelated party	28,854,422.00	28,854,422.00	0.91	Over 3 years	Large equipment received in batches and inspected and accepted
Hua Hai Equipment & Engineering Company (華海設備工程有限公司)	Unrelated party	25,767,791.31	3,753,559.04	0.12	Within one year, 1 to 2 years and over 3 years	Large equipment received in batches and inspected and accepted
Wartsila Services (Shanghai) Ltd. (瓦錫蘭維修服務(上海)有限公司)	Unrelated party	21,224,175.89	5,455.00		1 to 2 years and 2 to 3 years	In the process of settlement
GDleju Commercial Group Co., Ltd.	Unrelated party	9,712,855.25	83,388.78		Within one year and 1 to 2 years	In the process of settlement
National treasury	Unrelated party	8,728,286.36	2,347,140.37	0.07	Within one year, 1 to 2 years and over 3 years	In the process of settlement
Becker Marine Systems GmbH & Co.KG	Unrelated party	6,877,664.22	1,329,802.18	0.04	Within one year and 1 to 2 years	Large equipment received in batches and inspected and accepted
Siemens AG	Unrelated party	6,215,114.88	6,215,114.88	0.20	Over 3 years	Large equipment received in batches and inspected and accepted
Hoi Yung Marine Machinery Suppliers Limited	Unrelated party	5,485,463.88	3,617,555.88	0.11	Within one year and over 3 years	Large equipment received in batches and inspected and accepted
Guangzhou Xinhang Human Resources Service Co., Ltd.	Associate	5,000,000.00	5,000,000.00	0.16	Over 3 years	In the process of settlement
<b>Total</b>		<b>577,696,256.81</b>	<b>323,737,727.70</b>	<b>10.17</b>		

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## 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 National Shipbuilding Equipment & Materials Co., Ltd.	<b>795,122,568.43</b>	Within one year	24.98
China Shipbuilding Trading Shanghai Co., Ltd	<b>235,995,152.19</b>	2 to 3 years and over 3 years	7.41
China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd	<b>193,921,712.86</b>	Within one year and 1 to 2 years	6.09
Wuhan Boaster Shipbuilding Equipment & Materials Co., Ltd. (武漢寶斯達船舶物資有限公司)	<b>97,867,091.12</b>	Within one year	3.07
Anqing CSSC Diesel Engine Co., LTD (安慶中船柴油機有限公司)	<b>80,374,119.66</b>	Within one year	2.52
<b>Total</b>	<b>1,403,280,644.26</b>		<b>44.07</b>

## (VII) Other receivables

Item	Ending balance	Beginning balance
Interest receivable		
Dividends receivable		
Other receivables	<b>58,950,506.72</b>	94,550,370.96
<b>Total</b>	<b>58,950,506.72</b>	94,550,370.96

Other receivables:

### (1) Disclosure by ageing

Ageing	Closing balance	Beginning balance
Within one year (including one year)	<b>41,341,125.87</b>	35,946,659.62
1 to 2 years	<b>10,825,064.34</b>	16,515,496.36
2 to 3 years	<b>2,384,488.94</b>	42,492,950.51
3 to 4 years	<b>4,831,427.08</b>	463,381.10
4 to 5 years	<b>176,825.80</b>	19,178.36
Over 5 years	<b>134,250.00</b>	134,250.00
Sub-total	<b>59,693,182.03</b>	95,571,915.95
Less: provision for bad debts	<b>742,675.31</b>	1,021,544.99
<b>Total</b>	<b>58,950,506.72</b>	94,550,370.96

### (2) 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	<b>35,345,988.68</b>	73,094,545.98
Temporary payments receivables	<b>18,620,099.49</b>	98,138.36
Reserve funds	<b>3,222,004.38</b>	3,421,654.18
Other current accounts	<b>2,505,089.48</b>	18,957,577.43
<b>Total</b>	<b>59,693,182.03</b>	95,571,915.95



# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (3) 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	898,587.10	122,957.89		1,021,544.99
Beginning balance for the current period				
- Transfer to stage 2				
- Transfer to stage 3				
- Transfer back to stage 2				
- Transfer back to stage 1				
Provision made during the period	-290,521.07	11,651.39		-278,869.68
Reversed during the period				
Offset during the period				
Written off during the period				
Other changes				
Ending balance	608,066.03	134,609.28		742,675.31

Changes in book balance of other receivables are as follows:

Book balance	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	95,431,718.59	140,197.36		95,571,915.95
Beginning balance for the current period				
- Transfer to stage 2				
- Transfer to stage 3				
- Transfer back to stage 2				
- Transfer back to stage 1				
Increased during the period	-35,917,571.89	38,837.97		-35,878,733.92
Derecognised during the period				
Other changes				
Ending balance	59,514,146.70	179,035.33		59,693,182.03

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

Type	Beginning balance	Change in the period			Change in scope of consolidation	Ending balance
		Provision made	Recovered or reversed	Offset or written off		
Provision for bad debts of other receivables	1,021,544.99	-278,869.68				742,675.31
<b>Total</b>	1,021,544.99	-278,869.68				742,675.31

Note: There are no significant provision for bad debts recovered or reversed during the period

## (5) Other receivables actually written off during the period

None.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (6) 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
South China Sea Institute of Oceanology, CAS	Refundable deposit	14,359,000.00	Within one year	24.05	
Guangxin Shipbuilding & Heavy Industry Co. Ltd.	Refundable deposit	8,000,000.00	1 to 2 years, 3 to 4 years	13.40	
People's Insurance Company of China Guangzhou Branch	Other current accounts	5,499,624.17	1 to 2 years	9.21	549,962.42
Guangdong COSCO Shipping Heavy Industry Co. Ltd.	Refundable deposit	3,960,000.00	Within one year	6.63	
Southern United Property Rights Exchange Center Company Limited (南方聯合產權交易中心有限責任公司)	Refundable deposit	3,000,000.00	Within one year	5.03	
<b>Total</b>		<b>34,818,624.17</b>		<b>58.32</b>	<b>549,962.42</b>

## (7) Other receivables related to government grants

None.

## (8) Other receivables derecognised arising from transfer of financial assets

None.

## (9) Transfer of other receivables that 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	712,835,724.66	4,948,909.35	707,886,815.31	616,939,091.43	4,948,909.35	611,990,182.08
Work in progress	4,163,161,740.10	102,685,284.24	4,060,476,455.86	3,095,943,217.47	197,609,487.20	2,898,333,730.27
Contract performance cost	1,886,187,219.00		1,886,187,219.00	1,412,577,147.60		1,412,577,147.60
Goods in transit	56,959.18	56,959.18		56,959.18	56,959.18	
<b>Total</b>	<b>6,762,241,642.94</b>	<b>107,691,152.77</b>	<b>6,654,550,490.17</b>	<b>5,125,516,415.68</b>	<b>202,615,355.73</b>	<b>4,922,901,059.95</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## 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	4,948,909.35					4,948,909.35
Work in progress	197,609,487.20	25,904,928.57			120,829,131.53	102,685,284.24
Goods in transit	56,959.18					56,959.18
<b>Total</b>	<b>202,615,355.73</b>	<b>25,904,928.57</b>			<b>120,829,131.53</b>	<b>107,691,152.77</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
Goods in transit	Book cost higher than net realisable value (estimated selling price less related costs and expenses, etc.)	Completed for sale

## 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	2,427,389,656.19		2,427,389,656.19	1,993,902,556.01		1,993,902,556.01
Contract assets related to steel structures	452,881,309.20		452,881,309.20	505,405,384.57		505,405,384.57
Outstanding warranties previously included in accounts receivable	294,748,915.11		294,748,915.11	43,135,618.75		43,135,618.75
<b>Total</b>	<b>3,175,019,880.50</b>		<b>3,175,019,880.50</b>	<b>2,542,443,559.33</b>		<b>2,542,443,559.33</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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 values during the period

Item	Amount of change	Reason for change
Contract assets relating to shipbuilding	433,487,100.18	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. Outstanding warranties previously included in accounts receivable were recognised.
Contract assets relating to steel structure engineering	-52,524,075.37	
Outstanding warranties for accounts receivable	251,613,296.36	
<b>Total</b>	<b>632,576,321.17</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	<b>79,297,092.68</b>	177,202,368.55
Prepaid Income tax	<b>2,194,533.35</b>	617,090.36
<b>Total</b>	<b>81,491,626.03</b>	177,819,458.91

### (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	
Finance lease payments	<b>285,414,281.82</b>		<b>285,414,281.82</b>	292,606,935.09		292,606,935.09	4%-8%
Including: unrealised financing income	<b>13,793,748.11</b>		<b>13,793,748.11</b>	15,726,981.93		15,726,981.93	
Receipt in instalments for sale of goods	<b>2,042,586,112.90</b>	<b>67,520,400.84</b>	<b>1,975,065,712.06</b>	2,146,053,464.69	67,520,400.84	2,078,533,063.85	4%-8%
<b>Total</b>	<b>2,328,000,394.72</b>	<b>67,520,400.84</b>	<b>2,260,479,993.88</b>	2,438,660,399.78	67,520,400.84	2,371,139,998.94	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## 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			67,520,400.84	67,520,400.84
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>			<b>67,520,400.84</b>	<b>67,520,400.84</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 (%)
JVMEIRAH OFFSHORE PTE LTD	671,694,361.64	39,656,854.00	5.90
Guangdong Yuanyang Transportation Co., Ltd.	157,199,023.19	12,025,818.44	7.65
LOMAR Shipping	17,490,149.94	3,983,692.47	22.78
CMIC OCEAN EW TECH HOLDING CO LTD	17,411,250.79	977,235.93	5.61
Shenzhen Shunchang Ocean Fishery Co., Ltd.	16,628,000.00	10,876,800.00	65.41
<b>Total</b>	<b>880,422,785.56</b>	<b>67,520,400.84</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.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (XII) Long-term equity investments

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

Investee	Beginning balance	Increase in investment	Decrease in investment	Change for the period					Ending balance	Provision for impairment
				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		
1. Joint ventures										
2. Subtotal of associates										
Guangzhou Shipyard International Company Limited	4,938,620,209.22			6,846,849.39	-150,727.84				-17,055,563.56	4,928,260,767.21
Huangchuan Zhengji (Fujian) Anpeex Technology Limited (黄骅正力(福建)新能源控股有限公司)	13,237,392.25			-849,385.77						12,387,996.48
Guangzhou Xinhang Human Resources Service Co., Ltd.	821,307.71			152,748.27						974,055.98
Shi Luohui Shipbuilding Heavy Industry (Guangzhou) Co., Ltd. (懿璐楷文船重工(廣州)有限公司)	4,692,000.00	4,692,000.00		36,244.26		1,151.90				4,729,396.16
Sub-total	4,952,678,909.18	4,692,000.00		6,186,446.15	-150,727.84	1,151.90			-17,055,563.56	4,946,352,158.83
<b>Total</b>	<b>4,952,678,909.18</b>	<b>4,692,000.00</b>		<b>6,186,446.15</b>	<b>-150,727.84</b>	<b>1,151.90</b>			<b>-17,055,563.56</b>	<b>4,946,352,158.83</b>

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

Item	Ending balance	Beginning balance
Listed	4,946,352,215.83	4,952,678,909.18
Unlisted		
<b>Total</b>	<b>4,946,352,215.83</b>	<b>4,952,678,909.18</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (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>4,198,249,864.75</b>	5,480,001,529.79
<b>Total</b>	<b>4,198,249,864.75</b>	5,480,001,529.79

### 2. Analysis of other equity instruments

Item	Ending balance	Beginning balance
Listed	<b>4,168,804,715.68</b>	5,451,251,263.77
Including: China (except Hong Kong)	<b>4,130,773,840.64</b>	5,394,217,189.36
Unlisted	<b>29,445,149.07</b>	28,750,266.02
<b>Total</b>	<b>4,198,249,864.75</b>	5,480,001,529.79

### 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>1,267,050,656.75</b>	<b>4,168,804,715.68</b>	2,901,754,058.93	2,549,497,204.84	5,451,251,263.77
CSSC	<b>2,857,883,200.00</b>	<b>1,270,170,305.68</b>	<b>4,128,053,505.68</b>	2,857,883,200.00	2,533,815,767.64	5,391,698,967.64
CMIC OCEAN EW TECH HOLDING CO., LTD	<b>42,715,361.63</b>	<b>-4,684,486.59</b>	<b>38,030,875.04</b>	42,715,361.63	14,318,712.78	57,034,074.41
Bank of Communications	<b>1,155,497.30</b>	<b>1,564,837.66</b>	<b>2,720,334.96</b>	1,155,497.30	1,362,724.42	2,518,221.72
Sub-total of unlisted	<b>18,314,465.46</b>	<b>11,130,683.61</b>	<b>29,445,149.07</b>	18,314,465.46	10,435,800.56	28,750,266.02
CSSC Finance Company Limited	<b>5,828,000.00</b>	<b>18,685,847.69</b>	<b>24,513,847.69</b>	5,828,000.00	17,655,371.96	23,483,371.96
Huangpu Hongshan Community Health Service Center	<b>1,200,000.00</b>	<b>1,143,155.29</b>	<b>2,343,155.29</b>	1,200,000.00	1,365,085.04	2,565,085.04
China Shipbuilding IT Co., Ltd.	<b>800,000.00</b>	<b>836,445.76</b>	<b>1,636,445.76</b>	800,000.00	831,923.84	1,631,923.84
Guangzhou Wenchuan Industrial Co., Ltd.	<b>380,040.46</b>	<b>443,392.41</b>	<b>823,432.87</b>	380,040.46	519,158.94	899,199.40
Guangzhou Xinzhou Service Co., Ltd.	<b>106,425.00</b>	<b>21,842.46</b>	<b>128,267.46</b>	106,425.00	64,260.78	170,685.78
CSSC Heavy Equipment Co., Ltd.	<b>10,000,000.00</b>	<b>-10,000,000.00</b>		10,000,000.00	-10,000,000.00	
<b>Total</b>	<b>2,920,068,524.39</b>	<b>1,278,181,340.36</b>	<b>4,198,249,864.75</b>	2,920,068,524.39	2,559,933,005.40	5,480,001,529.79

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## 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>		1,271,735,143.34	4,684,486.59			
CSSC		1,270,170,305.68			Investments not held for trading	
CMIC OCEAN EW TECH HOLDING CO., LTD Bank of Communications			4,684,486.59		Investments not held for trading	
Sub-total of unlisted	192,641.21	1,564,837.66	10,000,000.00			
CSSC Finance Company Limited		18,685,847.69			Investments not held for trading	
Huangpu Hongshan Community Health Service Center		1,143,155.29			Investments not held for trading	
China Shipbuilding IT Co., Ltd.		836,445.76			Investments not held for trading	
Guangzhou Wenchuan Industrial Co., Ltd.	152,016.21	443,392.41			Investments not held for trading	
Guangzhou Xinzhou Service Co., Ltd.	40,625.00	21,842.46			Investments not held for trading	
CSSC Heavy Equipment Co., Ltd			10,000,000.00		Investments not held for trading	
<b>Total</b>	192,641.21	1,292,865,826.95	14,684,486.59			

## (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	14,709,206.34	14,709,206.34
(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	17,977,918.86	17,977,918.86
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	139,455,344.10	139,455,344.10
(2) Carrying value at the beginning of the period	142,724,056.62	142,724,056.62



# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

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: RMB3,268,712.52).
- (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	139,455,344.10	142,724,056.62
Medium term (10-50 years)	139,455,344.10	142,724,056.62
<b>Total</b>	<b>139,455,344.10</b>	<b>142,724,056.62</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 RMB139,455,344.10 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	75,615,818.13	In the process of obtaining ownership certificates
Component welding workshop	60,527,219.43	In the process of obtaining ownership certificates
Sanding and coating workshop	3,312,306.54	In the process of obtaining ownership certificates
<b>Total</b>	<b>139,455,344.10</b>	

## (XV) Fixed assets

### 1. Fixed assets and disposal of fixed assets

Item	Ending balance	Beginning balance
Fixed assets	5,115,050,037.12	4,740,623,077.95
Disposal of fixed assets	8,394.89	8,394.89
<b>Total</b>	<b>5,115,058,432.01</b>	<b>4,740,631,472.84</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## 2. Fixed assets

Item	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Total
1. Original carrying amount					
(1) Beginning balance	3,250,967,913.92	2,370,222,896.48	1,708,060,246.76	206,144,204.66	7,535,395,261.82
(2) Increase for the period	7,577,187.57	59,618,465.79	463,137,133.63	5,547,542.22	535,880,329.21
– Additions		81,212.39		347,522.28	428,734.67
– Transfer from construction in progress					
– Transfer of inventories	7,577,187.57	58,197,345.14	4,177,093.78	5,200,019.94	75,151,646.43
– Exchange differences arising from translation of foreign currency financial statements		1,339,908.26	453,552,131.81		454,892,040.07
(3) Decrease for the period	542,550.43	4,060,440.97	5,407,908.04		5,407,908.04
– Disposal or retirement	542,550.43	4,060,440.97	2,695,682.56	3,405,075.64	10,703,749.60
(4) Ending balance	3,258,002,551.06	2,425,780,921.30	2,168,501,697.83	3,405,075.64	10,703,749.60
2. Accumulated depreciation					
(1) Beginning balance	1,030,678,153.03	1,301,479,518.62	264,305,494.65	150,582,953.91	2,747,046,120.21
(2) Increase for the period	63,281,543.54	55,020,871.99	33,054,566.99	9,375,864.66	160,732,847.18
– Provision made	63,281,543.54	55,020,871.99	33,054,566.99	9,375,864.66	160,732,847.18
(3) Decrease in current period	524,926.91	3,672,670.39	2,538,666.49	3,233,332.83	9,969,596.62
– Disposal or retirement	524,926.91	3,672,670.39	2,538,666.49	3,233,332.83	9,969,596.62
(4) Ending balance	1,093,434,769.66	1,352,827,720.22	294,821,395.15	156,725,485.74	2,897,809,370.77
3. Provision for impairment					
(1) Beginning balance		2,752,545.73	44,899,190.51	74,327.42	47,726,063.66
(2) Increase for the period					
(3) Decrease for the period		13,630.12			13,630.12
– Disposal or retirement		13,630.12			13,630.12
(4) Ending balance		2,738,915.61	44,899,190.51	74,327.42	47,712,433.54
4. Carrying value					
(1) Carrying value at the end of the period	2,164,567,781.40	1,070,214,285.47	1,828,781,112.17	51,486,858.08	5,115,050,037.12
(2) Carrying value at the beginning of the period	2,220,289,760.89	1,065,990,832.13	1,398,855,561.60	55,486,923.33	4,740,623,077.95

Other explanations:

The depreciation of fixed assets recognised in profit or loss during the period is RMB160,732,847.18 (last period: RMB134,765,055.59);

Included in fixed assets added during the period is transfer from construction in progress of RMB75,151,646.43.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

### 3. Fixed assets leased through finance leases

None.

### 4. Fixed assets leased out through operating leases

Item	Carrying value
Transportation vehicles	427,371,399.27
<b>Total</b>	<b>427,371,399.27</b>

### 5. Buildings and structures analysed by region and ageing

Item	Ending balance	Beginning balance
Within China	<b>2,164,567,781.40</b>	2,220,289,760.89
Including: Medium term (10-50 years)	<b>2,164,183,123.71</b>	2,219,837,597.56
Short term (within 10 years)	<b>384,657.69</b>	452,163.33
<b>Total</b>	<b>2,164,567,781.40</b>	<b>2,220,289,760.89</b>

### 6. Fixed assets without property ownership certificates

Item	Carrying value	Reasons for failing to obtain property certificate
Building and structures	<b>9,428,699.72</b>	Incomplete procedures, in progress

### 7. Disposal of fixed assets

Item	Ending balance	Beginning balance
Machinery and equipment	<b>8,394.89</b>	8,394.89
<b>Total</b>	<b>8,394.89</b>	<b>8,394.89</b>

# NOTES TO THE FINANCIAL STATEMENTS

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## (XVI) Construction in progress

### 1. Construction in progress and engineering materials

Item	Ending balance	Beginning balance
Construction in progress	236,589,643.05	229,186,214.27
Construction materials		
<b>Total</b>	<b>236,589,643.05</b>	<b>229,186,214.27</b>

### 2. Construction in progress

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Technological transformation project	42,008,846.22		42,008,846.22	53,036,650.86		53,036,650.86
Project 9	36,235,701.83		36,235,701.83	34,488,995.01		34,488,995.01
Residential project	35,651,749.35		35,651,749.35	35,651,749.35		35,651,749.35
Investment projects	35,387,706.48		35,387,706.48	26,868,228.55		26,868,228.55
Adaptation project for relocation and reconstruction of 200-ton crane	24,214,904.64		24,214,904.64	2,911,375.15		2,911,375.15
Project 8	22,025,813.40		22,025,813.40	47,986,658.81		47,986,658.81
Reconstruction of sinkage dock pit for repairing and berthing of 150 meters floating dock	13,591,766.38		13,591,766.38	14,801,665.88		14,801,665.88
Aluminium workshop extension project	11,051,663.15		11,051,663.15	6,271,450.36		6,271,450.36
Adaptability reconstruction project of hull assembly and welding site in Changzhou	8,797,287.01		8,797,287.01	3,471,394.75		3,471,394.75
25,000 tons of sliding to the district power official network adaptability reconstruction and construction project	2,115,107.04		2,115,107.04	246,787.36		246,787.36
Other projects	5,509,097.55		5,509,097.55	3,451,258.19		3,451,258.19
<b>Total</b>	<b>236,589,643.05</b>		<b>236,589,643.05</b>	<b>229,186,214.27</b>		<b>229,186,214.27</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

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

Item	Budget amount	Beginning balance	Increase in the period	Amount transfer to fixed assets in the period	Other decreased amount in the period	Ending balance	Proportion of accumulated contribution to the construction budget (%)	Progress of construction	Accumulated capitalised interest	Including: capitalised amount of interest for the period	Rate of capitalisation of interest in the period (%)	Source of funding
Technological transformation project		53,036,650.86	28,124,981.99	38,936,149.47	216,637.16	42,008,846.22		Under construction				Self-financed
Project 9	216,900,000.00	34,488,895.01	2,960,109.69	1,213,402.87		36,235,701.83	91.96	Under construction				State-subsidized and self-financed
Investment projects	683,000,000.00	26,689,228.55	8,519,477.93			35,387,706.48	86.59	Under construction				Self-financed and loan
Adaptation project for relocation of 200-ton gantry crane	29,600,000.00	2,911,375.15	21,303,529.49			24,214,904.64	81.81	Under construction				Self-financed
Project 8	453,000,000.00	47,988,668.81		24,029,740.41	1,931,105.00	22,025,813.40	100.00	Under construction				State-subsidized and self-financed
Reconstruction of sinkage dock pit for repairing and berthing of 150 meters floating dock	29,800,000.00	14,801,665.88	7,900,911.99	9,110,811.49		13,691,766.38	76.18	Under construction				Self-financed
Aluminum workshop extension project in Changzhou	26,100,000.00	6,271,450.36	6,607,823.41	1,827,610.62		11,051,663.15	62.13	Under construction				Self-financed
Adaptability reconstruction project of hull assembly and welding site in Changzhou	17,200,000.00	3,471,394.75	5,325,892.26			8,797,287.01	51.15	Under construction				Self-financed
<b>Total</b>		189,836,419.37	80,742,726.76	75,117,714.86	2,147,742.16	193,313,689.11						

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (XVII) Right-of-use assets

Item	Land	Buildings and structures	Machines and equipment	Total
1. Original carrying amount				
(1) Beginning balance	33,250,756.72	239,890,226.46	29,867.31	273,170,850.49
(2) Increase for the period				
(3) Decrease for the period		1,756,382.96		1,756,382.96
– Disposal		1,756,382.96		1,756,382.96
(4) Ending balance	33,250,756.72	238,133,843.50	29,867.31	271,414,467.53
2. Accumulated depreciation				
(1) Beginning balance	20,683,896.91	63,089,586.20	29,867.31	83,803,350.42
(2) Increase for the period	3,182,186.22	19,675,110.97		22,857,297.19
– Provision made	3,182,186.22	19,675,110.97		22,857,297.19
(3) Decrease for the period				
(4) Ending balance	23,866,083.13	82,764,697.17	29,867.31	106,660,647.61
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	9,384,673.59	155,369,146.33		164,753,819.92
(2) Carrying value at the beginning of the period	12,566,859.81	176,800,640.26		189,367,500.07

Other explanations: The depreciation of right-of-use assets recognized in the profit and loss during the period is RMB22,857,297.19 (last period: RMB12,267,336.12).

