



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

# 2024

## ANNUAL REPORT

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## IMPORTANT NOTICE

- I. **The Board, the Supervisory Committee and the Directors, Supervisors and senior management of the Company warrant that there are no false statements, misleading information or material omissions in this annual report and are jointly and severally responsible for the truthfulness, accuracy and completeness of the contents of this annual report.**
- II. **All Directors have attended the tenth meeting of the eleventh session of the Board of Directors held on 28 March 2025, of which Mr. Gu Yuan, a non-executive Director, appointed Mr. Chen Liping, an executive Director, to attend and vote on his behalf for work reasons.**
- III. **BDO China Shu Lun Pan Certified Public Accountants LLP has issued standard auditors' report without qualifying opinions for the Company.**
- IV. **Chen Liping, the person in charge of the Company, Hou Zengquan, the person in charge of accounting, and Hou Zengquan, 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 annual report.**
- V. **Profit distribution proposal or proposal for capitalisation of capital reserves of the Company for the Reporting Period considered and passed by the Board**

The Company intends to distribute a cash dividend of RMB0.70 (tax inclusive) for every 10 shares to all shareholders. Calculated based on the total share capital of 1,413,506,378 shares as at 31 December 2024, the total proposed cash dividends to be distributed amounts to RMB98,945,446.46 (tax inclusive). The total cash dividend of the Company for the year (including cash dividend distributed for the interim period) amounts to RMB115,907,523.00 (tax inclusive), representing 30.72% of the net profit attributable to shareholders of the Company for the Year. The remaining undistributed profits of RMB1,137,201,178.63 will be carried forward for distribution in future periods. The Company did not convert capital reserve into share capital for 2024. If the total share capital of the Company changes before the record date for the implementation of dividend distribution, the Company shall maintain the distribution ratio per share unchanged and adjust the total distribution amount accordingly, and a separate announcement will be made to specify the adjustment.

This profit distribution proposal is subject to approval at the 2024 annual general meeting of the Company.

- VI. **This annual 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. **The Company was not subject to any appropriation of funds by the controlling shareholder or other related parties for non-operating purposes.**
- VIII. **The Company was not involved in any provision of external guarantees in violation of the applicable decision-making procedures.**
- IX. **The Company was not in a situation where more than half of the Directors were unable to guarantee the authenticity, accuracy and completeness of the annual 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 – Report of the Board for the risks that the Company might face.**
- XI. **This report is prepared in both Chinese and English. In case of any inconsistency, the Chinese version shall prevail.**

## I. DEFINITIONS

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

### Definitions of frequently used terms

Articles of Association	the Articles of Association of the Company
DWT (deadweight tonnage)	deadweight capacity with tonne as unit
CSSC	China State Shipbuilding Corporation Limited, the controlling shareholder of the Company
China Shipbuilding Group	China Shipbuilding Group Co., Ltd., the controlling shareholder of CSSC
Company	CSSC Offshore & Marine Engineering (Group) Company Limited
Group	CSSC Offshore & Marine Engineering (Group) Company Limited and its subsidiaries
CSSC Holdings	China CSSC Holdings Limited, a listed company controlled by CSSC
CSSC Finance	CSSC Finance Company Limited, a non-banking financial institution controlled by China Shipbuilding Group
Huangpu Wenchong	CSSC Huangpu Wenchong Shipbuilding Company Limited, a 54.5371%-owned subsidiary of the Company
GSI	Guangzhou Shipyard International Company Limited, a company in which the Company owns a 41.0248% equity interest
Wenchong Shipyard	Guangzhou Wenchong Shipyard Co., Ltd, a wholly-owned subsidiary of Huangpu Wenchong
Huangchuan Ocean Engineering	Guangzhou Huangchuan Ocean Engineering 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
BDO	BDO China Shu Lun Pan Certified Public Accountants LLP
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Reporting Period or Year	for the year ended 31 December 2024
CSRC	China Securities Regulatory Commission
RMB	Renminbi, the lawful currency of the PRC
CG Code	the Corporate Governance Code as set out in Appendix C1 to the Stock Exchange Listing Rules

## SECTION II COMPANY OVERVIEW AND MAJOR 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	Xiang Huiming

### II. CONTACT PERSONS AND CONTACT METHOD

	Secretary to the Board	Authorised Securities Representative
Name	Li Zhidong	Qiu Zhilin
Contact address	15th Floor, Marine Tower, No.137 Gexin Road, Haizhu District, Guangzhou City, the People's Republic of China	15th Floor, Marine Tower, No.137 Gexin Road, Haizhu District, Guangzhou City, the People's Republic of China
Telephone	020-81636688	020-81636688
Fax	020-81896411	020-81896411
E-mail	lizd@comec.cssc.net.cn	qiuzl@comec.cssc.net.cn

### III. GENERAL INFORMATION

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

### IV. INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

Name and website of the media in which the Company's annual report is disclosed	China Securities Journal (www.cs.com.cn), Securities Daily (www.zqrb.cn), Securities Times (www.stcn.com), Shanghai Securities News (www.cnstock.com)
Website of the stock exchange where the Company's annual report is disclosed	www.sse.com.cn, www.hkexnews.hk
Place for inspection of the annual report of the Company	Office of the Board

### V. INFORMATION ON THE COMPANY'S SHARES

Class of shares	Stock exchange on which the shares are listed	Stock abbreviation	Stock code	Stock abbreviation before change
A Shares	Shanghai Stock Exchange	COMEC	600685	GSI
H Shares	The Stock Exchange of Hong Kong Limited	COMEC	00317	GUANGZHOU SHIP

## SECTION II COMPANY OVERVIEW AND MAJOR FINANCIAL INDICATORS

### VI. OTHER RELATED INFORMATION

Accounting firm engaged by the Company (domestic)	Name	BDO China Shu Lun Pan Certified Public Accountants LLP
	Office address	4/F, No. 61 Nanjing East Road, Huangpu District, Shanghai
	Names of signing accountant	Guo Jian, Lu Li
Accounting firm engaged by the Company (overseas)	Name	BDO China Shu Lun Pan Certified Public Accountants LLP
	Office address	4/F, No. 61 Nanjing East Road, Huangpu District, Shanghai
	Names of signing accountant	Guo Jian, Lu Li
Legal adviser appointed by the Company (domestic)	Name	Beijing Yingke Law Firm Guangzhou Office
	Office address	8/F to 9/F, Kaihua International Center, No.5 Xiancun Road, Zhujiang New Town, Tianhe District, Guangzhou, Guangdong/53rd Floor, Guangzhou CTF Finance Centre, No. 6 Zhujiang East Road, Tianhe District, Guangzhou
Legal adviser appointed by the Company (overseas)	Name	Haiwen & Partners LLP
	Office address	Suites 1101-1104, 11/F, One Exchange Square, 8 Connaught Place, Central, Hong Kong
Share registrar and transfer office	A Shares	China Securities Depository and Clearing Corporation Limited Shanghai Branch
	Office address	188 Yanggao South Road, China (Shanghai) Pilot Free Trade Zone
	H Shares	Computershare Hong Kong Investor Services Limited
	Office address	17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

### VII. MAJOR ACCOUNTING INFORMATION AND FINANCIAL INDICATORS FOR THE PAST THREE YEARS

#### (I) Key accounting data

Unit: Yuan Currency: RMB

Key accounting data	2024	2023	Change compared to same period last year (%)	2022
Operating income	19,402,390,859.63	16,145,951,496.09	20.17	12,795,124,917.87
Net profit attributable to shareholders of the Company	377,262,684.20	48,067,553.44	684.86	688,459,748.15
Net profit attributable to shareholders of the Company after deduction of non-recurring gains and losses	335,608,224.67	-1,763,916.12	Not applicable	-79,312,918.78
Net cash flows from operating activities	-2,195,628,947.67	3,311,968,278.35	-166.29	2,015,033,189.11
	End of 2024	End of 2023	Change compared to same period last year (%)	End of 2022
Net assets attributable to shareholders of the Company	17,824,706,200.68	16,417,569,534.93	8.57	15,588,602,692.22
Total assets	53,596,113,615.25	50,862,502,007.57	5.37	46,508,366,648.38

## SECTION II COMPANY OVERVIEW AND MAJOR FINANCIAL INDICATORS

### (II) Key financial indicators

Key financial indicators	2024	2023	Change compared to same period last year (%)	2022
Basic earnings per share (RMB/share)	0.2669	0.0340	685.00	0.4871
Diluted earnings per share (RMB/share)	0.2669	0.0340	685.00	0.4871
Basic earnings per share after deduction of non-recurring gains and losses (RMB/share)	0.2374	-0.0012	Not applicable	-0.0561
Weighted average return on equity (%)	2.20	0.30	Increase of 1.90 percentage points	4.66
Weighted average return on equity after deduction of non-recurring gains and losses (%)	1.96	-0.01	Increase of 1.97 percentage points	-0.54

Explanation on the major accounting information and financial indicators of the Company for the past three years as at the end of the Reporting Period

- During the Reporting Period, the shipbuilding industry maintained a good momentum. The Group focused on the annual targets and tasks, deepened lean management, tapped the potential and increased efficiency, and achieved a cumulative operating income of RMB19.402 billion, representing a year-on-year increase of 20.17%.
- During the Reporting Period, the Group achieved a cumulative net profit attributable to shareholders of the Company of RMB377 million, representing a year-on-year increase of 684.86%, and a cumulative net profit attributable to shareholders of the Company after deduction of non-recurring gain or loss of RMB336 million, representing a year-on-year increase of RMB337 million. This was mainly due to the continuous optimisation of the order structure, sustained high production workload, steady increase in total production volume and production efficiency, and a year-on-year increase in gross profit of products; the positive operating results of associates and the improved level of dividends from subsidiaries, and the year-on-year increase in investment income recognized.
- During the Reporting Period, the Group's earnings per share was RMB0.2669, representing a year-on-year increase of 685%, and the earnings per share after deduction of non-recurring gains and losses was RMB0.2374, as compared to RMB-0.0012 in the corresponding period of last year; the weighted average return on equity was 2.20%, representing a year-on-year increase of 1.90 percentage points, and the weighted average return on equity after deduction of non-recurring gains and losses was 1.96%, as compared to -0.01% in the corresponding period of last year. This was mainly due to the impact of the increase in net income during the Reporting Period.
- During the Reporting Period, the net cash flows from operating activities of the Group amounted to RMB-2.196 billion, as compared to RMB3.312 billion for the corresponding period of last year, mainly attributable to the expansion of production scale, which led to a significant year-on-year increase in orders for product construction materials during the Reporting Period.
- At the end of the Reporting Period, the balance of exclusively state-owned capital reserve was RMB521 million, which was mainly the state funds allocated to the infrastructure projects, which should be exclusively owned by the State as capital investment by the State in the Company or subsidiaries after the completion and acceptance of the projects. In accordance with relevant regulations such as the "Interim Measures for the Administration of the Restructuring and Reorganization of Military Enterprises and Institutions and the Review of Military Operations on Capital Operations after Listing" issued by the State Administration of Defense Science and Technology, the capital reserve formed by state-allocated funds shall be owned by the representative of the investor of state-owned assets, i.e. CSSC, and shall be converted into state-owned shares after fulfilling the necessary procedures in accordance with relevant regulations. The impact of exclusively state-owned capital reserve was excluded when calculating the weighted average return on net assets.

## SECTION II COMPANY OVERVIEW AND MAJOR FINANCIAL INDICATORS

### VIII. MAJOR FINANCIAL INFORMATION FOR 2024 BY QUARTER

Unit: Yuan Currency: RMB

	First quarter (From January to March)	Second quarter (From April to June)	Third quarter (From July to September)	Fourth quarter (From October to December)
Operating income	<b>2,806,869,058.01</b>	5,921,667,005.64	3,958,458,677.67	6,715,396,118.31
Net profit attributable to shareholders of the Company	<b>15,373,901.72</b>	131,471,784.45	40,416,105.20	190,000,892.83
Net profit attributable to shareholders of the Company after deduction of non-recurring gains and losses	<b>25,228,892.06</b>	105,822,122.58	28,701,990.36	175,855,219.67
Net cash flows from operating activities	<b>-3,403,181,373.38</b>	-2,154,505,286.87	659,398,954.94	2,702,658,757.64

Description:

1. In terms of operating income: During the Reporting Period, less operating income was recognized in the first quarter as affected by factors such as the Spring Festival holiday and fewer completed products that fulfilled performance obligations at a certain point of time and met the revenue recognition conditions; in the second quarter, the Company's production gradually ramped up and its operating income increased accordingly; in the fourth quarter, the Company entered the golden season for shipbuilding, and the operating income increased significantly as compared to the first three quarters.
2. In terms of net profit and net profit after deduction of non-recurring gain or loss: During the Reporting Period, net profit attributable to shareholders of the Company in the first and third quarters was relatively low, mainly due to the recognition of less operating income; in the second and fourth quarters, owing to the growth of operating income, as well as the impact of the positive operating results of associates and dividends from investees, net profit attributable to shareholders of the Company increased.
3. In terms of net cash flows from operating activities: The uneven distribution of product payment milestones and procurement time points during the Reporting Period was the main reason for the differences between quarters.

## SECTION II COMPANY OVERVIEW AND MAJOR FINANCIAL INDICATORS

### IX. EXTRAORDINARY ITEMS AND THEIR AMOUNTS

Unit: Yuan Currency: RMB

Extraordinary items	Amount for 2024	Note (where applicable)	Amount for 2023	Amount for 2022
Gain or loss on disposal of non-current assets (including the write-off of the asset impairment provision)	-29,094,978.82		48,463,945.09	-4,229,952.65
Government grants included in current profit or loss, other than those that are closely related to the Company's normal operation, in line with national policies and in accordance with defined criteria, and have a sustained impact on the Company's profit or loss	85,903,690.88		96,121,948.46	109,272,169.76
Gain or loss on changes in fair value of financial assets and financial liabilities held by non-financial entities and gain or loss on disposal of financial assets and financial liabilities, except for effective hedging transactions that are related to the Company's normal operation	-24,950,389.46		-46,829,254.75	-37,130,145.86
Capital occupation fee received from non-financial entities included in current profit or loss	-		-	-
Gain or loss on entrusted investments or assets under management	-		-	-
Gains or losses from entrusted loans	-		-	-
Losses on assets due to force majeure events, such as natural disasters	-		-	-
Reversal of the provision for impairment of receivables which are tested individually for impairment	-		-	-
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	-		-	-
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 exchange of non-monetary assets	-		-	-
Gain or loss on debt restructuring	-		-	-
One-off costs incurred as a result of the discontinuation of relevant operating activities, e.g. staff settlement expenses	-		-	-
One-off effect on current profit or loss due to adjustments to tax and accounting laws and regulations	-		-	-
One-off share-based payments recognized for cancellation and modification of equity incentive plans	-		-	-
For cash-settled share-based payments, gain or loss arising from changes in fair value of employee benefits payable after the vesting date	-		-	-
Gain or loss arising from changes in fair value of investment properties under fair value model on subsequent measurement	-		-	-
Gain from transactions with obviously unfair transaction price	-		-	-
Gain or loss on contingencies which are not related to the Company's normal operation	-		-	-
Entrusted fee income from entrusted operations	-		-	-
Other non-operating income and expenses apart from the aforesaid items	1,797,522.69		2,804,191.45	5,805,565.18
Other gain or loss items meeting the definition of non-recurring gains or losses	30,276,921.48	Note	463,742.43	731,484,901.33
Less: Effect of income tax	12,207,959.84		8,942,500.55	16,410,872.58
Effect of non-controlling interests (after tax)	10,070,347.40		42,250,602.57	21,018,998.25
<b>Total</b>	<b>41,654,459.53</b>		<b>49,831,469.56</b>	<b>767,772,666.93</b>

Note: Other profit or loss items that comply with the definition of non-recurring profit or loss mainly include non-recurring profit and loss items of associates recognized on the basis of percentage of shareholding.

## SECTION II COMPANY OVERVIEW AND MAJOR FINANCIAL INDICATORS

### X. ITEMS MEASURED AT FAIR VALUE

Unit: Yuan Currency: RMB

Name of item	Beginning balance	Ending balance	Change	Amount of impact on profit for the current period
Financial assets held-for-trading	9,127,869.19	1,171,434.07	-7,956,435.12	
Financial liability held-for-trading	-24,854,342.66	-94,183,471.96	-69,329,129.30	
Hedging instruments	16,838,807.02	96,872,353.05	80,033,546.03	-70,765,153.33
Hedged items	-78,892,468.71	-96,872,353.05	-17,979,884.34	
Receivable financing	276,203,451.85	236,548,075.95	-39,655,375.90	—
Investments in other equity instruments	6,447,078,173.90	7,859,909,518.36	1,412,831,344.46	43,601,866.29
<b>Total</b>	<b>6,645,501,490.59</b>	<b>8,003,445,556.42</b>	<b>1,357,944,065.83</b>	<b>-27,163,287.04</b>

Description:

1. "Financial liability held-for-trading" and "Hedged items" are liabilities, and thus they are listed as negative figure.
2. "Amount of impact on profit for the current period" includes gain or loss from change in fair value and investment income.

## SECTION III REPORT OF THE BOARD

### I. OPERATION'S DISCUSSION AND ANALYSIS

In 2024, the global new shipbuilding market continued to exhibit a thriving and active trend, with the transaction volume of new vessels reaching a new high since the previous peak. Amidst the backdrop of the overall positive medium- to long-term demand for shipbuilding, the Group anchored itself on the objectives of the "14th Five-Year Plan" by focusing on annual targets and tasks, grasping development opportunities, tapping into potential and enhancing efficiency, resulting in a continuous improvement in the economic indicators for the year, key products being delivered consecutively, and the value creation capability steadily improving. In 2024, the Group achieved operating income of RMB19.402 billion, representing a year-on-year increase of 20.17%. The net profit attributable to the shareholders of the Company after deduction of non-recurring gains and losses was RMB336 million, representing a year-on-year increase of RMB337 million.

**Adhering to innovation and leadership, the Group achieved another record in contracted orders.** In 2024, the Group achieved operating orders of RMB25 billion, fulfilling 165.56% of its annual plan. The Group's product structure continued to be upgraded, with key vessel types being contracted in batches, totaling 56 new shipbuilding orders for 12 different types. The Group made a breakthrough in the self-designed methanol dual-fuel vessels and signed contracts for six 2400 TEU methanol dual-fuel container vessels, further expanding the influence of the "Honghu" brand of feeder containerships. The Group contracted the PRC's first ammonia dual-fuel gas carrier and a total of 12 gas carriers during the Reporting Period, thereby further consolidating the industry position in the field of medium-sized gas carrier construction. To expand the portfolio of its main vessel types, the Group secured 16 series orders for 4300TEU containerships, making a successful entry into the medium-sized containership market. The Group's green transformation has achieved remarkable results, with 24 new energy vessels of 7 different types contracted. In terms of emerging industries, the Group successfully signed contracts for offshore wind power monopiles and transition sections in the UK, achieving an important breakthrough in the overseas market of steel structures for offshore wind power.

**Deepening lean management, the Group steadily advanced the increase in volume and quality.** The Group continued to deepen lean management, and continuously strengthened the management of the whole production process through measures such as enhancing the technical preparation for production, strengthening the control of production planning, improving the product construction process and optimising the allocation of production resources, etc, achieving significant enhancements in efficiency and quality of shipbuilding, a continuous improvement in the key cycles for the main vessel types, and a continuously positive trend in efficiency indicators. During the Reporting Period, the Group delivered 37 vessels with a total of 1.0844 million DWT. These included several important defense equipment products covering multiple types, as well as a series of bulk-built main vessel types such as feeder containerships, bulk carriers, and heavy lift vessels, and other key products such as offshore wind power towers. The PRC's first "Dream" ocean drilling vessel was commissioned, which helped enhance the PRC's capabilities in "deep-sea access, deep-sea exploration, and deep-sea development".

As at the end of the Reporting Period, the Group held orders with the total contract value of approximately RMB61.6 billion, of which the total contract value of shipbuilding orders was approximately RMB58.7 billion, including 130 ship products and 2 offshore engineering equipment with a total of 4,776,700 DWT.

### II. INDUSTRY IN WHICH THE COMPANY OPERATED DURING THE REPORTING PERIOD

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 the international maritime conventions, and the development and transformation of new technologies. During the Reporting Period, the global shipbuilding market maintained highly prosperous, marked by a significant year-on-year growth in new ship transactions, high and stable new ship prices, ongoing advancements in green transformation, and the leading global market share maintained by Chinese shipbuilding enterprises.

The Group is a large-scale backbone shipbuilding enterprise under China Shipbuilding Group and a national core military production enterprise, its controlling subsidiary, Huangpu Wenchong, was founded in 1851, with a history of 173 years of factory building and more than 130 years of military production history, 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 main production base for dredging engineering ships and feeder containerships in China.

### III. BUSINESS ENGAGED IN BY 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 main products include defense equipment products including military ships, marine police equipment and public service ships, shipbuilding and marine products including feeder containerships, bulk carriers, small and medium-sized gas carriers, dredgers, offshore engineering platforms and wind power installation platforms, and emerging business products represented by energy equipment, high-end steel structures, construction machinery and industrial internet platforms. During the Reporting Period, there was no material change in the Group's principal activities.

#### (ii) Business model

As a holding company, COMEC currently focuses on asset operation and investment management. Huangpu Wenchong, the holding subsidiary of the Company, is engaged in manufacturing and providing customers with high-quality products through research and development of ships, seeking orders and implementing customised order production, and have built up a modern shipbuilding model highlighting general assembly process, refined management and information integration in the shipbuilding operation. The Group 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 whole-life support at the back end of the industrial chain.

#### (iii) Major performance drivers

During the Reporting Period, the Group achieved operating income of RMB19.402 billion, representing a year-on-year increase of 20.17%, mainly due to the fact that during the Reporting Period, the shipbuilding industry maintained a positive momentum, the Group focused on the annual targets and tasks, deepened lean management, tapped the potential and increased efficiency, and achieved significant growth in operating income.

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

- (i) **Product advantages.** The Group has mastered the capability of regional general assembly shipbuilding mode and simultaneous construction of multiple vessel types, and it is in leading position in the technical indicators of military vessels, civil vessels and offshore engineering business in China. The Group has developed a range of distinctive products for domestic and international markets, including marine police equipment, public service equipment, feeder containerships, dredging vessels, etc. The Group will continue to optimise and innovate ship models and enhance product performance, and extend its product lines based on its existing strengths to form a diversified product portfolio to better meet customer needs.
- (ii) **Technological advantages.** The Group has 13 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 capable ship product development and design centers in South China and the first demonstration base of technological innovation for military-civilian combination in Guangdong Province. The Group holds independent intellectual property rights in high technology and high value-added products such as feeder containerships, public service ships, scientific exploration ships, wind power installation platforms, high value-added products and special vessels. Adhering to an innovation-driven and technology-led strategy, the Group tackled difficulties in cutting-edge technologies and focused 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 the field of marine defense equipment, the Group is an important production and support facility for military ships of the Chinese Navy in South China, and an important public service ship manufacturer in China. In the field of shipbuilding and offshore engineering equipment, the Group has established a strong market reputation and holds a leading position in the construction of multifunctional deep-sea survey ships, feeder containerships and dredging vessels. In the field of emerging industries, the Group has a good reputation in the industry and has undertaken the construction of major steel structures for landmark infrastructure projects such as the Shenzhen-Zhongshan Channel and the Hong Kong-Zhuhai-Macao Bridge, and its offshore wind power equipment has also entered into the international market.
- (iv) **Market advantages.** The Group's principal business and products have a high market share in domestic and overseas markets. In particular, the Group holds a leading position globally in the markets for feeder containerships and dredgers and maintains a leading position in the PRC in the markets for military ships, public service ships and dredgers.

The above advantages have contributed to the sustainable development of the Group. In addition, amid the backdrop of green transformation and industry upgrading in the shipbuilding industry, the Group will focus on continuously strengthening its core competitiveness including research and development capability and building technologies, exploring new growth drivers, improving profitability and providing higher returns to shareholders.

## SECTION III REPORT OF THE BOARD

### II. PRINCIPAL OPERATION DURING THE REPORTING PERIOD

During the Reporting Period, the Group completed and delivered 37 ships, a total of 1,084,400 DWT, and realised operating income of RMB19.402 billion, representing a year-on-year increase of 20.17%. Net profit attributable to the shareholders of the Company was RMB377 million, representing a year-on-year increase of RMB329 million or an increase by 684.86%. Net profit attributable to shareholders of the Company after deduction of non-recurring gains and losses was RMB336 million. At the end of the Reporting Period, the Group's total assets amounted to RMB53.596 billion, representing a year-on-year increase of 5.37%; total liabilities amounted to RMB32.426 billion, representing a year-on-year increase of 3.74%; and total owner's equity amounted to RMB21.17 billion, representing a year-on-year increase of 7.97%, of which, owner's equity attributable to shareholders of the parent company amounted to RMB17.825 billion, representing a year-on-year increase of 8.57%.

#### (i) Analysis of principal business

##### 1. Table of analysis of changes in relevant items in income statement and cash flow statement

Unit: Yuan Currency: RMB

Item	Current year	Last year	Percentage of change (%)
Operating income	<b>19,402,390,859.63</b>	16,145,951,496.09	20.17
Operating cost	<b>17,897,013,361.84</b>	15,165,684,226.23	18.01
Selling expenses	<b>48,543,062.10</b>	29,807,496.06	62.86
Administrative expenses	<b>663,201,198.86</b>	663,299,147.12	-0.01
Finance cost	<b>-280,853,098.26</b>	-348,850,220.75	Not applicable
Research and development expenses	<b>888,463,342.28</b>	658,533,832.96	34.92
Net cash flows from operating activities	<b>-2,195,628,947.67</b>	3,311,968,278.35	-166.29
Net cash flows from investing activities	<b>-427,996,707.41</b>	-3,100,461,904.03	Not applicable
Net cash flows from financing activities	<b>807,697,796.22</b>	-1,623,204,032.12	Not applicable
Taxes and surcharges	<b>34,932,883.22</b>	26,834,138.50	30.18
Investment income	<b>283,506,266.21</b>	23,663,491.61	1,098.07
Loss on impairment of credit (loss expressed with "-")	<b>-13,046,115.60</b>	1,286,945.50	-1,113.73
Loss on impairment of assets (loss expressed with "-")	<b>-50,949,140.70</b>	-4,090,488.06	Not applicable
Gain on disposal of assets	<b>-29,166,698.27</b>	50,345,748.28	-157.93
Non-operating expenses	<b>1,660,001.62</b>	3,226,288.24	-48.55
Income tax expenses	<b>-77,492,908.07</b>	-113,634.50	Not applicable

Reason for change in operating income: mainly due to the continuous optimisation of the order structure, sustained high production workload, steady increase in total production volume and production efficiency and the year-on-year increase in both output and price of delivered ship products during the Reporting Period.

Reason for change in operating cost: mainly due to the year-on-year increase in operating income, which drove a corresponding rise in operating cost during the Reporting Period. Since 1 January 2024, the Group has implemented the relevant provisions of "Accounting Standards for Business Enterprises Interpretation No.18" (Cai Kuai [2024] No. 24) issued by the Ministry of Finance, requiring warranty type quality assurance expenses to be recognised in operating cost instead of selling expenses. The Group has applied the retrospective adjustment method to adjust the financial statements for the comparable period.

Reason for change in selling expenses: mainly due to the impact of year-on-year increase in insurance premiums for ship construction during the Reporting Period.

Reason for change in administrative expenses: remaining generally the same as last year.

Reason for change in finance cost: mainly due to the effect of the year-on-year decrease of the net interest income/expense and exchange gains arising from the exchange rate fluctuations during the Reporting Period.

Reason for change in research and development expense: mainly due to the effect of the increase in research and development investment during the Reporting Period.

## SECTION III REPORT OF THE BOARD

Reason for change in net cash flow from operating activities: mainly attributable to the expansion of production scale, which led to a significant year-on-year increase in orders for product construction materials during the Reporting Period.

Reason for change in net cash flow from investing activities: mainly due to the year-on-year decrease in net deposits of time deposits with maturity of over three months during the Reporting Period.

Reason for change in net cash flow from financing activities: mainly due to the effect of the year-on-year increase of the net borrowings from financial institutions during the Reporting Period in accordance with the needs of production and operations.

Reasons for change in taxes and surcharges: mainly due to the year-on-year increase in property tax, as well as the corresponding year-on-year increase in urban construction tax, education surcharge, and stamp duty in light of the increase in operating income from operating orders and domestic sales products during the Reporting Period.

Reason for change in investment income: mainly due to the year-on-year increase in the investment income and stock dividend income of associates during the Reporting Period.

Reason for change in credit impairment loss: mainly due to the effect of the year-on-year increase in bad debt provision made for other receivables and long-term receivables under individual testing during the Reporting Period.

Reason for change in asset impairment loss: mainly due to the effect of year-on-year increase in provision for inventory write-downs during the Reporting Period.

Reason for change in gain on disposal of assets: mainly due to the effect of loss on disposal of fixed assets during the Reporting Period.

Reason for change in non-operating expenses: mainly due to the effect of the year-on-year decrease in impairment losses on scrapped fixed assets during the Reporting Period.

Reason for change in income tax expense: mainly due to the year-on-year increase in the deferred income tax assets recognised on recoverable losses and estimated liabilities for the Reporting Period resulting from the effect of the year-on-year difference in the deferred income tax expense recognised based on the difference (temporary differences) between the tax basis and the book value of assets and liabilities.

### 2. Analysis of income and cost

During the Reporting Period, the Group's operating income is mainly derived from shipbuilding products, offshore engineering products, steel structure engineering, maintenance and modification on ships, electro-mechanical products and others. For details of the specific policies and methods for income recognition, please refer to the notes to financial statements.

(1). Information on principal business by industry, product, region and sales model

Unit: Yuan Currency: RMB

By Industry	Principal business by industry					
	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease in operating income over last year (%)	Increase/decrease in operating cost over last year (%)	Increase/decrease in gross profit margin over last year (%)
Shipbuilding industry	19,166,821,218.82	17,706,056,476.55	7.62	20.23	17.80	Increase of 1.90 percentage points

## SECTION III REPORT OF THE BOARD

By product	Principal business by product					
	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease in operating income over last year (%)	Increase/decrease in operating cost over last year (%)	Increase/decrease in gross profit margin over last year (%)
(I) Shipbuilding products	16,726,559,201.96	15,166,625,270.42	9.33	26.39	21.23	Increase of 3.86 percentage points
1. Bulk carriers	2,030,270,732.48	1,782,493,951.73	12.20	123.28	96.73	Increase of 11.84 percentage points
2. Container ships	5,189,781,544.94	3,946,423,722.94	23.96	20.98	5.81	Increase of 10.90 percentage points
3. Special ships and others	9,506,506,924.54	9,437,707,595.75	0.72	18.31	19.84	Decrease of 1.27 percentage points
(II) Offshore engineering products	697,802,033.90	844,385,268.57	-21.01	64.97	77.57	Decrease of 8.59 percentage points
(III) Steel structure engineering	826,437,773.69	734,310,631.48	11.15	-38.43	-37.90	Decrease of 0.75 percentage point
(IV) Maintenance and modification on ships	758,594,300.75	847,386,175.95	-11.70	1.96	18.53	Decrease of 15.61 percentage points
(V) Electro-mechanical products and others	157,427,908.52	113,349,130.13	28.00	-20.43	-22.49	Increase of 1.91 percentage points

By region	Principal business by region					
	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease in operating income over last year (%)	Increase/decrease in operating cost over last year (%)	Increase/decrease in gross profit margin over last year (%)
China (including Hong Kong, Macau and Taiwan)	13,059,654,977.33	12,223,927,002.14	6.40	-13.01	-13.61	Increase of 0.65 percentage point
Other regions in Asia	4,058,862,385.68	3,610,196,735.39	11.05	3,479.83	4,406.89	Decrease of 18.30 percentage points
Europe	4,318,985.90	4,108,053.22	4.88	-22.99	14.95	Decrease of 31.40 percentage points
Oceania	1,894,769,491.57	1,731,593,626.23	8.61	430.06	386.86	Increase of 8.11 percentage points
North America	43,343,704.65	39,495,956.95	8.88	Not applicable	Not applicable	Not applicable
Africa	105,871,673.69	96,735,102.62	8.63	-75.59	-77.12	Increase of 6.14 percentage points
South America			Not applicable	-100.00	-100.00	Not applicable

Sales model	Principal business by sales model					
	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease in operating income over last year (%)	Increase/decrease in operating cost over last year (%)	Increase/decrease in gross profit margin over last year (%)
Direct sales	19,166,821,218.82	17,706,056,476.55	7.62	20.23	17.80	Increase of 1.90 percentage points

### Notes:

- the above sheet of "Principal business by region" is categorised based on the final region where the products are to be sold.
- Since 1 January 2024, the Group has implemented the relevant provisions of "Accounting Standards for Business Enterprises Interpretation No.18" (Cai Kuai [2024] No. 24) issued by the Ministry of Finance, requiring the warranty type quality assurance expenses to be recognised in operating cost instead of selling expenses. The Group has applied the retrospective adjustment method to adjust the financial statements for the comparable period.

## SECTION III REPORT OF THE BOARD

Description of principal business by industry, by product, by region and by sales model

During the Reporting Period, the Group's total income from its principal business amounted to RMB19.167 billion, representing a year-on-year increase of 20.23%, mainly due to the continuous optimisation of the order structure, sustained high production workload, steady increase in total production volume and production efficiency and the year-on-year increase in both output and price of delivered ship products during the Reporting Period. The gross profit of its principal business amounted to RMB1.461 billion, representing a year-on-year increase of RMB549 million, with gross profit margin at 7.62%, increasing 1.90 percentage points year-on-year, primarily contributed by the shipbuilding business segment.

In terms of product mix, the proportion of income from each segment showed year-on-year fluctuations during the Reporting Period, with a year-on-year increase in the proportion of income from shipbuilding and offshore engineering products segments and certain extent of decreases in other segments. Among them, the proportion of income from shipbuilding and offshore engineering products segments accounted for 90.91%, representing a year-on-year increase of 5.24 percentage points; the proportion of income from steel structure engineering business accounted for 4.31%, representing a year-on-year decrease of 4.11 percentage points; the proportion of income from maintenance and modification on ships business accounted for 3.96%, representing a year-on-year decrease of 0.71 percentage point; and the proportion of income from electro-mechanical products and other business accounted for 0.82%, representing a year-on-year decrease of 0.42 percentage point. During the Reporting Period, the income and gross profit of each business segment are as follows:

1) Shipbuilding business

Income from the shipbuilding business was RMB16.727 billion, representing a year-on-year increase of 26.39%, and the gross profit margin was 9.33%, representing a year-on-year increase of 3.86 percentage points. The increase in income was mainly attributable to the Group's continuous deepening of lean management, coupled with tighter control over production schedules during the Reporting Period. As a result, several vessel products were delivered ahead of schedule due to the gradual reduction in production cycle. The increase in gross profit margin was mainly attributable to further control of product construction costs resulted from the improvement in production efficiency during the Reporting Period.

2) Offshore engineering business

Income from the offshore engineering business was RMB698 million, representing a year-on-year increase of 64.97%, and the gross profit margin was -21.01%, representing a year-on-year decrease of 8.59 percentage points. The increase in income was mainly due to the fact that the offshore engineering products primarily constructed during the Reporting Period entered the late stage of equipment installation, commissioning and trial voyage of the whole vessel, leading to a significant increase in overall investment compared to the previous year. The decline in gross profit margin was primarily due to the fact that the offshore engineering products primarily constructed during the Reporting Period were research and development-oriented, resulting in relatively significant research and development (R&D) investment and construction costs.

3) Steel structure engineering business

Income from steel structure engineering business was RMB826 million, representing a year-on-year decrease of 38.43%, and the gross profit margin was 11.15%, representing a year-on-year decrease of 0.75 percentage point. The year-on-year decrease in income was mainly attributable to the delay in the undertaking of some steel structure projects during the Reporting Period as compared with the expectation, and some products under construction did not reach a state where income could be recognised. The gross profit level remained largely consistent compared to the previous year.

4) Maintenance and modification on ships business

Income from the maintenance and modification on ships business was RMB759 million, representing a year-on-year increase of 1.96%, and the gross profit margin was -11.70%, representing a year-on-year decrease of 15.61 percentage points. The income remained largely consistent compared to the previous year. The main reason for the year-on-year decrease in gross profit margin was the decrease in the proportion of foreign ship maintenance, the increase in the proportion of domestic ship maintenance and the decrease in the final settlement price of the part of the products for which settlement had been completed during the Reporting Period, resulting in an overall decrease in the gross profit margin.

## SECTION III REPORT OF THE BOARD

### 5) Electro-mechanical products and other business

Income from electro-mechanical products and other business was RMB157 million, representing a year-on-year decrease of 20.43%, and the gross profit margin was 28.00%, representing a year-on-year increase of 1.91 percentage points. The main reason for the decrease in income was that the shipbuilding market continued to improve, and some ship products for leasing were sold during the Reporting Period, leading to the decrease in income from the ship leasing business. The increase in gross profit margin was mainly attributable to the difference in gross profit margin between different products.

By geographic region, during the Reporting Period, operating income from products sold to the PRC market (including Hong Kong, Macau and Taiwan) decreased by RMB1.953 billion year-on-year, representing a decrease of 13.01 percentage points, and operating income from products sold to foreign markets increased by RMB5.178 billion year-on-year, representing an increase of 557.47%, mainly because of the differences in terms of the remained geographical locations of customers of which the Company had orders on hand during the Reporting Period. The gross profit margin of products sold to the PRC (including Hong Kong, Macau and Taiwan) was 6.40%, with the gross profit level basically flat as compared with that of the previous year. The gross profit margin of products sold to foreign markets was 10.23%, representing a year-on-year increase of 5.03 percentage points, mainly because the majority of exported vessel products delivered during the Reporting Period were primarily series ships, which facilitated cost control and resulted in a favourable gross profit situation.

### (2). Analysis of production and sales volume

Principal product	Unit	Production volume	Sales volume	Inventory volume	Increase/decrease in production volume over last year (%)	Increase/decrease in sales volume over last year (%)	Increase/decrease in inventory volume over last year (%)
Shipbuilding products	Ten thousand DWT	108.4423	108.4423	0	0.1%	0.1%	-
	ship	37	37	0	-19.6%	-19.6%	-
Steel structure engineering	Ten thousand tons	15.6997	15.6997	0	40.0%	40.0%	-

### Description of production and sales volume

1. The Group's shipbuilding and steel structure engineering business practiced order-based production, which did not involve the amount of inventory, and the production and sales data were based on the actual delivery volume.
2. During the Reporting Period, the shipbuilding business saw a year-on-year decrease in the number of vessels delivered due to the impact of the scheduling cycle of orders on hand, etc. However, due to the increase in single-vessel DWT of some vessel types as compared with that of last year, the tonnage of vessels produced and sold remained basically the same.
3. During the Reporting Period, the delivery volume of steel structure engineering products increased year-over-year according to the delivery time agreed in the contract.

### (3). Performance of major contracts

#### Performance of sales contracts of significance signed during the Reporting Period

Unit: US dollars in ten thousand

Subjects of the contract	Counterparty	Total contractual amount	Total performed amount	Performed amount in the Reporting Period	Outstanding amount to be performed	Whether performance is normal	Explanation for any abnormal performance of the contract
24 containership building contracts, including 2 1900TEU, 11 2300TEU and 11 3000TEU	EVERGREEN MARINE (ASIA) PTE. LTD.	104,342	79,796.68	47,690.57	24,545.32	Yes	-

## SECTION III REPORT OF THE BOARD

### (4). Analytical statement of cost

#### By industry

Unit: RMB in ten thousand

By industry	Cost composition	Amount of current period	Proportion of total cost this period (%)	Amount for the corresponding period of last year	Proportion of total cost during the corresponding period of last year (%)	Change of amount of current period compared with that of last year (%)	Description
Shipbuilding Industry	Direct materials	1,237,747.00	69.90	1,026,911.61	68.32	20.53	
	Processing costs	530,740.69	29.98	485,322.82	32.29	9.36	
	Impairment loss	2,117.96	0.12	-9,235.41	-0.61	Not applicable	
	Total	1,770,605.65	100.00	1,502,999.02	100.00	17.80	

#### By product

By product	Cost composition	Amount of current period	Proportion of total cost this period (%)	Amount for the corresponding period of last year	Proportion of total cost during the corresponding period of last year (%)	Change of amount of current period compared with that of last year (%)	Description
Shipbuilding products	Direct materials	1,110,486.07	73.21	933,879.24	74.65	18.91	
	Processing costs	403,666.81	26.62	326,430.35	26.09	23.66	
	Impairment loss	2,509.65	0.17	-9,235.41	-0.74	Not applicable	1)
	Sub-total	1,516,662.53	100.00	1,251,074.18	100.00	21.23	
Offshore engineering products	Direct materials	60,100.95	71.17	28,571.04	60.09	110.36	2)
	Processing costs	24,729.27	29.29	18,981.81	39.91	30.28	2)
	Impairment loss	-391.69	-0.46	0.00	-	Not applicable	
	Sub-total	84,438.53	100.00	47,552.85	100.00	77.57	
Steel structure engineering	Direct materials	42,473.17	57.84	49,642.81	41.98	-14.44	
	Processing costs	30,957.89	42.16	68,611.06	58.02	-54.88	3)
	Impairment loss	0.00	-	0.00	-	Not applicable	
	Sub-total	73,431.06	100.00	118,253.87	100.00	-37.90	
Maintenance and modification on ships	Direct materials	19,046.04	22.48	8,424.39	11.78	126.08	4)
	Processing costs	65,692.58	77.52	63,069.17	88.22	4.16	
	Impairment loss	0.00	-	0.00	-	Not applicable	
	Sub-total	84,738.62	100.00	71,493.56	100.00	18.53	
Electro-mechanical products and others	Direct materials	5,640.77	49.76	6,394.13	43.72	-11.78	
	Processing costs	5,694.14	50.24	8,230.43	56.28	-30.82	
	Impairment loss	0.00	-	0.00	-	Not applicable	
	Sub-total	11,334.91	100.00	14,624.56	100.00	-22.49	

#### Notes:

- The above table analyses and fills out the cost components according to the Group's principal business by product, and the analysis is focused on the cost of principal business only.
- Since 1 January 2024, the Group has implemented the relevant provisions of "Accounting Standards for Business Enterprises Interpretation No.18" (Cai Kuai [2024] No. 24) issued by the Ministry of Finance, requiring warranty type quality assurance expenses to be recognised in operating cost instead of selling expenses. The Group has applied the retrospective adjustment method to adjust the financial statements for the comparable period.

## SECTION III REPORT OF THE BOARD

### Description on other cost analysis

- 1) Impairment losses in the shipbuilding products business segment amounted to RMB25 million in the Reporting Period, compared with RMB92 million in the corresponding period of the previous year, mainly due to the combined impact of the provision for impairment of certain products during the Reporting Period, and the year-on-year decrease in the amount of reversal of impairment provision for products completed for sale.
- 2) During the Reporting Period, the direct material and processing costs of the offshore engineering products business segment increased by 110.36% and 30.28% year-on-year respectively, which was mainly attributable to the fact that the construction of offshore engineering products during the Reporting Period entered the late stage of equipment installation, commissioning and trial voyage of the whole vessel, leading to a significant increase in overall investment compared to the previous year, among which large-scale equipment was put into operation one after another, resulting in the year-on-year increase in material costs being higher than that of the increase in the processing costs.
- 3) During the Reporting Period, processing costs of the steel structure engineering business segment decreased by 54.88% year-on-year, which was mainly due to the year-on-year decrease in income of the business segment during the Reporting Period, and the corresponding decrease in cost investment, as well as the fact that the processing costs incurred were relatively small at the initial stage of material investment in some steel structure projects.
- 4) During the Reporting Period, the direct materials for the maintenance and modification on ships business segment increased by 126.08% year-on-year, while the income increased by 1.96% year-on-year, mainly due to the difference in products under construction, as well as the fact that the material costs accounted for a high proportion of total costs for some domestic ship maintenance and modification projects during the Reporting Period.

### (5). Information on major customers and major suppliers

#### A. Information on major customers

Sales to five largest customers amounted to RMB16,881.3806 million, representing 88.08% of total annual sales, of which sales to related parties were RMB1,258.4009 million, representing 6.57% of total annual sales.

Sales to individual customers accounted for over 50% of total sales, top five customers include new customers or concentration on a few customers during the Reporting Period.

Unit: RMB in ten thousand

No.	Customer	Sales amount	Percentage to annual total sales amount (%)
1	Customer 2	392,134.30	20.46
2	Customer 3	164,208.23	8.57
3	Customer 4	125,840.09	6.57
4	Customer 5	48,753.26	2.54

Description: The above customers are the new customers of top five customers during the Reporting Period.

## SECTION III REPORT OF THE BOARD

### B. Information on major suppliers

Procurement from five largest suppliers amounted to RMB6,920.4262 million, representing 39.09% of total annual procurement cost, of which procurement from related parties was RMB6,019.9606 million, representing 34.00% of total annual procurement cost.

Purchase from individual suppliers accounted for over 50% of total purchase, top five suppliers include new suppliers or concentration on a few suppliers during the Reporting Period.

Unit: RMB in ten thousand

No.	Supplier	Purchase amount	Percentage to annual total purchase amount (%)
1	Supplier 3	22,251.97	1.26
2	Supplier 4	19,695.46	1.11
3	Supplier 5	12,350.43	0.70

Description: The above suppliers are the new suppliers of top five suppliers during the Reporting Period.

### 3. Expenses

During the Reporting Period, the total expenses of the Group amounted to RMB1,319 million, representing a year-on-year increase of 31.57%, details are as follows:

Unit: Yuan Currency: RMB

Item	Current year	Last year	Amount of change	Percentage of change (%)
Selling expenses	48,543,062.10	29,807,496.06	18,735,566.04	62.86
Administrative expenses	663,201,198.86	663,299,147.12	-97,948.26	-0.01
R&D expenses	888,463,342.28	658,533,832.96	229,929,509.32	34.92
Finance expenses	-280,853,098.26	-348,850,220.75	67,997,122.49	Not applicable

Description:

- (1) The cumulative selling expenses amounted to RMB49 million, representing a year-on-year increase of 62.86%, mainly due to the impact of year-on-year increase in insurance premiums for ship construction during the Reporting Period. Since 1 January 2024, the Group has implemented the relevant provisions of "Accounting Standards for Business Enterprises Interpretation No.18" (Cai Kuai [2024] No. 24) issued by the Ministry of Finance, requiring warranty type quality assurance expenses to be recognised in operating cost instead of selling expenses. The Group has applied the retrospective adjustment method to adjust the financial statements for the comparable period.
- (2) The cumulative research and development expenses amounted to RMB888 million, representing a year-on-year increase of 34.92%, mainly due to the effect of the increase in research and development investment during the Reporting Period.
- (3) The cumulative financial expenses amounted to RMB-281 million, representing a year-on-year increase of RMB68 million, mainly due to the impact of the year-on-year decrease in the net interest receipt and exchange income arising from the exchange rate changes during the Reporting Period.

## SECTION III REPORT OF THE BOARD

### 4. Research and development expenses

#### (1). Information of R&D expenses

Unit: Yuan Currency: RMB

R&D expenses recorded as expenses during the current period	888,463,342.28
Capitalised R&D expenses for the current period	0
Total R&D expenses	888,463,342.28
Percentage of total R&D expenses over operating income (%)	4.58
Percentage of capitalised R&D expenses (%)	0

#### (2). Information of R&D staff

Number of R&D staff of the Company	1,345
Number of R&D staff over total number of staff of the Company (%)	21.56%

#### Education background of R&D staff

Education background	Number of R&D staff
PhD candidate	9
Postgraduate	88
Undergraduate	1,131
Specialties	105
High school and below	12

#### Age structure of R&D staff

Age category	Number of R&D staff
Under 30 years old (excluding 30)	301
30-40 years old (including 30, excluding 40)	568
40-50 years old (including 40, excluding 50)	371
50-60 years old (including 50, excluding 60)	103
60 years old and above	2

#### (3). Explanation

In 2024, the Group adhered to the innovation-driven development, continued to improve and optimise the mechanism of scientific and technological innovation, and actively promoted the construction of innovation capability, resulting in a continuous improvement in its technological level. Firstly, the Group strengthened the development and expansion of proprietary products. In response to the new development trends in the shipbuilding industry, the Group promoted the iterative upgrading of vessels types and the green intelligent transformation of products, focusing on the construction of two proprietary brands, namely the "Honghu" series of feeder containerships and the "Haijing" series of bulk carriers. The Group also expanded the reserve of independently developed vessel types such as medium-sized gas carriers, and continuously launched new vessel types with competitive advantages in the market, so as to continuously improve the spectrum of proprietary vessel types. Secondly, the Group strengthened research on intelligent manufacturing and advanced processes, taking the construction of advanced digital workshops as its main line, so as to enhance the research and application of advanced process technologies such as edge processing equipment for small parts, double-gantry panel robot welding equipment, and part coding, and striving to enhance its production and construction efficiency. Thirdly, the Group strengthened scientific research management. The Company completed 542 patent applications and obtained 167 patent grants for the year, which has continuously strengthened its technological reserves.

## SECTION III REPORT OF THE BOARD

### 5. Cash Flows

During the Reporting Period, the Group's net increase in cash and cash equivalents amounted to RMB-1,789 million, representing a year-on-year decrease of RMB420 million. The composition of cash flows from operating activities, investing activities and financing activities is detailed as follows:

Unit: Yuan Currency: RMB

Item	Current period	Corresponding period of last year	Change	Change (%)
Net cash flows from operating activities	<b>-2,195,628,947.67</b>	3,311,968,278.35	-5,507,597,226.02	-166.29
Net cash flows from investing activities	<b>-427,996,707.41</b>	-3,100,461,904.03	2,672,465,196.62	Not applicable
Net cash flows from financing activities	<b>807,697,796.22</b>	-1,623,204,032.12	2,430,901,828.34	Not applicable

Description:

- (1) Net cash flows from operating activities amounted to RMB-2,196 million, representing a year-on-year decrease of RMB5,508 million, mainly attributable to the expansion of production scale, which led to a significant year-on-year increase in orders for product construction materials during the Reporting Period.
- (2) Net cash flows from investing activities amounted to RMB-428 million, representing a year-on-year increase of RMB2,672 million, mainly due to the year-on-year decrease in the net placement of time deposits with maturity of over three months during the Reporting Period.
- (3) Net cash flows from financing activities amounted to RMB808 million, representing a year-on-year increase of RMB2,431 million, mainly due to the effect of the year-on-year increase of the net borrowings from financial institutions during the Reporting Period in accordance with the needs of production and operations.

#### (II) Explanation on significant changes in profits arising from non-principal businesses

During the Reporting Period, there was no material change in the profit derived from non-principal business of the Company.

## SECTION III REPORT OF THE BOARD

### (III) Analytical statement of assets and liabilities

#### 1. Assets and liabilities

Unit: Yuan Currency: RMB

Item	Amount at the end of current period	Proportion of total assets at the end of current period (%)	Amount at the end of last period	Proportion of 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	15,260,594,444.32	28.47	16,422,805,149.57	32.29	-7.08	
Financial assets held-for-trading	1,171,434.07	0.00	9,127,869.19	0.02	-87.17	Due to settlement of certain financial derivatives during the Reporting Period and the decrease in fair value of certain financial derivatives held at the end of the Reporting Period.
Notes receivable	56,102,457.89	0.10	20,392,000.00	0.04	175.12	Increase in customers settling with bills.
Accounts receivable	1,326,920,478.98	2.48	2,104,093,140.45	4.14	-36.94	Decrease in the amount of payments that have not reached the collection time at the end of the Reporting Period.
Prepayments	5,547,687,998.67	10.35	2,737,289,683.04	5.38	102.67	Increase in prepayments for materials and equipment due to the increased orders for product construction materials during the Reporting Period.
Inventories	5,905,684,446.80	11.02	5,434,769,275.19	10.69	8.66	
Contract assets	2,388,466,443.95	4.46	2,312,935,460.77	4.55	3.27	
Non-current assets due within one year	930,941,201.25	1.74	297,245,486.79	0.58	213.19	Increase in long-term receivables due within one year at the end of the Reporting Period.
Other current assets	423,717,919.05	0.79	148,416,094.87	0.29	185.49	Increase in input value-added tax at the end of the Reporting Period.
Long-term receivables	715,985,528.68	1.34	1,667,410,982.91	3.28	-57.06	Increase in long-term receivables due within one year at the end of the Reporting Period.
Long-term equity investments	5,403,984,842.40	10.08	5,205,831,705.50	10.24	3.81	
Investment properties	123,111,781.50	0.23	129,649,206.54	0.25	-5.04	
Fixed assets	4,830,830,141.14	9.01	5,171,674,516.34	10.17	-6.59	
Construction in progress	164,266,268.87	0.31	340,768,631.96	0.67	-51.80	Investment projects on fixed assets were successively transferred to fixed assets during the Reporting Period.
Right-of-use asset	223,699,680.67	0.42	177,197,989.59	0.35	26.24	
Long-term deferred expenses	79,792,669.10	0.15	43,976,595.97	0.09	81.44	Improvement of the office environment for employees and upgrading of production facilities during the Reporting Period.
Short-term borrowings	598,343,912.50	1.12	780,514,316.67	1.53	-23.34	
Financial liabilities held-for-trading	94,183,471.96	0.18	24,854,342.66	0.05	278.94	The accelerated production progress during the Reporting Period, where the collection period for certain held financial derivatives preceded the closing date, leading to the termination of hedging relationships and the conversion into normal forward business, which contributed to the increase.
Notes payable	1,874,172,036.86	3.50	3,882,643,617.93	7.63	-51.73	Due payment of notes payable during the Reporting Period.

## SECTION III REPORT OF THE BOARD

Item	Amount at the end of current period	Proportion of total assets at the end of current period (%)	Amount at the end of last period	Proportion of 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
Accounts payable	8,452,829,358.41	15.77	4,869,983,355.45	9.57	73.57	The increase in material purchases payable at the end of the period due to the increased orders for product construction materials during the Reporting Period.
Contract liabilities	13,291,127,772.51	24.80	15,373,560,027.69	30.23	-13.55	
Taxes payable	40,654,851.89	0.08	72,738,615.78	0.14	-44.11	Decrease in value-added tax and enterprise income tax payable at the end of the Reporting Period.
Non-current liabilities due within one year	1,558,093,634.54	2.91	1,063,803,392.87	2.09	46.46	Increase in long-term borrowings due within one year at the end of the Reporting Period.
Other current liabilities	220,041,281.42	0.41	167,102,591.27	0.33	31.68	Increase in supply chain notes that are not derecognised at the end of the Reporting Period.
Long-term borrowings	4,048,900,000.00	7.55	3,314,314,701.47	6.52	22.16	
Lease liabilities	152,585,672.14	0.28	121,112,313.78	0.24	25.99	
Estimated liabilities	264,667,686.67	0.49	188,929,029.21	0.37	40.09	The increase in finished products results in an increase in the provision for warranty expenses.
Deferred income	85,322,154.61	0.16	39,427,582.86	0.08	116.40	Increase in government subsidies not carried forward at the end of the Reporting Period.
Deferred tax liabilities	1,281,810,227.37	2.39	914,322,691.53	1.80	40.19	Due to the impact of the increase in the fair value of the shares of CSSC Holdings held by the Company at the end of the Reporting Period.
Other comprehensive income	3,669,970,450.30	6.85	2,607,526,251.42	5.13	40.75	Due to the impact of the increase in the fair value of the shares of CSSC Holdings held by the Company at the end of the Reporting Period.

### 2. Overseas Assets

Overseas assets amounted to RMB300,511,069.74, accounting for 0.56% of total assets.

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

Unit: Yuan Currency: RMB

Item	Carrying value	Reason for restriction
Cash at bank and on hand	7,347,943,793.14	Fixed deposits with maturity of over 3 months, security deposit, etc.
Notes receivable	13,410,000.00	Notes receivable pledged
Notes receivable	18,217,312.50	Notes receivable endorsed or discounted and not derecognised
Accounts receivable	116,518,204.76	Debt certificates of accounts receivable endorsed but not derecognised
Total	7,496,089,310.40	

## SECTION III REPORT OF THE BOARD

### (IV) Analysis of industry operating information

#### (i) *Basic information on the shipbuilding industry*

In 2024, the global new shipbuilding market showed a prosperity beyond expectations, the volume of new vessel transactions increased significantly, the price of new vessels remained at a high level, the green transformation of vessels continued to advance, showcasing a strong development trend in the shipbuilding industry.

**The shipbuilding market recorded a significant growth.** In 2024, according to Clarkson's data statistics, the global new shipbuilding market received new orders for vessels of 178.035 million DWT and 70.366 million CGT, representing a year-on-year growth of 39.3% and 39.6%, respectively, and the volume of new orders in terms of CGT hit a record high since 2007. In terms of completed and delivered vessels, the world saw the delivery of 89.238 million DWT and 42.983 million CGT of new vessels, representing a year-on-year increase of 1.1% and 15.2%, respectively. In terms of orders on hand, as at the end of December, the world's orders on hand amounted to 368.009 million DWT and 156.793 million CGT, representing a year-on-year increase of 27.5% and 18.1%, respectively.

**The price of new vessels stabilised at a high level.** In 2024, the global economy experienced a moderate recovery, with international trade being vibrant, driving the expansion of maritime trade. The robust demand in the shipbuilding market, coupled with rapidly escalating labour costs and the increased construction costs of green and environment-friendly vessels, resulted in maintaining a high and stable level for the price of new vessels. Taking the Clarkson Ship Price Index as an example, in December 2024, the newbuilding price index closed at 189 points, representing a year-on-year increase of 6.5%, and reaching a new high since October 2008.

**The main vessel types experienced two increases and one decrease.** In 2024, containership orders surged, with a total of 49.454 million DWT transacted throughout the year, representing a significant year-on-year increase of 169.9%. Oil tanker orders also saw a notable uptick, with a total of 57.207 million DWT transacted throughout the year, representing a year-on-year increase of 49.9%. Bulk carrier orders remained relatively stable, with a total of 49.130 million DWT transacted throughout the year, representing a year-on-year decrease of 7.0%. The proportion of new orders for containerships, oil tankers, and bulk carriers in the total orders was 27.8%, 32.1%, and 27.6%, respectively.

**China leads the global shipbuilding industry.** In 2024, the three major indicators of China's shipbuilding industry continued to grow steadily, maintaining the top position globally for 15 consecutive years. The completed shipbuilding volume, new orders received, and orders on hand accounted for 52.1%, 69.0% and 66.7% of global total volume in terms of DWT, respectively, and 53.4%, 70.6% and 50.0% in terms of CGT. Notably, both new orders received and orders on hand reached historical highs. Among the 18 main vessel types globally, China secured the top position in new orders received for 14 vessel types for two consecutive years. The new orders for alternative-fueled vessels accounted for 80.5% of the international market share, and China has attained full coverage across all mainstream vessel types.

#### (ii) *Basic information on the offshore engineering market*

**The global offshore engineering market experienced an overall rebound.** According to Clarkson's data statistics, in 2024, the global offshore engineering market saw a total of 215 sets/vessels of offshore engineering equipment orders transacted, amounting to approximately US\$27.2 billion, representing a year-on-year increase of 85% in terms of value. Owing to the rapid development of offshore oil and gas projects in emerging countries, orders for large-scale oil and gas equipment such as FPSOs and FLNGs remained substantial. The offshore wind power market has seen a rapid growth, with active transactions in offshore wind power vessels. However, there has been a notable structural shift in vessel types, with orders for crane vessels and wind power installation vessels declining significantly, while orders for cable-laying vessels and wind power operation and maintenance vessels, etc. continued to grow.

### (iii) *The development of industry-related policies and regulations*

**In terms of international maritime rules and regulations,** in 2024, a series of new regulations came into effect around key issues such as environmental protection, emission reduction and maritime safety. The EU Monitoring, Reporting and Verification (MRV) regulation was amended in May 2023 to monitor, report and verify other greenhouse gases from maritime activities and other ship types, and from January 2024 the coverage of the regulation was extended from carbon dioxide to methane and nitrous oxide. The European Union Emission Trading Scheme (EU ETS) has included shipping industry within its scope starting from January 2024. Shipping companies operating on routes to/from the EU and within the EU to purchase and pay for carbon quotas for greenhouse gases such as carbon dioxide emitted from specific ships. The regulation applies to cargo ships and passenger ships with a gross tonnage of more than 5,000 tons from 2024, and will further apply to offshore vessels with a gross tonnage of more than 5,000 tons from 2027.

**In terms of China's industrial policies,** in 2024, China's Central Government and provincial and municipal government promulgated a number of special policies and regulations for the shipping industry and regulations related to the shipbuilding industry, which provide guidance on industrial innovation and development, green and low-carbon transformation, and optimisation of the product structure, etc., and give directions for the high-quality development of the shipbuilding industry. In terms of special policies and regulations for the shipping industry, the Ministry of Industry and Information Technology and other ministries and commissions promulgated the Action Outline for the Green Development of the Shipbuilding Industry (2024-2030), the Ministry of Transport and other ministries and commissions promulgated the "Implementation Rules for the Scrap and Renewal Subsidy of Old Operating Ships in Transportation". At the same time, Zhejiang Province issued the "Action Plan for the Construction of High-end Shipbuilding and Offshore Engineering Equipment Industry Clusters in Zhejiang Province", and Jiangsu Province issued the "Three-Year Action Plan for Accelerating the Creation of a More Distinctive 'Water Transport in Jiangsu' (2024-2026)", and Anhui Province issued the "Implementation Plan for Accelerating the High-quality Development of Green Intelligent Ships and Characteristic Marine Engineering Equipment in Inland Rivers in Anhui Province (2024-2027)".

(Source: China Shipbuilding Group Economic Research Centre and China Association of the National Shipbuilding Industry, etc.)

### (iv) **Analysis of investments**

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

The Company is an investment holding company, and details of its external investments are set out in the notes to the financial statements. As at the end of the Reporting Period, the balance of the Group's long-term equity investments was RMB5,403.9848 million, representing an increase of 3.81% from RMB5,205.8317 million as at the beginning of the Year, mainly due to the impact of the increase in net income of associates during the Reporting Period.

#### **1. Material equity investments**

There were no material equity investments during the Reporting Period.

#### **2. Material non-equity investments**

There were no material non-equity investments during the Reporting Period.

## SECTION III REPORT OF THE BOARD

### 3. Financial assets measured at fair value

Unit: RMB in ten thousand

Category of assets	Opening number	Gain or loss from change in fair value for the current period	Cumulative fair value change accounted for in equity	Impairment accrued for the current period	Amount purchased for the current period	Amount sold/ redeemed for the current period	Other changes	Ending number
Shares	644,278.43	-6.94	495,475.59					785,550.90
Derivatives	-7,800.41	-9,866.52					8,350.27	-9,316.66
Others								
Including: Receivable financing	27,620.35						-3,965.54	23,654.81
Investments in other equity instruments of unlisted companies	451.78		206.86					455.51
Total	664,550.15	-9,873.46	495,682.45				4,384.73	800,344.56

#### Equity Investment

Unit: RMB in ten thousand

Type of security	Stock Code	Abbreviation of stock name	Initial investment cost	Source of funding	Opening carrying value	Gain or loss from change in fair value for the current period	Cumulative fair value change accounted for in equity	Amount purchased for the current period	Amount sold for the current period	Investment gain or loss for the current period	Ending carrying value	Accounting accounts
Shares	600150	CSSC Holdings	285,788.32	Equity exchange	640,305.03		496,323.40			4,349.90	782,111.72	Investment in other equity instruments
Shares	HK00206	CMIC Ocean Holding	4,271.54	Debt exchange	3,951.00		-847.81			0.00	3,423.72	Investment in other equity instruments
Shares	HK00620	DTXS	230.73	Debt exchange	22.40	-6.94					15.46	Financial assets held-for-trading
Total	/	/	290,290.59	/	644,278.43	-6.94	495,475.59			4,349.90	785,550.90	/

#### Derivatives Investment

The second meeting of the eleventh session of the Board of Directors and the 2023 annual general meeting of the Company have considered and approved the “Proposal on Conducting Foreign Exchange Derivatives Trading in 2024”, agreeing that the Company and its subsidiaries shall conduct foreign exchange derivative trading business, with a balance of foreign exchange derivatives of no more than US\$4.074 billion (including equivalent foreign currency) at any time point, valid from the date of the resolution made at the 2023 annual general meeting until the 2024 annual general meeting makes a new resolution or modifies the resolution. For details of the above content, please refer to the “Announcement of COMEC on Conducting Foreign Exchange Derivative Trading in 2024” and “Announcement on the Resolutions of the 2023 Annual General Meeting, the 2024 first A Shares class meeting and the 2024 first H Shares class meeting of COMEC” published by the Company on the website of the SSE (www.sse.com.cn) and the website of the Stock Exchange (www.hkexnews.hk) dated 27 March 2024 and 30 May 2024, respectively.

As at 31 December 2024, the balance of foreign exchange derivative trading business conducted by the Company and its subsidiaries totalled to US\$2,461 million. The balance of foreign exchange derivatives of the Company and its subsidiaries at any time point in 2024 did not exceed the amount authorized by the general meeting for the Company's foreign exchange derivative transactions in 2024.

## SECTION III REPORT OF THE BOARD

Details of which are as follows:

- (1). Derivative financial instruments for hedging purpose during the Reporting Period

Unit: RMB in ten thousand

Derivatives investment type	Initial investment amount	Opening carrying amount	Gain or loss from change in fair value for the current period	Cumulative fair value change accounted for in equity	Amount purchased for the Reporting Period	Amount sold for the Reporting Period	Other changes	Ending carrying amount	Proportion of ending carrying amount to ending net assets of the Company (%)
Derivatives	/	-7,800.41	-9,866.52				8,350.27	-9,316.66	-0.44
Total	/	-7,800.41	-9,866.52				8,350.27	-9,316.66	-0.44

The accounting policies and specific financial accounting principles of the hedging business during the Reporting Period, and descriptions of whether there are significant changes compared to the previous reporting period

During the Reporting Period, the Group conducted corresponding accounting and presentation of foreign exchange derivative trading business in accordance with relevant regulations and guidelines of the "Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments", "Accounting Standards for Business Enterprises No. 24 – Hedge Accounting", "Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments", "Accounting Standards for Business Enterprises No. 39 – Fair Value Measurement", and there was no material change compared to the previous reporting period.

A description of actual profit or loss during the Reporting Period

During the Reporting Period, the Group's foreign exchange derivative trading business resulted in a loss of RMB70,695.7 thousand, including gains from changes in fair value of RMB-98,665.2 thousand, investment income of RMB27,969.5 thousand.

A description of hedging effects

During the Reporting Period, based on production and operation, the Group conducted foreign exchange derivative transactions, and utilized foreign exchange derivatives such as forward contracts to hedge the risks of exchange rate fluctuations in expected receipt and payment under import and export contracts and foreign currency funds on hand. Foreign exchange derivatives such as forward contracts were hedging instruments and expected receipt and payment under import and export contracts and foreign currency funds on hand were hedged items. The hedging instruments and the hedged items satisfied the effectiveness of hedge in terms of the economic relationship, hedge ratio and time, and were not dominated by credit risks. Changes in the fair value or cash flows of the hedging instruments could offset the changes in fair value or cash flows of the hedged items caused by the hedged risks, and thus the Group basically achieved the expected risk management objectives.

Sources of funds for derivative investments

The Group uses its own funds for foreign exchange derivative transactions, and does not use credit funds or raised funds for such transactions.

## SECTION III REPORT OF THE BOARD

A description of risk analysis and control measures of derivative positions during the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)

1. Risk analysis (1) Market risk. The foreign exchange derivatives trading to be entered into by the Company are mainly hedging activities related to the principal business, which involves market risk of loss arising from changes in the prices of financial derivatives caused by exchange rate fluctuation. (2) Liquidity risk. Sufficient fund is required for settlement on completion, or the derivatives shall be alternately settled on a net basis to reduce the requirement for cash flow at maturity. (3) Performance risks. The counterparties to the Company's derivative investments are banks and related finance companies with sound credit ratings and long-standing business relationships with the Company, which basically give rise to no risk in terms of contract performance. (4) Other risks. During operation, failure of the personnel in charge to operate the derivative investments in accordance with the stipulated procedures or fully understand the information regarding the derivatives may result in operational risks in actual operation. Obscure terms in the trade contracts may result in legal risks.
2. Risk management measures (1) The objective of entering into foreign exchange derivatives trading is to mitigate the impact of foreign exchange fluctuation on the Company. Financial derivatives with simple structure, high liquidity and identifiable risks shall be selected to conduct hedging business, and any speculative activities are prohibited. The amount of foreign exchange derivatives trading shall not exceed the authorised limit approved by the Company. (2) The Company has formulated the Management Measures for Financial Derivative Activities, which establishes clear regulations on operation principles, authority for approval, management and internal operation procedures, internal risk reporting system and risk handling procedures of foreign exchange derivatives trading activities. (3) Counterparty management is strengthened. Only those foreign exchange derivatives that are closely related to the Company's principal business shall be selected, and the derivatives shall be matched with the business in terms of the types, scales, directions and durations. The Company shall enter into contracts with clear terms with the counterparties and strictly implement the risk management system so as to prevent legal risks. (4) The finance department of the Company shall be responsible for monitoring the changes in the open market price or the fair value of the derivatives, and assessing the changes in the risk exposure of the invested derivatives on a timely basis. It shall promptly report any major changes in the market or significant unrealised losses to the Company's management and the Board, which shall establish an emergency mechanism to actively respond and properly deal with the situation. (5) The audit department of the Company, acting as the supervision department of the Company's financial derivatives trading, shall be responsible for supervising and inspecting the compliance of the decision-making, management and execution of the financial derivatives trading of the Company.

## SECTION III REPORT OF THE BOARD

Changes in market price or fair value of invested derivatives during the Reporting Period, and the specific methods used, relevant assumptions and parameters disclosed for the analysis of the fair value of derivatives

During the Reporting Period, the Group recognized gains from changes in fair value of RMB-98,665.2 thousand for its foreign exchange derivative trading business.

An analysis of the fair value of foreign exchange derivatives: for forward exchange contracts, at measurement date, the public prices of 3 banks before adjustment are obtained. According to prudence principle, one price is chosen to be input value. The prevailing benchmark loan interest rate for the corresponding period 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<sup>Number of years</sup>.

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<sup>Number of years</sup>.

Involvement in litigation (if applicable)

Not applicable

The disclosure date of the Board of Directors' announcement on the review and approval for derivative investments (if any)

28 March 2024

The disclosure date of the Board of Shareholders' announcement on the review and approval of derivative investments (if any)

31 May 2024

Note: The "Opening carrying amount" and "Ending carrying amount" in the above table are based on the fair value of foreign exchange derivatives and exclude the amount of derivative investment contracts. The amount of derivative investment contracts at the beginning of the period was US\$1,773 million, equivalent to RMB12,561 million; the amount of derivative investment contracts at the end of the Reporting Period was US\$2,461 million, equivalent to RMB17,688 million.

(2). During the Reporting Period, the Company has no derivative investments for speculative purposes.

### (VI) Significant assets and equity sales

There were no significant assets and equity sales during the Reporting Period.

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

#### 1. Direct subsidiaries and associates

Unit: RMB in ten thousand

Name of enterprise	Principal businesses	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 current period
CSSC Huangpu Wenchong Shipbuilding Company Limited (standalone)	Manufacturing of equipment for railways, ships, aerospace and other transportation facilities	361,918.32	54.5371	3,461,836.31	623,642.38	-24,279.09
Guangzhou Shipyard International Company Limited (consolidated)	Metal shipbuilding; ship design; professional design services; shipbuilding; fabrication of metal structures; etc.	1,001,112.88	41.0248	3,804,568.38	980,436.38	58,639.58

Note: The relevant financial data of Guangzhou Shipyard International Company Limited in the above table are consolidated statement data, and the relevant financial data of other companies are standalone financial statement data (the same below).

## SECTION III REPORT OF THE BOARD

### 2. Indirect subsidiaries and associates

Unit: RMB in ten thousand

Name of enterprise	Principal businesses	Registered capital	Shareholding by Huangpu Wenchong (%)	Total assets at the end of the period	Net assets at the end of the period	Net profit/loss for the current period
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	664,055.87	263,650.83	40,762.41
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	164,097.67	3,366.86	209.85
Guangzhou Wenchuan Heavy Industrial Co., Ltd.	Manufacturing of equipment for railways, ships, aerospace and other transportation facilities	41,000	100	249,844.43	55,783.21	2,093.81
Guangxi Wenchuan Heavy Industrial Co., Ltd.	Structures manufacturing of offshore wind power and ocean engineering	42,000	71.4	103,396.53	36,837.14	157.98
CSSC Industrial Internet Co., Ltd.	Information transmission, software and information technology services	5,000	100	10,076.62	3,039.25	555.13
Zhanjiang Nanhai Ship Hi-Tech Services Co., Ltd.	Repair, debugging and maintenance of shipboard equipment and system	200	60	978.42	838.78	98.99
Guangzhou CSSC Wenchong Bingshen Facilities Co., Ltd.	Manufacturing of equipment for railways, ships, aerospace and other transportation facilities	560	60	5,328.03	792.4	104.42
Wah Shun International Marine Limited	Ship leasing	HK\$1 million	99	349.75	347.94	0.61
Wah Loong International Marine Limited	Ship leasing	HK\$1 million	99	18,307.33	6,051.85	199.58
Guangzhou Xingji Maritime Engineering Design Co., Ltd.	Ship design services, metal structure design services, engineering and technical consulting services	500	37.5	797.02	563.34	22.8
Huaxin (Tianjin) Ship Leasing Co., Ltd.	Ship leasing	5	100	44,172.34	-1,807.43	-329.52
Huacheng (Tianjin) Ship Leasing Co., Ltd.	Ship leasing	5	100	83,326.42	-3,411.08	-493.83
Wan Sheng International Marine Limited	Ship leasing	HK\$10,000	100	255.34	255.34	-4,644.12
Wan Xing International Marine Limited	Ship leasing	HK\$10,000	100	11,129.33	37.46	1.98
Wan Xiang International Marine Limited	Ship leasing	HK\$10,000	100	3.57	2.89	3.21
Wan Rui International Marine Limited	Ship leasing	HK\$10,000	100	2.9	2.9	3.22
Wan Yu International Marine Limited	Ship leasing	HK\$10,000	100	2.9	2.9	3.22
Guangzhou Wenchong Ship Engineering Co., Ltd.	Manufacturing of metal products, machinery and equipment repair	200	100	1,030.74	309.1	109.07

## SECTION III REPORT OF THE BOARD

### 3. Analysis of subsidiary with net profit or investee company with investment income accounting for over 10% of net profit of the Company

Unit: RMB in ten thousand

Name of entity	Income from principal business	Profit from principal business	Net profit
CSSC Huangpu Wenchong Shipbuilding Company Limited (standalone)	1,808,815.07	51,783.37	-24,279.09
Guangzhou Shipyard International Company Limited (consolidated)	1,722,879.05	201,929.15	58,639.58
Guangzhou Wenchong Shipyard Co. Ltd. (standalone)	458,335.45	60,188.89	40,762.41

### 4. Analysis of subsidiary or investee company with significant year-on-year fluctuations in operating results that materially impact the Company's consolidated operating results

Unit: RMB in ten thousand

Name of entity	Current period	Net profit Same period last year	Change (%)
CSSC Huangpu Wenchong Shipbuilding Company Limited (standalone)	-24,279.09	-34,478.14	Not applicable
Guangzhou Shipyard International Company Limited (consolidated)	58,639.58	7,428.76	689.36
Guangzhou Wenchong Shipyard Co. Ltd. (standalone)	40,762.41	12,187.77	234.45

Description of changes in profit:

- (1) During the Reporting Period, the operating results of Huangpu Wenchong and Wenchong Shipyard changed significantly year-on-year, of which, the net profit of Huangpu Wenchong improved year-on-year, but it did not achieve profitability, mainly due to the fact that gross profit margins of certain products for which revenues were recognized during the Reporting Period were still relatively low; the net profits of Wenchong Shipyard increased year-on-year, mainly attributable to the year-on-year increase in the output and price of completed and delivered ship products and the increase in gross profit of the products during the Reporting Period.
- (2) During the Reporting Period, the year-on-year increase in net profit of GSI, an associate of the Company, was mainly attributable to the further improvement in profitability as a result of the upturn in the shipping industry.

### (VIII) Liquidity, financial resources and treasury policies

The main objectives of the Group's capital management are to ensure the Group's ability to continue as a going concern so as to continuously provide returns to shareholders and other stakeholders; and to price the products and services according to the risk level so as to provide adequate returns to shareholders. The Group actively and regularly reviews and manages its capital structure and makes adjustments taking into account changes in the economic environment, future capital requirements, prevailing and projected profitability and operating cash flows, projected capital expenditures and expected strategic investments. Details of the Group's total bank borrowings and cash in bank and on hand (including bank deposits and cash on hand, etc.) at the end of the Reporting Period are set out in the notes to the financial statements.

## VI. DISCUSSION AND ANALYSIS OF THE COMPANY CONCERNING THE FUTURE DEVELOPMENT OF THE COMPANY

### (I) Industry landscape and trends

**The macroeconomic environment remains fundamentally stable.** It is anticipated that the global economy will maintain a modest growth rate in 2025. However, uncertain factors such as geopolitical tensions and trade protectionism are projected to disrupt the global economic and trade order. As 2025 marks the conclusion of the 14th Five-Year Plan, the domestic economy is expected to continue its steady yet progressive trend. Proactive fiscal policies and accommodative monetary policies will provide a favourable monetary and financial environment for economic growth. Emerging industries such as digital economy, green economy, and high-end manufacturing are poised for a rapid development. Nevertheless, it remains imperative to monitor the ripple effects stemming from uncertainties including international monetary policies and restructuring of global industrial and supply chains.

## SECTION III REPORT OF THE BOARD

**The defense industry is navigating a strategic opportunity window.** Against the backdrop of continued tensions in the global geopolitical situation and prolonged geopolitical conflicts, there persists an enduring necessity to strengthen the nation's defense capabilities. Achieving the centennial goal of military establishment by 2027 as scheduled is a key node in the process of advancing the modernisation of national defense and the military. The subversive role of emerging technologies has put forward new requirements for the PRC's defense and military manufacturing industry, such as "new domain and new quality", "intelligence", "combat-oriented military training" and "border, maritime and air defense construction", leading the subsequent development direction of defense and military enterprises. Increasingly diversified forms of maritime conflict will further increase the market for official law enforcement equipment, especially in high-performance large boats, ships equipped with advanced automation systems, equipment for fisheries law enforcement, etc. The green and low-carbon development path will bring long-term demand for the renewal and replacement of official law enforcement boats.

**The shipbuilding industry maintains a high level of prosperity.** The global shipbuilding industry is at a new historical juncture with the overlapping of the "dual cycles" of the renewal of ageing vessels and the green transformation of the fleet. From the perspective of renewal demand, the current global capacity of vessels aged 20 years and above exceeds 374 million DWT, which is 8.1% higher than the 346 million DWT of orders held by global shipyards during the same period. There is still room for orders to be released, while the capacity of vessels aged 15-19 years exceeds 440 million DWT, with strong potential demand for ordering. From the perspective of green development, the EU Marine Fuel Regulation and other major rules and norms come into force and implementation, which is beneficial to the new shipbuilding market to a certain extent. It is expected that in 2025, the global shipbuilding market will continue to show the development trend of "positive demand and tight supply".

**Emerging industries present both opportunities and challenges.** According to the Global Wind Energy Council (GWEC), the global offshore wind power industry is poised for continued growth. Between 2023 and 2033, the installed capacity of offshore wind power worldwide is expected to increase from 10.9GW to 66.2GW, with a CAGR of 19.8%. The domestic market will rebound during the final phase of the 14th Five-Year Plan, and the overseas market will grow significantly in the next few years. However, with the rapid expansion of domestic production capacity and intensifying market competition, manufacturers will face challenges in securing orders and maintaining profitability.

(Data source: China Shipbuilding Group Economic Research Centre, etc.)

### (II) The Company's development strategy

With the aim of strengthening the military, serving the nation, and deepening the cultivation in the marine sector, the Group is committed to building high-quality marine equipment and aims to become a world-class listed marine defense equipment company with a rational industrial structure, leading core technologies, excellent quality and services and strong international competitiveness.

Facing the new development landscape of the shipbuilding market, the Company adheres to the enterprise spirit of "innovation, efficiency, cooperation and win-win", follows the development concept of "devoting to both manufacturing and service", and actively builds up three major industrial layouts of marine defense equipment, ship and offshore engineering equipment and marine science and technology innovation equipment. The Company fully aligns with major strategies such as the "Belt and Road" Initiative, military-civilian integration development, the building of a strong manufacturing country and the building of a strong maritime country, while promoting the expansion and extension of the traditional manufacturing industry in a more valuable direction, strengthening and optimising the main business, vigorously expanding emerging industries, driving transformation and upgrading into advanced manufacturing and service industries, and achieving high-quality development.

### (III) Business plan for 2025

In 2024, the Group recorded an operating income of RMB19.402 billion, completed 110.24% of the annual target; and secured orders with contract value of RMB25.0 billion, which was 165.56% of the annual target.

In 2025, the Group plans to realise operating income of RMB20.0 billion and to secure orders with contract value of RMB17.45 billion. The Group will continue to strengthen the research and development of vessel models, promote product upgrading while strengthening market development, increasing the promotion of main vessel types, and focusing on high-quality and high-efficiency orders; strengthen the management of the production process, improve the efficiency of production, promote the continuous reduction of key cycles of main vessel types, break through the bottlenecks in production and construction, and achieve the improvement in production capacity; continue to carry out cost engineering, improve the level of refined management, enhance the scientific and technological empowerment to explore potential and improve efficiency, and continue to improve the profitability. The above measures will ensure the completion of the 2025 business plan.

The business plan above does not represent the profit forecast of the Group for 2025, nor does it constitute undertakings to investors in respect of the performance of the Company. Actual business performance of the Company is subject to various internal and external factors and involves uncertainties. Investors are reminded of investment risks.

### (IV) Potential risks

#### 1. Financial risks

- (1) Exchange rate risk: The Group's exchange rate risk arises from the possibility of the increase or decrease in the value of assets (or creditor's rights) and liabilities (or debts) denominated in foreign currencies due to exchange rate fluctuations. It is mainly concentrated on export shipbuilding orders denominated in United States dollars. The Group will continue to adhere to the aim of risk prevention, strengthen the analysis of exchange rate trend and formulate exchange rate risk prevention plans by using financial tools such as forward exchange contracts and options to protect against exchange rate risk.
- (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 and operating status.

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

#### 2. Customer risk

As a result of global economy, geopolitics, shipping trade, ship owners may experience difficulties in financing and tight funds, resulting in default in shipbuilding payment, deferred recognition of delivery, amendment of contracts or even abandonment of ships, which will subject the Company's orders on hand to default risk. The Group will further strengthen the management of contract performance, enhance the creditworthiness investigation of ship owners and project process management, increase ship owners' default cost and strengthen the early warning and monitoring of contractual performance and promote the delivery of orders on hand.

#### 3. Cost risk

Given the Group's order-based production and long construction cycle for shipbuilding business, and fluctuations in the prices of raw materials such as steel coupled with the increase in labour costs, may lead to a passive increase in the costs of the Company's products under construction, which will have a certain impact on the Company's operating results. The Group will continue to improve efficiency and reduce costs across the entire industrial chain and optimise the product structure by promoting the mass production of main construction products and increasing the proportion of high value-added products to minimise the impact of cost fluctuations on the Company.

#### 4. Supply chain risk

Affected by trade protectionism, geographical conflicts and other adverse factors, some equipment to be imported may be subject to delayed delivery. The Group will continue to pay attention to the situation in overseas markets, conduct thorough operation research and sound judgment, strengthen international cooperation and consolidate its position in the international market; improve the level of planning management, carry out certain material reserves in key areas, strengthen supplier sourcing, and promote the localisation substitution of equipment in due course.

## SECTION III REPORT OF THE BOARD

### VII. OTHERS

#### 1. Management contracts

There were no contracts entered into by the Company in relation to the management or administration of all or any major business, nor did such contracts exist at any time in 2024.

#### 2. Environmental policies and performance

The Group is committed to maintaining the sustainability of the environment and community in which it operates. By adhering to an attitude to protect the environment, the Group strives to comply with the laws and regulations relating to environmental protection and has adopted effective measures to realise efficient utilisation of resources, save energy and reduce emission of wastes.

#### 3. Compliance with laws and regulations

To the best knowledge of the Board and management of the Company, the Company has complied in all material respects with the relevant laws and regulations which principally affect the business and operations of the Company. During the Year, there was no material breach or non-compliance with applicable laws and regulations by the Company.

#### 4. Relationship with shareholders

The Company has always adhered to the concept that with great virtue one can take charge of the world. It actively delivers returns to shareholders, practices honesty towards customers, cares for employees and contributes to the community. As such, while accelerating its own development, the Company also actively participates in public service activities and contributes to the community. It attaches great importance to the harmonious and win-win development of the Group, its employees and the community.

#### 5. Relationships with employees, customers and suppliers

During the Reporting Period, the relationships between the Group and its employees, customers and suppliers are set out in the Environmental, Social and Governance Report for 2024 published on the website of the SSE ([www.sse.com.cn](http://www.sse.com.cn)) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 28 March 2025 and 25 April 2025, respectively by the Company, which forms part of this report of the Board.

#### 6. Auditors

There has been no change in the Company's auditors during the last three years.

#### 7. Events after the Reporting Period

As at the date of this report, the Group had no significant events after the Reporting Period which need to be disclosed.

#### 8. Others

Other matters as required by the Hong Kong Companies Ordinance can be found in Section VI "Significant Events". Such discussion forms part of this report of the Board.

## I. INFORMATION ON CORPORATE GOVERNANCE

### (I) Corporate culture, mission and objectives

#### *Corporate Culture*

The core of our corporate culture is “innovation, efficiency, cooperation and win-win”, among which, “innovation” means the Company insists on innovation-driven development focusing on key tasks, and constantly creates a new situation; “efficiency” means the Company achieves the goal of high quality and high efficiency through the unity and collaboration of all the employees and innovative development; “collaboration” means all employees of the Company collaborate to form a resultant force around the Company’s strategic positioning and based on their positions; and “win-win” means insisting on people-oriented, sharing development achievements to achieve the common growth of employees and the Company.

#### *Corporate mission*

The corporate mission of the Company is to fulfill the duty of strengthening the military and serving the nation, support the construction of a maritime power, and drive the value creation as a central enterprise.

The Company fulfills the duty of strengthening the military and serving the nation by making the development of the military equipment and the military industry as a major political responsibility and the primary mission, and provides impetus and guarantee for the construction of a first-class military central enterprise group by making full use of the Company’s capital market status as a listed company in Shanghai and Hong Kong.

The Company supports the construction of a maritime power by giving full play to its role and advantages as an A+H listed central enterprise, and vigorously promotes the progress of the construction of a maritime power by relying on national regional strategies such as the construction of Guangdong, Hong Kong, Macao and the Greater Bay Area.

The Company is committed to achieving the value creation as a central enterprise, continues to strengthen its core competitiveness, mainly provides capital and innovation strength for the development of the Group, serves the Group’s high-quality development with dual drivers, and promote the value creation of central enterprises.

#### *Strategic objectives*

The strategic objectives of the Company are to build high-quality marine equipment, strengthen the military and serve the nation, and become a world-class listed marine equipment company with reasonable industrial structure, leading core technology, excellent quality and service and strong international competitiveness by focusing on the marine industry and developing harmoniously.

Adhering to the development philosophy of “innovation, coordination, green, openness and sharing”, the Company actively responds to the Group’s high quality development strategy, constructs scientific and reasonable industrial layouts, fully aligns with major strategies such as “Belt and Road”, military-civilian integration development for the building of a strong manufacturing country and a strong maritime country, focusing on “optimizing structure, deepening reform, capital-driven and innovative development”, promoting the expansion and extension of the traditional manufacturing industry in a direction towards higher value, so as to strengthen and optimize its main business, vigorously expand emerging industries, accelerate the Company’s transformation and upgrading, and achieve high-quality development.

### (II) Corporate governance

The Company always strictly conforms to the Company Law of the PRC, the Securities Law of the PRC, relevant regulations issued by the CSRC and the listing rules of the SSE and the Stock Exchange by continuously improving its corporate governance structure and standardizing its operations. During the Reporting Period, the Company’s governance had no material deviations from the Company Law and relevant regulations issued by the CSRC. The Company has adopted the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Stock Exchange Listing Rules as the corporate governance code of the Company. Save as disclosed below, during the Reporting Period, the Company has been in strict compliance with the principles of good corporate governance, the code provisions on a “comply or explain” basis and certain recommended best practices as set out in the CG Code.

In accordance with code provision B.2.2 of the CG Code, each Director (including Directors with a specified term) shall retire by rotation at least every three years. The term of the tenth session of the Board of Directors expired on 23 October 2023. In view of the fact that the nomination of the candidates for the Directors of the eleventh session of the Board of Directors had yet to be completed at that time, in order to maintain the continuity of the work of the Board of Directors, the election of the next session of the Board of Directors was postponed. On 29 December 2023, the Company held the twenty-fifth meeting of the tenth session of the Board of Directors to nominate director candidates for the eleventh session of the Board of Directors; and on 2 February 2024, the Company held the first extraordinary general meeting of 2024 to elect the eleventh session of the Board of Directors. For details, please refer to the announcements of the Company dated 23 October 2023, 29 December 2023 and 2 February 2024, and the circular dated 15 January 2024. Therefore, from the beginning of the Reporting Period to 2 February 2024, the Company could not comply with the requirements of code provision B.2.2 of the CG Code.

## SECTION IV CORPORATE GOVERNANCE

Pursuant to code provision C.1.6 of the CG Code, in general, independent non-executive Directors and other non-executive Directors should attend general meetings to have a comprehensive and fair understanding of the opinions of the Company's shareholders. Mr. Yu Shiyong, being the former independent non-executive Director of the Company, was unable to attend the 2024 first extraordinary general meeting of the Company held on 2 February 2024 for work reasons; and Mr. Chen Ji, Mr. Gu Yuan and Mr. Yin Lu, all being non-executive Directors, Mr. Lin Bin and Mr. Nie Wei, both being independent non-executive Directors, were unable to attend the 2023 annual general meeting of the Company, the 2024 first A Shares class meeting and the 2024 first H Shares class meeting held on 30 May 2024 for work reasons; Mr. Gu Yuan and Mr. Yin Lu, both being non-executive Directors, were unable to attend the 2024 second extraordinary general meeting of the Company held on 27 September 2024 for work reasons; and Mr. Yin Lu, being a non-executive Director, Mr. Nie Wei and Ms. Xie Xin, both being independent non-executive Directors, were unable to attend the 2024 third extraordinary general meeting of the Company held on 29 November 2024 for work reasons.

On 21 May 2024, Mr. Xiang Huiming, the then Chairman of the Company, resigned from his positions as Chairman and Director of the eleventh session of the Board, as well as the chairman of the Strategy Committee of the Board, due to retirement. Following the resignation of Mr. Xiang Huiming, and as at the date of this report, the Company has not yet elected a new Director to fill the vacancies of the Chairman of the Company and the chairman of the Strategy Committee of the Board left by Mr. Xiang Huiming, being the former Chairman. Therefore, from 21 May 2024 to the end of the Reporting Period, the Company was unable to comply with the requirements of code provision C.2 and principle F2.2 of the CG Code as well as its code provisions applicable to the chairman.

During the Reporting Period, the Company has been in compliance with Rule 3.10(1) of the Listing Rules which prescribes that there shall be at least three independent non-executive Directors, and Rule 3.10A of the Listing Rules which prescribes that at least one-third of the Board shall comprise independent non-executive Directors. The Company confirms that all independent non-executive directors have complied with the independence requirement under Rule 3.13 of the Listing Rules of the Stock Exchange as at the end of the Reporting Period.

### **Board of Directors**

On 2 February 2024, the Company held the first extraordinary general meeting of 2024 and completed the election of the Board of Directors. As at the end of the Reporting Period, the Board comprises 8 Directors, including 1 executive Director, 3 non-executive Directors and 4 independent non-executive Directors. Members of the Board have different industry backgrounds and expertise in corporate governance, finance and accounting, investment strategies, maritime engineering and equipment and legal affairs. Details of the members of the Board are set out in "Directors, Supervisors, Senior Management and Employees" in this report.

On the diversity of Board members, the Company fully understands the benefits of diversity of Board members to its development and has adopted a Board diversity policy. The Board members reflects differentiation and diversification in various aspects such as expertise, industry experience, age, qualification and background, and gender.

The Board is accountable to the shareholders' general meetings, fully represents the interests of shareholders and formulates the Company's development strategies in strict compliance with the "Rules of the Proceedings of the Board of the Directors" within its terms of reference as stipulated in the Articles of Association. The Board also monitors the implementation of the Group's operation management and its financial performance, makes recommendations on the appointment of Directors, and decides on important contracts and trading, as well as other important policies and financial matters. The Board has delegated daily responsibilities to executive Directors and senior management. The management is responsible for handling the Company's daily operation and management affairs. The positions of chairman and general manager of the Company are occupied by different persons in order to ensure the independence of the decision-making of the Board. During the Reporting Period and up to 21 May 2024, the chairman of the Company was Mr. Xiang Huiming, who was mainly responsible for leading the Board in the development of overall development strategies of the Company and ensuring that the Board operating effectively in performing its duties, establishing sound corporate governance system and practices and that the Board acting in the best interests of the Company and its shareholders as a whole. Mr. Chen Liping is the general manager of the Company and is mainly responsible for administrative affairs of the Company, including implementing the resolutions passed by the Board, establishing basic management rules and making decisions in respect of daily operation of the Company.

In 2024, the Company held a total of 8 Board meetings, including 6 on-site meetings and 2 meetings held by communication equipment, issued 4 regular reports and 54 extraordinary announcements, conveyed related information to the market such as operational conditions, market conditions, important resolutions passed at meetings, significant personnel changes and related/connected transaction in a timely manner. All resolutions considered at the Board meetings during the year 2024 had been submitted to the party organisation and the general manager office meeting of the Company for consideration and decision-making before they were submitted to the Board for discussion, and the relevant opinions were carefully listened. No fault has been made in respect of the announcements disclosed in respect of resolutions considered and approved at the Board meetings during the Year. The decision-making procedures and the relevant decisions are in compliance with the listing rules of the Stock Exchange and the SSE, the Articles of Association and the requirements of applicable laws and regulations, and the resolutions passed are legal and valid.

## SECTION IV CORPORATE GOVERNANCE

The dates of regular Board meetings each year are determined in advance, and the notice of periodic meetings is given 10 days prior to the meeting, while the notice of extraordinary meetings is given at least 8 hours prior to the meeting through telephone, post or facsimile, so that more Directors can attend the meeting. The secretary to the Board assists the chairman in preparing agenda of meetings and ensuring the observance of all applicable rules and regulations. The agenda and attached documents relating to the resolution to be proposed by the Board are generally sent to all Directors at least 7 days before the periodic Board meetings (if feasible, it is also applicable to other Board meetings). The secretary to the Board is responsible for recording and maintaining the minutes and related meeting documents of the Board and committees thereunder, which are available for the Directors' inspection at any time. Minutes reflects the information of review and voting, and Directors' opinions at the meeting objectively and in detail, and is confirmed by each attending Director by signing. When considering related/connected transactions, the connected Directors shall abstain from voting.

Each Director has the right to inspect the documents of the Board and related data, and to seek opinions and services from the secretary to the Board. The Board and each Director may contact the Company's senior management individually and independently.

The Board reviews internal control once annually in order to ensure the effectiveness of its internal control system.

### **Directors**

The executive Directors are appointed for a term of three years, and may offer themselves for re-election after the terms expired. Term of service for non-executive Directors (including independent non-executive Directors) is three years and is renewable. Independent non-executive Directors are eligible for re-election subject to a cumulative tenure not exceeding six years. There is no relationship among Board members, including financial, operational, family or other relevant material relations.

Through the secretary to the Board, all Directors can obtain timely information and updates relating to statutory, regulatory and other ongoing obligations that Directors of a listed company must comply with, ensuring the Directors' understanding of their duties and duly implementation of procedures for the Board in compliance with applicable laws and regulations.

The Company has strictly complied with the relevant restrictive provisions imposed by Hong Kong and PRC regulatory organizations in relation to securities transactions by Directors, Supervisors and senior management. The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix C3 to the Stock Exchange Listing Rules as the code of conduct for the securities trading of shares by the Company's Directors. The Company has made specific inquiries of all Directors and Supervisors and they have confirmed that they have fully complied with the Model Code, and have not traded in the shares of the Company during the period before the publication of price-sensitive information such as periodic reports, announcements, profit warning, and other significant events announcements in 2024.

The Directors have confirmed that they have the responsibility to prepare the annual financial statements for the year ended 31 December 2024 in order to give a true and fair view of the Company and the Group's financial position and results of operations.

The Company encourages Directors, Supervisors and senior management to take part in the overall and professional development and learning on related listing rules and code on corporate governance practices organized by the CSRC, the SSE, the Stock Exchange and The Hong Kong Chartered Governance Institute, arranged Directors and Supervisors to receive rotation training organized by CSRC Guangdong Bureau. Through Monthly Board Reports, important areas of securities regulation are conveyed to Directors, Supervisors and senior management to continue to expand the professional qualities of Directors, Supervisors and senior management.

During the Reporting Period, Mr. Li Zhidong, company secretary of the Company, had duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules and satisfied the requirement of not less than 15 hours of relevant professional training per annum.

In addition, during the Reporting Period, there was a change in members of the Board, details of which are set out below. The Company has received annual confirmation of independence from each of the independent non-executive Director, namely Lin Bin, Nie Wei, Li Zhijian and Xie Xin, in accordance with Rule 3.13 of the Listing Rules, and considered them independent as at the end of the Reporting Period. As such, the Company considers that all independent non-executive Directors have complied with the independence requirement under the Listing Rules.

## SECTION IV CORPORATE GOVERNANCE

During the Reporting Period, the current and resigned Directors of the Company are as follows:

Name of Director	Annual appointment status
Chen Liping	Serving
Gu Yuan	Serving
Ren Kaijiang	Serving
Yin Lu	Serving
Lin Bin	Serving
Nie Wei	Serving
Li Zhijian	Serving
Xie Xin	Appointed on 2 February 2024
Xiang Huiming	Resigned on 21 May 2024
Chen Ji	Resigned on 9 August 2024
Zhang Junxiong	Appointed on 2 February 2024 and resigned on 3 September 2024
Yu Shiyu	Resigned on 2 February 2024

Mr. Zhang Junxiong and Ms. Xie Xin were appointed as executive Director and independent non-executive Director of the Company respectively on 2 February 2024. They have obtained the legal opinion pursuant to Rule 3.09D of the Listing Rules on 2 February 2024, respectively, and confirmed that they understood their responsibilities as a Director.

### **Mechanism of Independent Views**

The Board and committee structure	<ul style="list-style-type: none"> <li>As at the end of the Reporting Period, the Board consisted of 8 members, including four independent non-executive Directors, which complies with the requirement of the Listing Rules of the Stock Exchange regarding independent non-executive Directors representing at least one-third of the Board and not less than three.</li> </ul>
Term of office of independent non-executive Directors	<ul style="list-style-type: none"> <li>In accordance with the Articles of Association, independent non-executive Directors shall be appointed for a term of three years and shall be eligible for re-election shall not exceed.</li> </ul>
Remuneration of independent non-executive Directors	<ul style="list-style-type: none"> <li>Independent non-executive Directors receive a fixed fee for their positions in the Board and Board committees, where appropriate. The Company does not have a share-related incentive scheme.</li> </ul>
Appointment of independent non-executive Directors	<ul style="list-style-type: none"> <li>The Nomination Committee may conduct extensive searches for qualified independent non-executive Directors in the employment market, etc., collect information on the occupation, education, title, detailed work experience and all part-time positions of the candidates, prepare written materials, and convene a meeting of the Nomination Committee to examine the qualifications of the candidates in accordance with the terms of their appointment.</li> <li>In assessing the suitability of candidates, the Nomination Committee will review the biographical details of the candidates concerned (including their qualifications and available time commitment), taking into account the composition of the Board, the skills and experience of the directors, the selection criteria approved by the Board and the factors set out in the Board Diversity Policy.</li> </ul>
Annual review of the time commitment and independence of independent non-executive Directors	<ul style="list-style-type: none"> <li>The Nomination Committee reviews annually the time commitment of each Director to the Company's business. The attendance records of the Directors during the Reporting Period are set out in the sub-section headed "VI. Performance of Duties By Directors – (i) Attendance of Directors at Board meetings and general meetings" in this section.</li> <li>Independent non-executive Directors are subject to an independence assessment upon their appointment and thereafter annually and once again as appropriate.</li> </ul>
Conflict of interest management	<ul style="list-style-type: none"> <li>The internal systems of the Company explicitly stipulate requirements related to the avoidance of conflict of interest, and provide guidance on actions to be taken by the Directors in relation to conflict of interest.</li> </ul>
Professional advice	<ul style="list-style-type: none"> <li>Directors may seek advice from the Company Secretary or Office of the Board on matters related to the fulfillment of their duties and may also seek advice from external professional advisors and legal counsels at the Company's expense at any time.</li> </ul>
Evaluation of the Board performance	<ul style="list-style-type: none"> <li>The annual evaluation of the Board's performance shall take into consideration the quality and efficiency of the Board meetings.</li> </ul>

## SECTION IV CORPORATE GOVERNANCE

During the Reporting Period, independent Directors of the Company have strictly complied with the relevant laws, regulations, regulatory documents and the relevant provisions of the Articles of Association, actively performed their duties as independent Directors, expressed their independent opinions on important matters of the Company by fully utilizing their professional expertise, fulfilled the duty of supervision and advice as independent Directors, ensured the standardized operation of the Board of the Company, and safeguarded the overall interests of the Company and the legitimate interests of shareholders, especially the minority shareholders. They have fulfilled their obligations of loyalty, diligence and responsibility. For details of the work of independent Directors during the Year, please refer to the “2024 Work Report of Independent Directors” published by the Company on 28 March 2025.

Based on the above, the Board considers that the implementation of the aforesaid mechanisms are able to effectively ensure that the Board is provided with independent views and opinions.

### ***Diversity of Board members***

In accordance with the requirements of the Listing Rules of the Stock Exchange, the Board has formulated and adopted the Board Diversity Policy. This policy emphasizes that the Company will, when determining the composition of the Board members, consider the diversity of Board members from various aspects. All appointments of the Board shall be based on the principle of meritocracy, and candidates will be considered based on objective conditions, having due regard for the benefits of diversity of Board members, as well as factors including gender, age, cultural and educational background, professional experience, skills, knowledge and service tenure. The Company will consider its own business model and specific needs from time to time, and ultimately make decisions based on the strengths of the candidates and the contributions they can make to the Board.

Pursuant to the abovementioned policy, the Nomination Committee has reviewed the composition of the Board and management members of the Company in accordance with the requirements of the Listing Rules, taking into account:

- Age: Currently, the members of the Board, Supervisory Committee and senior management cover a wide range of age groups, and the diversity in age groups helps to bring diversified thinking to Board members;
- Education background and professional knowledge: Board members come from different educational backgrounds, covering professions such as ship engineering, water transportation engineering, precision instrument, physics, business administration, international finance, economics, accounting and law. All Directors have obtained master's and doctoral degrees, professor's qualifications and other professional recognition qualifications, including researcher-level senior engineer, researcher-level senior accountant, senior economist, senior certificated accountant in Australia, American Certified Management Accountant, senior accountant, senior management accountant, etc. This also reflects that the marine defense equipment industry, ship and offshore engineering equipment industry, marine science and technology innovation and application industry and other businesses of the Group involve various different professional fields. The educational backgrounds of Board members help to ensure the professionalism of the Group's businesses; and
- Industry experience: Board members have relatively sufficient industry experience in their respective fields, including involvement in various domestic businesses in terms of project operations such as ship engineering, defense equipment configuration, heavy industry, financial management and others, bringing foresight to the Company's business development as well as on a macro perspective.

As at the date of the Report, the Board of the Company has one female member, which was introduced by the Company to increase the proportion of female representation in the Board during the re-election of the Board, and female Board member has served as a member of the Emolument and Examination Committee and the Nomination Committee of the Board, achieving the diversity goal of the previous year.

Based on the above, the Directors believe that the Company has complied with the requirements of the Board Diversity Policy and the Listing Rules of the Stock Exchange for diversity of Board members in terms of gender, age, educational background, industry experience, region, length of service and other aspects. The Board possesses skills, experience and diversified backgrounds that are relevant to the strategy, governance and business of the Group, and each member has his/her own strengths and cooperates appropriately, which enable the Board to achieve the effectiveness and improve the efficiency. The information about the composition of the current Board members (including Directors' skills and experience) is set out in the sub-section headed “III. Directors, Supervisors and Senior Management – (1) Change in shareholding and remuneration of current and resigned Directors, Supervisors and Senior Management during the Reporting Period” in this section.

## SECTION IV CORPORATE GOVERNANCE

The Group is committed to creating a diversified and inclusive corporate culture, establishing a fair and just employment mechanism, continuously improving a scientific talent retention, promotion and development system, designing compensation, benefits and care policies that run through the full life cycle of employees' career, comprehensively ensuring the career development and workplace experience of employees, and enhancing their sense of happiness and belonging. During the Reporting Period, the Company followed the principles of "openness, equality, competition and meritocracy" to publicly recruit and cultivate employees. As at the end of the Reporting Period, the Group had a total of 6,238 employees, of which 723 were female employees, accounting for 11.59% of all employees, which was due to the fact that the Group actively built up three major industrial layouts of "marine defense equipment industry", "ship and offshore engineering equipment Industry" and "marine science and technology innovation and application industry", and the Group's businesses mainly focused on shipbuilding and offshore engineering manufacturing, which laid a relatively high demand for employees' labour and physical strength, resulting in more male employees responsible for certain types of works in the actual implementation of work. Among all employees, 1,778 (accounting for approximately 28.50% of all employees) fell within the age group of under 30 years old, while 3,844 (accounting for approximately 61.62% of all employees) fell within the age group of 30 to 50 years old. This precisely reflected the Group's active inclusion of young talents and the cultivation of suitable talents in all age groups, providing promotion opportunities, and striving to continuously improve the diversity of employees, senior management and Directors of the Group in terms of personal abilities, professional backgrounds and gender. At the same time, the Group upheld the philosophy of inclusive talent, promoted workplace inclusion, created a diversified and high-quality talent echelon and built a career platform with equality. The Company treated employees fairly and equally. The Company paid attention to promoting employment for local residents, women, ethnic minorities and college students, and strove to increase employment opportunities in local communities. The Company publicly recruited from society without setting restrictions on race, gender, religious beliefs and other conditions. Based on the above, the Company believed that the diversity among employees had been achieved and it was committed to gradually enhancing the diversity of gender, age group, educational and professional background in future Board re-election and staff training and promotion.

### (III) Specialised committees under the Board

The Board has set up four specialised committees. The Board selects and appoints members of each committee based on the professional skills and experience of each Director so that each committee can carry out its functions with high efficiency. Each committee has established a work team, consisting of employees of the relevant functional departments of the Company, to assist the committee's work.

The Company's Directors and specialised committees under the Board have the right to appoint an independent professional institution to provide services for them at the expense of the Company, in order to facilitate their performance of functions and duties in view of business needs.

#### 1. Audit Committee

The Audit Committee is primarily responsible for assisting the Board in reviewing the Company's financial position, the status of implementation and the implementation effectiveness of the internal control and risk management system independently, liaising with, monitoring and verifying the internal audit department and the external auditor independently, as well as considering and overseeing the environmental, social and governance matters of the Company. As at the end of the Reporting Period, members of the Audit Committee under the eleventh session of the Board were Lin Bin (chairman), Nie Wei and Li Zhijian, all independent non-executive Directors.

In 2024, the Audit Committee of the Board held 6 meetings to hear the financial reports of the management, working group and accounting firm on the annual report for 2023, the financial reports for the first quarter of 2024, the first half-year of 2024, the third quarter of 2024, the financial position and the self-assessment report on internal control, and made resolutions on these matters after thorough discussions. The resolutions were reported to the Board in a timely manner and all members of the Audit Committee have attended the above meetings.

In addition, in accordance with the Implementation Rules and Regulations of Audit Committee, during the course of the audit of the annual financial report, the Audit Committee has communicated with the auditors in a timely order, reviewed the financial statements of the Company and formed a written opinion before and after the auditors on-site visits of the Company, as well as upon completion of the audit report.

#### 2. Nomination Committee

The Nomination Committee is mainly responsible for formulating the selection criteria and procedures for Directors and senior management of the Company, and selecting and reviewing the candidates for Directors and senior management and their qualifications. As at the end of the Reporting Period, members of the Nomination Committee under the eleventh session of the Board were Nie Wei (chairman), Xie Xin, both independent non-executive Directors, and Gu Yuan, a non-executive Director.

In 2024, the Nomination Committee of the Board held 2 meetings to consider and approve the resolutions on nominating the general manager, secretary of the Board and financial officer of the Company, and the amendment of the Implementation Rules and Regulations of the Nomination Committee of the Company. All members of the Nomination Committee have attended the aforesaid meetings.

In addition, in 2024, the Board has completed its renewal and added 1 executive Director and 1 independent non-executive Director. The Nomination Committee, in accordance with relevant laws and regulations and the provisions of the Articles of Association, and taking into account the actual situation of the Company, gives full consideration to the diversity policy of the Board members as well as all employees (including but not limited to gender, age, cultural and educational background or professional experience), and finally proposes suitable persons for directorships after careful consideration and multiple rounds of candidate comparisons, and then submits its recommendations to the Board after review by the Nomination Committee.

### 3. *Emolument and Examination Committee*

The Emolument and Examination Committee is mainly responsible for formulating and evaluating the assessment standards for Directors and senior management, formulating and reviewing the remuneration policies and proposals of Directors and senior management. As at the end of the Reporting Period, members of the Emolument and Examination Committee under the eleventh session of the Board were Li Zhijian (chairman), Lin Bin and Xie Xin, all independent non-executive Directors.

In 2024, the Emolument and Examination Committee of the Board held 3 meetings to consider and approve the resolutions on the appraisal results and remuneration of the Directors, Supervisors and senior management of the Company for 2023, on the Management Members' Accountability for Business Performance in 2024, and the amendment of the Implementation Rules and Regulations of the Emolument and Examination Committee. All members of the Emolument and Examination Committee have attended the aforesaid meetings.

The Emolument and Examination Committee adopted the mode (ii) as set out under the provision E.1.2(c) of the CG Code, which is to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment).

### 4. *Strategy Committee*

The Strategy Committee is mainly responsible for studying and giving advice on the Company's long-term development strategies and major investment decision-making. As at the end of the Reporting Period, members of the Strategy Committee under the eleventh session of the Board included Chen Liping, an executive Director, and Gu Yuan, Ren Kaijiang and Yin Lu, non-executive Directors.

In 2024, the Strategy Committee held 2 meetings to consider and approve the resolutions such as the amendment of the Implementation Rules and Regulations of the Strategy Committee of the Company. All members of the Strategy Committee have attended the aforesaid meetings.

## (IV) Corporate governance function

The Board is responsible for corporate governance functions collectively, including:

- Formulating, considering and reviewing the Company's corporate governance policy, principle, convention, practice and process, comparing them with the regulations of all guidelines (the "Guidelines") formulated by all competent regulatory bodies from time to time, and making recommendations on improvement;
- Suggesting necessary changes to the Board in order to respond to and meet the requirements of the Guidelines;
- Reviewing and monitoring the Company's policies and practices for compliance with laws and regulatory requirements;
- Reviewing the Company's internal policies annually;
- Examining and monitoring the training and sustained professional development of Directors and senior management;
- Developing, examining and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors;
- Reviewing the Company's compliance with applicable laws and rules for corporate governance, including but not limited to the new CG Code, as well as the requirements of the CSRC on corporate governance, and the Company's disclosure on the corporate governance in its annual reports and the corporate governance in its interim reports.

## (V) Shareholders and general meetings

The Board endeavors to maintain on-going communication with shareholders and considers general meetings as a major opportunity to keep contact with shareholders. All shareholders holding shares of the Company are entitled to attend general meetings.

The Company shall give a notice of a general meeting twenty-one days prior to the annual general meeting and a notice of an extraordinary general meeting at least ten business days (being the day on which trading of securities commences on the Stock Exchange) or fifteen days (whichever is longer) prior to the extraordinary general meeting, and publish an announcement and distribute a circular in accordance with the relevant rules, setting out in detail the matters to be considered at the meeting and the procedures for voting thereat. Separate resolutions are proposed at the general meeting and voted on by way of poll on each separate issue, including the election of individual Directors. The voting method and procedures at general meetings are set out in the Articles of Association and the Rules for Proceedings of General Meetings of the Shareholders, contained in the shareholders' circular and explained at the meeting. For information of Directors' attendance at general meetings, please refer to the sub-section headed "Attendance of Directors at Board meetings and general meetings" in this section.

## SECTION IV CORPORATE GOVERNANCE

### 1. Policy on Communication with Shareholders

The Company has established the following channels to maintain continuing communication with shareholders:

- (1) The Company's corporate communications published in printed form and available for inspection at the HKEXnews website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([comec.cssc.net.cn](http://comec.cssc.net.cn)), such as annual report, interim report and circular;
- (2) Announcement made periodically through the Stock Exchange, and published at the websites of the Stock Exchange and the Company, respectively;
- (3) The Company's information and the Articles of Association are available at the Company's website;
- (4) Board members (in particular the chairmen or their representatives of each specialised committee under the Board), proper administration personnel and external auditors will attend the annual general meeting and answer shareholders' questions;
- (5) In case of any doubt about the shares held by them, shareholders may bring forward such questions to the Company's share registrar (H Shares) or securities business department (A Shares) making transaction rules.

### 2. Communication with Investors and Investor Relations

The management of the Company attaches great importance to investor relations management and therefore has established regulations and systems such as the Information Disclosure Management Policy and the Investor Relations Management Policy to standardize and optimize the investor relations management of the Company.

The Company has implemented the Investor Relations Management Policy, which enhances the understanding and recognition of investors and shareholders towards the Company through reasonable information disclosure and exchange. At the same time, transparent information disclosure helps to improve the level of corporate governance, maximize the overall interests of the Company, and protect the legitimate rights and interests of investors and shareholders.

The Investor Relations Management Policy is summarized as follows:

- |   |   |
|---|---|
| The Purpose of Investor Relations Management      | • The Company aims to strengthen the communication with investors and potential investors by facilitating the shareholders' exercise of their rights, information disclosure, interactive communication and the disposal of demands, so as to enhance investors' understanding and acceptance of the Company and improve governance level and overall corporate value of the Company, thus achieving the goal of respecting, bringing return to and protecting investors.   |
| Basic Principles of Investor Relations Management | • The Company insists on the following principles for investor relationship management: <ol style="list-style-type: none"><li>(i) The principle of compliance: investor relations management of the Company shall be conducted on the basis of performing the information disclosure obligation and subject to relevant laws, regulations, rules and normative documents, industry norms and self-discipline rules, the Company's internal rules, and industry-wide ethics and code of conduct.</li><li>(ii) The principle of equality: in the course of investor relations management, the Company should treat all investors equally, particularly creating opportunities and facilitation for minority shareholders to participate in relevant activities.</li><li>(iii) The principle of proactiveness: the Company should take the initiative to promote investor relations management, receive advice and suggestions from investors, and respond to investors' requests in a timely manner.</li><li>(iv) The principle of honesty and commitment: in the course of investor relations management, the Company should be honest, adhering to the compliance thresholds, standardize its operations, and assume responsibilities and make contribution to building a healthy and favorable market ecosystem.</li></ol> |

## SECTION IV CORPORATE GOVERNANCE

Main Responsibilities for Investor Relations Management	<ul style="list-style-type: none"> <li>The Company shall bear the main responsibilities for investor relations management, which include: <ul style="list-style-type: none"> <li>(i) Developing a system and establishing a working mechanism for investor relations management;</li> <li>(ii) Organizing investor relations management activities for communication with investors;</li> <li>(iii) Organizing the timely and proper handling of investors' inquiries, complaints, suggestions and other appeals, and providing regular reports to the Board and management of the Company;</li> <li>(iv) Managing, operating and maintaining relevant channels and platforms of investor relations management;</li> <li>(v) Safeguarding the investors' statutory entitlement to exercise the rights as shareholders;</li> <li>(vi) Cooperating with and assist investor protection institutions in safeguarding the legitimate rights and interests of investors;</li> <li>(vii) Statistically analysing the number, composition and changes of the Company's investors; and</li> <li>(viii) Promoting other activities that improve investor relations.</li> </ul> </li> </ul>
Parties within the Scope of Investor Relations Management:	<ul style="list-style-type: none"> <li>Parties within the scope of the Company's investor relations management include the followings: <ul style="list-style-type: none"> <li>(i) Investors;</li> <li>(ii) Financial media, industry media and other media; and</li> <li>(iii) Other institutions and channels.</li> </ul> </li> </ul>
Means and Methods of Investor Relations Management	<ul style="list-style-type: none"> <li>The Company should promote investor relations management through multiple channels and platforms and in various manner. Communications and interacts with investors can be made through: channels such as websites of the Company and SSE, SSE e-Interactive Platform (上證e互動平台), new media platform, hotline, facsimile, e-mail, investor education base; network infrastructure platforms, including www.investor.org.cn (中國投資者網) and those of the stock exchanges and the securities depository and clearing institutions; and by means of shareholders' meetings, investor briefings, roadshows, investor research, analyst meetings, acceptance of visit, exchange meetings, etc.. The Company should offer facilitation to investors to participate in the communication, and should identify and remove obstacles that inhibit the communication in a timely manner.</li> <li>The Company should disclose its website and consultation hotline in its periodic reports to ensure smooth external communication channels (such as telephone, fax, and e-mail). Personnel who have expertise in this respect should be designated to be responsible for the relevant works, friendly receive and accept inquiries in real earnest, and provide feedback to investors in an effective way.</li> <li>The Company may arrange for investors, fund managers and analysts to visit the Company and hold discussion sessions. The Company may communicate the corporate situation, respond to questions and take relevant opinions and suggestions through road shows, analyst meetings, etc.</li> <li>The Company should fully consider the time, venue and means of convening general meetings, and provide facilitation to shareholders, especially minority shareholders, to attend the meetings and offer adequate time for investors to speak, raise questions and communicate with the Company's Directors, Supervisors and senior management. General meetings should offer channels for voting online.</li> </ul>

## SECTION IV CORPORATE GOVERNANCE

- The Company shall regularly summarize and release records of investor relations activities such as investor briefings, research of securities analyst and road shows under the “Company Release” (「公司發佈」) column of the SSE e-Interactive Platform. Records of investor relations activities should include at least the followings:
  - (i) Participants, time, place and format;
  - (ii) Content of exchanges and records of specific questions and answers;
  - (iii) Clarification on whether the activity involves any material information that should be disclosed;
  - (iv) Presentations used, documents and other attachments (if any) provided during the activities; and
  - (v) Other contents required by the stock exchange.

During the Reporting Period, while earnestly performing statutory information disclosure obligations, the Company launched investor relation activities in various forms to provide investors with information that they were interested in, to promote the transparency of the Company's operation, and to build mutual understanding and trust. Meanwhile, the Company carefully listened to advice provided by investors in the course of information delivery and collected feedback from investors to boost the mutually beneficial interactions between the Company and the investors.

When the Company conducts its investor relations work, the Office of the Board of the Company undertakes the specific responsibility for investor relations management mainly through: the investor hotline and e-mail, responding to investors' inquiries in a timely manner; meeting with investors and institutions engaged in securities analysis for field research; participating in investor presentations; hosting roadshow; publishing information related to the Company's situation, information disclosure and corporate governance on the Company's website, etc.

The Company receives inquiries from investment institutions and industry stakeholders regarding business development of the Group, industry prospects, and financing plans on a regular basis. Subject to compliance with applicable laws and regulations, the Company will strengthen communication with all parties in accordance with the methods formulated in the aforementioned Investor Relations Management Policy. In order to enhance the transparency of information disclosure of the Company, the Company will continue, subject to compliance with relevant laws and regulations, to provide relevant information on a regular basis and as reasonable as case may be. In summary, based on the multiple existing communication channels with shareholders and investors and their feedbacks, the Company believes that its communication policy with investors has been effectively implemented during the Reporting Period.

The Board is grateful to shareholders and other stakeholders for their continued support to the Group and welcomes their views as well as any inquiries they may have about the management and governance of the Company.

### 3. Shareholders' Rights

#### *Ways for shareholders to convene extraordinary general meeting*

Shareholders separately or aggregately holding over 10% of shares of the Company shall be entitled to request and demand the Board to convene extraordinary general meetings and shall make written request to the Board. The Board shall reply in writing regarding the acceptance or refusal to convene the extraordinary general meeting within 10 days upon receiving the request in accordance with the requirements of the laws, administrative regulations and the Articles of Association.

If the Board agrees to convene the extraordinary general meeting, notice convening the meeting shall be issued within 5 days upon making the Board resolutions. Should there be amendments to the original requests in the notice, consent has to be obtained from the relevant shareholders. If the Board does not agree to convene the extraordinary general meeting or does not reply within 10 days upon receiving the request, shareholders separately or aggregately holding over 10% of shares of the Company shall be entitled to propose the Supervisory Committee to convene the extraordinary general meeting, and shall make request to the Supervisory Committee in writing.

If the Supervisory Committee agrees to convene the extraordinary general meeting, notice convening the meeting shall be issued within 5 days upon receiving the request. Should there be amendments to the original requests in the notice, consent has to be obtained from the relevant shareholders. If the Supervisory Committee fails to issue a notice of the general meeting within a specified period, it shall be deemed that the Supervisory Committee shall not convene and preside over the general meeting, the shareholder(s) separately or aggregately holding above 10% of the shares of the Company for 90 consecutive days or more may convene and preside over the meeting by himself/herself/themselves.

## SECTION IV CORPORATE GOVERNANCE

Shareholder(s), if decided to convene general meetings on their own, shall inform the Board in writing and make filing with the stock exchange for record.

The Company will bear all the necessary costs for the general meeting convened by the shareholder(s).

### *Procedures for shareholders to raise inquiry to the Board and related information*

The shareholders of the Company shall be entitled to the right to inspect and make copy of the Articles of Association, the register of shareholders, the Company's bond counterfoil, minutes of shareholders' general meetings, Board meeting and supervisory committee meeting and financial accounting reports. If a shareholder who separately or collectively holds above 3% of the shares of the Company for 180 consecutive days or more requests to inspect the accounting books and certificates of the Company, he shall submit a written request to the Company stating the purpose. Shareholders may entrust intermediary organisations such as an accounting firm, a law firm or other intermediary to inspect the materials specified in the preceding paragraph. The shareholder and the engaged accounting firm, law firm or other intermediary to shall comply with the provisions of laws and administrative regulations relating to the protection of state secrets, commercial secrets, personal privacy and personal information when they inspect the materials and make copy thereof.

Shareholder(s) request to inspect the aforesaid information or obtain material shall submit their inquiries through the Company's address in domestic (15/F Marine Tower, 137 Gexin Road, Haizhu District, Guangzhou) or Hong Kong (17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong), and provide the Company with written documents evidencing the class and number of shares of the Company held by them. After checking and verifying shareholders' identity, the Company will provide related information or documents.

### *Procedures for putting forward proposals at general meeting*

Shareholders separately or collectively holding more than 1% of the shares of the Company, may propose extraordinary motions to the convener in writing within 10 days before the convening of such general meeting. The convener shall issue supplementary notice of the general meeting to announce the content of the extraordinary motions within 2 days after receiving the proposed motions.

#### **4. The Company's Independence from the Controlling Shareholder**

During the Reporting Period, the controlling shareholder of the Company had never been involved in any acts of bypassing the general meeting or interfering, whether directly or indirectly, with the Company's decision-making or operation. The Company and China Shipbuilding Group are independent of each other in terms of personnel, assets, finance, organization and business.

The connected transactions between the Company and CSSC were carried out in strict compliance with the listing rules of the relevant stock exchanges in Shanghai and Hong Kong with the prior approval of independent non-executive Directors and were reviewed by the Audit Committee. For material connected transactions, independent financial advisors had been appointed to express their opinions. It is the policy of the Company and China Shipbuilding Group to conduct monthly monitoring of continuing connected transactions and report to the Board on a monthly basis and to Directors on the safety of connected deposits on an annual basis. During the Reporting Period, the total value of continuing connected transactions did not exceed the annual caps approved at the general meeting.

Controlling shareholder, actual controller and other units under its control engaged in business which is the same as or similar to the Company's business, impact on the Company of horizontal competition or significant change in horizontal competition, and resolving measures taken, its progress and follow-up plans:

On 30 June 2021, China Shipbuilding Group undertook that it would, within five years, steadily take forward the injection of relevant appropriate assets into the listed company and integration of business to resolve the problem of the horizontal competition by comprehensively using various methods such as entrusted management, asset reorganisation, equity exchange/transfer, asset transfer/disposal, business merger, business adjustment or other legal means based on the principle of facilitating the development of the listed company and safeguarding the interests of shareholders, minority shareholders in particular (for details please refer to the Report on the Acquisition of COMEC published by the Company on 8 July 2021 on the websites of the Shanghai Stock Exchange and the Stock Exchange).

On 24 January 2025, the Company received the "Letter on the Request to Revise the Content of Letter of Undertaking Issued by China Shipbuilding Group on Avoiding Horizontal Competition with COMEC" from China Shipbuilding Group which requested for the revision of the time limit for the resolution of the issue of horizontal competition as set out in the undertaking issued by China Shipbuilding Group on 30 June 2021, and issued the "Letter of Undertaking Issued by China Shipbuilding Group Co., Ltd. on Avoiding Horizontal Competition" in lieu of the original undertaking. The aforesaid change of undertakings has been considered and approved by the ninth meeting of the eleventh session of the Board and the tenth meeting of the eleventh session of the Supervisory Committee of the Company held on 24 January 2025 and the first extraordinary general meeting of 2025 held on 3 March 2025 (for details, please refer to the "Announcement on the Controlling Shareholder's Request to Revise the Undertaking to Avoid Horizontal Competition" and the "Announcement on the Resolution of the First Extraordinary General Meeting of 2025" published by the Company on 24 January 2025 and 3 March 2025, respectively on the websites of the SSE and the Stock Exchange).

## SECTION IV CORPORATE GOVERNANCE

### III. GENERAL MEETINGS

No. of session	Date of meeting	Index for search on websites designated for publishing resolutions	Date of disclosure	Resolutions at the meeting
2024 first extraordinary general meeting of COMEC	2 February 2024	Website of the Company (comec.cssc.net.cn) Website of the SSE (www.sse.com.cn) Website of the Stock Exchange (www.hkexnews.hk)	3 February 2024	Considered and approved the Resolution on Formulating the Remuneration Management System for the Eleventh Session of the Board of Directors, Supervisors and Senior Management of the COMEC, the Resolution on Election of Directors of the Company, the Resolution on Election of Independent Non-executive Directors of the Company and the Resolution on Election of Supervisors of the Company
2023 annual general meeting, 2024 first A Shares class meeting and 2024 first H Shares class meeting	30 May 2024	Website of the Company (comec.cssc.net.cn) Website of the SSE (www.sse.com.cn) Website of the Stock Exchange (www.hkexnews.hk)	31 May 2024	The 2023 annual general meeting considered and approved the Report of the Board for 2023, the Report of the Supervisory Committee for 2023, the Annual Report for 2023 (including the financial statements for 2023), the Profit Distribution Proposal for 2023, the Resolution on the Framework Agreement for the Guarantee Proposed to be Provided by the Subsidiaries for 2024 and its Amounts, the Resolution on the Conduct of Foreign Exchange Derivative Transactions in 2024, the Resolution on Appointment of the Company's Financial Statements and Internal Control Audit Institution for 2024, the Resolution on Amendment to the Articles of Association of the Company, the Resolution on Amendment to the Rules of Procedure for General Meetings of the Company, the Resolution on Amendment to the Rules of Procedure for Meetings of the Board of Directors, and the Resolution on Amendment to the Rules of Procedure for Meetings of the Board of Supervisors of the Company  The 2024 first A Shares class meeting and the 2024 first H Shares class meeting considered and approved the Resolution on Amendment to the Articles of Association of the Company and the Resolution on Amendment to the Rules of Procedure for General Meetings of the Company, respectively.
2024 second extraordinary general meeting	27 September 2024	Website of the Company (comec.cssc.net.cn) Website of the SSE (www.sse.com.cn) Website of the Stock Exchange (www.hkexnews.hk)	28 September 2024	Considered and approved the Profit Distribution Proposal for the First Half-Year of 2024 and the Resolution in Relation to the Election of a Supervisor of the Company
2024 third extraordinary general meeting	29 November 2024	Website of the Company (comec.cssc.net.cn) Website of the SSE (www.sse.com.cn) Website of the Stock Exchange (www.hkexnews.hk)	30 November 2024	Considered and approved the Resolution on the Signing of the Supplemental Agreement to the 2024 Continuing Connected Transactions Framework Agreement between the Company and China Shipbuilding Group Co., Ltd., the Resolution on the Signing of the 2025 Continuing Connected Transactions Framework Agreement between the Company and China Shipbuilding Group Co., Ltd. and the Resolution on the Signing of the 2025 Financial Services Framework Agreement between the Company and CSSC Finance Company Limited

#### Description of general meetings

During the Reporting Period, the Company held a total of four general meetings, each of which was held in strict accordance with relevant requirements of the Company Law, the Securities Law, Rules for the Shareholders' Meetings of Listed Companies by CSRC, the Code of Corporate Governance for Listed Companies, and the Articles of Association. Statutory procedures such as convening of meetings, notice of meetings, presiding over meetings, voting on proposals and disclosure of information were carried out according to law, and the lawyers attended and witnessed the meetings and issued the corresponding legal opinions. All the above proposals were considered and approved at the general meetings, and there was no case of rejection of any proposal.

## IV. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### (I) Change in shareholding and remuneration of current and resigned Directors, Supervisors and Senior Management during the Reporting Period

Unit: share

Name	Position	Gender	Age	Date of appointment	Date of termination of office	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Change in the number of shares held in the year	Reason for change	Total remuneration before tax received from the Company during the Reporting Period (RMB in ten thousand)	Whether receiving compensation from related parties of the Company or not
Chen Liping	Executive Director, General Manager	Male	58	2016-8-10	2027-2-2	0	0	0	-	103.23	No
Gu Yuan	Non-executive Director	Male	56	2020-10-23	2027-2-2	0	0	0	-	0	Yes
Ren Kaijiang	Non-executive Director	Male	58	2021-12-22	2027-2-2	0	0	0	-	37.84	Yes
Yin Lu	Non-executive Director	Male	52	2023-5-24	2027-2-2	0	0	0	-	0	Yes
Lin Bin	Independent non-executive Director	Male	63	2020-10-23	2027-2-2	0	0	0	-	20	No
Nie Wei	Independent non-executive Director	Male	55	2020-10-23	2027-2-2	0	0	0	-	20	No
Li Zhijian	Independent non-executive Director	Male	55	2020-10-23	2027-2-2	0	0	0	-	20	No
Xie Xin	Independent non-executive Director	Female	46	2024-2-2	2027-2-2	0	0	0	-	18.20	No
Xu Wanxu	Chairman of the Supervisory Committee	Male	55	2024-9-27	2027-2-2	0	0	0	-	11.85	Yes
Chen Shu	External supervisor	Female	71	2019-5-28	2027-2-2	0	0	0	-	12	No
Zhu Weibin	External supervisor	Male	64	2020-10-23	2027-2-2	0	0	0	-	12	No
Ouyang Beijing	Employee supervisor	Male	53	2024-2-2	2027-2-2	0	0	0	-	73.80	No
Zhang Xinglin	Employee supervisor	Male	42	2024-2-2	2027-2-2	0	0	0	-	78.07	No
Li Zhidong	Secretary to the Board	Male	59	2016-10-14	2027-2-2	0	0	0	-	93.71	No
Hou Zengquan	Chief financial officer	Male	55	2017-11-10	2027-2-2	0	0	0	-	88.24	No
Xiang Huiming (Resigned)	Chairman	Male	59	2015-5-8	2024-5-21	0	0	0	-	36.36	No
Zhang Junxiong (Resigned)	Executive Director	Male	61	2024-2-2	2024-9-3	0	0	0	-	21.79	Yes
Chen Ji (Resigned)	Non-executive Director	Male	58	2016-8-10	2024-8-9	0	0	0	-	0	Yes
Chen Shuofan (Resigned)	Chairman of the Supervisory Committee	Male	53	2020-10-23	2024-8-2	0	0	0	-	28.46	Yes
Yu Shiyong (Resigned)	Independent non-executive Director	Male	69	2018-2-12	2024-2-2	0	0	0	-	1.80	No
Zhang Qinghuan (Resigned)	Employee supervisor	Male	58	2020-10-23	2024-2-2	0	0	0	-	0	Yes
Li Kai (Resigned)	Employee supervisor	Male	45	2020-10-23	2024-2-2	0	0	0	-	11.08	No
<b>Total</b>	/	/	/	/	/				/	688.44	/

## SECTION IV CORPORATE GOVERNANCE

Name	Main work experiences
Chen Liping	Male, born in November 1967, senior accountant (researcher level) and senior economist. He graduated from Harbin Institute of Technology (哈爾濱工業大學), majoring in precision instrument, with a bachelor's degree in engineering in July 1989, and graduated from South China University of Technology (華南理工大學), majoring in business administration, with a master's degree in 2002. He successively served as deputy manager of the finance department, deputy chief accountant and chief accountant of Guangzhou Wenchong Shipyard Co. Ltd. (廣州文沖船廠有限責任公司); chief accountant, secretary to the board of directors, and director of Guangzhou Shipyard International Company Limited (廣州廣船國際股份有限公司); deputy director of the audit department of China State Shipbuilding Corporation Limited (中國船舶工業集團有限公司); and chief accountant of Guangzhou Shipyard International Company Limited (廣船國際有限公司). He is currently a director of CSSC Huangpu Wenchong Shipbuilding Company Limited (中船黃埔文沖船舶有限公司); a director of Guangzhou Shipyard International Company Limited (廣船國際有限公司), a Director and general manager of the Company.
Gu Yuan	Male, born in October 1969, a senior economist. He graduated from the Beijing Institution of Economics and started working at the China Academy of Launch Vehicle Technology in 1992. He obtained a master's degree in Business Administration from Beijing Institution of Technology in 2001. He successively served as the deputy head and head of the General Office, Finance Office, Economic Management Office of the Civil Products Corporation of China Academy of Launch Vehicle Technology, assistant to the president of China Enginene International (Holdings) Limited (中國航天萬源國際(集團)有限公司) and general manager of Beijing Wanyuan Industrial Company (北京萬源工業有限公司), deputy head of the Department of Operation and Investment of the Institute, executive vice president, chief party secretary of China Changzheng Rocket Co., Ltd. (中國長征火箭有限公司), deputy director of the Department of Operation and Management of China State Shipbuilding Corporation Limited, and director of CSSC Science & Technology Co., Ltd. (中船科技股份有限公司). He is currently a deputy director of the Asset Management Department of China Shipbuilding Group; a director of China State Shipbuilding Industrial Holding Corporation Limited (中國船舶集團實業控股有限公司); and a Director of the Company.
Ren Kaijiang	Male, born in March 1967, senior engineer (researcher level) and holder of a master's degree in business administration. He successively served as the deputy director and the director of the sales department of the steel machinery division of Jiangnan Shipyard (Group) Co., Ltd. (江南造船(集團)有限責任公司); the director of the sales department, assistant to the general manager and the deputy general manager of CSSC Jiangnan Heavy Industry Company Limited (中船江南重工股份有限公司); the deputy general manager of CSSC Steel Structure Engineering Co., Ltd. (中船鋼構工程股份有限公司) the deputy general manager of CSSC Science & Technology Company Limited (中船科技股份有限公司); and a supervisor of CSSC Ninth Design and Research Institute Engineering Co., Ltd. (中船第九設計研究院工程有限公司). He is currently a director of Chongqing Chuandong Shipbuilding Heavy Industry Company Limited (重慶川東船舶重工有限責任公司); a director of CSSC Science & Technology Co., Ltd. (中船科技股份有限公司) and a Director of the Company.
Yin Lu	Male, born in December 1973, a senior engineer (researcher level) with a bachelor's degree. He graduated from the Harbin Engineering University (哈爾濱工程大學) with a bachelor's degree in production process automation in 1996. He then graduated from the Harbin Engineering University with a master's degree in vessel and ocean engineering in 2007. He successively served as the manager of the quality department of Dalian Shipbuilding New Factory (大連造船新廠); the officer-in-charge of the inspection unit of the master assembly and manufacturing division II of the quality department, and the deputy chief and chief of the general management division of the quality department of Dalian New Shipbuilding Heavy Industry Co., Ltd. (大連新船重工有限責任公司); the deputy head of the quality management division II, the deputy head and the head of the quality department of Dalian Shipbuilding Industry Co., Ltd. (大連船舶重工集團有限公司); the deputy officer-in-charge of the quality, safety and environmental protection department of China Shipbuilding Industry Corporation (中國船舶重工集團有限公司); deputy officer-in-charge of the quality, safety and environmental protection department of China Shipbuilding Group; and the deputy secretary general of the science and technology committee of China Shipbuilding Group Co., Ltd.. He is currently the deputy officer-in-charge of the quality, safety and environmental protection department of China Shipbuilding Group and a Director of the Company.

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Name	Main work experiences
Lin Bin	Male, born in September 1962, an accounting professor and senior certificated accountant in Australia. He graduated from Jiangxi University of Finance and Economics in 1984, with a bachelor's degree in accounting, and from Xiamen University in 1997, with a PhD in accounting. He successively served as a teacher in the Department of Economics and Management of East China Jiaotong University, head of the Department of Accounting in the School of Business, head of the MPAcc Centre of Sun Yat-sen University, and an independent director of Guangzhou Metro Design and Research Institute Co., Ltd. (廣州地鐵設計研究院股份有限公司). He is currently a professor in the School of Business, Sun Yat-sen University, an independent director of Great Wall Securities Co., Ltd. (長城證券股份有限公司), and an independent non-executive Director of the Company.
Nie Wei	Male, born in December 1970, he graduated from the School of Law of Wuhan University in 1994, with a bachelor's degree in Law. He successively served as officer of the Discipline Inspection Team and Legal Department of the People's Bank of China Guangzhou Branch, deputy general manager of Asset Preservation and officer of Legal Affairs Centre of China Everbright Bank Limited Guangzhou Branch, lawyer and partner at the Chuang Jie Law Firm (創傑律師事務所) and independent director of Zhuhai Rural Commercial Bank Company Limited. He is currently a lawyer and partner at D&S Law Firm, an independent director of Jiangmen Rural Commercial Bank Company Limited, and an independent non-executive Director of the Company.
Li Zhijian	Male, born in May 1970, a doctorate at The Hong Kong Polytechnic University. He served as a clerk at Guangdong Province Tobacco Company. He is currently the general manager of Guangzhou Shangdao Consulting Co., Ltd. (廣州市商道諮詢有限公司), chairman of Guangdong Asia-Pacific Institute of Innovation Economy (廣東亞太創新經濟研究院), and an executive director of Guangzhou Junheng Digital Technology Co., Ltd. (廣州均衡數字科技有限公司). He is also an independent director of Wanlian Securities Co., Ltd. (萬聯證券股份有限公司), expert of the National Development and Reform Commission Service Industry Expert Advisory Committee, vice president of the British Branch of the European and American Alumni Association, standing committee member of the 13th session of Guangdong Provincial Committee of Chinese People's Political Consultative Conference, vice chairman (part-time) of Association of the Social and Scientific Sectors of Guangdong, expert of the Fourth Decision-making Consultation of Guangzhou Municipal People's Government, representative of Guangzhou Municipal People's Congress, and an independent non-executive Director of the Company.
Xie Xin	Female, born in June 1979, she holds a bachelor's degree in law from Harbin Engineering University and a master's degree in law from South China University of Technology. She successively served as director of the Legal Department and the Risk Management Department of Guangzhou Shipyard International Company Limited (廣州廣船國際股份有限公司); director of legal affairs of Forgame Holdings Limited (雲遊控股有限公司), and lawyer and partner of ETR Law Firm (廣東廣信君達律師事務所). She is currently a partner of ETR Law Firm; a member of the Securities Law Professional Committee of Guangzhou Lawyers Association; a member of the Corporate Law Professional Committee of Guangdong Lawyers Association; a member of the New Talent Pool of Lawyers Specializing in Foreign-related Matters in Guangdong Province; a member of the Intellectual Property Research Committee of the Guangdong Province Law Society; a director of the Guangdong Province Alumni Association of Harbin Engineering University; a deputy director of the Investment and Financing Department of ETR Law Firm; a deputy director of the Professionalization Construction Committee of ETR Law Firm; and an independent non-executive Director of the Company.
Xu Wanxu	Male, born in November 1970, a master's degree researcher. He holds a master's degree in energy management from the Freeman School of Business at Tulane University in the United States of America. Mr. Xu served as a cadre of a unit of the East Sea Fleet of the Navy; the deputy director of a submarine training centre of the Naval Submarine Academy; a regular cadre of the Naval Equipment Department; a first secretary of the Embassy of the PRC in the Russian Federation; an associate cadre of the Equipment Development Department of the Central Military Commission; assistant to the general manager of China Shipbuilding & Offshore International Co., Ltd.; the deputy general manager of China Shipbuilding Capital Limited; a supervisor of China State Shipbuilding Equipment and Materials Corporation Company Limited; the chairman of the supervisory committee of China Shipbuilding Group Environmental Development Co., Ltd.; and a supervisor of CSSC International Engineering Co., Ltd.. Mr. Xu is currently the chairman of the supervisory committee of China Marine Information Electronics Company Limited; the chairman of the supervisory committee of China Shipbuilding Industry Group Power Co., Ltd.; and the chairman of the Supervisory Committee of the Company.

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Name	Main work experiences
Chen Shu	Female, born in July 1954, a senior lawyer with a bachelor's degree in law and graduated from the law school of Sun Yat-sen University in 1990. She successively served as officer and deputy director of Guangzhou Liwan Justice Bureau, lawyer at Guangdong Sino-Win Law Firm, secretary-general of Guangzhou Lawyer Association, a deputy to the 10th, 11th and 12th National People's Congress, and an external director of Guangzhou Pharmaceutical Holdings Limited; She is currently an external director of Guangzhou Pharmaceutical Holdings Limited; and a Supervisor of the Company.
Zhu Weibin	Male, born in June 1961, a senior accountant, a master postgraduate and a senior management accountant. He graduated from Hunan Vocational College for Light Industry in July 1988, majoring in accounting. He obtained a MBA from Lingnan (University) College in July 2001. He successively served as an accountant in the 711 Mine Finance Department of China National Nuclear Company; Supervisor of Guangzhou Economic Commission, Guangzhou Light Industry and Trade Group (廣州輕工工貿集團), an enterprise subordinated by the SASAC, Guangzhou Textile Industrial and Trading Group (廣州紡織工貿集團) and Zhujiang Brewery Group (珠江啤酒集團); deputy chief financial officer, chief financial officer and secretary to the board of Guangzhou Zhujiang Brewery Co., Ltd. (廣州珠江啤酒股份有限公司); director of Guangzhou Zhujiang Brewery Group Co., Ltd. (廣州珠江啤酒集團有限公司); deputy general manager of Guangzhou Huaxin Agricultural Products Group (廣州華新農產品集團); an independent director of Guangdong MeiShi Technology Co., Ltd. (廣東魅視科技股份有限公司); and a director, deputy general manager, chief financial officer of Guangzhou Xiangxue Pharmaceutical Co., Ltd. (廣州香雪製藥股份有限公司). He is currently an independent director of Bai Ling Information Co., Ltd. (佰玲數據股份有限公司), Guangzhou Totem Information Technology Ltd. (廣州圖騰信息科技股份有限公司) and Guangzhou KingTeller Technology Co., Ltd. (廣州御銀科技股份有限公司); financial consultant of Guangdong Blue Ribbon Beer Group Co., Ltd. (廣東藍帶啤酒集團有限公司); and a Supervisor of the Company.
Ouyang Beijing	Male, born in December 1972, a senior engineer. He graduated from Dalian University of Technology in 1994 with a bachelor's degree in engineering, majoring in marine engineering, and obtained a master's degree in engineering from Huazhong University of Science and Technology in 2007. He successively served as deputy director of the Strategic Management Department, deputy manager of the General Assembly Division II, secretary and deputy general manager of the 50,000-ton Semi-submersible Project Department of Guangzhou Shipyard International Company Limited (廣州廣船國際股份有限公司); party secretary and deputy general manager of GSI Marine Engineering CO., Ltd.; director of the Development Planning Department of Guangzhou Shipyard International Company Limited (廣州廣船國際股份有限公司) and general manager of GSI Yangzhou Co., Ltd. (廣船國際揚州有限公司); and director of the Administration and Management Department and the Planning and Operation Department of the Company. He is currently assistant to the general manager, director of the Department of Securities Affairs of the Company; and a Supervisor of the Company.
Zhang Xinglin	Male, born in March 1983, an economist, a political worker and a senior labor relations coordinator. He graduated from Harbin University of Science and Technology in 2006 with a bachelor's degree in human resources management and obtained a master's degree in business administration from Renmin University of China in 2015. He successively served as director and party secretary of the Human Resources Department of Guangzhou Huangchuan Ocean Engineering Co., Ltd.; party secretary of the Human Resources Department and deputy director of CSSC Huangpu Wenchong Shipbuilding Company Limited (中船黃埔文沖船舶有限公司); deputy party secretary and chairman of the labour union of Guangzhou Huangchuan Ocean Engineering Co., Ltd.; deputy party secretary of the Shipbuilding Division II of CSSC Huangpu Wenchong Shipbuilding Company Limited (中船黃埔文沖船舶有限公司); deputy party secretary and chairman of the Labor Union of the Shipbuilding Division of CSSC Huangpu Wenchong Shipbuilding Company Limited (中船黃埔文沖船舶有限公司). He is currently an employee supervisor, a member of the Discipline Committee and the head of the Enterprise Management and Planning Department of CSSC Huangpu Wenchong Shipbuilding Company Limited (中船黃埔文沖船舶有限公司); and a Supervisor of the Company.
Li Zhidong	Male, born in April 1966, a senior engineer. He graduated from Shanghai Jiaotong University with a bachelor's degree, majored in ship engineering, in engineering in July 1987 and obtained an MBA degree from CEIBS of Shanghai Jiaotong University in November 1997. He served as head of general office, chief legal advisor, assistant to general manager, board secretary and company secretary in Hong Kong of Guangzhou Shipyard International Company Limited (廣州廣船國際股份有限公司). He is currently secretary to the Board and company secretary in Hong Kong of the Company.

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Name	Main work experiences
Hou Zengquan	Male, born in May 1970, a senior accountant (a researcher level), certified public accountant, certified management accountant and certified internal auditor. He graduated from Jiujiang Ship Industry School (九江船舶工業學校) in July 1989, major in industrial accounting. He graduated from Jinan University (暨南大學) in December 1992, majoring in accounting and successively served as assistant to director and director of the finance centre of Guangzhou Shipyard International Company Limited (廣州廣船國際股份有限公司), as well as deputy chief accountant of Guangzhou Shipyard International Company Limited (廣船國際有限公司). He is currently deputy chief accountant and chief financial officer of the Company.
Xiang Huiming (Resigned)	Male, born in March 1966, senior engineer (researcher level). He graduated from Huazhong University of Science and Technology (華中理工大學) in 1988 and joined Guangzhou Wenchong Shipyard Co., Ltd. (廣州文沖船廠有限責任公司) in the same year, and obtained a master's degree in business administration in 2004. He successively served as manager of the enterprise management department, assistant to general manager, deputy general manager, party secretary, general manager and chairman of Guangzhou Wenchong Shipyard Co., Ltd. (廣州文沖船廠有限責任公司); general manager of CSSC Huangpu Wenchong Shipbuilding Company Limited (中船黃埔文沖船舶有限公司); chairman and party secretary of CSSC Huangpu Wenchong Shipbuilding Company Limited (中船黃埔文沖船舶有限公司); director of China CSSC Holdings Limited; and the Chairman of the Company. He is now retired.
Zhang Junxiong (Resigned)	Male, born in August 1964, a senior engineer. He graduated from Jiangsu Zhenjiang Shipbuilding Institute (江蘇鎮江船舶學院) in July 1986 with a bachelor's degree in engineering, majoring in marine electrification, and graduated from Jiangsu University of Science and Technology in 2008 with a master's degree in engineering, majoring in industrial engineering. He successively held positions including manager of ship repairing division, assistant to general manager and general manager of operation division of Guangzhou Huangpu Shipyard Co., Ltd. (廣州中船黃埔造船有限公司); assistant to general manager, deputy general manager and general counsel (concurrently) of CSSC Huangpu Wenchong Shipbuilding Company Limited; a director and chairman of the board of directors of Wah Loong International Marine Limited and Wah Shun International Marine Limited; a director of South China Marine Machinery Co., Ltd. under China Shipbuilding Group (中國船舶集團華南船機有限公司); and a Director of the Company. He is now retired.
Chen Ji (Resigned)	Male, born in September 1967, senior engineer (researcher level). He graduated from Shanghai Jiaotong University (上海交通大學), majoring in ship engineering, with a bachelor's degree in engineering in 1989, and graduated from South China University of Technology (華南理工大學), majoring in business administration, with a master's degree in 2001. He successively served as assistant to manager of the ship maintenance division and deputy manager of the heavy mechanical engineering division of Guangzhou Shipyard International Company Limited (廣州廣船國際股份有限公司); director, deputy general manager, deputy party secretary, secretary to the discipline inspection commission and chairman of the labor union of Guangzhou Shipyard International Company Limited (廣州廣船國際股份有限公司); deputy secretary to the discipline inspection commission of Guangzhou Shipyard International Company Limited (廣州廣船國際有限公司); party secretary of Guangzhou Shipyard Co., Ltd. (廣州造船廠有限公司); chairman of Guangzhou Wenchong Ship Building and Repair Co., Ltd (廣州文沖船舶修造有限公司); general manager and party secretary of Guangzhou Shipyard International Company Limited (廣船國際有限公司). As at 9 August 2024, he served as a director of China CSSC Holdings Limited; and a Director of the Company.
Chen Shuofan (Resigned)	Male, born in May 1972, a doctorate and American Certified Management Accountant. He graduated from the Department of International Finance of Fudan University in 1996 with a bachelor's degree in Economics, graduated from the School of Management of the Chinese University of Hong Kong in 2007 with a master's degree in Professional Accounting, and graduated from Shanghai Academy of Social Sciences with a master's degree in Industrial Economics and a PhD in Economics in 2014. He successively served as an investigator of the Department of Western Europe, Ministry of Foreign Affairs of the People's Republic of China; third secretary of the Mission of the People's Republic of China to the European Union; deputy general manager of the Department of Finance of China Shipbuilding Trading Co., Ltd. (中國船舶工業貿易公司); deputy general manager, finance controller and deputy secretary of the party committee of Hudong Heavy Machinery Company Limited (滬東重機股份有限公司); director, vice president and chief financial officer of Winterthur Gas & Diesel Ltd.; deputy general manager and general counsel of Hudong Heavy Machinery Company Limited (滬東重機有限公司); the chairman of the Supervisory Committee of Hudong Zhonghua Shipbuilding Co., Ltd. (滬東中華造船(集團)有限公司), and chairman of the Supervisory Committee of China Marine Power (Group) Co., Ltd. As at 2 August 2024, he served as the Chairman of the Supervisory Committee of the Company.

## SECTION IV CORPORATE GOVERNANCE

Name	Main work experiences
Yu Shiyu (Resigned)	Male, born in March 1956, professor. He graduated from Huazhong University of Science and Technology (華中理工大學) in 1987 with a master's degree, majoring in western economics. He successively served as deputy secretary of the Communist Youth League of Wuhan Camera Shutter Plant (武漢照相機快門廠); associate professor and deputy dean of the economics school of Huazhong University of Science and Technology (華中理工大學); professor, director of international finance and trading department, director of international business department, and deputy dean of Lingnan College, Sun Yat-Sen University (中山大學嶺南學院); director of finance and state-owned assets administration department, assistant to president, standing member of party committee, vice president, deputy party secretary and secretary of commission for discipline inspection of Sun Yat-Sen University; and dean and deputy party secretary of Nanfang College of Guangzhou (廣州南方學院). As at 2 February 2024, he is an independent director of Yunkang Group Limited (雲康集團有限公司) and an independent non-executive Director of the Company.
Zhang Qinghuan (Resigned)	Male, born in November 1967, a senior economist (a researcher level) and a senior political worker. He graduated from Sun Yat-Sen University with a bachelor's degree in July 1990, majoring in physics, and obtained a master's degree in business administration from South China University of Technology in December 2004. He successively served as party secretary and deputy director (concurrently) of hull engineering department, party secretary and deputy director of shipbuilding engineering department of shipbuilding branch, office director, party secretary and secretary to the board of directors of Guangzhou Wenchong Shipyard; party secretary of ship repairing division and deputy manager (concurrently) of ship repairing division of Guangzhou Wenchong Shipyard Co., Ltd.; deputy general manager, party secretary, secretary of party committee, secretary of discipline committee and chairman of labor union of Guangzhou CSSC Yuanhang Wenchong Marine Engineering Co., Ltd.; secretary of party committee, director, secretary of discipline committee, chairman of labor union and chairman of Guangzhou CSSC Yuanhang Dockyard Co., Ltd.; vice chairman, secretary of party committee, secretary of discipline committee and chairman of labor union of CSSC Chengxi Yuanhang Shipbuilding (Guangzhou) Co., Ltd.; chairman of Supervisory Committee of CSSC Chengxi Shipbuilding Co., Ltd.; general manager and deputy secretary of party committee of CSSC Chengxi Shipbuilding (Guangzhou) Company Limited; general manager, deputy secretary of party committee and secretary of party committee of Guangzhou CSSC Wenchong Dockyard Co., Ltd and secretary of party committee of Guangzhou Wenchong Ship Building and Repair Co., Ltd.. As at 2 February 2024, he is deputy secretary of party committee and chairman of labor union of Guangzhou Shipyard International Company Limited, and a Supervisor of the Company.
Li Kai (Resigned)	Male, born in March 1980, a senior engineer. He graduated from Tsinghua University with a master's degree in 2006, majoring in software engineering. He successively served as salesperson of the pre-research and development division of the Ministry of Military Industry, deputy director and director of ship and marine engineering department of China State Shipbuilding Corporation Limited; party secretary and deputy director of the enterprise management and planning department, joint party secretary of the production and planning department, director of the enterprise management and planning department, and assistant to general manager of CSSC Huangpu Wenchong Shipbuilding Company Limited. As at 2 February 2024, he is deputy general manager, secretary to the Board and chief compliance officer of CSSC Huangpu Wenchong Shipbuilding Company Limited, and a Supervisor of the Company.