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (XVIII) Intangible assets

### 1. Breakdown of intangible assets

Item	Land use rights	Software	Others	Total
1. Original carrying amount				
(1) Beginning balance	1,014,357,263.86	130,213,817.36	1,063,675.00	1,145,634,756.22
(2) Increase for the period		1,648,411.65		1,648,411.65
– Purchase		1,648,411.65		1,648,411.65
(3) Decrease for the period				
(4) Ending balance	1,014,357,263.86	131,862,229.01	1,063,675.00	1,147,283,167.87
2. Accumulated amortisation				
(1) Beginning balance	160,007,866.54	51,325,835.09	684,555.44	212,018,257.07
(2) Increase for the period	10,188,418.86	5,036,403.19	152,792.58	15,377,614.63
– Provision made	10,188,418.86	5,036,403.19	152,792.58	15,377,614.63
(3) Decrease for the period				
(4) Ending balance	170,196,285.40	56,362,238.28	837,348.02	227,395,871.70
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	844,160,978.46	75,499,990.73	226,326.98	919,887,296.17
(2) Carrying value at the beginning of the period	854,349,397.32	78,887,982.27	379,119.56	933,616,499.15

Other explanations:

- (1) There were no intangible assets arising from internal research and development of the Company during the period.
- (2) The amortisation of intangible assets recognised in profit or loss during the period is RMB15,377,614.63 (last period: RMB14,104,233.52).
- (3) Land use rights analysed by region and term:

Item	Ending balance	Beginning balance
Within China	<b>844,160,978.46</b>	854,349,397.32
Including: Medium term (10-50 years)	<b>844,160,978.46</b>	854,349,397.32
<b>Total</b>	<b>844,160,978.46</b>	854,349,397.32

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

None.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (XIX) Research and development expenses

Item	Increase for the period		Decrease for the period		Ending balance	Capitalization start point	Detailed basis for capitalization	Period-end R&D Progress
	Beginning balance	Internal research and development expenses	Others	Recognized as intangible assets				
Research on technologies of design and building of two thousand tons self-propelled wind power platform		16,773,387.52						
Research on key technologies of design and building of intelligent support mother ship		15,573,531.34						
Research on key technologies of design and construction of 85000 tons new Panama bulk carrier		12,381,529.89						
Research on key technologies of the final assembly and construction of natural gas hydrate drilling vessel (Dayang Drilling)		10,873,054.76						
Research and development and application verification of 1561 aluminum alloy (Russian system) and its supporting materials		9,335,343.20						
Research on key construction technology of deep-water drilling vessels (self-financed)		9,171,250.55						
DO research of localized design and building technologies		8,282,661.24						
Research on key construction technologies of deep-water drilling and mining vessels (Special project)		7,775,896.04						
Research on key technologies for design and construction of natural gas hydrate drilling vessels		7,127,489.77						
Research and development of advanced manufacturing process tooling for marine engineering equipment (Phase II)		6,009,289.94						
Research on key technologies of XXMB design and construction		5,814,491.71						
Research, application, and industrialization of intelligent manufacturing technology of steel pipe piles for offshore wind power		5,289,820.46						
Research on key construction technology of 9500m <sup>3</sup> B-type multi-purpose gas carrier		5,026,058.43						
Research on key technologies of design and construction of 4500 m <sup>3</sup> trailing suction hopper dredger		4,954,210.63						
Research and application of integrated platform		4,943,239.78						
Research on key technologies of design and construction of 1080TEU container vessels		4,309,442.76						
Research on key technologies of design and construction of 5000m <sup>3</sup> LPG carrier		4,263,850.85						
Research on key technologies of design and construction of Dexiang 1900TEU container vessels		3,995,125.48						
Research on optimization and upgrading of 8500DWT bulk carrier		3,779,355.12						
Research on key technologies of design and construction of research and development, design, and construction of 3000TEU container vessels		3,735,355.04						



# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

Item	Increase for the period		Decrease for the period		Ending balance	Capitalization start point	Detailed basis for capitalization	Period-end R&D Progress
	Beginning balance	Internal research and development expenses	Others	Recognized as intangible assets				
Research on key technologies of design and construction of Hainan maritime large-scale patrol and rescue ship		3,365,679.20			3,365,679.20			
Ship advanced manufacturing process tooling research and development (Phase II)		2,877,956.44			2,877,956.44			
Large-scale JYJ research and production critical information infrastructure security controllable application demonstration project		2,749,239.18			2,749,239.18			
Test bench for B10 seawater pipeline system		2,712,247.64			2,712,247.64			
Research on construction technology of C-type tank for LNG carrier		2,583,150.23			2,583,150.23			
Research on new welding technology for special vessels (Phase I)		2,510,368.33			2,510,368.33			
Research on key technologies of design and construction of Evergreen 2300TEU vessel		2,380,379.20			2,380,379.20			
Research on key technologies of design and construction of Egypt 75T tugboat		2,139,442.81			2,139,442.81			
Research on friction stir welding technology of static shaft shoulder of fillet weld of aluminum alloy ribbed panel		2,085,289.99			2,085,289.99			
Research on construction and installation technology of steel bridge of large highway interchange		2,072,145.80			2,072,145.80			
Other projects		46,242,092.84			46,242,092.84			
<b>Total</b>		221,092,386.17			221,092,386.17			

  

Item	Increase for the period		Amortisation for the period	Other decreases	Ending balance
	Beginning balance	Increase for the period			
General tooling	20,417,433.97		2,402,279.40		18,015,154.57
Collective dormitory renovation project	11,335,540.98		581,309.82		10,754,231.16
High span roof restoration project	7,841,596.72		402,133.14		7,439,463.58
Camteen upgrading project	5,824,520.05		293,673.30		5,530,846.75
13-metre beam of shipyard division	5,033,448.74		431,438.46		4,602,010.28
Other projects	784,103.56		115,534.17		668,569.39
<b>Total</b>	51,236,644.02		4,226,368.29		47,010,275.73

(XX)

Long-term prepaid expenses

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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	1,608,278,002.60	267,098,946.70	1,636,466,945.46	264,850,237.38
Provision for impairment of assets	207,212,303.34	34,081,171.14	326,288,661.94	51,928,163.35
Estimated liabilities	145,390,193.27	24,849,114.44	130,900,198.10	22,417,370.43
Payroll for retired employees	171,769,552.76	25,840,909.95	171,769,552.76	25,840,909.95
Change in fair value of investments in other equity instruments	9,244,420.80	1,386,663.12		
<b>Total</b>	<b>2,141,894,472.77</b>	<b>353,256,805.35</b>	2,265,425,358.26	365,036,681.11

### 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 other equity instruments	1,287,425,761.61	320,130,894.82	2,559,933,005.39	637,371,527.58
Change in fair value of financial instruments held-for-trading	83,758,359.20	13,586,153.89	178,721,282.17	26,849,292.34
<b>Total</b>	<b>1,371,184,120.81</b>	<b>333,717,048.71</b>	2,738,654,287.56	664,220,819.92

### 3. Breakdown of unrecognised deferred tax assets

Item	Ending balance	Beginning balance
Deductible temporary difference	688,759.61	68,251,782.82
Deductible tax loss	177,191,162.47	166,063,893.79
<b>Total</b>	<b>177,879,922.08</b>	234,315,676.61

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

Year	Ending balance	Beginning balance	Notes
2022	1,033,109.02	1,033,109.02	
2023	14,193,633.58	23,991,883.51	
2024	30,902,123.98	30,902,123.98	
2025	81,732,291.22	81,732,291.22	
2026	46,886.17	46,886.17	
2027	19,556,715.49	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	
2031	6,617,822.18	6,617,822.18	
2032	5,256,705.05		
<b>Total</b>	<b>177,191,162.47</b>	166,063,893.79	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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	Carrying value	Book balance	Provision for bad debts	Carrying value
Relocation expenses to be written off	499,031,241.57		499,031,241.57	474,655,401.48		474,655,401.48
Advances for non-current assets	55,377,807.47		55,377,807.47	56,453,646.07		56,453,646.07
Hedging instrument	286,636,356.49		286,636,356.49	196,955,482.65		196,955,482.65
<b>Total</b>	<b>841,045,405.53</b>		<b>841,045,405.53</b>	728,064,530.20		728,064,530.20

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	100,052,777.78	
Credit loans	3,358,259,440.97	1,914,936,125.56
<b>Total</b>	<b>3,458,312,218.75</b>	1,914,936,125.56

### 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 2.5372%.

## (XXIV) Notes payable

Types of notes	Ending balance	Beginning balance
Bank acceptance bills	2,795,886,419.83	2,177,906,127.63
Commercial acceptance bills	70,884,100.00	346,739,464.63
<b>Total</b>	<b>2,866,770,519.83</b>	2,524,645,592.26

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, RMB2,217,026,571.42 had an ageing of less than 180 days, and RMB649,743,948.41 had an ageing of 181-360 days.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (XXV) Accounts payable

### 1. Breakdown of accounts payable

Item	Ending balance	Beginning balance
Materials purchased	4,190,558,259.34	4,630,638,571.97
Payment for projects under construction	42,921,220.72	105,650,476.71
Balance of project payment	2,327,340.85	
Retention money	504,177,173.35	634,496,577.80
Other construction and labour services	1,136,819,467.99	481,093,125.83
<b>Total</b>	<b>5,876,803,462.25</b>	<b>5,851,878,752.31</b>

### 2. 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 Complete Logistics (Guangzhou) Co., Ltd	245,522,430.68	544,813.65	Tentative estimation of arrears and retention money
Guangzhou Wenchong Industrial Co., Ltd.	122,559,683.67	107,569,190.47	Tentative estimation of arrears and retention money
Nanjing Keruida Electronic Equipment Co., Ltd.	101,273,000.00	95,442,000.00	Tentative estimation of arrears and retention money
Guangzhou Ship Industrial Co., Ltd.	42,293,125.67	35,602,271.42	Tentative estimation of arrears and retention money
Chongqing Changan Industry (Group) Co., Ltd.	32,859,130.00	5,459,130.00	Tentative estimation of arrears and retention money
China United Shipbuilding Company Limited	27,361,154.86	17,700,863.66	Tentative estimation of arrears and retention money
Wenzhou Bohong Electric Co., Ltd	19,673,429.58	19,673,429.58	Tentative estimation of arrears and retention money
Guangzhou Haige Communications Group Incorporated Company	18,517,786.00	7,195,786.00	Tentative estimation of arrears and retention money
Changshu Electronic Instrument Factory	17,620,681.62	17,620,681.62	Tentative estimation of arrears and retention money
Shaanxi Diesel Engine Heavy Industry Co., Ltd.	15,127,990.00	8,830,126.00	Tentative estimation of arrears and retention money
Shanghai Haixun Mechanical and Electrical Engineering Co., Ltd	14,611,357.33	8,792,757.33	Tentative estimation of arrears and retention money
Changzhou Hui Feng Marine Accessories Manufacturing Co., Ltd	11,795,299.46	11,795,299.46	Tentative estimation of arrears and retention money
Fujian Haiyi Ship Equipment Co., Ltd.	11,180,871.00	11,180,871.00	Tentative estimation of arrears and retention money
Shanghai Broadcasting and TV Communication Technology Co., Ltd.	10,181,145.45	8,946,645.45	Tentative estimation of arrears and retention money
<b>Total</b>	<b>690,577,085.32</b>	<b>356,353,865.64</b>	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (XXVI) Contract liabilities

### 1. Information on contract liabilities

Item	Ending balance	Beginning balance
Advance from customers for shipbuilding products	10,663,239,389.49	6,633,231,156.70
Advance from customers for offshore engineering products	695,914,812.69	777,738,317.57
Advance from customers for steel structures	12,414,091.49	266,858,106.50
Advance from customers for ship maintenance and modification	1,508,893,232.41	1,632,015,796.31
Advance from customers for electro-mechanical products and others	450,273,835.39	38,996,148.47
<b>Total</b>	<b>13,330,735,361.47</b>	<b>9,348,839,525.55</b>

Other explanations: The income included in the beginning carrying value was recognised as RMB1,550,306,582.03 in the period.

### 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	4,030,008,232.79	When revenue is recognized 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 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	-81,823,504.88	
Advance from customers for steel structures	-254,444,015.01	
Advance from customers for ship maintenance and modification	-123,122,563.90	
Advance from customers for electro-mechanical products and others		
	411,277,686.92	
<b>Total</b>	<b>3,981,895,835.92</b>	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (XXVII) 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	255,461.50	1,311,530,360.15	1,193,479,301.19	<b>118,306,520.46</b>
Post-employment benefits – defined contribution plans	105,794.00	67,793,224.89	67,899,018.89	
Termination benefits		306,349.00	306,349.00	
<b>Total</b>	<b>361,255.50</b>	<b>1,379,629,934.04</b>	<b>1,261,684,669.08</b>	<b>118,306,520.46</b>

### 2. Short-term remuneration

Item	Beginning balance	Increase for the period	Decrease for the period	Ending balance	
(1) Salaries, bonuses, allowances and subsidies		385,818,615.94	276,863,669.22	<b>108,954,946.72</b>	
(2) Employee benefits		12,894,304.76	7,144,648.81		
(3) Social insurance contribution		21,522,198.47	21,522,198.47	<b>5,749,655.95</b>	
Including: Medical insurance contribution		20,546,445.10	20,546,445.10		
Work-related injury insurance contribution		975,753.37	975,753.37		
Maternity insurance contribution					
(4) Housing fund		40,390,748.00	40,390,748.00	<b>3,601,917.79</b>	
(5) Labour union & employee education funds	255,461.50	11,033,534.18	7,687,077.89		
(6) Short-term paid leaves					
(7) Short-term benefits sharing scheme					
(8) Outsourcing labour costs and others		839,870,958.80	839,870,958.80		
<b>Total</b>	<b>255,461.50</b>	<b>1,311,530,360.15</b>	<b>1,193,479,301.19</b>		<b>118,306,520.46</b>

### 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 period were as follows:

Item	Beginning balance	Increase for the period	Decrease for the period	Ending balance
Basic pension insurance		49,863,171.72	49,863,171.72	
Unemployment insurance contribution		1,047,594.17	1,047,594.17	
Enterprise annuity	105,794.00	16,882,459.00	16,988,253.00	
<b>Total</b>	<b>105,794.00</b>	<b>67,793,224.89</b>	<b>67,899,018.89</b>	

Note: The defined benefit plan contributions payable by the Group for the period amounted to RMB 67,793,224.89 (last period: RMB 59,140,936.15). As at the end of the period, contribution payable of the Group amounting to RMB0 (as at the beginning of the year: RMB0) was due and outstanding during the Reporting Period, which had been paid subsequent to the end of the Reporting Period.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (XXVIII) Taxes payable

Item	Ending balance	Beginning balance
Value-added tax	7,225,673.37	2,278,478.72
Enterprise income tax	14,336,285.57	14,340,743.42
Individual income tax	844,011.90	12,758,363.82
City maintenance and construction tax	262,064.17	152,170.21
Property tax	1,903,036.59	373,607.11
Educational surcharge	187,188.71	108,693.01
Land use tax	578,627.55	919.92
Stamp duty	925,500.79	5,027,135.48
Environmental protection tax	2,171.76	6,147.78
<b>Total</b>	<b>26,264,560.41</b>	<b>35,046,259.47</b>

## (XXIX) Other payables

Item	Ending balance	Beginning balance
Interest payable		312,941.09
Dividends payable	195,376,821.25	
Other payables	196,473,332.08	184,932,612.65
<b>Total</b>	<b>391,850,153.33</b>	<b>185,245,553.74</b>

### 1. Dividends payable

Item	Ending balance	Beginning balance
Dividends for ordinary shares	195,376,821.25	312,941.09
Including: Dividends payable for A shares	113,433,044.75	74,989.77
Dividends payable for H shares	81,943,776.50	237,951.32
<b>Total</b>	<b>195,376,821.25</b>	<b>312,941.09</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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	62,180,148.68	107,295,176.53
Withholding amount for employees	262,419.18	
Payables for temporary receipts	134,030,764.22	77,637,436.12
<b>Total</b>	<b>196,473,332.08</b>	184,932,612.65

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

Item	Ending balance	Including: Amount over one year	Reason for unsettlement or carrying forward
Seafox International Limited	22,037,483.60	22,037,483.60	Tentative estimation of arrears and retention money
Sea Accommodation Resorts Inc	21,717,961.23	20,631,586.57	Tentative estimation of arrears and retention money
Guangzhou Development Zone Treasury Centralized Payment Center	4,724,000.00	1,942,000.00	Tentative estimation of arrears and retention money
DIG Automation Engineering (Wuhan) Co., Ltd.	1,719,700.00	1,719,700.00	Tentative estimation of arrears and retention money
Guangzhou Market Supervision and Administration Bureau	1,330,951.00	1,330,951.00	Tentative estimation of arrears and retention money
Human Resources and Social Security Bureau of Huangpu District, Guangzhou	1,233,534.75	8,534.75	Tentative estimation of arrears and retention money
Yancheng Heshun Marine Engineering Co. (鹽城和順船舶工程有限公司)	1,000,000.00	500,000.00	Tentative estimation of arrears and retention money
Jiangxi Jingan Ship Engineering Co., Ltd. (江西景安船舶工程有限公司)	1,000,000.00	1,000,000.00	Tentative estimation of arrears and retention money
<b>Total</b>	<b>54,763,630.58</b>	49,170,255.92	

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

Item	Ending balance	Beginning balance
Long-term borrowings due within one year	1,222,790,777.77	925,515,625.01
Lease liabilities due within one year	43,903,470.26	25,703,570.91
<b>Total</b>	<b>1,266,694,248.03</b>	951,219,195.92

### (XXXI) Other current liabilities

Item	Ending balance	Beginning balance
Advances from customers for shipbuilding orders cancelled	71,610,821.50	71,610,821.50
Output value-added tax payable	64,194,325.21	53,817,056.52
Bank acceptance of bills that are unexpired and derecognized at the end of period	28,764,226.64	14,335,512.05
Supply chain notes that are not derecognized at the end of the period	26,525,533.56	47,984,518.09
Factoring business that is not derecognized	15,000,000.00	15,000,000.00
<b>Total</b>	<b>206,094,906.91</b>	202,747,908.16



# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (XXXII) Long-term borrowings

Classification of long-term borrowings:

Item	Ending balance	Beginning balance
Guaranteed borrowings	530,279,722.22	1,165,654,958.34
Credit loans	3,127,967,271.10	2,949,277,966.44
<b>Total</b>	<b>3,658,246,993.32</b>	<b>4,114,932,924.78</b>
<b>The carrying amount of the above borrowings shall be repaid:</b>		
Within one year	1,222,790,777.77	925,515,625.01
Over one year but less than two years after balance sheet date	792,539,266.66	932,709,133.33
Over two years but less than five years after balance sheet date	400,312,222.22	1,000,858,611.11
Over five years after balance sheet date	1,242,604,726.67	1,255,849,555.33
<b>Less: Amount due within one year, as shown under current liabilities</b>	<b>1,222,790,777.77</b>	<b>925,515,625.01</b>
<b>Amount shown under non-current liabilities</b>	<b>2,435,456,215.55</b>	<b>3,189,417,299.77</b>

Other explanations:

Details of guarantee: As at the end of the period, of RMB530,000,000.00 was guaranteed by Huangpu Wenchong for Wenchong Shipyard.

Details of interest rates: Long-term borrowing interest rates mainly fluctuate in the range of 1.08-2.81%. As at the end of the period, weighted average annual interest rate of long-term borrowings was 1.9028%.

## (XXXIII) Lease liabilities

Item	Ending balance	Beginning balance
Lease payment amount	187,357,526.46	214,636,815.80
Less: Unrecognized financing cost	16,242,192.58	19,154,267.34
Less: Lease liability due within one year	43,903,470.26	25,703,570.91
<b>Total</b>	<b>127,211,863.62</b>	<b>169,778,977.55</b>

## (XXXIV) 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	134,781,382.97	143,437,341.45
II. Dismissal benefits		
III. Other long-term benefits		
IV. Financial assistance for property purchase	8,487,155.73	8,727,879.00
<b>Total</b>	<b>143,268,538.70</b>	<b>152,165,220.45</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 2022 to 30 June 2022

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

## 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>143,437,341.45</b>	157,759,505.39
2. Cost of defined benefits included in profit or loss for the period	<b>2,334,134.70</b>	5,127,183.98
(1) Service cost for current period	<b>9,111.18</b>	
(2) Service cost for previous period		
(3) Gains on settlement (Loss expressed with "-")		
(4) Net interest	<b>2,325,023.52</b>	5,127,183.98
3. Cost of defined benefits included in other comprehensive income		522,999.81
(1) Gains on settlement (Loss expressed with "-")		522,999.81
4. Other changes	<b>-10,990,093.18</b>	-19,972,347.73
(1) Consideration paid upon settlement	<b>-171,079.84</b>	
(2) Benefits paid	<b>-10,819,013.34</b>	-19,972,347.73
5. Ending balance	<b>134,781,382.97</b>	143,437,341.45

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

Item	Amount for the period	Amount for last period
1. Beginning balance	<b>143,437,341.45</b>	157,759,505.39
2. Cost of defined benefits included in profit or loss for the period	<b>2,334,134.70</b>	5,127,183.98
3. Cost of defined benefits included in other comprehensive income		522,999.81
4. Other changes	<b>-10,990,093.18</b>	-19,972,347.73
5. Ending balance	<b>134,781,382.97</b>	143,437,341.45

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

(1) The actuarial evaluation report was issued by Towers Watson Management Consulting (Shenzhen) Co. Ltd. on 16 April 2020. Actuary: Wu Haichuan, a member of Society of Actuaries, an Actuary of China, and a Chartered Enterprise Risk Analyst.

(2) Actuarial calculation method: projected unit credit method

(3) 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 quits 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 2022 to 30 June 2022

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

(4) Sensitivity analysis of actuarial assumption:

<b>Sensitivity analysis of depreciation rate</b>	<b>Change in present value of determining the obligation of beneficiary plan (RMB ten thousand)</b>
Increase by 0.25 percentage point	-310
Decrease by 0.25 percentage point	323

## (XXXV) Estimated liabilities

Item	Beginning balance	Increase for the period	Decrease for the period	Ending balance	Reasons
Product quality warranty	116,301,121.03	21,856,756.72	13,199,275.52	<b>124,958,602.23</b>	Provision for maintenance fee Expected loss exceeding carrying value of assets
Pending loss contract	1,223,696.25		856,574.93	<b>367,121.32</b>	
<b>Total</b>	<b>117,524,817.28</b>	<b>21,856,756.72</b>	<b>14,055,850.45</b>	<b>125,325,723.55</b>	

## (XXXVI) Deferred income

Item	Beginning balance	Increase for the period	Decrease for the period	Ending balance	Reasons
Government grants	89,607,608.17	35,797,923.63	22,634,743.43	<b>102,770,788.37</b>	
<b>Total</b>	<b>89,607,608.17</b>	<b>35,797,923.63</b>	<b>22,634,743.43</b>	<b>102,770,788.37</b>	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

Projects with government grants:

Items of liability	Beginning balance	New grants received during the period	Amount included in non-operating income for the period	Amount included in other income for the period	Other changes	Ending balance	Relating to assets/relating to revenue
Research on key technologies for the assembly and construction of gas hydrate drilling and production ship (Ocean Drilling)	17,820,000.00	17,000,000.00			3,360,000.00	31,460,000.00	Relating to revenue
Research of localized design and building technologies	29,790,000.00			5,000,000.00		24,790,000.00	Relating to revenue
Research and development of future type of marine intelligent air-sea submarine integrated unmanned system mothership		13,500,000.00				13,500,000.00	Relating to revenue
Research on key technologies of design and construction of deep-water drilling vessels	17,950,000.00			5,000,000.00	510,000.00	12,440,000.00	Relating to revenue
Separation and transfer of water, power and gas supply and property management business	5,378,669.94		910,064.94			4,468,605.00	Relating to revenue
Manufacturing big data-driven predictive operation and precise service technology and system	2,680,000.00					2,680,000.00	Relating to revenue
Research on intelligent manufacturing standards for ship assembly	1,220,000.00	730,000.00				1,950,000.00	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
Large-scale JYJC research and production critical information infrastructure security controllable application demonstration project	1,340,000.00					1,340,000.00	Relating to revenue
Research on key technologies and software development and application of domestic 3D CAD for ships		1,300,000.00				1,300,000.00	Relating to revenue
Development and application of key technologies of high-end underwater welding power source	1,250,000.00					1,250,000.00	Relating to revenue
Scientific research grant for development and application demonstration of floating offshore wind power equipment	10,678,938.23	2,500,000.00		1,334,119.81	1,000,000.00	1,165,880.19	Relating to revenue
Other projects		767,923.63		5,520,558.68		4,926,303.18	Relating to revenue
<b>Total</b>	89,607,608.17	35,797,923.63	910,064.94	16,854,678.49	4,870,000.00	102,770,788.37	

Note: Other changes represent transfers to participating units.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (XXXVII) Other non-current liabilities

Items	Ending balance	Beginning balance
Hedged item	282,169,516.49	196,955,482.65
<b>Total</b>	<b>282,169,516.49</b>	<b>196,955,482.65</b>

## (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					Ending balance	
	Amount	Percentage (%)	Issue of new shares	Bonus issue	Conversion from reserve	Others	Sub-total	Amount	Percentage (%)
<b>Shares not subject to selling restriction</b>									
Ordinary shares denominated in RMB	821,435,181.00	58.11						821,435,181.00	58.11
Overseas listed foreign shares	592,071,197.00	41.89						592,071,197.00	41.89
<b>Shares subject to selling restriction</b>									
Ordinary shares denominated in RMB									
Shares held by foreign investors									
<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					Ending balance	
	Amount	Percentage (%)	Issue of new shares	Bonus issue	Conversion from reserve	Others	Sub-total	Amount	Percentage (%)
<b>Shares not subject to selling restriction</b>									
Ordinary shares denominated in RMB	821,435,181.00	58.11						821,435,181.00	58.11
Overseas listed foreign shares	592,071,197.00	41.89						592,071,197.00	41.89
<b>Shares subject to selling restriction</b>									
Ordinary shares denominated in RMB									
Shares held by foreign investors									
<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.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (XXXIX) Capital reserve

### Current period

Item	Beginning balance	Increase for the period	Decrease for the period	Ending balance
Share premium	9,308,196,115.28			9,308,196,115.28
Other capital reserve	67,095,324.30	628.21		67,095,952.51
Capital reserves transferred from the original system	18,260,878.79			18,260,878.79
<b>Total</b>	<b>9,393,552,318.37</b>	<b>628.21</b>		<b>9,393,552,946.58</b>

Note: The increase in other capital reserves 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	9,224,996,115.28	83,200,000.00		9,308,196,115.28
Other capital reserve	66,565,036.68		58,228.98	66,506,807.70
Capital reserves transferred from the original system	18,260,878.79			18,260,878.79
<b>Total</b>	<b>9,309,822,030.75</b>	<b>83,200,000.00</b>	<b>58,228.98</b>	<b>9,392,963,801.77</b>

Note: The increase in share capital premium for last period was due to the increase in the state-owned exclusive 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.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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 the parent company after tax	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	1,887,264,923.58 -67,101,055.24 -278,660.34	-1,281,902,392.88 786,425.81	-318,627,295.89 140,573.05	-696,664.28	-956,278,232.71 645,852.76	-6,996,864.28	910,966,690.87 -67,101,055.24 367,192.42
2. Other comprehensive income that will be subsequently reclassified to profit or loss Including: Exchange differences arising from translation of foreign currency financial statements	1,834,644,639.16 -3,512,411.02 -3,512,411.02	-1,232,688,818.69 2,671,901.34 2,671,901.34	-318,767,868.94	-6,996,864.28	-956,924,085.47 1,442,615.79 1,442,615.79	-6,996,864.28 1,229,285.55 1,229,285.55	977,720,553.69 -2,069,795.23 -2,069,795.23
<b>Total other comprehensive income</b>	1,883,782,512.56	-1,279,230,491.54	-318,627,295.89	-696,664.28	-954,835,616.92	-5,767,578.73	908,916,895.64

## 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 the parent company after tax	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	701,678,387.92 -66,863,030.09 -1,977,674.93	-265,417,165.89 1,036,933.89	-65,632,518.05	-3,790,969.87	-195,993,697.97 1,036,933.89	-3,790,969.87	505,694,689.95 -66,863,030.09 -940,741.04
2. Other comprehensive income that will be subsequently reclassified to profit or loss Including: Exchange differences arising from translation of foreign currency financial statements	770,509,092.94 -2,667,954.02 -2,667,954.02	-266,454,119.78 -678,630.88 -678,630.88	-65,632,518.05	-3,790,969.87	-197,030,631.86 -312,445.21 -312,445.21	-3,790,969.87 -266,245.67 -266,245.67	573,478,461.08 -2,970,399.23 -2,970,399.23
<b>Total other comprehensive income</b>	699,020,433.50	-265,995,876.77	-65,632,518.05	-4,057,215.54	-196,306,143.18	-4,057,215.54	502,714,290.72

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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		24,059,691.07	24,059,691.07	
<b>Total</b>		24,059,691.07	24,059,691.07	

### Last 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	

## (XLII) Surplus reserve

### Current period

Item	Beginning balance	Increase for the period	Decrease for the period	Ending balance
Statutory surplus reserve	1,022,477,465.30			1,022,477,465.30
Discretionary surplus reserve	19,920,770.23			19,920,770.23
<b>Total</b>	1,042,398,235.53			1,042,398,235.53

### Last 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

## (XLIII) Undistributed profits

Item	Current period	Last period
Undistributed profits as at the end of last year before adjustment	1,811,537,356.69	1,973,789,791.39
Total year-beginning adjustment to undistributed profit (increase +, decrease -)		
Undistributed profits as at the beginning of the year after adjustment	1,811,537,356.69	1,973,789,791.39
Add: Net profit attributable to owners of the Company for the period	18,906,736.89	-95,042,597.22
Add: Transfer from other comprehensive income to retained earnings		
Less: Statutory surplus reserve set aside		
Dividends payable on ordinary shares	195,063,880.16	234,642,058.75
<b>Undistributed profits as at the end of the period</b>	<b>1,635,380,213.42</b>	<b>1,644,105,135.42</b>