## SECTION IV CORPORATE GOVERNANCE

### *Other explanations*

On 2 February 2024, the Company held its first extraordinary general meeting of 2024 and elected the members of a new session of the Board of Directors and the Supervisory Committee. The members of the Board of Directors are as follows: As at the date of the general meeting, Mr. Yu Shiyong, the independent non-executive Director of the tenth session of the Board of the Company, retired due to the expiration of his term of office, and the other nine directors of the tenth session of the Board, together with Mr. Zhang Junxiong and Ms. Xie Xin, were elected as the members of the eleventh session of Board; as at the date of the general meeting, Mr. Zhang Qinghuan and Mr. Li Kai, the employee representative Supervisors of the tenth session of the Supervisory Committee of the Company, retired due to the expiration of their term of office, and the other three Supervisors of the tenth session of the Supervisory Committee, together with Mr. Ouyang Beijing and Mr. Zhang Xinglin elected by the employee representative congress, formed the members of the eleventh session of the Supervisory Committee.

Mr. Xiang Huiming, the former Chairman of the Company, resigned from the positions of the Chairman of the Board, a Director of the eleventh session of the Board and a member of the Strategy Committee of the Board of the Company on 21 May 2024 due to his retirement.

Mr. Chen Ji, the former non-executive Director of the Company, resigned from the positions of a Director of the eleventh session of the Board and a member of the Strategy Committee of the Board of the Company on 9 August 2024 due to work reasons.

Mr. Zhang Junxiong, the former executive Director of the Company, resigned from the positions of a Director of the eleventh session of the Board and a member of the Strategy Committee of the Board of the Company on 3 September 2024 due to his retirement.

Mr. Chen Shuo Fan, the former Chairman of the Supervisory Committee of the Company, resigned from the positions of Chairman and a Supervisor of Supervisory Committee of the eleventh session of the Supervisory Committee of the Company on 2 August 2024 due to work reasons.

On 27 September 2024, the Company held the 2024 second extraordinary general meeting to elect Mr. Xu Wanxu as a Supervisor of the Company; on the same day, the Company held the eighth meeting of the eleventh Supervisory Committee to elect Mr. Xu Wanxu as the Chairman of the Supervisory Committee of the Company.

## SECTION IV CORPORATE GOVERNANCE

### (II) Positions of current and resigned Directors, Supervisors and senior management during the Reporting Period

#### 1. Positions held at shareholders

Name	Name of shareholder	Positions held at shareholders	Date of appointment	Date of termination of office
Chen Liping	Guangzhou Shipyard International Company Limited	Director	2016.04	Not applicable
Gu Yuan	China Shipbuilding Group Co., Ltd.	Deputy director of the Asset Management Department	2019.10	Not applicable
Gu Yuan	China State Shipbuilding Industrial Holding Corporation Limited	Director	2022.09	Not applicable
Ren Kaijiang	Chongqing Chuandong Shipbuilding Heavy Industry Company Limited	Director	2021.10	Not applicable
Ren Kaijiang	CSSC Science & Technology Co., Ltd.	Director	2021.11	Not applicable
Yin Lu	China Shipbuilding Group Co., Ltd.	deputy officer-in-charge of the quality, safety and environmental protection department	2023.12	Not applicable
Xu Wanxu	China Marine Information Electronics Company Limited	Chairman of Supervisory Committee	2021.11	Not applicable
Xu Wanxu	China Shipbuilding Industry Group Power Co., Ltd.	Chairman of Supervisory Committee	2024.10	Not applicable
Xiang Huiming	China CSSC Holdings Limited	Director	2022.04	2024.05
Zhang Junxiong	South China Marine Machinery Co., Ltd. under China Shipbuilding Group	Director	2021.10	2024.08
Chen Ji	Guangzhou Shipyard International Company Limited	Director, general manager	2016.06	2024.06
Chen Ji	China CSSC Holdings Limited	Director	2019.09	2024.08
Chen Shuofan	Hudong Zhonghua Shipbuilding Co., Ltd.	Chairman of Supervisory Committee	2020.05	2024.02
Chen Shuofan	China Marine Power (Group) Co., Ltd.	Chairman of Supervisory Committee	2020.11	2024.03
Zhang Qinghuan	Guangzhou Shipyard International Company Limited	Deputy party secretary	2019.07	Not applicable
Zhang Qinghuan	Guangzhou Shipyard International Company Limited	Chairman of labor union	2019.09	Not applicable
Zhang Qinghuan	Guangzhou Wenchong Ship Building and Repair Co., Ltd.	Secretary of party committee	2019.12	Not applicable

## SECTION IV CORPORATE GOVERNANCE

### 2. Positions held at other entities

Name	Name of other entities	Positions held at other entities	Date of appointment	Date of termination of office
Lin Bin	School of Business, Sun Yat-sen University	Tutor to doctoral students and professor	1998.11	Not applicable
Lin Bin	Guangzhou Metro Design and Research Institute Co., Ltd.	Independent director	2018.08	2024.10
Lin Bin	Great Wall Securities Co., Ltd.	Independent director	2024.06	Not applicable
Nie Wei	D&S Law Firm	Lawyer and partner	2011.07	Not applicable
Nie Wei	Jiangmen Rural Commercial Bank Company Limited	Independent director	2018.08	Not applicable
Li Zhijian	Guangzhou Shangdao Consulting Co., Ltd.	General manager	2002.11	Not applicable
Li Zhijian	Guangdong Asia-Pacific Institute of Innovation Economy	Chairman	2013.11	Not applicable
Li Zhijian	Guangzhou Port Holding Co., Ltd.	External director	2017.05	2024.03
Li Zhijian	Guangzhou Junheng Digital Technology Co., Ltd.	Executive director	2022.05	Not applicable
Li Zhijian	Wanlian Securities Co., Ltd.	Independent director	2022.12	Not applicable
Xie Xin	ETR Law Firm	Lawyer and partner	2015.06	Not applicable
Zhu Weibin	Bai Ling Data Co., Ltd.	Independent director	2021.09	Not applicable
Zhu Weibin	Guangzhou Totem Information Technology Ltd.	Independent director	2022.05	Not applicable
Zhu Weibin	Guangzhou KingTeller Technology Co., Ltd.	Independent director	2023.12	Not applicable
Zhu Weibin	Guangzhou Xiangxue Pharmaceutical Co., Ltd.	Director, deputy general manager, chief financial officer	2024.06	2024.09
Zhu Weibin	Guangdong Blue Ribbon Beer Group Co., Ltd.	Financial consultant	2025.01	Not applicable
Chen Shu	Guangzhou Pharmaceutical Holdings Limited	External director	2021.09	Not applicable
Chen Shu	Guangzhou Yuexiu Group Ltd.	External director	2016.06	2024.01
Yu Shiyong	Nanfeng College of Guangzhou	Dean	2016.05	2024.01
Yu Shiyong	Nanfeng College of Guangzhou	Deputy party secretary	2019.06	2024.01
Yu Shiyong	Yunkang Group Limited	Independent director	2022.08	Not applicable

## SECTION IV CORPORATE GOVERNANCE

### (3) Remuneration of Directors, Supervisors and senior management

Decision-making process of remuneration of Directors, Supervisors and Senior Management	<p>1. The Company has formulated the Remuneration Management Plan for the Eleventh Session of Directors, Supervisors and Senior Management of COMEC, of which the Remuneration Management System for the Eleventh Session of Directors, Supervisors and Senior Management of COMEC has been implemented after being considered and approved at the twenty-fifth meeting of the tenth session of the Board and the first extraordinary general meeting of 2024; and the Rules of the Performance Appraisal of the Eleventh Session of Directors, Supervisors and Senior Management of COMEC has been implemented after being approved at the twenty-fifth meeting of the tenth session of the Board.</p> <p>2. According to the resolution of the general meeting, the remuneration for an independent Directors is RMB200,000/year (inclusive of tax). The remuneration for an external Supervisor is RMB120,000/year (inclusive of tax); the remuneration has been determined by the Emolument and Examination Committee in accordance with the Proposal for Remuneration for the Eleventh Session of Directors, Supervisors and Senior Management.</p>
Whether the Director abstained himself/herself from the Board's discussion of his/her remuneration	Yes
Details on recommendations made by the Emolument and Examination Committee or at the special meeting of Independent Directors in relation to the Remuneration for the Directors, Supervisors and Senior Management	The remuneration for 2024 was calculated and determined in accordance with the Proposal for Remuneration for the Eleventh Session of Directors, Supervisors and Senior Management, the results of the assessment of the operating performance for 2024, and the relevant process were in compliance with the Company's remuneration management rules. The remuneration level was in line with the Company's actual operating management for 2024.
Basis for determination of remuneration of Directors, Supervisors and Senior Management	As at the end of the Reporting Period, the remuneration of Directors, Supervisors and senior management of the Company in office during the Reporting Period has been determined based on the Proposal for Remuneration for the Eleventh Session of Directors, Supervisors and Senior Management.
Actual payment for the remuneration of Directors, Supervisors and Senior Management	For details, please refer to the section headed "Changes in the shareholding and remuneration of the Directors, Supervisors and Senior Management" in this chapter
Total actual remuneration of all Directors, Supervisors and Senior Management at the end of the Reporting Period	For details, please refer to the section headed "Changes in the shareholding and remuneration of the Directors, Supervisors and Senior Management" in this chapter

### (4) Changes in Directors, Supervisors and senior management

Name	Position	Change	Reason for change
Xie Xin	Independent Director	Appointed	General election
Xiang Huiming	Chairman of the Board, Director	Resigned	Retirement
Chen Ji	Non-executive Director	Resigned	Reasons for work
Zhang Junxiong	Executive Director	Resigned	Retirement
Yu Shiyu	Independent Director	Resigned	Expiration of term of office
Xu Wanxu	Chairman of Supervisory Committee, supervisor	Appointed	Additional supervisor
Chen Shuofan	Chairman of Supervisory Committee, supervisor	Resigned	Reasons for work

### IV. BOARD MEETINGS HELD DURING THE REPORTING PERIOD

Meeting	Date	Resolutions
First meeting of the eleventh session of the Board	2024.2.2	A total of 7 resolutions including the Resolution on the Election of the Chairman of the Eleventh Session of the Board of the Company, the Resolution on the Composition of Specialised Committees of the Eleventh Session of the Board of the Company and the Resolution on the Appointment of the General Manager of the Company were considered and approved. For details, please refer to the announcement disclosed by the Company on the website of the SSE (2024-005).
Second meeting of the eleventh session of the Board	2024.3.27	A total of 14 resolutions including the Report of the Board for 2023, the Annual Report 2023 and Its Summary (including the financial statements for 2023) and the Profit Distribution Proposal for 2023 were considered and approved. For details, please refer to the announcement disclosed by the Company on the website of the SSE (2024-007).
Third meeting of the eleventh session of the Board	2024.4.8	One resolution, namely the Resolution on Formulation of the System for Selection and Appointment of Accounting Firms of CSSC Offshore & Marine Engineering (Group) Company Limited was considered and approved. For details, please refer to the announcement disclosed by the Company on the website of the SSE (2024-013).
Fourth meeting of the eleventh session of the Board	2024.4.25	A total of 12 resolutions including the First Quarterly Report 2024, the Plan on the Amendment to the Articles of Association of the Company and the Plan on Appointment of the Company's Financial Statements and Internal Control Audit Institution for 2024 were considered and approved. For details, please refer to the announcement disclosed by the Company on the website of the SSE (2024-015).
Fifth meeting of the eleventh session of the Board	2024.7.12	One resolution, namely the Resolution on Formulating the Action Plan of Quality Improvement, Efficiency Increase and Return Orientation of COMEC in 2024 was considered and approved. For details, please refer to the announcement disclosed by the Company on the website of the SSE (2024-025).
Sixth meeting of the eleventh session of the Board	2024.8.29	A total of 5 resolutions including the Resolution on Provision for Asset Impairment and the Interim Report 2024 and Its Summary were considered and approved. For details, please refer to the announcement disclosed by the Company on the website of the SSE (2024-033).
Seventh meeting of the eleventh session of the Board	2024.9.27	A total of 4 resolutions including the Plan in Relation to the Supplemental Agreement to 2024 Framework Agreement entered into between the Company and China Shipbuilding Group Co., Ltd. relating to the Continuing Connected Transactions and the Plan on Signing of the 2025 Financial Services Framework Agreement between the Company and CSSC Finance Company Limited were considered and approved. For details, please refer to the announcement disclosed by the Company on the website of the SSE (2024-041).
Eighth meeting of the eleventh session of the Board	2024.10.29	A total of 5 resolutions including the Third Quarterly Report 2024 and the Resolution on the Amendment of the Implementation Rules of the Strategy Committee of the Company were considered and approved. For details, please refer to the announcement disclosed by the Company on the website of the SSE (2024-047).

## SECTION IV CORPORATE GOVERNANCE

### V. PERFORMANCE OF DUTIES BY DIRECTORS

#### (i) Attendance of Directors at Board meetings and general meetings

Name of Directors	Independent or not	Attendance at Board meetings			Attendance by proxy	Attendance at general meetings		
		Required attendance during the year	Attendance in person	Attendance by communication equipment		Number of absence	Absence from two consecutive meetings or not	Attendance at general meetings
Chen Liping	No	8	6	2	0	0	No	4
Gu Yuan	No	8	2	2	4	0	Yes	2
Ren Kaijiang	No	8	6	2	0	0	No	4
Yin Lu	No	8	1	3	4	0	Yes	1
Lin Bin	Yes	8	5	3	0	0	No	3
Nie Wei	Yes	8	6	2	0	0	No	2
Li Zhijian	Yes	8	4	4	0	0	No	4
Xie Xin	Yes	8	6	2	0	0	No	3
Xiang Huiming (Resigned)	No	4	3	1	0	0	No	1
Zhang Junxiong (resigned)	No	6	4	2	0	0	No	2
Chen Ji (Resigned)	No	5	1	3	1	0	No	1
Yu Shiyu (Resigned)	Yes	0	0	0	0	0	No	0

Explanation on absence from two consecutive Board meetings

Mr. Gu Yuan and Mr. Yin Lu, Directors of the Company, were unable to attend relevant meetings in person due to work reasons, but they have entrusted other Directors in writing to attend and vote on their behalf.

Number of Board meetings during the year	8
Including: Number of on-site meetings	2
Number of meetings convened by communication equipment	2
Number of meetings both on-site and by communication equipment	4

#### (ii) The Directors did not raise any disagreement on matters to the Company.

### VI. CONTINUING PROFESSIONAL DEVELOPMENT FOR DIRECTORS

Pursuant to code provision C.1.4 of Part II of the CG Code, all directors should participate in continuing professional development to develop and refresh their knowledge and skills, so as to ensure that their contribution to the Board remains informed and relevant.

The Company makes arrangements and provides funding for all Directors to participate in continuing professional development in the form of internal training, seminars or other appropriate courses to enable them to update their knowledge, skills and understanding of the Group and its business, or to update their skills and knowledge on the latest developments or changes in relevant regulations, the Listing Rules and the CG Code and practices. During the Reporting Period, the Company also arranged for its Hong Kong legal advisor to provide training to all Directors (including independent non-executive Directors). The training sessions covered a wide range of relevant topics including directors' duties and responsibilities, corporate governance and requirements under the Listing Rules. The Company also issues circulars or guidelines to the Directors and senior management, where appropriate, to ensure that they are aware of the relevant regulations and rules and recommended best practices.

During the Reporting Period, the training received by the Directors was as follows:

Director	Category of participation in continuing professional development training
<b>Executive Director</b>	
Mr. Chen Liping	A and B
<b>Non-executive Directors</b>	
Mr. Gu Yuan	A and B
Mr. Ren Kaijiang	A and B
Mr. Yin Lu	A and B
<b>Independent Non-executive Directors</b>	
Mr. Lin Bin	A and B
Mr. Nie Wei	A and B
Mr. Li Zhijian	A and B
Ms. Xie Xin	A and B

Notes:

- A: Participation in training courses, seminars and conferences arranged by the Company or external organisations.
- B: Perusing materials provided by the Company or external parties, such as materials relating to the Company's business updates, directors' duties and responsibilities, corporate governance and regulatory updates, and other applicable regulatory requirements.

## VII. SPECIALISED COMMITTEES UNDER THE BOARD OF DIRECTORS

### (i) Members of the specialised committees under the Board of Directors

Specialised committee	Name of members
Audit Committee	Chairman: Lin Bin Members: Nie Wei, Li Zhijian
Nomination Committee	Chairman: Nie Wei Members: Xie Xin, Gu Yuan
Emolument and Examination Committee	Chairman: Li Zhijian Members: Lin Bin, Xie Xin
Strategy Committee	Chairman: Xiang Huiming (resigned) Members: Chen Liping, Gu Yuan, Ren Kaijiang, Yin Lu

### (ii) Six meetings of the Audit Committee held during the Reporting Period

Date of meeting	Details of meeting	Important opinions and recommendations	Performance of other duties
2024.2.2	1. Considered the Resolution on the Election of the Chairman of the Eleventh Session of the Audit Committee of the Board of the Company 2. Considered the Resolution on the Appointment of the Head of Finance of the Company	The resolutions were unanimously approved	–
2024.3.27	1. Considered the Resolution on Provision for Asset Impairment 2. Considered the Annual Report 2023 and Its Summary (including the financial statements for 2023) 3. Considered the Profit Distribution Proposal for 2023 4. Considered the Internal Control Evaluation Report 2023 5. Considered the Environmental, Social and Governance Report 2023 6. Considered the Plan on the Framework for the Guarantee Proposed to be Provided by Subsidiaries and the Quota for 2024 7. Considered the Plan on Carrying Out Foreign Exchange Derivative Transactions in 2024 8. Considered the Continuous Risk Assessment Report of CSSC Finance Company Limited for 2023 9. Considered the Report on the Assessment of the Performance of Accounting Firms for 2023 10. Considered the Report of the Audit Committee of the Board on the Performance of Supervisory Duties by Accounting Firms for 2023	The resolutions were unanimously approved	–
2024.4.3	1. Considered the Resolution on Formulation of the System for Selection and Appointment of Accounting Firms of CSSC Offshore & Marine Engineering (Group) Company Limited 2. Considered the Selection and Appointment Plan for Audit Institution of CSSC Offshore & Marine Engineering (Group) Company Limited in 2024	The resolutions were unanimously approved	–
2024.4.25	1. Considered the First Quarterly Report of 2024 2. Considered the Resolution on the Amendment to the Implementation Rules of the Audit Committee of the Company 3. Considered the Resolution on Appointment of the Company's Financial Statements and Internal Control Audit Institution for 2024	The resolutions were unanimously approved	–
2024.8.29	1. Considered the Resolution on Provision for Asset Impairment 2. Considered the Interim Report 2024 and Its Summary 3. Considered the Profit Distribution Proposal for the First Half of 2024 4. Considered the Continuous Risk Assessment Report of CSSC Finance Company Limited for the First Half of 2024	The resolutions were unanimously approved	–
2024.10.29	1. Considered the Resolution on Provision for Asset Impairment 2. Considered the Third Quarterly Report of 2024	The resolutions were unanimously approved	–

## SECTION IV CORPORATE GOVERNANCE

### (iii) Two meetings of the Nomination Committee held during the Reporting Period

Date of meeting	Details of meeting	Important opinions and recommendations	Performance of other duties
2024.2.2	<ol style="list-style-type: none"> <li>1. Considered the Resolution on the Election of the Chairman of the Eleventh Session of the Nomination Committee of the Board of the Company</li> <li>2. Considered the Resolution on Nomination of the General Manager of the Company</li> <li>3. Considered the Resolution on Nomination of the Secretary of the Board of the Company</li> <li>4. Considered the Resolution on Nomination of the Head of Finance of the Company</li> <li>5. Considered the Resolution on Nomination of the Securities Affairs Representative of the Company</li> </ol>	The resolutions were unanimously approved	–
2024.4.22	Considered the Resolution on the Amendment to the Implementation Rules of the Nomination Committee of the Company	The resolution was unanimously approved	–

### (iv) Three meetings of the Emolument and Examination Committee held during the Reporting Period

Date of meeting	Details of meeting	Important opinions and recommendations	Performance of other duties
2024.2.2	Considered the Resolution on the Election of the Chairman of the Eleventh Session of the Emolument and Examination Committee of the Board of the Company	The resolution was unanimously approved	–
2024.3.22	<ol style="list-style-type: none"> <li>1. Considered the Resolution on the Assessment Results and Remuneration of the Directors, Supervisors and Senior Management of the Company for 2023</li> <li>2. Considered the Resolution on the Company's Management Accountability for Business Performance in 2024</li> </ol>	The resolutions were unanimously approved	–
2024.4.22	Considered the Resolution on the Amendment to the Implementation Rules of the Emolument and Examination Committee of COMEC	The resolution was unanimously approved	–

### (v) Two meetings of the Strategy Committee held during the Reporting Period

Date of meeting	Details of meeting	Important opinions and recommendations	Performance of other duties
2024.10.28	Considered the Resolution on the Amendment to the Implementation Rules of the Strategy Committee of COMEC	The resolution was unanimously approved	–
2024.12.16	Discussion on issues related to the construction project of the Longxue plant area of Huangpu Wenchong, etc.	Enhancement in conjunction with strategic planning	–

### (vi) Particulars of the existence of any disagreement

Each member of the specialised committees had no objection to matters during the Reporting Period.

## VIII. SUPERVISORY COMMITTEE'S DESCRIPTION ON RISKS IDENTIFIED IN THE COMPANY

The Supervisory Committee had no objections to the supervised matters during the Reporting Period.

## SECTION IV CORPORATE GOVERNANCE

### IX. DETAILS OF STAFF OF THE COMPANY AND ITS MAJOR SUBSIDIARIES AT THE END OF THE REPORTING PERIOD

#### (i) Details of staff

Number of existing employees of the Company	18
Number of existing employees of major subsidiaries	6,220
Total number of existing employees	6,238
Number of retired staff who incurred expenses of the Company and major subsidiaries	5,033

#### Functions

Type of functions	Number of employees (persons)
Production staff	2,933
Sales staff	58
Technical staff	2,378
Finance staff	63
Administrative staff	806
<b>Total</b>	<b>6,238</b>

#### Educational Background

Educational background	Number of employees (persons)
Postgraduate and above	153
Undergraduate	2,739
Specialties	1,459
High school and below	1,887
<b>Total</b>	<b>6,238</b>

#### (ii) Remuneration policies

The remuneration of the employees of the Company and its subsidiaries includes salary, reward, and other welfare programs regulated by the PRC government. The Company adopts a position and performance-based remuneration system based on employees' positions and performance pursuant to the relevant laws and regulations of the PRC. The Company pays attention to aligning wages with performance, encourages staff reduction to improve efficiency, implements a policy of streamlining workforce without compromising performance, and promotes joint creation and sharing of value. In order to allocate resources in a science-based and targeted manner, the Company intends to favour core personnel and key front-line positions. There was no change during the Reporting Period.

For details of the remuneration of employees of the Group in 2024, please refer to the notes to the financial statements of this report.

#### (iii) Training plans

The Company and its subsidiaries have formulated training plans for implementation in view of changes in strategic development and product structure and the needs of staff development. Through arranging all staffs to participate in learning all kinds of business knowledge and comprehensively improve their overall quality and job competency, human resources have been provided to support effective operation of the Company. There was no change during the Reporting Period.

#### (iv) Labour outsourcing

Total working hours for labour outsourcing	31.1023 million hours
Total remuneration paid for labour outsourcing	RMB1,826.6381 million

## SECTION IV CORPORATE GOVERNANCE

### X. PROFIT DISTRIBUTION PLAN OR PLAN TO CONVERT CAPITAL RESERVES INTO SHARE CAPITAL

#### (i) Formulation, implementation or adjustment of cash dividend policy

During the Reporting Period, the Company made an adjustment to the Company's policies for distribution of profits for ordinary shares in accordance with the "Guidelines on the Bylaws of Listed Companies" and the "Regulatory Guidelines for Listed Companies No. 3 – Distribution of Cash Dividends of Listed Companies" published by CSRC. The Company will actively implement the cash dividend policy and create reasonable return for investors. For the Company's profit distribution policy, please refer to the circular/information for 2023 annual general meeting, 2024 first A Shares class meeting and 2024 first H Shares class meeting dated 29 April 2024 published by the Company on the websites of the Stock Exchange, the SSE and the Company and the Articles of Association.

#### (ii) 2024 interim profit distribution proposal

As considered and approved at the sixth meeting of the eleventh session of the Board of the Company and the second extraordinary general meeting in 2024, the Company implemented the profit distribution for the first half of 2024 on 22 November 2024, and distributed a cash dividend of RMB0.12 (tax inclusive) for every 10 shares to all shareholders, which amounted to a total cash dividend of RMB16,962,076.54 (tax inclusive). The cash dividend of the Company represented 11.55% of the net profit attributable to shareholders of the Company for the period from January to June 2024, and the remaining undistributed profit of RMB1,082,067,327.18 will be carried forward for distribution in future periods. The Company did not convert any capital reserve into share capital for the first half of 2024.

#### (iii) 2024 profit distribution proposal

As considered and approved at the tenth meeting of the eleventh session of the Board, the 2024 profit distribution proposal of the Company is set out below:

The Company intends to distribute a cash dividend of RMB0.70 (tax inclusive) for every 10 shares to all shareholders. Calculated based on the total share capital of 1,413,506,378 shares as at 31 December 2024, the total proposed cash dividends to be distributed amounts to RMB98,945,446.46 (tax inclusive). The total cash dividend of the Company for the year (including cash dividend distributed for the interim period) amounts to RMB115,907,523.00 (tax inclusive), representing 30.72% of the net profit attributable to shareholders of the Company for the Year. The remaining undistributed profits of RMB1,137,201,178.63 will be carried forward for distribution in future periods. The Company did not convert capital reserve into share capital for 2024. If the total share capital of the Company changes before the record date for the implementation of dividend distribution, the Company shall maintain the distribution ratio per share unchanged and adjust the total distribution amount accordingly.

This profit distribution proposal is subject to approval at the 2024 annual general meeting of the Company, the Company expects to complete the payment of cash dividend on or before 18 July 2025.

#### (iv) Authorisation of 2025 interim profit distribution proposal

The Company proposes to formulate the 2025 interim profit distribution proposal of the Company based on the interim results for the six months ended 30 June 2025 as reviewed by the accounting firm, and on the premise of satisfying the relevant cash dividend conditions set out in the Articles of Association, and taking into account the Company's profitability, business development and reasonable returns to shareholders, etc. The total amount of interim cash dividend for 2025 shall not exceed 30% of the net profit attributable to shareholders of the Company realised in the first half of 2025.

In order to improve the efficiency of decision-making, the Company proposes to submit a proposal to the 2024 annual general meeting for consideration and approval to authorise the Board to formulate a specific plan for the distribution of interim profit for 2025 and to handle matters relating to the distribution of interim profit.

The Company will make announcements and notifications as to the 2024 annual general meeting and other relevant arrangements in accordance with the requirements of applicable laws and regulations, including but not limited to the Listing Rules of the Stock Exchange.

#### (v) Explanation on cash dividend policy

In accordance with Article 178 of the Articles of Association, the Company's profit distribution policy shall be:

##### 1. Profit distribution principle

The Company shall implement continuous and stable profit distribution policy and the profit distribution of the Company shall be made in accordance with the statutory sequence of distribution. It attaches importance to reasonable and stable investment return for its shareholders and bases on the Company's long-term and sustainable development. In principle, the Company shall distribute its distributable profit on a yearly basis and the Company can also declare interim dividend.

## SECTION IV CORPORATE GOVERNANCE

### 2. *Ways of profit distribution*

The Company may distribute its dividends by way of cash, shares or a combination of both, with dividend distribution in cash taking priority. In distributing profits by means of shares dividends, the Company should adequately consider true and reasonable factors such as growth, dilution to net assets per share, etc. The distribution of profits shall not exceed the limit of cumulative distributable profits.

### 3. *Conditions of dividend distribution and the proportion of dividend distribution*

- (1) In the premise of satisfying criteria for distribution of cash dividends, in principle, the Company shall distribute dividends in cash on a yearly basis. The Board of the Company can propose to the Company to declare interim dividend based on the Company's profits and capital needs;
- (2) In the premise of satisfying the criteria for distribution of cash dividends, in principle, the Company shall distribute cash dividends based on a fixed proportion of distributable profits achieved in a year. The cumulative profit distribution in cash for the last three years shall not be less than 30% of the average annual distributable profit for the last three years;
- (3) The Company can use share dividends as an additional means for profit distribution, and the sum of cash dividends and share dividends shall not be less than 50% of the distributable profits for the year. In determining the specific amount for distributing profits by means of shares, the Company should adequately consider whether the total share capital after profit distribution by means of shares corresponds to the Company's current scale of operations and profit growth rate, and consider the impact on the finance cost of future loans, to ensure that the profit distribution plan is in line with the overall interests and long-term interests of shareholders as a whole;
- (3) In principle, in distributing cash dividends, the Company shall at the same time satisfy the following criteria:
  - (i) The Company has made a profit for that year, and after compensating for losses in previous years and withdrawing reserves according to law, the cumulative undistributed profits is positive, and the earnings per share shall not be less than RMB0.05;
  - (ii) Auditing firm issues a standard with no qualified opinion audit report for the Company's financial report for the Year;
  - (iii) The Company's asset-liability ratio shall not exceed 70%;
  - (iv) The Company does not have material investment plan or material cash expenditures.

Material investment plan or material cash expenditures refer to: The Company intends to make external investment, acquire assets or purchase equipment in the following 12 months with a cumulative expenditure reaching or over 10% of its latest audited net assets and exceeding RMB500,000,000.
- (v) If the Board of the Company does not propose to distribute profit in cash in the year when the Company is profitable, it shall state the reason why the profit is not distributed in its annual report for the year and plan of use in respect of the undistributed capital reserved. If the Company does not propose to distribute profit in cash when it is profitable during the Reporting Period, it shall provide online voting platforms to its shareholders other than on-site meeting when it holds the general meeting.

### (vi) *Withholding and payment of corporate income tax for non-resident enterprise shareholders*

According to the Law on Corporate Income Tax of the People's Republic of China 《中華人民共和國企業所得稅法》) and the relevant implementing rules which came into effect on 1 January 2008, the Company is required to withhold and pay corporate income tax at the rate of 10% before distributing dividends to non-resident enterprise shareholders whose names appear on the register of H shareholders of the Company. Any H Shares registered in the name of non-individual H shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations will be treated as being held by non-resident enterprise shareholders and therefore the dividends will be subject to the withholding and payment of corporate income tax. Should any H shareholder wish to change its shareholder status, please consult your agent or trust institution over the relevant procedure. The Company will withhold payment of the corporate income tax strictly in accordance with the relevant laws or requirements of the relevant governmental departments and strictly based on what has been registered on the Company's register of H shareholders on the record date.

## SECTION IV CORPORATE GOVERNANCE

### (vii) Withholding and payment of individual income tax for individual foreign shareholders

According to the regulation promulgated by the State Administration of Taxation of the People's Republic of China (Guo Shui Han [2011] No. 348), the Company is required to withhold and pay the individual income tax for its individual H shareholders (the "Individual H Shareholder(s)") and the Individual H Shareholders are entitled to the relevant tax preferential treatments according to the tax agreements between those countries where the Individual H Shareholders are residents and the PRC and the provisions in respect of tax arrangements between mainland China and Hong Kong (Macau). The Company would withhold and pay the individual income tax at the tax rate of 10% on behalf of the Individual H Shareholders who are Hong Kong residents, Macau residents or residents of those countries having agreements with the PRC for individual income tax rate in respect of dividends of 10%. For Individual H Shareholders who are residents of those countries having agreements with the PRC for individual income tax rates lower than 10% in respect of a dividend, the Company would make applications on their behalf to seek entitlement of the relevant agreed preferential treatments under Tax Treaties in accordance with the Administrative Measures on Entitlement of Non-residents to Treatment under Tax Treaties (Announcement No. 35 of the State Taxation Administration (2019)) 《非居民納稅人享受稅收協議待遇管理辦法》(國家稅務總局公告2019年第35號) if such shareholders claim refund of the amount in excess of the individual income tax payable under the tax agreements, provided that the relevant shareholders shall submit the relevant documents and data in accordance with the requirements of the relevant tax agreements in a timely manner and provide supplemental information on their entitlements of treatments under the relevant agreements. The Company would assist with the refund of the paid amount in excess of the tax payable under the tax agreements subject to approval of the competent tax authority. For Individual H Shareholders who are residents of those countries having agreements with the PRC for individual income tax rates in respect of a dividend higher than 10% but lower than 20%, the Company would withhold the individual income tax at the agreed effective tax rate. For Individual H Shareholders who are residents of those countries without any taxation agreements with the PRC or having agreements with the PRC for individual income tax in respect of a dividend of 20% and other circumstances, the Company would withhold the individual income tax at the tax rate of 20%.

The Company will determine the country of domicile of an Individual H Shareholder based on the registered address as recorded in the register of members of the Company and will accordingly withhold and pay the individual income tax. The Company will not entertain any claims arising from or assume no liability whatsoever in respect of any delay in, or inaccurate determination of, the status of the shareholders or any disputes over the withholding and payment of tax.

### (viii) Profit distribution proposal and proposal for capitalisation of capital reserves of the Company for the Reporting Period

Unit: Yuan Currency: RMB

Number of shares to be distributed for every ten shares (share)	–
Amount to be distributed for every ten shares (RMB) (inclusive of tax)	0.82
Number of shares to be converted into share capital for every ten shares (share)	–
Amount of cash dividend (inclusive of tax)	115,907,523.00
Net profit attributable to ordinary shareholders of the Company in the consolidated financial statements	377,262,684.20
Percentage of cash dividend to the net profit attributable to ordinary shareholders of the Company in the consolidated financial statements (%)	30.72%
Repurchase of shares through cash offer included in the amount of cash dividend	–
Total amount of dividend (inclusive of tax)	115,907,523.00
Percentage of the total dividend amount to the net profit attributable to ordinary shareholders of the Company in the consolidated financial statements (%)	30.72%

Note: The profit distribution information presented in this table is the total amount for the year.

### (ix) Cash dividends for the last three fiscal years

Unit: Yuan Currency: RMB

Amount of cumulative cash dividend (tax included) in the last three fiscal years (1)	145,591,156.94
Cumulative repurchase and cancellation amount in the last three fiscal years (2)	0
Cumulative cash dividend and repurchase and cancellation amount in the last three fiscal years (3) = (1) + (2)	145,591,156.94
Average net profit amount in the last three fiscal years (4)	371,240,421.88
Ratio of cash dividend in the last three fiscal years (%) (5) = (3)/(4)	39.22%
Net profit attributable to common shareholders of the listed company in the consolidated financial statements of the last fiscal year	377,262,684.20
Retained earnings at the end of the parent company's financial statements for the most recent fiscal year	1,236,146,625.09

### **XI. ESTABLISHMENT AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD**

The Company has established an effective internal control system in accordance with the provisions of the supporting guidelines of the SSE and the requirements of the Listing Rules of the Stock Exchange. The Board of Directors evaluates the effectiveness of the operation of the internal control system once a year. During the Reporting Period, the Company has completed the internal control assessment report for 2024. The Board of Directors has assessed the Group's risk management and internal control systems and reviewed their effectiveness, and no violation of laws, regulations and rules, major deficiencies in compliance monitoring and risk management, or any major mistakes were found. The Board of Directors considered that the Group's internal control system is effective.

The full text of the Internal Control Assessment Report for 2024 was published on the websites of the SSE, the Stock Exchange and the Company on 28 March 2025.

### **XII. MANAGEMENT AND CONTROL OVER SUBSIDIARIES DURING THE REPORTING PERIOD**

During the Reporting Period, the Group managed and controlled the subsidiaries in accordance with the relevant laws, regulations and regulatory documents, including the Company Law, the Enterprise State-owned Assets Law and the Articles of Association. First, the Company established and continued to improve the relevant internal control system of the Company, and guided the subsidiaries to improve the corporate governance structure, improve the modern management system and standardised the operation in accordance with relevant laws and regulations. Second, the Company strictly monitored and supervised its subsidiaries to report in a timely manner on the related/connected transactions, external investment, external guarantee and other major matters in accordance with the relevant requirements of the Listing Rules. Third, the Company paid attention to the operation and development of the subsidiaries, and facilitated the subsidiaries to improve quality and efficiency and create value.

### **XIII. AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

BDO has conducted independent audit of the effectiveness of the Company's internal control for 2024 and issued an internal control auditors' report without qualifying opinions. For details, please refer to the internal control auditors' report of the Company disclosed on the website of the SSE and the website of the Stock Exchange on 28 March 2025.

### **XIV. INSIDERS REGISTRATION MANAGEMENT**

During the Reporting Period, no Directors, Supervisors, senior management or other insiders had been found to have traded shares of the Company using inside information prior to the disclosure of regular reports of the Company.

### **XV. AUDITORS' REMUNERATION AND RELATED MATTERS**

The Company paid audit fees of RMB1.54 million and non-audit fees of RMB nil to BDO in 2024. Details of the auditor's remuneration and services provided to the Company are set out in "V. Appointment and Dismissal of Accounting Firms" in section VI "Significant Events" of this report and notes to financial statements.

### **XVI. AMENDMENT OF ARTICLES OF ASSOCIATION**

During the Reporting Period, in accordance with the Company Law of the PRC, the Guidelines on the Bylaws of Listed Companies and the Measures for the Administration of Independent Directors of Listed Companies and other laws and regulations applicable to other matters of companies listed outside the PRC, and in combination with the actual situation of the Company, the Company made amendments to the relevant provisions of the Articles of Association, which were considered and approved by the shareholders at the annual general meeting of 2023 and the first A, H shareholders class meeting of 2024 of the Company. For details, please refer to the announcements of the Company dated 25 April 2024 and 30 May 2024 and the circular of the Company dated 29 April 2024.

### **XVII. CONCLUSION**

The Board of the Company considers that raising the level of corporate governance is not just for applying and observing the CG Code, but also for pushing forward and developing moral and sound corporate culture. The Company will strive to constantly review and improve its practices at appropriate time by monitoring the changes and developments based on its own experience. In addition, shareholders are welcome to bring forward any opinions and recommendations in order to promote and improve the transparency of corporate governance.

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### I. ENVIRONMENTAL INFORMATION

Whether to establish environmental protection related mechanisms Yes  
Investment in environmental protection during the Reporting Period (Unit: RMB in ten thousand) 4,616.55

#### (II) Description of the environment protection of the Company and its major subsidiaries falling under key waste water emission entities announced by the environment protection authorities of the PRC

According to the Circular on the List of Key Units for Environmental Supervision in Guangzhou for 2024 (Sui Huan [2024] No. 34) issued by Guangzhou Environmental Protection Bureau, three members of the Group, namely, Huangpu Wenchong, Wenchong Shipyard and Huangchuan Ocean Engineering were included in the list of key units for environmental supervision in Guangzhou in 2024.

##### 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 emissions (intermittent)	Huangpu Wenchong (4)	Average emission concentration 0.14 mg/m <sup>3</sup> , total emission 19.9 KG	None	Emission Limits of Air Pollutants (DB44/27- 2001) period II Standard Level 2	-
		Wenchong Shipyard (6)	Average emission concentration 0.08 mg/m <sup>3</sup> , total emission 68.7 KG	None		-
		Huangchuan Ocean Engineering (4)	Average emission concentration 0.06 mg/m <sup>3</sup> , total emission 43.21 KG	None		-
Xylene	Organized emissions (intermittent)	Huangpu Wenchong (4)	Average emission concentration 1.25 mg/m <sup>3</sup> , total emission 325.78 KG	None	Emission Limits of Air Pollutants (DB44/27- 2001) period II Standard Level 2	-
		Wenchong Shipyard (6)	Average emission concentration 8.7 mg/m <sup>3</sup> , total emission 3,522.3 KG	None		-
		Huangchuan Ocean Engineering (4)	Average emission concentration 3.43 mg/m <sup>3</sup> , total emission 1,342.45 KG	None		-
VOCs	Organized emissions (intermittent)	Huangpu Wenchong (4)	Average emission concentration 4.6 mg/m <sup>3</sup> , total emission 893.2 KG	None	Emission Limits of Air Pollutants (DB44/27-2001) period II Standard Level 2	-
		Wenchong Shipyard (6)	Average emission concentration 11.84 mg/m <sup>3</sup> , total emission 2,213.45 KG	None		-
		Huangchuan Ocean Engineering (4)	Average emission concentration 11.18 mg/m <sup>3</sup> , total emission 2,973.56 KG	None		-
Particulate matter	Organized emissions (intermittent)	Huangpu Wenchong (4)	Average emission concentration 3.23 mg/m <sup>3</sup> , total emission 2,035.04 KG	None	Emission Limits of Air Pollutants (DB44/27-2001) period II Standard Level 2	-
		Wenchong Shipyard (12)	Average emission concentration 4.2 mg/m <sup>3</sup> , total emission 4,754 KG	None		-
		Huangchuan Ocean Engineering (13)	Average emission concentration 87.3 mg/m <sup>3</sup> , total emission 11,761.16 KG	None		-
COD	Organized emissions (intermittent)	Huangpu Wenchong (1)	Average emission concentration 54 mg/L, total emission 8,156 KG	None	Emission Limits of Water Pollutants in Guangdong Province period II Standard Level 3 for Class II Area	-
		Wenchong Shipyard (1)	Average emission concentration 45.32 mg/L, total emission 19,352.4 KG	None		-
		Huangchuan Ocean Engineering (1)	Average emission concentration 22.5 mg/L, total emission 2,172.5 KG	None		-
Ammonia nitrogen	Organized emissions (intermittent)	Huangpu Wenchong (1)	Average emission concentration 8.25 mg/L, total emission 1,230 KG	None	Emission Limits of Water Pollutants in Guangdong Province period II Standard Level 3 for Class II Area	-
		Wenchong Shipyard (1)	Average emission concentration 9.6 mg/L, total emission 4,029.4 KG	None		-
		Huangchuan Ocean Engineering (1)	Average emission concentration 4.89 mg/L, total emission 318 KG	None		-

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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

#### (1) Huangpu Wenchong

Existing facilities of Huangpu Wenchong against environmental pollution: 6 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; 5 sets of dust removal facilities installed in two pretreatment lines, old painting and assembly workshop, new painting and assembly workshop and pipe processing workshops respectively. The organic waste gas purification and treatment device adopts the technical process of "RTO, zeolite rotor + 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 warehouse to store hazardous waste and prevent environmental pollution, which is in normal operation.

#### (2) Wenchong Shipyard

Existing facilities of Wenchong Shipyard against environmental pollution: 8 sets of organic waste gas purification devices (1 in each of painting workshop A and the pretreatment workshop, and 2 in each of the painting and assembly workshop D, E, and F), 7 sets of dust removal devices (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 records. Wenchong Shipyard carries out real-time monitoring of VOC emissions, the painting workshop A was installed new online monitoring equipment, the new online monitoring system has been connected to the national pollution discharge management platform, and another set of mobile waste gas collection and treatment device was put into use. The organic waste gas treatment facilities in shed D are being renovated at the end of 2024. At present, all facilities against environmental pollution are in normal operation.

#### (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 in the painting and assembly workshops and paint spraying workshop of pretreatment lines, and zeolite molecular sieve adsorption concentration + catalytic combustion process is installed in the paint mixing workshop of pretreatment lines to treat the organic waste gas produced during paint mixing. All these facilities are in normal operation. For production noise, it mainly reduces the impact of production noise through equipment selection, building enclosure, establishing sound insulation covers, and installing damping pads and mufflers.

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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

Huangpu Wenchong, Wenchong Shipyard and Huangchuan Ocean Engineering have implemented the reporting and approval system of construction projects 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 and Wenchong Shipyard own the Pollution Discharge Permit, the Drainage Permit and the Radiation Safety Permit. Huangchuan Ocean Engineering owns the Pollution Discharge Permit and the Radiation Safety Permit.

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

Huangpu Wenchong, Wenchong Shipyard and Huangchuan Ocean Engineering have prepared the “Emergency Rescue Plans for Sudden Environmental Events” in strict accordance with the “Measures for the Administration of Environmental Emergency Response Plans” issued by the General Office of the State Council, all of which have been filed with the local environmental protection authorities. In addition, they have carried out regular drills in accordance with the annual emergency drill plan for environmental emergencies, and made on-site records, summaries and assessments to enhance their ability to respond to sudden environmental events.

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

According to the State Environmental Protection Standard HJ819-2017 “General Rules for Self-monitoring 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 Authorization Management Information Platform. Huangpu Wenchong, Wenchong Shipyard and Huangchuan Ocean Engineering have appointed qualified organizations to carry out regular monitoring work to monitor waste gas, waste water and noise emissions of each factory every quarter, and the test results are in compliance with the emissions standards. The testing data is utilized to keep track of the operation of environmental protection equipment and facilities. The equipment and facilities are maintained and managed properly. Thus, the pollutant emissions meet the standards and do not fall short of the standards.

## (II) **Explanations on the environmental protection efforts of the companies other than key pollutant discharging companies**

Each legal entity prepared the Report on the Lawful Disclosure of Annual Environmental Information for 2024 in accordance with the guidelines of the Measures for the Lawful Disclosure of Environmental Information by Enterprises, and uploaded it to the enterprise environmental information disclosure system in accordance with law.

## (III) **Information regarding protection of ecological environment, prevention of pollution and performance of environmental responsibility**

The Company fully implements the relevant strategic deployment of the CPC Central Committee and the State Council, unswervingly follows the road of green development, and always insists on integrating the concept of green development into the overall strategy. Focusing on the goal of “dual-carbon”, the Company has incorporated climate risk into its comprehensive risk management system, actively responded to and grasped the relevant risks and opportunities brought about by climate change, and promoted energy conservation and carbon reduction in a coordinated manner. Aiming at low-carbon fuels such as LNG and methanol, and zero-carbon fuels such as ammonia and hydrogen, the Company will build “green ships”, promote low-carbon transformation in the shipping sector, and deeply cultivate green and low-carbon industries. We attach great importance to the efficient utilisation of energy resources and sustainable development, promote green operation of the Company through multi-dimensional initiatives, develop new energy sources, save energy use, strengthen the recycling of water resources, comprehensively reduce the negative impact of the development of the shipbuilding enterprises on the environment, and build up a clean, low-carbon, safe and efficient energy resource utilisation system, aiming to lead the green development in a comprehensive manner.

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### (IV) Measures for reducing carbon emission and their performance during the Reporting Period

Whether to take carbon reduction measures	Yes
Reduction of CO2 equivalent emissions (in tonnes)	12,718.96
Types of carbon reduction measures (e.g. use of clean energy for power generation, use of carbon reduction technologies in production processes, development and production of new products that contribute to carbon reduction, etc.)	<ol style="list-style-type: none"> <li>1. Improved the collection of carbon emission data, and established a mechanism for carbon data reporting and tracking, preparing carbon tracking data reports on a monthly, quarterly and annual basis;</li> <li>2. Enhanced the level of intelligence and refinement of energy consumption monitoring, and rolled out a pilot program to achieve carbon data tracking at the operating positions, so as to promote the accurate traceability of carbon emissions;</li> <li>3. Aiming at low-carbon fuels such as LNG and methanol, and zero-carbon fuels such as ammonia and hydrogen, we have developed a number of new energy-powered ship types, and obtained AiP certificates from a number of classification societies, realizing the undertaking of independently researched and developed alternative-fueled ship types;</li> <li>4. Completed 30 sets of equipment frequency conversion and communication transformation in 2024, which is expected to reduce carbon dioxide emissions by 1,600 tons per year;</li> <li>5. The Company's fuel-powered forklifts were replaced with electric ones in stages, taking the lead in replacing 26 units in 2024;</li> <li>6. The dehumidification system of the painting workshop in Longxue factory area has formulated a green transformation plan for ice slurry cold storage, which can save RMB716,000 per year and reduce the energy cost of the sand room by 15%;</li> <li>7. The intelligent air compression station at the Longxue factory area produced a total of 262 million cubic meters of compressed air in 2024, reducing carbon dioxide emissions by 5,476.64 tons;</li> <li>8. Increased the use of shore power and reduced fuel consumption, resulting in an increase in the proportion of the Company's shore power usage by 14.50% year-on-year in 2024;</li> <li>9. In 2024, the Company's Changzhou and Longxue plants have built photovoltaic power stations with a cumulative power generation of 12.987 million kWh, saving electricity costs of RMB1.3251 million and reducing carbon dioxide emissions by 5,642.32 tons;</li> <li>10. We have formulated a carbon peak action plan, and incorporated carbon peak and carbon neutralisation into the overall development of the enterprise.</li> </ol>

## I. SOCIAL RESPONSIBILITY WORKS

### (I) Separate disclosure of the social responsibility report, sustainability report or ESG report

For details of the Group's fulfillment of social responsibility and the requirements of the Hong Kong Stock Exchange's "Environmental, Social and Governance Reporting Guidelines", please refer to the Company's "2024 Social, Environmental, and Governance Report", which was published on the websites of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)), the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([comec.cssc.net.com](http://comec.cssc.net.com)) on 28 March 2025 and 25 April 2025, respectively.

## SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### (II) Specific details of social responsibility works

External donations and public welfare projects	Quantity/content	Explanation
Total investment (RMB in ten thousand)	13	To support volunteer activities
Including: Capital (RMB in ten thousand)	13	
Materials converted into cash (RMB in ten thousand)	0	
Number of beneficiaries (person(s))	—	

#### Illustration

The Group actively fulfills its social responsibilities, supports public welfare undertakings, and encourages its employees to participate in volunteer services. As at the end of the Reporting Period, the Group formed three volunteer groups with 1,538 employee volunteers, invested a total of RMB130,000 to support volunteer activities and carried out volunteer activities for 8,187.54 hours.

## II. STATUS OF CONSOLIDATING AND EXPANDING ACHIEVEMENTS IN POVERTY ALLEVIATION AND RURAL REVITALIZATION

Poverty alleviation and rural revitalization projects	Quantity/Content	Notes
Total investment (RMB in ten thousand)	222.6	purchase of agricultural and sideline products
Including: Funds (RMB in ten thousand)	—	
Materials converted into funds (RMB in ten thousand)	222.6	
Beneficiaries (person)	—	
Forms of assistance (such as industrial, employment and education poverty alleviation, etc.)	—	

#### Specific explanation

In 2024, the Company actively responded to the national rural revitalisation strategy, effectively fulfilled its social responsibility as a state-owned enterprise and promoted the development of rural industries by investing a total of RMB2.226 million in the purchase of agricultural and sideline products.

## I. FULFILLMENT OF UNDERTAKINGS

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

Background of undertaking	Type of undertaking	Undertaking party	Content of undertaking	Date of undertaking	Whether there is a deadline for performance	Whether strictly performed in a timely manner	If not performed timely, the specific reasons should be stated	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.	30 June 2021	No	Yes	-	-
Resolving horizontal competition	Resolving horizontal competition	China Shipbuilding Group	1. With regard to the horizontal 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 minority Shareholders, make comprehensive use of entrusted 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 horizontal competition. 2. Before the elimination of horizontal 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 minority Shareholders.	30 June 2021	Yes	Yes	Within five years of the date of the commitment	-

## SECTION VI SIGNIFICANT EVENTS

Background of undertaking	Type of undertaking	Undertaking party	Content of undertaking	Date of undertaking	Whether there is a deadline for performance	Duration of undertaking	Whether strictly performed in a timely manner	If not performed timely, the specific reasons should be stated	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 and other property rights	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 under 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> <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>	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>	3 March 2015	No	-	Yes	-	-

Background of undertaking	Type of undertaking	Undertaking party	Content of undertaking	Date of undertaking	Whether there is a deadline for performance	Duration of undertaking	Whether strictly performed in a timely manner	If not performed timely, the specific reasons should be stated	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 subsidiaries 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 marketisation 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 the listed company and its 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.	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.	7 August 2019	No	-	Yes	-	-

Description:

On 24 January 2025, the Company received the "Letter on the Request to Revise the Content of Letter of Undertaking issued by China Shipbuilding Group on Avoiding Horizontal Competition with COMEC" from China Shipbuilding Group which requested for the revision of the time limit for the resolution of the issue of horizontal competition as set out in the undertaking issued by China Shipbuilding Group on 30 June 2021, and issued the "Letter of Undertaking issued by China Shipbuilding Group Co., Ltd. on Avoiding Horizontal Competition" in lieu of the original undertaking. The aforesaid change of undertakings has been considered and approved by the ninth meeting of the eleventh session of the Board and the tenth meeting of the eleventh session of the Supervisory Committee of the Company held on 24 January 2025 and the first extraordinary general meeting of 2025 held on 3 March 2025 (for details, please refer to the "Announcement on the Controlling Shareholder's Request to Revise the Undertaking to Avoid Horizontal Competition" and the "Announcement on the Resolution of the First Extraordinary General Meeting of 2025" published by the Company on 24 January 2025 and 3 March 2025, respectively on the websites of the SSE and the Stock Exchange).

## II. THERE WAS NO NON-OPERATING APPROPRIATION OF FUNDS BY THE CONTROLLING SHAREHOLDER OR OTHER RELATED PARTIES DURING THE REPORTING PERIOD.

## III. NO GUARANTEES IN VIOLATION OF REGULATIONS WERE IDENTIFIED DURING THE REPORTING PERIOD.

## SECTION VI SIGNIFICANT EVENTS

### IV. EXPLANATIONS OF THE COMPANY ON THE REASONS FOR AND EFFECTS OF CHANGES IN THE ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY OR REMEDIES FOR MAJOR ACCOUNTING ERRORS

#### (I) Explanations of the Company on the reasons for and effects of changes in the accounting policies and accounting estimates

##### 1. Changes in significant accounting policy

###### (1) Implementation of “No. 17 of the Accounting Standards for Business Enterprises Interpretation”

On 25 October 2023, the MOF issued “No. 17 of the Accounting Standards for Business Enterprises Interpretation” (Cai Kuai [2023] No. 21) (the “Interpretation No. 17”).

###### 1 Division between Current Liabilities and Non-current Liabilities

Interpretation No. 17 clarifies that:

- If a business enterprise does not have a substantive right at the balance sheet date to defer settlement of a liability for more than one year after the balance sheet date, the liability shall be classified as a current liability.
- For liabilities arising from a business enterprise’s loan arrangement, the enterprise’s right to defer settlement of the liability for more than one year after the balance sheet date may depend on whether or not the business enterprise has complied with the conditions stipulated in the loan arrangement (hereinafter referred to as the covenants), and the business enterprise, in determining whether or not it has a substantive right to defer settlement of the liability, shall only take into account the covenants that should have been complied with on or before the balance sheet date, and shall not take into account the covenants that should be complied with by the business enterprise after the balance sheet date.
- Settlement of a liability for the purpose of division of a liability based on liquidity means that the business enterprise discharges the liability by transferring cash, other economic resources (such as goods or services) or the business enterprise’s own equity instruments to the counterparty. If the terms of the liability result in the business enterprise settling the liability by delivering its own equity instruments at the option of the counterparty, and if the business enterprise classifies the above option as an equity instrument and recognizes it separately as an equity component of a compound financial instrument in accordance with the requirements of the “Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments”, the terms of the liability shall not affect the liquidity classification of the liability.

This interpretation is effective from 1 January 2024, and enterprises should make adjustments to the information in comparable period in accordance with this interpretation when implementing this interpretation for the first time. The implementation of this requirement did not have any material impact on the financial position and operating results of the Company.

###### 2 Disclosure of Supplier Financing Arrangements Interpretation

Interpretation No. 17 requires that a business enterprise shall summarize and disclose information about supplier financing arrangements when making disclosure in notes to assist users of the statements in assessing the impact of these arrangements on the liabilities, cash flows and exposure to liquidity risk of the business enterprise. The impact of supplier financing arrangements should also be considered when identifying and disclosing information about liquidity risk. The disclosure requirement applies only to supplier financing arrangements. A supplier financing arrangement is a transaction with the following characteristics: one or more financing providers providing funds for the payment of business enterprise’s amounts due to its suppliers, with an agreement that the business enterprise shall make repayment to the finance providers in accordance with the terms and conditions of the arrangement on or after the date the business enterprise receives payment from its suppliers. The supplier financing arrangement shall extend the payment period for the business enterprise or advance the collection period for the suppliers of the business enterprise compared to the original due date of payment.

This interpretation is effective from 1 January 2024. Upon initial application, enterprises are not required to disclose comparative period information or certain initial period information. The implementation of this interpretation has not had a significant impact on the financial position or operating results of the Company.

## SECTION VI SIGNIFICANT EVENTS

### (2) Implementation of "Provisional Regulations on Accounting Treatment of Enterprise's Data Resources"

On 1 August 2023, the MOF issued the "Provisional Regulations on Accounting Treatment of Enterprise's Data Resources" (Cai Kuai [2023] No. 11), which is applicable to the accounting treatment for data resources that are recognised as assets such as intangible assets or inventories in accordance with the relevant provisions of the Accounting Standards for Business Enterprises, as well as the accounting treatment for data resources legally owned or controlled by an enterprise and that are expected to bring economic benefits to the enterprise but that do not satisfy the conditions for recognition of assets and are not recognised as assets. It also sets out specific requirements for the disclosure of data resources.

The requirement is effective from 1 January 2024, and enterprises should adopt the prospective application method. The data resource related expenses that have been expensed in profit or loss before the requirement is effective will not be adjusted. The implementation of this requirement did not have any material impact on the financial position and operating results of the Group.

### (3) Implementation of Accounting Standards for Business Enterprises Interpretation No. 18 on "Accounting Treatment of Assurance-Type Quality Assurance Not Constituting a Single Performance Obligation"

On 6 December 2024, the Ministry of Finance issued Accounting Standards for Business Enterprises Interpretation No. 18 (Cai Kuai [2024] No. 24, hereinafter referred to as "Interpretation No. 18"). This interpretation is effective from the date of issuance and allows enterprises to apply it early from the year of issuance.

Interpretation No. 18 stipulates that, when accounting for estimated liabilities arising from assurance-type quality assurance that do not constitute a single performance obligation, enterprises shall debit accounts such as "Cost of principal businesses" or "other operating costs" and credit the "estimated liabilities" account in accordance with the relevant provisions of Accounting Standards for Business Enterprises No. 13—Contingencies. The corresponding amounts shall be presented in the "operating costs" item in the income statement and the "other current liabilities," "non-current liabilities due within one year," and "estimated liabilities" items in the balance sheet.

Upon initial application of this interpretation, if assurance-type quality assurance were previously recognised in "Cost of sales" or similar items, enterprises shall retrospectively adjust according to the accounting policy change. The main impact of the Company's implementing this provision from 2024 is as follows:

Details and reasons for the changes in accounting policies	Affected statement items	Consolidated		Parent Company	
		2024	2023	2024	2023
Assurance-type quality assurance	Cost of principal businesses	72,984,260.94	89,904,020.19		
Assurance-type quality assurance	Cost of sales	-72,984,260.94	-89,904,020.19		

### 2. Changes in significant accounting estimates

There was no change in the Company's significant accounting estimates during the Reporting Period.

### (II) Approval procedures and other explanations

During the Reporting Period, the Company changed its accounting policies in accordance with the relevant provisions of the Interpretation No. 17 of the Accounting Standards for Business Enterprises, the Interim Provisions on Accounting Treatment of Enterprise Data Resources and the Interpretation No. 18 of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, which was not subject to be submitted to the Board and the general meeting for consideration.

## SECTION VI SIGNIFICANT EVENTS

### V. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

Unit: Yuan Currency: RMB

Currently appointed	
Name of domestic accounting firm	BDO China Shu Lun Pan Certified Public Accountants LLP
Remuneration of domestic accounting firm	1,260,000
Number of years of audit by domestic accounting firm	4 years
Name of certified public accountants of domestic accounting firm	Guo Jian, Lu Li
Accumulated service year of certified public accountant of domestic accounting firm	4 years
Name of overseas accounting firm	BDO China Shu Lun Pan Certified Public Accountants LLP
Remuneration of overseas accounting firm	–
Number of years of audit by overseas accounting firm	4 years

	Name	Remuneration
Accounting firm for internal control audit	BDO China Shu Lun Pan Certified Public Accountants LLP	280,000

#### Description of the appointment and dismissal of accounting firms

It was considered and approved at the annual general meeting of 2023 of the Company that, BDO was appointed as the auditor for the financial statements of the Company for 2024. The audit fee is RMB1.26 million (inclusive of tax); BDO was appointed as the Company's internal control auditor for 2024. The audit fee is RMB280,000 (inclusive of tax).

As at 31 December 2024, BDO has provided audit services to the Company for a continuous period of four years. The financial statements in the Company's annual report 2024 were prepared according to the "Accounting Standards for Business Enterprises" of the PRC, and audited by BDO. BDO also carried out audit on the effectiveness of the Company's internal control and issued an audit report.

BDO will retire upon expiry of the appointment term and offer themselves for re-appointment.

### VI. MATERIAL LITIGATIONS AND ARBITRATIONS

The Company had no material litigations or arbitrations during the Reporting Period.

## VII. MATERIAL RELATED/CONNECTED TRANSACTIONS

### (i) Related/connected transactions in the ordinary course of business

#### 1. Matters disclosed in extraordinary announcements with progress or change in the subsequent implementation

Pursuant to Chapter 14A of the Stock Exchange Listing Rules, the related party transactions in the ordinary course of business of the Company constitute its continuing connected transactions, particulars of these transactions disclosed by the Company in accordance with Rule 14A.71 of the Stock Exchange Listing Rules are set out below and in notes to financial statements.

Given the 2023 Framework Agreement which governed the continuing connected transactions between the Group and China Shipbuilding Group for the period from 1 January 2023 to 31 December 2023 expired on 31 December 2023, on 27 October 2023, the Company entered into the 2024 Framework Agreement with China Shipbuilding Group to continue to govern the continuing connected transactions between the Group and China Shipbuilding Group for the period from 1 January 2024 to 31 December 2024. The 2024 Framework Agreement and the transactions thereunder were considered and approved at the second extraordinary general meeting of 2023 of the Company held on 29 December 2023. In addition, a supplemental agreement entered into between the Company and China Shipbuilding Group on 27 September 2024, which was considered and approved by the Company at the third extraordinary general meeting of 2024 held on 29 November 2024, amended the cap on the sales agency services under the 2024 Framework Agreement.

Given the 2023 Financial Services Framework Agreement (as supplemented by a supplemental agreement signed by both parties on 6 March 2023 and approved by independent shareholders on 21 April 2023) which governed the continuing connected transactions between the Group and CSSC Finance for the period from 1 January 2023 to 31 December 2023 expired on 31 December 2023, on 27 October 2023, the Company entered into the 2024 Financial Services Framework Agreement with CSSC Finance to continue to govern the continuing connected transactions of financial services between the Group and CSSC Finance for the period from 1 January 2024 to 31 December 2024. The 2024 Financial Services Framework Agreement and the transactions thereunder were considered and approved at the second extraordinary general meeting of 2023 of the Company held on 29 December 2023.

The key transaction areas of the 2024 Framework Agreement and the 2024 Financial Services Framework Agreement are set out below:

#### *2024 Framework Agreement*

#### **The products and services to be provided by the Group to the China Shipbuilding Group:**

- (a) Provision of shipping products, electrical and mechanical engineering equipment, and metallic supplies, mainly shipping products and for complete sets of supporting equipment, steel, non-ferrous metals and other materials for ship, environmental protection and heavy equipment, as well as some marine electrical equipment. The China Shipbuilding Group has the need to purchase ship products, complete sets of or auxiliary equipment while the Group has the capability of designing and manufacturing such products and could provide such products to the China Shipbuilding Group, or when the China Shipbuilding Group in face of ordering insufficient equipment and auxiliary equipment, a delivery delay by suppliers or when it is under temporary urgent needs in its production, it is necessary for the Group to provide materials and equipment in stock in an emergency, including the temporary provision of accessories by the Group to assist the China Shipbuilding Group in completing the production plan, the sale of waste materials by the Group to logistics companies under the China Shipbuilding Group, disposing fixed assets that are not in use by the Group to units under the China Shipbuilding Group;
- (b) Leasing, labour supply and technical services:
  - (i) Leasing: This mainly involves the provision of certain production areas and staff quarters leasing service by the Group to the China Shipbuilding Group;
  - (ii) Labour supply: This primarily involves the provision of training, shipbuilding and workforce lease. The Group can provide the China Shipbuilding Group with skills training and assessment, professional technical labour services related to the principal businesses of the Company, as well as provide labour leasing and labour service project contracting in the event of short-term surplus of labour;
  - (iii) Technical services: These mainly involve technical services such as product installation, usage, maintenance and repair provided by the Group to the China Shipbuilding Group, and provision of ship products, environmental protection business, or other engineering-related design, scientific research projects and professional services, self-produced software and relevant technical services.

## SECTION VI SIGNIFICANT EVENTS

### Products and services to be provided by the China Shipbuilding Group to the Group:

- (c) Provision of equipment for ship, electrical and mechanical engineering equipment, accessories, materials and supplies etc., mainly providing materials, accessories, machinery production equipment, tools and related logistics and distribution services required for the production of complete sets or supporting equipment for ships, environmental protection and heavy equipment. Such supplies and distribution services are required for the daily production and operation of the Group, and China Shipbuilding Group can provide such materials, supplies, equipment and related services. The Group has joined the centralized procurement plan of organised by CS Materials, a member unit of the China Shipbuilding Group, and CS Materials shall provide major materials, supplies, equipment and related logistics and distribution services to reduce procurement costs and resist risks in the ship market. In addition, due to the temporary impact of production capacity or delivery time, the Group is required to purchase complete sets or ancillary equipment and parts from the China Shipbuilding Group, or during the production process of the Group, due to insufficient procurement for materials required for production, late delivery by the supplier or temporary demand for the materials, the materials will be provided from the inventory held by the members of the China Shipbuilding Group; and when the Group needs to invest in fixed assets for production and operation, including the purchase of production equipment and construction of production base projects, etc. the China Shipbuilding Group can provide the Group with the required production equipment as well as products and services related to infrastructure projects such as turnkey management of engineering construction, equipment manufacturing, design, exploration and audit consulting.
- (d) Leasing, labour supply and technical services, among which:
  - (i) Leasing: This mainly refers to the expansion of the Group's business scope by leasing the production sites, equipment and facilities of the China Shipbuilding Group and using utilities such as water and electricity to meet the needs of business development;
  - (ii) Labour supply: This mainly refers to the provision of outsourcing for ship segments (or steel structure components) and comprehensive services, lease of labour, etc. Among them, (a) outsourcing of ship segments (or steel structure components) refers to the Group outsourcing of ship segments (or steel structure components) to the China Shipbuilding Group for building in order to keep up with the production plan, in the event that the Group is constrained by limited production resources (such as sites, equipment or manpower); (b) lease of labour, which refers to the secondment of labour and labour engineering contracting from the China Shipbuilding Group during the peak production period of the Group; (c) comprehensive services, which represent services provided by the China Shipbuilding Group to the Group, such as advertising, exhibitions, medical, catering, conferences, nursery, training, property management and water and electricity resale;
  - (iii) Technical services: These mainly refer to the provision of design, scientific research project services, supporting software and related technical services for shipbuilding products or other projects, including in the event that the Group's production is constrained by design capability and time after receiving an order, the China Shipbuilding Group will provide such services in order to keep up with the production plan; the Group shall cooperate with the member units of the China Shipbuilding Group in research and development of new products and processes.

### Guarantee services to be provided by the China Shipbuilding Group to the Group:

- (e) Guarantee services mean that when the Group accepts orders or borrows funds from banks, it may need a guarantor according to the regulations, and the China Shipbuilding Group can provide guarantees for such business.

### Sales agency services to be provided by the China Shipbuilding Group to the Group:

- (f) Sales agency services (or commission), due to the reputation of the China Shipbuilding Group in the international shipping market and its long-term relationship with shipowners, which enables the Group to leverage the assistance of the China Shipbuilding Group in addition to its own external operations.

## SECTION VI SIGNIFICANT EVENTS

### 2024 Financial Services Framework Agreement

#### The services to be provided by CSSC Finance to the Group:

- (a) Deposit services: The Group has opened a deposit account with CSSC Finance. CSSC Finance provides the Group with various types of deposit business services, including demand deposits, call deposits, time deposits and agreement deposits;
- (b) Lending services: CSSC Finance shall, to the extent as permitted by laws, regulations and policies of the State, in accordance with the requirements of the NAFR and in conjunction with its own operating principles and credit policies, fully support the Group's capital needs in its business development, design scientific and reasonable financing solutions and provide loan services for the Group. For business applications that meet the conditions for loans from CSSC Finance, the Group will be given priority under the same conditions;
- (c) Other and bank credit services: CSSC Finance shall provide collection and payment services and auxiliary services related to settlement business to the Group. Based on a comprehensive evaluation of the Group's operation and management and risk profile, CSSC Finance shall approve a consolidated credit line for the Group, which guarantees made by CSSC Finance for the Group's potential liabilities for compensation and payment arising from relevant economic activities, including on-balance sheet businesses such as loans, trade finance, bill financing and various advances, and off-balance sheet businesses such as acceptance of bills, letters of guarantee and unused irrevocable loan commitments;
- (d) Foreign exchange services such as forward settlement and sale of foreign exchange: CSSC Finance shall, to the extent as permitted by laws, regulations and policies of the State, provide the Group with various types of foreign exchange business, including forward settlement and sale of foreign exchange, spot settlement and sale of foreign exchange, RMB foreign exchange swaps, foreign exchange trading and other foreign exchange related ancillary services. The Group negotiates and enters into contracts such as forward settlement and sale of foreign exchange with CSSC Finance, agreeing on the currency, amount and exchange rate of RMB against foreign exchange for future settlement and the completion deadline.

Please refer to the table below for the annual cap, actual transaction amount and pricing policies for the transactions under the agreements during the Reporting Period.

Related/connected transactions related to daily operation for 2024 (from January to December)

Unit: RMB in ten thousand

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
1	<b>Products and services provided by the Group to China Shipbuilding Group</b>				
1.1	Provision of shipping products, electrical and mechanical engineering equipment and metallic materials	298,770.00	129,484.61	6.77	Market price
1.2	Leasing, labour supply, technical services, etc.	14,650.00	7,795.93	28.42	The price no less favourable to the Group than that available from independent third parties
2	<b>Products and services provided by China Shipbuilding Group to the Group</b>				
2.1	Provision of equipment for use on ships, electromechanical equipment, accessories and materials	960,141.00	561,695.14	38.57	Market price or agreement price or the price no higher to the Group than that available from independent third parties
2.2	Leasing, labour supply, technical services, etc.	157,043.00	65,676.91	13.03	The prices no less favourable to the Group than that available from independent third parties or cost plus 10% of management fee or market price
3	<b>Guarantee services provided by China Shipbuilding Group to the Group</b>				
3.1	Maximum guarantee amount	160,000.00	–	Not applicable	The relevant terms are no less favourable than those available from independent third parties
3.2	Guarantee fee	640.00	–	Not applicable	
4	<b>Sales agency services provided by China Shipbuilding Group to the Group</b>				
4.1	Sales agency fee	4,132.00	4,038.30	38.39	Normally will not exceed 1.5% of the contract price and be paid according to the shipbuilding progress of the vessel in question

## SECTION VI SIGNIFICANT EVENTS

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
5	<b>Financial services provided by CSSC Finance to the Group</b>				
5.1	Deposits (maximum limit)	1,665,000.00	1,454,671.71	88.58	Benchmark deposit interest rate set by the People's Bank of China; on rate no less favourable to the Group than that available from independent third parties
5.2	Deposits (interest)	25,100.00	18,947.32	52.61	No higher than benchmark loan interest rate set by the People's Bank of China; on rate no less favourable to the Group than that available from independent third parties
5.3	Loans (maximum limit)	180,000.00	30,500.00	4.98	
5.4	Loans (interest)	4,300.00	151.07	1.33	On terms no less favourable to the Group than those available from independent third parties
5.5	Others and bank facilities (maximum limit)	723,600.00	109,881.46	3.57	
5.6	Others and bank facilities (financial handling fee)	810.00	94.24	6.46	On terms no less favourable to the Group than those available from independent third parties
5.7	Foreign exchange services such as forward settlement and sale of foreign exchange (maximum limit)	300,000.00	292,388.31	16.22	

Note: China Shipbuilding Group referred in the table represents China Shipbuilding Group and its subsidiaries and associates.

As at the end of the Reporting Period, China Shipbuilding Group directly and indirectly held 804,128,590 shares, representing approximately 56.89% of the total number of issued shares of the Company. Therefore, China Shipbuilding Group was a controlling shareholder of the Company. Meanwhile, CSSC Finance was a subsidiary of China Shipbuilding Group. It was a connected person of the Company pursuant to the Stock Exchange Listing Rules. As a result, the transactions between the Group and China Shipbuilding Group and its subsidiaries and associates (including CSSC Finance) constituted connected transactions of the Company.

The Company confirms that the signing and execution of the specific agreements under the continuing connected transactions during the Reporting Period have complied with the pricing principles for such continuing connected transactions.

Financial report auditors and all independent non-executive Directors of the Company have reviewed the continuing connected transactions and confirm that:

Such transactions are conducted in the Company's ordinary course of business on normal commercial terms and in accordance with the relevant contractual provisions; the transaction terms are fair and reasonable, and in the interests of the Company and its shareholders as a whole; and the transactions did not exceed the annual caps for 2024, as approved in the general meeting.

The Company's auditors have issued a letter with unqualified opinions on the findings and conclusion of the Group's above-mentioned continuing connected transactions pursuant to Rule 14A.56 of the Stock Exchange Listing Rules, namely, that nothing has come to the attention of the auditors which would enable them to form an opinion that the relevant continuing connected transactions: (1) have not been approved by the Board; (2) have not been carried out in accordance with the pricing policies of the Group in all material respects when the transactions relate to the provision of products or services by the Group; (3) have not been carried out in accordance with the relevant agreement governing the transactions in all material respects; and (4) have exceeded the caps.

In accordance with Chapter 14A of the Stock Exchange Listing Rules, certain related party transactions set out in notes to the financial statements (prepared under the China Accounting Standards for Business Enterprises) also constitute connected transactions/continuing connected transactions under Chapter 14A of the Stock Exchange Listing Rules, and the Company has complied with the disclosure requirements of Chapter 14A of the Stock Exchange Listing Rules in respect of such related party transactions.

### (ii) Related/connected transactions in relation to the acquisition or disposal of assets or equity interests

During the Reporting Period, there were no material related/connected transactions in relation to the acquisition or disposal of assets or equity interests.

## SECTION VI SIGNIFICANT EVENTS

### (iii) Material related/connected transactions in relation to joint external investments

During the Reporting Period, there were no material related/connected transactions in relation to joint external investments.

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

#### 1. Deposit business

Unit: RMB in ten thousand

Related party	Related/ connected relationship	Maximum daily deposit limit	Range of deposit rates	Beginning balance	Amount incurred during the period		Ending balance
					Total amount deposited in the period	Total amount withdrawn in the period	
CSSC Finance Company Limited	Controlled by the same controlling shareholder	1,665,000.00	Benchmark deposit 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	1,454,671.71	6,479,765.92	6,630,403.50	1,304,034.14
Total	/	/	/	1,454,671.71	6,479,765.92	6,630,403.50	1,304,034.14

#### 2. Loan business

Unit: RMB in ten thousand

Related party	Related/ connected relationship	Loan limit	Range of loan interest rate	Beginning balance	Amount incurred during the period		Ending 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	5,000.00	30,500.00	5,000.00	30,500.00
Total	/	/	/	5,000.00	30,500.00	5,000.00	30,500.00

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

Unit: RMB in ten thousand

Related party	Related/connected relationship	Business type	Actual transaction amount	
			Total	
CSSC Finance Company Limited	Controlled by the same controlling shareholder	Deposits (interest)	25,100.00	18,947.32
CSSC Finance Company Limited	Controlled by the same controlling shareholder	Loans (interest)	4,300.00	151.07
CSSC Finance Company Limited	Controlled by the same controlling shareholder	Others and bank facilities (maximum limit)	723,600.00	109,881.46
CSSC Finance Company Limited	Controlled by the same controlling shareholder	Others and bank facilities (financial handling fee)	810.00	94.24
CSSC Finance Company Limited	Controlled by the same controlling shareholder	Foreign exchange services such as forward settlement and sale of foreign exchange (maximum limit)	300,000.00	292,388.31

## SECTION VI SIGNIFICANT EVENTS

### VIII. CONTRACTS OF SIGNIFICANCE AND THEIR PERFORMANCE

#### (i) Trusteeship, contracting and leasing matters

##### 1. Leases

Lessor name	Lessee name	Leased assets	Amount of leased 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 related/connected transaction or not	Related/connected relationship
China Shipbuilding Group Guangzhou Ship Industrial Co., Ltd. (中國船舶集團廣州船舶工業有限公司)	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	A fellow subsidiary within the group controlled by the Company's controlling shareholder
Guangzhou Wenchong Industrial Co., Ltd. (廣州中船文沖實業有限公司)	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	A fellow subsidiary within the group controlled by the Company's controlling shareholder
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	-	2024.5.1	2026.4.30	-	-	-	No	-
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	2024.7.30	-	-	-	No	-

#### Description of leases

China Shipbuilding Group Guangzhou Ship Industrial Company Limited and Huangpu Wenchong entered into the Land Use Rights Lease Agreement, pursuant to which Guangzhou Ship Industrial Company Limited shall lease its land use rights of the Changzhou Plant to Huangpu Wenchong for operational purpose. The rent for the land use rights shall be determined based on the principle of asset depreciation, amortisation, and taxes and fees. 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 is from 1 May 2014, until Huangpu Wenchong has completed its relocation and officially commenced production at its new plant.

Guangzhou Wenchong Industrial Co., Ltd. and Wenchong Shipyard entered into the Land Use Rights Lease Agreement, pursuant to which Guangzhou Wenchong Industrial Co., Ltd. shall lease its land use rights in relation to part of the land at the Wenchong Plant to Wenchong Shipyard for operational purpose. The rent for the land use rights shall be determined based on the principle of asset depreciation, amortisation, and taxes and fees. 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 is from 1 November 2018, until Wenchong Shipyard has completed its relocation and officially commenced production at its new plant.

Guangdong Guangxin Shipbuilding Trading Company Limited entered into the Plant and Site Lease Contract with Wenchuan Heavy Industrial, and leased part of the plant and site use rights in No. 32, Cuizhu Road, Cuiheng New District, Zhongshan City to Wenchuan Heavy Industrial for operational use. The lease fee of the plant and equipment 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 shall end on 30 April 2026.

Guangdong COSCO SHIPPING Heavy Industry Co., Ltd. and Wenchuan Heavy Industrial entered into the Site and Equipment Lease Contract, and leased part of the site and its ancillary equipment in Runfeng Road, Dasheng Industrial Zone, Machong 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 shall start from 9 July 2021 and end on 8 July 2026. On 30 July 2024, the parties entered into a lease termination agreement.

## SECTION VI SIGNIFICANT EVENTS

### (ii) Guarantees

Unit: RMB in ten thousand

<b>External guarantees by the Company (excluding guarantees for its subsidiaries)</b>	
Total amount of guarantees during the Reporting Period (excluding guarantees provided for its subsidiaries)	0
Total balance of guarantees at the end of the Reporting Period (A) (excluding guarantees provided for its subsidiaries)	0
<b>Guarantees provided by the Company and its subsidiaries for its subsidiaries</b>	
Total amount of guarantees provided for its subsidiaries during the Reporting Period	157,944.74
Total balance of guarantees provided for its subsidiaries at the end of the Reporting Period (B)	174,982.30
<b>Total amount of guarantees provided by the Company (including those provided for its subsidiaries)</b>	
Total amount of guarantees (A+B)	174,982.30
Total amount of guarantees as a percentage of the Company's net assets (%)	8.27
Including:	
Amount of guarantees provided for shareholders, actual controllers and related parties (C)	0
Amount of debt guarantees provided directly or indirectly for companies with gearing ratio over 70% (D)	174,982.30
Total amount of guarantees in excess of 50% of net assets (E)	0
Sum of the above three guarantees (C+D+E)	174,982.30
Description of outstanding guarantees which may incur joint and several liability	Not applicable
Note on guarantees	During the Reporting Period, the Group provided external guarantee with an accumulated amount of RMB1.579 billion, with the content and amount of the Group's external guarantees falling within the scope of limit set out in the framework for the guarantees as approved at the general meeting, and no overdue guarantee occurred. As at the end of the Reporting Period, the Group provided external guarantee with a total balance of RMB1.750 billion, most of which were guarantees provided by the Company's controlling subsidiary Huangou Wenchong to its subsidiary Wenchuan Heavy Industrial. The guarantees include bank credit guarantee, parent company guarantee, advance payment guarantee and performance guarantee.

### (iii) Cash assets entrusted to be managed by others

#### 1. Entrusted wealth management

During the Reporting Period, there was no entrusted wealth management business.

#### 2. Entrusted loans

Unit: RMB in ten thousand

Type	Source of funding	Amount incurred	Outstanding balance	Amount overdue unrecovered
Internal working capital loans of the Group	Self-owned funds	111,000.00	84,378.60	0

Description:

During the Reporting Period, in order to support the operation and development of its subsidiaries and supplement working capital for production and operation, the Group provided working capital loans to relevant subsidiaries with CSSC Finance as the entrusted financial institution. There was no entrusted loan business for external entities.

## SECTION VI SIGNIFICANT EVENTS

### Individual entrusted loans

Unit: RMB in ten thousand

Trustee	Type of entrusted loans	Amount of entrusted loans	Date of commencement of entrusted loans	Date of termination of entrusted loans	Source of funding	Uses	Method of determination of remuneration	Annualised rate of return	Expected Return (if any)	Actual gain or loss	Status of recovery	Whether statutory procedures have been performed	Whether there are any future plans for entrusted loan	Amount of provision made for impairment (if any)
CSSC Finance	Consolidation of internal working capital loans of subsidiaries	28,000	2021-03-24	2024-03-23	Self-owned funds	Replenishment of working capital of Werchuan Heavy Industrial	Payment of interest on a quarterly basis and principal upon maturity	3.60	0	0	28,000.00	Yes	Yes	Yes
CSSC Finance	Consolidation of internal working capital loans of subsidiaries	5,000	2022-06-24	2025-06-23	Self-owned funds	Replenishment of working capital of Werchuan Heavy Industrial	Payment of interest on a quarterly basis and principal upon maturity	3.20	0	0	0.00	Yes	Yes	Yes
CSSC Finance	Consolidation of internal working capital loans of subsidiaries	15,000	2022-07-14	2025-06-23	Self-owned funds	Replenishment of working capital of Werchuan Heavy Industrial	Payment of interest on a quarterly basis and principal upon maturity	3.20	0	0	0.00	Yes	Yes	Yes
CSSC Finance	Consolidation of internal working capital loans of subsidiaries	10,000	2022-08-18	2025-06-23	Self-owned funds	Replenishment of working capital of Werchuan Heavy Industrial	Payment of interest on a quarterly basis and principal upon maturity	3.20	0	0	0.00	Yes	Yes	Yes
CSSC Finance	Consolidation of internal working capital loans of subsidiaries	20,000	2023-03-16	2026-03-16	Self-owned funds	Replenishment of working capital of Werchuan Heavy Industrial	Payment of interest on a quarterly basis and principal upon maturity	3.20	0	0	0.00	Yes	Yes	Yes
CSSC Finance	Consolidation of internal working capital loans of subsidiaries	15,000	2023-10-17	2026-10-17	Self-owned funds	Replenishment of working capital of Werchuan Heavy Industrial	Payment of interest on a quarterly basis and principal upon maturity	3.00	0	0	0.00	Yes	Yes	Yes
CSSC Finance	Consolidation of internal working capital loans of subsidiaries	5,000	2024-01-16	2026-10-17	Self-owned funds	Replenishment of working capital of Werchuan Heavy Industrial	Payment of interest on a quarterly basis and principal upon maturity	3.00	0	0	0.00	Yes	Yes	Yes
CSSC Finance	Consolidation of internal working capital loans of subsidiaries	5,000	2024-03-04	2027-03-04	Self-owned funds	Replenishment of working capital of Werchuan Heavy Industrial	Payment of interest on a quarterly basis and principal upon maturity	3.00	0	0	0.00	Yes	Yes	Yes
CSSC Finance	Consolidation of internal working capital loans of subsidiaries	8,000	2024-03-13	2027-03-04	Self-owned funds	Replenishment of working capital of Werchuan Heavy Industrial	Payment of interest on a quarterly basis and principal upon maturity	3.00	0	0	0.00	Yes	Yes	Yes
CSSC Finance	Consolidation of internal working capital loans of subsidiaries	1,308	2024-07-31	2025-07-31	Self-owned funds	Replenishment of working capital of Huacheng (Tianjin)	Payment of principal upon maturity	0.00	0	0	0.00	Yes	Yes	Yes
CSSC Finance	Consolidation of internal working capital loans of subsidiaries	40.6	2024-08-19	2025-07-31	Self-owned funds	Replenishment of working capital of Huacheng (Tianjin)	Payment of principal upon maturity	0.00	0	0	0.00	Yes	Yes	Yes
CSSC Finance	Consolidation of internal working capital loans of subsidiaries	30	2024-09-18	2025-07-31	Self-owned funds	Replenishment of working capital of Huacheng (Tianjin)	Payment of principal upon maturity	0.00	0	0	0.00	Yes	Yes	Yes

### Description:

During the Reporting Period, the Group's entrusted loans (daily maximum balance) amounted to RMB1,110 million, and additions for the year was RMB194 million, and an outstanding balance was RMB844 million, which was the entrusted loans within the consolidation scope and the gain or loss from which have been internally offset, and therefore, the "expected income" and "actual income or loss" at the consolidation level of the Group were both nil.

### VI. OTHERS

#### 1. Reserves

Details of movement of reserves of the Company during the Year are set out in notes to financial statements, of which details of the reserves distributable to equity shareholders of the Company are set out in notes to financial statements.

#### 2. Property, plant and equipment

For details of the Group's property, plant and equipment during the Year, please refer to notes to financial statements.

#### 3. Bank loans and other borrowings

Details of the Company's bank loans and other borrowings as at 31 December 2024 are set out in notes to the financial statements.

#### 4. Purchase, sale or redemption of listed securities of the Company

During the Reporting Period, none of the Company or its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

#### 5. Gearing ratio

As at 31 December 2024, the Company's gearing ratio was 60.50%.

The calculation formula of the gearing ratio:  $\text{total liabilities} \div \text{total assets} \times 100\%$

#### 6. Pre-emptive right

Under the Articles of Association and the PRC laws, there are no requirements under which the Company is required to issue new shares to its existing shareholders in proportion to their shareholding.

#### 7. Service contracts with Directors and Supervisors

Each Director and Supervisor has entered into a service contract with the Company. No Director or Supervisor has entered into any service contract with the Company which is not determinable within one year without payment of compensation (other than statutory compensation).

#### 8. Remuneration of Directors and Supervisors

Details of the remuneration of Directors and Supervisors of the Company are set out in the notes to financial statements.

#### 9. Directors' and Supervisors' interest in contracts

During the financial year ended 31 December 2024, none of the Company or any of its subsidiaries has entered into any significant transaction, arrangement or contract, in which Directors or Supervisors or entities connected with them have direct or indirect significant interest and which is still in effect during the financial year ended 31 December 2024.

#### 10. Directors' interest in competing business

No Directors have any interest in any competing business.

## SECTION VI SIGNIFICANT EVENTS

### 11. Management contracts

There were no contracts entered into by the Company in relation to the management or administration of all or any major business, nor did such contracts exist at any time in 2024.

### 12. Major customers and suppliers

For the year ended 31 December 2024, the Group's purchases from its top five suppliers (within the definition of the Listing Rules) amounted to RMB6,920.4262 million in total, representing 39.09% of the total purchases for the Year. The largest supplier of the Company is CSSC, the controlling shareholder of the Company and its subsidiaries and associates (also controlled by China Shipbuilding Group), from which the Company purchased RMB6,019.9606 million, representing approximately 34.00% of the total purchases for the Year.

For the year ended 31 December 2024, the Group's sales to top five customers amounted to RMB16,881.3806 million in total, representing 88.08% of the Group's total sales for the Year, of which sales to the largest customer amounted to RMB9,572.0218 million, representing 49.94% of the Group's total sales for the Year. During the Year, other than the largest supplier and the fourth largest customer who are connected persons of the Company and so far as the Directors are aware, none of the Directors, close associates of the Directors or shareholders of the Company (which to the knowledge of the Directors own more than 5% of the issued share capital of the Company) had any interest in the five largest suppliers or customers of the Company during the Year.

### 13. Significant investment

Name of the investment enterprise	Principal activities	Number of shares held	Percentage of shares held	Investment cost (RMB)	As at the end of the Reporting Period		During the Reporting Period	
					Fair value (RMB)	Percentage of total company assets	Change in fair value (RMB)	Dividend income recognised (RMB)
CSSC Holdings	Invest in marine industry and diesel engine production industry, civil ship sales, manufacturing, installation and sales of special equipment for ships and electromechanical equipment, and technology development, technology transfer, technical services and technical consulting in marine technology field, and it also engages in import and export of goods and technology as well as free equipment rental.	217,494,916 A shares	4.86%	285,788.32 ten thousand	782,111.72 ten thousand	14.59%	141,806.69 ten thousand	4,349.9 ten thousand

In 2020, the Company completed a joint restructuring project with CSSC Holdings, disposing of 27.4214% of the equity interest in GSI, the Company's original holding subsidiary, and acquiring 217,494,916 A shares in a non-public issue of CSSC Holdings, subject to a restricted period of three years (from 30 March 2020 to 30 March 2023). The Company may dispose of the aforesaid A shares at an opportune time in accordance with its business development, strategic positioning and the trend of the secondary market. Through the joint restructuring project, CSSC Holdings has increased its registered capital and its market capitalisation is expected to be significantly improved, which is beneficial to the enhancement of the Company's shareholders' equity.

## SECTION VI SIGNIFICANT EVENTS

### 14. Permitted indemnity for directors

In accordance with the Articles of Association and subject to the relevant provisions therein, each Director and Supervisor shall be indemnified and kept indemnified against all litigation, fees, charges, losses, compensation and expenses incurred in performing its duties as a Director or Supervisor of the Company or other matters related to it by the Company with its assets and profits. The Company has arranged appropriate insurance protection for any legal actions incurred by Directors, Supervisors and senior management in the course of performing their duties in good faith.

### 15. Remuneration policies

As at 31 December 2024, the total number of employees on the payroll of the Group was 6,238. The remuneration of employees has been determined based on the complexity and responsibility of their positions and their work performance. The remuneration of Directors, Supervisors and senior management of the Company is determined in accordance with the Proposal for Remuneration for the Eleventh Session of Directors, Supervisors and Senior Management.

### 16. Retirement and employee benefit plans

Details of the retirement and employee benefit plans of the Company are set out in notes to financial statements.

### 17. Audit Committee

The Audit Committee of the Company has reviewed the Group's annual results for 2024 and the financial statements for the year ended 31 December 2024 prepared under the China Accounting Standards for Business Enterprises.

### 18. Profit distribution proposal

The Company intends to distribute a cash dividend of RMB0.70 (tax inclusive) for every 10 shares to all shareholders. Calculated based on the total share capital of 1,413,506,378 shares as at 31 December 2024, the total proposed cash dividends to be distributed amounts to RMB98,945,446.46 (tax inclusive). The total cash dividend of the Company for the year (including cash dividend distributed for the interim period) amounts to RMB115,907,523.00 (tax inclusive), representing 30.72% of the net profit attributable to shareholders of the Company for the Year. The remaining undistributed profits of RMB1,137,201,178.63 will be carried forward for distribution in future periods. The Company did not convert capital reserve into share capital for 2024. If the total share capital of the Company changes before the record date for the implementation of dividend distribution, the Company shall maintain the distribution ratio per share unchanged and adjust the total distribution amount accordingly, and a separate announcement will be made to specify the adjustment. This profit distribution proposal is subject to approval at the 2024 annual general meeting of the Company.

## SECTION VII CHANGES IN SHARES AND SHAREHOLDERS

### I. CHANGES IN SHARE CAPITAL

#### (i) Changes in shares

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

#### (ii) Changes in shares subject to selling restriction

During the Reporting Period, the Company had no shares subject to selling restriction, and there was no change in shares subject to selling restriction.

### II. SHAREHOLDERS AND ACTUAL CONTROLLERS

#### (i) Total number of shareholders

Total number of ordinary shareholders at the end of the Reporting Period	79,330
Total number of ordinary shareholders as at the end of February 2025	80,175

#### (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

Shareholding of top ten shareholders (excluding shares lent through refinancing)

Name of shareholder (full title)	Change during the Reporting Period	Number of shares held at the end of the period	Percentage (%)	Number of shares subject to selling restriction	Pledged, marked or locked up Share status	Number	Nature of shareholder
HKSCC NOMINEES LIMITED	479,899	589,929,407	41.74	-	None	-	Overseas legal person
China State Shipbuilding Corporation Limited	0	481,337,700	34.05	-	None	-	State-owned legal person
Bank of China Limited -UBS SDIC National Security Flexible Allocation Hybrid Securities Investment Fund	52,828	9,257,054	0.65	-	None	-	Others
Agricultural Bank of China Limited - CSI 500 Trading Open-ended Index Securities Investment Fund	5,857,797	5,857,797	0.41	-	None	-	Others
Yangzhou Kejin Shipyard Co., Ltd.	0	4,599,086	0.33	-	Pledged	4,300,000	Domestic non-state-owned legal person
Bank of China Limited - E Fund Steady Yield Bond Securities Investment Fund	-7,089,501	3,903,411	0.28	-	None	-	Others
Ping An Asset Management - Industrial and Commercial Bank of China - Xinfu No. 37 Asset Management Product	3,578,991	3,578,991	0.25	-	None	-	Others
China Construction Bank Corporation- Guotai China Securities Military Trading Index Securities Investment Open-ended Fund	88,900	3,378,589	0.24	-	None	-	Others
Xi'an Investment Holding Co., Ltd.	0	3,001,159	0.21	-	None	-	State-owned legal person
China Merchants Bank Co., Ltd. - Southern Alpha Hybrid Securities Investment Fund	-5,721,113	2,410,507	0.17	-	None	-	Others

## SECTION VII CHANGES IN SHARES AND SHAREHOLDERS

### Top ten shareholders of shares not subject to selling restrictions (excluding shares lent through refinancing)

Name of shareholder	Number of circulating shares held not subject to selling restrictions	Class and number of shares	
		Class	Number
HKSCC NOMINEES LIMITED	589,929,407	Overseas listed foreign shares	589,929,407
China State Shipbuilding Corporation Limited	481,337,700	Ordinary shares denominated in RMB	481,337,700
Bank of China Limited -UBS SDIC National Security Flexible Allocation Hybrid Securities Investment Fund	9,257,054	Ordinary shares denominated in RMB	9,257,054
Agricultural Bank of China Limited – CSI 500 Trading Open-ended Index Securities Investment Fund	5,857,797	Ordinary shares denominated in RMB	5,857,797
Yangzhou Kejin Shipyard Co., Ltd.	4,599,086	Ordinary shares denominated in RMB	4,599,086
Bank of China Limited – E Fund Steady Yield Bond Securities Investment Fund	3,903,411	Ordinary shares denominated in RMB	3,903,411
Ping An Asset Management – Industrial and Commercial Bank of China – Xinfu No. 37 Asset Management Product	3,578,991	Ordinary shares denominated in RMB	3,578,991
China Construction Bank Corporation- Guotai China Securities Military Trading Index Securities Investment Open-ended Fund	3,378,589	Ordinary shares denominated in RMB	3,378,589
Xi'an Investment Holding Co., Ltd.	3,001,159	Ordinary shares denominated in RMB	3,001,159
China Merchants Bank Co., Ltd. – Southern Alpha Hybrid Securities Investment Fund	2,410,507	Ordinary shares denominated in RMB	2,410,507
Description of special account for repurchase of the top ten shareholders	-		
Explanation on the entrusting voting right, entrusted voting right and waive of voting right of the above shareholders	-		
Explanation on the related party relationship or acting in concert among the above shareholders	-		
Explanation on shareholders of preference shares with the voting rights restored and their shareholding	-		

Lending of shares by shareholders holding more than 5% of shares, top ten shareholders and top ten shareholders of circulating shares not subject to selling restrictions through refinancing

Unit: Shares

### Lending of shares by shareholders holding more than 5% of shares, top ten shareholders and top ten shareholders of circulating shares not subject to selling restrictions through refinancing

Name of shareholders (full name)	Shares held in common accounts and credit accounts at the beginning of the Reporting Period		Shares lent through refinancing and unreturned at the beginning of the Reporting Period		Shares held in common accounts and credit accounts at the end of the Reporting Period		Shares lent through refinancing and unreturned at the end of the Reporting Period	
	Number in aggregate	Percentage (%)	Number in aggregate	Percentage (%)	Number in aggregate	Percentage (%)	Number in aggregate	Percentage (%)
China Construction Bank Corporation- Guotai China Securities Military Trading Index Securities Investment Open-ended Fund	3,289,689	0.23	356,300	0.03	3,378,589	0.24	0	0

Changes of top ten shareholders and top ten shareholders of circulating shares not subject to selling restrictions compared to the previous period due to reasons related to shares lent/returned through refinancing

Unit: Shares

### Changes of top ten shareholders and top ten shareholders of circulating shares not subject to selling restrictions compared to the previous period due to reasons related to shares lent/returned through refinancing

Name of shareholders (full name)	Addition/withdrawal during the Reporting Period	Number of shares lent through refinancing and not returned as at the end of the Reporting Period		Number of shares held and lent through refinancing and not returned in shareholders' ordinary account and credit account as at the end of the Reporting Period	
		Number in aggregate	Percentage (%)	Number in aggregate	Percentage (%)
China Construction Bank Corporation - Guotai China Securities Military Trading Index Securities Investment Open-ended Fund	Addition	0	0	3,378,589	0.24

## SECTION VII CHANGES IN SHARES AND SHAREHOLDERS

### III. CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLERS

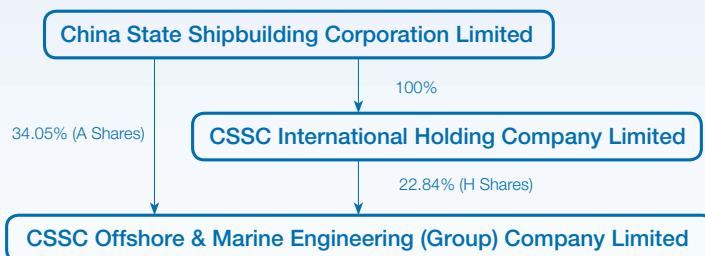
#### (i) Controlling shareholders

##### 1 Legal person

Name	China State Shipbuilding Corporation Limited
The person in charge of the unit or legal representative	Yu Mingxiong
Date of establishment	29 June 1999
Principal businesses	State-owned assets investment and management, industrial investment, investment management within the scope of authorisation of the State Council; research and development, design, production, sale and maintenance services of weapon equipment and supporting systems; research and development, design, manufacture, repair, lease, management of ships, offshore engineering and marine transportation, marine development, marine protection equipment; research and development, design, manufacture, repair, lease, management of large engineering equipment, power equipment, mechanical and electrical equipment, information and control products; import and export of goods and technology, domestic trading; completed equipment warehousing logistics, exploration, development and investment management of oil and gas and mineral resources, ship leasing business, liner investment and management; survey and design, project contracting, project construction, construction and installation, project supervision business. Development, transfer and consulting of military technology, civil technology and technology for both military and civil uses, technical services, investment in and management of technical training business.
Shareholdings in other domestic and overseas listed companies of which it has holding rights and joint stocks during the Reporting Period	As at 31 December 2024, the Company directly and indirectly held a total of 50.42% equity interest in China CSSC Holdings Limited, and directly and indirectly held a total of 20.17% equity interest in CSSC Science & Technology Co., Ltd., and indirectly held a total of 75% equity interest in its CSSC (Hong Kong) Shipping Company Limited.
Notes on other matters	CSSC and CSSC International entered into the Parties Acting in Concert Agreement on 28 September 2018, in which it was agreed that CSSC International shall authorise CSSC to exercise its shareholder's rights so far as CSSC remains the controlling shareholder or actual controller of CSSC International (For details, please refer to the Announcement in relation to the Entering into the Parties Acting in Concert Agreement by Substantial Shareholders of the Company published on the websites of Shanghai Stock Exchange and the Hong Kong Stock Exchange by the Company on 28 September 2018).

## SECTION VII CHANGES IN SHARES AND SHAREHOLDERS

### 2 Ownership and controlling relationship between the Company and controlling shareholders



### (ii) Information on actual controllers

#### Ownership and controlling relationship between the Company and actual controllers



## SECTION VII CHANGES IN SHARES AND SHAREHOLDERS

### IV. OTHER LEGAL PERSON SHAREHOLDERS WITH MORE THAN 10% SHAREHOLDING

Unit: RMB in ten thousand Currency: RMB

Name of legal person shareholder	The person in charge of the unit or legal representative	Date of establishment	Code of organisation	Registered capital	Principal business or management activities
CSSC International Holding Company Limited	Li Hongtao	24 August 2018	None	100	Engaged in overseas financing business; providing centralized overseas fund management services for members of China Shipbuilding Group; engaged in business cooperation; other business authorized by China Shipbuilding Group; and other business permitted by the law.

Description	CSSC and CSSC International entered into the Parties Acting in Concert Agreement on 28 September 2018, in which it was agreed that CSSC International shall authorise CSSC to exercise its shareholder's rights so far as CSSC remains the controlling shareholder or actual controller of CSSC International (For details, please refer to the Announcement in relation to the Entering into the Parties Acting in Concert Agreement by Substantial Shareholders of the Company published on the websites of Shanghai Stock Exchange and the Hong Kong Stock Exchange by the Company on 28 September 2018).
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### V. INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2024, the following persons (other than Directors, supervisors or members of senior management of the Company) have 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 Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) (the "SFO") or are required to be entered in the register to be kept by the Company under section 336 of the SFO:

Name of shareholder	Class of shares	Number of long positions held (share)	Capacity	Approximate shareholding percentage of issued H Shares (%)	Approximate shareholding percentage of issued A Shares (%)	Percentage of total issued share capital (%)
China State Shipbuilding Corporation Limited	A Shares	481,337,700 (L)	Beneficial owner	–	58.60	34.05
CSSC International Holding Company Limited	H Shares	322,790,890 (L)	Beneficial owner	54.52	–	22.84

Note: The letter "L" denotes the person's long position in the relevant shares.

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 Hong Kong 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 as at 31 December 2024.

### VI. DIRECTORS' AND SUPERVISORS' INTEREST

As at 31 December 2024, none of the Directors, Supervisors and chief executive of the Company has any interests or short positions in the shares, underlying shares and/or debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interest and/or short position taken or deemed to be held under the relevant provisions of the SFO), or are required to be recorded in the register required to be kept under Section 352 of the SFO, or are required to be notified to the Company and the Stock Exchange under the Model Code for Securities Transactions by Directors of Listed Issuers.

### VII. OTHER INFORMATION

#### (i) Warrants and others

During the Year, neither the Company nor its subsidiaries have issued any warrants, convertible securities, options or other securities with similar rights, nor had any person exercised any right stated above.

#### (ii) Public float

The public float of the Company remained to be satisfied at the level required by the Listing Rules of the Stock Exchange during the Reporting Period and up to the date of this report.

#### (iii) Related/connected transactions

Details of related/connected transactions of the Group for 2024 are set out in the notes to financial statements. None of these related party transactions constitutes a connected transaction required to be disclosed pursuant to the Listing Rules of the Stock Exchange except for those described in the section headed "Material Related/Connected Transactions" as set out in Section VI "Significant Events", in respect of which the disclosure requirements pursuant to Chapter 14A of the Listing Rules of the Stock Exchange have been complied with.



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### AUDITORS' REPORT

XIN KUAI SHI BAO ZI [2025] No. ZA90358

#### TO ALL SHAREHOLDERS OF CSSC OFFSHORE & MARINE ENGINEERING (GROUP) COMPANY LIMITED,

#### I. AUDITORS' OPINION

We have audited the financial statements of CSSC Offshore & Marine Engineering (Group) Company Limited (the "COMEC"), which comprise the consolidated and the Company's balance sheets as at 31 December 2024, the consolidated and the Company's income statements, the consolidated and the Company's cash flows statements and the consolidated and the Company's statements of changes in owners' equity for 2024 and the relevant notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, COMEC's consolidated and the Company's financial position as at 31 December 2024 and consolidated and the Company's financial performance and cash flows for the year 2024 in accordance with the Accounting Standards for Business Enterprises.

#### II. BASIS FOR AUDITORS' OPINION

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of COMEC in accordance with the China Code of Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our auditors' opinion.

#### III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## SECTION VIII FINANCIAL REPORT

Key audit matters identified in our audit are summarised as follows:

### (I) Recognition of revenue based on the progress of performance

Key Audit Matters	How the matter is addressed in auditing
<b>(I) Recognition of revenue based on the progress of performance</b>	
<p>COMEC is principally engaged in building of large ships, offshore engineering products and ship maintenance. In accordance with relevant provisions of the Accounting Standards for Business Enterprises No. 14 – Revenue (Revised in 2017), COMEC management has analyzed the contracts of various business types according to the requirements of the “five-step method”. For contracts on shipbuilding, offshore engineering products and other products that are assessed to meet the condition of “performing the obligation within a certain period of time”, revenue shall be recognized based on the progress of performance; for contracts on shipbuilding, offshore engineering products and other products that are assessed not to meet the condition of “performing the obligation within a certain period of time”, COMEC will recognize revenue based on the time point of transferring the control rights of relevant products by taking into account various factors. As shown in Note V(50)3, COMEC recognizes a revenue of RMB11.67 billion this year based on the progress of performance, representing 60.15% of operating income. The amount and its proportion to the operating income are relatively significant and involve accounting estimates of the Management.</p> <p>Revenue recognized based on the progress of performance involves significant judgement and estimates of the Management. Such estimates are affected by the impact of future market and the judgement on economic situation, thus may affect whether the COMEC recognizes revenue based on the progress of performance during the appropriate Accounting Period. As such, we considered the revenue recognized based on the progress of performance as a key audit matter.</p>	<ol style="list-style-type: none"> <li>(1) Obtain an understanding of the key internal controls that related to revenue recognition, evaluate the design of such controls, confirm whether they are implemented, and test the application operational effectiveness of the relevant internal controls;</li> <li>(2) Inspect the shipbuilding and offshore engineering businesses contracts, obtain an understanding of the principal contract terms, and evaluate whether the revenue recognition method (including judging whether the performance obligation is performed within a certain period of time and adopting the input method to determine the progress of performance) is appropriate;</li> <li>(3) Carry out the analysis of procedure for the gross profit margin of the shipbuilding and offshore engineering businesses contracts in terms of the year and project, identify whether there is significant or abnormal fluctuation, and identify the reasons of such fluctuation;</li> <li>(4) Select important shipbuilding and offshore engineering businesses contracts, check the cost budget, purchase contracts, subcontracts and other documents on which the expected total cost is based, and evaluate the reasonableness of the expected total cost assessed by the management;</li> <li>(5) Inspect supporting documents that related to actual project cost on a sample basis, including purchase contracts, subcontracts, purchase invoices, warehousing entry, receipt of acceptance, progress confirmation document and Subcontractor’s statement;</li> <li>(6) Test the accuracy of management’s calculations of the progress of performance and revenue recognised in accordance with the progress of performance;</li> <li>(7) Check that whether the information relating to operating income is properly presented in the financial statements.</li> </ol>

## IV. OTHER INFORMATION

The management of COMEC (the “management”) is responsible for the other information. The other information comprises the information included in the 2024 annual report of A shares and H shares of COMEC, but does not include the financial statements and our auditor’s report thereon. We have obtained the 2024 annual report for A shares prior to the audit report date and the 2024 annual report for H shares is expected to be provided to us after the audit report date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### V. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management is responsible for preparing of the financial statements that give a fair view in accordance with Accounting Standards for Business Enterprises, and designing, implementing and maintaining the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing COMEC's ability to continue as a going concern, disclosure of matters regarding going concern, as applicable, and using the going concern basis of accounting unless the management either intend to liquidate COMEC or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing COMEC's financial reporting process.

### VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to affect the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with China Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on COMEC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause COMEC to cease to continue as a going concern.
- (5) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within COMEC to express an auditors' opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our auditors' opinion.

## SECTION VIII FINANCIAL REPORT

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and related safeguards (if applicable).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(This page has no text, it is the signature page of the audit report of CSSC Offshore & Marine Engineering (Group) Company Limited issued by BDO China SHU LUN PAN Certified Public Accountants LLP)

**BDO China  
Shu Lun Pan  
Certified Public  
Accountants LLP**

Shanghai, the PRC

**Certified Public Accountant of China: Guo Jian  
(Project Partner)**

**Certified Public Accountant of China: Lu Li**

28 March 2025

(This signature and seal page is for the exclusive use of CSSC Offshore & Marine Engineering (Group) Company Limited – Report XIN KUAI SHI BAO ZI [2025] No. ZA90358 and shall not be used for any other purpose.)

# CONSOLIDATED BALANCE SHEET

31 December 2024  
(All amounts in RMB Yuan unless otherwise stated)

Item	Notes	31 December 2024	31 December 2023
<b>Current assets:</b>			
Cash at bank and on hand	V(1)	15,260,594,444.32	16,422,805,149.57
Settlement reserve			
Placements with banks and non-bank financial institutions			
Financial assets held-for-trading	V(2)	1,171,434.07	9,127,869.19
Derivative financial assets			
Notes receivable	V(3)	56,102,457.89	20,392,000.00
Accounts receivable	V(4)	1,326,920,478.98	2,104,093,140.45
Receivable financing	V(5)	236,548,075.95	276,203,451.85
Prepayments	V(6)	5,547,687,998.67	2,737,289,683.04
Insurance premium receivable			
Reinsurance premium receivable			
Reserves for reinsurance contract receivable			
Other receivables	V(7)	63,115,009.10	63,332,234.35
Financial assets purchased under agreements to resell			
Inventories	V(8)	5,905,684,446.80	5,434,769,275.19
Including: data resources			
Contract assets	V(9)	2,388,466,443.95	2,312,935,460.77
Assets held for sale			
Non-current assets due within one year	V(10)	930,941,201.25	297,245,486.79
Other current assets	V(11)	423,717,919.05	148,416,094.87
<b>Total current assets</b>		<b>32,140,949,910.03</b>	<b>29,826,609,846.07</b>
<b>Non-current assets:</b>			
Loans and advances granted			
Debt investments			
Other debt investments			
Long-term receivables	V(12)	715,985,528.68	1,667,410,982.91
Long-term equity investments	V(13)	5,403,984,842.40	5,205,831,705.50
Investments in other equity instruments	V(14)	7,859,909,518.36	6,447,078,173.90
Other non-current financial assets			
Investment properties	V(15)	123,111,781.50	129,649,206.54
Fixed assets	V(16)	4,830,830,141.14	5,171,674,516.34
Construction in progress	V(17)	164,266,268.87	340,768,631.96
Productive biological assets			
Oil and gas assets			
Right-of-use asset	V(18)	223,699,680.67	177,197,989.59
Intangible assets	V(19)	925,124,040.52	886,447,990.87
Including: data resources			
Development expenses			
Including: data resources			
Goodwill			
Long-term deferred expenses	V(20)	79,792,669.10	43,976,595.97
Deferred income tax assets	V(21)	451,592,466.76	369,371,383.86
Other non-current assets	V(22)	676,866,767.22	596,484,984.06
<b>Total non-current assets</b>		<b>21,455,163,705.22</b>	<b>21,035,892,161.50</b>
<b>Total assets</b>		<b>53,596,113,615.25</b>	<b>50,862,502,007.57</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:  
**Hou Zengquan**

# CONSOLIDATED BALANCE SHEET

31 December 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Notes	31 December 2024	31 December 2023
<b>Current liabilities:</b>			
Short-term borrowings	V(24)	598,343,912.50	780,514,316.67
Loans from central bank			
Placements from banks and other financial institutions			
Financial liabilities held-for-trading	V(25)	94,183,471.96	24,854,342.66
Derivative financial liabilities			
Notes payable	V(26)	1,874,172,036.86	3,882,643,617.93
Accounts payable	V(27)	8,452,829,358.41	4,869,983,355.45
Advances from customers			
Contract liabilities	V(28)	13,291,127,772.51	15,373,560,027.69
Securities sold under agreements to repurchase			
Deposits from customers and other banks			
Brokerage for securities trading			
Brokerage for underwriting securities			
Employee benefits payable	V(29)	1,367,643.45	1,383,377.31
Taxes payable	V(30)	40,654,851.89	72,738,615.78
Other payables	V(31)	265,576,439.57	249,017,410.64
Fees and commission payable			
Reinsured accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	V(32)	1,558,093,634.54	1,063,803,392.87
Other current liabilities	V(33)	220,041,281.42	167,102,591.27
<b>Total current liabilities</b>		<b>26,396,390,403.11</b>	<b>26,485,601,048.27</b>
<b>Non-current liabilities:</b>			
Reserves for insurance contracts			
Long-term borrowings	V(34)	4,048,900,000.00	3,314,314,701.47
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities	V(35)	152,585,672.14	121,112,313.78
Long-term payable			
Long-term employee benefits payable	V(36)	99,108,028.43	112,864,448.12
Estimated liabilities	V(37)	264,667,686.67	188,929,029.21
Deferred income	V(38)	85,322,154.61	39,427,582.86
Deferred tax liabilities	V(21)	1,281,810,227.37	914,322,691.53
Other non-current liabilities	V(39)	96,872,353.05	78,892,468.71
<b>Total non-current liabilities</b>		<b>6,029,266,122.27</b>	<b>4,769,863,235.68</b>
<b>Total liabilities</b>		<b>32,425,656,525.38</b>	<b>31,255,464,283.95</b>

# CONSOLIDATED BALANCE SHEET

31 December 2024  
(All amounts in RMB Yuan unless otherwise stated)

Item	Notes	31 December 2024	31 December 2023
<b>Owners' equity (or shareholders' equity):</b>			
Paid-in capital (or share capital)	V(40)	<b>1,413,506,378.00</b>	1,413,506,378.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve	V(41)	<b>9,003,324,664.95</b>	9,003,416,519.77
Less: Treasury shares			
Other comprehensive income	V(42)	<b>3,669,970,450.30</b>	2,607,526,251.42
Special reserve	V(43)		
Surplus reserve	V(44)	<b>1,146,499,058.97</b>	1,116,371,040.28
Provision for general risks			
Retained earnings	V(45)	<b>2,591,405,648.46</b>	2,276,749,345.46
Total equity attributable to owners (or shareholders' equity) of the Company		<b>17,824,706,200.68</b>	16,417,569,534.93
Non-controlling interests	V(46)	<b>3,345,750,889.19</b>	3,189,468,188.69
<b>Total owners' equity (or shareholders' equity)</b>		<b>21,170,457,089.87</b>	19,607,037,723.62
<b>Total liabilities and owners' equity (or shareholders' equity)</b>		<b>53,596,113,615.25</b>	50,862,502,007.57

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:  
**Hou Zengquan**

# BALANCE SHEET OF THE PARENT COMPANY

31 December 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Notes	31 December 2024	31 December 2023
<b>Current assets:</b>			
Cash at bank and on hand		<b>1,478,825,829.58</b>	1,440,736,925.94
Financial assets held-for-trading			
Derivative financial assets			
Notes receivable			
Accounts receivable	XVIII(1)		
Receivables financing			
Prepayments			
Other receivables	XVIII(2)	<b>270,158.49</b>	365,335.44
Inventories			
Including: data resources			
Contract assets			
Assets held-for-sale			
Non-current assets due within one year			
Other current assets		<b>20,448,640.03</b>	21,901,843.18
<b>Total current assets</b>		<b>1,499,544,628.10</b>	1,463,004,104.56
<b>Non-current assets:</b>			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	XVIII(3)	<b>7,093,483,944.51</b>	6,853,156,317.38
Other equity instrument investments		<b>7,821,117,179.36</b>	6,403,050,327.04
Other non-current financial assets			
Investment properties		<b>123,111,781.50</b>	129,649,206.54
Fixed assets		<b>4,172,232.82</b>	4,460,988.35
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right-of-use asset			
Intangible assets			
Including: data resources			
Research and development expenses			
Including: data resources			
Goodwill			
Long-term amortized expenses			
Deferred tax assets		<b>192,117.22</b>	196,911.81
Other non-current assets			
<b>Total non-current assets</b>		<b>15,042,077,255.41</b>	13,390,513,751.12
<b>Total assets</b>		<b>16,541,621,883.51</b>	14,853,517,855.68

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:

**Hou Zengquan**

# BALANCE SHEET OF THE PARENT COMPANY

31 December 2024  
(All amounts in RMB Yuan unless otherwise stated)

Item	Notes	31 December 2024	31 December 2023
<b>Current liabilities:</b>			
Short-term borrowings			
Financial liabilities held-for-trading			
Derivative financial liabilities			
Notes payable			
Accounts payable		1,285,801.45	16,500,985.45
Advances from customers			
Contract liabilities			
Employee benefits payable			
Taxes payable		538,585.22	563,779.89
Other payables		17,168,778.53	889,696.00
Liabilities held-for-sale			
Non-current liabilities due within one year			
Other current liabilities			
<b>Total current liabilities</b>		<b>18,993,165.20</b>	<b>17,954,461.34</b>
<b>Non-current liabilities:</b>			
Long-term borrowings			
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities			
Long-term payable			
Long-term employee benefits payable			
Estimated liabilities			
Deferred income			
Deferred tax liabilities		1,240,808,494.84	886,291,781.76
Other non-current liabilities			
<b>Total non-current liabilities</b>		<b>1,240,808,494.84</b>	<b>886,291,781.76</b>
<b>Total liabilities</b>		<b>1,259,801,660.04</b>	<b>904,246,243.10</b>
<b>Owners' equity (or shareholders' equity):</b>			
Paid-in capital (or share capital)		1,413,506,378.00	1,413,506,378.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve		8,247,235,699.82	8,247,327,554.64
Less: Treasury shares			
Other comprehensive income		3,721,910,661.56	2,658,039,736.03
Special reserve			
Surplus reserve		663,020,859.00	632,892,840.31
Retained earnings		1,236,146,625.09	997,505,103.60
<b>Total owners' equity (or shareholders' equity)</b>		<b>15,281,820,223.47</b>	<b>13,949,271,612.58</b>
<b>Total liabilities and owners' equity (or shareholders' equity)</b>		<b>16,541,621,883.51</b>	<b>14,853,517,855.68</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:  
**Hou Zengquan**

# CONSOLIDATED INCOME STATEMENT

2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Notes	2024	2023
<b>I. Total operating income</b>		<b>19,402,390,859.63</b>	16,145,951,496.09
Including: Operating income	V(50)	<b>19,402,390,859.63</b>	16,145,951,496.09
Interest income			
Premium earned			
Fee and commission income			
<b>II. Total operating costs</b>		<b>19,251,300,750.04</b>	16,195,308,620.12
Including: Operating cost	V(50)	<b>17,897,013,361.84</b>	15,165,684,226.23
Interest expense			
Fee and commission expenses			
Surrender value			
Net amount of compensation payout			
Net increase in insurance contracts reserve			
Policy dividend payment			
Amortized reinsurance expenditures			
Taxes and surcharges	V(51)	<b>34,932,883.22</b>	26,834,138.50
Selling expenses	V(52)	<b>48,543,062.10</b>	29,807,496.06
Administrative expenses	V(53)	<b>663,201,198.86</b>	663,299,147.12
Research and development expenses	V(54)	<b>888,463,342.28</b>	658,533,832.96
Financing cost	V(55)	<b>-280,853,098.26</b>	-348,850,220.75
Including: Interest expenses		<b>113,748,961.92</b>	114,747,863.08
Interest income		<b>360,121,768.64</b>	382,844,049.40
Add: Other income	V(56)	<b>147,647,564.30</b>	151,004,136.22
Investment income (loss expressed with "-")	V(57)	<b>283,506,266.21</b>	23,663,491.61
Including: Income from investment in associates and joint ventures		<b>211,178,827.91</b>	5,486,956.40
Derecognition income of financial assets measured at amortised cost			
Exchange gain (loss expressed with "-")			
Net gain from exposure hedging (loss expressed with "-")			
Gain from change in fair value (loss expressed with "-")	V(58)	<b>-98,734,638.44</b>	-102,689,973.84
Loss on impairment of credit (loss expressed with "-")	V(59)	<b>-13,046,115.60</b>	1,286,945.50
Loss on impairment of assets (loss expressed with "-")	V(60)	<b>-50,949,140.70</b>	-4,090,488.06
Gains from disposal of assets (loss expressed with "-")	V(61)	<b>-29,166,698.27</b>	50,345,748.28
<b>III. Operating profit (loss expressed with "-")</b>		<b>390,347,347.09</b>	70,162,735.68
Add: Non-operating income	V(62)	<b>4,511,567.04</b>	6,157,901.72
Less: Non-operating expenses	V(63)	<b>1,660,001.62</b>	3,226,288.24
<b>IV. Total profit (total loss expressed with "-")</b>		<b>393,198,912.51</b>	73,094,349.16
Less: Income tax expense	V(64)	<b>-77,492,908.07</b>	-113,634.50
<b>V. Net profit (net loss expressed with "-")</b>		<b>470,691,820.58</b>	73,207,983.66
(1) By continuity of operations			
1. Net profit from continuing operations (net loss expressed with "-")		<b>470,691,820.58</b>	73,207,983.66
2. Net profit from discontinued operations (net loss expressed with "-")			
(2) By ownership			
1. Net profit attributable to shareholders of the Parent Company (net loss expressed with "-")		<b>377,262,684.20</b>	48,067,553.44
2. Gain or loss attributable to non-controlling interests (net loss expressed with "-")		<b>93,429,136.38</b>	25,140,430.22

# CONSOLIDATED INCOME STATEMENT

2024  
(All amounts in RMB Yuan unless otherwise stated)

Item	Notes	2024	2023
<b>VI. Net other comprehensive income after tax</b>		<b>1,061,327,613.52</b>	1,168,893,867.20
Net other comprehensive income after tax attributable to owners of the Parent Company		<b>1,062,476,483.07</b>	1,167,599,541.77
(1) Other comprehensive income that may not be subsequently reclassified to profit and loss		<b>1,061,443,925.50</b>	1,166,843,992.86
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>320,786.29</b>	-1,890,437.09
3. Change in fair value of investments in other equity instruments		<b>1,061,123,139.21</b>	1,168,734,429.95
4. Change in fair value of own credit risk			
(2) Other comprehensive income will be subsequently reclassified to profit or loss		<b>1,032,557.57</b>	755,548.91
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>1,032,557.57</b>	755,548.91
7. Others			
Net other comprehensive income after tax attributable to non-controlling interests		<b>-1,148,869.55</b>	1,294,325.43
<b>VII. Total comprehensive income</b>		<b>1,532,019,434.10</b>	1,242,101,850.86
Total comprehensive income attributable to owners of the Parent Company		<b>1,439,739,167.27</b>	1,215,667,095.21
Total comprehensive income attributable to non-controlling interests		<b>92,280,266.83</b>	26,434,755.65
<b>VIII. Earnings per share:</b>			
(1) Basic earnings per share (RMB/share)		<b>0.2669</b>	0.0340
(2) Diluted earnings per share (RMB/share)		<b>0.2669</b>	0.0340

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:  
**Hou Zengquan**

# INCOME STATEMENT OF THE PARENT COMPANY

2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Notes	2024	2023
<b>I. Operating income</b>	XVIII(4)	<b>13,093,200.00</b>	37,883,508.32
Less: Operating cost	XVIII(4)	<b>6,537,425.04</b>	31,283,485.60
Taxes and surcharges		<b>120,751.04</b>	141,440.52
Selling expenses			
Administrative expenses		<b>22,726,666.33</b>	27,321,281.75
Research and development expenses			
Financing cost		<b>-36,090,399.74</b>	-37,362,972.75
Including: Interest expenses			
Interest income		<b>36,411,884.21</b>	37,515,091.25
Add: Other income		<b>22,846.07</b>	103,521.97
Investment income (loss expressed with "-")	XVIII(5)	<b>286,509,556.37</b>	32,674,194.07
Including: Investment income from associates and joint ventures		<b>240,098,695.66</b>	28,324,295.75
Derecognition income of financial assets measured at amortised cost			
Net gain on exposure hedging (loss expressed with "-")			
Gain from change in fair value (loss expressed with "-")			
Loss on impairment of credit (loss expressed with "-")		<b>19,178.36</b>	369,142.81
Loss on impairment of assets (loss expressed with "-")			
Gains from disposal of assets (loss expressed with "-")			
<b>II. Operating profit (loss expressed with "-")</b>		<b>306,350,338.13</b>	49,647,132.05
Add: Non-operating income		<b>633.86</b>	2,110.00
Less: Non-operating expenses		<b>6,000.00</b>	21,076.61
<b>III. Total profit (total loss expressed with "-")</b>		<b>306,344,971.99</b>	49,628,165.44
Less: Income tax expense		<b>5,064,785.11</b>	2,381,956.04
<b>IV. Net profit (net loss expressed with "-")</b>		<b>301,280,186.88</b>	47,246,209.40
(1) Net profit from continuing operations (net loss expressed with "-")		<b>301,280,186.88</b>	47,246,209.40
(2) Net profit from discontinued operations (net loss expressed with "-")			
<b>V. Net other comprehensive income after tax</b>		<b>1,063,870,925.53</b>	1,166,057,261.83
(1) Other comprehensive income that may not be subsequently reclassified to profit and loss		<b>1,063,870,925.53</b>	1,166,057,261.83
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>320,786.29</b>	-1,890,437.09
3. Change in fair value of investments in other equity instruments		<b>1,063,550,139.24</b>	1,167,947,698.92
4. Change in fair value of own credit risk			
(2) Other comprehensive income will be subsequently 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>1,365,151,112.41</b>	1,213,303,471.23

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:  
**Hou Zengquan**

# CONSOLIDATED CASH FLOW STATEMENT

2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Notes	2024	2023
<b>I. Cash flows from operating activities</b>			
Cash received from sale of goods or rendering of services		<b>18,876,995,287.02</b>	19,442,982,058.63
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 banks and non-bank financial institutions			
Net increase in sales and repurchase operations			
Cash receipts of brokerage for securities trading			
Cash received from tax refund		<b>380,611,604.86</b>	339,614,380.28
Other cash receipts relating to operating activities	V(71)	<b>606,258,717.57</b>	637,516,723.82
<b>Sub-total of cash inflows from operating activities</b>		<b>19,863,865,609.45</b>	20,420,113,162.73
Cash paid for goods and services		<b>19,937,301,431.05</b>	14,841,971,478.65
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>1,395,276,690.29</b>	1,416,303,205.36
Payments of taxes		<b>139,018,724.31</b>	122,618,184.08
Other cash payments relating to operating activities	V(71)	<b>587,897,711.47</b>	727,252,016.29
<b>Sub-total of cash outflows from operating activities</b>		<b>22,059,494,557.12</b>	17,108,144,884.38
<b>Net cash flows from operating activities</b>		<b>-2,195,628,947.67</b>	3,311,968,278.35
<b>II. Cash flows from investing activities</b>			
Cash receipts from disposal of investments		<b>862,647.21</b>	25,315,900.00
Cash receipts from investment income		<b>69,616,645.06</b>	43,244,896.21
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>380,349,036.04</b>	332,124,611.31
Net cash receipts from disposal of subsidiaries and other business units		<b>70,689.64</b>	
Other cash receipts relating to investing activities	V(71)	<b>1,332,040,887.63</b>	4,073,151,550.43
<b>Sub-total of cash inflows from investing activities</b>		<b>1,782,939,905.58</b>	4,473,836,957.95
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		<b>203,194,863.43</b>	554,296,344.64
Cash paid for investments		<b>249,895,883.98</b>	109,771,851.97
Net increase in pledged loans			
Net cash paid for acquisition of subsidiaries and other business units			
Other cash payments relating to investing activities	V(71)	<b>1,757,845,865.58</b>	6,910,230,665.37
<b>Sub-total of cash outflows from investing activities</b>		<b>2,210,936,612.99</b>	7,574,298,861.98
<b>Net cash flows from investing activities</b>		<b>-427,996,707.41</b>	-3,100,461,904.03

# CONSOLIDATED CASH FLOW STATEMENT

2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Notes	2024	2023
<b>III. Cash flows from financing activities</b>			
Cash receipts from receiving investments			
Including: Cash received by subsidiaries from receiving investments made by non-controlling interests			
Cash receipts from borrowings		2,839,000,000.00	2,880,000,000.00
Other cash receipts relating to financing activities			
<b>Sub-total of cash inflows from financing activities</b>		<b>2,839,000,000.00</b>	<b>2,880,000,000.00</b>
Cash paid for repayment of debts		1,808,600,000.00	4,277,500,000.00
Cash paid for dividends, profit distribution or interest expenses		139,938,273.98	123,805,037.19
Including: Dividends and profits paid by subsidiaries to non- controlling interests		2,630,666.33	
Other cash payments relating to financing activities	V(71)	82,763,929.80	101,898,994.93
<b>Sub-total of cash outflows from financing activities</b>		<b>2,031,302,203.78</b>	<b>4,503,204,032.12</b>
<b>Net cash flows from financing activities</b>		<b>807,697,796.22</b>	<b>-1,623,204,032.12</b>
<b>IV. Effect of change in exchange rate on cash and cash equivalents</b>		<b>27,418,435.20</b>	<b>42,872,446.80</b>
<b>V. Net increase in cash and cash equivalents</b>		<b>-1,788,509,423.66</b>	<b>-1,368,825,211.00</b>
Add: Beginning balance of cash and cash equivalents		9,701,160,074.84	11,069,985,285.84
<b>VI. Ending balance of cash and cash equivalents</b>		<b>7,912,650,651.18</b>	<b>9,701,160,074.84</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:  
**Hou Zengquan**

# CASH FLOW STATEMENT OF THE PARENT COMPANY

2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Notes	2024	2023
<b>I. Cash flows from operating activities</b>			
Cash received from sale of goods or rendering of services		14,271,588.00	14,969,020.94
Cash received from tax refund		1,182,442.76	
Other cash receipts relating to operating activities		21,467,587.87	20,824,839.38
<b>Sub-total of cash inflows from operating activities</b>		<b>36,921,618.63</b>	<b>35,793,860.32</b>
Cash paid for goods and services		201,860.47	1,428,828.63
Cash paid to and on behalf of employees		11,693,733.74	10,450,569.79
Payments of taxes		5,565,503.66	4,250,118.68
Other cash payments relating to operating activities		16,440,787.79	31,865,788.03
<b>Sub-total of cash outflows from operating activities</b>		<b>33,901,885.66</b>	<b>47,995,305.13</b>
<b>Net cash flows from operating activities</b>		<b>3,019,732.97</b>	<b>-12,201,444.81</b>
<b>II. Cash flows from investing activities</b>			
Cash receipts from disposal of investments			
Cash receipts from investment income		46,410,860.71	4,349,898.32
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,700.00	
Net cash receipts from disposal of subsidiaries and other business units			
Other cash receipts relating to investing activities		553,361,250.00	625,651,050.00
<b>Sub-total of cash inflows from investing activities</b>		<b>599,773,810.71</b>	<b>630,000,948.32</b>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		134,006.33	276,293.52
Cash paid for investments			
Net cash paid for acquisition of subsidiaries and other business units			
Other cash payments relating to investing activities		557,500,000.00	1,406,500,000.00
<b>Sub-total of cash outflows from investing activities</b>		<b>557,634,006.33</b>	<b>1,406,776,293.52</b>
<b>Net cash flows from investing activities</b>		<b>42,139,804.38</b>	<b>-776,775,345.20</b>
<b>III. Cash flows from financing activities</b>			
Cash receipts from receiving investments			
Cash receipts from borrowings obtained			
Other cash receipts relating to financing activities			
<b>Sub-total of cash inflows from financing activities</b>			
Cash paid for repayment of debts			
Cash paid for dividends, profit distribution or interest expenses		31,977,959.54	14,134,526.63
Other cash payments relating to financing activities		31,977,959.54	14,134,526.63
<b>Sub-total of cash outflows from financing activities</b>		<b>31,977,959.54</b>	<b>14,134,526.63</b>
<b>Net cash flows from financing activities</b>		<b>-31,977,959.54</b>	<b>-14,134,526.63</b>
<b>IV. Effect of change in exchange rate on cash and cash equivalents</b>		<b>-287,881.24</b>	<b>-129,110.29</b>
<b>V. Net increase in cash and cash equivalents</b>		<b>12,893,696.57</b>	<b>-803,240,426.93</b>
Add: Beginning balance of cash and cash equivalents		50,975,239.22	854,215,666.15
<b>VI. Ending balance of cash and cash equivalents</b>		<b>63,868,935.79</b>	<b>50,975,239.22</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:  
**Hou Zengquan**

# CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

2024

(All amounts in RMB Yuan unless otherwise stated)

Item	2024													
	Equity attributable to shareholders of the Company													
	Other equity instruments							Other						
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risks	Retained earnings	Sub-total	Non-controlling interests	Total equity
I.	Ending balance of last year Add: Changes in accounting policies Correction of previous errors Business combination under common control Others													
	1,413,506,378.00				9,003,416,519.77		2,607,526,251.42		1,116,371,040.28	2,276,749,345.46	16,417,569,534.93	3,189,468,188.69	19,607,037,723.62	
II.	Beginning balance of the year				9,003,416,519.77		2,607,526,251.42		1,116,371,040.28	2,276,749,345.46	16,417,569,534.93	3,189,468,188.69	19,607,037,723.62	
III.	Increase/decrease for the year (decrease expressed with "-")													
(I)	Total comprehensive income													
(II)	Capital paid in and reduced by shareholders				-91,854.82		1,082,444,198.88		30,128,018.69	314,656,303.00	1,407,136,665.75	156,282,700.50	1,563,419,366.25	
	1. Ordinary shares paid by shareholders									377,262,684.20	1,439,739,167.27	92,280,266.83	1,532,019,434.10	
	2. Capital paid by holders of other equity instruments				-91,854.82		1,082,476,483.07							
	3. Amount of state-based payments recognised in owners' equity										-91,854.82	66,633,100.00	66,541,245.18	
	4. Others											66,633,100.00	66,633,100.00	
(III)	Profit distribution				-91,854.82					-62,638,665.39	-32,510,646.70	-2,630,666.33	-35,141,313.03	-91,854.82
	1. Transfer to surplus reserve								30,128,018.69					
	2. Transfer to provision for general risks								30,128,018.69					
	3. Distribution to owners (or shareholders)													
	4. Others									-32,510,646.70	-32,510,646.70	-2,630,666.33	-35,141,313.03	
(IV)	Transfer within owners' equity													
	1. Capitalization of capital reserve (or share capital)						-32,284.19			32,284.19				
	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 year													
	2. Utilisation in the year													
(VI)	Others													
	Ending balance of the year				9,003,324,664.95		3,669,970,450.30		1,146,499,058.97	2,591,405,648.46	17,824,706,200.68	3,345,750,889.19	21,170,457,089.87	

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:  
**Hou Zengquan**

# CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

2024

(All amounts in RMB Yuan unless otherwise stated)

Item	2023													
	Equity attributable to shareholders of the Company													
	Other equity instruments													
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risks	Retained earnings	Sub-total	Non-controlling interests	Total equity
I. Ending balance of last year	1,413,506,378.00				9,375,981,708.49		1,450,554,845.16		1,111,646,419.94		2,236,913,341.23	15,588,602,692.22	3,163,149,912.32	18,751,752,604.54
Add: Changes in accounting policies														
Correction of previous errors														
Business combination under common control														
Others														
II. Beginning balance of the year	1,413,506,378.00				9,375,981,708.49		1,450,554,845.16		1,111,646,419.94		2,236,913,341.23	15,588,602,692.22	3,163,149,912.32	18,751,752,604.54
III. Increase/decrease for the year (decrease expressed with "-")														
(I) Total comprehensive income														
(II) Capital paid in and reduced by shareholders					-372,565,188.72		1,156,971,406.26		4,724,620.94		39,836,004.23	828,966,842.71	26,316,276.37	855,285,119.08
1. Ordinary shares paid by shareholders											48,067,553.44	1,215,667,095.21	26,434,755.65	1,242,101,850.86
2. Capital paid by holders of other equity instruments							1,167,593,541.77							
3. Amount of share-based payments recognised in owners' equity					-372,565,188.72						-372,565,188.72	-116,479.28	-116,479.28	-372,881,668.00
4. Others														
(III) Profit distribution					-372,565,188.72									
1. Transfer to surplus reserve									4,724,620.94		-18,659,684.72	-14,135,063.78	-116,479.28	-372,881,668.00
2. Transfer to provision for general risks									4,724,620.94		-4,724,620.94			-14,135,063.78
3. Distribution to owners (or shareholders)											-14,135,063.78	-14,135,063.78		-14,135,063.78
4. Others														
(IV) Transfer within owners' equity							-10,628,135.51				10,628,135.51			
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							-10,628,135.51				10,628,135.51			
6. Others														
(V) Special reserve														
1. Transfer in the year								24,549,067.84				24,549,067.84	20,464,451.11	45,013,518.95
2. Utilisation in the year								24,549,067.84				24,549,067.84	20,464,451.11	45,013,518.95
(VI) Others														
IV. Ending balance of the year	1,413,506,378.00				9,003,416,519.77		2,607,526,251.42		1,116,371,040.28		2,276,749,345.46	16,417,599,534.93	3,189,468,188.69	19,607,037,723.62

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:  
**Hou Zengquan**

# STATEMENT OF CHANGES IN OWNERS' EQUITY OF THE COMPANY

2024

(All amounts in RMB Yuan unless otherwise stated)

Item	2024							
	Other equity instruments							Total equity
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	
I. Ending balance of last year Add: Changes in accounting policies Correction of previous errors Others	1,413,506,378.00				8,247,327,554.64		2,658,039,736.03	13,949,271,612.58
II. Beginning balance of the year	1,413,506,378.00				8,247,327,554.64		2,658,039,736.03	13,949,271,612.58
III. Increase/decrease for the year (decrease expressed with "-")								
(I) Total comprehensive income								
Capital paid in and reduced by shareholders								
1. Ordinary shares paid by shareholders					-91,854.82		1,063,870,925.53	1,332,548,810.89
2. Capital paid by holders of other equity instruments					-91,854.82		1,063,870,925.53	1,385,151,112.41
3. Amount of share-based payments recognised in owners' equity								-91,854.82
4. Others					-91,854.82			-91,854.82
(II) Profit distribution								
1. Transfer to surplus reserve								-62,638,665.39
2. Distribution to owners (or shareholders)								-30,128,018.69
3. Others								-32,510,646.70
(IV) Transfer within owners' equity								
1. Capitalization of capital reserve (or share capital)								30,128,018.69
2. Capitalization of surplus reserve (or share capital)								30,128,018.69
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 year								
2. Utilisation in the year								
(VI) Others								
IV. Ending balance of the year	1,413,506,378.00				8,247,235,699.82		3,721,910,661.56	15,281,820,223.47

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:  
**Hou Zengquan**

## STATEMENT OF CHANGES IN OWNERS' EQUITY OF THE COMPANY

2024

(All amounts in RMB Yuan unless otherwise stated)

Item	2023										
	Other equity instruments										
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
I.	1,413,506,378.00				8,583,595,088.21		1,491,982,474.20		628,168,219.37	969,118,578.92	13,086,370,738.70
II.											
III.	Beginning balance of the year	1,413,506,378.00			8,583,595,088.21		1,491,982,474.20		628,168,219.37	969,118,578.92	13,086,370,738.70
	Increase/decrease for the year (decrease expressed with “-”)										
	(I) Total comprehensive income										
	(II) Capital paid in and reduced by shareholders										
	1. Ordinary shares paid by shareholders				-336,267,533.57		1,166,057,261.83		4,724,620.94	28,386,524.68	882,900,673.88
	2. Capital paid by holders of other equity instruments				-336,267,533.57		1,166,057,261.83			47,246,209.40	1,213,303,471.23
	3. Amount of share-based payments recognised in owners' equity										-336,267,533.57
	4. Others										
	(III) Profit distribution				-336,267,533.57						-336,267,533.57
	1. Transfer to surplus reserve								4,724,620.94	-18,859,694.72	-14,135,063.78
	2. Distribution to owners (or shareholders)								4,724,620.94	-4,724,620.94	
	3. Others									-14,135,063.78	-14,135,063.78
	(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 year										
	2. Utilisation in the year										
	(VI) Others										
IV.	Ending balance of the year	1,413,506,378.00			8,247,327,554.64		2,658,039,736.03		632,892,840.31	997,505,103.60	13,949,271,612.58
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: Hou Zengquan			

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:  
**Hou Zengquan**

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## I. BASIC INFORMATION ON THE COMPANY

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 Guo Jia Ti Gai Sheng [1993] No. 83. On 5 July 1993, it was converted into a public joint-stock company with limited liability as approved by Guo Jia Ti Gai Sheng [1993] No. 110. The Company was established on 7 June 1993, with its registered address at whole 15th Floor, Marine Tower, No. 137 Gexin Road, Haizhu District, Guangzhou and its headquarters located at whole 15th Floor, Marine Tower, No. 137 Gexin Road, Haizhu District, Guangzhou.

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 Shang Zheng Shang (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, 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 upon change is RMB643,080,854.

According to the Approval for Guangzhou Shipyard International Company Limited to List Overseas for Issuing Foreign Stocks Capital (Zheng Jian Xu Ke [2014] No.117) issued by China Securities Regulatory Commission, the Company completed on 11 February 2014 the issuance of 345,940,890, 31,134,680 and 10,378,227 H Shares of RMB1 each 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 upon change is 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 (Zheng Jian Xu Ke [2015] No. 330) issued by the China Securities Regulatory Commission, on 8 April 2015, the Company made a non-public issuance of 272,099,300 ordinary shares of RMB1 each to China State Shipbuilding Corporation Limited (“CSSC”) for purchase of CSSC’s 85% equity interest in CSSC Huangpu Wenchong Shipbuilding Company Limited (“Huangpu Wenchong”) and paid cash to CSSC for acquisition of 15% equity interest in Huangpu Wenchong; made a non-public issuance of 68,313,338 ordinary shares of RMB1 each to Yangzhou Kejin Shipyard Co., Ltd. for purchase of its relevant shipbuilding assets; and made a non-public issuance of 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 6 November 2023, the Company received a new business license issued by Guangzhou Administration for Market Regulation (uniform social credit code: 91440101190499390U), with legal representative as Xiang Huiming 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.

These financial statements were approved by the Board of the Company on 28 March 2025.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## II. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

### (I) Basis for preparation

These consolidated financial statements have been prepared in accordance with the “Accounting Standards for Business Enterprises – Basic Standards” and various specific accounting standards, the application guidelines for the Accounting Standards for Business Enterprises, the Interpretation of the Accounting Standards for Business Enterprises and other relevant requirements by the Ministry of Finance (hereinafter referred to as the “Accounting Standards for Business Enterprises”), and relevant requirements of 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 Hong Kong Companies Ordinance and the Listing Rules of the Hong Kong Stock Exchange.

### (II) Going Concern

The management of the Company has assessed its ability to operate on a continuing basis for the 12 months from 31 December 2024 and is of the view that its existing financial position should be sufficient to meet the production and operation of the Group. These financial statements are prepared on a going concern basis.

## III. SIGNIFICANT 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 deferred expenses, and recognition and measurement of revenue.

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

The financial statements have been prepared by the Company in accordance with the Accounting Standards for Business Enterprises by the Ministry of Finance, and reflect a true and fair view of the Group's consolidated financial position and the Company's financial position as at 31 December 2024, the consolidated operating results and cash flows and the Company's operating results and cash flow for the year then ended.

### (II) Accounting period

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

### (III) Operating cycle

The Company's operating cycle is 12 months.

### (IV) Reporting currency

The Company uses RMB as its reporting currency. The Company's subsidiaries may determine their reporting currencies based on the major economic environment in which they operate their business. Wah Shun, Wah Loong, Wan Sheng, Wan Xiang, Wan Xing, Wan Rui and Wan Yu use Hong Kong dollars as their reporting currency. The financial statements were presented in RMB.

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

Business combination under common control: For the assets and liabilities acquired from business combination by the combining party (including the goodwill formed by the acquisition by the final controller of the combinee), they are measured at book value of assets and liabilities in the consolidated financial statements of the final controller on the combination date. The stock premium in capital reserves is adjusted according to the difference between the book value of net assets acquired through combination and the book value of consideration paid for the combination (or total par value of shares issued). If the stock premium in capital reserves is insufficient to cover the difference, the remaining amount will be charged against retained earnings.

Business combination not under common control: The combination costs are the fair value, on the acquisition date, of any assets acquired, any liabilities incurred or assumed, and any equity securities issued by the acquirer, in exchanges for the right of control over the acquiree. The Company shall recognize the difference of the combination costs in excess of the fair value of the identifiable net assets acquired from the acquiree as goodwill. The Company shall recognize the difference of the combination costs in short of the fair value of the identifiable net assets acquired from the acquiree in the current profit or loss. The identifiable assets, liabilities, and contingent liabilities of the acquiree that are obtained by the acquirer from combination and conform to the recognition criteria shall be measured at the fair value on the acquisition date.

Direct relevant expenses arising from the business combination are included in the current profit or loss upon occurrence. Trading expenses on issuing equity securities or debt securities for the business combination are included in the initially recognized amount of the equity securities or the debt securities.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (VI) Judgement criteria for control and methods of preparation of consolidated financial statements

### 1. Criteria for judging control

The consolidation scope of consolidated financial statements is determined on the basis of control, covering the Company and all the subsidiaries. Control means the Company has the power over the investee and enjoys the variable return through participating in activities related to the investee, and has the ability to affect the Company's return by using the power over the investee.

### 2. Procedures for consolidation

The Company regards the entire enterprise group as an accounting entity and prepares consolidated financial statements in accordance with unified accounting policies to reflect the overall financial status, operating results and cash flow of the enterprise group. The influence of internal transactions between the Company and its subsidiaries or between subsidiaries shall be offset. If internal transactions indicate that the relevant assets have suffered impairment losses, this part of losses shall be confirmed in full. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the consolidated financial statements of the subsidiary, upon preparation, will be adjusted according to the accounting policies and accounting periods of the Company.

The share of shareholders' equity, current net profit or loss and current comprehensive income of subsidiaries attributable to minority shareholders are respectively and separately presented under the shareholders' equity in the consolidated balance sheet, the net profit in the consolidated income statement, and the total comprehensive income in the consolidated income statement. If the current loss shared by a minority shareholder of a subsidiary exceeds the balances arising from the shares enjoyed by the minority shareholder in the shareholders' equity of the subsidiary at the beginning of the period, minority equity will be written down accordingly.

#### (1) Increase of subsidiaries or business

During the reporting period, where the Company acquired subsidiaries or business from the business combination under common control, the operating results and cash flows of the newly acquired subsidiaries or business from the beginning of the period for business combination to the end of the reporting period are included in the consolidated financial statements; the beginning amount of the consolidated financial statements and relevant items in the comparative statements are adjusted accordingly, as if the reporting entity after the business combination exists as of the time when the ultimate controller has the control.

Where control can be exercised on the investee under the common control for additional investment or other reasons, equity investments held before the control over the combined party is obtained, the related profits or losses, other comprehensive income as well as other changes in net assets recognized from the later between the date when the original equity is obtained and the date when the acquirer and the acquiree are under common control to the combination date will respectively write down the beginning retained earnings or the current profit or loss during the period for comparing financial statements.

During the reporting period, if the Company acquired subsidiaries or business from the business combination not under common control, all identifiable assets, liabilities and contingent liabilities will be included in the consolidated financial statements from the purchase date based on their fair value determined on purchase date.

Where the Company can control the investee not under common control for additional investments, it shall re-measure equity of the acquiree held before the acquisition date at the fair value of such equity on the acquisition date and include the difference between the fair value and book value in the current investment income. Where equity of the acquiree held before the acquisition date involves in other comprehensive income that can be reclassified into profit or loss and other changes in shareholders' equity accounted for under the equity method shall be transferred to the investment income in the year which the acquisition date falls in.

# 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)

## (2) Disposal of subsidiaries

### ① General treatment methods

When the Company loses the control over the investee due to disposal of partial equity investment or other reasons, the remaining equity investment after the disposal should be re-measured by the Company at the fair value thereof on the date of losing the control. The difference of total amount of the consideration from disposal of equities plus the fair value of the remaining equities less the shares calculated at the original shareholding ratio in net assets and goodwill of the original subsidiary which are continuously calculated as of the acquisition date or combination date shall be included in the investment income of the period at the loss of control. Other comprehensive income that will be reclassified into profit or loss later associated with the equity investments of the original subsidiary, or the changes in other shareholders' equity calculated under the equity method, shall be transferred into investment income of the current period when control is lost.

### ② Disposal of subsidiaries by stages

If the control is lost due to disposal of the equity investments in subsidiaries through multiple transactions by stages, and the terms, conditions and economic impact of the transactions related to the disposal of equity investments in subsidiaries meet one or more of the following circumstances, it usually indicates that multiple transactions will be treated a package deal:

- I. The transactions are concluded at the same time or under the consideration of mutual effect;
- II. These transactions as a whole can reach a complete business result;
- III. The occurrence of a transaction depends on that of other transaction or more;
- IV. A single transaction is uneconomical but it is economical when considered together with other transactions.

Where various transactions belong to a package deal, accounting treatment shall be made by the Company on the transactions as a transaction to dispose subsidiaries and lose the control; the difference between each disposal cost and net asset share in the subsidiaries corresponding to each disposal of investments before loss of the control should be recognized as other comprehensive income in the consolidated financial statements and should be transferred into the current profit or loss at the loss of the control.

Where various transactions do not belong to a package deal, before the loss of the control, accounting treatment shall be made according to the partial disposal of equity investments in the subsidiary without losing control; at the loss of the control, accounting treatment shall be made according to general treatment methods for disposal of subsidiaries.

## (3) Purchase of minority interest of subsidiaries

The share premium in the capital reserves under the consolidated balance sheet will be adjusted at the difference between the long-term equity investment acquired by the Company for the purchase of minority interest and the share of net assets calculated constantly from the acquisition date or combination date according to the newly increased shareholding ratio. If the share premium is insufficient to offset, retained earnings will be adjusted.

## (4) Partial disposal of equity investments in subsidiaries without losing control

The equity premium of capital reserves in the consolidated balance sheet will be adjusted according to the difference between the disposal price and the share of net assets of subsidiaries calculated from the acquisition date or the combination date corresponding to the disposal of long-term equity investments; if the equity premium of capital reserves is insufficient, the retained earnings will be adjusted.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (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 of assets and liabilities. For assets transactions that are purchased or sale under joint operation that do not constitute business, assets and liabilities are recognised only when profit or loss incurred from that transaction attributable to the other parties under the joint operation.

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

## (VIII) 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 "retained earnings", are translated at the spot exchange rate at the time of the transaction; income and expense items in the income statement are translated at the average of the spot exchange rates at the beginning and end of the year. The income and expense items in the income statement are translated at the average of the spot exchange rates at the beginning and end of the year. The translation differences arising from the above translation are recognized as other comprehensive income. Upon disposal of a foreign operation, the translation differences related to the foreign currency statement are transferred to profit or loss in the year of disposal, or partially disposed of in proportion to the disposal.

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

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (X) Financial instruments

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

### 1. Classification of financial instruments

Based on the business model under which the Group manages assets and the characteristics of contractual cash flows of financial assets, the financial assets are divided 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 that meet all of the following conditions and are not designated as financial assets at fair value through profit or loss, as financial assets at amortised cost:

- the objective of the business model is to collect contractual cash flows;
- the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group classifies financial assets that meet all of the following conditions and are not designated as financial assets at fair value through profit or loss, as financial assets at fair value through other comprehensive income (debt instruments):

- the objective of the business model is both collecting contractual cash flows and selling the financial assets;
- the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

For equity instruments not held for trading, the Group can irrevocably designate them as financial assets at fair value through other comprehensive income (debt instruments) at the time of initial recognition. The designation is made on the basis of a single investment, and the relevant investment meets the definition of an equity instrument from the issuer's perspective.

Except for the aforementioned financial assets at amortised cost and at fair value through other comprehensive income, the Group classifies all other financial assets as financial assets at fair value through profit or loss. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are classified at the time of initial recognition as: financial liabilities at fair value through profit or loss, and financial liabilities at amortised cost.

When meeting any of the following criteria, the Company may, at initial recognition, designate a financial liability as measured at fair value through current profit or loss:

- 1) Such designation would eliminate or significantly reduce a measurement or recognition inconsistency.
- 2) A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.
- 3) The financial liabilities include embedded derivatives which can be split separately.

Under the above criteria, such financial liabilities designated by the Group consist mainly of: forward settlements.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## 2. Recognition basis and measurement method of financial instruments

### (1) Financial assets at amortised cost

Financial assets at amortised cost, including notes receivable, accounts receivable, other receivables, long-term receivables and debt investments, are initially measured at fair value, with related transaction costs recognized in the initial recognition amount; accounts receivable that do not contain a significant financing component and those that the Group has decided not to consider a financing component not more than one year are initially measured at the contractual transaction price.

Interest calculated using the effective interest method during the holding period is recognized in the profit or loss for the current period.

During recovery or disposal, the difference between the obtained price and the carrying amount of the financial assets shall be recognized in the profit or loss for the current period.