## (XLIV) Minority interests

Name of subsidiary	Minority shareholding percentage (%)	Ending balance	Beginning balance
Huangpu Wenchong	45.46	3,139,671,531.78	3,135,771,906.78
Zhanjiang Nanhai	40.00	2,838,329.22	2,668,109.48
Wenchong Bingshen	40.00	2,287,708.67	2,086,083.37
Wah Shun	1.00	83,991.12	58,226.18
Wah Loong	1.00	562,410.20	486,261.86
Xingji	62.50	3,860,865.31	4,503,827.05
CSSC New Energy	38.04	488,689.58	497,262.41
<b>Total</b>		<b>3,149,793,525.88</b>	<b>3,146,071,677.13</b>



# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (XLV) Net current assets

Item	Ending balance	Beginning balance
Current assets	<b>29,413,160,745.16</b>	24,081,724,836.35
Less: Current liabilities	<b>27,541,831,951.44</b>	21,014,920,168.47
<b>Net current assets</b>	<b>1,871,328,793.72</b>	3,066,804,667.88

## (XLVI) Total assets less current liabilities

Item	Ending balance	Beginning balance
Total assets	<b>48,635,299,841.48</b>	44,265,408,872.54
Less: Current liabilities	<b>27,541,831,951.44</b>	21,014,920,168.47
<b>Total assets less current liabilities</b>	<b>21,093,467,890.04</b>	23,250,488,704.07

## (XLVII) Borrowings

Details of the borrowings of the Group are as follows:

Item	Ending balance	Beginning balance
Short-term borrowings	<b>3,458,312,218.75</b>	1,914,936,125.56
Non-current liabilities due within one year	<b>1,222,790,777.77</b>	925,515,625.01
Long-term borrowings	<b>2,435,456,215.55</b>	3,189,417,299.77
<b>Total</b>	<b>7,116,559,212.07</b>	6,029,869,050.34

### 1. Analysis of borrowings

Item	Ending balance	Beginning balance
Bank borrowings		
– Bank borrowings repayable within 5 years	<b>5,873,954,485.40</b>	3,633,182,967.22
– Bank borrowings repayable after 5 years	<b>1,242,604,726.67</b>	1,255,849,555.33
Other borrowings		
– Other borrowings repayable within 5 years		1,140,836,527.79
– Other borrowings repayable after 5 years		
<b>Total</b>	<b>7,116,559,212.07</b>	6,029,869,050.34

### 2. Analysis of maturity of borrowings

Item	Ending balance	Beginning balance
Repay on demand or within one year	<b>4,681,102,996.52</b>	2,840,451,750.57
1-2 years	<b>792,539,266.66</b>	932,709,133.33
2-5 years	<b>400,312,222.22</b>	1,000,858,611.11
Over 5 years	<b>1,242,604,726.67</b>	1,255,849,555.33
<b>Total</b>	<b>7,116,559,212.07</b>	6,029,869,050.34

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (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	4,160,766,950.01	3,898,470,735.17	4,643,105,717.32	4,371,224,933.52
Other businesses	110,435,550.98	79,177,579.78	74,444,736.16	54,199,848.48
<b>Total</b>	<b>4,271,202,500.99</b>	<b>3,977,648,314.95</b>	<b>4,717,550,453.48</b>	<b>4,425,424,782.00</b>

### Gross profit from principal business

Item	Amount for the period	Amount for last period
Income from principal business	4,160,766,950.01	4,643,105,717.32
Costs of principal business	3,898,470,735.17	4,371,224,933.52
Gross profit	262,296,214.84	271,880,783.80

#### (1) Principal business – by product

Product name	Amount for the period	Amount for last period
<b>Income from principal business</b>		
Ship products	2,589,378,267.07	3,183,208,527.53
Including:		
Bulk carriers	344,416,556.28	123,228,565.56
Oil tankers		
Containerships	531,870,908.65	1,170,863,660.88
Special ships and others	1,713,090,802.14	1,889,116,301.09
Offshore engineering products	84,928,937.95	347,174,694.45
Steel structures	775,090,667.39	904,208,483.16
Ship maintenance and modification	647,574,516.39	106,629,134.14
Electro-mechanical products and others	63,794,561.21	101,884,878.04
<b>Total</b>	<b>4,160,766,950.01</b>	<b>4,643,105,717.32</b>
<b>Costs of principal business</b>		
Ship products	2,448,124,903.74	3,038,571,115.85
Including:		
Bulk carriers	342,915,184.61	115,670,344.10
Oil tankers		
Containerships	498,583,945.74	1,141,976,569.54
Special ships and others	1,606,625,773.39	1,780,924,202.21
Offshore engineering products	-14,503,235.64	341,305,426.57
Steel structures	747,235,316.31	811,776,809.54
Ship maintenance and modification	659,777,279.77	102,552,097.59
Electro-mechanical products and others	57,836,470.99	77,019,483.97
<b>Total</b>	<b>3,898,470,735.17</b>	<b>4,371,224,933.52</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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>3,986,055,902.55</b>	3,684,741,526.10
Other regions in Asia	<b>9,000,889.61</b>	356,554,846.72
Europe		212,157,768.26
Oceania		381,952,035.08
North America	<b>165,710,157.85</b>	
Africa		7,699,541.16
<b>Total</b>	<b>4,160,766,950.01</b>	4,643,105,717.32
<b>Costs of principal business</b>		
China (including Hong Kong, Macau and Taiwan)	<b>3,723,880,122.43</b>	3,373,388,480.21
Other regions in Asia	<b>8,407,148.77</b>	387,159,965.19
Europe		198,060,354.21
Oceania		376,551,732.94
North America	<b>166,183,463.97</b>	
Africa		36,064,400.97
<b>Total</b>	<b>3,898,470,735.17</b>	4,371,224,933.52

(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>68,830,497.53</b>	53,828,115.30
Provision of service	<b>232,409.32</b>	152,539.26
Leasing	<b>35,351,116.47</b>	16,205,916.79
Provision of energy	<b>2,951,762.30</b>	2,604,616.24
Others	<b>3,069,765.36</b>	1,653,548.57
<b>Total</b>	<b>110,435,550.98</b>	74,444,736.16
<b>Costs of other business</b>		
Sale of materials	<b>57,957,973.28</b>	46,056,452.09
Provision of service	<b>36,287.74</b>	30,600.00
Leasing	<b>19,006,524.15</b>	6,118,951.88
Provision of energy	<b>2,576,359.72</b>	2,370,587.13
Others	<b>-399,565.11</b>	-376,742.62
<b>Total</b>	<b>79,177,579.78</b>	54,199,848.48

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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	4,271,202,500.99	4,717,550,453.48
Less: Business income not related to the principal operations	110,435,550.98	74,444,736.16
Less: Commercially non-substantial income		
Operating income less business revenue not related to the principal operations and commercially non-substantial income	4,160,766,950.01	4,643,105,717.32

## 3. Information on revenue from contracts

Breakdown of contracts	Shipbuilding and related business segment	Steel structure business segment	Ship maintenance and related business segment	Others segment	Total
<b>Product type:</b>					
Ship products	2,589,378,267.07				2,589,378,267.07
Offshore engineering products	84,928,937.95				84,928,937.95
Steel structure		775,090,667.39			775,090,667.39
Ship maintenance and modification			647,574,516.39		647,574,516.39
Electromechanical products and others		16,983,512.21		46,811,049.00	63,794,561.21
Other business		25,607,333.98		84,828,217.00	110,435,550.98
<b>Total</b>	<b>2,674,307,205.02</b>	<b>817,681,513.58</b>	<b>647,574,516.39</b>	<b>131,639,266.00</b>	<b>4,271,202,500.99</b>
<b>Region of operation:</b>					
Domestic	1,512,540,510.58	817,681,513.58	647,574,516.39	105,605,602.27	3,083,402,142.82
Overseas	1,161,766,694.44			26,033,663.73	1,187,800,358.17
<b>Total</b>	<b>2,674,307,205.02</b>	<b>817,681,513.58</b>	<b>647,574,516.39</b>	<b>131,639,266.00</b>	<b>4,271,202,500.99</b>
<b>Type of market or customer:</b>					
State-owned enterprises	1,731,916,185.05	768,323,786.56	645,935,171.26	81,206,769.20	3,227,381,912.07
Private enterprises	275,590,075.53	49,357,727.02	1,639,345.13	24,035,824.22	350,622,971.90
Foreign enterprises	666,800,944.44			26,396,672.58	693,197,617.02
<b>Total</b>	<b>2,674,307,205.02</b>	<b>817,681,513.58</b>	<b>647,574,516.39</b>	<b>131,639,266.00</b>	<b>4,271,202,500.99</b>
<b>Type of contracts:</b>					
Fixed price	2,674,307,205.02	817,681,513.58	647,574,516.39	131,578,888.64	4,271,142,123.63
Cost plus				60,377.36	60,377.36
<b>Total</b>	<b>2,674,307,205.02</b>	<b>817,681,513.58</b>	<b>647,574,516.39</b>	<b>131,639,266.00</b>	<b>4,271,202,500.99</b>
<b>Date of transfer of goods:</b>					
Performed over time	2,028,221,913.01	728,137,620.22			2,756,359,533.23
Performed at a point in time	646,085,292.01	89,543,893.36	647,574,516.39	131,639,266.00	1,514,842,967.76
<b>Total</b>	<b>2,674,307,205.02</b>	<b>817,681,513.58</b>	<b>647,574,516.39</b>	<b>131,639,266.00</b>	<b>4,271,202,500.99</b>
<b>By contract term:</b>					
Short-term	231,651,693.06	674,969,832.13	647,574,516.39	40,424,414.91	1,594,620,456.49
Long-term	2,442,655,511.96	142,711,681.45		91,214,851.09	2,676,582,044.50
<b>Total</b>	<b>2,674,307,205.02</b>	<b>817,681,513.58</b>	<b>647,574,516.39</b>	<b>131,639,266.00</b>	<b>4,271,202,500.99</b>
<b>By sales channel:</b>					
Direct sales	2,674,307,205.02	817,681,513.58	647,574,516.39	131,639,266.00	4,271,202,500.99
Sale through distributors					
<b>Total</b>	<b>2,674,307,205.02</b>	<b>817,681,513.58</b>	<b>647,574,516.39</b>	<b>131,639,266.00</b>	<b>4,271,202,500.99</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

#### 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 the end of this period was RMB39,968,922,400, of which RMB6,430,667,100 is expected to be recognised as revenue in 2022; RMB12,374,047,300 is expected to be recognised as revenue in 2023.

#### 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	1,222,921,964.90	29.39
Customer 2	Non-related party	345,122,569.09	8.29
Customer 3	Non-related party	278,622,683.32	6.70
Customer 4	Non-related party	268,769,042.74	6.46
Customer 5	Non-related party	244,953,990.83	5.89
<b>Total</b>		<b>2,360,390,250.88</b>	<b>56.73</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 China Shipbuilding Group	2,160,257,018.71	55.41
Supplier 2	Non-related party	166,178,000.00	4.26
Supplier 3	Non-related party	68,740,000.00	1.76
Supplier 4	Non-related party	55,352,930.26	1.42
Supplier 5	Non-related party	14,705,756.73	0.38
<b>Total</b>		<b>2,465,233,705.70</b>	<b>63.23</b>

#### (IL) Taxes and surcharges

Item	Amount for the period	Amount for last period
City maintenance and construction tax	821,411.31	110,058.59
Educational surcharge	596,817.55	78,613.28
Property tax	2,459,619.91	2,719,235.96
Land use tax	579,547.47	1,271,226.55
Vehicle usage tax	48,726.20	45,953.96
Stamp duty	6,067,840.61	1,866,126.36
Environmental protection tax	16,374.15	13,008.95
<b>Total</b>	<b>10,590,337.20</b>	<b>6,104,223.65</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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 last period
Product quality warranty	26,518,642.03	25,402,812.35
Employee benefits	10,360,537.24	7,999,802.74
Business expenditure	405,495.58	382,822.01
Travelling expense	316,794.96	525,090.26
Advertising publicity fee	189,877.37	274,236.08
Other selling expenses	319,008.87	424,029.62
<b>Total</b>	<b>38,110,356.05</b>	<b>35,008,793.06</b>

## (LI) Administrative expenses

Item	Amount for the period	Amount for last period
Employee benefits	134,656,557.61	116,453,621.30
Repairing expenses	31,940,854.35	36,099,806.10
Amortization of intangible assets	13,100,647.72	12,930,648.45
Depreciation charge	10,835,777.10	4,898,893.93
Lease expense	8,174,301.66	8,809,083.12
Business entertainment fee	991,810.12	881,023.30
Security, firefighting and safety activity fee	887,394.90	469,954.47
Boarding meeting fee	861,248.49	2,254,345.46
Warehouse fee	825,101.56	924,389.01
Environmental protection and drainage fee	740,456.04	767,175.93
Travelling expense	614,459.54	1,350,620.36
Office expenses	547,782.04	602,357.31
Insurance premium	304,479.25	207,848.96
Intermediary fee	176,049.46	158,496.28
Logistics service fee	164,050.74	133,673.42
Information management fee	121,462.03	108,380.63
Consulting fee	96,710.81	125,122.06
Utilities expense	39,986.52	36,319.62
Litigation fees		1,303,136.78
Other administrative expense	40,412,716.29	20,737,553.20
<b>Total</b>	<b>245,491,846.23</b>	<b>209,252,449.69</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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 last period
Material fee	122,620,229.70	147,409,739.48
Wages and labor costs	51,304,905.34	51,345,886.06
Outsourcing fee	19,299,615.65	13,484,593.51
Design fee	14,775,855.72	16,111,023.54
Fixed assets usage fee	8,630,281.95	9,048,749.37
Dedicated fee	1,685,261.31	5,125,041.76
Travelling expense	805,869.69	1,050,494.35
Project management fee	441,551.91	581,207.04
Fuel power fee	189,604.71	404,298.88
Service fee	150,381.42	669,874.12
Conference fee	101,360.07	268,270.42
Expert consultation fee	90,580.00	107,700.00
Other	996,888.70	109,480.69
<b>Total</b>	<b>221,092,386.17</b>	<b>245,716,359.22</b>

## (LIII) Finance cost

### 1. Breakdown of finance costs

Item	Amount for the period	Amount for last period
Interest expense	70,720,155.93	62,467,771.74
Including: Interest expenses for lease liabilities	7,572,609.81	1,054,093.52
Less: Interest income	230,567,348.75	109,625,930.22
Exchange losses	-92,419,423.85	17,304,460.53
Other expenses	21,664,527.00	6,220,802.56
<b>Total</b>	<b>-230,602,089.67</b>	<b>-23,632,895.39</b>

### 2. Breakdown of interest expenses

Item	Amount for the period	Amount for last period
Interest on bank borrowings and overdraft	70,756,457.48	56,072,278.62
Interest on bank borrowings due within 5 years		
Other borrowings		6,026,252.96
Interest on other borrowings due within 5 years		4,849,240.16
Other interest expenses	5,263,698.45	66,947,771.74
Sub-total	76,020,155.93	
Less: Interest capitalised	5,300,000.00	4,480,000.00
Less: Finance interest discount		
<b>Total</b>	<b>70,720,155.93</b>	<b>62,467,771.74</b>

### 3. Breakdown of interest income

Item	Amount for the period	Amount for last period
Interest income from bank deposits	194,597,084.67	86,122,465.07
Interest income from receivables	35,970,264.08	23,503,465.15
<b>Total</b>	<b>230,567,348.75</b>	<b>109,625,930.22</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (LIV) Other income

Item	Amount for the period	Amount for last period	Relating to assets/income
Research on localized construction technology	5,000,000.00	4,800,000.00	Relating to income
Research on key technologies of design and construction of deep water drilling vessels	5,000,000.00		Relating to income
Employment subsidies	3,271,727.01	1,721,141.07	Relating to income
Research of common key processes and technologies for smart manufacturing of ships	3,000,000.00	500,000.00	Relating to income
Social security one-time job retention training subsidies	1,936,334.88		Relating to income
Research on collaborative innovation of composite grinding components for high-end equipment	1,480,000.00		Relating to income
Scientific research subsidy for development and application demonstration of floating offshore wind power equipment	1,334,119.81		Relating to income
Maintenance fee	960,000.00		Relating to income
Subsidies for research and application of intelligent manufacturing technology of steel pipe piles for offshore wind power	822,062.19		Relating to income
Business Development Fund for Trade Services	789,100.00		Relating to income
Special funds for promoting high-quality economic development	770,000.00		Relating to income
Central service trade fund	450,000.00		Relating to income
Online on-job skills training	408,512.50		Relating to income
Special fund for Guangzhou business development	399,215.97		Relating to income
Test bench for B10 seawater pipeline system	282,835.20		Relating to income
Refund of handling fee for withholding individual income tax	263,802.99	352,145.69	Relating to income
Onshore service outsourcing projects	183,816.00		Relating to income
Offshore platform project	150,000.00	150,000.00	Relating to assets
Military- civilian integration	100,000.00		Relating to income
Immediately refunded value-added tax	53,982.30	226,106.20	Relating to income
Foundry subsidies		4,356,500.00	Relating to income
High-tech allowance		2,610,300.00	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
High-end equipment industrial mechanism model library		1,400,000.00	Relating to income
Huangpu District training subsidies		511,120.00	Relating to income
Localization development and application verification of 1561 aluminum alloy (Russian series)		450,000.00	Relating to income
Research on key technologies of high-tech ship logistics and assembly system		250,000.00	Relating to income
Post-award grant from military tender		140,000.00	Relating to assets
Other government grants	262,626.87	224,734.89	Relating to income
<b>Total</b>	<b>26,918,135.72</b>	<b>22,308,147.85</b>	

Note: Government grants from other income included in non-recurring gains and losses amounted to RMB26,864,153.42 during the period. Please refer to Note XVI (1) for the reason why the VAT that is levied and refunded amounted to RMB53,982.30 is included in the recurring gains and losses.



# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (LV) Investment income

Item	Amount for the period	Amount for last period
Gain from long-term equity investments accounted under equity method	6,186,446.15	-45,077,233.49
Investment income from disposal of financial assets held-for-trading	-13,654,653.76	7,678,877.50
Dividend income from other investments in equity instruments	192,641.21	252,543.98
Gain from re-measurement of remaining equity interests upon loss of control at fair value	-17,055,563.56	
<b>Total</b>	<b>-24,331,129.96</b>	<b>-37,145,812.01</b>

Note: Investment income from investment in listed companies and non-listed companies for the period amounted to RMB0 (last period: RMB0) and RMB-24,331,129.96 (last period: RMB-37,145,812.01), respectively.

## (LVI) Gain on change in fair value

Source of gain on change in fair value	Amount for the period	Amount for last period
Financial assets held-for-trading Including: gains on fair value changes of derivative financial instruments	17,336,152.70	49,852,986.83
Financial liabilities held-for-trading		
<b>Total</b>	<b>17,336,152.70</b>	<b>49,852,986.83</b>

## (LVII) Credit impairment loss

Item	Amount for the period	Amount for last period
Loss on bad debts of accounts receivable	23,882,692.12	-11,089,101.56
Impairment loss on receivables financing	-16,313.48	
Loss on bad debts of other receivables	278,869.68	-241,954.73
Loss on bad debts of long-term receivables		6,839,448.77
<b>Total</b>	<b>24,145,248.32</b>	<b>-4,491,607.52</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 last period
Loss on impairment of inventories and loss relating to contract performance cost	-25,904,928.57	-9,917,850.86
<b>Total</b>	<b>-25,904,928.57</b>	<b>-9,917,850.86</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 2022 to 30 June 2022

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

## (LIX) Non-operating income

Item	Amount for the period	Amount for last period	Amount included in non-recurring gains and losses for the period
Gain on disposal of non-current asset	232,191.56	745,488.49	232,191.56
Including: Gain on retirement of damaged fixed assets	232,191.56	745,488.49	232,191.56
Government grants not related to day-to-day corporate activities	910,064.94	910,064.94	910,064.94
Penalty income	214,529.00	6,164,861.43	214,529.00
Insurance claims payment	585,573.91		585,573.91
Others	74,177.60	22,931.01	74,177.60
<b>Total</b>	<b>2,016,537.01</b>	<b>7,843,345.87</b>	<b>2,016,537.01</b>

Including: The amount included in non-recurring gains and losses for the period was RMB2,016,537.01 (last period: RMB7,843,345.87).

### Government grants included in non-operating income

Item	Amount for the period	Amount for last period	Relating to assets/ relating to revenue
Subsidy for separation and transfer of water, power and gas supply and property management business	910,064.94	910,064.94	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 RMB0 (last period: RMB0).

## (LX) Non-operating expenses

Item	Amount for the period	Amount for last period	Amount included in non-recurring gains and losses for the current period
Losses on disposal of non-current assets	712,882.16	1,319,332.70	712,882.16
Including: Loss on retirement of damaged fixed assets	712,882.16	1,319,332.70	712,882.16
Penalty and overdue fine		543,109.00	
Net cost of insurance claims		3,734,002.96	
<b>Total</b>	<b>712,882.16</b>	<b>5,596,444.66</b>	<b>712,882.16</b>

Including: The amount included in non-recurring gains and losses for the period was RMB712,882.16 (last period: RMB5,596,444.66).

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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	Amount for the period	Amount for last period
Current income tax expense	39,442.00	519,852.61
(1) China	39,442.00	519,852.61
(2) Hong Kong		
Deferred income tax expense	-96,599.56	-6,736,769.58
<b>Total</b>	<b>-57,157.56</b>	<b>-6,216,916.97</b>

### 2. Reconciliation of accounting profit and income tax expenses

Item	Amount for the period
Total profit	28,338,483.12
Income tax expenses calculated at statutory/applicable tax rate	7,084,620.78
Impact of different tax rates for subsidiaries	3,194,551.98
Impact of adjustment for income tax for previous period	3,023.25
Impact of non-taxable income	-1,589,739.62
Impact of non-deductible costs, expenses and losses	179,066.80
Impact of utilisation of deductible loss for which no deferred tax assets were previously recognised	-3,752,128.81
Impact of deductible temporary differences for which no deferred tax assets or deductible losses were recognised for current period	3,483,707.85
Additional deduction of research and development expense	-8,660,259.79
Income tax expense	-57,157.56

## (LXII) Audit fees and auditors

The audit fees charged for 2022 are RMB1.54 million (2021: RMB1.33 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	Amount for the period	Amount for last period
Depreciation of fixed assets	160,732,847.18	134,765,055.59
Amortisation of intangible assets	15,377,614.63	14,104,233.52
Depreciation of right-of-use assets	22,857,297.19	12,267,336.12
Amortisation of long-term prepaid expenses	4,226,368.29	2,218,651.86
Depreciation of investment properties	3,268,712.52	3,268,712.52
<b>Total</b>	<b>206,462,839.81</b>	<b>166,623,989.61</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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 during the current period was RMB0, and gain on disposal of properties during the current period was RMB0 (gain on disposal of investments in last period was RMB0, gain on disposal of properties in corresponding period of last year was RMB0).

## (LXV) Operating rental expense

Operating rental expense for the period is RMB45,843,929.85 (last period: RMB32,469,763.13), of which rental expense for machinery and equipment is RMB15,489,589.86 (last period: RMB4,181,409.00).

## (LXVI) Rental income

Operating rental income for the period is RMB61,136,466.42 (last period: RMB16,205,916.79), including rental income from land and buildings of RMB35,351,116.47 (last period: RMB15,596,312.50).

## (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	Amount for last period
Raw materials consumed	2,729,604,277.71	2,882,534,452.12
Employee compensation expenses	836,260,329.64	1,051,801,220.53
Product fee	513,749,603.30	343,841,936.53
Depreciation expenses	162,072,352.04	152,162,804.93
Fuel power fee	45,833,690.36	66,659,692.95
Amortisation expenses	19,603,982.92	16,322,885.38
Balance of product payment	16,266,426.47	
Others	158,952,240.96	402,079,391.53
<b>Total</b>	<b>4,482,342,903.40</b>	<b>4,915,402,383.97</b>

## (LXVIII) Items in cash flow statement

### 1. Other cash receipts relating to operating activities

Item	Amount for the period	Amount for last period
Current account receive	257,239,921.30	148,522,244.99
Government grants	41,838,155.33	51,254,083.34
Interest income	58,246,687.45	30,164,519.56
Receipt/recovery of deposit	3,148,664.14	3,640,904.91
Other non-operating income	267,577.21	1,052,258.53
<b>Total</b>	<b>360,741,005.43</b>	<b>234,634,011.33</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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	Amount for last period
Payment of current accounts	225,954,172.25	175,001,373.32
Security, deposit	7,756,934.96	7,253,573.02
Administrative expenses and other expenses	43,807,346.23	58,301,326.17
Reserve funds	16,376,978.17	13,598,142.40
Non-operating expenses		542,856.46
<b>Total</b>	<b>293,895,431.61</b>	<b>254,697,271.37</b>

### 3. Other cash receipts relating to investing activities

Item	Amount for the period	Amount for last period
Refundable fixed deposits and restricted funds over three months	2,737,355,406.00	352,575,622.90
Refundable fixed deposits over three months and interest income on various security deposit	6,407,807.49	33,538,186.67
<b>Total</b>	<b>2,743,763,213.49</b>	<b>386,113,809.57</b>

### 4. Other cash payments relating to investing activities

Item	Amount for the period	Amount for last period
Refundable fixed deposits and restricted funds over three months	6,129,177,454.10	265,481,221.26
<b>Total</b>	<b>6,129,177,454.10</b>	<b>265,481,221.26</b>

### 5. Other cash receipts relating to financing activities

Item	Amount for the period	Amount for last period
State grant		83,200,000.00
<b>Total</b>		<b>83,200,000.00</b>

### 6. Other cash payments relating to financing activities

Item	Amount for the period	Amount for last period
Leased asset expense	537,507.37	2,166,105.73
<b>Total</b>	<b>537,507.37</b>	<b>2,166,105.73</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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	Amount for the period	Amount for last period
<b>1. Reconciliation of net profit and cash flows from operating activities</b>		
Net profit	<b>28,395,640.68</b>	-151,253,576.28
Add: Loss on impairment of credit assets	<b>-24,145,248.32</b>	4,491,607.52
Provision for impairment of assets	<b>25,904,928.57</b>	9,917,850.86
Depreciation of fixed assets	<b>164,001,559.70</b>	138,033,768.11
Depreciation of right-of-use assets	<b>22,857,297.19</b>	12,267,336.12
Amortisation of intangible assets	<b>15,377,614.63</b>	14,104,233.52
Amortisation of long-term prepaid expenses	<b>4,226,368.29</b>	2,218,651.86
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain expressed with "-")		
Loss on retirement of fixed assets (gain expressed with "-")	<b>480,690.60</b>	573,844.21
Loss on changes in fair value (gain expressed with "-")	<b>-17,336,152.70</b>	-49,852,986.83
Finance cost (gain expressed with "-")	<b>54,627,490.57</b>	25,229,905.63
Loss on investments (gain expressed with "-")	<b>24,331,129.96</b>	37,145,812.01
Decrease in deferred tax assets (increase expressed with "-")	<b>13,166,538.88</b>	-10,242,615.74
Increase in deferred tax liabilities (decrease expressed with "-")	<b>-13,263,138.45</b>	3,505,846.16
Decrease in inventories (increase expressed with "-")	<b>-1,636,725,227.26</b>	911,614,759.08
Decrease in operating receivables (increase expressed with "-")	<b>1,954,749,550.58</b>	169,063,067.83
Increase in operating payables (decrease expressed with "-")	<b>662,819,581.39</b>	-2,154,543,109.56
Others		
<b>Net cash flows from operating activities</b>	<b>1,279,468,624.31</b>	-1,037,725,605.50
<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		
Fixed assets acquired under finance lease arrangement		
<b>3. Net changes in cash and cash equivalents</b>		
Ending balance of cash	<b>6,573,112,458.26</b>	3,460,816,725.17
Less: Beginning balance of cash	<b>5,417,061,556.97</b>	5,719,367,108.31
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	<b>1,156,050,901.29</b>	-2,258,550,383.14

### 2. Net cash paid during the period for acquiring subsidiaries

None.