### (2) Financial assets at fair value through other comprehensive income (debt instruments)

Financial assets at fair value through other comprehensive income (debt instruments), including receivables financing and other debt investments, are initially measured at fair value with related transaction costs included in the initially recognized amount. These financial assets are subsequently measured at fair value, and changes in fair value are included in other comprehensive income, except for interest, impairment losses or gains and exchange gains or losses calculated using the effective interest method.

Upon derecognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income and included in the current profit and loss.

### (3) Financial assets at fair value through other comprehensive income (equity instruments)

Financial assets at fair value through other comprehensive income (equity instruments), including investments in other equity instruments, are initially measured at fair value, with related transaction costs included in the initial recognition amount. These financial assets are subsequently measured at fair value, with changes in fair value included in other comprehensive income. Dividends received are included in the profit or loss for the current period.

Upon derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred to retained earnings from other comprehensive income.

### (4) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss, including financial assets held-for-trading, derivative financial assets and other non-current financial assets, are initially measured at fair value, with related transaction costs included in the profit or loss for the current period. These financial assets are subsequently measured at fair value, with changes in fair value included in the profit or loss for the current period.

### (5) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss, including financial liabilities held-for-trading and derivative financial liabilities, are initially measured at fair value, with related transaction costs included in the profit or loss for the current period. The financial liabilities are subsequently measured at fair value, with changes in fair value included in the profit or loss for the current period.

Upon derecognition, the difference between its carrying amount and the consideration paid is included in the profit or loss for the current period.

### (6) Financial liabilities at amortised cost

Financial liabilities at amortised cost, including short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, are initially measured at fair value, with related transaction costs included in the initial recognition amount.

Interest calculated using the effective interest method during the holding period is included in the profit or loss for the current period.

When the derecognition is implemented, the difference between the consideration paid and the carrying amount of the financial liabilities are included in the profit or loss for the current 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)

## 3. **Recognition basis and measurement method for financial asset derecognition and financial asset transfer**

The Group derecognizes financial assets when one of the following conditions is met:

- The contractual right to receive cash flows from the financial asset is terminated;
- The financial assets have been transferred, and almost all the risks and rewards in the ownership of the financial assets have been transferred to the transferee;
- The financial assets have been transferred, though the Group neither transfers nor retains almost all the risks and rewards in the ownership of the financial assets, it does not retain control over the financial assets.

If the Group and the counterparty modify or renegotiate the contract, which constitutes a substantial modification, the original financial assets will be terminated and a new financial asset will be recognized according to the modified terms.

The financial assets are not derecognized when their transfer occurs and substantially all the risks and rewards of ownership of the financial asset are retained.

In the event of determining whether the transfer of financial assets meets the derecognition conditions above, the principle of substance over form shall be adopted.

The Group divides the transfer of financial assets into overall transfer and partial transfer. Where the transfer of financial assets as a whole meets the derecognition conditions, the difference between the following two amounts is recognised in the profit or loss for the current period:

- (1) The carrying amount of the transferred financial assets;
- (2) The sum of the consideration received from the transfer, and the accumulated change amount of fair value originally recorded directly in shareholders' equity (in the case where the financial assets involved in the transfer are financial assets at fair value through other comprehensive income (debt instruments)).

Where the partial transfer of financial assets satisfies the derecognition conditions, the carrying amount of the financial assets transferred as a whole shall be apportioned between the derecognized portion and the unrecognized portion based on their respective relative fair values, and the difference between the following two amounts shall be recognized in the profit or loss for the current period:

- (1) The carrying amount of the derecognized portion;
- (2) The sum of the consideration received for the derecognized portion and the amount specific to the derecognized portion in the cumulative change amount of fair value originally recorded directly in shareholders' equity (in the case where the financial assets involved in the transfer are financial assets measured at fair value through other comprehensive income (debt instrument)).

Where the transfer of financial assets doesn't satisfy the derecognition conditions, the financial assets shall be continually recognized, and the consideration received shall be recognized as one financial liability.

## 4. **Derecognition of financial liabilities**

A financial liability (or part of it) is derecognised when and only when the obligation specified in the contract is discharged or cancelled. An agreement between the Group and a lender to replace the existing financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the existing financial liability and the recognition of a new financial liability.

As for substantive changes made to the contract terms (whole or in part) of the existing financial liabilities, the existing financial liabilities (or part of it) will be derecognised. And financial liabilities after term revision will be recognised as a new financial liability.

Where the financial liabilities are derecognized in whole or in part, the difference between the carrying amount of financial liabilities derecognized and the consideration paid (including non-cash assets transferred or new financial liabilities assumed) shall be recognized in the profit or loss for the current period.

Where the Group repurchases part of its financial liabilities, it shall, on the repurchase date, allocate the carrying amount of financial liabilities as a whole according to the comparative fair value of the part that continues to be recognized and the derecognized part. The difference between the carrying amount allocated to the derecognized part and the considerations paid (including non-cash assets transferred and the new financial liabilities assumed) shall be recognised in the current profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

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## 5. **Recognition methods of the fair value of financial assets and financial liabilities**

As for the financial instruments for which there is an active market, the quoted prices in the active market shall be used to determine the fair values thereof. Where there is no active market for a financial instrument, the valuation techniques shall be adopted to determine its fair value. At the time of valuation, the Group adopts the valuation technique that is applicable to the current circumstance and is supported by sufficient available data and other information to select the input values consistent with the assets or liabilities characteristics that are considered by market participants in transactions of relevant assets and liabilities and shall give priority in the use of observable input values. The unobservable input values may be used only when the observable input values are unable or impractical to be obtained.

## 6. **Test method and accounting treatment method of impairment of financial instruments**

On the basis of expected credit losses, the Group conducts impairment accounting treatment for financial assets at amortised cost, financial assets at fair value through other comprehensive income (debt instruments), and financial guarantee contracts.

When calculating the probability-weighted present value of the difference between the contractual cash flow receivable and forecasted cash flows to be received, the Group takes reasonable and supportable information such as the past events, current conditions and forecasts of future economic conditions into consideration and uses probabilities of default as the weightings. The difference is recognised as expected credit losses.

For receivables and contract assets which arise from transactions governed by the Accounting Standards for Business Enterprises No. 14 – Revenue, their loss allowance is always measured at the amount of the expected credit losses for the lifetime.

For lease receivables which arise from transactions governed by the Accounting Standards for Business Enterprises No. 21 – Leasing, their loss allowance is always measured at the amount of the expected credit losses for the lifetime.

For other financial instruments, the Group assesses at each balance sheet date the changes in the credit risk of relevant financial instruments since initial recognition.

The Group compares financial instruments' default risk on the balance sheet date with their default risk on the date of initial recognition, to determine the relative changes in the risk of default during the expected lifetime of financial instruments, so as to assess whether the credit risk of financial instruments have increased significantly since initial recognition. The Group considers that the credit risk of a financial instrument has increased significantly if the financial instrument is overdue for more than 30 days, unless there is conclusive evidence that the credit risk has not increased significantly since initial recognition.

If the credit risk of a financial instrument is low at the balance sheet date, the Group considers that the credit risk of the financial instrument has not increased significantly since initial recognition.

If the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures its loss allowance at an amount equal to the expected credit losses over the lifetime of the financial instrument. Otherwise, the Group measures its loss allowance at an amount equal to the expected credit loss of the financial instrument over the next 12 months. The resulting increase or reversal of the loss allowance is recognized as an impairment loss or gain in the profit or loss for the current period. For financial assets at fair value through other comprehensive income (debt instruments), the Group recognises its loss allowance in other comprehensive income, includes impairment loss or gain in the profit or loss for the current period, and does not reduce the carrying amount of the financial assets shown in the balance sheet.

If there is objective evidence that a receivable is credit impaired, the Group shall provide for impairment of that receivable on an individual basis.

Except for the above-mentioned receivable with provision for bad debts made on an individual basis, the Group divides the remaining financial instruments into several portfolios according to the credit risk characteristics, and determines the expected credit losses based on portfolios.

Where the Group no longer has a reasonable expectation that the contractual cash flows from a financial asset will be fully or partially recovered, the book balance of the financial asset shall be written down directly.

# 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)

## (XI) Receivables

### 1. Recognition method and accounting treatment method for expected credit losses of notes receivable

For details of the recognition method and accounting treatment method for expected credit losses of notes receivable, please refer to "III. (X) 6. Test method and accounting treatment method of impairment of financial instruments" in this note.

### 2. Portfolio categories and determination basis of notes receivable with provision for bad debts made according to the credit risk characteristic portfolio

Except for notes receivable with provision for bad debts made on an individual basis, the Group divides the remaining notes receivable into several portfolios according to the credit risk characteristics, and determines the expected credit loss based on portfolios. The portfolio categories and determination basis of notes receivable subject to provision of expected credit losses are as follows:

Item	Portfolio categories	Determination basis
Notes receivable	Bank acceptance bills	The drawer has a high credit rating with no historical default of bills, extremely low credit loss risk, and strong ability to perform its obligation of contractual cash flow payment within a short period of time.
	Commercial acceptance bills (including finance company acceptance bills) among related parties	Commercial acceptance bills (including finance company acceptance bills) among related parties within the scope of consolidation of the Group have similar credit risk characteristics.
	Commercial acceptance bills among non-related parties	Commercial acceptance bills with the same aging that are not within the scope of consolidation of the Group have similar credit risk characteristics.

The details of the provision method are as follows:

- (1) For bank acceptance bills and commercial acceptance bills (including finance company acceptance bills) among related parties that have no indication of impairment, the Group determines that no expected credit loss exists and no provision for bad debts is made.
- (2) For other notes receivable that are not individually tested, the Group determines the estimated default loss rate (see the table below) based on the actual credit losses in prior years and taking into account forward-looking information for the current period, and calculates the expected credit losses of notes receivable based on the estimated default loss rate and makes provision for bad debts.

Aging	Estimated default loss rate of notes 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

### 3. Judgment criteria for individual provision in relation to notes receivable with provision for bad debts made on an individual basis

If there is objective evidence that a notes receivable is credit impaired, the Group shall provide for impairment of that notes receivable on an individual basis.

### 4. Recognition method and accounting treatment method for expected credit losses of accounts receivable

For details of the recognition method and accounting treatment method for expected credit losses of accounts receivable, please refer to "III. (X) 6. Test method and accounting treatment method of impairment of financial instruments" in this note.

# 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)

## 5. *Portfolio categories and determination basis of accounts receivable with provision for bad debts made according to the credit risk characteristic portfolio*

Except for accounts receivable with provision for bad debts made on an individual basis, the Group divides the remaining accounts receivable into several portfolios according to the credit risk characteristics, and determines the expected credit losses based on portfolios. The portfolio categories and determination basis of accounts receivable subject to provision of expected credit losses are as follows:

Item	Portfolio categories	Determination basis
Accounts receivable	Related Parties portfolio	Accounts receivable among related parties within the scope of consolidation of the Group have similar credit risk characteristics
	Portfolio of government units and public institutions	Based on the nature of businesses, accounts receivable from governmental units and public institutions have similar credit risk characteristics
	Aging portfolio	Accounts receivable with the same aging have similar credit risk characteristics

The details of the provision method are as follows:

- (1) For the accounts receivable from related parties, accounts receivable from governmental units and public institutions and other accounts receivable that have no indication of impairment, the Group determines that no expected credit loss exists and no provision for bad debts is made.
- (2) 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 estimated default loss rate (see the table below), and determines the expected credit loss of accounts receivable and makes provision for bad debts based on the estimated default loss rate.

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

## 6. *Judgment criteria for individual provision in relation to accounts receivable with provision for bad debts made on an individual basis*

If there is objective evidence that a accounts receivable is credit impaired, the Group shall provide for impairment of that accounts receivable on an individual basis.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (XII) Other receivables

### 1. Recognition method and accounting treatment method for expected credit losses of other receivables

For details of the recognition method and accounting treatment method for expected credit losses of other receivables, please refer to "III. (X) 6. Test method and accounting treatment method of impairment of financial instruments" in this note.

### 2. Portfolio categories and determination basis of bad debt provision made according to credit risk characteristic portfolio

Except for the above-mentioned other receivables with provision for bad debts made on an individual basis, the Group divides the remaining financial instruments into several portfolios according to the credit risk characteristics, and determines the expected credit loss based on portfolios. The portfolio categories and determination basis of other receivables subject to provision of expected credit losses are as follows:

Item	Portfolio categories	Determination basis
Other receivables	Portfolio of deposit and security deposit that are not past due	Based on the nature of businesses, deposit and security deposit that are not past due have similar credit risk characteristics
	Portfolio of retained reserve and employee loans	Based on the nature of businesses, retained reserve and employee loans have similar credit risk characteristics
	Related parties portfolio within the scope of consolidation of the Group	Other receivables among related parties within the scope of consolidation of the Group have similar credit risk characteristics
	Portfolio of government units and public institutions	Based on the nature of businesses, other receivables from governmental units and public institutions have similar credit risk characteristics
	Aging portfolio	Other receivables with the same aging have similar credit risk characteristics

The details of the provision method are as follows:

- (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) For other receivables 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 estimated default loss rate (see the table below), and determines the expected credit loss of other receivables and makes provision for bad debts based on the estimated default loss rate.

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

### 3. Judgment criteria for individual provision in relation to other receivables with provision for bad debts made on an individual basis

If there is objective evidence that an other receivable is credit impaired, the Group shall provide for impairment of that other receivable on an individual basis.

# NOTES TO THE FINANCIAL STATEMENTS

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## (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 Group uses the individual valuation method to determine the cost of inventories delivered.

### 3. *Inventory system*

The Group maintains a perpetual inventory system.

### 4. *Amortization method of low-value consumables and packaging materials*

(1) Low-value consumables adopt the one-time reversal method;

(2) The packaging materials adopt the one-time reversal method.

### 5. *Recognition criteria of provision for inventory value decline and the provision method*

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.

## (XIV) Contract assets

### 1. *Methods and criteria for recognition of contract assets*

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between the performance obligation and the customer's payment. The right to receive consideration for goods or services that the Group has transferred to the customer (which is dependent on factors other than the passage of time) is presented as a contract asset. Contract assets and contract liabilities under the same contract are presented on a net basis. The Group's unconditional (depending only on the passage of time) right to receive consideration from the customer is presented separately as a receivable.

### 2. *Recognition method and accounting treatment method for expected credit losses of contract assets*

For details of the recognition method and accounting treatment method for expected credit losses of contract assets, please refer to "III. (X) 6. Test method and accounting treatment method of impairment of financial instruments" in this note.

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## 3. **Portfolio categories and determination basis of bad debt provision made according to credit risk characteristic portfolio**

Except for contract assets with provision for bad debts made on an individual basis, the Group divides the remaining contract assets into several portfolios according to the credit risk characteristics, and determines the expected credit losses based on portfolios. The portfolio categories and determination basis of contract assets subject to provision of expected credit losses are as follows:

Item	Portfolio categories	Determination basis
Contract assets	Portfolio of completed and outstanding contract assets	Based on the nature of businesses, completed and outstanding contract assets have similar credit risk characteristics
	Portfolio of outstanding warranties	Based on the nature of businesses, outstanding warranties have similar credit risk characteristics

The details of the provision method are as follows:

For completed and outstanding contract assets, the contract assets of outstanding warranties and other contract assets that have no indication of impairment, the Group determines that no expected credit loss exists and no provision for bad debts is made.

## 4. **Judgment criteria for individual provision in relation to contract assets with provision for bad debts made on an individual basis**

If there is objective evidence that a contract asset is credit impaired, the Group shall provide for impairment of that contract asset on an individual basis.

## (XV) 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.

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(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.

### 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.

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## (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.

## (XVI) 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 year, 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.

## (XVII) 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	10-70	3-10	1.29-9.70

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.

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## (XVIII) 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.

### 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 net 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	1.80-12.13
Machinery and equipment	6-20	3-10	4.50-16.17
Transportation equipment	10-15	3-10	6.00-9.70
Other equipment	3-50	3-10	1.80-32.33

### 3. Disposal of fixed assets

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.

### 4. Other information

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.

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## (XIX) 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 assets other than inventories and financial assets.

Criteria and timing for carrying forward construction in progress of the Group to fixed assets are as follows:

Category	Criteria and timing for carrying forward to fixed assets	
Buildings and structures	1.	Physical construction including installation work is fully completed or substantially completed;
	2.	The expenditures that continue to be incurred on the buildings and structures purchased and built are minimal or almost no longer incurred;
	3.	The buildings and structures purchased and built meet the design or contract requirements or are basically consistent with the design or contract requirements;
	4.	Where construction projects reach their intended serviceable condition but do not settle the final account for the completed project, they shall be carried forward to fixed assets at the estimated values based on the actual costs of the projects starting from the date they reach their intended serviceable condition.
Machinery and equipment	1.	The relevant equipment and other supporting facilities have been installed;
	2.	The equipment can maintain normal and stable operation for a period of time after commissioning;
	3.	The production equipment can produce qualified products steadily for a period of time;
	4.	The equipment has been accepted by asset managers and users.

## (XX) 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.

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## (XXI) Intangible assets

### 1. Pricing method of intangible assets

(1) *Intangible asset acquired by the Group measured initially at cost*

The cost of outsourced intangible assets includes the purchase price, related taxes, and other expenditures directly attributable to making such asset reach intended use.

(2) *Subsequent measurement*

The useful life of intangible assets is analyzed and judged when they are acquired.

Intangible assets with a finite useful life shall be amortized over the period when economic benefits are brought to the enterprise; intangible assets with an indefinite useful life shall not be amortized if it is not foreseeable that they will bring economic benefits to the enterprise.

### 2. Useful life estimation for intangible assets with a finite useful life

Item	Estimated useful life (year)	Amortization method	Determination basis of estimated useful life
Land use rights	30-70	Straight-line method	Consistent with the use life of the certificate
Software	3-10	Straight-line method	The estimated term for providing economic benefits, the years stipulated in the contract or the years for benefits
Others	3-25	Straight-line method	

### 3. Basis for determining intangible assets with an indefinite useful life and procedures for reviewing their 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.

### 4. Classification scope of research and development expenditures

Expenditures incurred when the Group conducts research and development include related employee compensation for personnel engaged in research and development activities, materials used, related depreciation and amortization expenses and others.

### 5. Specific criteria for dividing the research phase and development phase

The expenditures of the Group's internal research and development projects are divided into expenditures for the research phase and expenditures for the development phase.

Research phase: The phase in which creative and planned investigation and research activities are conducted to acquire and understand new scientific or technical knowledge.

Development phase: The phase in which the research findings or other knowledge are applied to a plan or design to manufacture new or substantially improved materials, devices or products before commercial production or utilization.

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## 6. Specific conditions for capitalization of expenditures in the development phase

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 prove 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.

## (XXII) Impairment of long-term assets

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

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

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

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

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

## (XXIII) 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.

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## (XXIV) Contract liabilities

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between the performance obligation and the customer's payment. The Group's obligations to transfer goods or provide services to customers for consideration received or receivable are presented as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

## (XXV) 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 compensation

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.

#### (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.

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## (XXVI) 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.

## (XXVII) Production safety fee

According to the regulation for Notice of the Ministry of Finance and the Ministry of Emergency Management on Issuing the Administrative Measures for the Collection and Utilization of Enterprise Work Safety Funds (Cai Zi [2022] No. 136), 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.

## (XXVIII) Revenue

### 1. Accounting policies used for revenue recognition and measurement

The Group recognizes revenue when it has fulfilled its performance obligations under the contract, that is, when the customer obtains control of related goods or services. Gaining control of the relevant goods or services means being able to dominate the use of the goods or services and obtain almost total economic benefit from them.

Where there are two or more performance obligations included in a contract, the Group shall, on the commencement of the contract, apportion the transaction price to each individual performance obligation in accordance with the relative proportion of each individual selling price of the good or service promised by each individual performance obligation and recognize the revenue according to the transaction price apportioned to each individual performance obligation.

The transaction price is the amount of consideration that the Group expects to be entitled to collect for the transfer of goods or services to its customers, excluding payments collected on behalf of third parties and amounts expected to be refunded to the customer. The Group determines the transaction price in accordance with the terms of the contract and its past customary practices, and considers the impact of variable consideration, the existence of significant financing components in the contract, non-cash consideration, and consideration payable to customers in determining the transaction price. The Group determines the transaction price that includes variable consideration by an amount that does not exceed the amount for which it is highly probable that there will be no material reversal of the cumulative recognized revenue when the relevant uncertainty is removed. Where the contract contains a significant financing component, the Group determines the transaction price as the amount payable assuming that a customer would have paid in cash upon obtaining the control of the goods or services. The difference between the transaction price and the consideration of the contract is amortized using the effective interest method over the contract term.

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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:

- customers obtain and consume the economic benefits from the performance by the Group of its obligations at the time of performance.
- customers are able to control the goods under development in the process of performance by the Group of its obligations.
- 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 contract obligations performed within a certain period of time, the Group shall recognize the revenue in accordance with the progress of the obligation performance during that time, except when the progress of performance cannot be reasonably determined. The Group considers the nature of the goods or services and adopts the output method or the input method to determine the fulfillment progress of the performance. When the performance progress cannot be reasonably determined, the incurred cost expected to be compensated is recognised by the Group 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 when the customer has obtained the control over the relevant goods or services. In determining whether customers have obtained control over goods or services, the Group considers the following:

- The Group has the right to receive payment for the goods or services immediately; i.e. the customer has the obligation to make payment for the goods immediately.
- The Group has transferred the legal title of goods to the customer, i.e. the customer has possessed the legal title of the goods.
- The Group has physically transferred the goods to the customer, i.e. the customer has taken physical possession of the goods.
- The Group has transferred to the customer the principal risks and rewards of ownership of the goods, i.e., the customer has acquired the principal risks and rewards of ownership of the goods.
- The customer has accepted the goods or services, etc.

Based on whether the Group has control over the goods or services before transferring the goods or services to the customer, the Group determines whether it is the primary responsible party or the agent when engaging in transactions. If the Group is able to control the goods or services before transferring them to the customer, the Group is the primary responsible party and recognizes revenue based on the total amount of consideration received or receivable; otherwise, the Group is the agent and recognizes revenue based on the amount of the commission or service fee to which it is expected to be entitled.

## 2. Disclosure of specific revenue recognition and measurement methods by business type

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:

### (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.

# 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)

(2) *Revenue from ship maintenance and modification*

The ship maintenance and modification business provided by the Group shall generally be accounted for on the basis of “performance at a certain point in time”, that is, when the customer obtains the control of the relevant goods or after the completion of ship maintenance and modification and settlement procedures, the revenue shall be recognised according to the contract price and the corresponding costs shall be carried forward. For special contracts such as ship maintenance and modification businesses with a maintenance or modification cycle of more than 1 year, if it is evaluated and judged that such contracts meet the condition to “performance over time”, the input method shall be used to determine the appropriate progress of performance based on the reasonably delineated performance obligations, and the revenue and costs shall be recognised in accordance with the progress of performance upon fulfillment of each individual performance obligation.

(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.

## (XXIX) 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.

# 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)

## (XXX) 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. **Judgment basis and accounting treatment method 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.

### 2. **Judgment basis and accounting treatment method for 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 method 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.

# 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)

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

Income tax includes current income tax and deferred income tax. The Group recognizes current income tax and deferred income tax in the profit or loss for the current period, except for the income tax arising from business combinations and transactions or events directly included in owners' equity (including other comprehensive income).

Deferred tax assets and deferred tax liabilities are recognised based on the differences (temporary differences) between the tax bases and the carrying amount of assets and liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which deductible temporary differences can be utilized. For deductible losses and tax credits that can be carried forward to the next year, deferred tax assets shall be recognized to the extent that it is probable that future taxable income will be available to offset the deductible losses and tax credits.

Save for exceptions, deferred tax liabilities shall be recognized for the taxable temporary difference.

The exceptions for not recognition of deferred tax assets or liabilities include:

- the initial recognition of the goodwill;
- transactions or matters other than business combinations in which neither profit nor taxable income (or deductible loss) will be affected when transactions occur, and in which the initial recognition of assets and liabilities do not result in equal amounts of taxable temporary differences and deductible temporary difference.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, joint ventures and associates, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, joint ventures and associates will be reversed in the foreseeable future and that the taxable income will be available in the future against which the temporary differences can be utilised, the deferred tax assets are recognised.

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 in accordance with the provisions of the tax laws.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed by the Group. 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 future periods. To the extent that it is probable that sufficient taxable income will be available, the written down amount is reversed.

When the Group has a legally enforceable right to set off and intends either to settle on a net basis or to acquire the income tax asset and settle the income tax liability simultaneously, current income tax assets and current income tax liabilities shall be presented as the net amount after offsetting.

At the balance sheet date, deferred tax assets and deferred tax liabilities are presented as net of offsetting amounts when both of the following conditions are met:

- The taxable entity has the legal right to settle current income tax assets and current income tax liabilities on a net basis;
- Deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity or on different taxable entities, but in each future period in which it is significant that the deferred tax assets and liabilities reverse, the taxable entities involved intend to settle the current income tax assets and liabilities on a net basis or acquire the assets and settle the liabilities at the same time.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (XXXII) 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 date of a contract, the Group assesses whether the contract is a lease or contains a lease. A contract is a lease or contains a lease if one party to the contract cedes the right to control the use of one or more identified assets for a specified period of time in exchange for consideration.

If the contract contains multiple separate leases at the same time, the Group shall split the contract and account for them separately. If the contract contains both lease and non-lease portions, the lessee and lessor shall split the lease and non-lease portions.

### 1. The Group as a lessee

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

At the commencement date of the lease term, the Group recognises right-of-use assets for leases other than short-term leases and leases of low-value assets. The right-of-use assets are initially measured at cost. The cost includes:

- The initial measurement amount of the lease liability;
- The 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;
- The initial direct costs incurred by the Group;
- Costs expected to be incurred by the Group to disassemble and remove the leased assets, restore the site where the leased assets are located or restore the leased assets to the agreed condition under the terms of the lease, excluding costs that are part of the costs incurred for the production of inventories.

The Group subsequently depreciates right-of-use assets using the straight-line method. If it can be reasonably determined that the ownership of the leased assets can be obtained at the expiry of the lease term, the leased assets are depreciated over their remaining useful life; otherwise, the leased assets are depreciated over the shorter of the lease term and the remaining useful life of the leased assets.

The Group determines whether a right-of-use asset is impaired and accounts for the identified impairment loss in accordance with the principles described in "III. (XXII) Impairment of long-term assets" of this note.

#### (2) Lease liabilities

At the commencement date of the lease term, the Group recognizes a lease liability for leases other than short-term leases and leases of low-value assets. The lease liability is initially measured at the present value of the lease payments outstanding. Lease payments include:

- 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;
- Variable lease payments depending on the index or ratio;
- The amount expected to be paid based on the residual value of the guarantee provided by the Company;
- The exercise price of the purchase option, provided that the Company reasonably determines that it will exercise the option;
- The amount required to be paid to exercise the option to terminate the lease, provided that the lease term reflects that the Company will exercise the option to terminate the lease.

The Group uses the implicit rate of the lease as the discount rate, but if the implicit rate of the lease cannot be reasonably determined, the Group's incremental borrowing rate is used as the discount rate.

The Group calculates the interest expenses on lease liabilities for each period of the lease term at a fixed periodic rate, which are recognized in current profit or loss or the cost of the related assets.

Variable lease payments that are not included in the measurement of the lease liabilities are recognized in current profit or loss or the cost of the related asset when they are actually incurred.

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After the commencement date of the lease term, if the following circumstances occur, the Group re-measures the lease liability and adjusts the right-of-use asset accordingly. If the carrying amount of the right-of-use asset has been reduced to zero, the lease liability still needs to be further reduced. The Group accounts for the difference in the current profit or loss:

- When there is a change in the valuation of the purchase option, lease renewal option or termination option, or when the actual exercise of the aforementioned options is not consistent with the original valuation, the Group remeasures the lease liabilities at the present value calculated by the changed lease payments and the revised discount rate;
- When there is a change in the substantive fixed payment amount, a change in the amount expected to be payable for the guaranteed residual value, or a change in the index or rate used to determine the lease payments, the Group remeasures the lease liabilities at the present value of the lease payments after the change and the original discount rate. However, if the change in lease payments results from a change in floating interest rates, the present value is calculated using the revised discount rate.

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

The Group has chosen not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, and the Group recognizes the related lease payments in 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. 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 lease with a value of not more than RMB40,000.00 when the single leased asset is a new asset is recognised as a low value. If the Company subleases or expects to sublease a leased asset, the original lease is not a low-value asset lease.

## (4) Changes in leases

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

- The lease modification expands the scope of the lease by adding the right to use one or more leased assets;
- 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 Company reapportioned the consideration of the modified contract, redetermined the lease term, and remeasured the lease liability based on the present value of the modified lease payments and the revised discount rate.

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

## 2. The Group as lessor

At the commencement date of the lease term, the Group classifies leases as financing leases and operating leases. A finance lease is a lease that transfers substantially all of the risks and rewards associated with ownership of a leased asset, regardless of whether ownership is ultimately transferred. An operating lease is a lease other than a finance lease. When the Group acts as a sublease lessor, it classifies the sublease based on the right-of-use assets arising from the original lease.

### (1) Accounting treatment for operating leases

The lease receipts derived from operating leases are recognised as rental income on a straight-line basis over the respective periods of the lease terms. The Group capitalizes the initial direct costs incurred in connection with operating leases, which are allocated to current profit and loss over the lease term on the same basis as rental income is recognized. Variable lease payments not included in the lease receipts are recognized in profit or loss for the period when they are actually incurred. If an operating lease is changed, the Company accounts for it as a new lease from the effective date of the change, and the amount of lease receipts received in advance or receivable in connection with the lease before the change is considered to be the amount of receipts for the new lease.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (2) Accounting treatment for financial leases

At the commencement date of the lease term, the Group recognizes financial lease receivables for finance leases and derecognizes the financial lease assets. When the Group makes initial measurement of the finance lease receivables, the net lease investment is used as the entry value of the finance lease receivables. The net investment in leases is the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the commencement date of the lease term discounted at the implicit rate of the lease.

The Group calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate. Derecognition and impairment of finance lease receivables are accounted for in accordance with "III. (X) Financial Instruments" in this note.

Variable lease payments not included in the net lease investment measurement are recognized in profit or loss when they are actually incurred.

When a change in a finance lease occurs and all of the following conditions are met, the Group will account for the change as a separate lease:

- The lease change expands the scope of lease by adding one or more rights to use the leased assets;
- The increased consideration is equivalent to the separate price of the expanded portion of the lease adjusted according to the provisions of the contract.

If a change in a finance lease is not accounted for as a separate lease, the Group accounts for the changed lease separately in the following circumstances:

- If the change becomes effective on the commencement date of the lease and the lease will be classified as an operating lease, the Group accounts for it as a new lease from the effective date of the lease change and uses the net investment in the lease prior to the effective date of the lease change as the carrying amount of the leased asset;
- If the change becomes effective on the commencement date of the lease, the lease will be classified as a finance lease, and the Group will account for it in accordance with the policy of amending or renegotiating the contract as described in "III. (X) Financial Instruments" of this note.

## 3. Sale and leaseback transactions

The Company assesses whether the transfer of assets in sale and leaseback transactions is a sale in accordance with the principles described in "III. (XXVIII) Revenue" of this note.

### (1) As the lessee

Where the transfer of an asset in a sale and leaseback transaction is a sale, the Company, as the lessee, measures the right-of-use asset created by the sale and leaseback at the portion of the original asset's carrying amount that relates to the right-of-use acquired by the leaseback and recognizes the related gain or loss only for the right transferred to the lessor.

If the transfer of an asset in a sale and leaseback transaction is not a sale, the Company, as the lessee, continues to recognize the transferred asset and also recognizes a financial liability equal to the transfer income. For details of the accounting treatment of financial liabilities, please refer to "III. (X) Financial Instruments" of this note.

### (2) As the lessor

If the transfer of assets in a sale and leaseback transaction is a sale, the Company accounts for the purchase of the assets as a lessor and accounts for the lease of the assets in accordance with the aforementioned policy "2. The Group as lessor". If the transfer of assets in a sale and leaseback transaction is not a sale, the Company, as the lessor, does not recognize the transferred asset, but recognizes a financial asset equal to the transfer income. For details of the accounting treatment of financial assets, please refer to "III. (X) Financial Instruments" of this note.

# NOTES TO THE FINANCIAL STATEMENTS

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## (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 recognized in the current profit or loss, and also adjusts the carrying amount of the hedged item.

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 unrecognized 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

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## (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 non-financial liability, the amounts taken to other comprehensive income are transferred to the initial carrying amount of the non-financial 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 nonfinancial 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 reports

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

## (XXXV) Fair value measurement

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

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

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

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

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

For assets and liabilities that are measured at fair value and recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at each balance sheet date.

# 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 estimations and assumptions, 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 key assumptions and uncertain factors that affect estimates. The changes on accounting estimates effects should be recognised in the current year or carry forward.

The following accounting estimates and key assumptions carry a significant risk of causing significant adjustment to the book value of assets and liabilities for next accounting year.

### 1. 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.

### 2. Income tax

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

Deferred 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.

### 3. Measurement of defined benefit plan obligations

The Group has recognized the supplementary retirement benefits of defined benefit plans as a liability. The estimated amount of such benefit expenses and liabilities shall be calculated and paid based on various assumptions. These assumptions include the discount rate, the growth rate of benefit expenses during relevant periods and other factors. Deviations arising between actual results and actuarial assumptions will affect the accuracy of relevant accounting estimates. Although the management believes that the above assumptions are reasonable, any changes in such assumptions will still affect the amount of estimated liabilities for relevant supplementary endowment insurance and other unplanned benefit plans.

## (XXXVII) Determination Method and Selection Basis of Materiality Standards

Item	Materiality standards
Material construction in progress	Amount exceeding RMB5 million
Material accounts receivable aged over one year	Amount exceeding RMB15 million
Material contract liabilities aged over 1 year	Amount exceeding RMB15 million
Material other payables aged over 1 year or overdue	Amount exceeding RMB10 million
Material non-wholly-owned subsidiary	Total assets of a non-wholly owned subsidiary are greater than 20% of the Group's total assets
Material joint ventures or associates	Carrying amount of long-term equity investments in a joint venture or associate is greater than 5% of the Group's total assets

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (XXXVIII) Changes in significant accounting policies and accounting estimates

### 1. Changes in significant accounting policy

#### (1) Implementation of “No. 17 of the Accounting Standards for Business Enterprises Interpretation”

On 25 October 2023, the MOF issued “No. 17 of the Accounting Standards for Business Enterprises Interpretation” (Cai Kuai [2023] No. 21) (the “Interpretation No. 17”).

##### ① Division between Current Liabilities and Non-current Liabilities

Interpretation No. 17 clarifies that:

- If a business enterprise does not have a substantive right at the balance sheet date to defer settlement of a liability for more than one year after the balance sheet date, the liability shall be classified as a current liability.
- For liabilities arising from a business enterprise’s loan arrangement, the enterprise’s right to defer settlement of the liability for more than one year after the balance sheet date may depend on whether or not the business enterprise has complied with the conditions stipulated in the loan arrangement (hereinafter referred to as the covenants), and the business enterprise, in determining whether or not it has a substantive right to defer settlement of the liability, shall only take into account the covenants that should have been complied with on or before the balance sheet date, and shall not take into account the covenants that should be complied with by the business enterprise after the balance sheet date.
- Settlement of a liability for the purpose of division of a liability based on liquidity means that the business enterprise discharges the liability by transferring cash, other economic resources (such as goods or services) or the business enterprise’s own equity instruments to the counterparty. If the terms of the liability result in the business enterprise settling the liability by delivering its own equity instruments at the option of the counterparty, and if the business enterprise classifies the above option as an equity instrument and recognizes it separately as an equity component of a compound financial instrument in accordance with the requirements of the “Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments”, the terms of the liability shall not affect the liquidity classification of the liability.

This interpretation is effective from 1 January 2024, and enterprises should make adjustments to the information in comparable period in accordance with this interpretation when implementing this interpretation for the first time.

The implementation of this requirement did not have any material impact on the financial position and operating results of the Group.

##### ② Disclosure of Supplier Financing Arrangements

Interpretation No. 17 requires that a business enterprise shall summarize and disclose information about supplier financing arrangements when making disclosure in notes to assist users of the statements in assessing the impact of these arrangements on the liabilities, cash flows and exposure to liquidity risk of the business enterprise. The impact of supplier financing arrangements should also be considered when identifying and disclosing information about liquidity risk. The disclosure requirement applies only to supplier financing arrangements. A supplier financing arrangement is a transaction with the following characteristics: one or more financing providers providing funds for the payment of business enterprise’s amounts due to its suppliers, with an agreement that the business enterprise shall make repayment to the finance providers in accordance with the terms and conditions of the arrangement on or after the date the business enterprise receives payment from its suppliers. The supplier financing arrangement shall extend the payment period for the business enterprise or advance the collection period for the suppliers of the business enterprise compared to the original due date of payment.

The requirement is effective from 1 January 2024, and enterprises should adopt the prospective application method. The data resource related expenses that have been expensed in profit or loss before the requirement is effective will not be adjusted. The implementation of this requirement did not have any material impact on the financial position and operating results of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (2) Implementation of "Provisional Regulations on Accounting Treatment of Enterprise's Data Resources"

On 1 August 2023, the MOF issued the "Provisional Regulations on Accounting Treatment of Enterprise's Data Resources" (Cai Kuai [2023] No. 11), which is applicable to the accounting treatment for data resources that are recognised as assets such as intangible assets or inventories in accordance with the relevant provisions of the Accounting Standards for Business Enterprises, as well as the accounting treatment for data resources legally owned or controlled by an enterprise and that are expected to bring economic benefits to the enterprise but that do not satisfy the conditions for recognition of assets and are not recognised as assets. It also sets out specific requirements for the disclosure of data resources.

The requirement is effective from 1 January 2024, and enterprises should adopt the prospective application method. The data resource related expenses that have been expensed in profit or loss before the requirement is effective will not be adjusted. The implementation of this requirement did not have any material impact on the financial position and operating results of the Group.

## (3) Implementation of Accounting Standards for Business Enterprises Interpretation No. 18 on "Accounting Treatment of Assurance-Type Quality Assurance Not Constituting a Single Performance Obligation"

On 6 December 2024, the Ministry of Finance issued Accounting Standards for Business Enterprises Interpretation No. 18 (Cai Kuai [2024] No. 24, hereinafter referred to as "Interpretation No. 18"). This interpretation is effective from the date of issuance and allows enterprises to apply it early from the year of issuance.

Interpretation No. 18 stipulates that, when accounting for estimated liabilities arising from assurance-type quality assurance that do not constitute a single performance obligation, enterprises shall debit accounts such as "Cost of principal businesses" or "other operating costs" and credit the "estimated liabilities" account in accordance with the relevant provisions of Accounting Standards for Business Enterprises No. 13-Contingencies. The corresponding amounts shall be presented in the "operating costs" item in the income statement and the "other current liabilities," "non-current liabilities due within one year," and "estimated liabilities" items in the balance sheet.

Upon initial application of this interpretation, if assurance-type quality assurance were previously recognised in "Cost of sales" or similar items, enterprises shall retrospectively adjust according to the accounting policy change. The main impact of the Group's implementing this provision from 2024 is as follows:

Details and reasons for the changes in accounting policies	Affected statement items	Consolidated		Parent Company	
		2024	2023	2024	2023
Assurance-type quality assurance	Cost of principal businesses	72,984,260.94	89,904,020.19		
Assurance-type quality assurance	Cost of sales	-72,984,260.94	-89,904,020.19		

## 2. Changes in significant accounting estimates

There was no change in the Group's significant accounting estimates during the Reporting Period.

## IV. TAX

### (I) Main taxes and rates

Tax types	Tax basis	Tax rate
Value-added tax	The VAT payable is the difference between output tax (calculated based on sales of goods and taxable service income under the tax laws) and the deductible input tax of the period	13%, 9%, 6%
City maintenance and construction tax	Based on value-added tax paid	7%
Educational surcharge	Based on value-added tax paid	3%
Local educational surcharge	Based on value-added tax paid	2%
Enterprise income tax	Based on taxable profits	25%, 20%, 15%
Hong Kong profits tax	Taxable income	16.50%

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

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

Name of tax payer	Tax rate
The Company	25.00%
CSSC Huangpu Wenchong Shipbuilding Company Limited ("Huangpu Wenchong")	15.00%
Guangzhou Wenchong Shipyard Co., Ltd. ("Wenchong Shipyard")	15.00%
Guangzhou Huangchuan Ocean Engineering Co., Ltd. ("Huangchuan Ocean Engineering")	25.00%
Guangzhou Wenchuan Heavy Industrial Co., Ltd. ("Wenchuan Heavy Industrial")	15.00%
Guangxi Wenchuan Heavy Industrial Co., Ltd. ("Guangxi Heavy Industrial")	25.00%
CSSC Industrial Internet Co., Ltd. ("CSSC Internet")	15.00%
Zhanjiang Nanhai Ship Hi-Tech Services Co., Ltd. ("Zhanjiang Nanhai")	20.00%
Guangzhou CSSC Wenchong Bingshen Facilities Co., Ltd. ("Wenchong Bingshen")	20.00%
Wah Shun International Marine Limited ("Wah Shun")	16.50%
Wah Loong International Marine Limited ("Wah Loong")	16.50%
Guangzhou Xingji Maritime Engineering Design Co., Ltd. ("Xingji")	20.00%
HuaCheng (TianJin) Ship Leasing Co., Ltd. ("HuaCheng")	25.00%
HuaXin (TianJin) Ship Leasing Co., Ltd. ("HuaXin")	25.00%
Wan Sheng International Marine Limited ("Wan Sheng")	16.50%
Wan Xing International Marine Limited ("Wan Xing")	16.50%
Wan Xiang International Marine Limited ("Wan Xiang")	16.50%
Wan Rui International Marine Limited ("Wan Rui")	16.50%
Wan Yu International Marine Limited ("Wan Yu")	16.50%
Guangzhou Wenchong Ship Engineering Co., Ltd. ("Wenchong Engineering")	20.00%

Other explanations: Wah Shun, Wah Loong, Wan Sheng, Wan Xing, Wan Xiang, Wan Rui and Wan Yu, which are incorporated in Hong Kong, enforce Hong Kong profits tax at 16.50%.

## (II) Preferential taxation treatment

### 1. Value-added tax

- Export income: 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.
- Revenue from software: In accordance with the Circular of the State Administration of Taxation of the Ministry of Finance on the Value-added Tax Policy of Software Products (Cai Shui [2011] No. 100), for sales of self-developed software by certain subsidiaries of the Group, the portion of actual value-added tax burden in excess of 3% may be recovered upon payment in accordance with the relevant policy.
- Some of the Group's subsidiaries are advanced manufacturing enterprises. Pursuant to the Announcement on the Policies for the Supertax and Deduction of VAT in Advanced Manufacturing Enterprises (Announcement of the Ministry of Finance and the State Taxation Administration No. 43 of 2023) promulgated by the Ministry of Finance and the State Taxation Administration, advanced manufacturing enterprises are allowed to deduct the VAT payable by 5% of the deductible input tax in the current period from 1 January 2023 to 31 December 2027.

### 2. Enterprise income tax

- Huangpu Wenchong obtained the Certificate of Hi-tech Enterprise (certificate no.: GR202444006517) on 28 November 2024, with a validity till 28 November 2027. The tax rebate rate is 15% for income tax of Huangpu Wenchong.
- Wenchong Shipyard obtained the Certificate of Hi-tech Enterprise (certificate no.: GR202244010062) on 2 December 2022, with a validity till 1 December 2025. The tax rebate rate is 15% for income tax of Wenchong Shipyard.
- Wenchuan Heavy Industrial obtained the Certificate of Hi-tech Enterprise (certificate no.: GR202444000148) on 19 November 2024, with a validity till 19 November 2027. The tax rebate rate is 15% for income tax of Wenchuan Heavy Industrial.
- CSSC Internet obtained the Certificate of Hi-tech Enterprise (certificate no.: GR202444009625) on 11 December 2024, with a validity till 11 December 2027. The tax rebate rate is 15% for income tax of CSSC Internet.
- Zhanjiang Nanhai, Wenchong Bingshen, Xingji and Wenchong Engineering are small low-profit enterprises, according to the Announcement of Ministry of Finance and the Tax Administration No. 12 of 2023 "Announcement on Further Supporting the Development of Relevant Tax and Fee Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households", from 1 January 2023 to 31 December 2027, the taxable income of small low profit enterprises will be reduced by 25% of the taxable income and subject to a tax rate of 20%.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024  
(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

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

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

Item	Ending balance	Beginning balance
Cash on hand	20,307.97	13,864.48
Digital currency		
Bank deposits	192,788,988.02	30,248,792.19
Other cash at bank and on hand	2,027,443,793.14	1,845,825,352.51
Deposit in finance company	13,040,341,355.19	14,546,717,140.39
<b>Total</b>	<b>15,260,594,444.32</b>	<b>16,422,805,149.57</b>

Including: Total amount deposited overseas **7,842,211.88** 14,263,639.10  
Amounts deposited overseas and limited to remit to China

Other explanations: For details of monetary funds not classified as cash and cash equivalents 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, please refer to "V. (LXXII) 6. Monetary funds which are not cash and cash equivalents" in this note. The Group's funds deposited overseas as at the end of the year are deposits of the subsidiaries established in Hong Kong.

### (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	154,574.60	223,990.40
Including: Investment in debt instruments		
Investments in equity instruments	154,574.60	223,990.40
Derivative financial assets		
Others		
Financial assets designated at fair value through profit or loss	1,016,859.47	8,903,878.79
Including: Forward exchange contracts	1,016,859.47	8,903,878.79
<b>Total</b>	<b>1,171,434.07</b>	<b>9,127,869.19</b>

Reasons and basis for financial assets designated at fair value through profit or loss: at the time of initial recognition, they can eliminate or significantly reduce accounting mismatches.

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

Item	Fair value at the end of the year	Fair value at the beginning of the year
Listed	154,574.60	223,990.40
Unlisted	1,016,859.47	8,903,878.79
<b>Total</b>	<b>1,171,434.07</b>	<b>9,127,869.19</b>

Other explanations: 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 year.
- (2) 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)/number of years of discount rate.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

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)/number of years of discount rate.

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”.

## (III) Notes receivable

### 1. Types of notes receivable

Item	Ending balance	Beginning balance
Bank acceptance bills	45,894,339.59	2,250,000.00
Finance company acceptance bills	10,208,118.30	123,000.00
Commercial acceptance bills		18,019,000.00
<b>Total</b>	<b>56,102,457.89</b>	<b>20,392,000.00</b>

### 2. Disclosure of notes receivable by method of bad debt provision

Type	Ending balance				
	Book balance		Provision for bad debts		Carrying value
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made on an individual basis					
Provision for bad debts made on a collective basis with credit risk features	56,102,457.89	100.00			56,102,457.89
<b>Total</b>	<b>56,102,457.89</b>				<b>56,102,457.89</b>

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					
Provision for bad debts made on a collective basis with credit risk features	20,392,000.00	100.00			20,392,000.00
<b>Total</b>	<b>20,392,000.00</b>				<b>20,392,000.00</b>

Provision for bad debts made on a collective basis with credit risk features:

Item:

Name	Ending balance		
	Notes receivable	Provision for bad debts	Percentage of provision (%)
Bank acceptance bills	45,894,339.59		
Finance Company acceptance bills	10,208,118.30		
<b>Total</b>	<b>56,102,457.89</b>		

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## 3. Provision for bad debts made, reversed or recovered during the year

None.

## 4. Notes receivable pledged of the Company as at the end of the year

Item	Pledged amount as at the end of the year
Bank acceptance bills	13,410,000.00
Finance company acceptance bills	
Commercial acceptance bills	
<b>Total</b>	<b>13,410,000.00</b>

## 5. Notes receivable which has been endorsed or discounted to other party at the end of the year but not yet expired at the balance sheet date

Item	Amount derecognised at the end of the year	Amount not derecognised at the end of the year
Bank acceptance bills		11,200,000.00
Finance company acceptance bills		7,017,312.50
<b>Total</b>		<b>18,217,312.50</b>

## 6. Notes receivable actually written-off during the year

None.

### (IV) Accounts receivable

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

Ageing	Ending balance	Beginning balance
Within one year	<b>1,087,502,662.41</b>	1,831,260,862.04
1 to 2 years	<b>200,773,733.85</b>	232,123,477.25
2 to 3 years	<b>42,384,569.49</b>	50,000,426.05
3 to 4 years	<b>13,407,264.43</b>	14,375,512.16
4 to 5 years	<b>732,670.71</b>	787,068.12
Over 5 years	<b>12,696,822.46</b>	11,980,809.11
Subtotal	<b>1,357,497,723.35</b>	2,140,528,154.73
Less: Provision for bad debts	<b>30,577,244.37</b>	36,435,014.28
<b>Total</b>	<b>1,326,920,478.98</b>	<b>2,104,093,140.45</b>

#### 2. Credit period of accounts receivable

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

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## 3. Disclosure of accounts receivable by method of bad debt provision

Type	Ending balance				
	Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	Carrying value
Provision for bad debts made on an individual basis					
Provision for bad debts made on a collective basis	1,357,497,723.35	100.00	30,577,244.37	2.25	1,326,920,478.98
<b>Total</b>	<b>1,357,497,723.35</b>	<b>100.00</b>	<b>30,577,244.37</b>		<b>1,326,920,478.98</b>

Type	Beginning balance				
	Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	Carrying value
Provision for bad debts made on an individual basis					
Provision for bad debts made on a collective basis	2,140,528,154.73	100.00	36,435,014.28	1.70	2,104,093,140.45
<b>Total</b>	<b>2,140,528,154.73</b>	<b>100.00</b>	<b>36,435,014.28</b>		<b>2,104,093,140.45</b>

(1) Significant accounts receivable with provision for bad debts made on an individual basis:

None

(2) Provision for bad debts made on a collective basis with credit risk features:

Item:

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Ageing portfolio	714,122,226.43	30,577,244.37	4.28
Portfolio of government units and public institutions	509,791,376.81		
Related parties portfolio	133,584,120.11		
<b>Total</b>	<b>1,357,497,723.35</b>	<b>30,577,244.37</b>	

The details of the ageing portfolio are as follows:

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Within one year (inclusive)	566,071,592.15	686,827.77	0.12
1 to 2 years	101,500,084.80	10,150,008.47	10.00
2 to 3 years	36,452,791.88	10,935,837.56	30.00
3 to 4 years	5,733,264.43	4,586,611.54	80.00
4 to 5 years	732,670.71	586,136.57	80.00
Over 5 years	3,631,822.46	3,631,822.46	100.00
<b>Total</b>	<b>714,122,226.43</b>	<b>30,577,244.37</b>	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

(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 year

Type	Beginning balance	Amount of changes during the year			Ending balance
		Provision	Recovered or reversed	Resold or written-off	
Provision for bad debts of accounts receivable	36,435,014.28	-5,857,769.91			30,577,244.37
<b>Total</b>	36,435,014.28	-5,857,769.91			30,577,244.37

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

None

## 6. Accounts receivable and contract assets of top five debtors by ending balance

Name of entity	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Percentage of total ending balance of accounts receivable and contract assets (%)	Ending balance of provision for bad debts of accounts receivable and impairment of contract assets
Entity 1	341,069,254.34	549,385,200.00	890,454,454.34	23.77	816,281.37
Entity 2	129,517,465.22	10,137,455.38	139,654,920.60	3.73	
Entity 3	104,439,642.89	7,095,500.87	111,535,143.76	2.98	
Entity 4	91,562,677.20	56,289,266.64	147,851,943.84	3.95	
Entity 5	60,184,485.68	13,749,240.00	73,933,725.68	1.97	
<b>Total</b>	726,773,525.33	636,656,662.89	1,363,430,188.22	36.40	816,281.37

## (V) Receivable financing

### 1. Receivable financing by categories

Item	Ending balance	Beginning balance
Notes receivable	31,066,978.56	36,020,527.31
Accounts receivable	205,481,097.39	240,182,924.54
<b>Total</b>	236,548,075.95	276,203,451.85

Other description: 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 "Receivable financing."

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## 2. Changes in receivable financing and fair value changes in the current year

Item	Beginning balance	Addition during the year	Derecognised during the year	Other changes	Ending balance	Accumulated loss provision recognized in other comprehensive income
Notes receivable	36,020,527.31	2,022,886,454.96	2,027,840,003.71		31,066,978.56	
Accounts receivable	240,182,924.54	285,687,289.66	320,389,116.81		205,481,097.39	
<b>Total</b>	276,203,451.85	2,308,573,744.62	2,348,229,120.52		236,548,075.95	

## 3. Pledged receivable financing of the Company as at the end of the year

None.

## 4. Receivable financing of the Company which has been endorsed or discounted to other party at the end of the year but not yet expired at the balance sheet date

Item	Amount derecognised at the end of the year	Amount not derecognised at the end of the year
Notes receivable	138,187,575.08	
Accounts receivable		
<b>Total</b>	138,187,575.08	

## 5. Receivable financing actually written-off during the year

None.

## (VI) Prepayments

### 1. Ageing of prepayments

Ageing	Ending balance		Beginning balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within one year	3,971,201,605.75	71.58	1,728,698,239.43	63.15
1-2 years	860,607,407.55	15.51	443,056,828.28	16.19
2-3 years	413,061,006.69	7.45	368,145,338.15	13.45
Over 3 years	302,817,978.68	5.46	197,389,277.18	7.21
<b>Total</b>	5,547,687,998.67	100.00	2,737,289,683.04	100.00

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

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 Co., Ltd.	Controlled by the same controlling shareholders and actual controllers	335,197,972.10	333,432,500.11	6.01	Within 1 year, 1 to 2 years, 2 to 3 years, over 3 years	Large equipment received in batches and inspected and accepted
China Shipbuilding Group Co., Ltd. No. 715 Research Institute	Controlled by the same controlling shareholders and actual controllers	231,540,454.65	170,808,690.26	3.08	Within 1 year, 1 to 2 years	Large equipment received in batches and inspected and accepted
China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	Controlled by the same controlling shareholders and actual controllers	147,042,535.65	139,939,555.95	2.52	Within 1 year, 1 to 2 years, 2 to 3 years, over 3 years	Large equipment received in batches and inspected and accepted
China State Shipbuilding Corporation Limited System Engineering Research Institute	Controlled by the same controlling shareholders and actual controllers	395,722,711.47	128,958,235.44	2.32	Within 1 year, 1 to 2 years, 2 to 3 years	Large equipment received in batches and inspected and accepted
Shanghai Academy of Spaceflight Technology	Unrelated party	167,200,000.00	100,596,000.00	1.81	Within 1 year, 1 to 2 years, 2 to 3 years	Large equipment received in batches and inspected and accepted
China Shipbuilding Group Co., Ltd. No. 724 Research Institute	Controlled by the same controlling shareholders and actual controllers	127,182,300.88	86,500,000.00	1.56	Within 1 year, 1 to 2 years	Large equipment received in batches and inspected and accepted
China National Shipbuilding Equipment & Materials Co., Ltd.	Controlled by the same controlling shareholders and actual controllers	783,315,672.67	76,008,077.54	1.37	Within 1 year, 1 to 2 years, 2 to 3 years	Large equipment received in batches and inspected and accepted
China Electronics Technology Group Corporation No. 29 Research Institute	Unrelated party	91,277,876.11	73,200,000.00	1.32	1 to 2 years	Large equipment received in batches and inspected and accepted
China First Heavy Industries Co., Ltd.	Unrelated party	67,939,433.62	50,412,000.00	0.91	1 to 2 years	Large equipment received in batches and inspected and accepted
China Shipbuilding Engine Co., Ltd.	Controlled by the same controlling shareholders and actual controllers	170,430,265.49	40,290,265.49	0.73	Within 1 year, 1 to 2 years	Large equipment received in batches and inspected and accepted
MTU Asia Pte. Ltd.	Unrelated party	30,194,305.95	30,194,305.95	0.54	Over 5 years	Large equipment received in batches and inspected and accepted
China Shipbuilding Equipment & Materials Northeast Corporation	Controlled by the same controlling shareholders and actual controllers	30,779,253.70	24,110,626.22	0.43	Within 1 year, 1 to 2 years, 2 to 3 years	Large equipment received in batches and inspected and accepted
China Shipbuilding Group Co., Ltd. No. 711 Research Institute	Controlled by the same controlling shareholders and actual controllers	182,087,090.19	23,710,000.00	0.43	Within 1 year, 1 to 2 years	Large equipment received in batches and inspected and accepted
China Shipbuilding Group Co., Ltd. No. 713 Research Institute	Controlled by the same controlling shareholders and actual controllers	18,647,502.65	18,557,740.00	0.33	Within 1 year, 1 to 2 years, 2 to 3 years	Large equipment received in batches and inspected and accepted
CETC No. 20 Research Institute	Unrelated party	47,750,941.59	17,576,000.00	0.32	Within 1 year, 1 to 2 years	Large equipment received in batches and inspected and accepted
Anqing CSSC Diesel Engine Co., Ltd.	Controlled by the same controlling shareholders and actual controllers	78,776,958.41	17,218,158.41	0.31	Within 1 year, 1 to 2 years	Large equipment received in batches and inspected and accepted
China Shipbuilding Group Co., Ltd. No. 723 Research Institute	Controlled by the same controlling shareholders and actual controllers	16,666,800.00	15,935,700.00	0.29	Within 1 year, 1 to 2 years	Large equipment received in batches and inspected and accepted
China Ship Development and Design Center	Controlled by the same controlling shareholders and actual controllers	116,279,828.41	15,827,350.00	0.29	Within 1 year, 1 to 2 years	Large equipment received in batches and inspected and accepted
CSIC Haisheng Technology Co., Ltd.	Controlled by the same controlling shareholders and actual controllers	16,463,716.82	14,842,516.82	0.27	Within 1 year, 1 to 2 years	Large equipment received in batches and inspected and accepted
China Shipbuilding Industry Corporation No. 704 Research Institute	Unrelated party	65,153,603.54	13,644,309.38	0.25	Within 1 year, 1 to 2 years	Large equipment received in batches and inspected and accepted
Dalian CRRC Diesel Engine Special Equipment Co., Ltd.	Unrelated party	12,480,000.00	12,480,000.00	0.22	Over 3 years	Large equipment received in batches and inspected and accepted
<b>Total</b>		<b>3,132,129,223.90</b>	<b>1,404,242,031.57</b>	<b>25.31</b>		

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

(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 the entity	Ending balance	Percentage of total ending balance of prepayments to suppliers (%)
China National Shipbuilding Equipment & Materials Co., Ltd.	783,315,672.67	14.12
Hudong Heavy Machinery Co., Ltd.	574,522,991.13	10.36
China State Shipbuilding Corporation Limited		
System Engineering Research Institute	395,722,711.47	7.13
China Shipbuilding Trading Co., Ltd.	335,197,972.10	6.04
China State Shipbuilding Corporation Limited		
715 Research Institute	231,540,454.65	4.17
<b>Total</b>	<b>2,320,299,802.02</b>	<b>41.82</b>

## (VII) Other receivables

Item	Ending balance	Beginning balance
Interest receivable		
Dividend receivable	12,585,085.74	
Other receivables	50,529,923.36	63,332,234.35
<b>Total</b>	<b>63,115,009.10</b>	<b>63,332,234.35</b>

### 1. Dividend receivable

(1) Breakdown of dividend receivable

Item (or investee)	Ending balance	Beginning balance
Shi Ludwen Shipbuilding Heavy Industry Co., Ltd. (施璐德文船重工有限公司)	12,585,085.74	
Sub-total	12,585,085.74	
Less: Provision for bad debts		
<b>Total</b>	<b>12,585,085.74</b>	

### 2. Other receivables

(1) Disclosure by ageing

Ageing	Ending balance	Beginning balance
Within one year	35,623,431.40	29,481,741.33
1 to 2 years	9,619,538.42	2,689,153.25
2 to 3 years	1,117,804.84	20,194,244.37
3 to 4 years	1,510,715.48	6,600,000.00
4 to 5 years	5,238,837.95	4,731,932.51
Over 5 years	4,759,071.60	183,428.36
Sub-total	57,869,399.69	63,880,499.82
Less: provision for bad debts	7,339,476.33	548,265.47
<b>Total</b>	<b>50,529,923.36</b>	<b>63,332,234.35</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

(2) Breakdown of other receivables by nature

Nature of amount	Book balance as at the end of the year	Book balance as at the beginning of the year
Refundable deposit	19,120,186.28	33,629,507.46
Reserve funds	10,888,925.29	9,142,944.47
Other current accounts	27,860,288.12	21,108,047.89
Total	57,869,399.69	63,880,499.82

(3) Provision for bad debts

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	155,087.11	393,178.36		548,265.47
Beginning balance for the current year				
– Transfer to stage 2				
– Transfer to stage 3				
– Transfer back to stage 2				
– Transfer back to stage 1				
Provision made during the year	488,270.67	420,259.04	6,410,983.03	7,319,512.74
Reversed during the year				
Offset during the year				
Written-off during the year	528,301.88			528,301.88
Other changes				
<b>Ending balance</b>	<b>115,055.90</b>	<b>813,437.40</b>	<b>6,410,983.03</b>	<b>7,339,476.33</b>

Division basis for each stage and description for the proportion of provision for bad debts:

- 1) Stage 1: portfolio of deposit and security deposit that are not past due, portfolio of retained reserve and employee loans, related parties portfolio within the scope of consolidation of the Group, portfolio of government units and public institutions and aging portfolio aged less than two years. For the portfolio of deposit and security deposit that are not past due, portfolio of retained reserve and employee loans, related parties portfolio within the scope of consolidation of the Group, portfolio of government units and public institutions, aging portfolio aged 0 to 6 months, no provision for bad debts is made. For the aging portfolio aged 6 months to one year, the proportion of provision for bad debts is 0.5%. For aging portfolio aged one to two years, the proportion of provision for bad debts is 10%.
- 2) Stage 2: aging portfolio aged over two years. For aging portfolio aged two to three years, the proportion of provision for bad debts is 30%. For aging portfolio aged three to five years, the proportion of provision for bad debts is 80%. For aging portfolio aged over five years, the proportion of provision for bad debts is 100%.
- 3) Stage 3: other receivables for which provision for bad debts is made on anca individual basis.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

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	63,097,329.08	783,170.74		63,880,499.82
Beginning balance for the current year				
- Transfer to stage 2				
- Transfer to stage 3				
- Transfer back to stage 2				
- Transfer back to stage 1				
Increased during the year	-13,050,721.00	628,637.84	6,410,983.03	-6,011,100.13
Derecognised during the year				
Other changes				
<b>Ending balance</b>	<b>50,046,608.08</b>	<b>1,411,808.58</b>	<b>6,410,983.03</b>	<b>57,869,399.69</b>

(4) Provision for bad debts made, reversed or recovered during the year

Type	Beginning balance	Amount of changes during the year				Ending balance
		Provision	Recovered or reversed	Resold or written-off	Other changes	
Provision for bad debts of other receivables	548,265.47	7,319,512.74		528,301.88		<b>7,339,476.33</b>
<b>Total</b>	548,265.47	7,319,512.74		528,301.88		<b>7,339,476.33</b>

(5) Other receivables actually written-off during the year

Item	Amount written-off
Other receivables actually written-off	528,301.88

Explanation of write-off of other receivables: RMB528,301.88 of Shenzhen Shunchang Ocean Fishery Co., Ltd. was written-off during the year. After verification by the court, the counterparty had no enforceable property.

(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
China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	Other current accounts	<b>12,224,571.68</b>	Within 1 year, 1 to 2 years	21.12	6,410,983.03
Guangxin Shipbuilding & Heavy Industry Co. Ltd.	Refundable deposit	<b>9,620,000.00</b>	Within 1 year, 4 to 5 years, over 5 years	16.62	
China National Shipbuilding Equipment & Materials (South China) Co., Ltd.	Other current accounts	<b>4,724,185.82</b>	Within 1 year	8.16	
Special Customers	Other current accounts	<b>3,654,933.34</b>	Within 1 year	6.32	
Guangzhou Wenchong Industrial Co., Ltd.	Other current accounts	<b>2,068,299.05</b>	Within 1 year, 1 to 2 years, 2 to 3 years, 3 to 4 years	3.57	195,078.28
<b>Total</b>		<b>32,291,989.89</b>		55.79	6,606,061.31

Other explanations: A single bad debt provision of RMB6,410,983.03 was made for China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd. during the year due to the bankruptcy of the company's supplier ZGPT Diesel Heavy Industry Co., Ltd., and the prepayments corresponding to the relevant contracts are expected to be unrecoverable.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

(7) Presentation under other receivables due to centralized capital management

None.

## (VIII) Inventories

### 1. Breakdown of inventories

Type	Ending balance			Beginning balance		
	Book balance	Provision for impairment of inventories/ performance cost provision for impairment of contract	Carrying value	Book balance	Provision for impairment of inventories/ performance cost provision for impairment of contract	Carrying value
Raw materials	725,183,450.96	6,616,714.69	718,566,736.27	1,096,741,525.09	6,616,714.69	1,090,124,810.40
Work in progress	4,372,726,990.95	82,140,552.75	4,290,586,438.20	3,319,753,760.87	35,108,323.55	3,284,645,437.32
Contract performance cost	896,531,272.33		896,531,272.33	1,059,999,027.47		1,059,999,027.47
<b>Total</b>	<b>5,994,441,714.24</b>	<b>88,757,267.44</b>	<b>5,905,684,446.80</b>	<b>5,476,494,313.43</b>	<b>41,725,038.24</b>	<b>5,434,769,275.19</b>

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

Type	Beginning balance	Increase for the year		Decrease for the year		Ending balance
		Provision made	Others	Reversal or writing-off	Others	
Raw materials	6,616,714.69					6,616,714.69
Work in progress	35,108,323.55	50,949,140.70		3,916,911.50		82,140,552.75
<b>Total</b>	<b>41,725,038.24</b>	<b>50,949,140.70</b>		<b>3,916,911.50</b>		<b>88,757,267.44</b>

### 3. Standard of provision for impairment of inventories made

Item	Provision standard	Basis for determination of net realisable value	Reason for reversal or offsetting during the year
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
Contract performance cost	Book cost higher than net realisable value	Estimated selling price less costs and expenses upon completed contract performance, etc.	Completed performance

### 4. Ending balance of inventories involving a capitalized amount of borrowing costs and its calculation criteria and basis

Ending balance of inventories did not involve a capitalized amount of borrowing costs.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (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	999,307,953.69		999,307,953.69	966,675,633.23		966,675,633.23
Contract assets related to offshore engineering products	212,934,539.02		212,934,539.02			
Contract assets related to steel structures	355,848,946.77		355,848,946.77	714,127,184.95		714,127,184.95
Outstanding warranties previously included in accounts receivable	820,375,004.47		820,375,004.47	632,132,642.59		632,132,642.59
<b>Total</b>	<b>2,388,466,443.95</b>		<b>2,388,466,443.95</b>	<b>2,312,935,460.77</b>		<b>2,312,935,460.77</b>

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

Item	Amount of change	Reason for change
Contract assets related to shipbuilding	32,632,320.46	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 related to offshore engineering products	212,934,539.02	
Contract assets related to steel structures	-358,278,238.18	
Outstanding warranties for accounts receivable	188,242,361.88	
<b>Total</b>	<b>75,530,983.18</b>	

### 3. Contract assets actually written-off during the year

None.

## (X) Non-current assets due within one year

Item	Ending balance	Beginning balance
Long-term receivables due within one year	930,941,201.25	297,245,486.79
<b>Total</b>	<b>930,941,201.25</b>	<b>297,245,486.79</b>

## (XI) Other current assets

Item	Ending balance	Beginning balance
Value-added tax credit	423,680,907.43	146,940,411.96
Prepaid enterprise income tax	37,011.62	1,475,682.91
<b>Total</b>	<b>423,717,919.05</b>	<b>148,416,094.87</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (XII) Long-term receivables

### 1. Information on long-term receivables

Item	Ending balance			Beginning balance			Range of discount rate (%)
	Book balance	Provision for bad debts	Carrying value	Book balance	Provision for bad debts	Carrying value	
Finance lease payments	292,668,857.86		292,668,857.86	347,429,376.33		347,429,376.33	2-2.42
Including: Unrealized financing income	7,590,778.09		7,590,778.09	13,342,109.88		13,342,109.88	
Receipt in instalments for sales of goods	1,399,875,304.11	45,617,432.04	1,354,257,872.07	1,667,760,747.37	50,533,654.00	1,617,227,093.37	1.78-9.7
Sub-total	1,692,544,161.97	45,617,432.04	1,646,926,729.93	2,015,190,123.70	50,533,654.00	1,964,656,469.70	
Less: Current portion due within one year	930,941,201.25		930,941,201.25	297,245,486.79		297,245,486.79	
<b>Total</b>	<b>761,602,960.72</b>	<b>45,617,432.04</b>	<b>715,985,528.68</b>	<b>1,717,944,636.91</b>	<b>50,533,654.00</b>	<b>1,667,410,982.91</b>	

### 2. Long-term receivables disclosed by the method using which the provision for bad debts is made

Type	Ending balance				
	Book balance		Provision for bad debts		Carrying value
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made on an individual basis	761,602,960.72	100.00	45,617,432.04	5.99	715,985,528.68
Including: Finance lease payments	236,229,417.61	31.02			236,229,417.61
Receipt in instalments for sale of goods	525,373,543.11	68.98	45,617,432.04	8.68	479,756,111.07
<b>Total</b>	<b>761,602,960.72</b>	<b>100.00</b>	<b>45,617,432.04</b>		<b>715,985,528.68</b>

Other explanations: Long-term receivables recognized its credit impairment loss and made provision for bad debts based on the difference from the present value of future cash flows lower than its book value.

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	1,717,944,636.91	100.00	50,533,654.00	2.94	1,667,410,982.91
Including: Finance lease payments	287,747,388.45	16.75			287,747,388.45
Receipt in instalments for sale of goods	1,430,197,248.46	83.25	50,533,654.00	3.53	1,379,663,594.46
<b>Total</b>	<b>1,717,944,636.91</b>	<b>100.00</b>	<b>50,533,654.00</b>		<b>1,667,410,982.91</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

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

Type	Beginning balance	Change in the year				Ending balance
		Provision made	Recovered or reversed	Offset or written-off	Other changes	
Provision for bad debts made for long-term receivables	50,533,654.00	11,584,372.77		16,500,594.73		45,617,432.04
<b>Total</b>	50,533,654.00	11,584,372.77		16,500,594.73		45,617,432.04

## 4. Long-term receivables actually written-off during the year

Item	Amount written-off
Long-term receivables actually written-off	16,500,594.73

Significant long-term receivables written-off:

Name of entity	Nature of accounts receivable	Amount written-off	Reason for writing-off	Procedures of writing-off performed	Whether arising from related party transaction
Shenzhen Shunchang Ocean Fishery Co., Ltd.	Receipt in instalments for sales of goods	16,500,594.73	After verification by the court, the counterparty had no enforceable property	Considered and approved by the board of directors of the subsidiary	No
<b>Total</b>		16,500,594.73			

## (XIII) Long-term equity investments

### 1. Information on long-term equity investments

Investee	Beginning balance	Beginning balance of provision for impairment	Change for the year								Ending balance of provision for impairment
			Increase in investment	Decrease in investment	Investment gain or loss recognised using equity method	Adjustment to other comprehensive income	Other changes in equity	Declaration and payment of cash dividend or profit	Provision for impairment made	Others	Ending balance
1. Joint ventures											
2. Associates											
Guangzhou Shipyard International Company Limited	5,176,783,439.99				207,722,433.37	320,786.29	-91,854.82				5,384,734,804.83
Guangzhou Xinhang Human Resources Service Co., Ltd.	669,536.74			486,889.52						-182,647.22	
CSSC Huangpu Zhengli Offshore Engineering Co., Ltd.	11,739,566.70				491,223.20						12,230,789.90
Shi Ludwen Shipbuilding Heavy Industry Co., Ltd. (施瑞德文船重工有限公司)	16,639,162.07				2,965,171.34			12,585,085.74			7,019,247.67
Sub-total	5,205,831,705.50			486,889.52	211,178,827.91	320,786.29	-91,854.82	12,585,085.74		-182,647.22	5,403,984,842.40
<b>Total</b>	5,205,831,705.50			486,889.52	211,178,827.91	320,786.29	-91,854.82	12,585,085.74		-182,647.22	5,403,984,842.40

Other explanations: Other changes in equity are that there is a change in the capital reserves and special reserves of GSI, an associate of the Company, and the resulting impact is included in the capital reserves as other changes in the owners' equity of joint ventures.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024  
(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## 2. Analysis of long-term equity investments

Item	Ending balance	Beginning balance
Listed		
Unlisted	5,403,984,842.40	5,205,831,705.50
<b>Total</b>	<b>5,403,984,842.40</b>	<b>5,205,831,705.50</b>

## (XIV) Investments in other equity instruments

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

Name of item	Ending balance	Beginning balance	Gain included in other comprehensive income during the year	Loss included in other comprehensive income during the year	Gain accumulated in other comprehensive income at the end of the year	Loss accumulated in other comprehensive income at the end of the year	Dividend income recognised during the year	Reason for designation as at fair value through other comprehensive income
Sub-total of listed	7,855,354,449.59	6,442,560,340.26	1,418,066,852.32	5,272,742.99	4,963,233,979.36	8,478,091.40	43,498,983.20	
CSSC Holdings	7,821,117,179.36	6,403,050,327.04	1,418,066,852.32		4,963,233,979.36		43,498,983.20	Investments not held for trading
CMIC OCEAN EW TECH HOLDING CO., LTD	34,237,270.23	39,510,013.22		5,272,742.99		8,478,091.40		Investments not held for trading
Sub-total of unlisted	4,555,068.77	4,517,833.64	38,406.54	1,171.41	2,068,603.31		102,883.09	
Huangpu Hongshan Community Health Service Center	2,681,429.29	2,650,843.09	30,586.20		1,481,429.29			Investments not held for trading
China Shipbuilding IT Co., Ltd.	871,256.16	870,496.24	759.92		71,256.16			Investments not held for trading
Guangzhou Wenchuan Industrial Co., Ltd.	839,698.51	832,638.09	7,060.42		459,658.05		76,008.09	Investments not held for trading
Guangzhou Xinzhou Service Co., Ltd.	162,684.81	163,856.22		1,171.41	56,259.81		26,875.00	Investments not held for trading
<b>Total</b>	<b>7,859,909,518.36</b>	<b>6,447,078,173.90</b>	<b>1,418,105,258.86</b>	<b>5,273,914.40</b>	<b>4,965,302,582.67</b>	<b>8,478,091.40</b>	<b>43,601,866.29</b>	

### 2. Analysis of other equity instruments

Item	Ending balance	Beginning balance
Listed	7,855,354,449.59	6,442,560,340.26
Including: China (except Hong Kong)	7,821,117,179.36	6,403,050,327.04
Unlisted	4,555,068.77	4,517,833.64
<b>Total</b>	<b>7,859,909,518.36</b>	<b>6,447,078,173.90</b>

### 3. Explanation on derecognition in this year

None.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (XV) 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 year		
(3) Decrease for the year		
(4) Ending balance	157,433,262.96	157,433,262.96
2. Accumulated depreciation and amortisation		
(1) Beginning balance	27,784,056.42	27,784,056.42
(2) Increase for the year	6,537,425.04	6,537,425.04
– Provision made or amortisation	6,537,425.04	6,537,425.04
(3) Decrease for the year		
(4) Ending balance	34,321,481.46	34,321,481.46
3. Provision for impairment		
(1) Beginning balance		
(2) Increase for the year		
(3) Decrease for the year		
(4) Ending balance		
4. Carrying value		
(1) Carrying value at the end of the year	123,111,781.50	123,111,781.50
(2) Carrying value at the beginning of the year	129,649,206.54	129,649,206.54

Other description:

- (1) The depreciation and amortisation of investment properties recognised in profit or loss during the year is RMB6,537,425.04 (last year: RMB6,537,425.04).
- (2) The provision for impairment of investment properties made for the year is RMB0 (last year: RMB0).
- (3) Investment properties analysed by region and ageing

Item	Ending balance	Beginning balance
Within China	123,111,781.50	129,649,206.54
Medium term (10-50 years)	123,111,781.50	129,649,206.54
<b>Total</b>	<b>123,111,781.50</b>	<b>129,649,206.54</b>

### 2. Investment properties without property ownership certificates

As at the end of the year, included in properties held for investment were with carrying amount of RMB123,111,781.50 for which the property ownership certificates were being applied for. Given the aforesaid properties were in compliance with the relevant legal procedures, the Board believes that the transfer of its title will not meet any substantial obstacle or affect their normal use by the Group and will have no material impact on the normal operation of the Group. As such, no provision for impairment is required for investment properties and there will be no additional material costs.

Item	Carrying value	Reason for failure to obtain property ownership certificates
Hull joint workshop	66,913,815.93	In the process of obtaining ownership certificate
Component welding workshop	53,561,640.03	In the process of obtaining ownership certificate
Sanding and coating workshop	2,636,325.54	In the process of obtaining ownership certificate
<b>Total</b>	<b>123,111,781.50</b>	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (XVI) Fixed assets

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

Item	Ending balance	Beginning balance
Fixed assets	4,830,830,141.14	5,171,674,516.34
Disposal of fixed assets		
<b>Total</b>	<b>4,830,830,141.14</b>	<b>5,171,674,516.34</b>

### 2. Fixed assets

Item	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Total
1. Original carrying amount					
(1) Beginning balance	3,568,355,711.21	2,530,568,575.75	2,069,550,352.61	244,435,632.51	8,412,910,272.08
(2) Increase for the year	262,021,434.77	142,624,812.42	21,193,095.63	17,238,986.16	443,078,328.98
– Additions	608,685.00	21,312,864.72	999,617.24	6,557,322.68	29,478,489.64
– Transfer from construction in progress	261,412,749.77	121,311,947.70	20,193,478.39	10,681,663.48	413,599,839.34
(3) Decrease for the year		18,055,244.16	472,436,399.97	7,338,363.05	497,830,007.18
– Disposal or retirement		18,055,244.16	472,436,399.97	6,814,442.69	497,306,086.82
– Other decrease				523,920.36	523,920.36
(4) Ending balance	3,830,377,145.98	2,655,138,144.01	1,618,307,048.27	254,336,255.62	8,358,158,593.88
2. Accumulated depreciation					
(1) Beginning balance	1,288,144,873.58	1,465,070,998.69	302,201,906.01	183,126,261.39	3,238,544,039.67
(2) Increase for the year	142,691,857.21	126,543,678.76	60,638,346.25	25,218,474.47	355,092,356.69
– Provision made	142,691,857.21	126,543,678.76	60,638,346.25	25,218,474.47	355,092,356.69
(3) Decrease for the year		17,151,444.66	45,223,839.20	6,606,901.49	68,982,185.35
– Disposal or retirement		17,151,444.66	45,223,839.20	6,525,266.39	68,900,550.25
– Other decrease				81,635.10	81,635.10
(4) Ending balance	1,430,836,730.79	1,574,463,232.79	317,616,413.06	201,737,834.37	3,524,654,211.01
3. Provision for impairment					
(1) Beginning balance		2,619,910.12		71,805.95	2,691,716.07
(2) Increase for the year		14,892.79		2,581.55	17,474.34
(3) Decrease for the year		14,892.79		2,581.55	17,474.34
– Disposal or retirement		14,892.79		2,581.55	17,474.34
– Other decrease					
(4) Ending balance		2,605,017.33		69,224.40	2,674,241.73
4. Carrying value					
(1) Carrying value at the end of the year	2,399,540,415.19	1,078,069,893.89	1,300,690,635.21	52,529,196.85	4,830,830,141.14
(2) Carrying value at the beginning of the year	2,280,210,837.63	1,062,877,666.94	1,767,348,446.60	61,237,565.17	5,171,674,516.34

Other description:

The depreciation of fixed assets recognised in profit or loss during the year is RMB355,092,356.69 (last year: RMB351,899,911.98); Included in fixed assets added during the year is transfer from construction in progress of RMB413,599,839.34.

### 3. Temporarily idle fixed assets

None.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## 4. Fixed assets leased out through operating leases

Item	Carrying value
Buildings and structures	11,295,661.42
Machinery and equipment	50,879,481.27
Transportation equipment	1,254,344,480.63
Other equipment	8,764,153.94
<b>Total</b>	<b>1,325,283,777.26</b>

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

Item	Ending balance	Beginning balance
Within China	<b>2,399,540,415.19</b>	2,280,210,837.63
Including: Medium term (10-50 years)	<b>2,363,897,039.87</b>	2,241,342,027.36
Short term (within 10 years)	<b>35,643,375.32</b>	38,868,810.27
<b>Total</b>	<b>2,399,540,415.19</b>	2,280,210,837.63

## 6. Fixed assets without property ownership certificates

Item	Carrying value	Reasons for failing to obtain property certificate
Buildings and structures	<b>15,211,503.30</b>	Incomplete procedures, in progress

## 7. Disposal of fixed assets

None.

## (XVII) Construction in progress

### 1. Construction in progress and construction materials

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Construction in progress						
Construction materials	<b>164,266,268.87</b>		<b>164,266,268.87</b>	340,768,631.96		340,768,631.96
<b>Total</b>	<b>164,266,268.87</b>		<b>164,266,268.87</b>	340,768,631.96		340,768,631.96

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## 2. Construction in progress

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Residential project	35,805,659.15		35,805,659.15	35,805,659.15		35,805,659.15
Southern wing Phase II of offshore wind power equipment	34,473,027.65		34,473,027.65	12,100,020.67		12,100,020.67
Production auxiliary housing project	24,103,075.75		24,103,075.75	148,982.49		148,982.49
Shift dormitory project	21,686,264.12		21,686,264.12			
Project implementation in advance	18,992,215.22		18,992,215.22	45,685,600.51		45,685,600.51
Technology reform project	11,120,342.36		11,120,342.36	32,651,562.63		32,651,562.63
Improvement and upgrading project of volatile organic compounds (VOCs) treatment process	5,936,783.05		5,936,783.05	5,204,276.51		5,204,276.51
Adaptive transformation project for sewerage facilities supporting transit facilities, etc.	5,257,413.98		5,257,413.98			
Southern wing Phase I of offshore wind power equipment	3,698,580.05		3,698,580.05	193,984,738.87		193,984,738.87
Other projects	3,192,907.54		3,192,907.54	15,187,791.13		15,187,791.13
<b>Total</b>	<b>164,266,268.87</b>		<b>164,266,268.87</b>	<b>340,768,631.96</b>		<b>340,768,631.96</b>

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

Name of item	Budget	Beginning balance	Increase for the year	Amount transfer to fixed assets in the year	Other decreased amount in the year	Ending balance	Ratio of accumulated contribution to the construction to budget (%)	Progress of construction (%)	Accumulated amount of capitalised interest	Including: capitalised amount of interest in the year	Rate of capitalisation of interest in the year (%)	Source of funding
Southern wing Phase II of offshore wind power equipment	103,000,000.00	12,100,020.67	34,473,027.65		12,100,020.67	34,473,027.65	33.47	40.00				Self-financed
Production auxiliary housing project	145,000,000.00	148,982.49	23,954,093.26			24,103,075.75	16.62	25.00				Self-financed
Shift dormitory project	28,500,000.00		21,686,264.12			21,686,264.12	76.09	85.00				Self-financed
Project implementation in advance	298,000,000.00	45,685,600.51	21,155,688.87	47,849,074.16		18,992,215.22	56.00	66.00				Self-financed
Technology reform project	168,700,000.00	32,651,562.63	68,218,734.87	88,793,300.38	956,654.76	11,120,342.36	96.00	100.00				Self-financed
Improvement and upgrading project of volatile organic compounds (VOCs) treatment process	59,900,000.00	5,204,276.51	20,885,287.50	20,152,780.96		5,936,783.05	44.00	85.00				Self-financed
Adaptive transformation project for sewerage facilities supporting transit facilities, etc.	148,000,000.00		5,257,413.98			5,257,413.98	3.55	10.00				Self-financed
<b>Total</b>		95,790,442.81	195,630,510.25	156,795,155.50	13,056,675.43	121,569,122.13						

## 4. Provision for impairment of construction in progress for the year

None.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (XVIII) Right-of-use assets

### 1. Details of right-of-use assets

Item	Land	Buildings and structures	Machinery and transportation equipment	Total
1. Original carrying amount				
(1) Beginning balance	26,397,693.00	315,275,680.77		341,673,373.77
(2) Increase for the year		93,579,723.49	77,255,068.74	170,834,792.23
– Increase in leases		93,579,723.49	77,255,068.74	170,834,792.23
(3) Decrease for the year		162,078,851.52		162,078,851.52
– Maturity of leases		162,078,851.52		162,078,851.52
(4) Ending balance	26,397,693.00	246,776,552.74	77,255,068.74	350,429,314.48
2. Accumulated depreciation				
(1) Beginning balance	6,599,423.28	157,875,960.90		164,475,384.18
(2) Increase for the year	6,599,423.28	71,795,368.66	5,490,240.25	83,885,032.19
– Provision made	6,599,423.28	71,795,368.66	5,490,240.25	83,885,032.19
(3) Decrease for the year		121,630,782.56		121,630,782.56
– Maturity of leases		121,630,782.56		121,630,782.56
(4) Ending balance	13,198,846.56	108,040,547.00	5,490,240.25	126,729,633.81
3. Provision for impairment				
(1) Beginning balance				
(2) Increase for the year				
(3) Decrease for the year				
(4) Ending balance				
4. Carrying value				
(1) Carrying value at the end of the year	13,198,846.44	138,736,005.74	71,764,828.49	223,699,680.67
(2) Carrying value at the beginning of the year	19,798,269.72	157,399,719.87		177,197,989.59

Other explanations: The depreciation of right-of-use assets recognized in the profit or loss during the year is RMB83,885,032.19 (last year: RMB85,605,453.17).

## (XIX) 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	145,567,181.73	1,063,675.00	1,160,988,120.59
(2) Increase for the year	68,665,959.60	2,856,020.64		71,521,980.24
– Additions	68,665,959.60	2,856,020.64		71,521,980.24
(3) Decrease for the year				
(4) Ending balance	1,083,023,223.46	148,423,202.37	1,063,675.00	1,232,510,100.83
2. Accumulated amortisation				
(1) Beginning balance	200,761,541.98	72,714,912.74	1,063,675.00	274,540,129.72
(2) Increase for the year	21,521,270.48	11,324,660.11		32,845,930.59
– Provision made	21,521,270.48	11,324,660.11		32,845,930.59
(3) Decrease for the year				
(4) Ending balance	222,282,812.46	84,039,572.85	1,063,675.00	307,386,060.31
3. Provision for impairment				
(1) Beginning balance				
(2) Increase for the year				
(3) Decrease for the year				
(4) Ending balance				
4. Carrying value				
(1) Carrying value at the end of the year	860,740,411.00	64,383,629.52		925,124,040.52
(2) Carrying value at the beginning of the year	813,595,721.88	72,852,268.99		886,447,990.87

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

Other explanations:

- (1) There were no intangible assets arising from internal research and development of the Company during the year.
- (2) The amortisation of intangible assets recognised in profit or loss during the year is RMB32,845,930.59 (last year: RMB31,513,862.88).
- (3) Land use rights analysed by region and term

Item	Ending balance	Beginning balance
Within China	<b>860,740,411.00</b>	813,595,721.88
Including: Medium term (10-50 years)	<b>860,740,411.00</b>	813,595,721.88
<b>Total</b>	<b>860,740,411.00</b>	813,595,721.88

## 2. Intellectual property rights with uncertain service life

None.

## 3. Single intellectual property rights with significant impact

None.

## 4. Intellectual property rights with restricted ownership or use right

None.

## 5. Land use rights without real estate certificates

None.

## (XX) Long-term deferred expenses

Item	Beginning balance	Increase for the year	Amortisation for the year	Other decreases	Ending balance
General tooling	15,365,362.40	16,781,015.58	5,989,727.41		<b>26,156,650.57</b>
Workers' cubicles in Nansha	190,566.04	15,994,884.16			<b>16,185,450.20</b>
Collective dormitory renovation project	9,010,301.70		1,162,619.64		<b>7,847,682.06</b>
Maintenance and renovation of old TVU dormitory		6,072,637.92	253,026.58		<b>5,819,611.34</b>
High span roof restoration works	6,233,064.16		804,266.28		<b>5,428,797.88</b>
Canteen upgrading project	6,106,078.22		775,250.04		<b>5,330,828.18</b>
Temporary warehouse		3,900,344.35	65,005.74		<b>3,835,338.61</b>
Temporary dormitory		3,663,819.32	61,063.66		<b>3,602,755.66</b>
13-metre beam of Shipyard Division	3,307,694.90		862,876.92		<b>2,444,817.98</b>
Abandoned cubicles in the camp of Shenzhen – Zhongshan bridge project	1,991,150.43		221,238.96		<b>1,769,911.47</b>
Remodeling of temporary canteen	1,150,275.83		135,326.64		<b>1,014,949.19</b>
Other projects	622,102.29		61,891.56	204,334.77	<b>355,875.96</b>
<b>Total</b>	<b>43,976,595.97</b>	<b>46,412,701.33</b>	<b>10,392,293.43</b>	<b>204,334.77</b>	<b>79,792,669.10</b>

Other explanations: Other decreases represent the relocation of Guangxi Heavy Industrial's office and the one-time amortisation of the remaining office decoration expenses.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

(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	2,022,164,878.64	304,069,456.03	1,764,471,126.65	265,069,091.88
Provision for impairment of assets	174,028,177.06	26,284,179.72	131,240,214.45	19,946,161.58
Estimated liabilities	264,667,686.67	45,186,954.44	190,609,712.85	34,217,685.93
Payroll for retiring employees	120,600,000.00	18,159,000.00	120,600,000.00	18,159,000.00
Change in fair value of financial instruments held-for-trading	96,336,222.76	14,450,433.41	26,937,677.66	4,040,651.65
Change in fair value of investments in other equity instruments	8,386,203.60	1,257,930.54	3,112,669.07	466,900.36
Lease liabilities	231,691,368.60	42,184,512.62	184,160,984.42	27,471,892.46
<b>Total</b>	<b>2,917,874,537.33</b>	<b>451,592,466.76</b>	<b>2,421,132,385.10</b>	<b>369,371,383.86</b>

### 2. Deferred tax liabilities not offset

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Change in fair value of financial instruments held-for-trading	1,016,859.53	152,528.93	8,903,878.79	1,335,581.82
Change in fair value of investments in other equity instruments	4,965,210,694.78	1,241,105,002.15	3,547,105,815.88	886,582,585.08
Right-of use assets	223,699,680.67	40,552,696.29	177,197,989.67	26,404,524.63
<b>Total</b>	<b>5,189,927,234.98</b>	<b>1,281,810,227.37</b>	<b>3,733,207,684.34</b>	<b>914,322,691.53</b>

### 3. Breakdown of unrecognised deferred tax assets

Item	Ending balance	Beginning balance
Deductible temporary difference	937,484.85	693,473.61
Deductible tax loss	909,478,664.65	684,092,643.32
<b>Total</b>	<b>910,416,149.50</b>	<b>684,786,116.93</b>

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

Year	Ending balance	Beginning balance	Notes
2024		15,135,509.71	
2025			
2026	6,900,789.50	6,900,789.50	
2027	15,814,421.79	15,826,410.23	
2028	32,058,595.86	33,418,494.47	
2029	8,467,012.61	233,487.78	
2030	13,267,150.80	13,267,150.80	
2031	7,508,524.46	7,508,524.46	
2032	4,822,000.98	203,485,403.89	
2033	79,869,614.49	388,316,872.48	
2034	740,770,554.16		
<b>Total</b>	<b>909,478,664.65</b>	<b>684,092,643.32</b>	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

(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 impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Relocation expenses to be written-off	531,717,141.46		531,717,141.46	528,571,723.97		528,571,723.97
Advances for non-current assets	48,277,272.71		48,277,272.71	51,074,453.07		51,074,453.07
Hedge instruments	96,872,353.05		96,872,353.05	16,838,807.02		16,838,807.02
<b>Total</b>	<b>676,866,767.22</b>		<b>676,866,767.22</b>	<b>596,484,984.06</b>		<b>596,484,984.06</b>

Other explanations: 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 are transferred to profit or loss when the assets are disposed of and derecognized.

## (XXIII) Assets subject to restrictions in ownership or use right

Item	At the end of the year			
	Book balance	Carrying value	Restrictions type	Restriction information
Cash at bank and on hand	7,347,943,793.14	7,347,943,793.14	Restricted use	Fixed deposits with maturity of over 3 months, security deposit, etc.
Notes receivable	13,410,000.00	13,410,000.00	Pledge	Notes receivable pledged
Notes receivable	18,217,312.50	18,217,312.50	Others	Notes receivable that is endorsed or discounted and not derecognised
Accounts receivable	116,518,204.76	116,518,204.76	Others	Debt certificates of accounts receivable that is endorsed and not derecognised
<b>Total</b>	<b>7,496,089,310.40</b>	<b>7,496,089,310.40</b>		

Item	At the beginning of the year			
	Book balance	Carrying value	Restrictions type	Restriction information
Cash at bank and on hand	6,721,645,074.73	6,721,645,074.73	Restricted use	Fixed deposits with maturity of over 3 months, security deposit, etc.
Notes receivable	1,000,000.00	1,000,000.00	Pledge	Notes receivable pledged
<b>Total</b>	<b>6,722,645,074.73</b>	<b>6,722,645,074.73</b>		

## (XXIV) Short-term borrowings

### 1. Breakdown of short-term borrowings

Item	Ending balance	Beginning balance
Pledged borrowings	34,028,050.00	34,026,916.67
Secured borrowings		
Guaranteed borrowings	564,315,862.50	746,487,400.00
Credit loans		
<b>Total</b>	<b>598,343,912.50</b>	<b>780,514,316.67</b>

Other explanations: the pledge of the pledged borrowings is patent right.

### 2. Outstanding overdue short-term borrowings

None.

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

As at the end of the year, the weighted average annual interest rate of short-term borrowings was 1.9375%.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (XXV) Financial liabilities held-for-trading

Item	Ending balance	Beginning balance
Financial liabilities held-for-trading Including: Issued trading bonds Financial liabilities designated at fair value through profit or loss	94,183,471.96	24,854,342.66
<b>Total</b>	<b>94,183,471.96</b>	<b>24,854,342.66</b>

Reasons and basis for financial liabilities designated at fair value through profit or loss: at the time of initial recognition, they can eliminate or significantly reduce accounting mismatches.

## (XXVI) Notes payable

Type	Ending balance	Beginning balance
Bank acceptance bills	1,363,849,542.52	1,148,671,895.63
Finance company acceptance bills	510,322,494.34	1,000,753,377.78
Commercial acceptance bills		1,733,218,344.52
<b>Total</b>	<b>1,874,172,036.86</b>	<b>3,882,643,617.93</b>

Other explanations:

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

Among the above notes payable of the Group, RMB1,874,172,036.86 had an ageing of less than 180 days, and RMB0 had an ageing of 181-360 days.

## (XXVII) Accounts payable

### 1. List of accounts payable

Item	Ending balance	Beginning balance
Materials purchased	6,662,652,885.92	3,495,821,088.81
Payment for projects under construction	437,953,360.82	68,578,031.65
Retention money	736,359,820.62	721,806,399.22
Other construction and labour services	615,863,291.05	583,777,835.77
<b>Total</b>	<b>8,452,829,358.41</b>	<b>4,869,983,355.45</b>

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

Ageing	Ending balance	Beginning balance
Within one year	6,153,217,058.00	2,856,000,087.76
1 to 2 years	958,967,492.46	921,570,784.26
2 to 3 years	374,870,763.74	313,755,269.84
Over 3 years	965,774,044.21	778,657,213.59
<b>Total</b>	<b>8,452,829,358.41</b>	<b>4,869,983,355.45</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## 3. Significant accounts payable aged over one year or overdue

Item	Ending balance	Including: Amount aged over one year	Reason for unsettlement or carrying forward
CSSC System Engineering Research Institute	652,801,613.96	161,504,315.14	Tentative estimation of arrears and deposit
Aviation Technology Research Institute of China Aerospace Science and Industry	222,862,860.00	160,645,760.00	Tentative estimation of arrears and deposit
China Shipbuilding Group Co., Ltd. No. 709 Research Institute	156,042,118.68	113,865,770.00	Tentative estimation of arrears and deposit
Guangzhou Wenchong Industrial Co., Ltd.	147,051,419.07	131,735,752.89	Tentative estimation of arrears and deposit
29th Research Institute of China Electronics Technology Group Corporation	118,645,000.00	87,660,000.00	Tentative estimation of arrears and deposit
China Shipbuilding Group Co., Ltd. No. 713 Research Institute	116,579,490.97	92,359,709.54	Tentative estimation of arrears and deposit
China Shipbuilding Group Co., Ltd. No. 715 Research Institute	241,131,756.80	75,152,600.00	Tentative estimation of arrears and deposit
China Shipbuilding Group Co., Ltd. No. 724 Research Institute	152,053,600.00	53,032,600.00	Tentative estimation of arrears and deposit
China Shipbuilding Group Guangzhou Ship Industrial Company Limited	70,556,172.42	52,456,020.00	Tentative estimation of arrears and deposit
Shanghai Academy of Spaceflight Technology	275,155,300.00	46,635,300.00	Tentative estimation of arrears and deposit
CASIC Group No. 3 Research Institute	45,554,600.00	45,554,600.00	Tentative estimation of arrears and deposit
China Shipbuilding Group Co., Ltd. No. 717 Research Institute	76,733,841.44	39,513,800.00	Tentative estimation of arrears and deposit
China Shipbuilding Group Co., Ltd. No. 703 Research Institute	38,373,222.22	31,217,930.53	Tentative estimation of arrears and deposit
China Ship Development and Design Center	190,267,883.93	30,624,204.57	Tentative estimation of arrears and deposit
China Shipbuilding Group Co., Ltd. No. 704 Research Institute (中國船舶集團公司第七〇四研究所)	198,464,782.38	26,225,359.32	Tentative estimation of arrears and deposit
AECC Shenyang Liming Aero Engine Co., Ltd.	25,351,144.62	23,305,560.00	Tentative estimation of arrears and deposit
China First Heavy Industries Co., Ltd.	94,239,771.71	21,679,181.00	Tentative estimation of arrears and deposit
China Shipbuilding Group Co., Ltd. No. 723 Research Institute	85,035,797.38	21,019,950.00	Tentative estimation of arrears and deposit
Nanjing Keruida Electronic Equipment Co., Ltd.	20,849,574.00	20,849,574.00	Tentative estimation of arrears and deposit
Shanghai Ship and Shipping Research Institute	66,850,835.93	17,865,574.87	Tentative estimation of arrears and deposit
CNR (Dalian) Diesel & Special Hudong Co., Ltd.	17,306,666.67	17,306,666.67	Tentative estimation of arrears and deposit
CSSC Marine Technology Co., Ltd.	42,299,643.22	15,944,804.74	Tentative estimation of arrears and deposit
China Shipbuilding Group Co., Ltd. No. 726 Research Institute	16,174,437.16	15,541,725.66	Tentative estimation of arrears and deposit
<b>Total</b>	<b>3,070,381,532.56</b>	1,301,696,758.93	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (XXVIII) Contract liabilities

### 1. Information on contract liabilities

Item	Ending balance	Beginning balance
Contract liabilities for shipbuilding products	12,729,580,707.64	13,654,043,700.50
Contract liabilities for offshore engineering products	17,181,843.67	828,067,526.53
Contract liabilities for ship maintenance and modification	410,853,143.73	659,378,313.34
Contract liabilities for steel structures	109,616,835.02	88,095,564.43
Contract liabilities for electro-mechanical products and others	23,895,242.45	143,974,922.89
<b>Total</b>	<b>13,291,127,772.51</b>	<b>15,373,560,027.69</b>

### 2. Significant contract liabilities aged over one year

Item	Ending balance	Including: Amount aged over one year	Reason for not carrying forward
Contract liability unit 1	1,065,453,404.02	570,013,741.82	Incomplete contract performance
Contract liability unit 2	406,650,212.49	306,567,998.40	Incomplete contract performance
Contract liability unit 3	385,848,135.65	281,783,270.63	Incomplete contract performance
Contract liability unit 4	385,411,691.57	225,377,559.16	Incomplete contract performance
Contract liability unit 5	238,996,568.40	109,452,829.29	Incomplete contract performance
Contract liability unit 6	169,343,627.82	65,479,933.06	Incomplete contract performance
Contract liability unit 7	162,157,470.52	162,157,470.52	Incomplete contract performance
Contract liability unit 8	155,053,346.97	39,503,661.21	Incomplete contract performance
Contract liability unit 9	141,149,410.51	40,635,784.12	Incomplete contract performance
Contract liability unit 10	137,008,853.99	30,070,645.32	Incomplete contract performance
Contract liability unit 11	98,803,500.20	48,059,225.06	Incomplete contract performance
Contract liability unit 12	74,417,210.68	74,417,210.68	Incomplete contract performance
Contract liability unit 13	68,974,875.93	68,974,875.93	Incomplete contract performance
Contract liability unit 14	68,943,910.25	68,943,910.25	Incomplete contract performance
Contract liability unit 15	66,871,197.63	20,429,028.83	Incomplete contract performance
Contract liability unit 16	66,864,885.77	20,429,028.83	Incomplete contract performance
Contract liability unit 17	40,503,429.77	20,448,681.17	Incomplete contract performance
Contract liability unit 18	40,464,503.69	20,429,028.83	Incomplete contract performance
Contract liability unit 19	40,464,503.69	20,429,028.83	Incomplete contract performance
Contract liability unit 20	40,464,503.69	20,429,028.83	Incomplete contract performance
Contract liability unit 21	40,464,503.69	20,429,028.83	Incomplete contract performance
Contract liability unit 22	40,464,503.69	20,429,028.83	Incomplete contract performance
Contract liability unit 23	39,503,661.21	39,503,661.21	Incomplete contract performance
Contract liability unit 24	33,214,464.44	21,732,959.91	Incomplete contract performance
Contract liability unit 25	17,658,563.82	17,658,563.82	Incomplete contract performance
<b>Total</b>	<b>4,025,150,940.09</b>	<b>2,333,785,183.37</b>	

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

Item	Amount of change	Reason for change
Contract liabilities for shipbuilding products	-924,462,992.86	When revenue is recognized using point-in-time 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 method, there is a difference between the progress of collection and the progress of performance.
Contract liabilities for offshore engineering products	-810,885,682.86	
Contract liabilities for ship maintenance and modification	-248,525,169.61	
Contract liabilities for steel structures	21,521,270.59	
Contract liabilities for electro-mechanical products and others	-120,079,680.44	
<b>Total</b>	<b>-2,082,432,255.18</b>	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024  
(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## (XXIX) Employee benefits payable

### 1. Breakdown of employee benefits payable

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance
Short-term remuneration	1,383,377.31	3,377,547,493.15	3,377,563,227.01	<b>1,367,643.45</b>
Post-employment benefits – defined contribution plans		187,069,820.73	187,069,820.73	
Termination benefits		4,992,008.00	4,992,008.00	
<b>Total</b>	<b>1,383,377.31</b>	<b>3,569,609,321.88</b>	<b>3,569,625,055.74</b>	<b>1,367,643.45</b>

### 2. Short-term remuneration

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance
(1) Salaries, bonuses, allowances and subsidies		996,471,333.70	996,471,333.70	<b>1,367,643.45</b>
(2) Employee benefits		30,134,921.69	30,134,921.69	
(3) Social insurance contribution Including: Medical and maternity insurance contribution		53,585,606.02	53,585,606.02	
Work-related injury insurance contribution		47,099,405.62	47,099,405.62	
(4) Housing provident fund		6,486,200.40	6,486,200.40	
(5) Labour union & employee education funds	1,383,377.31	102,767,950.00	102,767,950.00	
(6) Short-term paid leaves		25,543,714.51	25,559,448.37	
(7) Short-term benefits sharing scheme				
(8) Outsourcing labour costs and others		2,169,043,967.23	2,169,043,967.23	<b>1,367,643.45</b>
<b>Total</b>	<b>1,383,377.31</b>	<b>3,377,547,493.15</b>	<b>3,377,563,227.01</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's employer contributions vest fully with the employees when contributed in the social security scheme. The Group has no forfeiture of pension scheme contributions (i.e. contributions processed by the employer on behalf of the employee who has exited the scheme prior to vesting of such contributions). 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 when incurred.

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

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance
Basic pension insurance		120,615,166.27	120,615,166.27	
Unemployment insurance contribution		6,844,931.84	6,844,931.84	
Annuity		59,609,722.62	59,609,722.62	
<b>Total</b>		<b>187,069,820.73</b>	<b>187,069,820.73</b>	

Other notes: The defined benefit plan contributions payable by the Group for the year amounted to RMB187,069,820.73 (last year: RMB176,518,152.91). As at the end of the year, contribution payable of the Group had been paid, and there were no forfeited contributions under the social security scheme available for deduction against contributions payable in future years.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (XXX) Taxes payable

Item	Ending balance	Beginning balance
Value-added tax	14,038,231.14	35,016,275.07
Enterprise income tax	74,436.15	14,339,340.72
City maintenance and construction tax	855,932.22	744,202.35
Property tax	540,143.17	777,350.50
Land use tax	1,007.99	919.92
Individual income tax	23,359,085.21	20,165,449.19
Educational surcharge	611,380.15	531,573.10
Stamp duty	1,130,802.36	1,126,005.64
Environmental protection tax	40,136.08	37,499.29
Other taxes	3,697.42	
<b>Total</b>	<b>40,654,851.89</b>	<b>72,738,615.78</b>

## (XXXI) Other payables

Item	Ending balance	Beginning balance
Interest payable		
Dividends payable	763,267.03	761,937.23
Other payables	264,813,172.54	248,255,473.41
<b>Total</b>	<b>265,576,439.57</b>	<b>249,017,410.64</b>

### 1. Dividends payable

Item	Ending balance	Beginning balance
Dividends for ordinary shares	763,267.03	761,937.23
Including: Dividends payable for A shares	84,164.46	82,926.66
Dividends payable for H shares	679,102.57	679,010.57
<b>Total</b>	<b>763,267.03</b>	<b>761,937.23</b>

### 2. Other payables

#### (1) Other payables by nature

Item	Ending balance	Beginning balance
Deposits received	137,240,085.93	123,444,892.68
Payables for temporary receipts	127,573,086.61	124,810,580.73
<b>Total</b>	<b>264,813,172.54</b>	<b>248,255,473.41</b>

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

Name of creditor	Ending balance	Reason for unsettlement
SEAFX INTERNATIONAL LIMITED	22,537,445.60	Deposits received
<b>Total</b>	<b>22,537,445.60</b>	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024  
(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

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

Item	Ending balance	Beginning balance
Long-term borrowings due within one year	1,478,987,938.08	1,000,754,722.23
Lease liabilities due within one year	79,105,696.46	63,048,670.64
<b>Total</b>	<b>1,558,093,634.54</b>	<b>1,063,803,392.87</b>

## (XXXIII) Other current liabilities

Item	Ending balance	Beginning balance
Supply chain notes that are not derecognised at the end of the year	116,518,204.76	37,154,957.75
Output value-added tax payable	67,604,819.79	97,246,689.15
Notes receivable endorsed but not expired or derecognised at the end of the year	18,217,312.50	
Advances from customers for shipbuilding orders cancelled	17,700,944.37	17,700,944.37
Factoring business that is not derecognised		15,000,000.00
<b>Total</b>	<b>220,041,281.42</b>	<b>167,102,591.27</b>

## (XXXIV) Long-term borrowings

Classification of long-term borrowings:

Item	Ending balance	Beginning balance
Guaranteed borrowings		
Credit loans	5,527,887,938.08	4,315,069,423.70
<b>Total</b>	<b>5,527,887,938.08</b>	<b>4,315,069,423.70</b>
<b>The carrying amount of the above borrowings shall be repaid:</b>		
Within one year	1,478,987,938.08	1,000,754,722.23
Over one year but less than two years after balance sheet date	2,872,700,000.00	10,000,000.00
Over two years but less than five years after balance sheet date		2,101,282,570.14
Over five years after balance sheet date	1,176,200,000.00	1,203,032,131.33
<b>Less: A mount due within one year, as shown under current liabilities</b>	<b>1,478,987,938.08</b>	<b>1,000,754,722.23</b>
<b>Amount shown under non-current liabilities</b>	<b>4,048,900,000.00</b>	<b>3,314,314,701.47</b>

Other notes:

Details of guarantee: As at the end of the year, there was no guaranteed borrowings.

Details of interest rates: Long-term borrowing interest rates mainly fluctuate in the range of 0-2.25%. As at the end of the year, weighted average annual interest rate of long-term borrowings was 1.8144%.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (XXXV) Lease liabilities

Item	Ending balance	Beginning balance
Lease payment amount	248,988,468.42	196,120,972.32
Less: Unrecognized financing cost	17,297,099.82	11,959,987.90
Less: Lease liability due within one year	79,105,696.46	63,048,670.64
<b>Total</b>	<b>152,585,672.14</b>	121,112,313.78

## (XXXVI) 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	90,827,969.20	104,528,746.89
II. Dismissal benefits		
III. Other long-term benefits	8,280,059.23	8,335,701.23
IV. Financial assistance for property purchase		
<b>Total</b>	<b>99,108,028.43</b>	112,864,448.12

Other notes: The Group's defined benefit plans as at the end of the year represent the expenses of "three kinds of persons" (being retired cadres, retired and retreated employees) recognised by Huangpu Wenchong, Wenchong Shipyard, Huangchuan Ocean Engineering and Wenchuan Heavy Industrial, in accordance with the relevant requirements of the State-owned Assets Supervision and Administration Commission.

### 2. Changes in defined benefit plans

#### (1) Present value of obligations under defined benefit plans

Item	Amount for the year	Amount for last year
1. Beginning balance	104,528,746.89	120,600,000.00
2. Cost of defined benefits included in profit or loss for the year	3,597,809.28	3,566,325.00
(1) Service cost for current year		
(2) Service cost for previous year		
(3) Gains on settlement (loss expressed with "-")		
(4) Net interest	3,597,809.28	3,566,325.00
3. Cost of defined benefits included in other comprehensive income		
(1) Gains on settlement (loss expressed with "-")		
4. Other changes	-17,298,586.97	-19,637,578.11
(1) Consideration paid upon settlement		
(2) Benefits paid	-17,298,586.97	-19,637,578.11
5. Ending balance	90,827,969.20	104,528,746.89

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

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

Item	Amount for the year	Amount for last year
1. Beginning balance	104,528,746.89	120,600,000.00
2. Cost of defined benefits included in profit or loss for the year	3,597,809.28	3,566,325.00
3. Cost of defined benefits included in other comprehensive income		
4. Other changes	-17,298,586.97	-19,637,578.11
5. Ending balance	90,827,969.20	104,528,746.89

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

(1) The actuarial evaluation report was issued by Towers Watson Management Consulting (Shenzhen) Co. Ltd. on 2 February 2023. 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

Discount rate: 2.75%, by reference to the China Treasury Bond yield rate.

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

The annual growth rate of complementary medical benefits of existing departing staff and existing retirees: 6.50%

The annual growth rate in cost of living of existing internal retirees: 4.50%

The annual growth rate in social insurance fees and housing provident funds of existing internal retirees: 4.50%.

(4) Sensitivity analysis of actuarial assumption

Sensitivity analysis of discount rate	Change in present value of obligations under defined benefit plan (RMB in ten thousand)
Increase by 0.25 percentage point	-216
Decrease by 0.25 percentage point	225

## (XXXVII) Estimated liabilities

Item	Ending balance	Beginning balance	Causes
Product quality warranty	232,408,600.75	173,236,013.99	Product warranty charges accrued
Pending onerous contract	32,259,085.92	15,693,015.22	Provision for impairment in relation to contract costs
<b>Total</b>	<b>264,667,686.67</b>	188,929,029.21	

Other explanations, including explanations on important assumptions and estimates related to significant estimated liabilities:

Note 1: For businesses such as ship and offshore engineering construction, supporting facilities and ships trading, product warranty charges shall be accrued based on the contract and expected amount to be incurred upon completion and delivery, and shall be included in the cost of principal operations and estimated liabilities. If there is an agreement on the amount or provision ratio of warranty charges in the contract, the provision shall be made according to the contract; if there is no agreement in the contract, the provision is generally based on 0.5%-1% of the contract revenue, with the provision ratio for special orders such as lead ships being 0.5%-1.5%.

Note 2: The obligations to perform a loss-making contract in the Group's estimated liabilities were mainly due to the fact that some of the shipbuilding contracts entered into by the Group's shipbuilding enterprises might become loss-making contracts, and the corresponding loss-making contractual obligations were recognised in accordance with the provisions of the accounting policies mentioned in Note 3 (26) to these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (XXXVIII) Deferred income

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance	Causes
Government grants	39,427,582.86	132,350,312.77	86,455,741.02	85,322,154.61	Relating to assets/income
<b>Total</b>	39,427,582.86	132,350,312.77	86,455,741.02	85,322,154.61	

## (XXXIX) Other non-current liabilities

Item	Ending balance	Beginning balance
Hedged item	96,872,353.05	78,892,468.71
<b>Total</b>	96,872,353.05	78,892,468.71

## (XL) Share capital

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

### Current year

Item	Beginning balance		Increase or decrease (+, -) during the year					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>	1,413,506,378.00	100.00						1,413,506,378.00	100.00

### Last year

Item	Beginning balance		Increase or decrease (+, -) during the year					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>	1,413,506,378.00	100.00						1,413,506,378.00	100.00

Other note: All the shares in the Company are ordinary shares with nominal value of RMB1 each.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (XLI) Capital reserve

### Current year

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance
Share premium	9,308,196,115.28			9,308,196,115.28
Other capital reserve	-323,040,474.30		91,854.82	-323,132,329.12
Capital reserves transferred from the original system	18,260,878.79			18,260,878.79
<b>Total</b>	9,003,416,519.77		91,854.82	9,003,324,664.95

Other explanations: The decrease in other capital reserves during the year was due to the change in capital reserves recognised in respect of changes in capital reserves and special reserves of GSI, an associate of the Company.

### Last year

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance
Share premium	9,308,196,115.28			9,308,196,115.28
Other capital reserve	49,524,714.42		372,565,188.72	-323,040,474.3
Capital reserves transferred from the original system	18,260,878.79			18,260,878.79
<b>Total</b>	9,375,981,708.49		372,565,188.72	9,003,416,519.77

Other explanations: The decrease in other capital reserves in the previous year was due to a business combination under common control for GSI, an associate of the Company, the resulting impact was included in the capital reserves as other changes in the owners' equity of joint ventures, and changes in capital reserves recognized for changes in the share of net assets entitled after the passive dilution of the shareholding ratio of GSI as a result of capital increase by other parties.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (XLII) Other comprehensive income

### Current year

Item	Beginning balance	Amount for the year					Ending balance
		Amount incurred for the year before income tax	Less: Amount previously included in other comprehensive income and transferred to profit or loss for the period	Less: Income tax expense	Amount attributable to the Company after tax	Amount attributable to non-controlling interests after tax	
1. Other comprehensive income that may not be subsequently reclassified to profit or loss	2,607,188,072.92	1,413,152,130.75		353,731,386.89	1,061,443,925.50	-2,023,181.64	3,668,599,714.23
Including: Changes in the re-measurement of defined benefit plans	-67,382,471.26						-67,382,471.26
Other comprehensive income that cannot be transferred to profit or loss under the equity method	1,273,808.81	320,786.29			320,786.29		1,594,595.10
Change in fair value of investments in other equity instruments	2,673,296,735.37	1,412,831,344.46		353,731,386.89	1,061,123,139.21	-2,023,181.64	3,734,387,590.39
2. Other comprehensive income that will be subsequently reclassified to profit or loss	338,178.50	1,906,869.66			1,032,557.57	874,312.09	1,370,736.07
Including: Exchange differences arising from translation of foreign currency financial statements	338,178.50	1,906,869.66			1,032,557.57	874,312.09	1,370,736.07
<b>Total other comprehensive income</b>	<b>2,607,526,251.42</b>	<b>1,415,059,000.41</b>		<b>353,731,386.89</b>	<b>1,062,476,483.07</b>	<b>-1,148,869.55</b>	<b>3,669,970,450.30</b>

### Last year

Item	Beginning balance	Amount for the year					Ending balance
		Amount incurred for the year before income tax	Less: Amount previously included in other comprehensive income and transferred to profit or loss for the period	Less: Income tax expense	Amount attributable to the Company after tax	Amount attributable to non-controlling interests after tax	
1. Other comprehensive income that may not be subsequently reclassified to profit or loss	1,450,972,215.57	1,559,184,959.59		391,685,136.59	1,168,443,992.86	655,830.14	2,607,188,072.92
Including: Changes in the re-measurement of defined benefit plans	-67,382,471.26						-67,382,471.26
Other comprehensive income that cannot be transferred to profit or loss under the equity method	3,164,245.90	-1,890,437.09			-1,890,437.09		1,273,808.81
Change in fair value of investments in other equity instruments	1,515,190,440.93	1,561,075,396.68		391,685,136.59	1,168,734,429.95	655,830.14	2,673,296,735.37
2. Other comprehensive income that will be subsequently reclassified to profit or loss	-417,370.41	1,394,044.20			755,548.91	638,495.29	338,178.50
Including: Exchange differences arising from translation of foreign currency financial statements	-417,370.41	1,394,044.20			755,548.91	638,495.29	338,178.50
<b>Total other comprehensive income</b>	<b>1,450,554,845.16</b>	<b>1,560,579,003.79</b>		<b>391,685,136.59</b>	<b>1,167,599,541.77</b>	<b>1,294,325.43</b>	<b>2,607,526,251.42</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (XLIII) Special reserve

### Current year

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance
Production safety fee		30,899,211.29	30,899,211.29	
<b>Total</b>		30,899,211.29	30,899,211.29	

### Last year

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance
Production safety fee		24,549,067.84	24,549,067.84	
<b>Total</b>		24,549,067.84	24,549,067.84	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (XLIV) Surplus reserve

### Current year

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance
Statutory surplus reserve	1,096,450,270.05	30,128,018.69		1,126,578,288.74
Discretionary surplus reserve	19,920,770.23			19,920,770.23
<b>Total</b>	1,116,371,040.28	30,128,018.69		1,146,499,058.97

Other note: The increase in statutory surplus during the current year was due to the provision of 10% of the net profit of the Company after making up the losses in accordance with the provisions of the Articles of Association.

### Last year

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance
Statutory surplus reserve	1,091,725,649.11	4,724,620.94		1,096,450,270.05
Discretionary surplus reserve	19,920,770.23			19,920,770.23
<b>Total</b>	1,111,646,419.34	4,724,620.94		1,116,371,040.28

Other note: The increase in statutory surplus during the current year was due to the provision of 10% of the net profit of the Company after making up the losses in accordance with the provisions of the Articles of Association.

## (XLV) Retained Earnings

Item	Current year	Last year
Retained earnings as at the end of last year before adjustment	2,276,749,345.46	2,236,341,205.82
Beginning adjustment to retained earnings (increase +, decrease -)		572,135.41
Retained earnings as at the beginning of the year after adjustment	2,276,749,345.46	2,236,913,341.23
Add: Net profit attributable to owners of the Parent Company for the year	377,262,684.20	48,067,553.44
Less: Statutory surplus reserve set aside	30,128,018.69	4,724,620.94
Dividends payable for ordinary shares	32,510,646.70	14,135,063.78
Add: Transfer from other comprehensive income to retained earnings	32,284.19	10,628,135.51
<b>Retained earnings as at the end of the year</b>	<b>2,591,405,648.46</b>	2,276,749,345.46

Other explanations on retained earnings: Due to changes in accounting policies for the last year, undistributed profits as at the beginning of the last year of RMB572,135.41 were affected. The retained earnings carried forward from other comprehensive income for the last year represented an internal carry-forward of the owners' equity from disposal of equity in CSSC Finance Company Limited by Wenchong Shipyard; the retained earnings carried forward from other comprehensive income for the current year represented an internal carry-forward of the owners' equity from disposal of equity in CSSC Heavy Equipment Co., Ltd. by Huangpu Wenchong.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (XLVI) Non-controlling interests

Name of subsidiary	Minority shareholding percentage (%)	Ending balance	Beginning balance
Huangpu Wenchong	45.46	3,268,376,818.67	3,179,848,593.10
Zhanjiang Nanhai	40.00	3,355,123.64	3,159,176.17
Wenchong Bingshen	40.00	3,169,588.68	2,751,924.05
Wah Shun	1.00	34,794.22	33,989.62
Wah Loong	1.00	605,184.79	575,697.39
Xingji	62.50	3,520,871.19	3,378,395.54
Guangxi Heavy Industrial	28.60	66,688,508.00	-279,587.18
<b>Total</b>		<b>3,345,750,889.19</b>	<b>3,189,468,188.69</b>

Other note: Guangxi Heavy Industrial's minority shareholding percentage of 28.60% was the subscription percentage as of the end of the year, and the paid-in minority shareholding percentage was 18.24%.

## (XLVII) Net current assets

Item	Ending balance	Beginning balance
Current assets	32,140,949,910.03	29,826,609,846.07
Less: Current liabilities	26,396,390,403.11	26,485,601,048.27
<b>Net current assets</b>	<b>5,744,559,506.92</b>	<b>3,341,008,797.80</b>

## (XLVIII) Total assets less current liabilities

Item	Ending balance	Beginning balance
Total assets	53,596,113,615.25	50,862,502,007.57
Less: Current liabilities	26,396,390,403.11	26,485,601,048.27
<b>Total assets less current liabilities</b>	<b>27,199,723,212.14</b>	<b>24,376,900,959.30</b>

## (XLIX) Borrowings

Details of the borrowings of the Group are as follows:

Item	Ending balance	Beginning balance
Short-term borrowings	598,343,912.50	780,514,316.67
Long-term borrowings due within one year	1,478,987,938.08	1,000,754,722.23
Long-term borrowings	4,048,900,000.00	3,314,314,701.47
Subtotal of borrowings	6,126,231,850.58	5,095,583,740.37
Lease liabilities due within one year	79,105,696.46	63,048,670.64
Lease liabilities	152,585,672.14	121,112,313.78
Subtotal of lease liabilities	231,691,368.60	184,160,984.42
<b>Total</b>	<b>6,357,923,219.18</b>	<b>5,279,744,724.79</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## 1. Analysis of borrowings

Item	Ending balance	Beginning balance
Bank borrowings		
– Bank borrowings repayable within 5 years	4,631,078,963.08	3,817,521,747.93
– Bank borrowings repayable after 5 years	1,176,200,000.00	1,203,032,131.33
Other borrowings		
– Other borrowings repayable within 5 years	318,952,887.50	75,029,861.11
– Other borrowings repayable after 5 years		
<b>Total</b>	<b>6,126,231,850.58</b>	<b>5,095,583,740.37</b>

## 2. Analysis of maturity of borrowings

Item	Ending balance	Beginning balance
On demand or within one year	2,077,331,850.58	1,781,269,038.90
1-2 years	2,872,700,000.00	10,000,000.00
2-5 years		2,101,282,570.14
Over 5 years	1,176,200,000.00	1,203,032,131.33
<b>Total</b>	<b>6,126,231,850.58</b>	<b>5,095,583,740.37</b>

## (L) Operating income and operating costs

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

Item	Current year		Last year	
	Income	Cost	Income	Cost
Principal business	19,166,821,218.82	17,706,056,476.55	15,941,256,203.17	15,029,990,244.41
Other business	235,569,640.81	190,956,885.29	204,695,292.92	135,693,981.82
<b>Total</b>	<b>19,402,390,859.63</b>	<b>17,897,013,361.84</b>	<b>16,145,951,496.09</b>	<b>15,165,684,226.23</b>

Gross profit from principal business

Item	Current year	Last year
Income from principal business	19,166,821,218.82	15,941,256,203.17
Cost of principal business	17,706,056,476.55	15,029,990,244.41
<b>Gross profit</b>	<b>1,460,764,742.27</b>	<b>911,265,958.76</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

(1) *Principal business – by product*

Product name	Current year	Last year
<b>Income from principal business</b>		
Ship products	16,726,559,201.96	13,234,152,359.60
Including:		
Bulk carriers	2,030,270,732.48	909,282,245.40
Containerships	5,189,781,544.94	4,289,763,073.55
Special ships and others	9,506,506,924.54	8,035,107,040.65
Offshore engineering products	697,802,033.90	422,974,955.66
Steel structure	826,437,773.69	1,342,258,685.97
Ship maintenance and modification	758,594,300.75	744,012,163.26
Electromechanical products and others	157,427,908.52	197,858,038.68
<b>Total</b>	<b>19,166,821,218.82</b>	<b>15,941,256,203.17</b>
<b>Cost of principal business</b>		
Ship products	15,166,625,270.42	12,510,741,861.27
Including:		
Bulk carriers	1,782,493,951.73	906,039,595.54
Containerships	3,946,423,722.94	3,729,562,089.62
Special ships and others	9,437,707,595.75	7,875,140,176.11
Offshore engineering products	844,385,268.57	475,528,511.62
Steel structure	734,310,631.48	1,182,538,673.06
Ship maintenance and modification	847,386,175.95	714,935,607.20
Electromechanical products and others	113,349,130.13	146,245,591.26
<b>Total</b>	<b>17,706,056,476.55</b>	<b>15,029,990,244.41</b>

(2) *Principal business – by region*

Region	Current year	Last year
<b>Income from principal business</b>		
China (including Hong Kong, Macau and Taiwan)	13,059,654,977.33	15,012,360,605.65
Other Asia regions	4,058,862,385.68	113,381,363.81
Europe	4,318,985.90	5,608,493.55
Oceania	1,894,769,491.57	357,463,321.84
North America	43,343,704.65	
Africa	105,871,673.69	433,637,430.21
South America		18,804,988.11
<b>Total</b>	<b>19,166,821,218.82</b>	<b>15,941,256,203.17</b>
<b>Cost of principal business</b>		
China (including Hong Kong, Macau and Taiwan)	12,223,927,002.14	14,149,423,041.90
Other Asia regions	3,610,196,735.39	80,103,958.42
Europe	4,108,053.22	3,573,871.92
Oceania	1,731,593,626.23	355,664,515.95
North America	39,495,956.95	
Africa	96,735,102.62	422,856,601.82
South America		18,368,254.40
<b>Total</b>	<b>17,706,056,476.55</b>	<b>15,029,990,244.41</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (3) Income from and cost of other business

Item	Current year	Last year
<b>Income from other business</b>		
Sale of materials	131,635,229.07	126,150,963.68
Lease	53,963,687.00	55,155,122.44
Provision of energy	21,162,813.30	1,801,460.05
Others	28,807,911.44	21,587,746.75
<b>Total</b>	<b>235,569,640.81</b>	<b>204,695,292.92</b>
<b>Costs of other business</b>		
Sale of materials	123,394,195.21	95,895,973.84
Lease	18,891,074.25	18,990,112.54
Provision of energy	23,432,073.91	1,857,760.50
Others	25,239,541.92	18,950,134.94
<b>Total</b>	<b>190,956,885.29</b>	<b>135,693,981.82</b>

## 2. Deductions of operating income

Item	Current year	Specific deductions	Last year	Specific deductions
Amount of operating income	19,402,390,859.63		16,145,951,496.09	
Total amount of deductions	235,569,640.81		204,695,292.92	
Proportion of total amount of deductions in operating income (%)	1.21		1.27	
I. Business income not related to the principal operations				
Income from operations other than daily operations	235,569,640.81	Sales of materials, rental income, etc.	204,695,292.92	Sales of materials, rental income, etc.
Subtotal of business income not related to the principal operations	235,569,640.81		204,695,292.92	
II. Commercially non- substantial income				
Subtotal of commercially non- substantial income				
III. Other income not related to the principal operations or without commercial substance				
<b>Amount of operating income after deductions</b>	<b>19,166,821,218.82</b>		<b>15,941,256,203.17</b>	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## 3. Segment information of operating income and operating cost

Income generated from customer contracts during the year was as follows:

Type	Shipbuilding and related business segment		Steel structure business segment		Ship maintenance and related business segment		Other segments		Inter-segment elimination		Total	
	Operating income	Operating cost	Operating income	Operating cost	Operating income	Operating cost	Operating income	Operating cost	Operating income	Operating cost	Operating income	Operating cost
<b>By product type:</b>												
Ship products	23,835,578,035.04	22,275,644,103.50							-7,103,018,833.08	-7,103,018,833.08	16,726,559,201.96	15,166,625,270.42
Offshore engineering products	802,214,960.26	1,004,241,702.72							-104,412,826.36	-158,855,434.15	697,802,133.90	844,365,268.57
Steel structure			1,077,476,743.94	981,225,222.18					-251,038,970.25	-246,914,580.70	826,437,773.69	734,310,631.48
Ship maintenance and modification					765,303,906.78	654,085,781.98			-6,709,606.03	-6,709,606.03	758,594,300.75	847,386,175.95
Electromechanical products and others							489,211,351.91	445,912,266.61	-331,783,443.39	-332,563,136.48	157,427,908.52	113,349,130.13
Other business							629,924,158.74	585,311,403.22	-394,354,517.93	-394,354,517.93	235,569,640.81	190,956,885.29
<b>Total</b>	<b>24,637,792,995.30</b>	<b>23,279,865,806.22</b>	<b>1,077,476,743.94</b>	<b>981,225,222.18</b>	<b>765,303,906.78</b>	<b>654,085,781.98</b>	<b>1,119,135,510.65</b>	<b>1,031,223,669.83</b>	<b>-8,197,318,297.04</b>	<b>-8,249,417,118.37</b>	<b>19,402,390,659.63</b>	<b>17,897,013,361.84</b>
<b>Sub-total by region of operation:</b>												
Domestic	18,735,566,642.70	17,966,692,940.47	1,077,476,743.94	981,225,222.18	548,479,736.06	659,608,667.51	1,067,802,512.92	1,014,389,254.86	-8,197,318,297.04	-8,249,417,118.37	13,252,007,338.58	12,372,486,966.65
Overseas	5,902,226,352.60	5,313,202,865.75			216,824,170.72	194,467,114.47	31,332,997.73	16,834,414.97			6,150,383,321.05	5,524,524,395.19
<b>Total</b>	<b>24,637,792,995.30</b>	<b>23,279,865,806.22</b>	<b>1,077,476,743.94</b>	<b>981,225,222.18</b>	<b>765,303,906.78</b>	<b>654,085,781.98</b>	<b>1,119,135,510.65</b>	<b>1,031,223,669.83</b>	<b>-8,197,318,297.04</b>	<b>-8,249,417,118.37</b>	<b>19,402,390,659.63</b>	<b>17,897,013,361.84</b>
<b>By type of market or customer:</b>												
State-owned enterprises	17,824,663,525.01	17,138,232,929.39	1,038,838,636.53	959,857,073.89	498,169,702.82	612,591,126.58	992,090,103.86	944,044,073.13	-8,197,318,297.04	-8,249,417,118.37	12,156,493,667.18	11,405,308,084.82
Private enterprises	1,384,955.75	2,308,173.39	38,638,107.41	21,368,148.29		47,017,540.93	95,712,409.06	62,373,686.35			186,025,505.46	133,067,557.96
Foreign enterprises	6,811,724,514.54	6,139,344,703.44			216,824,170.72	194,467,114.47	31,332,997.73	24,805,901.35			7,059,861,692.99	6,338,637,719.26
<b>Total</b>	<b>24,637,792,995.30</b>	<b>23,279,865,806.22</b>	<b>1,077,476,743.94</b>	<b>981,225,222.18</b>	<b>765,303,906.78</b>	<b>654,085,781.98</b>	<b>1,119,135,510.65</b>	<b>1,031,223,669.83</b>	<b>-8,197,318,297.04</b>	<b>-8,249,417,118.37</b>	<b>19,402,390,659.63</b>	<b>17,897,013,361.84</b>
<b>By type of contracts:</b>												
Fixed price	24,637,792,995.30	23,279,865,806.22	1,077,476,743.94	981,225,222.18	765,303,906.78	654,085,781.98	1,119,135,510.65	1,031,223,669.83	-8,197,318,297.04	-8,249,417,118.37	19,402,390,659.63	17,897,013,361.84
Mark up pricing												
<b>Total</b>	<b>24,637,792,995.30</b>	<b>23,279,865,806.22</b>	<b>1,077,476,743.94</b>	<b>981,225,222.18</b>	<b>765,303,906.78</b>	<b>654,085,781.98</b>	<b>1,119,135,510.65</b>	<b>1,031,223,669.83</b>	<b>-8,197,318,297.04</b>	<b>-8,249,417,118.37</b>	<b>19,402,390,659.63</b>	<b>17,897,013,361.84</b>
<b>By date of transfer of goods:</b>												
Performed at a point in time	13,560,401,015.58	12,337,824,479.05	111,201,888.95	90,157,650.75	765,303,906.78	654,085,781.98	1,119,135,510.65	1,034,314,593.60	-7,824,148,347.32	-7,859,391,312.43	7,731,893,974.64	6,456,461,182.95
Performed within a time period	11,077,391,979.72	10,942,061,327.17	966,274,854.99	891,067,571.43				-3,090,913.77	-373,169,949.72	-389,455,805.94	11,670,496,884.99	11,440,552,178.89
<b>Total</b>	<b>24,637,792,995.30</b>	<b>23,279,865,806.22</b>	<b>1,077,476,743.94</b>	<b>981,225,222.18</b>	<b>765,303,906.78</b>	<b>654,085,781.98</b>	<b>1,119,135,510.65</b>	<b>1,031,223,669.83</b>	<b>-8,197,318,297.04</b>	<b>-8,249,417,118.37</b>	<b>19,402,390,659.63</b>	<b>17,897,013,361.84</b>
<b>By contract term:</b>												
Short-term	13,560,401,015.58	12,337,824,479.05	111,201,888.95	90,157,650.75	765,303,906.78	654,085,781.98	1,119,135,510.65	1,034,314,593.60	-7,824,148,347.32	-7,859,391,312.43	7,731,893,974.64	6,456,461,182.95
Long-term	11,077,391,979.72	10,942,061,327.17	966,274,854.99	891,067,571.43				-3,090,913.77	-373,169,949.72	-389,455,805.94	11,670,496,884.99	11,440,552,178.89
<b>Total</b>	<b>24,637,792,995.30</b>	<b>23,279,865,806.22</b>	<b>1,077,476,743.94</b>	<b>981,225,222.18</b>	<b>765,303,906.78</b>	<b>654,085,781.98</b>	<b>1,119,135,510.65</b>	<b>1,031,223,669.83</b>	<b>-8,197,318,297.04</b>	<b>-8,249,417,118.37</b>	<b>19,402,390,659.63</b>	<b>17,897,013,361.84</b>
<b>By sales channel:</b>												
Direct sales	24,637,792,995.30	23,279,865,806.22	1,077,476,743.94	981,225,222.18	765,303,906.78	654,085,781.98	1,119,135,510.65	1,031,223,669.83	-8,197,318,297.04	-8,249,417,118.37	19,402,390,659.63	17,897,013,361.84
Distribution sales												
<b>Total</b>	<b>24,637,792,995.30</b>	<b>23,279,865,806.22</b>	<b>1,077,476,743.94</b>	<b>981,225,222.18</b>	<b>765,303,906.78</b>	<b>654,085,781.98</b>	<b>1,119,135,510.65</b>	<b>1,031,223,669.83</b>	<b>-8,197,318,297.04</b>	<b>-8,249,417,118.37</b>	<b>19,402,390,659.63</b>	<b>17,897,013,361.84</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## 4. Note on contract performance obligations

Item	Time of contract performance obligations	Material payment terms	Nature of goods the Company undertook to transfer	Whether the Company is the principal responsible person	Payment expected to be returned to customers born by the Company	Type of quality assurance and relevant obligations provided by the Company
Mainly the construction, delivery and maintenance of ships and ancillary products	Substantially corresponding to the completion schedule of the ship completion progress, mainly includes those for construction commencement, closure, docking, launching, sea trial and delivery	The time and proportion of the settlement of the progress payment are set out in the contracts between the Group and the customers	Ships and ancillary products or relevant services	Yes	The two parties shall perform the relevant obligations in accordance with the terms of the contract. If any party defaults or fails to perform the contractual obligations in a timely manner, where the responsibility lies with the Group, it shall refund customers' prepayments together with the contract assets caused thereby; in the event that it is the customer's responsibility, the Group has the right to require the customer to continue performing or to compensate for the costs and profits incurred in the contract performance	For defects caused by unintentional, navigation risks and physical damage during the warranty period of the contract, which is generally 1 year, enterprises provide repair services without any charges

## 5. Transaction price allocated to remaining performance obligations

As of 31 December 2024, the transaction price corresponding to the contract performance obligations for which contracts had been entered into and which had not been performed was RMB50,882,642,400.00, of which:

RMB18,572,665,300.00 is expected to be recognized as revenue in 2025;

RMB14,237,875,300.00 is expected to be recognized as revenue in 2026.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## 6. Top five customers by operating income

Customers	Relationship with the Group	Current year	Percentage of total income from principal business (%)
Customer 1	Unrelated party	9,572,021,768.68	49.94
Customer 2	Unrelated party	3,921,343,034.12	20.46
Customer 3	Unrelated party	1,642,082,334.43	8.57
Customer 4	Under common control of China Shipbuilding Group	1,258,400,906.93	6.57
Customer 5	Unrelated party	487,532,562.52	2.54
<b>Total</b>		<b>16,881,380,606.68</b>	<b>88.08</b>

## 7. Purchase amounts from top five suppliers

Suppliers	Relationship with the Group	Current year	Percentage of total costs of principal business (%)
Supplier 1	Under common control of China Shipbuilding Group	6,019,960,646.53	34.00
Supplier 2	Unrelated party	357,487,000.00	2.02
Supplier 3	Unrelated party	222,519,700.00	1.26
Supplier 4	Unrelated party	196,954,620.00	1.11
Supplier 5	Unrelated party	123,504,250.00	0.70
<b>Total</b>		<b>6,920,426,216.53</b>	<b>39.09</b>

## 8. Significant contract changes or significant transaction price adjustments

None

## (LI) Taxes and surcharges

Item	Amount for the year	Amount for last year
Urban maintenance and construction tax	5,341,075.66	3,686,446.05
Educational surcharge	3,815,015.04	2,638,427.29
Property tax	11,360,065.11	8,111,423.30
Land use tax	1,856,442.07	1,624,463.95
Stamp duty	12,399,996.27	10,573,167.72
Vehicle and vessel tax	46,024.84	56,182.45
Environmental protection tax	110,692.23	144,027.74
Resource tax	3,572.00	
<b>Total</b>	<b>34,932,883.22</b>	<b>26,834,138.50</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (LII) Selling expenses

Item	Amount for the year	Amount for last year
Employee benefits	22,108,606.31	24,066,624.06
Business expenditure	1,099,610.03	1,341,926.97
Exhibition fee	754,221.77	169,911.93
Advertising publicity fee	248,202.79	1,031,845.20
Insurance premium	22,018,867.93	
Depreciation charge	42,607.10	107,956.16
Others	2,270,946.17	3,089,231.74
<b>Total</b>	<b>48,543,062.10</b>	<b>29,807,496.06</b>

## (LIII) Administrative expenses

Item	Amount for the year	Amount for last year
Employee benefits	384,429,157.37	386,270,297.36
Repairing expenses	98,923,363.08	91,153,612.38
Amortization of intangible assets	21,255,086.32	20,649,281.43
Depreciation charge	24,713,490.03	23,929,476.23
Insurance premium	14,869,821.70	23,055,522.26
Travelling expense	6,576,445.84	4,039,457.88
Boarding meeting fee	5,968,641.82	6,150,088.20
Business entertainment fee	4,017,469.74	13,810,107.07
Intermediary fee	3,654,799.35	4,163,408.82
Consulting fee	2,049,557.88	1,408,767.12
Office expenses	1,696,148.73	1,409,250.30
Others	95,047,217.00	87,259,878.07
<b>Total</b>	<b>663,201,198.86</b>	<b>663,299,147.12</b>

## (LIV) Research and development expenses

Item	Amount for the year	Amount for last year
Material fee	475,188,372.57	306,615,191.22
Wages and labor costs	255,009,317.96	192,084,133.09
Outsourcing fee	58,236,219.60	36,856,935.74
Project management fee	43,049,061.83	32,779,605.74
Fixed assets usage fee	30,761,386.24	16,819,220.51
Design fee	10,664,134.74	44,565,038.83
Dedicated fee	3,251,129.90	8,484,020.29
Travelling expense	3,146,033.84	3,728,914.19
Fuel power fee	2,491,594.47	6,711,325.26
Test fee	296,060.00	4,650,291.24
Equipment purchase fee	692,219.47	1,401,918.59
Conference fee	604,645.75	710,569.79
Expert consultation fee	677,050.01	403,993.11
Others	4,396,115.90	2,722,675.36
<b>Total</b>	<b>888,463,342.28</b>	<b>658,533,832.96</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (LV) Finance costs

Item	Current year	Last year
Interest expenses	<b>113,748,961.92</b>	114,747,863.08
Including: Interest expenses from lease liabilities	<b>6,794,811.34</b>	6,698,572.00
Less: Interest income	<b>360,121,768.64</b>	382,844,049.40
Foreign exchange gains and losses	<b>-49,073,267.58</b>	-94,134,339.38
Other expenses	<b>14,592,976.04</b>	13,380,304.95
<b>Total</b>	<b>-280,853,098.26</b>	-348,850,220.75

### 1. Breakdown of interest expenses

Item	Current year	Last year
<b>Interest on bank borrowings and overdraft</b>	<b>108,341,008.32</b>	112,685,981.47
Interest on bank borrowings due within 5 years	<b>108,341,008.32</b>	112,685,981.47
Interest on bank borrowings due over 5 years		
<b>Other borrowings</b>	<b>10,357,953.60</b>	7,151,881.61
Interest on other borrowings due within 5 years	<b>10,357,953.60</b>	7,151,881.61
Other interest expenses		
<b>Sub-total</b>	<b>118,698,961.92</b>	119,837,863.08
Less: Capitalized Interest		
Less: Finance interest discount	<b>4,950,000.00</b>	5,090,000.00
<b>Total</b>	<b>113,748,961.92</b>	114,747,863.08

### 2. Breakdown of interest income

Item	Current year	Last year
Interest income from bank deposits	<b>335,685,558.33</b>	352,515,833.60
Interest income from receivables	<b>24,436,210.31</b>	30,328,215.80
<b>Total</b>	<b>360,121,768.64</b>	382,844,049.40

## (LVI) Other income

Item	Amount for the year	Amount for last year
Government grants	<b>84,165,280.70</b>	97,301,818.58
Input tax deduction	<b>63,065,751.79</b>	53,238,584.83
Handling fees for withholding individual income tax	<b>416,531.81</b>	463,732.81
<b>Total</b>	<b>147,647,564.30</b>	151,004,136.22

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (LVII) Investment income

Item	Current year	Last year
Gain from long-term equity investments accounted under equity method	211,178,827.91	5,486,956.40
Investment income from disposal of long-term equity investments	756,086.90	-189,095.34
Investment income from disposal of financial assets held for trading	27,969,485.11	12,265,877.98
Dividend income received during the period of holding investments in other equity instruments	43,601,866.29	6,099,752.57
<b>Total</b>	<b>283,506,266.21</b>	<b>23,663,491.61</b>

Other explanations: Investment income from investment in listed companies and non-listed companies for the year amounted to RMB43,498,983.20 (last year: RMB5,957,783.47) and RMB240,007,283.01 (last year: RMB17,705,708.14), respectively.

## (LVIII) Gain from change in fair value

Source of gain from change in fair value	Current year	Last year
Financial assets held-for-trading	-7,956,435.12	-58,286,158.23
Financial liabilities held-for-trading	-68,358,166.43	15,665,169.00
Hedging instruments	-22,420,036.89	-60,068,984.61
<b>Total</b>	<b>-98,734,638.44</b>	<b>-102,689,973.84</b>

## (LIX) Credit impairment loss

Item	Amount for the year	Amount for last year
Loss on bad debts of accounts receivable	5,857,769.91	-3,377,257.97
Impairment loss on receivables financing		44,927.81
Loss on bad debts of other receivables	-7,319,512.74	-341,652.74
Loss on bad debts of long-term receivables	-11,584,372.77	4,960,928.40
<b>Total</b>	<b>-13,046,115.60</b>	<b>1,286,945.50</b>

Other explanations: Negative numbers of credit impairment losses indicate accrual during current year, and positive numbers indicate reversal during current year.

## (LX) Loss on impairment of assets

Item	Amount for the year	Amount for last year
Loss on impairment of inventories	-50,949,140.70	-4,090,488.06
<b>Total</b>	<b>-50,949,140.70</b>	<b>-4,090,488.06</b>

Other explanations: Negative numbers of asset impairment losses indicate accrual during current year, and positive numbers indicate reversal during current year.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (LXI) Gain from disposal of assets

Item	Amount for the year	Amount for last year	Amount included in non-recurring gains and losses for the year
Gain from disposal of non-current assets	-29,166,698.27	50,345,748.28	-29,166,698.27
Including: Gain and loss from disposal of fixed assets	-32,860,239.83	50,345,748.28	-32,860,239.83
Gain and loss from disposal of right-of-use assets	3,693,541.56		3,693,541.56
<b>Total</b>	<b>-29,166,698.27</b>	<b>50,345,748.28</b>	<b>-29,166,698.27</b>

## (LXII) Non-operating income

Item	Current year	Last year	Amount included in non-recurring gains and losses for the year
Gain from damage and disposal of non-current assets	498,433.21	860,841.16	498,433.21
Including: Gain from scrapped fixed assets	498,433.21	860,841.16	498,433.21
Government grants not relating to daily activities	1,738,410.18	1,820,129.88	1,738,410.18
Penalty income	656,401.71	310,671.63	656,401.71
Insurance claims payment	951,533.11	3,061,979.54	951,533.11
Others	666,788.83	104,279.51	666,788.83
<b>Total</b>	<b>4,511,567.04</b>	<b>6,157,901.72</b>	<b>4,511,567.04</b>

Other explanations: The amount included in non-recurring gains and losses for the year was RMB4,511,567.04 (last year: RMB6,157,901.72); non-operating income for the year included profit from disposal of properties of RMB0 (last year: RMB0).

## (LXIII) Non-operating expenses

Item	Amount for the year	Amount for last year	Amount included in non-recurring gains and losses for the year
Losses from scrapped non-current assets	1,182,800.66	2,553,549.01	1,182,800.66
Including: Losses from scrapped fixed assets	1,182,800.66	2,553,549.01	1,182,800.66
Penalty and overdue fine	471,200.96	552,739.23	471,200.96
Expense on external donation	6,000.00	120,000.00	6,000.00
<b>Total</b>	<b>1,660,001.62</b>	<b>3,226,288.24</b>	<b>1,660,001.62</b>

Other explanations: The amount included in non-recurring gains and losses for the year was RMB1,660,001.62 (last year: RMB3,226,288.24).

## (LXIV) Income tax expense

### 1. List of income tax expense

Item	Current year	Last year
Current income tax expense	-9,027,974.12	-686,230.29
(1) China	-9,050,708.34	-687,307.80
(2) Hong Kong	22,734.22	1,077.51
Deferred income tax expense	-68,464,933.95	572,595.79
<b>Total</b>	<b>-77,492,908.07</b>	<b>-113,634.50</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

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

Item	Current year
Total profit	393,198,912.51
Income tax expenses calculated at statutory/applicable tax rate	98,299,728.13
Impact of different tax rates for subsidiaries	-13,554,455.62
Impact of adjustment for income tax for previous periods	-13,945,425.32
Impact of non-taxable income	-63,695,173.55
Impact of non-deductible costs, expenses and losses	-7,412,981.09
Impact of utilisation of deductible loss for which no deferred tax assets were previously recognised	-75,483,843.80
Impact of deductible temporary differences or deductible losses for the period for which no deferred tax assets are recognised	130,219,822.34
Others (refers to additional deduction of research and development expense)	-131,920,579.16
Income tax expense	-77,492,908.07

### (LXV) Audit fees and auditors

The audit fees charged for 2024 are RMB1.54 million (2023: RMB1.54 million). The auditors engaged by the Company are BDO China Shu Lun Pan Certified Public Accountants LLP, which has been changed since 2021.

### (LXVI) Depreciation and amortization

Item	Current year	Last year
Depreciation of fixed assets	355,092,356.69	351,899,911.98
Amortisation of intangible assets	32,845,930.59	31,513,862.88
Depreciation of right-of-use assets	83,885,032.19	85,605,453.17
Amortisation of long-term prepaid expenses	10,392,293.43	10,458,536.61
Depreciation of investment properties	6,537,425.04	6,537,425.04
<b>Total</b>	<b>488,753,037.94</b>	486,015,189.68

Other explanations: The amount of depreciation expenses included in operating costs, selling expenses, administrative expenses and research and development expenses for the year is RMB445,514,813.92 (last year: RMB339,863,192.08), and the amount of amortization expenses is RMB43,238,224.02 (last year: RMB41,972,399.49).

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

Losses on disposal of investments during the year were RMB0. Gains on disposal of properties during the year were RMB0 (gains on disposal of investments during the previous year is RMB189,095.34, gains on disposal of properties during the previous year is RMB0).

### (LXVIII) Operating rental expense

Operating rental expense for the year is RMB120,699,053.31 (last year: RMB145,762,527.87, of which rental expense for machinery and equipment is RMB19,730,272.55 (last year: RMB56,003,214.35).

### (LXIX) Rental income

Operating rental income for the year is RMB113,875,109.66 (last year: RMB136,406,258.91), including rental income from land and buildings of RMB62,378,583.41 (last year: RMB41,341,730.08).

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (LXX) Supplementary information on income statement of expenses by nature

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

Item	Amount for the year	Amount for last year
Raw materials consumed	12,377,470,004.19	10,267,834,278.59
Employee compensation expenses	2,788,862,057.14	2,458,109,089.08
Depreciation expenses	445,514,813.92	339,863,192.08
Amortisation expenses	43,238,224.02	41,972,399.49
Fuel power fee	224,272,591.95	216,123,908.94
Product fee	1,030,323,531.80	946,886,599.68
Balance of product payment	55,971,675.33	65,880,205.54
Finance costs	-280,853,098.26	-348,850,220.75
Other	2,531,568,066.73	2,180,655,028.97
<b>Total</b>	<b>19,216,367,866.82</b>	<b>16,168,474,481.62</b>

## (LXXI) Items in cash flow statement

### 1. Cash relating to operating activities

#### (1) Other cash receipts relating to operating activities

Item	Amount for the year	Amount for last year
Income from other current accounts received	301,287,779.16	308,371,808.01
Government grants	136,748,262.63	57,461,070.73
Receipt/recovery of deposit, security deposit	43,643,598.43	18,957,823.98
Interest income	123,451,634.24	244,754,566.14
Other non-operating income	1,127,443.11	7,971,454.96
<b>Total</b>	<b>606,258,717.57</b>	<b>637,516,723.82</b>

#### (2) Other cash payments relating to operating activities

Item	Amount for the year	Amount for last year
Payment of other current accounts	300,642,833.79	468,475,256.33
Security, deposit	15,339,084.00	16,410,940.82
Administrative and R&D expense	190,672,496.63	180,149,733.57
Reserve funds	37,929,181.20	41,504,023.64
Non-operating expenses	477,200.96	182,730.61
Selling expenses	26,657,588.51	5,132,882.23
Bank charges	14,905,015.95	12,658,737.36
Warranty expenses	1,274,310.43	2,737,711.73
<b>Total</b>	<b>587,897,711.47</b>	<b>727,252,016.29</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## 2. Cash relating to investing activities

### (1) Other cash receipts relating to investing activities

Item	Amount for the year	Amount for last year
Fixed deposits and restricted funds over three months	1,242,492,625.00	4,003,608,494.81
Fixed deposits over three months and interest income on various security deposit	89,548,262.63	69,543,055.62
<b>Total</b>	<b>1,332,040,887.63</b>	<b>4,073,151,550.43</b>

### (2) Other cash payments relating to investing activities

Item	Amount for the year	Amount for last year
Placement of fixed deposits and restricted funds over three months	1,757,845,865.58	6,909,204,442.80
Reclassification of net cash received from disposal of subsidiaries		1,026,222.57
<b>Total</b>	<b>1,757,845,865.58</b>	<b>6,910,230,665.37</b>

### (3) Cash receipts relating to material investing activities

Nature	Amount for the year	Amount for last year
Disposal of long-term assets	380,349,036.04	332,124,611.31
Fixed deposits, restricted funds and interest over three months received	1,332,040,887.63	4,073,151,550.43

### (4) Cash payments relating to material investing activities

Nature	Amount for the year	Amount for last year
Acquisition and construction of long-term assets	203,194,863.43	554,296,344.64
Forward foreign exchange settlement	249,895,883.98	109,771,851.97
Placement of fixed deposits and restricted funds over three months	1,757,845,865.58	6,909,204,442.80

## 3. Cash relating to financing activities

### (1) Other cash receipts relating to financing activities

None.

### (2) Other cash payments relating to financing activities

Item	Amount for the year	Amount for last year
Leased asset expense	82,763,929.80	101,898,994.93
<b>Total</b>	<b>82,763,929.80</b>	<b>101,898,994.93</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (3) Changes in various liabilities arising from financing activities

Item	Beginning balance	Increase for the year		Decrease for the year		Ending balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Short-term borrowings	780,514,316.67	599,000,000.00	8,218,082.89	789,388,487.06		598,343,912.50
Long-term borrowings	4,315,069,423.70	2,240,000,000.00	97,362,959.37	1,124,544,444.99		5,527,887,938.08
Lease liabilities	184,160,984.42		157,083,257.80	82,763,929.80	26,788,943.82	231,691,368.60
Dividends payable	761,937.23		35,138,029.09	34,605,341.93	531,357.36	763,267.03

## 4. Explanation on presentation of cash flow in net amount

None.

## 5. Significant activities and financial influence that do not involve current cash receipts and payments but affect the enterprise's financial position or may affect the enterprise's cash flow in the future

None.