### 3. Net cash received for the disposal of subsidiaries during the period

None.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## 4. Composition of Cash and cash equivalents

Item	Ending balance	Beginning balance
I. Cash	<b>6,573,112,458.26</b>	5,417,061,556.97
Including: Cash on hand	<b>27,780.43</b>	26,324.55
Bank deposits available for use on demand	<b>6,573,084,677.83</b>	5,417,035,232.42
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	<b>6,573,112,458.26</b>	5,417,061,556.97
Including: Cash and cash equivalents of the Company or its subsidiaries subject to restrictions on use		

## (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	<b>7,642,824,513.00</b>	Fixed deposits with maturity of over 3 months, security deposit, etc.
Notes receivable	<b>7,638,701.12</b>	Notes receivable pledged
<b>Total</b>	<b>7,650,463,214.12</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>			649,667,378.25
Including: USD	96,659,443.77	6.7114	648,720,190.92
EUR	11,506.87	7.0084	80,644.75
HKD	1,013,263.07	0.8552	866,542.58
<b>Accounts receivable</b>			8,391,773.42
Including: USD	1,189,212.00	6.7114	7,981,277.42
HKD	480,000.00	0.8552	410,496.00
<b>Long-term receivables</b>			303,659,709.51
Including: USD	45,245,360.06	6.7114	303,659,709.51
<b>Other payables</b>			21,832,256.15
Including: USD	3,253,010.72	6.7114	21,832,256.15

### 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
Wah Sheng International Marine Limited	Hong Kong, China	HKD	Principal activities are dominated in Hong Kong dollars
Wah Cheung International Marine Limited	Hong Kong, China	HKD	Principal activities are dominated in Hong Kong dollars
Wah Hing International Marine Limited	Hong Kong, China	HKD	Principal activities are dominated in Hong Kong dollars
Wah Shui International Marine Limited	Hong Kong, China	HKD	Principal activities are dominated in Hong Kong dollars
Wah Yu International Marine Limited	Hong Kong, China	HKD	Principal activities are dominated in Hong Kong dollars





# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (LXXIII) Government grants

### 1. Basic information on government grants

Type	Amount	Items presented	Amount included in current profit or loss
Research on localized construction technology	5,000,000.00	Other income	5,000,000.00
Research on key technologies of design and construction of deep water drilling vessels	5,000,000.00	Other income	5,000,000.00
Employment subsidies	3,271,727.01	Other income	3,271,727.01
Research of common key processes and technologies for smart manufacturing of ships	3,000,000.00	Other income	3,000,000.00
Social security one-time job retention training subsidies	1,936,334.88	Other income	1,936,334.88
Research on collaborative innovation of composite grinding components for high-end equipment	1,480,000.00	Other income	1,480,000.00
Scientific research subsidy for development and application demonstration of floating offshore wind power equipment	1,334,119.81	Other income	1,334,119.81
Other revenue items under RMB1 million	5,632,151.03	Other income	5,632,151.03
Separation and transfer of water, power and gas supply and property management business	910,064.94	Non-operating income	910,064.94
Interest subsidy for transformation into civil development	5,300,000.00	Finance cost	5,300,000.00
Research on key technologies of assembly and construction of natural gas hydrate drilling vessels(Ocean drilling vessels)	31,460,000.00	Deferred income	
DQ research of localized design and building technologies	24,790,000.00	Deferred income	
Research and development of future type of marine intelligent air-sea submarine integrated unmanned system mothership	13,500,000.00	Deferred income	
Research on key technologies of design and construction of deep-water drilling vessels	12,440,000.00	Deferred income	
Separation and transfer of water, power and gas supply and property management business	4,468,605.00	Deferred income	
Manufacture of prediction and precise servicing technology and system driven by big data	2,680,000.00	Deferred income	
Research on smart manufacturing standards of total assembly of ships	1,950,000.00	Deferred income	
Research on integrated application technologies of intelligent logistics and fine art delivery unit in shipbuilding process	1,500,000.00	Deferred income	
Large-scale JYJC research and production critical information infrastructure security controllable application demonstration project	1,340,000.00	Deferred income	
Research on key technologies and software development and application of domestic 3D CAD for ships	1,300,000.00	Deferred income	
Key technology development and application of high-end underwater welding power source	1,250,000.00	Deferred income	
Scientific research subsidy for development and application demonstration of floating offshore wind power equipment	1,165,880.19	Deferred income	
Deferred revenue items under RMB1 million	4,926,303.18	Deferred income	
<b>Total</b>	<b>135,635,186.04</b>		<b>32,864,397.67</b>

### 2. Information on return of government grants

None.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (LXXIV) Leases

### 1. As lessee

Item	Amount for the current period	Amount for the corresponding period of last year
Interest expense of lease liabilities	7,572,609.81	1,054,093.52
Simplified short-term lease expenses included in the related assets or current profit and loss	16,490,598.54	1,645,136.59
Total cash outflow related to leases	39,399,111.93	21,538,483.68

### 2. As lessor

#### Operating lease

	Amount for the current period	Amount for the corresponding period of last year
Income from operating leases Including: Income related to variable lease payments not included in lease receipts	61,136,466.42	162,784,931.04

The amount of undiscounted leasing receivable after the date of balance sheet:

Remaining leasing term	Amount for the current period	Amount for the corresponding period of last year
Within one year	61,088,867.41	79,553,289.06
Above one year within two years	37,602,239.70	70,883,834.86
Above two years within three years	12,500,000.00	56,528,459.04
Above three years within four years	12,500,000.00	47,132,889.60
Above four years within five years	12,500,000.00	125,791,067.20
Above five years		
<b>Total</b>	<b>136,191,107.11</b>	<b>379,889,539.76</b>

## (LXXV) 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 2022 to 30 June 2022

(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	18,906,736.89	-95,042,597.22
Non-recurring gains and losses attributable to the Company	2	16,828,227.97	40,337,398.93
Net profit attributable to shareholders of the Company, net of non-recurring gains and losses	3=1-2	2,078,508.92	-135,379,996.15
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	0.0134	-0.0672
Basic earnings per share (II)	15=3÷13	0.0015	-0.0958
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)	0.0134	-0.0672
Diluted earnings per share (II)	21=[3+(16-18)×(1-17)]÷(13+19)	0.0015	-0.0958

## (LXXVI) Dividends

Final dividends for the year ended 31 December 2021 totaling RMB195,063,880.16 (last period: RMB234,642,058.75) were declared and paid during the six months ended 30 June 2022.

The Company will not distribute the interim dividends for the six month period ended 30 June 2022 (last period: RMB0).

## VI. CHANGES IN SCOPE OF CONSOLIDATION

During the period, no changes in scope of consolidation and related matters.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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	Type of legal person
				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	21,000.00		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		60.00	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)
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)
Wah Sheung	Hong Kong	Other operating leases relating to machinery and equipment	HK\$10,000		100.00	Establishment through investment	Other company with limited liability (State controlled)
Wah Cheung	Hong Kong	Other operating leases relating to machinery and equipment	HK\$10,000		100.00	Establishment through investment	Other company with limited liability (State controlled)
Wah Hing	Hong Kong	Other operating leases relating to machinery and equipment	HK\$10,000		100.00	Establishment through investment	Other company with limited liability (State controlled)
Wah Shui	Hong Kong	Other operating leases relating to machinery and equipment	HK\$10,000		100.00	Establishment through investment	Other company with limited liability (State controlled)
Wah Yu	Hong Kong	Other operating leases relating to machinery and equipment	HK\$10,000		100.00	Establishment through investment	Other company with limited liability (State controlled)
Subsidiaries indirectly held through four level structures:							
CSSC New Energy	Guangzhou	Liquefied petroleum production and supply	1,800.00		61.88	Establishment through investment	Other company with limited liability

Other explanations:

- (1) 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.
- (2) Xingji and Wenchong Bingshen are both sino-foreign joint ventures.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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%	9,693,380.60		3,139,671,531.78

## 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	1,011,439.03	3,787,265.61	2,730,510.50	322,982.11	3,053,492.61	2,244,905.61
	2,775,826.59			979,900.67	3,224,806.28	2,097,261.90
						394,611.35
						2,491,873.25

Name of subsidiary	Current period			Corresponding period of last year		
	Operating income	Total comprehensive income	Cash flows from operating activities	Operating income	Total comprehensive income	Cash flows from operating activities
Huangpu Wenchong	426,465.59	2,111.70	127,858.54	471,235.02	-13,219.43	-103,676.40
			839.87	-12,327.70		

## 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 2022 to 30 June 2022

(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	18,873,418,140.50	18,649,985,842.14
Including: Cash and cash equivalents	4,377,944,059.27	4,396,166,567.65
Non-current assets	10,212,811,287.21	10,323,462,729.65
Total assets	29,086,229,427.71	28,973,448,571.79
Current liabilities	19,597,769,419.78	18,343,726,157.38
Non-current liabilities	2,324,693,664.18	3,472,680,188.17
Total liabilities	21,922,463,083.96	21,816,406,345.55
Minority interests	75,458,012.00	83,195,797.82
Equity attributable to shareholders of the Company	7,088,308,331.75	7,073,846,428.42
Share of net assets based on shareholding percentage	3,187,206,781.46	3,180,510,659.91
Adjustments	1,741,053,985.75	1,758,109,549.31
Carrying amount of equity investments in associates	4,928,260,767.21	4,938,620,209.22
Operating income	5,293,415,116.82	4,053,799,899.09
Finance costs	-2,095,424.39	95,276,810.27
Income tax expense	-153,389.94	-92,797.83
Net profit	17,049,650.94	-98,441,322.45
Other comprehensive income		2,239,510.98
Total comprehensive income	17,049,650.94	-96,201,811.47

### 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	18,091,448.62	14,058,699.96
Amounts in aggregate in proportion to the shareholdings		
– Net profit	-660,403.24	127,029.94
– Other comprehensive income		
– Total comprehensive income	-660,403.24	127,029.94

### 4. Major restrictions on the ability of joint venture or associate to transfer funds to the Company

None.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## 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.

#### 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	96,659,443.77	210,615,751.96
Cash and cash equivalents-HKD	1,013,263.07	571,931.18
Cash and cash equivalents-EUR	11,506.87	26,506.85
Accounts receivable-USD	1,189,212.00	1,766,992.00
Accounts receivable-HKD	480,000.00	1,436,231.73
Long-term receivables-USD	45,245,360.06	262,310,071.28
Accounts payable-USD		881,910.82
Other payables-USD	3,253,010.72	6,838,346.36

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 with total amount of RMB5,682,082,445.30 (at the beginning of the year: RMB5,670,282,445.30) and floating interest rate contracts denominated in RMB with total amount of RMB1,430,000,000.00 (at the beginning of the year: RMB350,000,000.00).

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.

##### (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.

# NOTES TO THE FINANCIAL STATEMENTS

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## 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.

Apart from the deposits placed with CSSC Finance Company Limited, the Group places bank deposits and other monetary funds with financial institutions with high credit ratings, and therefore their credit risk is relatively low. Deposits placed with finance companies are reconciled with the Group on a regular basis to ensure that the funds on deposit are in proper condition.

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 RMB542,458,826.55 (at the beginning of the year: RMB685,989,205.92) in total; long-term receivables amounted to RMB2,328,000,394.72 (at the beginning of the year: RMB2,438,660,399.78) 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 RMB24.780 billion (at the beginning of the year: RMB21.013 billion).

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>17,576,941,044.49</b>	<b>230,243,941.42</b>	<b>597,400,103.08</b>	<b>4,460,729,712.39</b>	<b>22,865,314,801.38</b>
Cash at bank and on hand	14,215,936,971.26				14,215,936,971.26
Financial assets					
held-for-trading	986,065,684.60				986,065,684.60
Notes receivable	118,450,417.96				118,450,417.96
Accounts receivable	922,779,125.35				922,779,125.35
Receivables financing	2,848,428.60				2,848,428.60
Other receivables	59,693,182.03				59,693,182.03
Long-term receivables	1,271,167,234.69	230,243,941.42	597,400,103.08	293,698,841.33	2,392,510,120.52
<b>Investments in other equity instruments</b>					
Total financial liabilities	13,432,069,224.42	1,274,109,492.25	792,050,931.75	4,167,030,871.06	16,769,552,692.46
Short-term borrowings	3,458,312,218.75				3,458,312,218.75
Notes payable	2,866,770,519.83				2,866,770,519.83
Accounts payable	5,876,803,462.25				5,876,803,462.25
Other payables	196,473,332.08				196,473,332.08
Long-term borrowings	1,022,790,777.77	992,539,266.66	400,312,222.22	1,242,604,726.67	3,658,246,993.32
Lease liabilities	10,918,913.74	281,570,225.59	391,738,709.53	28,718,317.37	712,946,166.23



# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (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 rate 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	39,729,156.26	39,729,156.26	42,304,927.69	42,304,927.69
USD	Weaken by 5% against RMB	-39,729,156.26	-39,729,156.26	-42,304,927.69	-42,304,927.69

### 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%	-13,153,750.00	-13,153,750.00	-13,562,500.00	-13,562,500.00
Floating-rate borrowings	Decrease by 1%	13,153,750.00	13,153,750.00	13,562,500.00	13,562,500.00

## 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

From 1 January 2022 to 30 June 2022

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

## (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	505,109.43	75,336,575.17	910,224,000.00	986,065,684.60
1. Financial assets at fair value through profit or loss	505,109.43		910,224,000.00	910,729,109.43
(1) Investment in equity instruments	505,109.43			505,109.43
(2) Entrusted wealth management products			910,224,000.00	910,224,000.00
2. Financial assets designated at fair value through profit or loss		75,336,575.17		75,336,575.17
◆ Receivable financing			45,495,501.69	45,495,501.69
◆ Investments in other equity instruments	4,168,804,715.68		29,445,149.07	4,198,249,864.75
◆ Other non-current financial assets – hedging instruments		286,636,356.49		286,636,356.49
Total assets measured at fair value on a recurring basis	4,169,309,825.11	361,972,931.66	985,164,650.76	5,516,447,407.53
◆ Other non-current financial liabilities – hedged items		282,169,516.49		282,169,516.49
Total liabilities measured at fair value on a recurring basis		282,169,516.49		282,169,516.49

## (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 2022.

## (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 entrusted wealth management products measured at fair value, the Group determines their fair value in accordance with the net value at the end of the year (30 June 2022), which were RMB1.0001 per share and RMB1.0014 per share based on the valuation documents provided by the financial institution (CSSC Finance Company Limited) (if the Company recovers such entrusted wealth management products at the date of the financial statements, the recovery value is determined based on the value in the valuation documents provided by the financial institution mentioned above).

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. After analysis, the fair value of the net assets of the investee approximates the net book value of the investee and therefore the fair value is determined by multiplying the net book value of the investee by the percentage of shareholding.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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	481,337,700.00	34.05	34.05	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>827,278,590.00</b>	<b>58.52</b>	<b>58.52</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
Associate	Guangzhou Xinhang Human Resources Service Co., Ltd.	Receipt of services	91440112799414238G	Other company with limited liability

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (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	913408007711027000	Company with limited liability (controlled by a natural person or wholly-owned by a legal person invested)
Common controlling shareholder	Anqing CSSC Diesel Engine Co., Ltd.	Product and equipment	91340800151306277Q	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common controlling shareholder	Beijing Ship Industry Management College	Purchase of goods and 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 ultimate shareholder	Beijing Rui Chi Fei Si Engineering Consulting Co., Ltd. (Beijing Ruichi Feisi Engineering Cost Consulting Co., Ltd.)	Electrical and mechanical engineering equipment, metallic materials, marine accessories and marine equipment, purchase of goods and receipt of services	91110105756019617C	Other company with limited liability
Common ultimate shareholder	Beijing the Great Wall Electronic Equipment Co., Ltd.	Purchase of goods and receipt of services	911101081019079000	Company with limited liability (wholly-owned by legal person)
Common controlling shareholder	China Shipbuilding IT Co., Ltd.	Purchase of goods and receipt of services	911101088020423000	Other company with limited liability
Common ultimate shareholder	Dalian Shipbuilding Industry Engineering Company	Purchase of goods and receipt of services	912102042430114000	Collective ownership
Common controlling shareholder	Dalian Shipbuilding Industry Engineering Company, Shipbuilding Plant	Sales of metallic materials and sales of waste materials	912102831188303000	Collective ownership
Common controlling shareholder	Dalian Shipbuilding Industry Engineering Company, Shipbuilding Plant Branch	Receipt of services	912102837169690000	Collective branch (non- legal person)
Common ultimate shareholder	Dalian Ship Valve Company Limited	Purchase of goods and receipt of services	912102311185217000	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common ultimate shareholder	CSSC Dalian Marine Propeller Co., Ltd.	Purchase of goods and receipt of services	912102001184759000	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common ultimate shareholder	CSSC Dalian New Consumables Co., Ltd.	Purchase of goods and receipt of services	91210213089099384Y	Other company with limited liability
Common ultimate shareholder	TTS Bohai Trading (DaLian) Co., Ltd.	Electrical and mechanical engineering equipment, metallic materials, marine accessories and marine equipment	91210200773011078Y	Company with limited liability (Sino-foreign joint venture)
Common controlling shareholder	Marinequip China Company Limited	Marine accessories	Overseas company	Company with limited liability (State-controlled)
Common controlling shareholder	Guangdong GSI Elevator Machinery Equipment Co., Ltd.	Electrical and mechanical engineering equipment, metallic materials, marine accessories and marine equipment	91440000231128917P	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common ultimate shareholder	Guangdong Marine Equipment and Offshore Wind Power Research Center Co., Ltd.	Purchase of goods and receipt of services	91440800MA52U9508N	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common controlling shareholder	CSSC Guangxi North Bay Ship and Marine Engineering Design Co., Ltd.	Purchase of goods and receipt of services	914500000811760000	Other company with limited liability
Associate of ultimate controller	Zhongshan Branch of Guangzhou Diesel Engine Factory Co., Ltd	Purchase of goods and receipt of services	91442000MA4WT8A901	Branch of other company with limited liability (Unlisted)
Common controlling shareholder	Guangzhou Ship Industrial Co., Ltd.	Purchase of goods and receipt of services	91440101190506722Q	Company with limited liability (wholly-owned by legal person)
Common controlling shareholder	Ships and Ocean Engineering Design and Research Institute of Guangzhou	Purchase of goods and receipt of services	121000007178064319	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
Associate of controlling shareholder	Guangchuan Large-scale Machinery and Equipment Co., Ltd.	Electrical and mechanical engineering equipment, metallic materials, marine accessories and marine equipment	91440605334733060C	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common controlling shareholder	Guangzhou Guanchuan offshore and marine engineering equipment Co., Ltd.	Purchase of goods and receipt of services	9144010168132734X6	Company with limited liability (Wholly owned by legal person of foreign-invested-enterprise)
Common controlling shareholder	Guangzhou Shipyard HR Service Co., Ltd.	Labour and technical service	91440103664021381U	Company with limited liability (wholly-owned-owned by legal person)
Common controlling shareholder	Guangzhou Hairong Construction Supervision Co., Ltd.	Purchase of goods and receipt of services	914401042312505000	Other company with limited liability
Common controlling shareholder	Guangzhou Hongfan Technology Co., Ltd.	Purchase of goods and receipt of services	91440101708257645P	Other company with limited liability
Common controlling shareholder	Technician Training School of Guangzhou Huangpu Shipyard	Labour and technical services and supply of utilities	12440000738592911K	Public institution
Common controlling shareholder	Kindergarten of Guangzhou Huangpu Shipyard	Supply of utilities	12440000738577981F	Public institution
Associate of ultimate controller	Workers' Hospital of Guangzhou Huangpu Shipyard	Supply of utilities	124400007385780000	Public institution
Common controlling shareholder	Guangzhou Longxue Pipe Co., Ltd.	Purchase of goods and receipt of services	91440101696938450J	Other company with limited liability
Common controlling shareholder	Guangzhou Wencheng Shipbuilding Co., Ltd.	Sales of goods and supply of utilities	91440101MA5CY9PU1E	Company with limited liability (wholly-owned-owned by legal person)
Common controlling shareholder	Guangzhou Shipyard Technical School	Design and technical services	12440000574022487N	Public institution
Associate of ultimate controller	Guangzhou Shipyard Hospital	Purchase of goods, receipt of services and supply of utilities	12440000747580541M	Public institution
Common controlling shareholder	Guangzhou Shipyard Co., Ltd	Purchase of goods, marine accessories and labour and technical services	91440101190440532F	Company with limited liability (wholly-owned-owned by legal person)
Common controlling shareholder	Foshan Branch of Casting & Forging Factory of Guangzhou Shipyard Co., Ltd	Electrical and mechanical engineering equipment, metallic materials, marine accessories and marine equipment	914406057657363000	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Associate of ultimate controller	Guangzhou Wenchong Industrial Co., Ltd.	Leases	91440101MA5CK3CP5P	Other company with limited liability
Common ultimate shareholder	Harbin Guanghan Power Transmission Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc	912301995654123000	Company with limited liability (State-controlled)
Common controlling shareholder	Haifeng Navigation Technology Co., Ltd.	Purchase of goods and receipt of services	91110106082890640P	Company with limited liability (wholly-owned-owned by legal person)
Common controlling shareholder	Haiying Enterprises Group Co., Ltd.	Purchase of goods and receipt of services	913202141347573000	Company with limited liability
Common ultimate shareholder	Hebei Hanguang Heavy Industry Co., Ltd.	Receipt of services	911304001055252000	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common ultimate shareholder	Henan Diesel Engine Heavy Engineering Co., Ltd.	Purchase of goods and receipt of services	914103006634395000	Other company with limited liability
Common controlling shareholder	Hudong-Zhonghua Shipbuilding (Group) Co., Ltd.	Purchase of goods and receipt of services, sales of goods and supply of utilities	9131000070326335X7	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common controlling shareholder	Eastern Shanghai Heavy Machinery Co., Ltd	marine accessories, product and equipment	91310115669401543C	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)

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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	Eastern Shanghai Heavy Machinery Co., Ltd. Shanghai Parts Branch	Electrical and mechanical engineering equipment, metallic materials, marine accessories and marine equipment	91310115669442468E	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common controlling shareholder	Wah-Chang International Marine Industry Company Limited	Sales of goods and provision of services	Overseas company	Other company with limited liability (wholly state-owned)
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	913604001582614000	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common controlling shareholder	Jiangxi CSSC Valve Complete Equipment Co., Ltd.	Purchase of goods and 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	913604021595005000	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common controlling shareholder	Jiujiang Haitian Equipment Manufacture Co., Ltd	Marine accessories	913604007697567000	Other company with limited liability (wholly state-owned)
Common controlling shareholder	Jiujiang Precision Testing Technology Research Institute	Purchase of goods and receipt of services	91360400705640569G	Public institution
Common controlling shareholder	CSSC Jiujiang Fire Fighting Equipment Co., Ltd.	Marine accessories	913604007697501000	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common ultimate shareholder	KSEC Intelligent Technology Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	91530100709763144A	Other Joint Stock Company Limited (Unlisted)
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 Machine Co., Ltd	Products design	913201151349053000	Company with limited liability
Common ultimate shareholder	Qingdao Beihai Shipbuilding Heavy Industry Co., Ltd.	Purchase of goods and receipt of services	913702007335097000	Other company with limited liability
Common ultimate shareholder	Qingdao Shuangrui Marine Environment Engineering Co., Ltd.	Purchase of goods and receipt of services	91370200750419038P	Other Joint Stock Company Limited (Unlisted)
Common ultimate shareholder	Xiamen Sunrui Ship Coatings Co., Ltd.	Purchase of goods and receipt of services	91350200761709479M	Other company with limited liability
Common ultimate shareholder	Shanxi Fenxi Heavy Industry Co., Ltd	Purchase of goods and receipt of services	911400007701102000	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common ultimate shareholder	Shaanxi Diesel Engine Co., Ltd.	Purchase of goods and receipt of services	91610000755231771E	Company with limited liability (State-controlled)
Common controlling shareholder	Shanghai Shipbuilding Technology Research Institute	Electrical and mechanical engineering equipment, metallic materials, marine accessories and marine equipment		Public institution
Common controlling shareholder	Shanghai Merchant Vessel Design and Research Institute	Marine accessories and labour and technical services		Public institution
Associate of controlling shareholder	TTS Hua Hai Ships Equipment Co., Ltd.	Marine accessories	91310000607385242T	Company with limited liability (Sino-foreign joint venture)
Common controlling shareholder	Shanghai Dongxin Software Engineering Co., Ltd.	Purchase of goods and receipt of services	9131000073745754XT	Company with limited liability (controlled by a natural person or wholly-owned by a legal person invested)
Common controlling shareholder	Shanghai Haixun Electrical Engineering Co., Ltd.	Electrical and mechanical engineering equipment, metallic materials, marine accessories and marine equipment	91310118751896055E	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)