## (LXXII) Supplementary information on consolidated cash flow statement

### 1. Supplementary information on consolidated cash flow statement

Supplementary information	Amount for the year	Amount for last year
1. Reconciliation of net profit and cash flows from operating activities		
Net profit	470,691,820.58	73,207,983.66
Add: Loss on credit impairment	13,046,115.60	-1,286,945.50
Provision for impairment of assets	50,949,140.70	4,090,488.06
Depreciation of fixed assets and investment properties	361,629,781.73	358,437,337.02
Depreciation of right-of-use assets	83,885,032.19	85,605,453.17
Amortisation of intangible assets	32,845,930.59	31,513,862.88
Amortisation of long-term prepaid expenses	10,392,293.43	10,458,536.61
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain expressed with "-")	29,166,698.27	-50,345,748.28
Loss on retirement of fixed assets (gain expressed with "-")	684,367.45	1,692,707.85
Loss on changes in fair value (gain expressed with "-")	98,734,638.44	102,689,973.84
Finance cost (gain expressed with "-")	74,129,129.63	138,320,920.79
Loss on investments (gain expressed with "-")	-283,506,266.21	-23,663,491.61
Decrease in deferred tax assets (increase expressed with "-")	-81,430,052.72	4,498,599.45
Increase in deferred tax liabilities (decrease expressed with "-")	12,965,118.77	-3,926,003.66
Decrease in inventories (increase expressed with "-")	-517,947,400.81	-992,650,094.03
Decrease in operating receivables (increase expressed with "-")	-2,395,882,478.05	-1,018,294,392.07
Increase in operating payables (decrease expressed with "-")	-155,982,817.26	4,591,619,090.17
Others		
Net cash flows from operating activities	-2,195,628,947.67	3,311,968,278.35
2. Significant investing and financing activities not involving cash receipts or payments		
Conversion of debts into capital		
Convertible corporate bonds due within one year		
Right-of-use assets acquired by assuming lease liabilities		
3. Net changes in cash and cash equivalents		
Ending balance of cash	7,912,650,651.18	9,701,160,074.84
Less: Beginning balance of cash	9,701,160,074.84	11,069,985,285.84
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-1,788,509,423.66	-1,368,825,211.00

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

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

None.

## 3. Net cash received from the disposal of subsidiaries during the year

Item	Amount
Cash or cash equivalents received during the year from the disposal of subsidiaries during the year	
Less: Cash or cash equivalents held by the subsidiaries on the date of loss of control	
Add: Cash or cash equivalents received during the year from the disposal of subsidiaries during the previous periods	70,689.64
Of which: CSSC (Guangzhou) New Energy Co., Ltd.	70,689.64
Net cash received from the disposal of subsidiaries	70,689.64

## 4. Composition of Cash and cash equivalents

Item	Ending balance	Beginning balance
I. Cash	7,912,650,651.18	9,701,160,074.84
Including: Cash on hand	20,307.97	13,864.48
Digital currency available for use on demand		
Bank deposits available for use on demand	192,788,988.02	30,248,792.19
Other cash at bank and on hand for use on demand		
Deposit in finance company available for use	7,719,841,355.19	9,670,897,418.17
II. Cash equivalents		
Including: Bond investments due within three months		
III. Ending balance of cash and cash equivalents	7,912,650,651.18	9,701,160,074.84
Including: Cash and cash equivalents held but not used by the parent company or subsidiaries within the Group		

## 5. Presentation of items with restricted use but still belonging to cash and cash equivalents

None.

## 6. Monetary funds which are not cash and cash equivalents

Item	Ending balance	Beginning balance	The reason for they are not cash and cash equivalents
Fixed deposits with a term of over 3 months	7,065,500,000.00	6,466,500,000.00	They are expected to be held to maturity and their term is relatively long
Deposit for bank acceptance bills	24,430,668.47	26,469,573.12	Restricted for use
Deposit for letters of guarantee and letters of credit	1,127,178.00	1,012,100.00	Restricted for use
Special housing fund for employees	18,243,383.50	17,924,517.92	Restricted for use
Interest on fixed deposits	238,642,563.17	209,738,883.69	Restricted for use
<b>Total</b>	<b>7,347,943,793.14</b>	<b>6,721,645,074.73</b>	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (LXXIII) Foreign currency monetary items

### 1. Foreign currency monetary items

Item	Ending balance of foreign currency	Translation rate	Ending balance denominated in RMB
Cash at bank and on hand			1,310,483,733.21
Including: USD	180,885,091.09	7.1884	1,300,274,388.79
EUR	842,072.20	7.5257	6,337,182.76
HKD	4,181,600.07	0.9260	3,872,161.66
Accounts receivable			156,638,764.61
Including: USD	21,656,517.66	7.1884	155,675,711.55
HKD	1,040,014.10	0.9260	963,053.06
Long-term receivables due within one year			56,439,414.92
Including: USD	7,851,457.20	7.1884	56,439,414.92
Long-term receivables			236,229,341.39
Including: USD	32,862,576.01	7.1884	236,229,341.39
Accounts payables			2,164,149.93
Including: USD	290,820.34	7.1884	2,090,532.93
HKD	79,500.00	0.9260	73,617.00
Other payables			48,746,158.30
Including: USD	6,736,000.00	7.1884	48,421,062.40
HKD	351,075.49	0.9260	325,095.90

### 2. Reporting currency of significant foreign operating entities

Significant foreign operating entities	Principal place of business overseas	Reporting currency	Basis of selection
Wah Shun International Marine Limited	Hong Kong, China	Hong Kong Dollars	Principal business operations are denominated in Hong Kong dollars
Wah Loong International Marine Limited	Hong Kong, China	Hong Kong Dollars	Principal business operations are denominated in Hong Kong dollars
Wan Sheng International Marine Limited	Hong Kong, China	Hong Kong Dollars	Principal business operations are denominated in Hong Kong dollars
Wan Xing International Marine Limited	Hong Kong, China	Hong Kong Dollars	Principal business operations are denominated in Hong Kong dollars
Wan Xiang International Marine Limited	Hong Kong, China	Hong Kong Dollars	Principal business operations are denominated in Hong Kong dollars
Wan Rui International Marine Limited	Hong Kong, China	Hong Kong Dollars	Principal business operations are denominated in Hong Kong dollars
Wan Yu International Marine Limited	Hong Kong, China	Hong Kong Dollars	Principal business operations are denominated in Hong Kong dollars

## (LXXIV) Leases

### 1. As lessee

Item	Amount for the current year	Amount for the last year
Interest expense of lease liabilities	6,794,811.34	5,775,496.25
Simplified short-term lease expenses included in the related cost of assets or current profit and loss	30,014,641.76	27,324,766.92
Simplified lease expenses of low value assets (excluding short-term lease expenses of low value assets) included in the related cost of assets or current profit and loss	4,568.02	4,661.93
Total cash outflow related to leases	134,973,225.71	145,762,527.87

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## 2. As lessor

### (1) Operating leases

	Amount for the current year	Amount for the last year
Income from operating leases Including: Income related to variable lease payments not included in lease receipts	113,875,109.66	136,406,258.91

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

Remaining leasing term	Amount for the current year	Amount for the last year
Within one year	62,467,613.87	88,142,465.48
Above one year within two years	62,106,511.78	78,185,135.22
Above two years within three years	41,003,868.50	67,911,926.97
Above three years within four years	35,337,992.33	44,003,823.24
Above four years within five years	9,844,381.08	3,523,704.16
Above five years	3,462,120.00	862,008.00
<b>Total</b>	<b>214,222,487.56</b>	<b>282,629,063.07</b>

### (2) Finance leases

	Amount for the current year	Amount for the last year
Selling profit or loss Finance income on the net investment in the lease Income relating to variable lease payments not included in the net investment in the lease	5,947,279.14	7,076,218.77

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

Remaining leasing term	Amount for the current year	Amount for the last year
Within one year	61,105,419.77	65,762,194.81
Above one year within two years	150,040,354.32	70,536,002.05
Above two years within three years	89,113,861.86	137,494,929.92
Above three years within four years		86,978,359.43
Above four years within five years		
Above five years		
Subtotal of undiscounted leasing receivable	300,259,635.95	360,771,486.21
Add: Unguaranteed residual value		
Less: Unrealized finance income	7,590,778.09	13,342,109.88
Net investment in the lease	292,668,857.86	347,429,376.33

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (LXXV) Earnings per share

Basic earnings per share shall be calculated by profit or loss attributable to ordinary equity holders of the Company (the numerator) divided by the weighted average number of ordinary shares outstanding (the denominator) during the period.

The numerator of the diluted earnings per share attributable to ordinary shareholders is the Company's net profit for the period after adjustment of the following factors: (1) the recognised interest expense of dilutive potential ordinary shares for the period; (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 for calculation of basic earnings per share; and (2) the weighted average number of ordinary shares after conversion of the dilutive potential ordinary shares into ordinary shares.

In calculating the weighted average number of ordinary shares increased after conversion of dilutive potential ordinary shares into 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.

The calculation of basic earnings per share and diluted earnings per share are as follows:

Item	No.	Current year	Last year
Net profit attributable to shareholders of the Company	1	377,262,684.20	48,067,553.44
Non-recurring gains and losses attributable to shareholders of the Company	2	41,654,459.53	49,831,469.56
Net profit after deducting non-recurring gains and losses attributable to shareholders of the Company	3=1-2	335,608,224.67	-1,763,916.12
Total number of shares at the beginning of the year	4	1,413,506,378.00	1,413,506,378.00
Shares increased due to transferring capital reserve into share capital or dividend distribution of shares (I)	5		
Shares increased due to issuance of new shares or debt for equity swap (II)	6		
Number of months from next month to the year-end regarding the increase of shares (II)	7		
Shares decreased due to share repurchase	8		
Number of months from the next month to the year-end regarding the decrease of shares	9		
Number of shares decreased due to capital reduction	10		
Number of months in the reporting period	11	12.00	12.00
Weighted average 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 earnings per share after deduction of nonrecurring gains and losses	13	1,413,506,378.00	1,413,506,378.00
Basic earnings per share (I)	14=1÷12	0.2669	0.0340
Basic earnings per share (II)	15=3÷13	0.2374	-0.0012
Potential diluted interests of ordinary shares recognised as expense	16		
Conversion 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+(16-17)×(100%-18)]÷(12+19)	0.2669	0.0340
Diluted earnings per share (II)	21=[3+(16-17)×(100%-18)]÷(13+19)	0.2374	-0.0012

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (LXXVI) Dividends

Details of dividends declared and paid and proposed during the track record period were as follows:

### 1. Year ended 31 December 2023

Pursuant to a resolution of the Annual General Meeting of 2022 of the Company on 24 May 2023, the Company pays a dividend of RMB14,135,063.78 for the year 2022 and the Company does not convert capital reserve into share capital.

### 2. Year ended 31 December 2024

(1) Pursuant to a resolution of the Annual General Meeting of 2023 of the Company on 30 May 2024, the Company pays a dividend of RMB15,548,570.16 for the year 2023 and the Company does not convert capital reserve into share capital.

(2) Pursuant to a resolution of the second extraordinary general meeting of 2024 of the Company on 27 September 2024, the Company pays a dividend of RMB16,962,076.54 under its 2024 semi-annual profit distribution plan and the Company does not convert capital reserve into share capital.

## I. RESEARCH AND DEVELOPMENT EXPENSES

### (I) Research and development expenses

Item	Amount for the year	Amount for last year
Material fee	475,188,372.57	306,615,191.22
Wages and labor costs	255,009,317.96	192,084,133.09
Outsourcing fee	58,236,219.60	36,856,935.74
Design fee	10,664,134.74	44,565,038.83
Fuel power fee	2,491,594.47	6,711,325.26
Fixed assets usage fee	30,761,386.24	16,819,220.51
Project management fee	43,049,061.83	32,779,605.74
Travelling expense	3,146,033.84	3,728,914.19
Test fee	296,060.00	4,650,291.24
Equipment procurement fee	692,219.47	1,401,918.59
Conference fee	604,645.75	710,569.79
Expert consultation fee	677,050.01	403,993.11
Dedicated fee	3,251,129.90	8,484,020.29
Others	4,396,115.90	2,722,675.36
<b>Total</b>	<b>888,463,342.28</b>	<b>658,533,832.96</b>
Including: Expensed research and development expenditure Capitalized research and development expenditure	<b>888,463,342.28</b>	<b>658,533,832.96</b>

### (II) Development expenditure on R&D projects eligible for capitalization

None.

### (III) Judgment criteria and basis for capitalization or expenses of important purchased projects under research and development

None.

## II. CHANGES IN SCOPE OF CONSOLIDATION

There was no change in the scope of consolidation during the current year.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## III. 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	41,000.00		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)
Wan Sheng	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)
Wan Xiang	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)
Wan Xing	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)
Wan Rui	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)
Wan 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)
Wenchong Engineering	Guangzhou	Other repair of machinery and equipment	200.00		100.00	Establishment through investment	Company with limited liability (Wholly-owned by legal person)
Subsidiaries indirectly held through four level structures: Guangxi Heavy Industrial	Qinzhou	Equipment manufacturing	42,000.00		71.40	Establishment through investment	Other company with limited liability

Other explanations:

- 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.. According to the relevant provisions of the articles of association of Xingji, Huangpu Wenchong shall appoint two directors, and each of other shareholders shall appoint one director. The chairman and general manager of Xingji shall be appointed by Huangpu Wenchong. Huangpu Wenchong can actually dominate the related activities of Xingji and is entitled to variable returns, and has the ability to use his power over Xingji to influence its amount of returns. As such, Xingji is included in the scope of consolidated statements by Huangpu Wenchong.
- Xingji and Wenchong Bingshen are both sino-foreign joint ventures.
- Wenchuan Heavy Industrial's shareholding in Guangxi Heavy Industrial was 71.40% based on the subscribed capital contributions and was 81.76% based on the paid-in capital contributions.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

(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	Minority shareholding percentage	Gain or loss attributable to minority shareholders for the year	Dividends declared to minority shareholders for the year	Ending balance of non-controlling interests
Huangpu Wenchong	45.4629%	93,429,136.38		3,345,750,889.19

## 3. Major financial information on significant non-wholly-owned subsidiaries

Unit: RMB in ten thousand

Name of subsidiary	Ending balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Huangpu Wenchong	3,064,140.53	821,253.13	3,885,393.66	2,637,739.72	478,845.77	3,116,585.49

Name of subsidiary	Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Huangpu Wenchong	2,836,363.55	941,321.32	3,777,684.87	2,646,767.64	388,357.14	3,035,124.78

Name of subsidiary	Amount for the year			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Huangpu Wenchong	1,938,930.03	20,393.35	20,139.02	-219,864.87

Name of subsidiary	Amount for last year			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Huangpu Wenchong	1,610,861.73	5,530.73	5,814.39	332,436.40

## 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 2024 to 31 December 2024

(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	Strategic to the Company's activities
				Direct	Indirect		
GSI	Guangzhou	Guangzhou	Metal shipbuilding	41.0248		Equity method	No

### 2. Key financial information of significant associates

Item	GSI	
	Ending balance/ Amount for the year	Beginning balance/ Amount for last year
Current assets	29,136,474,779.66	28,009,741,562.72
Including: Cash and cash equivalents	6,740,998,969.53	5,898,859,066.73
Non-current assets	8,909,208,973.77	9,282,569,947.49
Total assets	38,045,683,753.43	37,292,311,510.21
Current liabilities	22,027,553,580.98	25,067,389,038.54
Non-current liabilities	6,213,766,414.84	3,006,642,586.89
Total liabilities	28,241,319,995.82	28,074,031,625.43
Non-controlling interests	39,489,124.62	39,215,852.06
Equity attributable to shareholders of the Company	9,764,874,632.99	9,179,064,032.72
Share of net assets based on shareholding percentage	3,922,017,907.95	3,765,692,661.30
Adjustments	1,462,716,896.88	1,411,090,778.69
Carrying value of equity investments in associates	5,384,734,804.83	5,176,783,439.99
Operating income	17,466,144,490.33	17,974,552,762.59
Finance costs	-188,259,200.89	-151,853,257.90
Income tax expense	1,889,579.10	-634,264.88
Net profit	586,395,812.62	74,287,579.43
Other comprehensive income	393,741.79	-4,543,385.72
Total comprehensive income	586,789,554.41	69,744,193.71

### 3. Aggregated financial information of insignificant joint ventures and associates

	Ending balance/ Amount for the year	Beginning balance/ Amount for last year
<b>Joint ventures:</b>		
Total carrying value of investments		
Amounts in aggregate in proportion to the shareholdings		
– Net profit		
– Other comprehensive income		
– Total comprehensive income		
<b>Associates:</b>		
Total carrying value of investments	19,250,037.57	29,048,265.51
Amounts in aggregate in proportion to the shareholdings		
– Net profit	7,621,445.24	21,765,187.46
– Other comprehensive income		
– Total comprehensive income	7,621,445.24	21,765,187.46

### 4. Description of 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 2024 to 31 December 2024

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

## 5. Excessive losses incurred by joint ventures or associates

None.

## 6. Unrecognized commitment related to investment in joint ventures

None.

## 7. Contingent liabilities related to investment in joint ventures or associates

None.

## (IV) Significant joint operation

None.

## (V) Interests in structured entities not included in the scope of consolidated financial statements

None.

## IV. GOVERNMENT GRANTS

### (I) Type, amount and item of government grants

#### 1. Government grants included in profit or loss for the current period

Asset-related government grants

Items included in profit or loss for the period or written off against related costs and expenses losses	Amount of Government grants	Amounts included in profit or loss for the period or written off against related costs and expenses losses	
		Amount for the year	Amount for last year
Deferred revenue	25,205,000.00		
<b>Total</b>	<b>25,205,000.00</b>		

Government grants related to revenue

Items included in profit or loss for the period or written off against related costs and expenses losses	Amount of Government grants	Amounts included in profit or loss for the period or written off against related costs and expenses losses	
		Amount for the year	Amount for last year
Other income	84,165,280.70	84,165,280.70	97,301,818.58
Non-operating revenue	1,738,410.18	1,738,410.18	1,820,129.88
Financial expenses	4,950,000.00	4,950,000.00	5,090,000.00
<b>Total</b>	<b>90,853,690.88</b>	<b>90,853,690.88</b>	<b>104,211,948.46</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## 2. Liability items involving government grants

Item	Beginning balance	New grants received during the year	Amount included in non-operating income during the year	Amount transferred to other income during the year	Amounts charged to costs during the year	Other changes	Ending balance	Relating to assets/ relating to revenue
Deferred revenue	39,427,582.86	107,145,312.77		86,455,741.02			60,117,154.61	Related to revenue
Deferred revenue		25,205,000.00					25,205,000.00	Related to assets

### (II) Government grants recognized as at the end of the Reporting Period based on amounts receivable

None.

### (III) Return of government grants

None.

## V. 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 limited scope.

### (I) Various risks arising from financial instruments

The risk management objectives of the Group are to obtain an appropriate balance between risks and returns, to reduce negative effects caused by risks on the Group's operating results to a lowest level, and to maximize interest of shareholders and other equity investors. Based on these risk management objectives, the basic strategies of the Group are to confirm and analyse all risks related to the Group, to build appropriate risk tolerance bottom line, to 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 business activities of the Company are denominated and settled in RMB. As at the end of the year, 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	1,300,274,388.79	1,700,334,265.96
Cash and cash equivalents-HKD	3,872,161.66	3,765,691.37
Cash and cash equivalents-EUR	6,337,182.76	2,955,308.42
Accounts receivable-USD	155,675,711.55	696,127,738.12
Accounts receivable-HKD	963,053.06	1,693,120.61
Long-term receivables due within one year-USD	56,439,414.92	48,467,075.60
Long-term receivables-USD	236,229,341.39	177,567,093.26
Accounts payable- HKD	73,617.00	680,803.03
Accounts payable- USD	2,090,532.93	
Other payables-USD	48,421,062.40	
Other payables- HKD	325,095.90	22,919,252.63

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.

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## (2) Interest rate risk

The interest rate risk of the Group is generated from bank borrowings. 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 fixed rates and floating rates in view of the then market environment. As at the end of the year, the Group's bank borrowings mainly included fixed interest rate contracts denominated in RMB with amount of RMB6,122,900,000.00 (at the beginning of the year: RMB5,626,800,000.00) and floating interest rate contracts denominated in RMB with total amount of RMB0.00 (at the beginning of the year: RMB1,000,000,000.00).

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 convert them to borrowings with floating interest rate so that the interest rates on the borrowings can be dynamically adjusted in line with the market interest rates, thereby reducing the risk of changes in fair value arising from excessive deviation of the fixed interest rates from the market interest rates due to fluctuations in the market interest rates.

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.

## 2. Credit risk

As at the end of the year, the maximum exposure to credit risk that could give rise to financial losses for the Group is mainly from the counterparties' failure to perform their obligations leading to losses of the Group's financial assets and the financial guarantee 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 future changes in fair value occurs.

To reduce credit risk, a special department, responsible for confirming credit limitations, reviewing paper work related to credit and executing other 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 each of the balance sheet date to ensure sufficient provision for bad debts is made for unrecoverable amounts. Therefore, the management of the Group 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 RMB726,773,525.33 (at the beginning of the year: RMB1,159,983,134.34) in total; long-term receivables amounted to RMB1,692,544,161.97 (at the beginning of the year: RMB2,015,190,123.70) 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 by the Group to ensure the cash is adequate. The management of 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.

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Each of the Group's financial liabilities are presented as undiscounted contractual cash flows by maturity date as follows:

Item	Ending balance				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term borrowings	598,343,912.50				598,343,912.50
Financial liabilities held-for-trading	94,183,471.96				94,183,471.96
Notes payable	1,874,172,036.86				1,874,172,036.86
Accounts payable	8,452,829,358.41				8,452,829,358.41
Other payables	265,576,439.57				265,576,439.57
Long-term borrowings	1,478,987,938.08	2,872,700,000.00		1,176,200,000.00	5,527,887,938.08
Lease liabilities	90,974,227.48	57,279,612.61	73,075,096.38	27,659,531.95	248,988,468.42
<b>Total</b>	<b>12,855,067,384.86</b>	<b>2,929,979,612.61</b>	<b>73,075,096.38</b>	<b>1,203,859,531.95</b>	<b>17,061,981,625.80</b>

## (II) Sensitivity analysis

The Group adopts sensitivity analysis techniques to analyze the impact that a reasonable and probable change in risk variables could have on current profit or loss or owners' equity. Since risk variables rarely change in isolation, the correlation between the variables can bring significant influence to the final impact amount of a change in a risk variable. The following sensitivity analysis is assumed the variation of each variable is independently carried out.

### 1. Exchange rate risk sensitivity analysis

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

Based on the above assumptions, with other variables unchanged, the after-tax effect of reasonable exchange rate fluctuations on current profit or loss and equity are as follows:

Item	Change in exchange rate	Current year		Last year	
		Effect on net profit	Effect on owners' equity	Effect on net profit	Effect on owners' equity
USD	Strengthen by 5% against RMB	85,444,047.30	85,444,047.30	130,365,511.88	130,365,511.88
USD	Weaken by 5% against RMB	-85,444,047.30	-85,444,047.30	-130,365,511.88	-130,365,511.88

### 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 interest rate affect their interest income or expenses only; 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 and equity are as follows:

Item	Change in interest rate	Current year		Last year	
		Effect on net profit	Effect on owners' equity	Effect on net profit	Effect on owners' equity
Floating-rate borrowings	Increase by 1%			-10,000,000.00	-10,000,000.00
Floating-rate borrowings	Decrease by 1%			10,000,000.00	10,000,000.00

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## (III) The risk management of hedging business

### 1. The risk management strategies and objectives of hedging business

The Group is engaged in the manufacture of metal ships, and ship products it holds are subject to the risk of exchange rate changes in foreign currencies. Therefore, based on the trend of fluctuation in exchange rate, the Group appropriately adjusts the structure of its foreign currency assets or liabilities, or the Group and a bank enter into a forward foreign exchange transaction contract (forward foreign exchange settlement and sale), foreign exchange swaps and a foreign exchange option trading portfolio contract, so as to reduce the impact of the exchange rate risk. The foreign currency exchange rate of the Group's ship settlement funds is the same as the corresponding foreign currency exchange rate in the contract entered into with the bank, and the underlying variables of hedging instruments and hedged items are the foreign currency exchange rate set out in the contract entered into with the bank. The ineffective part of hedging instruments mainly arises from, among other things, the risk of exchange rate uncertainties generated by ship settlement funds that have not been recognized. The amount of hedge ineffectiveness recognized during the year and the previous year was not material. The Group adopts fair value hedges for such hedging.

### 2. Qualitative and quantitative information about the hedged items, the related hedging instruments and the hedged risk is disclosed by hedge category

*Fair value hedges*

Carrying value of hedged items		Cumulative amount of fair value hedge adjustments on hedged items (included in the carrying value of the hedged item)		Change in fair value of hedged items used as basis for recognition of hedge ineffectiveness component during the year		Carrying value of hedging instruments		Change in fair value of hedging instruments used as basis for recognition of hedge ineffectiveness component during the year		Ineffective hedge portion included in current profit or loss		Income statement presentation items included in current profit or loss (including ineffective hedge portion)
Assets	Liabilities	Assets	Liabilities	Balance sheet presentation items containing hedged items	Notional amount of hedging instruments	Assets	Liabilities	Balance sheet presentation items containing hedging instruments	Ineffective hedge portion included in current profit or loss	Ineffective hedge portion included in other comprehensive income		
Exchange rate risk				Other non-current liabilities				Other non-current assets				
	96,872,353.05		96,872,353.05			96,872,353.05						
- identified commitment				Other non-current liabilities				Other non-current assets				
	96,872,353.05		96,872,353.05			96,872,353.05						

### 3. Hedging business that did not apply hedge accounting

None.

## (IV) Transfer of financial assets

None.

# NOTES TO THE FINANCIAL STATEMENTS

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## VI. 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.

### (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
	Stage 1 fair value measurement	Stage 2 fair value measurement	Stage 3 fair value measurement	
<b>Fair value measurement on a recurring basis</b>				
◆ Financial assets held-for-trading	154,574.60	1,016,859.47		1,171,434.07
1. Financial assets at fair value through current profit or loss	154,574.60			154,574.60
Investments in equity instruments	154,574.60			154,574.60
2. Financial assets designated at fair value through profit or loss		1,016,859.47		1,016,859.47
◆ Receivable financing			236,548,075.95	236,548,075.95
◆ Other debt investments				
◆ Investments in other equity instruments	7,855,354,449.59		4,555,068.77	7,859,909,518.36
◆ Other non-current financial assets – hedging instruments		96,872,353.05		96,872,353.05
Total assets measured at fair value on a recurring basis	7,855,509,024.19	97,889,212.52	241,103,144.72	8,194,501,381.43
◆ Financial liabilities held-for-trading		94,183,471.96		94,183,471.96
Financial liabilities designated at fair value through current profit or loss		94,183,471.96		94,183,471.96
◆ Other non-current financial liabilities – hedged items		96,872,353.05		96,872,353.05
Total liabilities measured at fair value on a recurring basis		191,055,825.01		191,055,825.01

### (II) Basis for determination of market price of level 1 fair value measurement items on recurring and 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 31 December 2024.

### (III) Valuation techniques and qualitative and quantitative information on significant parameters used for level 2 fair value measurement items 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 items on a recurring and a non-recurring basis

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

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## (V) Analysis on the measurement items measured at fair value of level 3 on a going concern, adjustment information between the book value as at the end of the last year and the book value as at the end of current year and sensitivity of unobservable parameters

### 1. Adjustment information for the measurement items measured at fair value of level 3 on a going concern

Item	Beginning balance	Transfer to level 3	Transfer from level 3	Total current profit or loss		Purchases, issuances, sales, and settlements				Ending balance	For assets held at the end of the Reporting Period, current unrealized gains or changes included in profit or loss
				Included in the profit or loss	Included in other comprehensive income	Purchases	Issuances	Sales	Settlements		
◆ Financial assets held-for-trading											
◆ Receivables financing	276,203,451.85								-39,655,375.90	236,548,075.95	
◆ Investments in other equity instruments	4,517,833.64				37,235.13					4,555,068.77	
Total	280,721,285.49				37,235.13				-39,655,375.90	241,103,144.72	
Including: Gains and losses related to financial assets											
Gains and losses related to non-financial assets											

## (VI) Reasons for conversion and the policy for determining the point of conversion for ongoing fair value measurement items if conversion between levels occurred during the year

None.

## (VII) Changes in valuation techniques that occurred during the year and the reasons for the changes

None.

## (VIII) Fair value of financial assets and financial liabilities that are not measured at fair value

None.

## VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

### (I) Parent company of the Company

Name of parent company	Place of incorporation	Business nature	Registered capital	Shareholding ratio of the parent company in the Company (%)	Voting ratio of the parent company in the Company (%)
CSSC	Shanghai	Shipbuilding	RMB32 billion	34.05	56.89

The ultimate controller of the Company is: the State-owned Assets Supervision and Administration Commission of the State Council.

### 1. Controlling shareholder's registered capital and its changes

Name of controlling shareholder	Beginning balance	Increase for the year	Decrease for the year	Ending balance
CSSC	RMB32 billion			RMB32 billion

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## 2. 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	322,790,890.00	345,940,890.00	22.84	24.47	
<b>Total</b>	<b>804,128,590.00</b>	<b>827,278,590.00</b>	<b>56.89</b>	<b>58.52</b>	

### (II) Subsidiaries of the Company

For details of subsidiaries of the Company, please refer to Note “VIII. INTERESTS IN OTHER ENTITIES” under this section.

### (III) Joint ventures and associates of the Company

For details of significant joint ventures or associates of the Company, please refer to Note “VIII. INTERESTS IN OTHER ENTITIES” under this section.

Other joint ventures or associates that have related party transactions with the Company during the current year or have balance of related party transactions with the Company for the previous period are as follows:

Type of relationship	Name of related party	Content of major transactions	Unified social credit identifier	Type 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)

### (IV) Other related parties

Type of relationship	Name of other related party	Content of major transactions	Unified social credit identifier	Type of company
Under the control of the common controlling shareholder and actual controller	Anqing CSSC Diesel Engine Co., Ltd.	Purchase of goods, receipt of services	91340800151306277Q	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Anqing Marine Electric Co., Ltd.	Purchase of goods	913408007711027188	Company with limited liability (Wholly owned by a legal person invested or controlled by natural person)
Under the control of the common controlling shareholder and actual controller	Beijing the Great Wall Electronic Equipment Co., Ltd.	Purchase of goods, receipt of services	911101081019079710	Company with limited liability (Wholly-owned by legal person)
Under the control of the common controlling shareholder and actual controller	Beijing Bluewave Internet Technology Co., Ltd.	Sales of goods and provision of services	911101147376653304	Company with limited liability (Wholly-owned by legal person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding IT Co., Ltd.	Sales of goods and provision of services	911101088020423339	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	Chongqing Gearbox Co., Ltd.	Purchase of goods, receipt of services	915000002035507235	Company with limited liability
Under the control of the common controlling shareholder and actual controller	Chongqing Changzheng Heavy Industry Co., Ltd.	Purchase of goods, receipt of services	9150000020280308XL	Company with limited liability (Wholly-owned by legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Chongqing Hongjiang Machinery Co., Ltd.	Purchase of goods, receipt of services	915000002028458376	Company with limited liability (Wholly-owned by legal person)
Under the control of the common controlling shareholder and actual controller	Chongqing Huayu Electrical Group Limited	Purchase of goods, receipt of services	91500000202826724X	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	Chongqing Jiangjin Shipbuilding Industry Co., Ltd.	Purchase of goods, receipt of services	91500116576196464R	Company with limited liability (Wholly-owned by legal person)
Under the control of the common controlling shareholder and actual controller	Chongqing Yuejin Machinery Plant Co., Ltd.	Purchase of goods, receipt of services	915000002028992618	Company with limited liability (Wholly-owned by legal person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Industry Corporation Information Research Center (China Shipbuilding Group Co., Ltd. 714 Research Institute)	Receipt of design and technical services	121000004000101285	Public institution
Under the control of the common controlling shareholder and actual controller	Dalian Shipbuilding Import Export Co., Ltd.	Sales of goods and provision of services	91210202241265042K	Company with limited liability (Wholly-owned by legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Dalian Ship Valve Company Limited	Purchase of goods, receipt of services	912102311185217926	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)

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Type of relationship	Name of other related party	Content of major transactions	Unified social credit identifier	Type of company
Under the control of the common controlling shareholder and actual controller	CSSC Dalian Marine Propeller Co., Ltd.	Purchase of goods, receipt of services	912102001184759685	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	CSSC Dalian New Consumables Co., Ltd.	Purchase of goods, receipt of services	9121021308909384Y	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	Marinequip China Company Limited	Marine accessories	#5220000#5110002XQ	Other company with limited liability (Wholly stateowned)
Under the control of the common controlling shareholder and actual controller	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)
Under the control of the common controlling shareholder and actual controller	Guangdong GSI Elevator Machinery Equipment Co., Ltd.	Purchase of goods, receipt of services	91440000231128917P	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Guangdong GSI Marine Science and Technology Research Institute Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc., procurement of materials, and receipt of services	91440101MA9Y81UNXR	Domestic non-financial enterprises
Under the control of the common controlling shareholder and actual controller	Guangdong Marine Equipment and Offshore Wind Power Research Center Co., Ltd.	Purchase of goods, receipt of services	91440800MA52U9508N	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	CSSC Guangxi North Bay Ship and Marine Engineering Design Co., Ltd.	Purchase of goods, receipt of services	914500000811760314	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	Guangzhou Marine Engineering Corporation	Sales of goods and provision of services	121000007178064319	Ownership by the whole people
Under the control of the common controlling shareholder and actual controller	Guangzhou Guangchuan Offshore Engineering Equipment Co., Ltd.	Purchase of goods, receipt of services	9144010168132734X6	Company with limited liability (Wholly owned by legal person of foreign-invested enterprise)
Under the control of the common controlling shareholder and actual controller	Guangzhou Shipyard HR Service Co., Ltd.	Labour and technical services	91440103664021381U	Company with limited liability (Wholly-owned by legal person)
Under the control of the common controlling shareholder and actual controller	Guangzhou Hairong Construction Supervision Co., Ltd.	Purchase of goods and receipt of services	914401042312505170	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	Guangzhou Hongfan Technology Co., Ltd.	Purchase of goods, receipt of services	91440101708257645P	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	Technician Training School of Guangzhou Huangpu Shipyard	Labour and technical services and supply of utilities	12440000738592911K	Public institution
Under the control of the common controlling shareholder and actual controller	Kindergarten of Guangzhou Huangpu Shipyard	Provision of services	12440000738577981F	Public institution
Under the control of the common controlling shareholder and actual controller	Guangzhou Longxue Pipe Co., Ltd.	Purchase of goods, receipt of services	91440101696938450J	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	Guangzhou Wencheng Shipbuilding Co., Ltd.	Sales of goods and provision of services	91440101MA5CY9PU1E	Company with limited liability (Wholly-owned by legal person)
Under the control of the common controlling shareholder and actual controller	Guangzhou Shipyard Technical School	Receipt of design and technical services	12440000574022487N	Public institution
Under the control of the common controlling shareholder and actual controller	Guangzhou Shipyard Co., Ltd.	Purchase of goods, marine accessories and labour and technical services	91440101190440532F	Company with limited liability (Wholly-owned by legal person)
Under the control of the common controlling shareholder and actual controller	Hubei Huazhou Emergency Equipment Technology Co., Ltd.	Sales of goods and provision of services	91421281562709249P	Company with limited liability (Wholly-owned by legal person invested or controlled by natural person)
Under the control of the common controlling shareholder and actual controller	Hubei Siant Technology Co., Ltd.	Purchase of goods, receipt of services	914201007220007747	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	Harbin Guanghan Power Transmission Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	912301995654123446	Company with limited liability (State-controlled)
Under the control of the common controlling shareholder and actual controller	Haiping Enterprises Group Co., Ltd.	Purchase of goods, receipt of services	913202141347573676	Company with limited liability
Under the control of the common controlling shareholder and actual controller	Henan Diesel Engine Heavy Engineering Co., Ltd.	Purchase of goods, receipt of services	914103006634395595	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	Hudong-Zhonghua Shipbuilding (Group) Co., Ltd.	Purchase of goods and receipt of services, sales of goods and provision of services	9131000070326335X7	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Hudong Heavy Machinery Co., Ltd.	Marine accessories, product and equipment	91310115669401543C	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)

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Type of relationship	Name of other related party	Content of major transactions	Unified social credit identifier	Type of company
Under the control of the common controlling shareholder and actual controller	Wah-Chang International Marine Industry Company Limited	Sales of goods and provision of services	#5220000XG7250000J	Other company with limited liability (Wholly state-owned)
Under the control of the common controlling shareholder and actual controller	China United Shipbuilding Company Limited	Purchase of goods, receipt of services	#5220000#511000111	Other company with limited liability (Wholly state-owned)
Under the control of the common controlling shareholder and actual controller	Jiangnan Shipyard (Group) Co., Ltd.	Provision of design and technical services	913100001322043124	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Jiangsu Jierui Information Technology Co., Ltd.	Purchase of goods, receipt of services	91320791MA227XF730	Company with limited liability (Wholly-owned by legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Jiangxi Chaoyang Machinery Co., Ltd.	Purchase of goods	913604001582614892	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Jiangxi CSSC Valve Complete Equipment Co., Ltd.	Purchase of goods, receipt of services	91360429598860469Y	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	Jiangxi CSSC Navigation Instrument Co., Ltd.	Purchase of goods and receipt of services	913604021595005410	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Jiujiang Haitian Equipment Manufacture Co., Ltd.	Marine accessories	913604007697567041	Company with limited liability (Wholly state-owned)
Under the control of the common controlling shareholder and actual controller	CSSC Jiujiang Fire Fighting Equipment Co., Ltd.	Marine accessories	913604007697501774	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Luoyang Ship Material Research Institute (China Shipbuilding Group Co., Ltd. 725 Research Institute)	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	91410307MA3X4HHL0N	Ownership by the whole people
Under the control of the common controlling shareholder and actual controller	Nanfeng Environment Co., Ltd.	Purchase of goods	91440101MA59N24L26	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	Nanjing CSSC Oasis Environmental Protection Co., Ltd.	Purchase of goods, receipt of services	91320114742362916X	Company with limited liability
Under the control of the common controlling shareholder and actual controller	Nanjing CSSC Oasis Machine Co., Ltd.	Product and equipment	913201151349053822	Company with limited liability
Under the control of the common controlling shareholder and actual controller	KSEC Intelligent Technology Co., Ltd.	Purchase of goods	91530100709763144A	Joint stock company (listed and state-owned)
Under the control of the common controlling shareholder and actual controller	Kunming Shipping Equipment Corporation	Purchase of goods	91530000216523927C	Company with limited liability (Wholly-owned by legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Qingdao Shuangrui Marine Environment Engineering Co., Ltd.	Purchase of goods, receipt of services	91370200750419038P	Other Joint Stock Company Limited (Unlisted)
Under the control of the common controlling shareholder and actual controller	Xiamen Sunrui Ship Coatings Co., Ltd.	Purchase of goods, receipt of services	91350200761709479M	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	Shaanxi Diesel Engine Co., Ltd.	Purchase of goods, receipt of services	91610000755231771E	Company with limited liability (State-controlled)
Under the control of the common controlling shareholder and actual controller	Shanxi Pingyang Industry Machinery Co., Ltd.	Sales of goods and provision of services	911400007671098291	Company with limited liability (Wholly-owned by legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai Jiangnan Measurement and Testing Station Co., Ltd.	Sales of goods and provision of services	913101011325419848	Company with limited liability (Wholly state-owned)
Under the control of the common controlling shareholder and actual controller	Zhoushan Ship Engineering Research Centre of Shanghai Shipbuilding Technology Research Institute	Purchase of goods, receipt of services	123309000620206217	Public institution
Under the control of the common controlling shareholder and actual controller	Shanghai Merchant Ship Design & Research Institute	Marine accessories and labour and technical services	12100000717810086K	Public institution
Under the control of the common controlling shareholder and actual controller	TTS Hua Hai Ships Equipment Co., Ltd.	Marine accessories	91310000607385242T	Company with limited liability (Sino-foreign joint venture)
Under the control of the common controlling shareholder and actual controller	Shanghai Dongxin Software Engineering Co., Ltd.	Purchase of goods and receipt of services	9131000073745754XT	Company with limited liability (Wholly owned by a legal person invested or controlled by natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai Haixun Electrical Engineering Co., Ltd.	Purchase of goods and receipt of services, sales of goods and provision of services	91310118751896055E	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai Hunter Marine Equipment Co., Ltd.	Purchase of goods, receipt of services	91310230067816848E	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	Shanghai Hengtuo Industrial Development Co., Ltd.	Purchase of goods, receipt of services	913101046822767751	Company with limited liability (State-controlled)
Under the control of the common controlling shareholder and actual controller	Shanghai Hudong Shipyard Valve Co., Ltd.	Purchase of goods	91310230631147500M	Other company with limited liability

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Under the control of the common controlling shareholder and actual controller	Shanghai Huachuan Asset Management Company Limited (上海華船資產管理有限公司)	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc., procurement of materials, and receipt of services	913101151337471597	Domestic non-financial enterprises
Under the control of the common controlling shareholder and actual controller	Shanghai Huajing Power Station Equipment Co., Ltd.	Purchase of goods, receipt of services	91310113631256379P	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai Jiuyuan Engineering Contracting Co., Ltd.	Purchase of goods, receipt of services	913101071329233921	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai Ling Yao Ship Engineering Co., Ltd.	Purchase of goods, receipt of services	91310112055059886N	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai Qiyao Heavy Industry Co., Ltd.	Purchase of goods, receipt of services	91310112342099741R	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai SEVEN Science & Technology Engineering Co., Ltd.	Purchase of goods, receipt of services	913101061328408535	Domestic non-financial enterprises
Under the control of the common controlling shareholder and actual controller	Shanghai Shenbo Information System Engineering Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	913101046309035540	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai Starmy Ship Ocean Engineering Service Co., Ltd.	Purchase of goods and receipt of services, sales of goods and provision of services	91310000631140202F	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai Waigaoqiao Shipbuilding Co., Ltd.	Sale of goods and provision of services	913101156314236324	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai Xincheng Huahai International Trade Development Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	91310115MA7F5WHX60	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai Zhenhua Engineering Consulting Co., Ltd.	Purchase of goods and receipt of services	91310107631898873Q	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai CSSC Ship Design Technology and International Engineering Research Center Co., Ltd.	Purchase of goods, receipt of services	91310101766907124E	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai CSSC Lingang Ship Equipment Co., Ltd.	Purchase of goods, receipt of services	913101156746470974	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai CSSC Mitsui Shipbuilding Diesel Engine Co., Ltd.	Purchase of goods, receipt of services	91310000765585565P	Company with limited liability (Sino-foreign joint venture)
Under the control of the common controlling shareholder and actual controller	Shanghai CSSC Culture Media Co., Ltd. (上海中船文化傳媒有限公司)	Provision of design and technical services	9131011577243612XH	Domestic non-financial enterprises
Under the control of the common controlling shareholder and actual controller	Suzhou Jianghai Communication Co., Ltd.	Purchase of goods, receipt of services	913205061377183984	Company with limited liability (invested or controlled by natural person)
Under the control of the common controlling shareholder and actual controller	Tianjin Sinocean Offshore Investment Co., Ltd. (天津國海海工投資有限公司)	Sales of goods and provision of services	91120118MA06P1F74F	Company with limited liability (Wholly-owned by legal person)
Under the control of the common controlling shareholder and actual controller	Wuchang Shipbuilding Industry Group Co., Ltd.	Purchase of goods, receipt of services	91420100177688517B	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Wuhan Kawasaki Marine Machinery Co., Ltd.	Purchase of goods, receipt of services	914201007246755641	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	Wuhan Marine Machinery Co., Ltd.	Purchase of goods, receipt of services	914201007581511288	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Wuhan Haiyi Science and Technology Limited Company	Purchase of goods, receipt of services	914201000819651028	Company with limited liability (invested or controlled by natural person)
Under the control of the common controlling shareholder and actual controller	Wuhan Huazhongtianqin Defense Technology Co., Ltd.	Purchase of goods, receipt of services	914201005879749892	Company with limited liability (Wholly owned by a legal person invested or controlled by natural person)
Under the control of the common controlling shareholder and actual controller	Wuhan Ligan Technology Co., Ltd.	Purchase of goods, receipt of services	914201005749474475	Company with limited liability (Wholly owned by a legal person invested or controlled by natural person)

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Under the control of the common controlling shareholder and actual controller	Wuhan Temo Welding Consumables Co., Ltd.	Purchase of goods, receipt of services	91420107761211961K	Joint Stock Company Limited (unlisted, invested or controlled by natural persons)
Under the control of the common controlling shareholder and actual controller	Wuhan Heavy Industry Casting & Forging Co., Ltd.	Purchase of goods, receipt of services	91420100177685180G	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Yichang Marine Diesel Co., Ltd.	Purchase of goods, receipt of services	91420500179161663U	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Yinghui South Ship building (Guangzhou Fanyu) Co., Ltd.	Purchase of goods and receipt of services, sales of goods and provision of services	914401136187842302	Domestic non-financial enterprises
Under the control of the common controlling shareholder and actual controller	Zhenjiang China Marine-Xiandai Generating Co., Ltd.	Purchase of goods, receipt of services	913211917820673134	Company with limited liability (Taiwan, Hong Kong, Macau and domestic joint venture)
Under the control of the common controlling shareholder and actual controller	CSSC (Beijing) Intelligent Equipment Technology Co., Ltd. (中船(北京)智能装备科技有限公司)	Sales of goods and provision of services	91320706063247844E	Domestic non-financial enterprises
Under the control of the common controlling shareholder and actual controller	CSSC (Shanghai) Energy Saving Technology Co., Ltd. (中船(上海)节能技术有限公司)	Purchase of goods, receipt of services	91310101324445479M	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	CSC Motor Technology Co., Ltd.	Sales of goods and provision of services	91320200784951110Y	Joint stock company with limited liability (Unlisted)
Under the control of the common controlling shareholder and actual controller	CSSC Fenxi Heat Energy (Shanxi) Technology Co., Ltd.	Sales of goods and provision of services	91140100MA0KX8KM4C	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	CSSC HZ Wind Power Co., Ltd.	Sales of goods and provision of services	915000007562347987	Company with limited liability (Wholly-owned by legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	CSSC Hg Technologies Co., Ltd.	Sales of goods and provision of services	9113040072339877XH	Joint stock company (listed and state-owned)
Under the control of the common controlling shareholder and actual controller	CSSC Lingjiu High-Tech (Wuhan) Co., Ltd.	Sales of goods and provision of services	91420100679113828E	Company with limited liability (Wholly-owned by legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	CSSC Oasis Environmental Protection (Nanjing) Co., Ltd. (中船绿洲环保(南京)有限公司)	Purchase of goods, receipt of services	91320114742362916X	Company with limited liability
Under the control of the common controlling shareholder and actual controller	CSSC Financial Leasing (Tianjin) Co., Ltd.	Sales of goods and provision of services	91120116321621705P	Company with limited liability (Wholly-owned by Hong Kong, Macau or Taiwan legal persons)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Ruichi Feisi Engineering Consulting (Beijing) Co., Ltd.	Purchase of goods, receipt of services	91110105756019617C	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	CSSC Digital Information Technology Co., Ltd. (中船数字信息技术有限公司)	Purchase of goods, receipt of services	913207007589793126	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	CSSC Sunrui(Luoyang)Special Equipment Co., Ltd.	Sales of goods and provision of services	914103007822355084	Joint stock company (unlisted and state-owned)
Under the control of the common controlling shareholder and actual controller	CSSC Culture Technology (Beijing) Co., Ltd.	Purchase of goods, receipt of services	91110108MA00BNDY07	Company with limited liability (Wholly-owned by legal person)
Under the control of the common controlling shareholder and actual controller	CSSC Changping (Chongqing) Machinery Co., Ltd.	Purchase of goods, receipt of services	91500101207901754J	Company with limited liability (Wholly-owned by legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Industry Equipment & Materials (Shanghai Trading) Co., Ltd.	Sales of goods and provision of services	91310108797001632L	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	CSSC Finance Company Limited	Receipt of financial services	91310115100027155G	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	CSSC Chengxi Shipbuilding Co., Ltd.	Sales of goods and provision of services	91320281142243024W	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	CSSC Chengxi Yangzhou Shipbuilding Company Limited	Sales of metallic materials and sales of waste materials	91321012323728098Y	Domestic non-financial enterprises
Under the control of the common controlling shareholder and actual controller	China Shipbuilding NDRI Engineering Co., Ltd.	Labour and technical services	91310107425014619A	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	CSSC Electronic Technology (Sanya) Co., Ltd.	Receipt of design and technical services	91460200MA5RH1QT9X	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)

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Under the control of the common controlling shareholder and actual controller	China Marine Power (Group) Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	91310115MA1HBFUKX6	Domestic non-financial enterprises
Under the control of the common controlling shareholder and actual controller	CSSC Marine Power (Zhenjiang) Co. Ltd.	Purchase of goods, receipt of services	913211007317784309	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Engine Co., Ltd.	Purchase of goods, receipt of services	91370211MA3DKDQ98F	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	Marine accessories	91440101056586979E	Company with limited liability (Wholly-owned by legal person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Industry Complete Logistics Co., Ltd.	Purchase of goods and receipt of services, sales of goods and provision of services	91310110051227838H	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	CSSC Guijiang Shipbuilding Co., Ltd.	Purchase of goods and receipt of services, sales of goods and provision of services	91450400199125619J	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding International Trading Co., Ltd.	Purchase of goods and receipt of services	91310115703424416U	Company with limited liability (State-controlled)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Haifeng Aviation Technology Co., Ltd.	Purchase of goods, receipt of services	91110106082890640P	Company with limited liability (Wholly-owned by legal person)
Under the control of the common controlling shareholder and actual controller	CSSC Marine Services Co., Ltd.	Purchase of goods, receipt of services	91310115MA1K3M2Q92	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	CSSC Marine Equipment Innovation Park Investment Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	91110115344281467B	Company with limited liability (Wholly-owned by legal person)
Under the control of the common controlling shareholder and actual controller	CSSC Marine Technology Co., Ltd.	Purchase of goods, receipt of services	91310115767236625B	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	CSSC Hua Hai Ships Equipment Co., Ltd.	Marine accessories	91310101132203280U	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	CSSC Southern China Ship Machinery Guangzhou Co., Ltd.	Provision of services	91440101677764045H	Company with limited liability (Wholly-owned by legal person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Jihai (Kunshan) High Tech Co., Ltd.	Purchase of goods and receipt of services, sales of goods and provision of services	91320583251247307M	Domestic non-financial enterprises
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Engineering Management Consulting (Beijing) Co., Ltd.	Purchase of goods, receipt of services	911101056828826013	Domestic non-financial enterprises
Under the control of the common controlling shareholder and actual controller	CSSC Jiujiang Boiler Co., Ltd.	Purchase of goods, receipt of services	91360406MA388PRP8Q	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	CSSC Jiujiang Marine Equipment (Group) Co., Ltd.	Purchase of goods, receipt of services	91360400858263725E	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Industry Institute of Engineering Investigation & Design Co. Ltd.	Purchase of goods, receipt of services	91310107132943529A	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common state-controlling shareholder and actual controller	CSSC Science & Technology Co., Ltd.	Sale of goods and provision of services	913100001322836634	A Share Listed Joint Stock Company Limited (State-controlled)
Under the control of the common controlling shareholder and actual controller	CSSC Ocean STAR Culture Development Co., Ltd.	Provision of design and technical services	91110105097779486L	Company with limited liability (Wholly-owned by legal person)
Under the control of the common controlling shareholder and actual controller	CSSC Luzhou Zhenjiang Marine Auxiliary Machinery Co., Ltd.	Marine accessories	91321102MA1MQMDU91	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Trading Guangzhou Co., Ltd.	Purchase of goods	91440101MA5AKBD904	Company with limited liability (Wholly-owned by legal person)
Under the control of the common controlling shareholder and actual controller	CSSC Financial Leasing (Shanghai) Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	91310000090006392A	Company with limited liability (Wholly-owned by Hong Kong, Macau or Taiwan legal persons)

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Under the control of the common controlling shareholder and actual controller	CSSC SDARI Energy Saving Technology (Shanghai) Company Limited	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	91310115MA7FWW3G52	Domestic non-financial, enterprises
Under the control of the common controlling shareholder and actual controller	CSSC Tianhe Ship Equipment Jiangsu Co., Ltd.	Purchase of goods, receipt of services	913212830566715245	Company with limited liability
Under the control of the common controlling shareholder and actual controller	CSIC Haisheng Technology Co., Ltd.	Purchase of goods, receipt of services	91420500760672977G	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Industry Materials Trade Group (Mengla) Co., Ltd.	Purchase of goods, receipt of services	91532823MA6N3YER81	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Industry Equipment and Materials Group Guangzhou Co., Ltd.	Purchase of goods, receipt of services	91440101552381964L	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Industry Equipment & MATERIALS Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc., procurement of materials, and receipt of services	91110000710934190A	Domestic non-financial enterprises
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Industry Equipment and Materials Bayuquan Co., Ltd.	Purchase of goods, receipt of services	91210800577205668B	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	CSIC Zhongnan Equipment Co., Ltd.	Purchase of goods, receipt of services	91420000757020943U	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	CSIC Chongqing Changping Machinery Co., Ltd.	Purchase of goods, receipt of services	91500101207901754J	Company with limited liability (Wholly-owned by legal person)
Under the control of the common controlling shareholder and actual controller	CSSC (Hong Kong) Shipping Company Limited	Purchase of goods and receipt of services, sales of goods and provision of services	#5220000#51105RE3N	H Share Listed Joint Stock Company Limited (Statecontrolled)
Under the control of the common controlling shareholder and actual controller	China Ship News Agency	Purchase of goods, receipt of services	12100000E00663201G	Public institution
Under the control of the common controlling shareholder and actual controller	China Ship Power Station Equipment Co., Ltd.	Product and equipment	91310115756976070P	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China State Shipbuilding Corporation Limited	Purchase of goods	91310000710924478P	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Trading (BV) Co., Ltd.	Purchase of goods and receipt of services, sales of goods and provision of services	#5220000#511000704	Company with limited liability (State-controlled)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Trading (Shanghai) Co., Ltd.	Purchase of goods	913101151322076441	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	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)
Under the control of the common controlling shareholder and actual controller	China State Shipbuilding Equipment & Materials (Central South China) Co., Ltd. (中國船舶工業物資中南有限公司)	Purchase of goods, receipt of services	91420000177568769T	Company with limited liability (Wholly-owned by legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Shenzhen Marine Technology Co., Ltd.	Purchase of goods, receipt of services	9144030019033924XM	Company with limited liability (Wholly-owned by legal person invested or controlled by natural person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Changjiang Technology Co., Ltd.	Purchase of goods, receipt of services	91500101207902423J	Company with limited liability (invested or controlled by natural person)
Under the control of the common controlling shareholder and actual controller	CSIC Heng Yuan Technology Co., Ltd.	Purchase of goods, receipt of services	91500101207901922L	Company with limited liability (invested or controlled by natural person)
Under the control of the common controlling shareholder and actual controller	China Harzone Industry Corp., Ltd.	Sales of goods and provision of services	91420000670357025U	Other joint stock company with limited liability (Listed)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Equipment & Materials Northeast Corporation	Purchase of goods, receipt of services	91210100117660571P	Company with limited liability (State-controlled)
Under the control of the common controlling shareholder and actual controller	China National Shipbuilding Equipment & Materials (East China) Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	91310101132203213X	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China National Shipbuilding Equipment & Materials (South China) Co., Ltd.	Purchase of goods, receipt of services	91440000190332072P	Other company with limited liability

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Under the control of the common controlling shareholder and actual controller	China National Shipbuilding Equipment & Materials Southwest Co., Ltd.	Purchase of goods, receipt of services	91500105202804269L	Company with limited liability (Wholly-owned by legal person)
Under the control of the common controlling shareholder and actual controller	Marine Design and Research Institute of China	Purchase of goods and receipt of services	12100000425007603X	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Fenxi Heavy Industry Co., Ltd. (中國船舶集團汾西重工有限責任公司)	Purchase of goods, receipt of services	911400007701102654	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 703 Research Institute (中國船舶集團公司第七〇三研究所)	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	121000004140017838	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 704 Research Institute (中國船舶集團公司第七〇四研究所)	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	121000004250142995	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 713 Research Institute (中國船舶集團公司第七一三研究所)	Purchase of goods, receipt of services	91410100712675452H	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Guangxi Shipbuilding Co., Ltd.	Sales of goods and provision of services	91450700059544985W	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Guangzhou Ship Industrial Co., Ltd.	Purchase of goods, receipt of services	91440101190506722Q	Company with limited liability (Wholly-owned by legal person)
Under the control of the common controlling shareholder and actual controller	China State Shipbuilding Corporation South China Ship Machinery Co., Ltd.	Marine accessories and labour and technical services	914504001991247986	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Investment Co., Ltd.	Purchase of goods, receipt of services	91110115MA01TYLA4B	Domestic non-financial enterprises
Under the control of the common controlling shareholder and actual controller	China State Shipbuilding Equipment and Materials Corporation Limited	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	91110000100009512E	Company with limited liability (Wholly-owned by legal person)
Under the control of the common controlling shareholder and actual controller	China State Shipbuilding Corporation Limited	Purchase of goods, receipt of services	91310000MA1FL70B67	Company with limited liability (Wholly state-owned)
Under the control of the common controlling shareholder and actual controller	CSSC Beijing Ship Management College	Purchase of goods, receipt of services	1210000040000123XC	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 707 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	12100000401360031F	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 722 Research Institute	Purchase of goods, receipt of services	121000007227159643	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 726 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	12100000425010714W	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 723 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	12100000400003702G	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 724 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	12100000426092408R	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 709 Research Institute	Purchase of goods, receipt of services	12100000441623908U	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 718 Research Institute	Purchase of goods, receipt of services	911304001055711332	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 712 Research Institute	Purchase of goods, receipt of services	12100000441623967Y	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 716 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	12100000468047082T	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 717 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	1210000042000821X1	Public institution

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Type of relationship	Name of other related party	Content of major transactions	Unified social credit identifier	Type of company
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 715 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	121000004700294065	Public institution
Under the control of the common controlling shareholder and actual controller	Shanghai Marine Diesel Engine Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	12100000425008729F	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 12 Research Institute	Purchase of goods, receipt of services	91610481435721982U	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 11 Research Institute	Purchase of goods and receipt of services	12100000717806669G	Public institution
Under the control of the common controlling shareholder and actual controller	CSSC System Engineering Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	12100000400000675M	Public institution
Under the control of the common controlling shareholder and actual controller	CSSC Technology Institute	Provision of design and technical services	121000004000004721	Public institution
Under the control of the common controlling shareholder and actual controller	CSSC Scientific Research Center	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc., procurement of materials, and receipt of services	121000004000008197	Public institution
Under the control of the common controlling shareholder and actual controller	CSIC International Trading (Hong Kong) Co., Ltd.	Purchase of goods, receipt of services	#5110000#78654532P	Company with limited liability
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Industry Corporation 705 Research Institute	Purchase of goods, receipt of services	12100000435232046K	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Industry Corporation 710 Research Institute	Purchase of goods	12100000717807370U	Public institution
Under the control of the common controlling shareholder and actual controller	China Ship Development and Design Center	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	121000004416239594	Public institution
Under the control of the common controlling shareholder and actual controller	China Ship Research Institute (China Shipbuilding Corporation Limited 7 Research Institute)	Receipt of design and technical services	12100000400009944H	Public institution
Under the control of the common controlling shareholder and actual controller	Zhongshan GSI Marine Engineering Company Limited	Leases	91442000684420937T	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	Zibo Torch Energy Co., Ltd.	Purchase of goods, receipt of services	91370300164109846C	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Joint venture of controlling shareholder and actual controller	Guangzhou Wenchong Industrial Co., Ltd.	Leases	91440101MA5CK3CP5P	Other company with limited liability
Joint venture of controlling shareholder and actual controller	Shanghai Kaiyue Construction Consulting and Supervision Co., Ltd.	Purchase of goods, receipt of services	913102301321634000	Other company with limited liability
Joint venture of controlling shareholder and actual controller	CSSC Jiai Cruise Technology Development (Shanghai) Co., Ltd.	Purchase of goods, receipt of services	91310113MA1GLDMA58	Company with limited liability (invested or controlled by natural person)
Associate of controlling shareholder and actual controller	Workers' Hospital of Guangzhou Huangpu Shipyard	Provision of services	124400007385780000	Public institution
Associate of controlling shareholder and actual controller	Wuhan Kawasaki Marine Machinery Co., Ltd.	Purchase of goods, receipt of services	914201006164298251	Company with limited liability (Sino-foreign joint venture)
Associate of controlling shareholder and actual controller	Zhendui Industrial Intelligent Technology Co., Ltd.	Purchase of goods, receipt of services	91440300MA5FTQL29D	Company with limited liability
Associate of controlling shareholder and actual controller	Wartsila CME Zhenjiang Propeller Co., Ltd.	Purchase of goods, receipt of services	91321191761020727C	Company with limited liability (Sino-foreign joint venture)

Other explanations: China Shipbuilding Group Co., Ltd. (hereinafter referred to as China Shipbuilding Group) indirectly controls 804,128,590 shares of the Company through its wholly-owned subsidiary, China State Shipbuilding Corporation Limited, accounting for 56.89% of the Company's issued shares. The counterparties to the continuing related party transaction include China Shipbuilding Group, an indirect controlling shareholder of the Company, and its subsidiaries; and subsidiaries of the Company in which China Shipbuilding Group and its subsidiaries hold 10% or more equity interest (which are connected subsidiaries of the Company under Chapter 14A of the Listing Rules of the Stock Exchange and also connected persons of the Company).

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## (V) Related party transactions

The Company and China Shipbuilding Group signed the 2024 Connected Continuing Transaction Framework Agreement and supplementary agreement, whereby both parties provide transactions:

- (1) Provision of products and services by the Group to China Shipbuilding Group, including ship products, electromechanical equipment and metal materials, etc., leasing, labor and technical services, etc.;
- (2) Provision of products and services by China Shipbuilding Group to the Group, including marine equipment, electromechanical equipment, ancillary parts and material supplies, etc., leasing, labor and technical services, etc.;
- (3) Provision of guarantee business by China Shipbuilding Group to the Group;
- (4) Provision of sales agency services by China Shipbuilding Group to the Group.

The Company and CSSC Finance Company Limited ("CSSC Finance") signed the 2024 Financial Services Framework Agreement, pursuant to which both parties agreed that CSSC Finance would provide financial services to the Group, including: deposit services, loan services, other and bank credit facility services, foreign exchange services such as forward exchange settlement and sale.

The pricing policy of related party transactions: these transactions shall be conducted on normal commercial terms, on an arm's-length basis and in the ordinary course of business of the Group (where if there is no or there are not enough transactions for comparison to determine whether a 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 such transactions shall be fair and reasonable to the shareholders of the Group. The parties shall enter into agreements for such transactions setting out pricing bases.

### 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	Amount for the year	Amount for last year
China National Shipbuilding Equipment & Materials Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of design and technical services; purchase of fixed assets	1,929,462,048.62	2,610,084,732.22
Hudong Heavy Machinery Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of services	498,761,960.94	648,670,702.68
CSSC Systems Engineering Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of design, services and technical services	444,173,228.74	1,107,313,530.00
China Shipbuilding Group Co., Ltd. No. 704 Research Institute (中國船舶集團公司第七〇四研究所)	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc., and receipt of services, design and technical services	258,647,020.95	241,641,788.82
Wuhan Marine Machinery Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of services	236,551,699.10	101,843,256.63
Guangxi Wenchuan Heavy Industrial Co., Ltd.	Receipt of services	173,248,815.62	
Shaanxi Diesel Engine Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of services	170,892,165.45	241,244,403.33
China Ship Development and Design Center	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of services, design and technical services	169,329,777.54	312,988,856.23
Dalian Shipbuilding Industry Engineering Company, Shipbuilding Plant	Receipt of services	145,296,222.10	113,222,339.45
China Shipbuilding Group Fenxi Heavy Industry Co., Ltd. (中國船舶集團汾西重工 有限責任公司)	Procurement of electromechanical equipment, metallic materials, marine ancillary parts and marine equipment, etc.; purchase of materials; receipt of services	140,933,627.92	10,619.47
Chongqing Gearbox Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	137,256,154.86	166,821,586.00
Anqing CSSC Diesel Engine Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	125,230,707.94	91,409,192.05
China Shipbuilding NDRI Engineering Co., Ltd.	Purchase of goods and receipt of services; purchase of fixed assets; receipt of services, design and technical services	122,744,376.20	249,620,120.67
China Shipbuilding Group Co., Ltd. No. 707 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of design and technical services	120,516,494.20	84,425,679.13
China Shipbuilding Group Co., Ltd. No. 709 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of design and technical services	105,150,000.00	27,150,000.00
China Shipbuilding Group Co., Ltd. No. 717 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of design and technical services	102,480,809.83	118,040,000.00
China Shipbuilding Group Co., Ltd. No. 713 Research Institute	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc. and receipt of services	88,468,918.25	120,761,150.00

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Related party	Content of related party transaction	Amount for the year	Amount for last year
China United Shipbuilding Company Limited	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of design and technical services	88,328,504.85	89,270,852.84
China Shipbuilding Group Co., Ltd. No. 724 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	78,680,000.00	87,750,000.00
Shanghai CSSC Ship Design Technology and International Engineering Research Center Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of design and technical services	66,934,432.93	668,955.75
China Shipbuilding Group Co., Ltd. No. 711 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of services, design and technical services	62,367,432.80	115,958,413.57
Luoyang Ship Material Research Institute (China Shipbuilding Group Co., Ltd. No. 725 Research Institute)	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc. and purchase of materials; receipt of services	52,923,100.29	14,128,890.38
China Shipbuilding Industry Corporation 715 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.; receipt of services	50,200,884.96	1,250,000.00
China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	47,261,365.57	216,867,460.35
CSSC Marine Technology Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	43,018,732.53	25,703,982.32
China Shipbuilding Group Co., Ltd. No. 716 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of design and technical services	41,030,047.79	63,451,982.16
Shanghai Merchant Vessel Design and Research Institute	Receipt of labor, design and technical services	38,343,055.82	21,817,038.84
China Shipbuilding Group Co., Ltd. No. 723 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.; receipt of services	36,247,504.40	35,135,000.00
China Shipbuilding Equipment & Materials Northeast Corporation	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	33,518,370.79	48,620,643.89
Dalian Ship Valve Company Limited	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	31,440,291.01	29,378,965.47
CSSC Jiujang Fire Fighting Equipment Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of services	27,608,430.62	13,406,546.47
Wuhan Haiji Science and Technology Limited Company	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	25,783,079.65	9,966,584.07
China Ship Power Station Equipment Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	24,353,053.06	41,781,000.00
Wuhan Temo Welding Consumables Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	23,037,057.37	22,952,349.63
China Shipbuilding Group Co., Ltd. No. 722 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; purchase of fixed assets; receipt of labor, design and technical services	21,065,457.64	57,412,021.24
Wuhan Heavy Industry Casting & Forging Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	20,750,145.46	17,240,109.70
Guangzhou Longxue Pipe Co., Ltd.	Receipt of services	20,154,796.52	24,549,305.61
China Shipbuilding Group Co., Ltd. No. 718 Research Institute	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc. and purchase of materials; receipt of services	19,364,579.65	11,498,203.54
Guangzhou Guangchuan Offshore Engineering Equipment Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of services	19,070,839.84	11,726,132.31
Nanfeng Environment Co., Ltd.	Purchase of fixed assets	17,895,454.85	
CSSC Jiujang Boiler Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	17,630,531.05	15,896,885.69
Shanghai Xincheng Huahai International Trade Development Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine ancillary parts and marine equipment, etc.; purchase of materials; receipt of services	16,121,911.38	6,615,386.01
Marine Design and Research Institute of China	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of services, design and technical services	15,131,814.17	18,561,415.19
China Shipbuilding Industry Corporation 705 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	15,067,200.00	5,232,000.00
Shanghai Haixun Electrical Engineering Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.; receipt of labor, design and technical services	14,641,449.76	26,814,200.00
China National Shipbuilding Equipment & Materials (East China) Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.; receipt of services	14,348,419.18	5,849,100.00
China Shipbuilding Group Co., Ltd. No. 703 Research Institute	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc. and receipt of services	14,252,995.76	79,782,803.89
China State Shipbuilding Corporation South China Ship Machinery Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.; receipt of design and technical services	13,911,526.64	33,496,197.94

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Related party	Content of related party transaction	Amount for the year	Amount for last year
China Shipbuilding Trading Guangzhou Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	12,669,455.83	24,937,464.41
China Shipbuilding Trading Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of design and technical services; purchase of fixed assets	10,789,086.24	38,837,979.44
China Shipbuilding Group Guangxi Shipbuilding Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	11,435,265.54	
CSIC Haisheng Technology Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	10,822,610.62	9,335,500.00
Haiping Enterprises Group Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	9,600,000.00	
Jiangxi Chaoyang Machinery Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of services	8,814,002.92	7,425,671.95
China Shipbuilding Industry Equipment and Materials Bayuquan Co., Ltd.	Receipt of services, design and technical services	8,042,866.02	
Nanjing CSSC Oasis Machine Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of services	7,520,072.70	21,800,068.00
CSSC Hua Hai Ships Equipment Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; purchase of materials	7,145,619.51	5,180,347.85
CSSC SDARI Energy Saving Technology (Shanghai) Company Limited	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	7,106,194.72	4,300,884.96
Marinequip China Company Limited	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	7,083,565.31	224,564.33
China Shipbuilding Group Co., Ltd., No. 11 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; purchase of fixed assets; receipt of services	6,201,140.75	2,435,958.42
China National Shipbuilding Equipment & Materials (South China) Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.; receipt of design and technical services	5,982,103.98	364,245.27
China Shipbuilding Group Co., Ltd. 712 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of services	5,880,389.37	

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Related party	Content of related party transaction	Amount for the year	Amount for last year
Zhejiang China Marine-Xiandai Generating Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	5,876,106.23	6,234,159.30
China Shipbuilding Industry Corporation 710 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	5,840,707.96	
Guangzhou Shipyard Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of services, design and technical services	5,546,413.73	5,974,686.26
Beijing the Great Wall Electronic Equipment Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	4,305,663.71	
Shanghai Hunter Marine Equipment Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	3,856,460.18	1,902,654.86
Chongqing Huayu Electrical Group Limited	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	3,732,093.81	4,346,025.67
CSIC Zhongnan Equipment Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	3,716,814.15	1,734,513.27
Suzhou Jianghai Communication Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine ancillary parts and marine equipment, etc.; purchase of materials; receipt of services	3,482,166.33	5,181,266.00
Shanghai Marine Energy Saving Technology Development Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc. and purchase of materials	3,424,778.76	3,424,778.76
Jiujiang Haitian Equipment Manufacture Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine ancillary parts and marine equipment, etc.; purchase of materials; receipt of services	3,285,132.71	762,477.87
CSIC Tianhe Ship Equipment Jiangsu Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	3,231,327.44	
Henan Diesel Engine Heavy Engineering Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of services; purchase of fixed assets	2,878,818.95	5,830,433.41
CSSC Dalian Marine Propeller Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	2,654,867.26	
Shanghai Starry Ship Ocean Engineering Service Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.; receipt of design and technical services	2,310,000.00	15,647,256.63

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Related party	Content of related party transaction	Amount for the year	Amount for last year
Kindergarten of Guangzhou Huangpu Shipyard	Receipt of services; receipt of design and technical services	2,223,550.00	3,223,450.00
CSSC Oasis Environmental Protection (Nanjing) Co., Ltd. (中船绿洲环保(南京)有限公司)	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	2,214,407.10	
CSIC Material Trade Group Guangzhou Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	2,115,002.29	621,971.80
Chongqing Jiangjin Shipbuilding Industry Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of services, design and technical services	1,973,839.83	1,680,973.45
CSSC Marine Power (Zhenjiang) Co. Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.; receipt of labor, design and technical services	1,878,155.08	28,442,740.61
Shanghai Ling Yao Ship Engineering Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	1,790,725.66	80,129,601.76
CSSC Beijing Ship Management College	Receipt of labor, design and technical services	1,787,662.63	73,018.88
Wuhan Langan Technology Co., Ltd	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	1,726,141.03	3,505,778.66
Xiamen Sunrui Ship Coatings Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of services	1,418,152.49	1,898,920.59
China Shipbuilding Industry Institute of Engineering Investigation & Design Co. Ltd.	Purchase of fixed assets; receipt of design and technical services	1,349,244.07	236,320.75
Guangzhou Hongfan Technology Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of design and technical services; purchase of fixed assets	1,305,000.00	619,066.63
CSSC Luzhou Zhenjiang Marine Auxiliary Machinery Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of design and technical services	1,259,858.40	3,410,585.85
China Shipbuilding Industry Corporation Information Research Center (China Shipbuilding Group Co., Ltd. 714 Research Institute)	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; purchase of fixed assets; receipt of labor, design and technical services	1,233,940.66	207,547.16

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Related party	Content of related party transaction	Amount for the year	Amount for last year
China Shipbuilding Industry Corporation 726 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	1,182,300.88	34,185,000.00
Guangzhou Shipyard International Company Limited	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of services, design and technical services	1,176,604.78	66,588,975.43
China Shipbuilding Group Changjiang Technology Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	1,088,495.58	
Zhendui Industrial Intelligent Technology Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	1,066,991.16	
CSSC Electronic Technology (Sanya) Co., Ltd.	Receipt of design and technical services	1,045,897.00	1,223,288.00
CSIC Material Trade Group (Mengla) Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.; receipt of design and technical services	1,007,225.79	1,112,440.00
China Ship Research Institute (China Shipbuilding Group Co., Ltd. 7 Research Institute)	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; purchase of fixed assets; receipt of design and technical services	867,215.10	4,137,115.26
Shanghai Hudong Shipyard Valve Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	861,238.99	1,403,180.00
CSSC Digital Information Technology Co., Ltd. (中船数字信息技术有限公司)	Purchase of fixed assets	846,017.70	
Chongqing Changzheng Heavy Industry Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine ancillary parts and marine equipment, etc.; purchase of materials; receipt of services	803,723.27	1,969,726.54
Guangzhou Hairong Construction Supervision Co., Ltd.	Purchase of materials; receipt of design and technical services	651,933.55	2,550,613.04
Wuhan Dahai Information System Technology Co., Ltd.	Receipt of design and technical services	632,075.47	
China Shipbuilding Ruichi Feisi Engineering Consulting (Beijing) Co., Ltd.	Purchase of fixed assets; receipt of design and technical services	596,585.95	844,482.05
China Shipbuilding Group Guangzhou Ship Industrial Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc. and purchase of materials; Receipt of design and technical services	530,368.46	1,239,916.91
China Shipbuilding Jihai (Kunshan) High Tech Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	522,654.86	
CSSC Culture Technology (Beijing) Co., Ltd.	Receipt of design and technical services	520,000.00	
China Ships Group (Shenzhen) Marine Technology Research Institute Co., Ltd.	Purchase of fixed assets	515,929.20	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

Related party	Content of related party transaction	Amount for the year	Amount for last year
Jiangsu Jierui Information Technology Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	502,179.67	
CSIC Ocean STAR Culture Development Co., Ltd.	Receipt of labor, design and technical services	446,698.11	2,448,113.22
China Ship Scientific Research Center	Procurement of electromechanical equipment, metallic materials, marine ancillary parts and marine equipment, etc.; purchase of materials; receipt of services, design and technical services	411,113.20	1,551,800.00
China State Shipbuilding Equipment & Materials (Central South China) Co., Ltd. (中國船舶工業物資中南有限公司)	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	396,447.63	
China Shipbuilding Haifeng Aviation Technology Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine ancillary parts and marine equipment, etc.; purchase of materials; receipt of services	358,672.57	211,000.00
Shanghai Dongxin Software Engineering Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of services; purchase of fixed assets; Receipt of design and technical services	346,530.34	
Guangdong GSI Elevator Machinery Equipment Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; purchase of fixed assets; receipt of labor, design and technical services	335,922.29	226,968.94
China Ship News Agency	Receipt of labor, design and technical services	320,047.17	297,721.13
Shanghai Jiangnan Career Skills Training Center	Receipt of labor, design and technical services	309,902.93	
CSIC Heng Yuan Technology Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	235,202.65	
CSSC Changping (Chongqing) Machinery Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	222,123.90	
CSSC Marine Services Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	207,389.35	265,486.72
Guangzhou Shipyard HR Service Co., Ltd.	Receipt of labor, design and technical services	201,555.71	6,580,617.03
Wuhan Kawasaki Marine Machinery Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	194,690.27	
China Shipbuilding IT Co., Ltd.	Receipt of design and technical services	192,452.83	2,953,756.21
CSIC International Trading (Hong Kong) Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	141,559.26	19,276,785.00
Zibo Torch Energy Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	124,109.73	188,353.99