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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 shareholder	Shanghai Hunter Marine Equipment Co., Ltd	Purchase of goods and receipt of services	91310230067816848E	Other company with limited liability
Common ultimate shareholder	Shanghai Hengtuo Industrial Development Co., Ltd.	Purchase of goods and receipt of services	913101046822767000	Company with limited liability (State-controlled)
Common controlling shareholder	Shanghai Hudong Shipyard Valve Co., Ltd.	Purchase of goods	91310230631147500M	Other company with limited liability
Common ultimate shareholder	Shanghai Huajing Power Station Equipment Co., Ltd.	Purchase of goods and receipt of services	91310113631256379P	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common controlling shareholder	Shanghai Jiangnan Career Skills Training Center	Purchase of goods and receipt of services	52310101425204260L	Private non-enterprise units
Common controlling shareholder	Shanghai Jiuyuan Engineering Contracting Co., Ltd	Purchase of goods and receipt of services	913101071329233000	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Associate of ultimate controller	Shanghai Kaiyue Construction Consulting and Supervision Co., Ltd.	Purchase of goods and receipt of services	913102301321634000	Other company with limited liability
Common ultimate shareholder	Shanghai Ling Yao Ship Engineering Co., Ltd.	Purchase of goods and receipt of services	91310112055059886N	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common ultimate shareholder	Shanghai Qiyao System Engineering Co., Ltd	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	91310000742134833G	Other company with limited liability
Common ultimate shareholder	Shanghai Qiyao System Engineering Co., Ltd.	Electrical and mechanical engineering equipment, metallic materials, marine accessories and marine equipment	91310112690197284Y	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common ultimate shareholder	Shanghai Qiyao Heavy Industry Co., Ltd.	Purchase of goods and receipt of services	91310112342099741R	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common controlling shareholder	Shanghai Starry 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 (controlled by a non-natural person or wholly-owned by a legal person invested)
Common controlling shareholder	Shanghai Waigaoqiao Shipbuilding & Marine Engineering Design Co. Ltd.	Purchase of goods and receipt of services	91310115742687243M	Other company with limited liability
Common controlling shareholder	Shanghai Waigaoqiao Shipbuilding Co., Ltd.	Sale of goods and provision of services	913101156314236000	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common controlling shareholder	Shanghai Zhenhua Engineering Consulting Co., Ltd.	Purchase of goods and receipt of services	91310107631898873Q	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common controlling shareholder	Shanghai CSSC Ship Design Technology and International Engineering Research Center Co., Ltd.	Purchase of goods and receipt of services	91310101766907124E	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common controlling shareholder	Shanghai CSSC Lingang ship Equipment Co., Ltd.	Purchase of goods and receipt of services	913101156746470000	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
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)
Common controlling shareholder	Suzhou Jianghai Communication Co., Ltd.	Purchase of goods and receipt of services	913205061377183000	Company with limited liability (invested or controlled by natural person)
Common ultimate shareholder	Wuchang Shipbuilding Industry Group Co., Ltd.	Purchase of goods and receipt of services	91420100177688517B	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Associate of ultimate controller	Wuhan Kawasaki Marine Machinery Co., Ltd.	Purchase of goods and receipt of services	914201006164298000	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 ultimate shareholder	Wuhan Marine Machinery Co., Ltd.	Purchase of goods and receipt of services	914201007581511000	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common ultimate shareholder	Wuhan Haiyi Science and Technology Limited Company	Purchase of goods and receipt of services	914201000819651000	Company with limited liability (invested or controlled by natural person)
Common ultimate shareholder	Wuhan Kawasaki Marine Machinery Co., Ltd.	Purchase of goods and receipt of services	914201007246755000	Other company with limited liability
Common ultimate shareholder	Wuhan Huazhongtianqin Defense Technology Co., Ltd.	Purchase of goods and receipt of services	914201005879749000	Company with limited liability (controlled by a natural person or wholly-owned by a legal person invested)
Common ultimate shareholder	Wuhan Langan Technology Co., Ltd.	Purchase of goods and receipt of services	914201005749474000	Company with limited liability (controlled by a natural person or wholly-owned by a legal person invested)
Common ultimate shareholder	Wuhan Temo Welding Consumables Co., Ltd.	Purchase of goods and receipt of services	91420107761211961K	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common ultimate shareholder	Wuhan Wuchuan Measurement & Test Co., Ltd.	Electrical and mechanical engineering equipment, metallic materials, marine accessories and marine equipment	91420100685448712H	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common ultimate shareholder	Wuhan Changhai Power Propulsion and Chemical Power Co., Ltd.	Purchase of goods and receipt of services	914201113335685000	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common ultimate shareholder	Wuhan Heavy Industry Casting & Forging Co., Ltd.	Purchase of goods and receipt of services	91420100177685180G	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common ultimate shareholder	Yichang Marine Diesel Co., Ltd.	Purchase of goods and receipt of services	91420500179161663U	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common controlling shareholder	Zhendui Industrial Intelligent Technology Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	91440300MA5FTQL29D	Company with limited liability
Associate of controlling shareholder	Wartsila CME Zhenjiang Propeller Co., Ltd.	Purchase of goods and receipt of services	91321191761020727C	Company with limited liability (Sino-foreign joint venture)
Common controlling shareholder	Zhenjiang Modern Power Generation Equipment Co., Ltd.	Purchase of goods and receipt of services	913211917820673000	Company with limited liability (Taiwan, Hong Kong, Macau and domestic joint venture)
Common controlling shareholder	CSSC Finance Company Limited	Receipt of financial services	91310115100027155G	Receipt of financial services
Common controlling shareholder	China Shipbuilding NDRI Engineering Co., Ltd.	Labour and technical services	91310107425014619A	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
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 and receipt of services	91310115566594282C	Company with limited liability (State-controlled)
Common controlling shareholder	CSSC Marine Power (Zhenjiang) Co. Ltd.	Purchase of goods and receipt of services	913211007317784309	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common controlling shareholder	China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	Marine accessories	91440101056586979E	Company with limited liability (wholly-owned-owned by legal 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 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 (controlled by a non-natural person or wholly-owned by a legal person invested)
Common controlling shareholder	CSSC Guangxi Ships and Maritime Engineering Co., Ltd.	Sales of goods and provision of services	91450700059544985W	Other company with limited liability
Common controlling shareholder	CSSC Guijiang Shipbuilding	Purchase of goods and receipt of services, sales of goods and provision of services	91450400199125619J	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
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 and receipt of services	913101157797531000	Other company with limited liability
Common controlling shareholder	CSSC Marine Services Co., Ltd.	Purchase of goods and receipt of services	91310115MA1K3M2Q92	Other company with limited liability
Common ultimate shareholder	CSSC Marine Equipment Innovation Park Investment Co., Ltd.	Electrical and mechanical engineering equipment, metallic materials, marine accessories and marine equipment	91110115344281467B	Company with limited liability (wholly-owned by a legal person invested)
Common controlling shareholder	CSSC Marine Technology Co., Ltd.	Purchase of goods and receipt of services	91310115767236625B	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common controlling shareholder	CSSC Hua Hai Ships Equipment Co., Ltd.	Marine accessories	91310101132203280U	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common controlling shareholder	CSSC Southern China Ship Machinery Guangzhou Co., Ltd.	Receipt of services	91440101677764045H	Company with limited liability (wholly-owned by a legal person invested)
Common controlling shareholder	CSSC Southern China Ship Machinery Co., Ltd.	Marine accessories and labour and technical services	914504001991247000	Company with limited liability (wholly-owned by a legal person invested)
Associate of ultimate controller	CSSC Jiai Cruise Technology Development (Shanghai) Co., Ltd.	Purchase of goods and receipt of services	91310113MA1GLDMA58	Company with limited liability (invested or controlled by natural person)
Common controlling shareholder	CSSC Jiujiang Boiler Co., Ltd.	Purchase of goods and receipt of services	91360406MA388PRP8Q	Other company with limited liability
Common controlling shareholder	CSSC Jiujiang Marine Equipment (Group) Co., Ltd.	Purchase of goods and 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 and receipt of services	91310107132943529A	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common controlling shareholder	CSSC Luzhou Zhenjiang Marine Auxiliary Machinery Co., Ltd.	Marine accessories	91321102MA1MQMDU91	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common controlling shareholder	China Shipbuilding Trading Guangzhou Co., Ltd.	Purchase of goods	91440101MA5AKBD904	Company with limited liability (wholly-owned by a legal person invested)
Common controlling shareholder	CSSC Financial Leasing (Shanghai) Co., Ltd	Electrical and mechanical engineering equipment, metallic materials, marine accessories and marine equipment etc.	91310000090006392A	Company with limited liability (Taiwan, Hong Kong, Macau and domestic joint venture)
Common controlling shareholder	CSSC Culture Technology (Beijing) Co., Ltd.	Design and technical services	91110108MA00BNDY07	Company with limited liability (wholly-owned by a legal person invested)
Common ultimate shareholder	Shanghai Marine Energy Saving Technology Development Co., Ltd.	Purchase of goods and receipt of services	91310101324445479M	Other company with limited liability

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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 shareholder	CSIC Electrical Machinery Science & Technology Co., Ltd.	Electrical and mechanical engineering equipment, metallic materials, marine accessories and marine equipment etc.	91320200784951110Y	Other Joint Stock Company Limited (Unlisted)
Common ultimate shareholder	CSIC Haisheng Technology Co., Ltd.	Purchase of goods and receipt of services	91420500760672977G	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common ultimate shareholder	CSIC Tianhe Ship Equipment Jiangsu Co., Ltd.	Purchase of goods and receipt of services	913212830566715000	Other company with limited liability
Common ultimate shareholder	CSIC Material Trade Group Guangzhou Co., Ltd.	Purchase of goods and receipt of services	91440101552381964L	Other company with limited liability
Common ultimate shareholder	CSIC Material Trade Group Wuhan Co., Ltd.	Purchase of goods and receipt of services	91420100663453086G	Other company with limited liability
Common ultimate shareholder	CSIC Zhongnan Equipment Co., Ltd.	Purchase of goods and receipt of services	91420000757020943U	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common controlling shareholder	CSIC Chongqing Changping Machinery Co., Ltd.	Purchase of goods and receipt of services	91500101207901754J	Company with limited liability (wholly-owned by legal person)
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 Limited (State-controlled)
Common controlling shareholder	China Ship News Agency	Purchase of goods and receipt of services	12100000E00663201G	Public institution
Common controlling shareholder	China Ship Power Station Equipment Co., Ltd.	Product and equipment	91310115756976070P	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common controlling shareholder	China State Shipbuilding Corporation	Electrical and mechanical engineering equipment, metallic materials, marine accessories and marine equipment etc.	91310000710924478P	Public institution
Common controlling shareholder	China State Shipbuilding Corporation No.11 Research Institute	Purchase of goods and receipt of services	12100000717806669G	Public institution
Common controlling shareholder	China Shipbuilding Trading (BVI) Co., Ltd.	Purchase of goods and receipt of services, sales of goods and provision of services	#5220000#511000704	Company with limited liability (State-controlled)
Common controlling shareholder	China Shipbuilding Trading (Guangzhou) Co., Ltd.	Purchase of goods and receipt of services	914401011905500000	Public institution
Common controlling shareholder	China Shipbuilding Trading Shanghai Co., Ltd.	Purchase of goods	913101151322076000	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 ultimate shareholder	China Shipbuilding Equipment & Materials Northeast Corporation	Purchase of goods and receipt of services	91210100117660571P	Company with limited liability (State-controlled)
Common ultimate shareholder	China National Shipbuilding Equipment & Materials (East China) Co., Ltd.	Electrical and mechanical engineering equipment, metallic materials, marine accessories and marine equipment etc.	91310101132203213X	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common ultimate shareholder	China National Shipbuilding Equipment & Materials (South China) Co., Ltd.	Purchase of goods and receipt of services	91440000190332072P	Other company with limited liability
Common ultimate shareholder limited liability	Marine Tower of China National Shipbuilding Equipment & Materials (South China) Co., Ltd.	Purchase of goods and receipt of services	9144000070767851XG	Branch of other company with limited liability
Common controlling shareholder	China National Shipbuilding Equipment & Materials Southwest Co., Ltd.	Purchase of goods and receipt of services	91500105202804269L	Company with limited liability (wholly-owned by legal person)
Common controlling shareholder	CSSC Systems Engineering Research Institute	Purchase of goods and receipt of services		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 controlling shareholder	China Institute of Marine Technology & Economy of China State Shipbuilding Corporation	Purchase of goods and receipt of services	12110108400882006D	Public institution
Common controlling shareholder	Marine Design and Research Institute of China	Purchase of goods and receipt of services	12100000425007603X	Public institution
Common controlling shareholder	China National Shipbuilding Equipment & Materials Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	91110000100009512E	Company with limited liability (Wholly-owned by legal person)
Common controlling shareholder	China Shipbuilding Group Co., Ltd.	Purchase of goods and receipt of services	91310000MA1FL70B67	Company with limited liability (Wholly state-owned)
Common ultimate shareholder	CSIC International Trading (Hong Kong) Co., Ltd.	Purchase of goods and receipt of services	Overseas company	Company with limited liability
Common ultimate shareholder	CSIC Diesel Engine Co., Ltd.	Purchase of goods and receipt of services	91370211MA3DKDQ98F	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)
Common ultimate shareholder	China Shipbuilding Industry Corporation 705 Research Institute		815301126885797XJ	Public institution
Common ultimate shareholder	China Shipbuilding Industry Corporation 722 Research Institute	Purchase of goods and receipt of services	81420000777564390K	Public institution
Common ultimate shareholder	China Shipbuilding Industry Corporation 726 Research Institute	Purchase of goods and receipt of services	813100007752031000	Public institution
Common ultimate shareholder	China Shipbuilding Industry Corporation 723 Research Institute	Purchase of goods and receipt of services	12100000400003702G	Public institution
Common ultimate shareholder	China Shipbuilding Industry Corporation 724 Research Institute	Purchase of goods and receipt of services	12100000426092408R	Public institution
Common ultimate shareholder	China Shipbuilding Industry Corporation 725 Research Institute (Luoyang Ship Material Research Institute)		91410307MA3X4HHL0N	Public institution
Common ultimate shareholder	Qingdao Division of China Shipbuilding Industry Corporation 725 Research Institute	Purchase of goods and receipt of services	91370202F67621652H	State-owned operating institution (Unincorporated)
Common ultimate shareholder	China Shipbuilding Industry Corporation 702 Research Institute	Purchase of goods and receipt of services		Public institution
Common ultimate shareholder	China Shipbuilding Industry Corporation 709 Research Institute	Purchase of goods and receipt of services	12100000441623908U	Public institution
Common ultimate shareholder	China Shipbuilding Industry Corporation 707 Research Institute	Purchase of goods and receipt of services	91360402739183968P	Public institution
Common ultimate shareholder	China Shipbuilding Industry Corporation 703 Research Institute	Purchase of goods and receipt of services	91230100414001783B	Public institution
Common ultimate shareholder	China Shipbuilding Industry Corporation 704 Research Institute	Purchase of goods and receipt of services	913101041326736000	Public institution
Common ultimate shareholder	China Shipbuilding Industry Corporation 705 Research Institute	Purchase of goods and receipt of services	12100000435232046K	Public institution
Common ultimate shareholder	China Shipbuilding Industry Corporation 760 Research Institute	Design and technical services	91460200MABMN7C404	Public institution
Common ultimate shareholder	China Shipbuilding Industry Corporation 7 Research Institute	Purchase of goods and receipt of services		Public institution
Common ultimate shareholder	China Shipbuilding Industry Corporation 718 Research Institute	Purchase of goods and receipt of services	911304001055711000	Public institution
Common ultimate shareholder	China Shipbuilding Industry Corporation 712 Research Institute	Purchase of goods and receipt of services	12100000441623967Y	Public institution
Common ultimate shareholder	China Shipbuilding Industry Corporation 719 Research Institute	Purchase of goods and receipt of services	81420000F9966602XH	Public institution
Common ultimate shareholder	China Shipbuilding Industry Corporation 716 Research Institute	Purchase of goods and receipt of services		Public institution
Common ultimate shareholder	China Shipbuilding Industry Corporation 717 Research Institute	Purchase of goods and receipt of services	1210000042000821X1	Public institution
Common ultimate shareholder	China Shipbuilding Industry Corporation 713 Research Institute	Purchase of goods and receipt of services	91410100712675452H	Public institution
Common ultimate shareholder	China Shipbuilding Industry Corporation 714 Research Institute	Purchase of goods and receipt of services	81110000664600359A	Public institution
Common ultimate shareholder	China Shipbuilding Industry Corporation 715 Research Institute	Purchase of goods and receipt of services	81330000777203464J	Public institution
Common ultimate shareholder	China Shipbuilding Industry Corporation 711 Research Institute	Purchase of goods and receipt of services	12100000425008729F	Public institution

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Common ultimate shareholder	China Shipbuilding Industry Corporation 712 Research Institute	Purchase of goods and receipt of services	91610481435721982U	Public institution
Common ultimate shareholder	CSSC Haizhuang Windpower Co., Ltd.	Purchase of goods and receipt of services	915000007562347000	Joint Stock Company Limited
Common ultimate shareholder	CSIC Heng Yuan Technology Co., Ltd.	Purchase of goods and receipt of services	91500101207901922L	Company with limited liability
Common ultimate shareholder	China Shipbuilding Industry Corporation 710 Research Institute	Purchase of goods and receipt of services	12100000717807370U	Public institution
Common ultimate shareholder	China Ship Development and Design Center	Purchase of goods and receipt of services	121000004416239594	Public institution
Common ultimate shareholder	China Ship Research Institute	Materials procurement		Public institution
Common controlling shareholder	China Ship Research Institute (China Shipbuilding Industry Corporation 7 Research Institute)	Purchase of goods and receipt of services	12100000400009944H	Public institution
Common controlling shareholder	Zhongshan GSI Marine Engineering Company Limited	Leases	91442000684420937T	Other company with limited liability
Common ultimate shareholder	Chongqing Gearbox Co., Ltd.	Purchase of goods and receipt of services	915000002035507000	Company with limited liability
Common ultimate shareholder	Chongqing Huayu Electrical Group Limited	Purchase of goods and receipt of services	91500000202826724X	Other company with limited liability
Common ultimate shareholder	Chongqing Jiangjin Shipbuilding Industry Co., Ltd	Purchase of goods and receipt of services	91500116576196464R	Company with limited liability (wholly-owned by legal person)
Common ultimate shareholder person)	Chongqing Yuejin Machinery Plant Co., Ltd.	Purchase of goods and receipt of services	915000002028992000	Company with limited liability (wholly-owned by legal person)
Common ultimate shareholder person)	Chongqing Changzheng Heavy Industry Co., Ltd	Purchase of goods and receipt of services	9150000020280308XL	Company with limited liability (wholly-owned by legal person)
Common ultimate shareholder	Zibo Torch Energy Co., Ltd.	Purchase of goods and receipt of services	91370300164109846C	Company with limited liability (controlled by a non-natural person or wholly-owned by a legal person invested)

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, 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 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 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 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 last year
China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd	Marine accessories, metallic materials, marine complement and equipment, etc., materials purchased	1,018,741,683.96	710,963,926.73
China Shipbuilding Industry Corporation 724 Research Institute	Marine accessories, metallic materials, marine complement and equipment, etc.	156,910,000.00	
Eastern Shanghai Heavy Machinery Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc., receipt of services	114,537,057.83	102,148,224.99
China National Shipbuilding Equipment & Materials Co., Ltd.	Materials purchased	111,102,524.26	
China Shipbuilding Industry Corporation 713 Research Institute	Marine accessories, metallic materials, marine complement and equipment, etc., receipt of services	89,929,000.00	2,039,500.00
Dalian Shipbuilding Industry Engineering Company, Shipbuilding Plant Branch	Receipt of services	81,087,621.08	70,718,771.33
China Shipbuilding Industry Corporation 715 Research Institute	Marine accessories, metallic materials, marine complement and equipment, etc.	69,315,300.00	95,910,000.00
Chongqing Gearbox Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc.	65,314,153.00	65,314,153.00
Shaanxi Diesel Engine Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc.	48,946,012.23	54,351,856.93
China Shipbuilding Industry Corporation 710 Research Institute	Marine accessories, metallic materials, marine complement and equipment, etc., receipt of services, design and technical services	45,282,450.00	4,200,600.00
Wuhan Marine Machinery Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc.	35,552,878.54	18,070,268.86
Wuhan Haiyi Science and Technology Limited Company	Marine accessories, metallic materials, marine complement and equipment, etc.	34,143,539.81	2,477,876.10

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(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 last year
CSSC Marine Technology Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc.	<b>31,378,600.00</b>	
Guangzhou Shipyard International Company Limited	Design and technical services, receipt of services	<b>22,080,630.32</b>	30,072,060.73
China Shipbuilding Industry Corporation 717 Research Institute	Marine accessories, metallic materials, marine complement and equipment, etc.	<b>19,820,000.00</b>	
Haiying Enterprises Group Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc.	<b>14,773,000.00</b>	
China Shipbuilding Industry Corporation 711 Research Institute	Marine accessories, metallic materials, marine complement and equipment, etc., receipt of services, design and technical services	<b>13,457,401.82</b>	33,344,273.17
Shanghai Merchant Vessel Design and Research Institute	Receipt of services · Design and technical services	<b>13,042,480.58</b>	12,189,100.00
China Shipbuilding Industry Corporation 704 Research Institute	Marine accessories, metallic materials, marine complement and equipment, etc., receipt of services, design and technical services	<b>12,387,000.63</b>	7,428,839.30
Anqing CSSC Diesel Engine Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc.	<b>11,769,203.54</b>	32,363,274.34
China Shipbuilding Industry Corporation 725 Research Institute (Luoyang Ship Material Research Institute)	Materials purchased	<b>11,059,431.22</b>	3,013,287.60
China National Shipbuilding Equipment & Materials (East China) Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc.	<b>9,960,000.00</b>	
Wuhan Heavy Industry Casting & Forging Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc., materials purchased	<b>9,846,010.94</b>	5,607,576.56
Kunming Division of China Shipbuilding Industry Corporation 705 Research Institute	Marine accessories, metallic materials, marine complement and equipment, etc.	<b>9,656,000.00</b>	
Marine Design and Research Institute of China	Design and technical services	<b>9,223,900.00</b>	6,156,000.00
CSSC Southern China Ship Machinery Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc.	<b>9,196,000.00</b>	4,988,690.00
Guangzhou Longxue Pipe Co., Ltd.	Receipt of services	<b>8,372,505.45</b>	4,373,020.00
China Shipbuilding Industry Corporation 707 Research Institute	Marine accessories, metallic materials, marine complement and equipment, etc., receipt of services, design and technical services	<b>6,175,311.51</b>	23,671,533.96
China Shipbuilding Trading Guangzhou Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc., materials purchased, materials	<b>5,541,503.88</b>	22,310,091.24
CSSC Systems Engineering Research Institute	Marine accessories, metallic materials, marine complement and equipment, etc., receipt of services	<b>5,399,000.00</b>	30,294,000.00
Henan Diesel Engine Heavy Engineering Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc., receipt of services	<b>4,564,832.93</b>	10,487,315.12
CSIC Haisheng Technology Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc.	<b>4,002,650.00</b>	8,515,300.00

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(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 last year
China Shipbuilding Trading (Guangzhou) Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc.	<b>3,946,397.73</b>	2,573,424.83
Jiangxi Chaoyang Machinery Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc., receipt of services	<b>3,859,413.62</b>	3,068,344.88
China Shipbuilding Industry Corporation 718 Research Institute	Marine accessories, metallic materials, marine complement and equipment, etc., receipt of services	<b>3,851,917.00</b>	4,983,530.00
China United Shipbuilding Company Limited	Marine accessories, metallic materials, marine complement and equipment, etc.	<b>3,745,464.71</b>	144,730,920.69
China Shipbuilding Trading Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc.	<b>3,666,417.12</b>	42,687,824.69
CSIC Zhongnan Equipment Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc.	<b>3,439,898.00</b>	1,658,000.00
Shanghai Dongxin Software Engineering Co., Ltd.	Materials purchased	<b>3,327,433.81</b>	1,415,929.28
Nanjing CSSC Oasis Environmental Protection Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc., receipt of services	<b>3,294,829.39</b>	16,180,500.02
Shanghai CSSC Lingang ship Equipment Co., Ltd.	Materials purchased	<b>3,085,772.62</b>	
Guangzhou Guangchuan Offshore Engineering Equipment Co., Ltd.	Materials purchased, receipt of services	<b>2,451,630.06</b>	2,355,846.90
Guangzhou Ship Industrial Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc., materials purchased	<b>2,341,542.96</b>	5,333,274.75
CSIC material trade group Wuhan Co., Ltd.	Materials purchased	<b>2,102,748.29</b>	3,739,484.79
CSSC Jiujiang Boiler Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc.	<b>1,971,672.56</b>	2,934,703.53
Shanghai Lingyao Ship Engineering Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc. · Design and technical services	<b>1,909,831.70</b>	
China Shipbuilding Equipment & Materials Northeast Corporation	Materials purchased	<b>1,621,758.18</b>	2,897,148.86
CSSC Jiujiang Fire Fighting Equipment Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc., receipt of services	<b>1,358,549.47</b>	2,611,646.24
Nanjing CSSC Oasis Environmental Protection Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc., receipt of services	<b>1,146,725.66</b>	708,748.66
Zibo Torch Energy Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc.	<b>991,680.00</b>	464,305.00
CSSC Guangxi North Bay Ship and Marine Engineering Design Co., Ltd.	Design and technical services	<b>944,652.58</b>	1,139,190.83
Guangzhou Shipyard Co., Ltd	Design and technical services · Materials purchased · Design and technical services	<b>902,441.84</b>	303,975.86
Yichang Marine Diesel Engine Co., Ltd.	Materials purchased	<b>822,504.42</b>	

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(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 last year
China Shipbuilding Industry Corporation 703 Research Institute	Receipt of services	819,000.00	300,000.00
China Shipbuilding Industry Corporation 760 Research Institute	Design and technical services	700,000.00	
Chongqing Jiangjin Shipbuilding Industry Co., Ltd.	Receipt of services	607,600.00	2,960,313.68
China Shipbuilding NDRI Engineering Co., Ltd.	Materials purchased	579,344.41	98,113.21
Zhenjiang Shipyard Modern Power Generation Equipment Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc.	534,513.28	4,358,053.12
Guangzhou Wencheng Shipbuilding Co., Ltd.	Receipt of services	383,501.89	2,021,433.96
Shanxi Fenxi Heavy Industry Co., Ltd	Marine accessories, metallic materials, marine complement and equipment, etc.	293,360.00	
Dalian Ship Valve Company Limited	Marine accessories, metallic materials, marine complement and equipment, etc., materials purchased	292,865.58	10,603,586.91
China Naval Academy (No. 7 Research Institute of China Shipbuilding Industry Corporation)	Design and technical services	261,061.95	
Guangzhou Hongfan Technology Co., Ltd	Design and technical services, equipment purchased	253,677.46	436,944.39
Wuchang Shipbuilding Industry Group Co., Ltd.	Receipt of services	180,840.00	
China National Shipbuilding Equipment & Materials (South China) Co., Ltd	Design and technical services	173,581.19	149,945.96
Xiamen Shuangrui Marine Coatings Co., Ltd.	Materials purchased	170,044.25	78,274.34
China Shipbuilding Industry Corporation 722 Research Institute	Receipt of services	145,398.23	5,309.73
Beijing Rui Chi Fei Si Engineering Consulting Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc.	141,466.03	65,250.00
Guangdong GSI Elevator Machinery Equipment Co., Ltd.	Materials purchased · Design and technical services	139,473.20	58,234.26
Shanghai CSSC Ship Design Technology and National Engineering Research Center Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc.	116,800.00	3,870,000.00
China Ship Power Station Equipment Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc.	90,000.00	8,915,000.00
China Shipbuilding Industry Corporation 11 Research Institute	Receipt of services	83,900.00	155,900.00
Chongqing Yaojin Machinery Plant Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc.	77,034.00	
CSSC Dalian New Consumables Co., Ltd.	Materials purchased	67,168.14	186,725.66
Shanghai Zhenhua Engineering Consulting Co., Ltd.	Materials purchased	66,037.74	
Guangzhou Shipyard HR Service Co., Ltd.	Design and technical services	60,784.95	
CSIC Material Trade Group Guangzhou Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc.	60,674.45	2,541,156.42



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Related party	Content of related party transaction	Current period	Corresponding period last year
Shanghai Haixun Electrical Engineering Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc.	37,600.00	860,000.00
China Shipbuilding Industry Corporation 716 Research Institute	Marine accessories, metallic materials, marine complement and equipment, etc.	32,676.11	10,180,000.00
Hebei Hanguang Heavy Industry Co., Ltd.	Receipt of services	28,744.78	
Beijing Ship Industry Management College	Design and technical services	18,113.21	212,933.92
China Shipbuilding Industry Institute of Engineering Investigation & Design Co. Ltd.	Design and technical services	14,150.94	28,301.89
CSSC Luzhou Zhenjiang Marine Auxiliary Machinery Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc.	11,415.93	1,637,168.14
Guangzhou Shipyard Hospital	Design and technical services	8,880.75	
China Shipbuilding Industry Corporation 714 Research Institute	Design and technical services	6,000.00	53,169.81
Shanghai Hudong Shipyard Valve Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc.	5,425.00	
Chongqing Huayu Electrical Group Limited	Marine accessories, metallic materials, marine complement and equipment, etc.	4,580.00	
Technician Training School of Guangzhou Shipyard	Design and technical services	3,603.77	
CSIC Electrical Machinery Science & Technology Co., Ltd.	Marine accessories, metallic materials, marine complement and equipment, etc.	2,148.00	
China Shipbuilding Technology Institute	Design and technical services	1,000.00	
CSSC Culture Technology (Beijing) Co., Ltd.	Design and technical services	200.00	
China Ship News Agency	Design and technical services	154.87	
CSIC Diesel Engine Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.		30,203,539.82
TTS Hua Hai Ships Equipment Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.		28,764,173.44
CSSC Marine Power (Zhenjiang) Co. Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.		24,775,875.25
Shanghai CSSC Mitsui Shipbuilding Diesel Engine Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.		18,974,137.93
Wuhan Langan Technology Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.		15,309,734.52
CSSC Marine Power Institute Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.		12,300,885.00
China Shipbuilding Industry Corporation 709 Research Institute	Leasing, receipt of services and labour and technical services, Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.		7,740,000.00

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(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 last year
China Shipbuilding Industry Corporation 726 Research Institute	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.		7,560,000.00
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
Shanghai Starry Ship Ocean Engineering Service Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.		4,852,684.96
Beijing the Great Wall Electronic Equipment Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.		4,785,500.00
Wartsila CME Zhenjiang Propeller Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.		1,413,793.10
CSSC Dalian Marine Propeller Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.		1,381,000.00
Beijing Leiying Electronic Technology Development Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.		1,012,520.00
Shanghai Huajing Power Station Equipment Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.		1,000,000.00
Workers' Hospital of Guangzhou Huangpu Shipyard	Leasing, receipt of services and labour and technical services		691,893.80
Marinequip China Company Limited	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.		627,676.85
Kindergarten of Guangzhou Huangpu Shipyard	Leasing, receipt of services and labour and technical services		502,875.00
Anqing Marine Electric Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.		28,858.41
Ship Building of China National Shipbuilding Equipment & Materials (South China) Co., Ltd	Leasing, receipt of services and labour and technical services		13,258.50
Qingdao Beihai Shipbuilding Heavy Industry Co., Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.		4,800.00
Qingdao Division of China Shipbuilding Industry Corporation 725 Research Institute	Leasing, receipt of services and labour 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 services and labour and technical services		3,398.06

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Related party	Content of related party transaction	Current period	Corresponding period last year
Wuhan Kawasaki Marine Machinery Co. Ltd.	Purchase of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.		398.23
Total		<b>2,159,823,785.36</b>	1,824,639,254.49

Specific pricing method of purchase of goods and receipt of services is as follows:

- 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 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 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 2022 to 30 June 2022

(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 last year
Guangzhou Shipyard International Company Limited	Electrical and mechanical engineering equipment, metallic materials and sales of waste materials	51,710,581.55	15,420,693.96
China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd	Metallic materials and sales of waste materials	38,034,650.53	
Guangdong Haizhuang Offshore Wind Power Research Center Co., Ltd.	Metallic materials and sales of waste materials	26,696,541.26	17,312,389.38
China Shipbuilding Trading Shanghai Co., Ltd.	Shipping products	13,977,600.00	
China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd	Metallic materials and sales of waste materials	7,292,707.44	34,833,780.65
China Shipbuilding Industry Corporation	Design and technical services	1,658,207.55	
China Shipbuilding IT Co., Ltd.	Design and technical services	614,150.94	3,150,442.48
Guangzhou Shipyard International Company Limited, Shipbuilding Plant Branch	Metallic materials and sales of waste materials	359,307.13	284,302.62
CSSC Southern China Ship Machinery Guangzhou Co., Ltd.	Receipt of services	242,796.90	59,274.34
Technician Training School of Guangzhou Huangpu Shipyard	Supply of utilities	186,741.65	
CSSC Guangxi Ships and Maritime Engineering Co., Ltd.	Lease of premises	150,554.40	
CSSC Jiujiang Marine Equipment (Group) Co., Ltd.	Design and technical services	108,849.56	
CSSC Guijiang Shipbuilding Co., Ltd.	Shipping products	90,265.49	
Dalian Shipbuilding Industry Engineering Company, Shipbuilding Plant Branch	Supply of utilities, design and technical services	43,261.76	59,440.02
Jiangxi Chaoyang Machinery Co., Ltd.	Metallic materials and sales of waste materials	34,442.91	3,754.42
CSSC (Hong Kong) Shipping Company Limited	Sales of shipping products, electrical and mechanical engineering equipment, metallic materials and sales of waste materials, etc.		360,628,320.89
CSSC Guangxi North Bay Ship and Marine Engineering Design Co., Ltd.	Provision of leasing, labour, environmental protection business and design and technical services, etc.		43,719.88
Zhongshan Branch of Guangzhou Diesel Engine Factory Co., Ltd.	Provision of leasing, labour, environmental protection business and design and technical services, etc.		6,834.91
Workers' Hospital of Guangzhou Huangpu Shipyard	Supply of utilities, provision of leasing, labour, environmental protection business and design and technical services, etc.		1,680.84
China Shipbuilding NDRI Engineering Co., Ltd.	Provision of leasing, labour, environmental protection business and design and technical services, etc.		670.87
Anqing CSSC Diesel Engine Co., Ltd.	Provision of leasing, labour, environmental protection business and design and technical services, etc.		18.87
Total		141,200,659.07	431,805,324.13

# 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)

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) As for 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		Interest income from deposits	
	Ending balance	Beginning balance	Current period	Corresponding period of last year
CSSC Finance Company Limited	5,961,436,237.70	6,191,940,179.15	42,850,878.89	37,066,718.00

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.

### (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	490,000,000.00	1,140,000,000.00	10,790,916.65	11,270,438.88

Pricing principle: Borrowings from CSSC Finance/CSSC are at rates not 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 period (RMB)	Current period (RMB)	Last period (RMB)
CSSC Finance Company Limited	US\$213.99 million	US\$277.99 million	20,675,436.95	34,102,242.34	-4,489,867.25	7,253,510.75

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 charging conditions from the independent third parties.

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

(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 LLC	900,000,000.00	3,100,000,000.00	10,920,821.91	2,419,123.29

Pricing principle: To be determined at market rate, which shall be no less favorable than the charging conditions from the independent third parties.

### 3. *Related leases*

(1) *the Group as lessor:*

Name of lessee	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)	Buildings and structures	6,546,600.00	5,236,800.00
CSSC Guijiang Shipbuilding Co., Ltd.	Buildings and structures		214,500.00
<b>Total</b>		<b>6,546,600.00</b>	<b>5,451,300.00</b>

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(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	Current period				Corresponding period last year			
		Rental charges for short-term leases and low-value asset leases that are simplified and variable lease payments included in the measurement of lease liabilities	Rental payments	Increase in right-to-use assets	Interest expense on committed lease liabilities	Rental charges for short-term leases and low-value asset leases that are simplified and variable lease payments included in the measurement of lease liabilities	Rental payments	Increase in right-to-use assets	Interest expense on committed lease liabilities
China National Shipbuilding Equipment & Materials (South China) Co., Ltd	Buildings and structures		519,880.02		265.23	513,461.92			16,444.09
Guangzhou Ship Industrial Co., Ltd.	Buildings and structures		3,784,346.76		553,734.08	3,250,100.95			639,716.52
Guangzhou Ship Industrial Co., Ltd.	Buildings and structures		1,229,529.84		383,060.50	2,227,889.34			406,077.50
Guangzhou Wenchong Industrial Co., Ltd.	Land, buildings and structures		7,268,450.82		364,855.23	7,284,945.56			540,875.46
Total			12,802,207.44		1,301,915.04	13,276,397.77			1,603,113.57

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.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## 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 guaranteed party:

Guarantor	Guaranteed party	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\$12,200,000.00	2019/10/14	2022/4/11	Yes
China Shipbuilding International Trading Co., Ltd.	Huangpu Wenchong	US\$12,200,000.00	2019/10/14	2022/5/28	Yes
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 Shipbuilding International Trading Co., Ltd.	Wenchong Shipyard	US\$500,000.00	2020/9/23	2022/5/25	Yes
China State Shipbuilding Corporation Limited	Huangpu Wenchong	RMB1,120,880,000.00	2020/11/2	2027/6/30	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.

(3) Guarantees provided within the scope of consolidation of the Group:

Guarantor	Guaranteed party	Amount of guarantee	Date of commencement of guarantee	Date of expiry of guarantee	Whether fully executed
Huangpu Wenchong	Wenchong Shipyard	RMB135,000,000.00	2020-11-11	2022-1-21	Yes
Huangpu Wenchong	Wenchong Shipyard	RMB240,000,000.00	2021-4-10	2022-10-30	No
Huangpu Wenchong	Wenchong Shipyard	RMB400,000,000.00	2021-10-9	2022-6-22	Yes
Huangpu Wenchong	Wenchong Shipyard	RMB290,000,000.00	2021-12-8	2023-6-20	No
Huangpu Wenchong	Wenchong Shipyard	RMB100,000,000.00	2022-2-7	2023-1-20	No
Huangpu Wenchong	Huangchuan Ocean Engineering	RMB7,758,080.00	2020-4-2	2023-3-31	No
Huangpu Wenchong	Wenchong Industrial	RMB300,000,000.00	2022-2-18	2023-1-26	No
Huangpu Wenchong	Wenchong Industrial	RMB300,000,000.00	2021-5-21	2022-1-6	Yes



# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## 5. Other related party transactions

Type of transaction	Name of related party	Current period	Last period
Sales agency fees	China Shipbuilding Trading Co., Ltd.	3,445,739.84	2,552,574.18
Sales agency fees	China Shipbuilding International Trading Co., Ltd	4,484,313.10	3,948,337.48
Sales agency fees	CSSC (Hong Kong) Shipping Company Limited		3,862,221.50
Sales agency fees	China Shipbuilding Trading Shanghai Co., Ltd.		169,000.00
Procurement agency fees	China United Shipbuilding Company Limited	55,351.70	684,257.51
Letters of guarantee	China Shipbuilding Trading Co., Ltd.	1,013,601.29	1,619,774.42
Financial institution handling fees	CSSC Finance Company Limited	558,893.17	731,481.33
<b>Total</b>		<b>9,557,899.10</b>	<b>13,567,646.42</b>

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 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.

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 Directors' Report as required.

## 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 fixed assets		51,212.39
CSSC Internet	Receipt of services		36,566.03
<b>Total</b>			<b>87,778.42</b>

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	Properties Leasing		7,362,000.00
<b>Total</b>			<b>7,362,000.00</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (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>91,686,496.17</b>		67,306,694.45	
	CSSC Finance Company Limited	<b>91,686,496.17</b>		67,306,694.45	
<b>Notes receivable</b>		<b>1,616,900.00</b>			
	Guangzhou Shipyard International Company Limited	<b>1,616,900.00</b>			
<b>Account receivables</b>		<b>34,373,383.53</b>		43,933,101.58	
	China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd	<b>15,846,251.00</b>		18,045,380.77	
	Guangzhou Shipyard International Company Limited	<b>14,981,922.61</b>		5,682,542.81	
	China Shipbuilding IT Co., Ltd.	<b>2,142,292.45</b>		1,754,500.00	
	China Shipbuilding NDRI Engineering Co., Ltd.	<b>645,500.00</b>		645,500.00	
	Zhongshan GSI Marine Engineering Company Limited	<b>428,820.75</b>		428,820.75	
	CSSC Jiujiang Marine Equipment (Group) Co., Ltd.	<b>123,000.00</b>		14,150.44	
	Shanghai Starry Ship Ocean Engineering Service Co., Ltd.	<b>77,395.26</b>		309,581.04	
	Dalian Shipbuilding Industry Engineering Company, Shipbuilding Plant Branch	<b>77,218.85</b>			
	Shanghai Dongxin Software Engineering Co., Ltd.	<b>33,962.26</b>		33,962.26	
	Guangzhou Xinhang Human Resources Service Co., Ltd.	<b>12,899.20</b>			
	CSSC Guijiang Shipbuilding Co., Ltd.	<b>4,121.15</b>			
	China Shipbuilding Trading Co., Ltd.			16,739,000.00	
	Dalian Shipbuilding Industry Engineering Company			218,682.11	
	CSSC Guangxi North Bay Ship and Marine Engineering Design Co., Ltd.			34,250.40	
Wuhan Changhai Power Propulsion and Chemical Power Co., Ltd.			26,731.00		

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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
<b>Prepayments</b>		<b>1,457,134,158.10</b>		1,506,307,785.36	
	China National Shipbuilding Equipment & Materials Co., Ltd.	<b>795,122,568.43</b>		110,509,349.52	
	China Shipbuilding Trading Shanghai Co., Ltd.	<b>235,995,152.19</b>		235,995,152.19	
	China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	<b>193,921,712.86</b>		608,553,523.78	
	Anqing CSSC Diesel Engine Co., Ltd.	<b>80,374,119.66</b>		15,124,119.66	
	China Shipbuilding Equipment & Materials Northeast Corporation	<b>52,740,575.22</b>		12,310,151.85	
	Shanghai Lingyao Ship Engineering Co., Ltd.	<b>34,577,620.69</b>		35,322,706.10	
	China Ship Development and Design Center	<b>17,760,000.00</b>			
	Wuhan Marine Machinery Co., Ltd.	<b>7,631,013.00</b>			
	CSSC Marine Power (Zhenjiang) Co. Ltd.	<b>7,524,316.81</b>			
	CSSC Jiujiang Boiler Co., Ltd.	<b>6,767,105.31</b>			
	Guangzhou Xinhang Human Resources Service Co., Ltd.	<b>5,000,000.00</b>			
	CSIC International Trading (Hong Kong) Co., Ltd.	<b>4,977,249.60</b>		4,419,826.80	
	Shanghai Marine Energy Saving Technology Development Co., Ltd.	<b>3,870,000.00</b>		1,290,000.00	
	CSSC Southern China Ship Machinery Co., Ltd.	<b>3,750,000.00</b>			
	China Shipbuilding Industry Corporation 711 Research Institute	<b>1,425,000.00</b>			
	Zhenjiang Shipyard Modern Power Generation Equipment Co., Ltd.	<b>1,320,000.00</b>			
	Shanghai Starry Ship Ocean Engineering Service Co., Ltd.	<b>1,190,000.00</b>			
	Marinequip China Company Limited	<b>1,093,265.20</b>		1,093,265.20	
	China National Shipbuilding Equipment & Materials (East China) Co., Ltd.	<b>1,009,072.00</b>			
	Shanghai Hunter Marine Equipment Co., Ltd.	<b>645,000.00</b>			
	Shanghai CSSC Lingang ship Equipment Co., Ltd.	<b>234,000.00</b>		234,000.00	
	Shanghai Waigaoqiao Shipbuilding Co., Ltd.	<b>100,000.00</b>			
	CSIC Heng Yuan Technology Co., Ltd.	<b>61,461.69</b>		5,670.00	
	Guangzhou Shipyard International Company Limited	<b>29,065.44</b>			
	Jiangxi CSSC Navigation Instrument Co., Ltd.	<b>15,860.00</b>		15,860.00	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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 Shipbuilding Trading Co., Ltd.			268,259,314.82	
	Eastern Shanghai Heavy Machinery Co., Ltd.			211,286,732.33	
	China Shipbuilding Trading (BVI) Co., Ltd.			1,083,396.41	
	Chongqing Yaojin Machinery Plant Co., Ltd.			804,716.70	
<b>Other receivables</b>		<b>2,246,058.31</b>		1,023,620.99	
	Guangzhou Wenchong Industrial Co., Ltd.	<b>671,030.45</b>		548,427.63	
	China National Shipbuilding Equipment & Materials (South China) Co., Ltd	<b>248,748.00</b>		248,748.00	
	Guangzhou Shipyard International Company Limited	<b>238,242.96</b>			
	CSSC Guangxi Ships and Maritime Engineering Co., Ltd.	<b>210,907.36</b>			
	CSSC Financial Leasing (Shanghai) Co., Ltd.	<b>162,654.16</b>			
	China Shipbuilding Technology Institute	<b>140,000.00</b>			
	CSSC Jiujiang Marine Equipment (Group) Co., Ltd.	<b>133,578.26</b>		29,805.80	
	Huangchuan Zhengli (Fujian) New Energy Development Co., Ltd.	<b>111,359.90</b>		4,440.00	
	CSSC Marine Equipment Innovation Park Investment Co., Ltd.	<b>107,911.58</b>			
	Wuchang Shipbuilding Industry Group Co., Ltd.	<b>98,204.36</b>			
	Beijing Ship Industry Management College	<b>65,500.00</b>			
	China Shipbuilding Industry Corporation	<b>50,155.00</b>			
	Workers' Hospital of Guangzhou Huangpu Shipyard	<b>5,145.59</b>			
	Wuhan Wuchuan Metrology Test Co., Ltd.	<b>2,500.00</b>			
	Kindergarten of Guangzhou Huangpu Shipyard	<b>120.69</b>			
	Guangzhou Wencheng Shipbuilding Co., Ltd.			167,252.29	
	China Shipbuilding Trading Co., Ltd.			23,962.10	
	Dalian Shipbuilding Industry Engineering Company			985.17	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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
<b>Contract assets</b>		<b>14,681,620.59</b>		2,299,098.30	
	Guangdong Haizhuang Offshore Wind Power Research Center Co., Ltd.	<b>11,729,319.56</b>			
	Guangzhou Shipyard International Company Limited	<b>2,725,313.28</b>		1,706,698.70	
	China Shipbuilding IT Co., Ltd.	<b>178,000.00</b>		178,000.00	
	China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd	<b>48,987.75</b>		255,487.93	
	Shanghai Starry Ship Ocean Engineering Service Co., Ltd.			154,790.52	
	CSSC Guijiang Shipbuilding Co., Ltd.			4,121.15	
<b>Other non-current assets</b>		<b>55,377,807.47</b>		56,453,646.07	
	Guangzhou Shipyard International Company Limited	<b>55,377,807.47</b>		56,453,646.07	
<b>Total</b>		<b>1,657,116,424.17</b>		1,677,323,946.75	

## 2. Payables

Item	Related party	Book balance at the end of period	Book balance at the beginning of period
<b>Notes payable</b>		<b>463,167,067.86</b>	1,609,328,436.27
	China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd	<b>187,427,263.11</b>	480,677,784.56
	Eastern Shanghai Heavy Machinery Co., Ltd.	<b>117,249,300.00</b>	144,680,206.90
	China Shipbuilding Industry Corporation 715 Research Institute	<b>60,075,300.00</b>	219,597,650.00
	China Shipbuilding Industry Corporation 724 Research Institute	<b>35,100,000.00</b>	58,600,000.00
	Anqing CSSC Diesl Engine Co., Ltd.	<b>34,362,400.00</b>	30,819,100.00
	China Shipbuilding Equipment & Materials Northeast Corporation	<b>22,190,846.71</b>	15,019,642.84
	Wuhan Heavy Industry Casting & Forging Co., Ltd.	<b>3,622,557.08</b>	6,982,000.00
	China Shipbuilding Industry Corporation 725 Research Institute (Luoyang Ship Material Research Institute)	<b>1,745,389.80</b>	
	Guangzhou Shipyard HR Service Co., Ltd.	<b>1,000,000.00</b>	
	CSIC material trade group Wuhan Co., Ltd.	<b>333,011.16</b>	
	Xiamen Shuangrui Marine Coatings Co., Ltd.	<b>61,000.00</b>	306,220.00
	CSSC Systems Engineering Research Institute		167,396,700.00
	China National Shipbuilding Equipment & Materials Co., Ltd.		107,004,392.35
	China Shipbuilding Industry Corporation 711 Research Institute		63,406,850.00
	China Shipbuilding Industry Corporation 704 Research Institute		56,947,700.00
	China Ship Development and Design Center		50,450,400.00

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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 717 Research Institute		47,929,500.00
	China Shipbuilding Industry Corporation 709 Research Institute		42,348,140.00
	China Shipbuilding Trading Guangzhou Co., Ltd.		21,125,602.30
	Wuhan Marine Machinery Co., Ltd.		16,758,559.00
	Shanghai Shipbuilding Technology Research Institute		15,000,000.00
	CSSC Marine Power (Zhenjiang) Co. Ltd.		9,277,483.00
	Qingdao Shuangrui Marine Environment Engineering Co., Ltd		8,724,024.70
	China Shipbuilding Industry Corporation 723 Research Institute		8,040,000.00
	China Shipbuilding Industry Corporation 713 Research Institute		6,572,250.00
	China Ship Power Station Equipment Co., Ltd.		5,820,000.00
	Wuhan Lingan Technology Co., Ltd.		5,616,000.00
	CSSC Jiujiang Boiler Co., Ltd.		4,084,915.00
	China Shipbuilding Industry Corporation 718 Research Institute		3,957,000.00
	Wuhan Haiyi Science and Technology Limited Company		3,146,400.00
	Zhenjiang Shipyard Modern Power Generation Equipment Co., Ltd.		2,443,800.00
	Henan Diesel Engine Heavy Engineering Co., Ltd.		1,954,000.00
	Guangzhou Longxue Pipe Co., Ltd.		1,451,015.62
	Marine Design and Research Institute of China		1,400,000.00
	Shanghai Lingyao Ship Engineering Co., Ltd.		1,137,500.00
	Nanjing CSSC Oasis Environmental Protection Co., Ltd.		653,600.00
		<b>708,166,567.92</b>	2,594,068,747.33
<b>Accounts payable</b>		<b>245,522,430.68</b>	382,367,076.39
	China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd		
	Guangzhou Wenchong Industrial Co., Ltd.	<b>122,559,683.67</b>	115,291,232.85
	Guangzhou Ship Industrial Co., Ltd.	<b>51,579,842.64</b>	50,328,162.22
	Guangzhou Shipyard International Company Limited	<b>31,409,047.55</b>	31,875,366.64
	China United Shipbuilding Company Limited	<b>27,361,154.86</b>	27,361,154.86
	Haiying Enterprises Group Co., Ltd.	<b>18,177,500.00</b>	27,034,000.00
	Dalian Shipbuilding Industry Engineering Company, Shipbuilding Plant Branch	<b>18,020,322.90</b>	
	CSSC Marine Technology Co., Ltd.	<b>17,756,016.24</b>	25,336,716.24
	Shaanxi Diesel Engine Co., Ltd.	<b>15,127,990.00</b>	54,118,226.00
	Shanghai Haixun Electrical Engineering Co., Ltd.	<b>14,611,357.33</b>	17,600,558.02
	Guangzhou Xinhang Human Resources Service Co., Ltd.	<b>12,631,117.88</b>	
	China Shipbuilding Equipment & Materials Northeast Corporation	<b>7,459,228.93</b>	5,465,553.64
	China Shipbuilding Trading (Guangzhou) Co., Ltd.	<b>7,140,234.10</b>	
	Anqing CSSC Diesel Engine Co., Ltd.	<b>6,834,253.10</b>	5,117,430.09
	Wuhan Haiyi Science and Technology Limited Company	<b>6,778,719.77</b>	21,122,082.73
	Shanghai Haixun Electromechanical Engineering Co., Ltd.	<b>6,404,027.20</b>	
	Harbin Guanghan Power Transmission Co., Ltd.	<b>6,370,000.00</b>	10,173,000.00
	China Ship Power Station Equipment Co., Ltd.	<b>6,283,000.00</b>	9,008,000.00
	Wuhan Heavy Industry Casting & Forging Co., Ltd.	<b>5,874,145.50</b>	5,170,756.85
	China Shipbuilding Trading Guangzhou Co., Ltd.	<b>5,651,920.58</b>	10,753,206.65
	CSIC Haisheng Technology Co., Ltd.	<b>5,244,650.00</b>	222,000.00
	TTS Hua Hai Ships Equipment Co., Ltd.	<b>5,078,562.82</b>	5,078,562.82
	CSSC Southern China Ship Machinery Co., Ltd.	<b>4,307,766.58</b>	12,353,366.58
	Marinequip China Company Limited	<b>4,165,197.53</b>	4,146,809.37
	Dalian Shipbuilding Industry Engineering Company	<b>4,002,387.77</b>	43,384,664.89
	Guangzhou Longxue Pipe Co., Ltd.	<b>3,700,743.50</b>	2,740,743.50
	China Shipbuilding International Trading Co., Ltd.	<b>3,636,175.00</b>	3,636,175.00
	Wuhan Marine Machinery Co., Ltd.	<b>3,180,459.00</b>	44,214,450.56
	CSSC Luzhou Zhenjiang Marine Auxiliary Machinery Co., Ltd.	<b>2,758,226.26</b>	3,140,832.65
	Shanghai Marine Energy Saving Technology Development Co., Ltd.	<b>1,929,203.54</b>	1,290,000.00

# 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
	Jiangxi Chaoyang Machinery Co., Ltd.	1,922,946.58	656,489.99
	Shanghai Hudong Shipyard Valve Co., Ltd.	1,827,813.41	1,856,729.41
	CSSC Jiujiang Fire Fighting Equipment Co., Ltd.	1,797,436.98	2,141,414.68
	Yichang Marine Diesel Engine Co., Ltd.	1,794,581.73	2,711,151.73
	Beijing Lei Yin Electronic Technology Development Co., Ltd.	1,686,780.00	1,866,780.00
	Shanghai Dongxin Software Engineering Co., Ltd.	1,586,650.00	3,610,050.00
	Guangzhou Guangchuan Offshore Engineering Equipment Co., Ltd.	1,522,556.99	2,357,783.95
	Nanjing CSSC Oasis Environmental Protection Co., Ltd.	1,517,920.00	4,289,280.00
	Nanjing CSSC Oasis Environmental Protection Co., Ltd.	1,458,913.67	18,901.28
	Guangzhou Shipyard HR Service Co., Ltd.	1,391,698.58	
	Chongqing Changzheng Heavy Industry Co., Ltd.	1,386,485.70	1,117,180.00
	Wuhan Ligan Technology Co., Ltd.	1,300,650.00	1,300,650.00
	Henan Diesel Engine Heavy Engineering Co., Ltd.	955,120.06	1,481,887.30
	Zibo Torch Energy Co., Ltd.	912,435.96	342,125.31
	Dalian Ship Valve Company Limited	898,211.57	962,498.09
	Jiujiang Haitian Equipment Manufacture Co., Ltd.	882,238.35	934,752.25
	Zhongshan GSI Marine Engineering Company Limited	871,354.50	871,354.50
	Shanghai Starry Ship Ocean Engineering Service Co., Ltd.	809,731.47	1,824,049.14
	Shanghai Jiuyuan Engineering Contracting Co., Ltd.	786,050.30	1,266,005.17
	Shanghai Hunter Marine Equipment Co., Ltd.	730,616.97	730,616.97
	CSSC Electronic Technology Co., Ltd.	709,734.52	714,629.18
	CSSC Jiujiang Boiler Co., Ltd.	679,843.00	1,268,761.12
	CSSC Marine Power (Zhenjiang) Co. Ltd.	649,823.62	8,056,883.71
	Guangzhou Shipyard International Company Limited	614,764.92	409,843.28
	CSIC Zhongnan Equipment Co., Ltd.	597,800.00	4,419,598.00
	Nanhai Branch of Guangzhou Guanchuan Heavy Machinery and Equipment Co., Ltd.	454,009.89	
	China Shipbuilding Industry Corporation 711 Research Institute	443,001.25	47,144,605.70
	Guangzhou Shipyard Co., Ltd	437,904.10	449,124.09
	Zhenjiang Shipyard Modern Power Generation Equipment Co., Ltd.	394,810.39	1,344,023.39
	CSIC Material Trade Group Guangzhou Co., Ltd.	384,458.94	384,458.94
	China Shipbuilding Industry Complete Logistics Co., Ltd.	376,716.86	376,716.86
	Shanghai Kaiyue Construction Consulting and Supervision Co., Ltd.	375,582.49	375,582.49
	Guangzhou Hongfan Technology Co., Ltd	363,323.84	1,247,527.40
	China National Shipbuilding Equipment & Materials (South China) Co., Ltd	360,524.90	360,524.90
	Wuhan Huazhongtianqin Defense Technology Co., Ltd.	356,603.76	356,603.76
	Suzhou Jianghai Communication Co., Ltd.	230,250.00	321,150.00
	Xiamen Shuangrui Marine Coatings Co., Ltd.	212,123.45	185,132.30
	China Shipbuilding IT Co., Ltd.	206,692.05	206,692.05
	CSSC Hua Hai Ships Equipment Co., Ltd.	185,000.00	3,700,000.00
	CSIC Chongqing Changping Machinery Co., Ltd.	173,280.00	173,280.00
	CSIC Electrical Machinery Science&Technology Co., Ltd.	170,000.00	507,852.00
	CSSC Dalian Marine Propeller Co., Ltd.	169,641.71	169,641.71
	Haifeng Navigation Technology Co., Ltd.	150,244.96	150,244.96
	CSSC Systems Engineering Research Institute	144,355.55	450,047,008.75
	Technician Training School of Guangzhou Huangpu Shipyard	138,223.86	
	CSSC Jiai Cruise Technology Development (Shanghai) Co., Ltd.	126,000.00	126,000.00
	Chongqing Jiangjin Shipbuilding Industry Co., Ltd.	120,000.00	120,000.00
	Chongqing Huayu Electrical Group Limited	118,000.00	40,000.00
	Wuhan Kawasaki Marine Machinery Co., Ltd.	114,000.00	114,000.00
	Jiangxi CSSC Valve Complete Equipment Co., Ltd.	93,972.77	93,972.77
	Wah-Chang International Marine Industry Company Limited	89,767.71	89,767.71
	China Shipbuilding Industry Corporation 725 Research Institute (Luoyang Ship Material Research Institute)	84,172.99	3,673,869.20
	CSSC Finance Company Limited	83,000.00	83,000.00

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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
	Jiujiang Precision Testing Technology Research Institute	82,613.70	82,613.70
	CSIC Diesel Engine Co., Ltd.	70,637.17	70,637.17
	Wuhan Temo Welding Consumables Co., Ltd.	60,982.30	87,080.00
	Guangzhou Shipyard Co., Ltd Foshan Casting & Forging Plant Branch	60,551.41	
	Shanghai Huajing Power Station Equipment Co., Ltd.	51,025.64	51,025.64
	CSSC Marine Power Components Co., Ltd.	49,600.00	147,200.00
	Guangdong GSI Elevator Machinery Equipment Co., Ltd.	48,465.00	928,667.93
	KSEC Intelligent Technology Co., Ltd.	47,250.00	47,250.00
	Qingdao Shuangrui Marine Environment Engineering Co., Ltd	46,673.04	27,558.00
	Zhendui Industrial Intelligent Technology Co., Ltd.	44,000.00	56,000.00
	Shanghai Zhenhua Engineering Consulting Co., Ltd.	38,880.00	38,880.00
	CSSC Dalian New Consumables Co., Ltd.	26,601.11	19,011.11
	Shanxi Fenxi Heavy Industry Co., Ltd	25,000.00	78,600.00
	Anqing Marine Electric Co., Ltd.	18,000.00	50,610.00
	China Shipbuilding Industry Corporation 12 Research Institute	17,150.00	17,150.00
	CSIC Tianhe Ship Equipment Jiangsu Co., Ltd.	16,000.00	16,000.00
	Guangzhou Hairong Construction Supervision Co., Ltd.	10,273.38	10,273.38
	China Shipbuilding Trading (BVI) Co., Ltd.	8,827.21	
	Guangzhou Shipyard International Company Limited, Shipbuilding Plant Branch	8,500.00	
	Wartsila CME Zhenjiang Propeller Co., Ltd.	8,461.54	8,461.54
	Guangzhou Wencheng Shipbuilding Co., Ltd.	7,433.01	265,402.83
	China Shipbuilding NDRI Engineering Co., Ltd.	6,957.00	7,501,093.89
	Shanghai MicroPowers Ltd	3,418.80	
	Guangdong GSI Elevator Co., Ltd.	3,300.00	
	Shanghai Parts Branch of Eastern Shanghai Heavy Machinery Co., Ltd.	1,500.00	
	Shanghai Hengtuo Industrial Development Co., Ltd.	1,282.05	1,282.05
	Shanghai Qiyao Heavy Industry Co., Ltd.	0.28	0.28
	China Shipbuilding Industry Corporation 715 Research Institute		249,248,600.00
	China Shipbuilding Industry Corporation 713 Research Institute		134,270,825.00
	Chongqing Gearbox Co., Ltd.		131,600,339.00
	China Shipbuilding Industry Corporation 704 Research Institute		119,545,646.00
	Marine Design and Research Institute of China		75,886,845.24
	China Shipbuilding Industry Corporation 716 Research Institute		70,422,301.73
	China National Shipbuilding Equipment & Materials Co., Ltd.		52,586,696.41
	China Shipbuilding Industry Corporation 726 Research Institute		51,098,000.00
	China Shipbuilding Industry Corporation 709 Research Institute		47,768,500.00
	China Shipbuilding Industry Corporation 707 Research Institute		30,299,625.00
	China Shipbuilding Industry Corporation 723 Research Institute		25,154,000.00
	China Shipbuilding Industry Corporation 724 Research Institute		20,507,600.00
	Beijing the Great Wall Electronic Equipment Co., Ltd.		17,886,500.00
	Shanghai CSSC Ship Design Technology and National Engineering Research Center Co., Ltd.		16,118,844.00
	China Shipbuilding Industry Corporation 718 Research Institute		14,624,348.28
	China Shipbuilding Industry Corporation 717 Research Institute		14,088,000.00
	China Shipbuilding Industry Corporation 11 Research Institute		12,334,424.54
	China Ship Development and Design Center		8,361,050.00
	Shanghai Merchant Vessel Design and Research Institute		7,480,000.00



# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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 705 Research Institute		1,680,000.00
	China National Shipbuilding Equipment & Materials (East China) Co., Ltd.		1,598,928.00
	China Shipbuilding Industry Corporation 722 Research Institute		1,196,065.00
	China Shipbuilding Industry Corporation 703 Research Institute		1,087,670.00
	Shanghai CSSC Mitsui Shipbuilding Diesel Engine Co., Ltd.		771,499.89
	China Shipbuilding Technology Institute		611,000.00
	CSSC Guangxi Ships and Maritime Engineering Co., Ltd.		513,189.00
	China Shipbuilding Industry Corporation 712 Research Institute		503,000.00
	CSSC Marine Services Co., Ltd.		493,381.38
	TTS Bohai Trading (DaLian) Co., Ltd.		420,000.00
	China Shipbuilding Industry Institute of Engineering Investigation & Design Co. Ltd.		341,624.53
	Shanghai CSSC Lingang ship Equipment Co., Ltd.		298,000.00
	China Shipbuilding Trading Co., Ltd.		264,555.36
	Shanghai Waigaoqiao Shipbuilding & Marine Engineering Design Co. Ltd.		84,650.00
	Wuchang Shipbuilding Industry Group Co., Ltd.		33,000.00
	Shanghai Qiyao Power Technology Co., Ltd.		3,418.80
	Eastern Shanghai Heavy Machinery Co., Ltd.		1,500.00
<b>Contract liabilities</b>		<b>39,628,399.69</b>	83,986,856.65
	Guangzhou Shipyard International Company Limited	<b>29,124,388.84</b>	50,406,816.07
	China Ship Development and Design Center	<b>7,756,171.90</b>	
	China National Shipbuilding Equipment & Materials Southwest Co., Ltd.	<b>1,899,800.88</b>	1,899,800.88
	Wuxi Division of China Shipbuilding Industry Corporation 703 Research Institute	<b>772,566.37</b>	481,566.37
	China Shipbuilding Industry Corporation	<b>75,471.70</b>	1,733,679.25
	Guangdong Haizhuang Offshore Wind Power Research Center Co., Ltd.		14,967,221.70
	China Shipbuilding Trading Shanghai Co., Ltd.		13,977,600.00
	China Shipbuilding IT Co., Ltd.		226,358.49
	Technician Training School of Guangzhou Huangpu Shipyard		203,548.40
	CSSC Guijiang Shipbuilding Co., Ltd.		90,265.49
<b>Other payables</b>		<b>33,417,666.70</b>	2,194,526.88
	China Shipbuilding Industry Corporation	<b>22,810,000.00</b>	
	China Shipbuilding Industry Corporation 722 Research Institute	<b>6,310,000.00</b>	
	China Shipbuilding Industry Corporation 717 Research Institute	<b>850,000.00</b>	
	Dalian Shipbuilding Industry Engineering Company, Shipbuilding Plant Branch	<b>703,200.00</b>	
	China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd	<b>535,511.58</b>	
	CSSC Finance Company Limited	<b>400,000.00</b>	400,000.00
	Wuxi Division of China Shipbuilding Industry Corporation 703 Research Institute	<b>291,000.00</b>	291,000.00
	Kunming Division of China Shipbuilding Industry Corporation 705 Research Institute	<b>280,000.00</b>	
	China Shipbuilding NDRI Engineering Co., Ltd.	<b>216,750.00</b>	216,750.00
	No. 7 Research Institute of China Shipbuilding Industry Corporation	<b>210,000.00</b>	
	Shanghai CSSC Lingang ship Equipment Co., Ltd.	<b>203,400.00</b>	203,400.00
	Jiangxi Chaoyang Machinery Co., Ltd.	<b>200,000.00</b>	200,000.00
	China Shipbuilding Technology Institute	<b>200,000.00</b>	
	China Shipbuilding Industry Corporation Haizhuang Wind Power Co., Ltd.	<b>110,155.16</b>	110,155.16

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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 Systems Engineering Research Institute	78,309.00	
	China Shipbuilding Trading Co., Ltd.	9,114.22	
	Qingdao Shuangrui Marine Environment Engineering Co., Ltd	4,000.00	4,000.00
	China Shipbuilding Industry Complete Logistics Co., Ltd.	3,226.74	
	Guangzhou Xinhang Human Resources Service Co., Ltd.	2,500.00	
	Shanghai Kaiyue Construction Consulting and Supervision Co., Ltd.	500.00	500.00
	Dalian Shipbuilding Industry Engineering Company		703,200.00
	China Shipbuilding Industry Corporation		65,521.72
	708 Research Institute		
<b>Short-term borrowings</b>		<b>490,000,000.00</b>	<b>1,140,000,000.00</b>
	CSSC Finance Company Limited	490,000,000.00	1,140,000,000.00
<b>Interest on short-term borrowings</b>		<b>280,000.00</b>	<b>836,527.79</b>
	CSSC Finance Company Limited	280,000.00	836,527.79
<b>Lease liabilities due within one year</b>		<b>22,247,784.65</b>	<b>22,059,485.21</b>
	Guangzhou Wenchong Industrial Co., Ltd.	13,979,127.51	13,807,191.13
	Guangzhou Ship Industrial Co., Ltd.	6,540,309.44	6,461,225.31
	Guangzhou Shipyard International Company Limited	1,728,347.70	1,704,687.33
	China National Shipbuilding Equipment & Materials (South China) Co., Ltd		86,381.44
<b>Lease liabilities</b>		<b>63,094,879.30</b>	<b>74,350,237.76</b>
	Guangzhou Ship Industrial Co., Ltd.	30,484,406.98	33,794,103.76
	Guangzhou Shipyard International Company Limited	25,534,940.35	26,405,070.05
	Guangzhou Wenchong Industrial Co., Ltd.	7,075,531.97	14,151,063.95
	Total	<b>1,820,002,366.12</b>	<b>5,526,824,817.89</b>

### 3. Receivables of the Company from its subsidiaries

None.

### 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
<b>Accounts payables</b>		<b>11,728,365.75</b>	<b>16,295,865.75</b>
	Wenchong Industrial	11,728,365.75	16,228,365.75
	Internet		67,500.00
	<b>Total</b>	<b>11,728,365.75</b>	<b>16,295,865.75</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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 (General Manager)		282,600.00	38,179.16	49,623.90	370,403.06
Xiang Huiming		292,602.00	37,118.14	38,246.90	367,967.04
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>575,202.00</b>	<b>75,297.30</b>	<b>87,870.80</b>	<b>1,138,370.10</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		164,862.84	37,118.14	33,072.90	235,053.88
<b>Sub-total of Supervisors</b>	<b>120,000.00</b>	<b>164,862.84</b>	<b>37,118.14</b>	<b>33,072.90</b>	<b>355,053.88</b>
<b>Total</b>	<b>520,000.00</b>	<b>740,064.84</b>	<b>112,415.44</b>	<b>120,943.70</b>	<b>1,493,423.98</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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					
Chen Zhongqian					
Chen Liping (General Manager)		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 Shiyong	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>

Note: There is no discretionary bonus distributed to Directors and Supervisors during the period and corresponding period of last year. Some of the Directors are appointed by CSSC and their remuneration is paid by other companies.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## 2. Top five paid individuals

Of the top five paid individuals for the year, 2 are Directors, 3 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 3 individuals during the period is as follows:

Item	Current period	Corresponding period of last year
Salaries, subsidies, allowances and bonuses	781,126.00	911,467.00
Social insurance and housing fund	112,353.00	143,820.72
Pension	124,098.70	68,100.48
<b>Total</b>	<b>1,017,577.70</b>	<b>1,123,388.20</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	3	3
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		

Note: There is no discretionary bonus distributed to the five highest paid individuals during the period and corresponding period of last year.

3. During the track record period, no Director had waived or agreed to waive any remuneration. During the track record period, 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	1,724,794.84	1,613,219.00
Social insurance and housing fund	188,649.62	183,004.34
Pension	207,699.50	93,579.84
<b>Total</b>	<b>2,121,143.96</b>	<b>1,889,803.18</b>

## (VIII) Amount due from Directors/affiliates of Directors

### 1. Amount due from Directors/affiliates of Directors to the Company

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 2022 to 30 June 2022

(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) Significant commitments

#### 1. Pledge of assets

As at the end of the period, the Group did not have any pledge of assets.

#### 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
Letters of performance guarantee	389,318,756.17	15,154,250.00	
Letters of advancement payment guarantee	144,829,332.80	279,552,600.00	
Letters of warranty guarantee	46,750,907.05		
Letters of customs duties guarantee	142,630,000.00		
Non-financing guarantee	1,036,956.00		
<b>Total</b>	<b>724,565,952.02</b>	<b>294,706,850.00</b>	

As at the end of the period, the Group's issued but undue letters of credit amounted to US\$4,549,100.00, and EUR4,978,095.00.

#### 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 125 undelivered forward settlements with an amount of US\$1,415.17 million, which the longest delivery period is up to 26 October 2026. There were a total of 1 undelivered swap with an amount of US\$40 million, which the delivery period is up to 8 June 2022. There were 67 undelivered option portfolios with an amount of US\$253.905 million, which the longest delivery period is up to 23 December 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 2022 to 30 June 2022

(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	3,971,822,279.54	884,168,289.00	4,137,635.34	876,132,012.09	-1,465,057,714.98	4,271,202,500.99
Including: Revenue from external transactions	2,652,353,858.75	803,182,889.94	2,033,494.72	813,632,257.58		4,271,202,500.99
Revenue from inter-segment transactions						
Operating costs	1,319,468,420.79	80,985,399.06	2,104,140.62	62,499,754.51	-1,465,057,714.98	3,977,648,314.95
Costs for the period	3,706,260,400.93	848,204,222.85	3,260,707.80	845,795,762.96	-1,425,872,779.59	3,977,648,314.95
Total segment profit	211,237,582.03	41,450,673.53	527,405.67	-2,017,284.80	22,894,122.35	274,092,496.78
Total assets	61,539,642.66	15,136,679.12	444,158.82	30,352,623.82	-79,134,621.30	28,338,483.12
Total liabilities	43,203,620,128.80	2,004,059,538.82	8,563,313.80	14,469,293,731.70	-11,050,236,871.64	48,635,299,841.48
Capital expenses	34,483,980,061.66	1,718,923,605.89	1,467,490.76	2,656,904,219.58	-7,769,523,731.46	31,091,751,646.43
Impairment loss recognised during current period	91,727,494.88	4,692,000.00	45,076.65	9,405,035.48	-11,803,976.62	94,065,630.39
Depreciation and amortisation expenses	-4,258,756.63	5,974,169.96		44,266.92		1,759,680.25
	155,018,161.86	14,541,825.64	87,911.14	30,380,249.64	1,000,438.63	201,028,586.91

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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	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 inter-segment transactions	1,653,668,532.78	48,815,346.21	1,842,826.86	123,789,359.31	-1,828,116,065.16	
Operating costs	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
Costs for the period	439,971,848.69	31,467,054.14	478,954.63	1,560,400.77	-7,133,551.65	466,344,706.58
Total segment profit	-141,469,770.75	12,213,921.37	208,044.37	-34,118,667.14	5,695,978.90	-157,470,493.25
Total assets	35,880,595,996.34	2,015,488,610.17	6,902,289.89	15,222,451,585.11	-8,800,029,608.97	44,265,408,872.54
Total liabilities	27,208,714,472.01	1,742,829,955.24	232,016.20	2,297,681,287.30	-5,654,867,336.49	25,594,590,394.26
Capital expenses	273,732,390.45	50,000,000.00	24,832.50	128,580,189.44	-129,200,632.14	323,136,780.25
Impairment loss recognised during current period	13,251,329.04	1,152,400.38		5,728.96		14,409,458.38
Depreciation and amortisation expenses	144,697,930.67	3,315,694.05	106,169.75	25,147,287.98	-6,643,092.84	166,623,989.61

(1) Revenue from external transactions by origin of revenue

Item	Current period	Corresponding period of last year
Revenue from external transactions derived from China	3,083,402,142.82	3,759,186,262.26
Revenue from external transactions derived from other countries	1,187,800,358.17	958,364,191.22
<b>Total</b>	<b>4,271,202,500.99</b>	<b>4,717,550,453.48</b>

(2) Non-current assets by location of assets

Item	Ending balance	Beginning balance
Non-current assets within China (excluding Hong Kong)	10,331,734,266.94	11,352,854,899.20
Hong Kong	1,791,781,808.91	417,695,444.50
<b>Total</b>	<b>12,123,516,075.85</b>	<b>11,770,550,343.70</b>

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



# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (III) Discontinued operations

None.

## (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	298,768,299.17	66,939,423.22
Other cash at bank and on hand	699,396,793.06	918,806,694.45
<b>Total</b>	<b>998,165,092.23</b>	<b>985,746,117.67</b>
Including: Deposit in finance company	776,626,390.13	985,349,175.48
Total amount deposited overseas		

The monetary funds which were limited to use by mortgage, pledge, and being frozen, limited to access due to centralized management of funds, or limited to remit to China in foreign countries are as following:

Item	Ending balance	Beginning balance
Fixed deposits with a term of over 3 months	660,000,000.00	890,000,000.00
Interests from fixed deposits	39,396,793.06	28,806,694.45
<b>Total</b>	<b>699,396,793.06</b>	<b>918,806,694.45</b>

### (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	610,224,000.00	600,411,000.00
Including: Investment in debt instruments		
Investments in equity instruments		
Entrusted wealth management	610,224,000.00	600,411,000.00
Structured deposits		
Financial assets at fair value through profit or loss		
Including: Forward exchange contracts		
<b>Total</b>	<b>610,224,000.00</b>	<b>600,411,000.00</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	610,224,000.00	600,411,000.00
<b>Total</b>	<b>610,224,000.00</b>	<b>600,411,000.00</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (III) Accounts receivable

### 1. Breakdown of accounts receivable by ageing

Ageing	Ending balance	Beginning balance
Within one year (one year inclusive)	11,728,365.75	16,228,365.75
1-2 years		
2-3 years		
3-4 years	768,468.86	768,468.86
4-5 years		
Over 5 years		
Subtotal	12,496,834.61	16,996,834.61
Less: Provision for bad debts	673,416.92	614,775.09
<b>Total</b>	<b>11,823,417.69</b>	<b>16,382,059.52</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	Book balance		Ending balance		Carrying value
	Amount	Percentage (%)	Provision for bad debts		
			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	12,496,834.61	100.00	673,416.92	5.39	11,823,417.69
	12,496,834.61	100.00	673,416.92	5.39	11,823,417.69
<b>Total</b>	<b>12,496,834.61</b>		<b>673,416.92</b>		<b>11,823,417.69</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

Type	Beginning balance				
	Book balance		Provision for bad debts		Carrying 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	16,996,834.61	100.00	614,775.09	3.62	16,382,059.52
	16,996,834.61	100.00	614,775.09	3.62	16,382,059.52
<b>Total</b>	16,996,834.61		614,775.09		16,382,059.52

(1) Provision for bad debts made on an individual basis

None.

(2) Provision for bad debts made on a collective basis

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Ageing portfolio	12,496,834.61	673,416.92	5.39
<b>Total</b>	12,496,834.61	673,416.92	

Of which, breakdown of the ageing portfolio is as follows:

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
With one year (one year inclusive)	11,728,365.75	58,641.83	0.50
1-2 years			
2-3 years			
3-4 years	768,468.86	614,775.09	80.00
4-5 years			
Over 5 years			
<b>Total</b>	12,496,834.61	673,416.92	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

#### 4. Provision for bad debts made, reversed or recovered during the period

Type	Beginning balance	Change in the period		Ending balance
		Provision made	Recovered or reversed	
Provision for bad debts in respect of accounts receivable	614,775.09	58,641.83		673,416.92
<b>Total</b>	<b>614,775.09</b>	<b>58,641.83</b>		<b>673,416.92</b>

Note: There were no significant provision for bad debts recovered or reversed during the period

#### 5. Accounts receivable written-off during the period

Note.

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

Name of Unit	Ending balance		Provision for bad debts
	Accounts receivable	Percentage of ending balance of total accounts receivable (%)	
China Railway 11th Bureau First Engineering Co., Ltd.	11,728,365.75	93.85	614,775.09
Guangzhou Municipal Engineering Testing Co., Ltd	768,468.86	6.15	58,641.83
<b>Total</b>	<b>12,496,834.61</b>	<b>100.00</b>	<b>673,416.92</b>

#### 7. Accounts receivable derecognised arising from transfer of financial assets

None.

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

None.

#### (IV) Other receivables

Item	Ending balance	Beginning balance
Interest receivable		
Dividends receivable		
Other receivables	808,304.97	301,242.19
<b>Total</b>	<b>808,304.97</b>	<b>301,242.19</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

Other receivables:

**(1) Disclosure by ageing**

Ageing	Ending balance	Beginning balance
Within one year (one year inclusive)	555,721.30	48,658.52
1-2 years		248,748.00
2-3 years	248,748.00	
3-4 years	19,178.36	
4-5 years		19,178.36
Over 5 years		
Subtotal	823,647.66	316,584.88
Less: Provision for bad debts	15,342.69	15,342.69
<b>Total</b>	<b>808,304.97</b>	<b>301,242.19</b>

**(2) 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	262,915.32	19,178.36
Reserve funds	311,984.34	48,658.52
<b>Total</b>	<b>823,647.66</b>	<b>316,584.88</b>

**(3) 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
Provision for bad debts				
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		<b>15,342.69</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

Changes on the book balance of other receivables are as follows:

Book balance	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses for next 12 months	Expected credit losses during the whole life span (not credit impaired)	Expected credit losses during the whole life span (credit impaired)	
Beginning balance	48,658.52	267,926.36		<b>316,584.88</b>
Beginning balance during the period				
- Transfer to stage 2				
- Transfer to stage 3				
- Transfer back to stage 2				
- Transfer back to stage 1				
Added during the period	507,062.78			<b>507,062.78</b>
Derecognized during the period				
Other changes				
<b>Ending balance</b>	<b>555,721.30</b>	<b>267,926.36</b>		<b>823,647.66</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>

Note: There were no significant provision for bad debts recovered or reversed during the period

**(5) Written-off of other receivables during the period**

None.

**(6) 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
Beijing Branch of CITIC-Prudential Life Insurance Co., Ltd.	Reserve funds	253,061.22	Within one year	30.72	
China National Shipbuilding Equipment & Materials (South China) Co., Ltd.	Refundable deposit	248,748.00	3-4 years	30.20	
Guangzhou Shipyard International Company Limited	Temporary payments receivables	193,581.96	Within one year	23.50	
China State Shipbuilding Corporation Limited	Reserve funds	50,155.00	Within one year	6.09	
Shandong Luya Information Technology Co., Ltd.	Reserve funds	20,700.00	Within one year	2.51	
<b>Total</b>		<b>766,246.18</b>		<b>93.02</b>	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

**(7) Other receivables relating to government grants**

None.

**(8) Other receivables derecognised arising from transfer of financial assets**

None.

**(9) Amount of assets and liabilities transferred from other receivables with continuing involvement**

None.

**(V) 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
		impairment			impairment	
Contract performance cost	24,909,034.04		24,909,034.04	24,909,034.04		24,909,034.04
<b>Total</b>	<b>24,909,034.04</b>		<b>24,909,034.04</b>	<b>24,909,034.04</b>		<b>24,909,034.04</b>

**(VI) Other current assets**

Item	Ending balance	Beginning balance
Value-added tax credit	20,693,393.06	21,215,192.31
<b>Total</b>	<b>20,693,393.06</b>	<b>21,215,192.31</b>

**(VII) 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 and joint ventures	3,187,206,781.46		3,187,206,781.46	3,180,510,659.91		3,180,510,659.91
<b>Total</b>	<b>6,358,672,818.02</b>		<b>6,358,672,818.02</b>	<b>6,351,976,696.47</b>		<b>6,351,976,696.47</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 2022 to 30 June 2022

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

## 2. Investments in associates and joint ventures

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		
1. Joint ventures								
2. Associates								
Guangzhou Shipyard International Company Limited	3,180,510,650.91			6,846,849.39	-150,727.84			
Subtotal	3,180,510,650.91			6,846,849.39	-150,727.84			3,187,206,761.46
<b>Total</b>	3,180,510,650.91			6,846,849.39	-150,727.84			3,187,206,761.46

## 3. Analysis of long-term equity investments

Item	Ending balance	Beginning balance
Unlisted	6,358,672,818.02	6,351,976,696.47
<b>Total</b>	6,358,672,818.02	6,351,976,696.47

## (VIII) 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	4,128,053,505.68	5,391,698,967.64
<b>Total</b>	4,128,053,505.68	5,391,698,967.64

### 2. Analysis of investments in other equity instruments

Item	Ending balance	Beginning balance
Listed	4,128,053,505.68	5,391,698,967.64
Including: China (excluding Hong Kong)	4,128,053,505.68	5,391,698,967.64
<b>Total</b>	4,128,053,505.68	5,391,698,967.64



# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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	1,270,170,305.68	4,128,053,505.68	2,857,883,200.00	2,533,815,767.64	5,391,698,967.64
CSSC Holdings	2,857,883,200.00	1,270,170,305.68	4,128,053,505.68	2,857,883,200.00	2,533,815,767.64	5,391,698,967.64
<b>Total</b>	<b>2,857,883,200.00</b>	<b>1,270,170,305.68</b>	<b>4,128,053,505.68</b>	<b>2,857,883,200.00</b>	<b>2,533,815,767.64</b>	<b>5,391,698,967.64</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		1,270,170,305.68				
CSSC Holdings		1,270,170,305.68			Equity investments not held-for-trading	
<b>Total</b>		<b>1,270,170,305.68</b>				

## (IX) Investment properties

### 1. Investment properties measured at cost

Item	Buildings and structures	Total
<b>1. 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>2. Accumulated depreciation and amortisation</b>		
(1) Beginning balance	14,709,206.34	14,709,206.34
(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	17,977,918.86	17,977,918.86
<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	139,455,344.10	139,455,344.10
(2) Beginning carrying value	142,724,056.62	142,724,056.62

Other explanations:

- The depreciation and amortisation of investment properties recognised in profit or loss during the period was RMB3,268,712.52 (last period: RMB 3,268,712.52).
- The provision for impairment of investment properties made for the period was RMB0.00 (last period: RMB0).

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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>139,455,344.10</b>	142,724,056.62
Medium term (10-50 years)	<b>139,455,344.10</b>	142,724,056.62
<b>Total</b>	<b>139,455,344.10</b>	142,724,056.62

## 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 RMB139,455,344.10 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 have 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>75,615,818.13</b>	In the process of obtaining ownership certificates
Component welding workshop	<b>60,527,219.43</b>	In the process of obtaining ownership certificates
Sanding and coating workshop	<b>3,312,306.54</b>	In the process of obtaining ownership certificates
<b>Total</b>	<b>139,455,344.10</b>	

## (X) Fixed assets

### 1. Fixed assets and disposal of fixed assets

Item	Ending balance	Beginning balance
Fixed assets	<b>4,632,100.72</b>	4,575,092.24
Disposal of fixed assets		
<b>Total</b>	<b>4,632,100.72</b>	4,575,092.24

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## 2. Fixed assets

Item	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Total
<b>1. Original carrying value</b>					
(1) Beginning balance	4,272,909.88		560,223.08	1,488,468.47	6,321,601.43
(2) Increase for the period				281,943.35	281,943.35
– Acquisition				281,943.35	281,943.35
(3) Decrease for the period				80,780.17	80,780.17
(4) Ending balance	4,272,909.88		560,223.08	1,689,631.65	6,522,764.61
<b>2. Accumulated depreciation</b>					
(1) Beginning balance	563,786.91		299,862.05	882,860.23	1,746,509.19
(2) Increase for the period	67,654.41		26,610.60	125,806.14	220,071.15
– Provision made	67,654.41		26,610.60	125,806.14	220,071.15
(3) Decrease for the period				75,916.45	75,916.45
(4) Ending balance	631,441.32		326,472.65	932,749.92	1,890,663.89
<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	3,641,468.56		233,750.43	756,881.73	4,632,100.72
(2) Beginning carrying value	3,709,122.97		260,361.03	605,608.24	4,575,092.24

Other explanations:

The depreciation of fixed assets recognised in profit or loss during the period amounted to RMB220,071.15 (Previous period: RMB5,202,057.78);

Included in fixed assets added during the period is capitalised construction in progress of RMB0.

## 3. Fixed assets leased through finance leases

None.

## 4. Fixed assets leased out through operating leases

None.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## 5. Buildings and structures analysed by region and ageing

Item	Ending balance	Beginning balance
Within China	<b>3,641,468.56</b>	3,709,122.97
Including: medium term (10-50 years)	<b>3,641,468.56</b>	3,709,122.97
<b>Total</b>	<b>3,641,468.56</b>	3,709,122.97

## (XI) 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	2,654,727.60	2,654,727.60
(2) Increase for the period	75,849.49	75,849.49
– Provision made	75,849.49	75,849.49
(3) Decrease for the period		
(4) Ending balance	2,730,577.09	2,730,577.09
<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		
(2) Carrying value as at the beginning of the year	75,849.49	75,849.49

Other explanations: The depreciation of right-to-use assets recognized as profit and loss during current period amounted to RMB75,849.49. (Last period: RMB455,096.16).

## (XII) 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	28,836.15		28,836.15		
<b>Total</b>	28,836.15		28,836.15		

## (XIII) 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	1,270,170,305.68	317,542,576.42	2,533,815,767.64	633,453,941.91
Change in fair value of financial assets held-for-trading	10,224,000.00	2,556,000.00	411,000.00	102,750.00
<b>Total</b>	<b>1,280,394,305.68</b>	<b>320,098,576.42</b>	2,534,226,767.64	633,556,691.91

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## 2. Breakdown of unrecognized deferred tax assets

Item	Ending balance	Beginning balance
Deductible temporary difference	688,759.61	630,117.78
Deductible tax loss	23,273,661.24	33,071,911.17
<b>Total</b>	<b>23,962,420.85</b>	33,702,028.95

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

Year	Ending balance	Beginning balance	Remarks
2023	10,462,720.14	20,260,970.07	
2024	12,810,941.10	12,810,941.10	
<b>Total</b>	<b>23,273,661.24</b>	33,071,911.17	

## (XIV) Accounts payable

### 1. List of accounts payable

Item	Ending balance	Beginning balance
Materials purchased	13,943,145.94	18,443,145.94
Retention money	15,055,956.39	15,055,956.39
Other construction and labour services	691.20	426,681.76
<b>Total</b>	<b>28,999,793.53</b>	33,925,784.09

### 2. Significant accounts payable aged over one year

Item	Ending balance	Including: Amount aged over one year	Reason for unsettlement or carrying forward
Guangzhou Shipyard International Company Limited	16,343,425.69	15,000,000.00	Unmatured premiums
Zhongshan GSI Marine Engineering Company Limited	871,354.50	871,354.50	Not yet due
<b>Total</b>	<b>17,214,780.19</b>	15,871,354.50	

## (XV) Contract liabilities

### 1. Breakdown of other current liabilities

Item	Ending balance	Beginning balance
Advance from customers for electromechanical products and others	23,764,409.51	23,764,409.51
<b>Total</b>	<b>23,764,409.51</b>	23,764,409.51

Other explanations: The income included in the beginning carrying value of contract liabilities recognized in the period amounted to RMB0.

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

None.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (XVI) 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		3,160,106.82	3,160,106.82	
Post-employment benefits – defined contribution plans		527,216.43	527,216.43	
Dismissal benefits				
<b>Total</b>		<b>3,687,323.25</b>	<b>3,687,323.25</b>	

### 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		2,396,117.00	2,396,117.00	
(2) Employee benefits		174,299.62	174,299.62	
(3) Social insurance		152,407.74	152,407.74	
Including: Medical insurance contribution		146,380.74	146,380.74	
Work-related injury insurance contribution		6,027.00	6,027.00	
Maternity insurance contribution				
(4) Housing fund		307,657.00	307,657.00	
(5) Labour union & employee education funds		68,840.51	68,840.51	
(6) Short-term paid absence				
(7) Short-term profit sharing plan				
(8) Outsourcing labour costs and others		60,784.95	60,784.95	
<b>Total</b>		<b>3,160,106.82</b>	<b>3,160,106.82</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 period were as follows:

Item	Beginning balance	Increase for the period	Decrease for the period	Ending balance
Basic pension insurance		302,209.05	302,209.05	
Unemployment insurance contribution		20,511.38	20,511.38	
Corporate pension contributions		204,496.00	204,496.00	
<b>Total</b>		<b>527,216.43</b>	<b>527,216.43</b>	

Note: As at the end of the period, all planned pension, unemployment insurance contributions and corporate pension contributions of the Group had been made.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (XVII) Taxes payable

Item	Ending balance	Beginning balance
Property tax	9,147.36	9,147.36
Land use tax	919.92	919.92
Individual income tax	230,357.34	384,587.95
Other taxes		16,273.10
<b>Total</b>	<b>240,424.62</b>	<b>410,928.33</b>

## (XVIII) Other payables

Item	Ending balance	Beginning balance
Interest payable		312,941.09
Dividends payable	195,376,821.25	96,627.38
Other payables	73,880.29	
<b>Total</b>	<b>195,450,701.54</b>	<b>409,568.47</b>

### 1. Dividends payable

Item	Ending balance	Beginning balance
Dividends on ordinary shares	195,376,821.25	312,941.09
Including: Dividends payable for A shares	113,433,044.75	74,989.77
Dividends payable for H shares	81,943,776.50	237,951.32
<b>Total</b>	<b>195,376,821.25</b>	<b>312,941.09</b>

### 2. Other payables

(1) Other payables by nature

Item	Ending balance	Beginning balance
Payables for temporary receipts	73,880.29	96,627.38
<b>Total</b>	<b>73,880.29</b>	<b>96,627.38</b>

(2) Significant other payables aged over one year

None.

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

Item	Ending balance	Beginning balance
Lease liabilities due within one year		86,381.44
<b>Total</b>		<b>86,381.44</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

(XX) Lease liabilities	Ending balance	Beginning balance
Item		
Lease payment amount		86,646.67
Less: Unrecognized financing cost		265.23
Less: Lease liability due within one year		86,381.44
<b>Total</b>		

## (XXI) Share capital

For details, please see Note V. (38) Share Capital.

## (XXII) 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 reserves	2,189,826,617.01			2,189,826,617.01
<b>Total</b>	8,436,541,414.86			8,436,541,414.86

## (XXIII) Other comprehensive income

Item	Amount for the period				Ending balance
	Less: Amount 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	Less: Income tax expense	Amount attributable to the Company after tax	
1. Other comprehensive income that may not be subsequently reclassified to profit or loss	1,897,973,747.33	-1,263,796,189.80	-315,911,365.49	-947,884,824.31	950,088,923.02
Including: Other comprehensive income that cannot be transferred to profit or loss under the equity method	-2,388,078.40	-150,727.84		-150,727.84	-2,538,806.24
Change in fair value of investments in other equity instruments	1,900,361,825.73	-1,263,645,461.96	-315,911,365.49	-947,734,096.47	952,627,729.26
2. Other comprehensive income that will be subsequently reclassified to profit or loss	1,897,973,747.33	-1,263,796,189.80	-315,911,365.49	-947,884,824.31	950,088,923.02
Total other comprehensive income	1,897,973,747.33	-1,263,796,189.80	-315,911,365.49	-947,884,824.31	950,088,923.02



# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (XXIV) Surplus reserve

Item	Beginning balance	Increase for the period	Decrease for the period	Ending balance
Statutory surplus reserve	540,337,839.13			<b>540,337,839.13</b>
Discretionary surplus reserve	18,582,196.43			<b>18,582,196.43</b>
<b>Total</b>	558,920,035.56			<b>558,920,035.56</b>

## (XXV) Retained earnings

Item	Current period	Corresponding period of last year
Retained earnings as at the end of last year before adjustment	<b>540,948,804.84</b>	718,135,411.74
Beginning adjustment to undistributed profits (increase +, decrease-)		
Undistributed profits as at the beginning of the year after adjustment	<b>540,948,804.84</b>	718,135,411.74
Add: Net profit attributable to owners of the Company for the period	<b>23,941,428.77</b>	-29,838,298.60
Less: Statutory surplus reserve set aside		
Dividends payable on ordinary shares	<b>195,063,880.16</b>	234,642,058.75
<b>Undistributed profits as at the end of the period</b>	<b>369,826,353.45</b>	453,655,054.39

## (XXVI) Net current assets

Item	Ending balance	Beginning balance
Current assets	<b>1,666,623,241.99</b>	1,648,964,645.73
Less: Current liabilities	<b>248,455,329.20</b>	58,597,071.84
<b>Net current assets</b>	<b>1,418,167,912.79</b>	1,590,367,573.89

## (XXVII) Total assets less current liabilities

Item	Ending balance	Beginning balance
Total assets	<b>12,297,437,010.51</b>	13,540,044,144.34
Less: Current liabilities	<b>248,455,329.20</b>	58,597,071.84
<b>Total assets less current liabilities</b>	<b>12,048,981,681.31</b>	13,481,447,072.50

## (XXVIII) Operating income and operating costs

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

Item	Current period		Corresponding period of last year	
	Income	Cost	Income	Cost
Principal business				
Other businesses	<b>6,546,600.00</b>	<b>3,268,712.52</b>	12,598,800.00	8,257,207.08
<b>Total</b>	<b>6,546,600.00</b>	<b>3,268,712.52</b>	12,598,800.00	8,257,207.08

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

(1) Principal business – by product

None.

(2) Principal business – by region

None.

(3) Other operating income and other operating costs

Type of business	Current period	Corresponding period of last year
<b>Income from other business</b>		
Lease	6,546,600.00	12,598,800.00
<b>Total</b>	<b>6,546,600.00</b>	<b>12,598,800.00</b>
<b>Costs of other business</b>		
Lease	3,268,712.52	8,257,207.08
<b>Total</b>	<b>3,268,712.52</b>	<b>8,257,207.08</b>

## 2. Revenue from contracts

Breakdown of contracts	Others segment	Total
Product type:		
Other business	6,546,600.00	6,546,600.00
<b>Total</b>	<b>6,546,600.00</b>	<b>6,546,600.00</b>
Region of operation:		
Domestic	6,546,600.00	6,546,600.00
<b>Total</b>	<b>6,546,600.00</b>	<b>6,546,600.00</b>
Type of market or customer:		
State-owned enterprises	6,546,600.00	6,546,600.00
<b>Total</b>	<b>6,546,600.00</b>	<b>6,546,600.00</b>
Type of contracts:		
Fixed price	6,546,600.00	6,546,600.00
<b>Total</b>	<b>6,546,600.00</b>	<b>6,546,600.00</b>
Date of transfer of goods:		
Performed at a point in time	6,546,600.00	6,546,600.00
<b>Total</b>	<b>6,546,600.00</b>	<b>6,546,600.00</b>
By contract term:		
Short-term	6,546,600.00	6,546,600.00
<b>Total</b>	<b>6,546,600.00</b>	<b>6,546,600.00</b>
By sales channel:		
Direct sales	6,546,600.00	6,546,600.00
<b>Total</b>	<b>6,546,600.00</b>	<b>6,546,600.00</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

### 3. Top five customers in operating income

Customers	Relationship with the Group	Current period	Percentage of total income from principal business (%)
Zhongshan GSI Marine Engineering Company Limited	Under the common control of CSSC	6,546,600.00	
<b>Total</b>		<b>6,546,600.00</b>	

### 4. Purchase amount from top five suppliers

Supplier	Relationship with the Group	Current period	Percentage of total income from principal business (%)
Guangzhou Shipyard International Company Limited	Associate of the Group	50,000.00	
<b>Total</b>		<b>50,000.00</b>	

### (XXIX) Taxes and surcharges

Item	Current period	Corresponding period of last year
Property tax	18,294.72	901,734.72
City maintenance and construction tax	13,747.86	15,460.20
Educational surcharge	9,819.90	11,043.00
Land use tax	1,839.84	1,839.84
Vehicle and vessel tax	1,560.00	1,560.00
Stamp tax	57.00	23,431.30
<b>Total</b>	<b>45,319.32</b>	<b>955,069.06</b>

### (XXX) Administrative expenses

Item	Current period	Corresponding period of last year
Employee benefits	3,687,323.25	3,578,664.49
Board meeting fee	861,248.49	2,254,345.46
Lease expenses	433,233.35	
Depreciation charge	281,628.61	662,774.40
Logistics service fees	162,295.58	131,445.84
Information management fee	121,462.03	108,380.63
Intermediary fee	59,738.44	51,998.63
Repairing expenses	48,776.40	174,098.68
Office expenses	38,914.59	47,449.42
Travelling expenses	29,004.98	97,307.91
Other management fees	419,379.16	262,873.44
<b>Total</b>	<b>6,143,004.88</b>	<b>7,369,338.90</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (XXXI) Finance cost

### 1. Breakdown of finance costs

Item	Current period	Corresponding period of last year
Interest expenses	265.23	5,355,368.47
Less: Interest income	12,568,994.83	16,037,067.35
Net exchange losses	3.40	-168.00
Other expenses	3,822.08	3,741.71
<b>Total</b>	<b>-12,564,904.12</b>	<b>-10,678,125.17</b>

### 2. Breakdown of interest expenses

Item	Current period	Corresponding period of last year
Interest on bank borrowings and overdraft		5,338,924.38
Interest on bank borrowings due within 5 years		5,338,924.38
Other borrowings	265.23	16,444.09
Other interest expenses	265.23	16,444.09
<b>Total</b>	<b>265.23</b>	<b>5,355,368.47</b>

### 3. Breakdown of interest income

Item	Current period	Corresponding period of last year
Interest income from bank deposits	12,568,994.83	8,809,172.34
Interest income from receivables		7,227,895.01
<b>Total</b>	<b>12,568,994.83</b>	<b>16,037,067.35</b>

## (XXXII) Other income

Item	Current period	Corresponding period of last year	Relating to assets/income
Refund of handling fee for withholding individual income tax	65,114.27	10,973.41	Related to income
Social security one-off training subsidy for job retention	19,625.00		Related to income
Unemployment insurance return for job stabilization	56,553.04		Related to income
<b>Total</b>	<b>141,292.31</b>	<b>10,973.41</b>	

## (XXXIII) Investment income

Item	Current period	Corresponding period of last year
Gain on long-term equity of accounting investments under equity method	6,846,849.39	-45,204,263.43
Investment income from disposal of financial assets held-for-trading		585,123.29
<b>Total</b>	<b>6,846,849.39</b>	<b>-44,619,140.14</b>

Note: Investment income from investment in non-listed companies for current period amounted to RMB0 (Previous period: RMB0) and RMB6,846,849.39 (Previous period: RMB-44,619,140.14).

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (XXXIV) Gain 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 Including: Gain on fair value changes arising on derivative financial instruments	9,813,000.00	10,140,000.00
<b>Total</b>	<b>9,813,000.00</b>	<b>10,140,000.00</b>

## (XXXV) Credit impairment loss

Item	Current period	Corresponding period of last year
Loss on bad debts of accounts receivable	-58,641.83	
<b>Total</b>	<b>-58,641.83</b>	

Note: Negative numbers of credit impairment losses indicate accrual during current period, and positive numbers indicate reversal during current period.

## (XXXVI) 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	
<b>Total</b>		<b>11,058.00</b>	

Including: The amount included in non-recurring gains and losses for current period was RMB0 (Previous period: RMB11,058.00).

## (XXXVII) Non-operating expenses

Item	Current period	Corresponding period of last year	Amount included in non-recurring gains and losses for current period
Loss of non-current assets due to destruction and scrapping	2,288.50		2,288.50
<b>Total</b>	<b>2,288.50</b>		<b>2,288.50</b>

Including: The amount included in non-recurring gains and losses for current period was RMB2,288.50 (Previous period: RMB0).

## (XXXVIII) Income tax expense

### 1. List of income tax expense

Item	Current period	Corresponding period of last year
Deferred tax expense	2,453,250.00	2,076,500.00
<b>Total</b>	<b>2,453,250.00</b>	<b>2,076,500.00</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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	26,394,678.77
Income tax expenses calculated at statutory/applicable tax rate	6,598,669.69
Impact of non-taxable income	-1,711,712.35
Impact of non-deductible costs, expenses and losses	1,194.68
Impact of utilisation of deductible loss for which no deferred tax assets were previously recognised	-2,449,562.48
Impact of deductible temporary differences for which no deferred tax assets or deductible losses were recognised for current period	14,660.46
<b>Income tax expense</b>	<b>2,453,250.00</b>

### (XXXIX) Depreciation and amortisation

Item	Current period	Corresponding period of last year
Depreciation of fixed assets	220,071.15	5,202,057.78
Depreciation of right-of-use assets	75,849.49	455,096.16
Amortisation of long-term prepaid expenses	28,836.15	173,017.68
Depreciation of investment properties	3,268,712.52	3,268,712.52
<b>Total</b>	<b>3,593,469.31</b>	<b>9,098,884.14</b>

### (XL) Gain (or loss) from disposal of investments or properties

Gain on disposal of investment or properties for the period was RMB0 (Previous period: RMB0).

### (XLI) Operating rental expense

Operating rental expense for the period was RMB509,348.07 (Previous period: RMB471,540.25).

### (XLII) Rental income

Operating rental income for the period was RMB6,546,600.00 (Previous period: RMB12,598,800.00), including rental income from land and buildings of RMB6,546,600.00 (Previous period: RMB12,598,800.00).

### (XLIII) Supplementary information to the income statement where expenses are classified by nature

The operating costs, selling expenses, administrative expenses, research and development expenses in the income statement are classified by nature as follows:

Item	Current period	Corresponding period of last year
Employee compensation expenses	3,687,323.25	3,578,664.49
Depreciation expenses	3,564,633.16	8,925,866.46
Amortisation expenses	28,836.15	173,017.68
Fuel power fee	28,008.59	28,660.12
Others	2,102,916.25	2,920,337.23
<b>Total</b>	<b>9,411,717.40</b>	<b>15,626,545.98</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (XLIV) Items on cash flow statement

### 1. Other cash receipts relating to operating activities

Item	Current period	Corresponding period of last year
Other current account received	8,285,393.26	445,536.80
Interest income	626,582.33	973,770.20
Government grants	76,178.04	
<b>Total</b>	<b>8,988,153.63</b>	<b>1,419,307.00</b>

### 2. Other cash payments relating to operating activities

Item	Current period	Corresponding period of last year
Payment of other current accounts	8,811,676.52	1,089,560.33
Administrative expense	1,918,081.27	3,086,983.46
Reserve funds	344,042.20	54,937.79
Bank charges	3,822.08	3,498.79
<b>Total</b>	<b>11,077,622.07</b>	<b>4,234,980.37</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
Principal and interest of entrusted loan		52,163,822.22
Fixed deposits with maturity of over three months and principal and interest income of various security deposits	1,352,313.89	
Fixed deposits and restricted funds over three months	516,000,000.00	
<b>Total</b>	<b>517,352,313.89</b>	<b>57,502,746.60</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	286,000,000.00	50,000,000.00
<b>Total</b>	<b>286,000,000.00</b>	<b>50,000,000.00</b>

### 5. Other cash payment relating to financing activities

Item	Current period	Corresponding period of last year
Expenditure on lease assets	90,979.00	539,135.00
<b>Total</b>	<b>90,979.00</b>	<b>539,135.00</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## (XLV) 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	23,941,428.77	-29,838,298.60
Add: Credit impairment loss	58,641.83	
Provision for impairment of assets		
Depreciation of fixed assets	3,488,783.67	8,470,770.30
Depreciation of right-to-use assets	75,849.49	455,096.16
Amortisation of intangible assets		
Amortisation of long-term prepaid expenses	28,836.15	173,017.68
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain is listed with "-")		
Loss on retirement of fixed assets (gain is listed with "-")	2,288.50	
Loss on changes in fair value (gain is listed with "-")	-9,813,000.00	-10,140,000.00
Finance cost (gain is listed with "-")	-11,994,528.06	-8,589,362.88
Loss on investments (gain is listed with "-")	-6,846,849.39	44,619,140.14
Decrease in deferred tax assets (increase is listed with "-")		
Increase in deferred tax liabilities (decrease is listed with "-")	2,453,250.00	2,076,500.00
Decrease in inventories (increase is listed with "-")		-12,335,023.46
Decrease in operating receivables (increase is listed with "-")	3,992,937.22	-2,410,145.12
Increase in operating payables (decrease is listed with "-")	-4,436,907.74	6,614,593.45
Others		
<b>Net cash flows from operating activities</b>	<b>950,730.44</b>	<b>-903,712.33</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		
Fixed assets acquired under finance lease arrangement		
<b>3. Net changes in cash and cash equivalents</b>		
Cash balance at the end of the year	298,768,299.17	287,521,955.81
Less: Cash balance at the beginning of the year	66,939,423.22	342,958,485.77
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>231,828,875.95</b>	<b>-55,436,529.96</b>



## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

**2. Net cash paid for acquisition of subsidiaries during the current period**

None.

**3. Net cash received for disposal of subsidiaries during the current period**

None.

**4. Compositions of cash and cash equivalents**

Item	Current period	Corresponding period of last year
I. Cash	<b>298,768,299.17</b>	66,939,423.22
Including: Cash on hand		
Bank deposits available for use on demand	<b>298,768,299.17</b>	66,939,423.22
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	<b>298,768,299.17</b>	66,939,423.22
Including: Restricted cash and cash equivalents used by the parent company or intra-group subsidiaries		

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## XVI. SUPPLEMENTAL INFORMATION

### (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	-480,690.60	
Tax relief and reduction with approval exceeding authority or without formal approval or of non-recurring nature	10,287.86	
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)	27,510,415.37	
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		
Investment gains from financial assets held-for-trading, derivative financial assets, financial liabilities held-for-trading, 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 investments, except for effective hedging transactions that are closely related to the Company's normal operation	3,681,498.94	
Reversal of the provision for impairment of receivables and contract assets which are tested individually for impairment		
Gain or loss 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	874,280.51	
Other gain or loss items meeting the definition of non-recurring gains or losses	263,802.99	
<b>Sub-total</b>	<b>31,859,595.07</b>	
Effect of income tax	-7,134,072.16	
Effect of minority interests (after tax)	-7,897,294.94	
<b>Total</b>	<b>16,828,227.97</b>	

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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	5,300,000.00	Closely relating to operation, granted at fixed amount and on a continuous basis
Value added tax of self produced software refund upon collection	53,982.30	Closely relating to operation, granted at fixed amount and on a continuous basis
<b>Total</b>	<b>5,353,982.30</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 on 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 (%)	Earnings per share (RMB)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to shareholders of the Company	0.13	0.0134	0.0134
Net profit attributable to shareholders of the Company, net of non-recurring gains and losses	0.01	0.0015	0.0015

CSSC Offshore & Marine Engineering (Group) Company Limited

30 August 2022