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

Related party	Content of related party transaction	Amount for the year	Amount for last year
China Shipbuilding Trading (BV) Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine ancillary parts and marine equipment, etc.; purchase of materials; receipt of services	123,346.64	5,976,409.27
CSSC Lingjiu High-Tech (Wuhan) Co., Ltd.	Receipt of labor, design and technical services	110,276.00	
Qingdao Shuangrui Marine Environment Engineering Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	76,800.00	6,123,185.84
Ship Archives (China Shipbuilding Group Co., Ltd. 76 Institute)	Procurement of electromechanical equipment, metallic materials, marine ancillary parts and marine equipment, etc.; purchase of materials; receipt of services, design and technical services	29,800.00	268,200.00
Planning and Development Research Center of China Shipbuilding Group Co., Ltd.	Purchase of fixed assets; receipt of design and technical services	28,301.89	51,886.79
Shanghai CSSC Culture Media Co., Ltd. (上海中船文化傳媒有限公司)	Procurement of electromechanical equipment, metallic materials, marine ancillary parts and marine equipment, etc.; purchase of materials; receipt of services	23,113.29	471.70
Technician Training School of Guangzhou Huangpu Shipyard	Receipt of labor, design and technical services	22,512.52	708,900.00
Shanghai Zhenhua Engineering Consulting Co., Ltd.	Purchase of fixed assets; Receipt of labor, design and technical services	22,061.32	144,844.50
CSIC Motor Technology Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	13,274.34	
CSSC Technology Institute	Receipt of design and technical services	6,226.42	2,063,632.08
Shanghai Huachuan Asset Management Company Limited (上海華船資產管理有限公司)	Procurement of electromechanical equipment, metallic materials, marine ancillary parts and marine equipment, etc.; purchase of materials; receipt of services, design and technical services	4,924.53	1,094.34
Shanxi Pingyang Industry Machinery Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	3,773.58	
Shanghai Jiangnan Measurement and Testing Station Co., Ltd.	Receipt of design and technical services	2,970.30	
CSSC Hg Technologies Co., Ltd.	Receipt of design and technical services	2,247.78	
Dalian Shipbuilding Import Export Co., Ltd.	Receipt of services	2,168.13	
Chongqing Yuejin Machinery Plant Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	1,592.92	104,361.06
China State Shipbuilding Corporation Limited	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc. and purchase of materials		15,375,237.85
Chongqing Hongjiang Machinery Co., Ltd.	Receipt of design and technical services		6,631,688.87

# 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)

Related party	Content of related party transaction	Amount for the year	Amount for last year
Wuhan Kawasaki Marine Machinery Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine ancillary parts and marine equipment, etc.; purchase of materials; receipt of services		2,720,000.00
Nanjing CSSC Oasis Environmental Protection Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of services		1,766,371.70
Guangdong GSI Marine Science and Technology Research Institute Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine ancillary parts and marine equipment, etc.; purchase of materials; receipt of services		469,811.32
Hubei Siant Technology Co., Ltd.	Receipt of design and technical services		423,982.30
Guangzhou Wenchong Shipbuilding Co., Ltd.	Receipt of services		349,056.60
CSIC Material Trade Group Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine ancillary parts and marine equipment, etc.; purchase of materials; receipt of services		298,044.19
Jiangnan Shipyard (Group) Co., Ltd.	Receipt of services		273,912.00
CSIC Chongqing Changping Machinery Co., Ltd.	Purchase of fixed assets		240,000.00
CSSC Guangxi North Bay Ship and Marine Engineering Design Co., Ltd.	Receipt of design and technical services		186,738.47
Shanghai Huajing Power Station Equipment Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.		164,234.51
Wah-Chang International Marine Industry Company Limited	Procurement of electromechanical equipment, metallic materials, marine ancillary parts and marine equipment, etc.; purchase of materials; receipt of services		127,422.88
Beijing Bluewave Internet Technology Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine ancillary parts and marine equipment, etc.; purchase of materials; receipt of services		96,042.75
Wuchang Shipbuilding Industry Group Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of services		80,000.00
CSSC HZ Wind Power Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.		64,716.98
Guangzhou Shipyard Technical School	Receipt of design and technical services		56,784.00
CSSC Fenxi Heat Energy (Shanxi) Technology Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine ancillary parts and marine equipment, etc.; purchase of materials; receipt of services		14,725.66
CSSC Dalian New Consumables Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; purchase of fixed assets		3,716.81
<b>Total</b>		<b>6,194,471,143.58</b>	<b>7,872,002,108.28</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

Specific pricing method of Purchase of goods and receipt of services:

- 1) Provision of mechanical and electrical equipment and material supplies, etc. at market prices, not higher than those provided by independent third parties. The market prices will be determined after arm's length negotiations based on the market research conducted on the pricing of similar products and production specifications;
- 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 based on the market price with reference to the publicly available information on the websites of third parties and the specifications of materials required for the production of the Group. 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 China Shipbuilding Group in the manufacturer lists, the member unit will participate in the competition among two or more manufacturers in the manufacturer list, and the material department of the Group will negotiate the price as usual, and the Group will determine the price according to the market condition, but it will also consider the supply cycle, manufacturer qualification and service level and other factors to select the manufacturer, but the price will not be less favorable than those of the independent third party supplier. In the event that there are two or more competing suppliers from China Shipbuilding Group, the price will be determined after arm's length negotiations with reference to historical transaction prices. If there is only one supplier of individual equipment from China Shipbuilding Group due to the limitation of technical specifications or delivery conditions (such as specialised equipment for which China Shipbuilding Group has exclusive ownership and/or development rights), which may result in only one affiliated manufacturer, the Group will negotiate the price with the supplier according to the recent contract price of the equipment (with reference to its historical transaction price) or the unit price converted according to a certain technical data, combined with the market price of raw materials and other factors, to ensure that the price is fair and reasonable;
- 4) Participate in the materials and related logistics and distribution services centrally procured by China Shipbuilding Group, the price of which will not be less favorable than the terms and conditions provided by the independent third party supplier;
- 5) The price of leasing is based on market price or cost plus 10% management fee, with the market price referring to the property rentals in the vicinity of the leased property, and the annual cap is based on the total value of the right-to-use assets recognized by the Group 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 are priced at market price, which is determined after arm's length negotiations according to the price of the labour services purchased from independent third parties, specifications of skills required, availability of labour services and the average salary standard published by the Guangzhou Bureau of Statistics; the price of comprehensive services will not be less favorable than the terms and conditions provided by independent third parties. The technical services are priced at market price, which will be determined after arm's length negotiation with reference to the skill combination required by the prevailing market standards of the shipbuilding industry, the complexity of the work involved and the particular job specifications of the industry.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

(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 transaction	Amount for the year	Amount for last year
CSSC (Hong Kong) Shipping Company Limited	Sales of shipping products	740,069,725.06	
CSSC Systems Engineering Research Institute	Sales of shipping products; provision of design and technical services	243,372,965.43	
China National Shipbuilding Equipment & Materials (South China) Co., Ltd.	Sales of metallic materials and sales of waste materials	58,889,995.84	
Guangxi Wenchuan Heavy Industrial Co., Ltd.	Sales of steel structure	49,868,711.89	
China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	Sales of electrical and mechanical engineering equipment, metallic materials and waste materials; provision of services	47,045,175.48	105,212,396.01
CSSC (Beijing) Intelligent Equipment Technology Co., Ltd. (中船(北京)智能装备科技有限公司)	Sales of shipping products	40,574,867.26	
Guangzhou Shipyard International Company Limited	Sales of shipping, electrical and mechanical engineering products, metallic materials and sales of waste materials; sales of steel structure; provision of services; provision of leasing; provision of design and technical services	37,648,154.65 36,374,925.28	92,418,047.29
CSSC HZ Wind Power Co., Ltd.	Sales of steel structure		
Guangzhou Wenchong Shipbuilding Co., Ltd.	Sales of electrical and mechanical engineering equipment; sales of steel structure; provision of services; provision of leasing; provision of design and technical services	24,967,298.51	38,131,269.55
Jiangnan Shipyard (Group) Co., Ltd.	Provision of design and technical services; sales of steel structure; provision of services	6,260,802.85	54,713,105.24
China National Shipbuilding Equipment & Materials Co., Ltd.	Sales of electrical and mechanical engineering equipment, metallic materials and sales of waste materials, etc.	5,866,144.27	1,646,592.92
China Marine Power (Group) Co., Ltd.	Sales of metallic materials and sales of waste materials; provision of design and technical services	5,739,485.25	
Hudong-Zhonghua Shipbuilding (Group) Co., Ltd.	Sales of metallic materials and sales of waste materials; provision of services	3,198,485.65	3,571,214.79
China Ship Development and Design Center	Provision of services; provision of design and technical services	2,659,292.04	
Shanghai Dongxin Software Engineering Co., Ltd.	Sales of metallic materials and sales of waste materials; provision of design and technical services	1,767,490.40	
Marine Design and Research Institute of ChinaJ233	Sales of shipping products, electrical and mechanical engineering equipment, metallic materials and sales of waste materials, etc.; provision of services	1,203,539.82	1,891,615.94
China Shipbuilding Group Co., Ltd. No. 703 Research Institute	Provision of services	858,407.08	
Wuchang Shipbuilding Industry Group Co., Ltd.	Provision of services; provision of design and technical services	767,124.94	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

Related party	Content of transaction	Amount for the year	Amount for last year
Dalian Shipbuilding Industry Engineering Company, Shipbuilding Plant	COMEC Office Computer Procurement Project; sales of metallic materials and sales of waste materials; provision of design and technical services	334,508.00	632,230.87
Technician Training School of Guangzhou Huangpu Shipyard	Provision of design and technical services	238,198.72	306,493.70
China Shipbuilding Group Co., Ltd. No. 716 Research Institute	Provision of services	203,637.17	
CSSC Chengxi Yangzhou Shipbuilding Company Limited	Supply of utilities; provision of design and technical services	113,207.55	530,973.45
CSSC Jiujiang Marine Equipment (Group) Co., Ltd.	Provision of design and technical services	94,690.27	
China Shipbuilding NDRI Engineering Co., Ltd.	Provision of design and technical services	28,578.53	
Yinghui South Ship building (Guangzhou Fanyu) Co., Ltd.	Sales of electrical and mechanical engineering equipment	26,980.53	
China Shipbuilding Group Guangxi Shipbuilding Co., Ltd.	CSSC Guangxi Psychological Testing; provision of services, design and technical services	20,952.43	7,924.53
Kindergarten of Guangzhou Huangpu Shipyard	Provision of design and technical services	17,902.12	
Guangzhou Marine Engineering Corporation	Provision of design and technical services	10,566.04	
Jiangxi Chaoyang Machinery Co., Ltd.	Provision of design and technical services; sales of metallic materials and sales of waste materials; provision of leasing	14,714.75	21,268.61
CSSC Guijiang Shipbuilding Co., Ltd.	Discipline Inspection Management Information System Project; provision of leasing, services	13,710.69	7,924.53
Hubei Huazhou Emergency Equipment Technology Co., Ltd.	Provision of design and technical services	9,946.37	
Shanghai Waigaoqiao Shipbuilding Co., Ltd.	Provision of services	3,773.58	
Luoyang Ship Material Research Institute (China Shipbuilding Industry Corporation 725 Research Institute)	Sales of metallic materials and sales of waste materials; provision of services	1,886.79	103,593.40

## 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)

Related party	Content of transaction	Amount for the year	Amount for last year
China Shipbuilding Group Co., Ltd. No. 713 Research Institute (中國船舶集團公司第七一三研究所)	Provision of services	1,886.79	
CSSC Sunrui(Luoyang)Special Equipment Co., Ltd.	Provision of services	1,886.79	
Zhongshan GSI Marine Engineering Company Limited	Provision of leasing		8,477,766.77
CSSC Guangxi North Bay Ship and Marine Engineering Design Co., Ltd.	Provision of services		1,419,819.62
Guangdong Marine Equipment and Offshore Wind Power Research Center Co., Ltd.	Sales of shipping products, electrical and mechanical engineering equipment, metallic materials and sales of waste materials, etc.		1,163,580.46
Guangdong GSI Marine Science and Technology Research Institute Co., Ltd.	Sales of shipping products, electrical and mechanical engineering equipment, metallic materials and sales of waste materials, etc.		754,716.98
CSSC Chengxi Shipbuilding Co., Ltd.	Sales of metallic materials and sales of waste materials		530,973.45
CSSC Southern China Ship Machinery Guangzhou Co., Ltd.	Sales of metallic materials and sales of waste materials		408,396.82
China Shipbuilding Group Co., Ltd.	Sales of shipping products		184,245.28
<b>Total</b>		<b>1,308,269,618.82</b>	<b>312,134,150.21</b>

# NOTES TO THE FINANCIAL STATEMENTS

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

The specific pricing methods for the sale of goods and provision of services are as follows:

- 1) Provision of shipping products, electrical and mechanical engineering equipment and metallic materials, etc., at market price, which shall be determined after arm's length negotiation with reference to the following factors: (i) research on the prices of similar products on the market, including drawing reference from the public data of institutions such as the China Association of the National Shipbuilding Industry (中國船舶工業行業協會)(<http://www.cansi.org.cn>) and commissioning the China Shipbuilding Corporation Economic Research Center to collate industry price data and compile the research reports; and (ii) reference to the historical prices of similar products.
- 2) 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. The rental of the lease shall be based on market price obtained after market research with reference to the depreciation cost and amortization of assets and other expenses and after arm's length negotiation; the salary for labour supply is based on market price obtained after market research with reference to the average salary levels published by the Guangzhou Statistic Bureau (廣州市統計局) and after arm's length negotiation; the pricing of the technical service is based on the existing market standards of the shipping industry, the complexity of the work involved and specifications for the work and after arm's length negotiation.

## 2. Receipt of financial services

### (1) Deposits

Name of related party	Balance of deposits		Interest income from deposits	
	Ending balance	Beginning balance	Current year	Last year
CSSC Finance Company Limited	13,040,341,355.19	14,546,717,140.39	189,473,248.75	147,178,322.24

Pricing principle: The interest rates on deposits with CSSC Finance are based on the benchmark deposit interest rates stipulated by the People's Bank of China with appropriate upward adjustments, and such rates should be no less favorable than the terms offered by independent third parties.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (2) Loans

Name of related party	Balance of loans		Interest expenses on loans	
	Ending balance	Beginning balance	Current year	Last year
CSSC Finance Company Limited	305,000,000.00	50,000,000.00	1,510,691.66	4,363,011.00

Pricing principle: Borrowings from CSSC Finance/CSSC are at rates no higher than the lending rates stipulated the People's Bank of China, which should be no less favorable than the terms offered by independent third-party lenders.

## (3) Forward exchange settlement (purchase)

Name of related party	Forward exchange settlement (purchase) contract		Gain or loss from on change in fair value of forward exchange settlement (purchase) contract		Investment income from forward exchange settlement (purchase)	
	Ending balance	Beginning balance	Current year (RMB)	Last year (RMB)	Current year (RMB)	Last year (RMB)
CSSC Finance Company Limited	US\$406.14 million	US\$215.89 million	-43,119,897.12	23,181,113.67	10,160,519.96	-10,632,074.52

Pricing principle: the handling fee rates for foreign exchange business such as forward settlement and sale of foreign exchange business with CSSC Finance should not be less favourable than those charged by independent third parties.

## 3. Related leases

### (1) The Group as lessor:

Name of lessee	Type of leased assets	Rental income recognized for the year	Rental income recognized for last year
Tianjin Sinocean Offshore Investment Co., Ltd. (天津國海海工投資有限公司)	Transportation equipment	33,116,983.01	
Guangzhou Shipyard International Company Limited	Buildings and structures	15,898,887.01	
Zhongshan GSI Marine Engineering Company Limited	Buildings and structures	13,093,200.00	13,093,200.00
Guangzhou Wenchong Shipbuilding Co., Ltd.	Buildings and structures	2,190,000.00	247,249.56
CSSC Guijiang Shipbuilding Co., Ltd.	Buildings and structures	190,476.16	114,715.07
Jiangxi Chaoyang Machinery Co., Ltd.	Buildings and structures	46,238.54	46,238.54
Guangzhou Xinhang Human Resources Service Co., Ltd.	Buildings and structures		6,463,878.79
Guangzhou Wenchong Industrial Co., Ltd.	Buildings and structures		3,229,284.00
China Shipbuilding Group Guangxi Shipbuilding Co., Ltd.	Buildings and structures		1,883,201.81
CSSC Southern China Ship Machinery Guangzhou Co., Ltd.	Buildings and structures		884,366.57
<b>Total</b>		<b>64,535,784.72</b>	<b>25,962,134.34</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

(2) The Company as lessee:

Name of lessor	Type of leased assets	Current year				Corresponding period last year			
		Rental charges for short-term leases and low-value asset leases that are simplified and variable lease payments that are not 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 that are not included in the measurement of lease liabilities	Rental payments	Increase in right-to-use assets	Interest expense on committed lease liabilities
CSSC Financial Leasing (Tianjin) Company Limited	Machinery and equipment		2,179,645.59	76,588,435.28	1,039,485.06				
China Shipbuilding Group Guangzhou Ship Industrial Co., Ltd.	Land, buildings and structures		2,739,603.45		842,253.05		6,619,393.26		930,904.74
Guangzhou Shipyard International Company Limited	Buildings and structures		2,459,059.68		657,742.20		1,752,336.48		706,723.21
China National Shipbuilding Equipment & Materials (South China) Co., Ltd.	Buildings and structures	1,039,760.04	1,039,760.04			1,039,760.04	1,039,760.04		
Dalian Shipbuilding Industry Engineering Company	Buildings and structures	1,621,187.58	1,621,187.58			810,974.47	810,974.47		
<b>Total</b>		<b>2,660,947.62</b>	<b>10,039,256.34</b>	<b>76,588,435.28</b>	<b>2,599,480.31</b>	<b>1,850,734.51</b>	<b>10,222,464.25</b>		<b>1,637,627.95</b>

# NOTES TO THE FINANCIAL STATEMENTS

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

Explanation of leasing of associated transactions: China Shipbuilding Group 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.

## 4. Related guarantees

### (1) The Group as guarantor:

As at the end of the year, the Group had not provided guarantees to related parties.

### (2) The Group as guaranteed party:

Name of guarantor	Name of guaranteed party	Amount of guarantee	Date of commencement of guarantee	Date of expiry of guarantee	Whether fully executed
China State Shipbuilding Corporation Limited	Huangpu Wenchong	1,120,880,000.00	2020/11/2	2027/6/30	No

Pricing principle: The guarantee services provided by CSSC 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:

Name of guarantor	Name of guaranteed party	Amount of guarantee	Date of commencement of guarantee	Date of expiry of guarantee	Whether fully executed
Huangpu Wenchong	Wenchuan Heavy Industrial	308,155,465.06	2023/12/15	2024/12/20	Yes
Huangpu Wenchong	Wenchuan Heavy Industrial	300,000,000.00	2023/4/10	2025/3/1	No
Huangpu Wenchong	Wenchuan Heavy Industrial	1,335,457,471.22	2024/7/23	2034/3/31	No
Huangpu Wenchong	Wenchuan Heavy Industrial	43,671,273.88	2024/12/30	2026/4/15	No
Huangpu Wenchong	Wenchuan Heavy Industrial	200,318,620.68	2024/12/30	2026/4/15	No

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

(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 year	Last year
Sales agency feed	China Shipbuilding Trading Co., Ltd.	24,555,819.49	18,045,445.51
Sales agency feed	China Shipbuilding International Trading Co., Ltd.	9,098,011.67	6,176,466.28
Sales agency feed	China Shipbuilding Trading (Shanghai) Co., Ltd.	1,767,599.83	
Letters of guarantee	China Shipbuilding Trading Co., Ltd.	4,961,531.67	3,469,512.79
Financial institution handling fee	CSSC Finance Company Limited	942,384.14	1,679,242.35
<b>Total</b>		<b>41,325,346.80</b>	<b>29,370,666.93</b>

Pricing principle: The sales agency fee or commission shall follow the international industry practice (i.e. the pricing shall be determined by the Group after conducting market research including by way of discussing with various independent third party shipowners on the normal sales agency fees charged and with other large corporate business owners in the industry on the agency fee rates charged by their internal sales agency entities) and in general will not exceed 1.5% of the contract price, and is payable in proportion to the progress payment per vessel. In addition, the intermediary agency fees received by the China Shipbuilding Group on behalf of foreign intermediaries shall be paid by the China Shipbuilding Group on behalf of the intermediaries.

The guarantee letter fees were determined with reference to the rates charged by the banks issuing guarantee letters. Other financial and bank credit service charges shall be based on the charges stipulated by the People's Bank of China; the financial handling fee standard for bank facility to CSSC Finance shall be no less favourable than the facility terms and conditions provided by independent third party.

## 6. Related party transactions and connected transactions

The related party transactions mentioned in 1 to 5 above constitute connected transaction or continuing connected transaction as defined under Chapter 14A of the Listing Rules in Hong Kong, and are disclosed in details in the Related Party Transaction section in the Director's Report as required.

## 7. Borrowings from related parties

Related party	Amount of borrowings	Commencement date	Expiry date	Note
China Shipbuilding Group Co., Ltd.	10,000,000.00	2023/4/7	2025/4/7	

## 8. Related party transactions between the Company and its subsidiaries

### (1) Purchase of goods/services received

Related Party	Content of related party transactions	Current year	Last year
CSSC Industrial Internet Co., Ltd.	Purchase of goods and receipt of services	2,641.51	549,343.64
<b>Total</b>		<b>2,641.51</b>	<b>549,343.64</b>

Other description: 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

None.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## (VI) Outstanding 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
Cash at bank and on hand					
- Accrued interest		231,377,227.12		103,456,065.16	
Notes receivable	CSSC Finance Company Limited	231,377,227.12		103,456,065.16	
		4,017,312.50		123,000.00	
	China National Shipbuilding Equipment & Materials Co., Ltd.	4,017,312.50			
	CSSC Jiujiang Marine Equipment (Group) Co., Ltd.			123,000.00	
Accounts receivable		133,584,120.11		87,927,820.99	
	Systems Engineering Research Institute of China Shipbuilding Group Co., Ltd.	60,184,485.68		11,438,475.33	
	Guangzhou Shipyard International Company Limited	18,059,287.12		10,687,184.28	
	China Shipbuilding Trading Co., Ltd.	16,739,000.00		16,739,000.00	
	China National Shipbuilding Equipment & Materials (South China) Co., Ltd.	12,092,431.20			
	Guangzhou Wenchong Shipbuilding Co., Ltd.	7,095,000.00			
	Shanghai Merchant Vessel Design and Research Institute	6,965,645.40			
	China Shipbuilding Trading Shanghai Co., Ltd.	5,093,987.78		5,019,084.53	
	Marine Design and Research Institute of China	2,660,876.30		2,137,526.00	
	CSSC HZ Wind Power Co., Ltd.	2,212,521.13			
	Hudong-Zhonghua Shipbuilding (Group) Co., Ltd.	1,270,000.00		1,468,506.00	
	China Marine Power (Group) Co., Ltd.	586,725.66			
	Shanghai Dongxin Software Engineering Co., Ltd.	212,470.52		2,261,000.00	
	Dalian Shipbuilding Industry Engineering Company, Shipbuilding Plant	172,823.95		623,339.16	
	CSSC Chengxi Yangzhou Shipbuilding Company Limited	105,596.85			
	China Ship Development and Design Center	81,000.00			
	China National Shipbuilding Equipment & Materials Co., Ltd.	52,150.52		1,638,967.13	
	Jiangxi Chaoyang Machinery Co., Ltd.	118.00			
	China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.			15,828,811.16	
	CSSC (Beijing) Intelligent Equipment Technology Co., Ltd.			9,600,000.00	
	Zhongshan GSI Marine Engineering Company Limited			9,579,876.45	
	China Shipbuilding Group Co., Ltd. 707 Research Institute			375,723.01	
	China Shipbuilding Group Co., Ltd. 703 Research Institute			194,000.00	
	China Shipbuilding Group Co., Ltd.			184,245.28	
	Technician Training School of Guangzhou Huangpu Shipyard			140,864.20	
	Guangzhou Marine Engineering Corporation			11,200.00	
	China Shipbuilding Equipment & Materials Northeast Corporation			18.46	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

(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
Prepayments		3,850,173,367.67		1,868,373,392.23	
	China National Shipbuilding Equipment & Materials Co., Ltd.	783,315,672.67		273,637,066.95	
	Eastern Shanghai Heavy Machinery Co., Ltd.	574,522,991.13		441,403,099.20	
	Systems Engineering Research Institute of China Shipbuilding Group Co., Ltd.	395,722,711.47			
	China Shipbuilding Trading Co., Ltd.	335,197,972.10		408,241,929.27	
	China Shipbuilding Group Co., Ltd. 715 Research Institute	231,540,454.65		138,003,500.00	
	China Shipbuilding Group Co., Ltd. No. 711 Research Institute	182,087,090.19		30,857,700.00	
	Shanghai CSSC Mitsui Shipbuilding Diesel Engine Co., Ltd.	172,200,000.00			
	China Shipbuilding Engine Co., Ltd.	170,430,265.49		75,600,000.00	
	China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	147,042,535.65		125,060,165.29	
	China Shipbuilding Group Co., Ltd. 724 Research Institute	127,182,300.88		44,267,400.00	
	China Ship Development and Design Center	116,279,828.41		39,430,000.00	
	Anqing CSSC Diesel Engine Co., Ltd.	78,776,958.41		156,970,062.15	
	Wuhan Marine Machinery Co., Ltd.	53,464,672.56			
	Chongqing Gearbox Co., Ltd.	49,175,746.38			
	Shaanxi Diesel Engine Co., Ltd.	42,974,948.16			
	China Shipbuilding Group Co., Ltd. 726 Research Institute	36,720,000.00			
	China Shipbuilding Group Co., Ltd. No. 704 Research Institute	34,271,522.12			
	China Shipbuilding Group Co., Ltd. 709 Research Institute	33,828,720.00			
	China Shipbuilding Equipment & Materials Northeast Corporation	30,779,253.70		34,254,038.45	
	CSSC Marine Technology Co., Ltd.	29,395,936.29			
	Haiping Enterprises Group Co., Ltd.	21,516,460.18			
	China Shipbuilding Group Co., Ltd. No. 713 Research Institute	18,647,502.65			
	CSSC Marine Power (Zhenjiang) Co. Ltd.	17,880,000.00			
	China Shipbuilding Group Co., Ltd. 723 Research Institute	16,666,800.00			
	CSIC Haisheng Technology Co., Ltd.	16,463,716.82		9,089,500.00	
	China Shipbuilding Group Co., Ltd. 707 Research Institute	13,576,162.85			
	China Shipbuilding Group Co., Ltd. 716 Research Institute	13,435,646.01		97,677.21	
	China Shipbuilding Industry Corporation 710 Research Institute	11,220,318.58		1,328,000.00	
	China Ship Power Station Equipment Co., Ltd.	10,261,097.34			
	Marine Design and Research Institute of China	8,637,168.10			
	China Shipbuilding Haifeng Aviation Technology Co., Ltd.	6,230,103.45		172,250.00	
	China Shipbuilding Group Co., Ltd. 718 Research Institute	6,230,088.48			
	China Marine Power (Group) Co., Ltd.	5,056,000.00			
	China Shipbuilding Group Co., Ltd. 722 Research Institute	5,040,000.00			
	China United Shipbuilding Company Limited	4,934,413.50			
	Shanghai Haixun Electrical Engineering Co., Ltd.	4,706,777.43		5,319,897.67	
	CSSC Jiutiang Boiler Co., Ltd.	4,700,400.00		3,139,844.19	
	CSSC (Shanghai) Energy Saving Technology Co., Ltd.	4,640,000.00		793,407.08	
	Shanghai Hunter Marine Equipment Co., Ltd.	4,569,600.00		4,895,883.03	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

Item	Related party	Ending balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Shanghai CSSC Ship Design Technology and National Engineering Research Center Co., Ltd.	4,496,529.91			
	Luoyang Ship Material Research Institute (China Shipbuilding Group Co., Ltd. 725 Research Institute)	3,590,400.00			
	China Shipbuilding Group Co., Ltd. 703 Research Institute	3,532,743.36			
	Chongqing Huayu Electrical Group Limited	3,168,141.60			
	China Ship Research Institute (China Shipbuilding Group Co., Ltd. 7 Research Institute)	2,566,200.00			
	Nanjing CSSC Oasis Machine Co., Ltd.	2,384,000.00			
	Wuhan Haiyi Science and Technology Limited Company	2,076,000.00			
	CSSC South China Marine Machinery Co., Ltd.	1,983,880.71			
	Zhenjiang Shipyard Modern Power Generation Equipment Co., Ltd.	1,946,991.14			
	CSSC SDARI Energy Saving Technology (Shanghai) Company Limited	1,125,000.00			
	Marinequip China Company Limited	1,105,696.90		1,093,265.20	
	Wuhan Langan Technology Co., Ltd.	698,000.00			
	CSIC Heng Yuan Technology Co., Ltd.	586,955.00			
	Guangdong GSI Marine Science and Technology Research Institute Co., Ltd.	448,200.00			
	China Shipbuilding Trading Shanghai Co., Ltd.	351,668.55		351,668.55	
	Shanghai Ling Yao Ship Engineering Co., Ltd.	330,000.00			
	China National Shipbuilding Equipment & Materials (South China) Co., Ltd.	166,715.26			
	China Shipbuilding NDRI Engineering Co., Ltd.	124,200.00			
	Shanghai Huajing Power Station Equipment Co., Ltd.	54,197.00			
	China Shipbuilding Trading (BVI) Co., Ltd.	46,969.30		1,608,316.32	
	Guangzhou Shipyard International Company Limited	29,065.44		29,065.44	
	Jiangxi CSSC Navigation Instrument Co., Ltd.	16,860.00		15,860.00	
	Henan Diesel Engine Heavy Engineering Co., Ltd.	16,700.20			
	CSSC Oasis Environmental Protection (Nanjing) Co., Ltd.	6,350.00			
	China Shipbuilding Industry Complete Logistics Co., Ltd.	67.65			
	CSIC International Trading (Hong Kong) Co., Ltd.			27,277,512.50	
	China Shipbuilding Group Co., Ltd. 704 Research Institute			19,518,000.00	
	Shanghai Xincheng Huahai International Trade Development Co., Ltd.			13,639,969.73	
	China Shipbuilding Group Co., Ltd. 717 Research Institute			7,489,050.00	
	Shanghai SEVEN Science & Technology Engineering Co., Ltd.			3,509,584.00	
	China Shipbuilding Industry Corporation 705 Research Institute			1,020,000.00	
	Chongqing Yuejin Machinery Plant Co., Ltd.			159,680.00	
	Shanghai Waigaoqiao Shipbuilding Co., Ltd.			100,000.00	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

(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
Other receivables		20,552,575.51		5,399,987.36	
	China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	12,224,571.68		4,601,167.67	
	China National Shipbuilding Equipment & Materials (South China) Co., Ltd.	4,724,185.82		225,348.00	
	Guangzhou Wenchong Industrial Co., Ltd.	2,068,299.05			
	CSSC Financial Leasing (Tianjin) Company Limited	815,345.77			
	CSSC Marine Equipment Innovation Park Investment Co., Ltd.	205,343.63		205,343.63	
	Eastern Shanghai Heavy Machinery Co., Ltd.	159,536.00			
	Wuchang Shipbuilding Industry Group Co., Ltd.	112,718.94		109,191.00	
	China Institute of Marine Technology & Economy of China State Shipbuilding Corporation	93,000.00			
	China Shipbuilding Trading Co., Ltd.	78,322.77		78,322.77	
	China Shipbuilding Engineering Management Consulting (Beijing) Co., Ltd.	30,000.00		30,000.00	
	Kindergarten of Guangzhou Huangpu Shipyard	21,740.84		2,161.63	
	China Shipbuilding Group Co., Ltd.	9,193.12		109,905.68	
	Jiangnan Shipyard (Group) Co., Ltd.	7,000.00			
	Dalian Shipbuilding Industry Engineering Company, Shipbuilding Plant	2,082.24		1,029.18	
	China National Shipbuilding Equipment & Materials Co., Ltd.	1,235.65			
	CSSC Jiujiang Marine Equipment (Group) Co., Ltd.			36,017.80	
	Zhoushan Ship Engineering Research Centre of Shanghai Shipbuilding Technology Research Institute			1,500.00	
Contract assets		30,757,003.17		3,391,179.10	
	Systems Engineering Research Institute of China Shipbuilding Group Co., Ltd.	13,749,240.00			
	Guangzhou Wenchong Shipbuilding Co., Ltd.	7,095,000.00			
	Jiangnan Shipyard (Group) Co., Ltd.	6,889,625.20			
	Guangzhou Shipyard International Company Limited	1,551,447.77		2,970,898.20	
	Zhongshan GSI Marine Engineering Company Limited	478,993.82			
	China National Shipbuilding Equipment & Materials Co., Ltd.	394,364.48		84,575.00	
	China National Shipbuilding Equipment & Materials Southwest Co., Ltd.	273,225.00		273,225.00	
	China Marine Power (Group) Co., Ltd.	230,181.90			
	Hudong-Zhonghua Shipbuilding (Group) Co., Ltd.	73,425.00			
	China Shipbuilding IT Co., Ltd.	21,500.00		21,500.00	
	CSSC Chengxi Yangzhou Shipbuilding Company Limited			30,000.00	
	Luoyang Ship Material Research Institute (China Shipbuilding Group Co., Ltd. 725 Research Institute)			10,980.90	
Other non-current assets		48,277,272.71		55,582,827.85	
	Guangzhou Shipyard International Company Limited	48,277,272.71		51,074,453.07	
	Nanfeng Environment Co., Ltd.			4,508,374.78	
<b>Total</b>		<b>4,318,738,878.79</b>		<b>2,124,254,272.69</b>	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## 2. Payables

Item	Related party	Book balance as at the end of the year	Book balance as at the beginning of the year
Notes payable		<b>61,311,994.13</b>	2,473,192,641.54
	China National Shipbuilding Equipment & Materials Co., Ltd.	<b>53,762,440.25</b>	563,434,680.43
	China Shipbuilding NDRI Engineering Co., Ltd.	<b>4,832,000.00</b>	1,540,000.00
	Shanghai Ling Yao Ship Engineering Co., Ltd.	<b>1,300,000.00</b>	332,500.00
	China State Shipbuilding Equipment & Materials (Central South China) Co., Ltd.	<b>447,985.82</b>	
	China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	<b>432,122.60</b>	42,970,617.02
	Guangzhou Longxue Pipe Co., Ltd.	<b>324,862.14</b>	3,077,417.99
	Xiamen Sunrui Ship Coatings Co., Ltd.	<b>135,783.32</b>	1,141,990.84
	Qingdao Shuangrui Marine Environment Engineering Co., Ltd.	<b>76,800.00</b>	5,133,600.00
	Systems Engineering Research Institute of China Shipbuilding Group Co., Ltd.		560,684,125.60
	China Ship Development and Design Center		141,053,500.00
	Anqing CSSC Diesel Engine Co., Ltd.		122,527,800.00
	China Shipbuilding Group Co., Ltd. 724 Research Institute		122,500,000.00
	China Shipbuilding Group Co., Ltd. No. 713 Research Institute		96,215,745.00
	China Shipbuilding Group Co., Ltd. No. 711 Research Institute		92,989,765.00
	China Shipbuilding Group Co., Ltd. 704 Research Institute		88,525,846.22
	China Shipbuilding Group Investment Co., Ltd.		82,387,571.18
	China Shipbuilding Group Co., Ltd. 709 Research Institute		79,792,500.00
	Eastern Shanghai Heavy Machinery Co., Ltd.		73,128,000.00
	Wuhan Marine Machinery Co., Ltd.		55,912,500.00
	Chongqing Gearbox Co., Ltd.		53,384,500.00
	China Shipbuilding Group Co., Ltd. 717 Research Institute		52,438,700.00
	China Shipbuilding Group Co., Ltd. 722 Research Institute		47,429,320.00
	China Shipbuilding Group Co., Ltd. 707 Research Institute		46,458,312.52
	China Ship Power Station Equipment Co., Ltd.		25,042,000.00
	China Shipbuilding Group Co., Ltd. 716 Research Institute		16,763,364.00
	CSIC Haisheng Technology Co., Ltd.		16,200,000.00
	China Shipbuilding Equipment & Materials Northeast Corporation		13,296,865.39
	China Shipbuilding Group Co., Ltd. 718 Research Institute		10,450,000.00
	China Shipbuilding Group Co., Ltd. 723 Research Institute		8,229,000.00
	CSSC Southern China Ship Machinery Guangzhou Co., Ltd.		8,125,000.00
	CSSC Marine Technology Co., Ltd.		7,410,000.00
	Shanghai Starry Ship Ocean Engineering Service Co., Ltd.		6,911,000.00
	Wuhan Heavy Industry Casting & Forging Co., Ltd.		5,581,500.00
	Shanghai Haixun Electrical Engineering Co., Ltd.		5,540,020.00
	China Shipbuilding Industry Corporation 705 Research Institute		5,232,000.00
	Guangzhou Shipyard HR Service Co., Ltd.		4,029,183.28
	CSSC Jiujiang Boiler Co., Ltd.		3,170,012.00
	CSSC SDARI Energy Saving Technology (Shanghai) Company Limited		2,187,000.00
	Dalian Ship Valve Company Limited		525,058.00
	Luoyang Ship Material Research Institute (China Shipbuilding Group Co., Ltd. 725 Research Institute)		519,958.87

# 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 as at the end of the year	Book balance as at the beginning of the year
Accounts payables	CSIC Material Trade Group Guangzhou Co., Ltd.		366,038.20
	CSSC Luzhou Zhenjiang Marine Auxiliary Machinery Co., Ltd.		291,650.00
	Marine Design and Research Institute of China		264,000.00
		<b>4,683,579,656.98</b>	1,724,694,171.49
	Systems Engineering Research Institute of China Shipbuilding Group Co., Ltd.	<b>652,801,613.96</b>	282,669,644.27
	China National Shipbuilding Equipment & Materials Co., Ltd.	<b>514,452,100.08</b>	5,827,298.86
	Wuhan Marine Machinery Co., Ltd.	<b>278,145,703.24</b>	11,070,013.40
	China Shipbuilding Group Co., Ltd. 715 Research Institute	<b>241,131,756.80</b>	68,203,100.00
	Nanjing CSSC Oasis Machine Co., Ltd.	<b>203,058,252.86</b>	7,612,757.52
	China Shipbuilding Group Co., Ltd. No. 704 Research Institute	<b>198,464,782.38</b>	
	China Ship Development and Design Center	<b>190,267,883.93</b>	7,110,800.00
	China Shipbuilding Group Fenxi Heavy Industry Co., Ltd.	<b>178,944,133.36</b>	
	China Shipbuilding Group Co., Ltd. 709 Research Institute	<b>156,042,118.68</b>	162,705,770.00
	China Shipbuilding Group Co., Ltd. 724 Research Institute	<b>152,053,600.00</b>	
	Guangzhou Wenchong Industrial Co., Ltd.	<b>147,051,419.07</b>	136,075,591.38
	Chongqing Gearbox Co., Ltd.	<b>149,166,462.04</b>	104,343,417.35
	China Shipbuilding Group Co., Ltd. No. 713 Research Institute	<b>116,579,490.97</b>	113,103,439.54
	China Shipbuilding Group Co., Ltd. No. 711 Research Institute	<b>112,705,587.35</b>	78,181,456.78
	Shaanxi Diesel Engine Co., Ltd.	<b>99,657,675.63</b>	64,404,114.41
	China Shipbuilding Group Co., Ltd. 723 Research Institute	<b>85,035,797.38</b>	26,749,250.00
	China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	<b>78,966,640.98</b>	63,395,067.90
	China Shipbuilding Group Co., Ltd. 717 Research Institute	<b>76,733,841.44</b>	330,000.00
	Marine Design and Research Institute of China	<b>74,215,569.21</b>	25,257,932.08
	China Shipbuilding Group Guangzhou Ship Industrial Co., Ltd.	<b>70,556,172.42</b>	62,257,397.76
	China Shipbuilding Group Co., Ltd. 707 Research Institute	<b>66,140,551.03</b>	31,035,351.25
	China Shipbuilding Trading Co., Ltd.	<b>63,981,754.76</b>	569,980.27
	China Shipbuilding Group Co., Ltd. 716 Research Institute	<b>61,306,902.67</b>	
	Dalian Shipbuilding Industry Engineering Company, Shipbuilding Plant	<b>55,115,201.70</b>	65,687,279.60
	CSSC Marine Technology Co., Ltd.	<b>42,299,643.22</b>	37,202,716.24
	China Shipbuilding Group Co., Ltd. 722 Research Institute	<b>41,763,796.60</b>	10,053,330.00
	China Shipbuilding Group Co., Ltd. 703 Research Institute	<b>38,373,222.22</b>	
	Shanghai CSSC Ship Design Technology and National Engineering Research Center Co., Ltd.	<b>29,805,428.60</b>	5,917,600.00
	China United Shipbuilding Company Limited	<b>29,321,731.41</b>	26,244,902.81
	China Shipbuilding Group Co., Ltd. 718 Research Institute	<b>28,192,363.86</b>	12,216,100.00
	China Shipbuilding NDRI Engineering Co., Ltd.	<b>26,840,974.37</b>	35,556,450.54
	Haiying Enterprises Group Co., Ltd.	<b>25,530,907.08</b>	11,384,500.00
	China Harzone Industry Corp., Ltd.	<b>25,386,973.74</b>	
	Luoyang Ship Material Research Institute (China Shipbuilding Group Co., Ltd. 725 Research Institute)	<b>24,325,658.81</b>	8,281,206.10

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From 1 January 2024 to 31 December 2024

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

Item	Related party	Book balance as at the end of the year	Book balance as at the beginning of the year
	CSIC Haisheng Technology Co., Ltd.	23,132,080.00	
	China Shipbuilding Industry Corporation 705 Research Institute	21,279,495.58	8,548,000.00
	China Shipbuilding Equipment & Materials Northeast Corporation	21,121,397.58	10,507,536.62
	China Ship Research Institute (China Shipbuilding Group Co., Ltd. 7 Research Institute)	17,892,200.00	8,390,100.00
	Wuhan Haiyi Science and Technology Limited Company	16,469,238.93	22,886,026.54
	China Shipbuilding Group Co., Ltd. 726 Research Institute	16,174,437.16	24,914,500.00
	Guangzhou Shipyard International Company Limited	14,363,713.95	20,034,017.15
	CSSC Jiujiang Fire Fighting Equipment Co., Ltd.	13,924,221.47	11,610,118.97
	China Shipbuilding Trading Guangzhou Co., Ltd.	13,572,736.51	6,743,505.60
	CSIC International Trading (Hong Kong) Co., Ltd.	13,548,081.85	
	China Ship Power Station Equipment Co., Ltd.	13,253,613.72	6,600.00
	Shanghai Haixun Electrical Engineering Co., Ltd.	11,031,111.20	
	China Shipbuilding Industry Corporation 710 Research Institute	10,640,300.88	3,918,000.00
	CSSC South China Marine Machinery Co., Ltd.	8,407,262.64	8,218,816.58
	Anqing CSSC Diesel Engine Co., Ltd.	7,846,567.28	90,425.89
	Suzhou Jianghai Communication Co., Ltd.	7,724,762.48	
	CSSC Jiujiang Boiler Co., Ltd.	7,343,537.45	
	Guangzhou Guangchuan Offshore Engineering Equipment Co., Ltd.	7,222,000.01	8,037,747.21
	China Shipbuilding Haifeng Aviation Technology Co., Ltd.	7,173,480.99	53,805.31
	Dalian Ship Valve Company Limited	7,146,246.55	3,351,277.09
	Wuhan Heavy Industry Casting & Forging Co., Ltd.	5,864,562.29	2,444,956.36
	China Shipbuilding Industry Equipment and Materials Bayuquan Co., Ltd.	5,710,594.59	
	China National Shipbuilding Equipment & Materials (East China) Co., Ltd.	5,392,231.97	790,455.00
	CSSC SDARI Energy Saving Technology (Shanghai) Company Limited	5,299,920.35	1,468,690.27
	CSSC Marine Power (Zhenjiang) Co. Ltd.	4,244,678.63	19,646.02
	China National Shipbuilding Equipment & Materials (South China) Co., Ltd.	3,979,976.79	558,182.90
	Shanghai Hunter Marine Equipment Co., Ltd.	3,886,616.97	107,500.00
	Guangzhou Longxue Pipe Co., Ltd.	3,454,779.47	6,453,148.46
	China Shipbuilding Group Co., Ltd. 712 Research Institute	3,439,587.83	1,173,000.00
	CSSC Luzhou Zhenjiang Marine Auxiliary Machinery Co., Ltd.	3,282,422.75	3,552,326.75
	Jiangxi Chaoyang Machinery Co., Ltd.	3,116,510.52	2,456,929.26
	Zhenjiang Shipyard Modern Power Generation Equipment Co., Ltd.	2,834,706.36	633,448.88
	CSSC Hua Hai Ships Equipment Co., Ltd.	2,720,121.62	2,658,099.60
	China Shipbuilding Group Co., Ltd. 11 Research Institute	2,545,925.92	12,513,595.92
	Chongqing Huayu Electrical Group Limited	2,526,000.00	340,518.58
	Beijing the Great Wall Electronic Equipment Co., Ltd.	2,401,823.01	1,800,000.00
	Wuhan Temo Welding Consumables Co., Ltd.	2,305,575.41	6,223,853.41
	Jiujiang Haitian Equipment Manufacture Co., Ltd.	2,143,449.52	1,415,356.76
	Shanghai Hudong Shipyard Valve Co., Ltd.	2,086,000.53	2,826,935.80

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

Item	Related party	Book balance as at the end of the year	Book balance as at the beginning of the year
	CSSC Dalian Marine Propeller Co., Ltd.	1,913,497.99	161,108.85
	Eastern Shanghai Heavy Machinery Co., Ltd.	1,475,835.35	1,500.00
	Zibo Torch Energy Co., Ltd.	1,279,428.64	97,828.03
	CSIC Zhongnan Equipment Co., Ltd.	1,207,557.52	425,800.00
	China Shipbuilding Trading (BVI) Co., Ltd.	1,196,638.76	
	Chongqing Jiangjin Shipbuilding Industry Co., Ltd.	1,033,415.92	1,800,973.45
	Marinequip China Company Limited	957,383.67	1,522,814.90
	Harbin Guanghan Power Transmission Co., Ltd.	910,000.00	910,000.00
	Zhongshan GSI Marine Engineering Company Limited	871,354.50	871,354.50
	Guangzhou Wenchong Shipbuilding Co., Ltd.	813,315.80	
	Shanghai CSSC Mitsui Shipbuilding Diesel Engine Co., Ltd.	771,499.89	29,831,329.20
	China Shipbuilding Jihai (Kunshan) High Tech Co., Ltd.	681,358.03	13,805.30
	Shanghai Dongxin Software Engineering Co., Ltd.	652,750.00	2,777,750.00
	CSSC (Shanghai) Energy Saving Technology Co., Ltd.	645,000.00	
	Shanghai Jiuyuan Engineering Contracting Co., Ltd.	633,126.95	694,126.95
	China Shipbuilding Group Shenzhen Marine Technology Co., Ltd.	583,000.00	
	Wuhan Ligan Technology Co., Ltd.	535,249.35	975,262.86
	Henan Diesel Engine Heavy Engineering Co., Ltd.	528,216.54	485,911.54
	Yichang Marine Diesel Co., Ltd.	498,475.73	498,475.73
	Shanghai Stary Ship Ocean Engineering Service Co., Ltd.	488,000.00	4,492,000.00
	CSSC Oasis Environmental Protection (Nanjing) Co., Ltd.	485,794.11	
	Shanghai Merchant Vessel Design and Research Institute	480,582.52	400,500.00
	Guangzhou Hongfan Technology Co., Ltd.	467,533.40	362,528.98
	CSIC Material Trade Group Guangzhou Co., Ltd.	384,458.94	
	China Shipbuilding Industry Complete Logistics Co., Ltd.	376,784.51	376,716.86
	Wuhan Huazhongtianqin Defense Technology Co., Ltd.	356,603.76	356,603.76
	Chongqing Changzheng Heavy Industry Co., Ltd.	283,929.59	
	CSSC Marine Services Co., Ltd.	246,679.19	197,876.08
	CSSC Changping (Chongqing) Machinery Co., Ltd.	200,431.15	
	Guangdong GSI Elevator Machinery Equipment Co., Ltd.	156,662.83	46,337.50
	China Shipbuilding IT Co., Ltd.	153,122.24	153,122.24
	China Shipbuilding Industry Equipment & Materials (Shanghai Trading) Co., Ltd.	148,639.27	
	Technician Training School of Guangzhou Huangpu Shipyard	138,223.86	138,223.86
	Wuhan Kawasaki Marine Machinery Co., Ltd.	136,000.00	
	Shanghai Ling Yao Ship Engineering Co., Ltd.	117,500.00	407,879.31
	CSSC Electronic Technology (Sanya) Co., Ltd.	109,146.23	80,000.00
	Jiangxi CSSC Valve Complete Equipment Co., Ltd.	93,972.77	93,972.77
	China Shipbuilding Industry Institute of Engineering Investigation & Design Co. Ltd.	86,927.28	334,549.33

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

Item	Related party	Book balance as at the end of the year	Book balance as at the beginning of the year
	CSSC Finance Company Limited	83,000.00	
	Shanghai Shenbo Information System Engineering Co., Ltd.	81,580.00	81,580.00
	Shanghai CSSC Lingang Ship Equipment Co., Ltd.	78,000.00	822,991.38
	Guangzhou Shipyard Co., Ltd.	73,317.87	723,321.01
	China Shipbuilding Engine Co., Ltd.	56,637.17	56,637.17
	Shanghai Huajing Power Station Equipment Co., Ltd.	55,222.64	1,025.64
	Xiamen Sunrui Ship Coatings Co., Ltd.	53,000.00	
	Qingdao Shuangrui Marine Environment Engineering Co., Ltd.	27,558.00	1,813,158.00
	Anqing Marine Electric Co., Ltd.	18,000.00	18,000.00
	CSSC Dalian New Consumables Co., Ltd.	11,111.11	19,011.11
	Guangzhou Hairong Construction Supervision Co., Ltd.	10,273.38	1,013,513.38
	China Marine Power (Group) Co., Ltd.	8,400.00	8,400.00
	TTS Hua Hai Ships Equipment Co., Ltd.	5,495.58	5,495.58
	Shanghai Hengtuo Industrial Development Co., Ltd.	1,282.05	1,282.05
	Jiangxi CSSC Navigation Instrument Co., Ltd.	1,000.00	
	Shanghai Qiyao Heavy Industry Co., Ltd.	0.28	3,419.08
	China Shipbuilding Group Co., Ltd. 704 Research Institute		19,384,531.11
	China Shipbuilding Group Co., Ltd. 703 Research Institute		1,192,221.33
	Nanjing CSSC Oasis Environmental Protection Co., Ltd.		1,169,971.20
	Dalian Shipbuilding Industry Engineering Company		529,300.00
	Guangdong GSI Marine Science and Technology Research Institute Co., Ltd.		498,000.00
	CSIC Material Trade Group Co., Ltd.		384,458.94
	CSSC Ruichifeisi Engineering Consulting (Beijing) Co., Ltd.		125,800.00
	Shanghai Zhenhua Engineering Consulting Co., Ltd.		77,723.52
	CSIC Chongqing Changping Machinery Co., Ltd.		45,240.00
	China Shipbuilding Group Co., Ltd. 12 Research Institute		17,150.00
Contract liabilities		143,183,733.43	71,458,157.01
	China Ship Development and Design Center	137,008,853.99	31,616,584.78
	China National Shipbuilding Equipment & Materials Co., Ltd.	5,351,886.28	
	Marine Design and Research Institute of China	711,698.11	1,569,811.32
	Guangzhou Shipyard International Company Limited	45,707.55	
	Kunming Shipbuilding Equipment Co., Ltd.	27,433.58	
	Kindergarten of Guangzhou Huangpu Shipyard	20,229.39	
	KSEC Intelligent Technology Co., Ltd.	15,283.02	
	CSSC South China Marine Machinery Co., Ltd.	2,641.51	
	Guangzhou Wenchong Shipbuilding Co., Ltd.		18,836,283.18
	Systems Engineering Research Institute of China Shipbuilding Group Co., Ltd.		16,426,083.18
	Shanghai Dongxin Software Engineering Co., Ltd.		2,079,019.88
	China Shipbuilding Group Co., Ltd. 703 Research Institute		761,407.08
	Technician Training School of Guangzhou Huangpu Shipyard		140,864.20
	Afai Southern Shipyard (Panyu Guangzhou) Ltd.		17,537.35
	Guangzhou Marine Engineering Corporation		10,566.04

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

Item	Related party	Book balance as at the end of the year	Book balance as at the beginning of the year
Other payables		<b>28,686,243.97</b>	7,612,091.87
	Zhongshan GSI Marine Engineering Company Limited	<b>15,983,760.00</b>	
	China Shipbuilding Group Guangxi Shipbuilding Co., Ltd.	<b>5,996,979.00</b>	
	Shaanxi Diesel Engine Co., Ltd.	<b>3,353,760.00</b>	
	China Shipbuilding Group Co., Ltd. 717 Research Institute	<b>850,000.00</b>	850,000.00
	Dalian Shipbuilding Industry Engineering Company, Shipbuilding Plant	<b>702,700.00</b>	702,700.00
	China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	<b>535,511.58</b>	535,511.58
	CSSC South China Marine Machinery Co., Ltd.	<b>501,500.00</b>	
	Jiangxi Chaoyang Machinery Co., Ltd.	<b>200,000.00</b>	200,000.00
	Guangzhou Shipyard International Company Limited	<b>184,253.10</b>	
	Technician Training School of Guangzhou Huangpu Shipyard	<b>154,144.00</b>	117,744.00
	China Shipbuilding Group Co., Ltd. 722 Research Institute	<b>110,000.00</b>	110,000.00
	China Shipbuilding Group Co., Ltd. 726 Research Institute	<b>44,000.00</b>	44,000.00
	China Shipbuilding Group Guangzhou Ship Industrial Co., Ltd.	<b>43,204.00</b>	43,204.00
	China Shipbuilding Trading Co., Ltd.	<b>9,114.22</b>	9,114.22
	China State Shipbuilding Corporation Limited	<b>5,000.00</b>	
	Qingdao Shuangrui Marine Environment Engineering Co., Ltd.	<b>4,000.00</b>	4,000.00
	China Shipbuilding Industry Complete Logistics Co., Ltd.	<b>3,226.74</b>	3,226.74
	China National Shipbuilding Equipment & Materials Co., Ltd.	<b>2,300.00</b>	
	CSSC Financial Leasing (Shanghai) Co., Ltd.	<b>1,831.33</b>	1,831.33
	Marine Design and Research Institute of China	<b>960.00</b>	960.00
	China Shipbuilding Group Co., Ltd. 703 Research Institute		2,957,100.00
	China Shipbuilding Group Co., Ltd. 11 Research Institute		605,000.00
	CSSC Finance Company Limited		400,000.00
	China Shipbuilding Industry Corporation 705 Research Institute		280,000.00
	China Shipbuilding NDRI Engineering Co., Ltd.		220,800.00
	China Shipbuilding Group Co., Ltd. No. 711 Research Institute		203,900.00
	China Institute of Marine Technology & Economy of China State Shipbuilding Corporation		100,000.00
	China Shipbuilding Equipment & Materials Northeast Corporation		84,000.00
	Luoyang Ship Material Research Institute (China Shipbuilding Group Co., Ltd. 725 Research Institute)		80,000.00
	Wuhan Heavy Industry Casting & Forging Co., Ltd.		59,000.00

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

Item	Related party	Book balance as at the end of the year	Book balance as at the beginning of the year
Short-term borrowings		<b>305,000,000.00</b>	246,000,000.00
	CSSC Finance Company Limited	<b>305,000,000.00</b>	50,000,000.00
	China State Shipbuilding Corporation Limited		196,000,000.00
Interests on short-term borrowings		<b>166,887.50</b>	143,650.00
	CSSC Finance Company Limited	<b>166,887.50</b>	29,861.11
	China State Shipbuilding Corporation Limited		113,788.89
Long-term borrowings due with one year		<b>637,000,000.00</b>	1,000,000,000.00
	China Shipbuilding Group Co., Ltd.	<b>637,000,000.00</b>	
	China State Shipbuilding Corporation Limited		1,000,000,000.00
Interests on long-term borrowings due with one year		<b>695,000.00</b>	754,722.23
	China Shipbuilding Group Co., Ltd.	<b>695,000.00</b>	
	China State Shipbuilding Corporation Limited		754,722.23
Long-term borrowings		<b>1,949,200,000.00</b>	1,212,600,000.00
	China State Shipbuilding Corporation Limited	<b>1,176,200,000.00</b>	1,212,600,000.00
	China Shipbuilding Group Co., Ltd.	<b>773,000,000.00</b>	
Interests on long-term borrowings		<b>423,419.33</b>	432,131.33
	China State Shipbuilding Corporation Limited	<b>423,419.33</b>	432,131.33
	China Shipbuilding Group Co., Ltd.		
Lease liabilities due within one year			8,343,112.35
	China Shipbuilding Group Guangzhou Ship Industrial Co., Ltd.		6,541,794.88
	Guangzhou Shipyard International Company Limited		1,801,317.47
	Guangzhou Wenchong Industrial Co., Ltd.		
Lease liabilities			47,018,088.55
	China Shipbuilding Group Guangzhou Ship Industrial Co., Ltd.		24,166,672.45
	Guangzhou Shipyard International Company Limited		22,851,416.10
Other current liabilities		<b>695,745.22</b>	10,815,128.16
	China National Shipbuilding Equipment & Materials Co., Ltd.	<b>695,745.22</b>	
	Zhongshan GSI Marine Engineering Company Limited		8,621,888.81
	China Shipbuilding NDRI Engineering Co., Ltd.		2,190,959.50
	Afai Southern Shipyard (Panyu Guangzhou) Ltd.		2,279.85
Other non-current liabilities		<b>11,855,072.17</b>	
	CSSC Finance Company Limited	<b>11,855,072.17</b>	
<b>Total</b>		<b>7,821,797,752.73</b>	6,803,063,894.53

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

None.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## 4. Payables of the Company to its subsidiaries

Item	Related party	Book balance as at the end of the year	Book balance as at the beginning of the year
Accounts payables	CSSC Industrial Internet Co., Ltd.		29,784.00
			29,784.00
<b>Total</b>			29,784.00

## (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 and allowances	Bonuses	Social insurance and housing fund	Pension scheme contributions	Others	Total
<b>Current year</b>							
<b>Executive Directors</b>							
Xiang Huiming		207,669.98	69,444.44	41,415.74	45,066.27		363,596.43
Chen Liping		390,848.65	440,000.00	87,537.92	113,917.17		1,032,303.74
Zhang Junxiong		112,614.00	54,675.00	23,099.32	27,468.15		217,856.47
<b>Non-executive Directors</b>							
Chen Ji							
Gu Yuan							
Ren Kaijiang		199,574.64	103,950.00	34,278.66	40,626.34		378,429.64
Yin Lu							
Lin Bin	200,000.00						200,000.00
Nie Wei	200,000.00						200,000.00
Li Zhijian	200,000.00						200,000.00
Xie Xin	181,967.21						181,967.21
Yu Shiyou	18,032.79						18,032.79
<b>Sub-total of Directors</b>	<b>800,000.00</b>	<b>910,707.27</b>	<b>668,069.44</b>	<b>186,331.64</b>	<b>227,077.93</b>		<b>2,792,186.28</b>
<b>Supervisors</b>							
Xu Wanxu		72,053.58	12,150.00	15,946.40	18,368.73		118,518.71
Chen Shuofan		185,652.42	48,600.00	27,146.95	23,192.09		284,591.46
Chen Shu	120,000.00						120,000.00
Zhu Weibin	120,000.00						120,000.00
Ouyang Beijing		304,997.00	272,250.00	76,979.62	83,821.23		738,047.85
Zhang Xinglin		326,477.48	302,500.00	76,070.32	75,674.23		780,722.03
Zhang Qinghuan							
Li Kai		74,900.00	8,100.00	14,404.82	13,415.88		110,820.70
<b>Sub-total of Supervisors</b>	<b>240,000.00</b>	<b>964,080.48</b>	<b>643,600.00</b>	<b>210,548.11</b>	<b>214,472.16</b>		<b>2,272,700.75</b>
<b>Total</b>	<b>1,040,000.00</b>	<b>1,874,787.75</b>	<b>1,311,669.44</b>	<b>396,879.75</b>	<b>441,550.09</b>		<b>5,064,887.03</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

Item	Fees of Directors and Supervisors	Salaries, subsidies and allowances	Bonuses	Social insurance and housing fund	Pension scheme contributions	Others	Total
<b>Last year</b>							
<b>Executive Directors</b>							
Xiang Huiming		645,204.00	627,673.00	81,020.96	85,194.84		1,439,092.80
Chen Liping		560,000.00	336,007.00	91,053.80	119,332.84		1,106,393.64
<b>Non-executive Directors</b>							
Chen Ji							
Ren Kaijiang		168,655.13		40,342.83	51,462.86		260,460.82
Yu Shiyu	200,000.00						200,000.00
Lin Bin	200,000.00						200,000.00
Nie Wei	200,000.00						200,000.00
Li Zhijian	200,000.00						200,000.00
<b>Sub-total of Directors</b>	800,000.00	1,373,859.13	963,680.00	212,417.59	255,990.54		3,605,947.26
<b>Supervisors</b>							
Chen Shuofan		502,947.92	225,325.33	97,267.87	94,661.66		920,202.78
Chen Shu	120,000.00						120,000.00
Zhu Weibin	120,000.00						120,000.00
Zhang Qinghuan							
Li Kai		488,136.07	180,000.00	81,020.96	76,401.84		825,558.87
<b>Sub-total of Supervisors</b>	240,000.00	991,083.99	405,325.33	178,288.83	171,063.50		1,985,761.65
<b>Total</b>	1,040,000.00	2,364,943.12	1,369,005.33	390,706.42	427,054.04		5,591,708.91

Other explanations: There is no discretionary bonus distributed to Directors and Supervisors in the current or prior year. Some of the directors are appointed by CSSC and their remuneration is paid by other companies.

## 2. Total five of the salaries

Of the five highest paid individuals for the year, 1 is Director, 4 are senior management of the Company and subsidiaries (last year: 1 Directors, 4 senior management of the Company and subsidiaries). The remuneration of Directors and Supervisors are set out in above "Remunerations of Directors and Supervisors". The remuneration paid to the other 4 individuals is as follows:

Item	Current year	Last year
Salaries, subsidies and allowances	2,023,408.78	2,169,300.00
Bonuses	1,164,377.00	2,080,724.00
Social insurance and housing fund	333,090.92	324,083.84
Pension	377,884.68	337,647.36
Others		
<b>Total</b>	<b>3,898,761.38</b>	4,911,755.20

Band of remuneration:

Item	Number of persons for the year	Number of persons for last year
Less than HK\$1,000,000		
HK\$1,000,001 to HK\$1,500,000	4	4
HK\$1,500,001 to HK\$2,000,000		
HK\$2,000,001 to HK\$2,500,000		

Other explanations: There were no discretionary bonuses paid to the five highest paid individual in the current or prior year.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

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 year	Last year
Salaries, subsidies and allowances	3,639,878.71	4,347,614.12
Bonuses	2,031,669.44	1,887,231.33
Social insurance and housing fund	568,242.37	566,882.74
Pension scheme contributions	644,640.43	632,660.72
Others		
<b>Total</b>	<b>6,884,430.95</b>	<b>7,434,388.91</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 year, 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 year, the Group had no amount due from Directors/affiliates of Directors for which the Company has provided guarantee.

## XIII. SHARE-BASED PAYMENTS

As of the end of the year, the Group had no share-based payments.

## XIV. COMMITMENTS AND CONTINGENCIES

1. **Capital expenditure commitments**

Capital expenditure commitments that have been contracted but not yet required to be listed on the balance sheet:

Type	Year-end amount
Buildings, structures, machinery and equipment	117,796,000.00
Intangible assets	1,113,000.00
<b>Total</b>	<b>118,909,000.00</b>

2. **Pledge of assets**

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

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## 3. Undue guarantees and letter of credit

As at the end of the year, the Group's issued but undue letters of guarantee were:

Type of letters of guarantee	RMB	USD	HKD
Letters of performance guarantee	151,322,458.40	4,254,250.00	
Letters of advancement payment guarantee	544,424,897.10	1,074,456,354.00	
Letters of customs duties guarantee	118,110,000.00		
Letters of warranty guarantee	96,094,606.30		
Letters of payment guarantee	873,156.00		
<b>Total</b>	<b>910,825,117.80</b>	<b>1,078,710,604.00</b>	

As at the end of the year, the Group's issued but undue letters of credit amounted to US\$22,961,915.95 and EUR4,635,650.00.

## 4. Outstanding hedging businesses

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), and foreign exchange swaps with banks. At the end of the year, there were a total of 215 undelivered forward settlements with an amount of US\$2,460.64 million, which the longest delivery period is up to 3 February 2028.

## 5. 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 year.

## XV. EVENTS AFTER THE BALANCE SHEET DATE

### Profit distribution

According to the resolutions made on the tenth meeting of the eleventh session of the Board dated 28 March 2025, the Company intends to distribute a cash dividend of RMB0.70 (tax inclusive) for every 10 shares to all shareholders. Calculated based on the total share capital of 1,413,506,378 shares as at 31 December 2024, the total proposed cash dividends to be distributed amounts to RMB98,945,446.46 (tax inclusive). The total cash dividend of the Company for the year (including cash dividend distributed for the interim period) amounts to RMB115,907,523.00 (tax inclusive), representing 30.72% of the net profit attributable to shareholders of the Company for the Year. The remaining undistributed profits of RMB1,137,201,178.63 will be carried forward for distribution in future periods. The Company will not convert capital reserve into share capital for 2024. This profit distribution proposal is subject to approval at the 2024 annual general meeting.

## XVI. CAPITAL MANAGEMENT

The main objectives of the Group's capital management are:

- To ensure the Group's ability to continue as a going concern so as to continuously provide returns to shareholders and other stakeholders;
- To price the products and services according to the risk level so as to provide adequate returns to shareholders.

The Group sets the capital amount in proportion to risk, manages and adjusts the capital structure based on changes in the economic environment and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or the capital returned to shareholders, issue new shares or sell assets to reduce liabilities.

The Group monitors capital based on the adjusted debt-to-capital ratio.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024  
(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

The adjusted debt-to-capital ratio of the Group on the balance sheet date is as follows:

	Ending balance	Beginning balance
Short-term borrowings	598,343,912.50	780,514,316.67
Long-term borrowings	4,048,900,000.00	3,314,314,701.47
Financial liabilities held-for-trading	94,183,471.96	24,854,342.66
Lease liabilities	152,585,672.14	121,112,313.78
Non-current liabilities due within one year	1,558,093,634.54	1,063,803,392.87
Less: Cash at bank and on hand	15,260,594,444.32	16,422,805,149.57
Financial assets held-for-trading	1,171,434.07	9,127,869.19
Adjusted net liabilities	-8,809,659,187.25	-11,127,333,951.31
Owners' equity	21,170,457,089.87	19,607,037,723.62
Adjusted capital	21,170,457,089.87	19,607,037,723.62
Adjusted debt-to-capital ratio	-41.61%	-56.75%

## XVII. 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 business operation of the Group can be divided into 4 reportable segments based on the different types of main products. The management of the Group evaluates operating results of these segments periodically in order to make decisions concerning resource distribution and operating result assessment. The reportable segments of the Group based on the provision of main products and services are shipbuilding, steel structure engineering, ship maintenance and others.

Segment reporting information disclosed is according to accounting policies and measurement basis used in reports presented by each segment reporting to the management. These accounting policies and measurement basis are consistent with those adopted in preparing financial statements.

#### 2. Financial information of reportable segments

Item	Shipbuilding and related business	Steel structure engineering	Ship maintenance segment	Other segment	Inter-segment elimination	Total
Revenue from external transactions	18,438,417,914.94	810,637,812.10	3,923,780.72	149,411,351.87		19,402,390,859.63
Revenue from intra-segment transactions	7,426,020,686.99	425,083,269.80	6,036,587.16	340,167,753.09	-8,197,318,297.04	
Income from investments in associates and joint ventures		3,456,394.54		240,098,695.66	-32,376,262.29	211,178,827.91
Credit impairment loss	-15,065,292.85	2,657,909.64		-638,732.39		-13,046,115.60
Impairment losses on assets	-50,949,140.70					-50,949,140.70
Depreciation fee and amortization fee	360,012,773.44	68,725,302.39	1,022,055.89	57,143,962.58	1,848,943.64	488,753,037.94
Total profits	84,049,557.32	22,351,304.09	1,042,583.94	262,140,901.92	23,614,565.24	393,198,912.51
Income tax expense	-82,882,239.02	-166,624.60	52,715.26	5,503,240.29		-77,492,908.07
Net profit	166,931,796.34	22,517,928.69	989,868.68	256,637,661.63	23,614,565.24	470,691,820.58
Total assets	42,899,898,490.66	3,532,409,612.74	9,784,204.03	18,289,444,765.23	-11,135,423,457.41	53,596,113,615.25
Total liabilities	33,993,297,745.44	2,606,206,121.14	1,396,394.93	2,945,756,105.60	-7,120,999,841.73	32,425,656,525.38
Long-term equity investments in associates and joint ventures		19,250,037.57		3,922,017,907.95	1,462,716,896.88	5,403,984,842.40
Increase in other non-current assets						
excluding long-term equity investments	-1,208,798,466.75	250,717,794.64	-364,854.67	845,207,898.88	334,356,034.72	221,118,406.82
Capitalized expenditure	447,223,047.55	4,348,250.64	284,231.89	434,588,144.73	-433,352,927.40	453,090,747.41

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

(1) *Revenue from external transactions by origin of revenue*

Item	Current year	Last year
Revenue from external transactions derived from China	<b>13,252,007,338.58</b>	15,217,055,898.57
Revenue from external transactions derived from other countries	<b>6,150,383,521.05</b>	928,895,597.52
<b>Total</b>	<b>19,402,390,859.63</b>	16,145,951,496.09

(2) *Non-current assets by location of assets*

Item	Ending balance	Beginning balance
Non-current assets in China (excluding Hong Kong) Hong Kong, China	<b>12,330,803,838.37</b>	12,040,588,534.21 494,604,279.60
<b>Total</b>	<b>12,330,803,838.37</b>	12,535,192,813.81

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

(III) **Other significant matters that have an impact on investors' decision-making**

None.

## XVIII. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

(I) **Accounts receivable**

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

Ageing	Ending balance	Beginning balance
Within one year		
1 to 2 years		
2 to 3 years		
3 to 4 years		
4 to 5 years		
Over 5 years	<b>768,468.86</b>	768,468.86
Subtotal	<b>768,468.86</b>	768,468.86
Less: Provision for bad debts	<b>768,468.86</b>	768,468.86
<b>Total</b>		

2. *Credit period of accounts receivable*

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

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024  
(Unless otherwise stated, all amounts in the notes to these financial statements are expressed in Renminbi)

## 3. Disclosure of accounts receivable by method of bad debt provision

Type	Ending balance				
	Book balance		Provision for bad debts		Carrying value
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made on an individual basis					
Provision for bad debts made on a collective basis	768,468.86	100.00	768,468.86	100.00	
Total	768,468.86	100.00	768,468.86		

Type	Beginning balance				Carrying value
	Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made on an individual basis					
Provision for bad debts made on a collective basis	768,468.86	100.00	768,468.86	100.00	
Total	768,468.86	100.00	768,468.86		

(1) Significant accounts receivable with provision for bad debts made on an individual basis

None.

(2) Provision made on a collective basis using portfolios with similar credit risk features:

Item:

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Ageing portfolio	768,468.86	768,468.86	100.00
<b>Total</b>	<b>768,468.86</b>	<b>768,468.86</b>	

The details of the ageing portfolio are as follows:

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Within one year (inclusive)			
1 to 2 years			
2 to 3 years			
3 to 4 years			
4 to 5 years			
Over 5 years	768,468.86	768,468.86	100.00
<b>Total</b>	<b>768,468.86</b>	<b>768,468.86</b>	

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

(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 year

Type	Beginning balance	Amount of changes during the year				Ending balance
		Provision made	Recovered or reversed	Resold or written-off	Other changes	
Provision for bad debts of accounts receivable	768,468.86					768,468.86
<b>Total</b>	768,468.86					768,468.86

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

None.

## 6. Accounts receivable and contract assets of top five debtors by ending balance

Name of entity	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Percentage of total ending balance of accounts receivable and contract assets (%)	Ending balance of provision for bad debts of accounts receivable and impairment of contract assets
Guangzhou NO. 3 Municipal Engineering Group Co., Ltd.	768,468.86		768,468.86	100.00	768,468.86
<b>Total</b>	768,468.86		768,468.86	100.00	768,468.86

## (II) Other receivables

Item	Ending balance	Beginning balance
Interest receivable		
Dividends receivable		
Other receivables	270,158.49	365,335.44
<b>Total</b>	270,158.49	365,335.44

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

(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	44,810.49	139,987.44
1-2 years		
2-3 years		
3-4 years		
4-5 years		225,348.00
Over 5 years	225,348.00	19,178.36
Sub-total	270,158.49	384,513.80
Loss: Provision for bad debts		19,178.36
<b>Total</b>	<b>270,158.49</b>	<b>365,335.44</b>

**(2) Breakdown by nature**

Nature of amount	Book balance as at the end of the year	Book balance as at the beginning of the year
Refundable deposit	225,348.00	225,348.00
Temporary payments receivable	10,428.77	129,084.04
Reserve funds	34,381.72	30,081.76
<b>Total</b>	<b>270,158.49</b>	<b>384,513.80</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
<b>Provision for bad debts</b>				
Beginning balance		19,178.36		19,178.36
Beginning balance during the year				
- Transfer to stage 2				
- Transfer to stage 3				
- Transfer back to stage 2				
- Transfer back to stage 1				
Provision made during the year		-19,178.36		-19,178.36
Reversed during the year				
Offset during the year				
Written-off during the year				
Other changes				
Ending balance				

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

Division basis for each stage and description for the proportion of provision for bad debts:

- 1) Stage 1: portfolio of deposit and security deposit that are not past due, portfolio of retained reserve and employee loans, related parties portfolio within the scope of consolidation of the Group, portfolio of government units and public institutions and aging portfolio aged less than two years. For the portfolio of deposit and security deposit that are not past due, portfolio of retained reserve and employee loans, related parties portfolio within the scope of consolidation of the Group, portfolio of government units and public institutions, aging portfolio aged 0 to 6 months, no provision for bad debts is made. For the aging portfolio aged 6 months to one year, the proportion of provision for bad debts is 0.5%. For aging portfolio aged one to two years, the proportion of provision for bad debts is 10%.
- 2) Stage 2: aging portfolio aged over two years. For aging portfolio aged two to three years, the proportion of provision for bad debts is 30%. For aging portfolio aged three to five years, the proportion of provision for bad debts is 80%. For aging portfolio aged over five years, the proportion of provision for bad debts is 100%.
- 3) Stage 3: other receivables for which provision for bad debts is made on anca individual basis

Changes in book balance of other receivables:

	Stage 1 Expected credit losses for next 12 months	Stage 2 Expected credit losses during the whole life span (not credit impaired)	Stage 3 Expected credit losses during the whole life span (credit impaired)	Total
<b>Book balance</b>				
Beginning balance	365,335.44	19,178.36		384,513.80
Beginning balance during the year				
– Transfer to stage 2				
– Transfer to stage 3				
– Transfer back to stage 2				
– Transfer back to stage 1				
Increased during the year	-95,176.95	-19,178.36		-114,355.31
Derecognised during the year				
Other changes				
Ending balance	270,158.49			270,158.49

**(4) Provision for bad debts made, reversed or recovered during the year**

Type	Beginning balance	Amount of changes during the year				Ending balance
		Provision made	Recovered or reversed	Resold or written-off	Other changes	
Provision for bad debts of other receivables	19,178.36	-19,178.36				
<b>Total</b>	19,178.36	-19,178.36				

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

**(5) Other receivables actually written-off during the year**

None.

**(6) Other receivables of top five debtors by ending balance**

Name of entity	Nature of amount	Ending balance	Ageing	Percentage of ending balance of total other receivables (%)	Ending balance of provision for bad debts
China National Shipbuilding Equipment & Materials (South China) Co., Ltd.	Deposit	225,348.00	Over 5 years	83.41	
Sinopec Marketing Co., Ltd., Guangdong	Reserve funds	12,774.72	Within one year	4.73	
Guangzhou Petroleum Branch	Reserve funds	11,607.00	Within one year	4.30	
China Telecom Corporation Limited, Guangzhou Branch	Reserve funds	10,000.00	Within one year	3.70	
Individual	Reserve funds	9,193.12	Within one year	3.40	
China Shipbuilding Group Co., Ltd. (中國船舶集團有限公司)	Payment on behalf for Social Security				
<b>Total</b>		<b>268,922.84</b>		<b>99.54</b>	

**(7) Presentation under other receivables due to centralized capital management**

None.

**(III) 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	3,922,017,907.95		3,922,017,907.95	3,681,690,280.82		3,681,690,280.82
<b>Total</b>	<b>7,093,483,944.51</b>		<b>7,093,483,944.51</b>	<b>6,853,156,317.38</b>		<b>6,853,156,317.38</b>

**1. Investments in subsidiaries**

Investee	Beginning balance	Beginning balance of provision for impairment	Amount of changes during the year				Ending balance	Ending balance of provision for impairment
			Increase in investment	Decrease in investment	Provision for impairment made during the year	Others		
CSSC Huangpu Wenchong Shipbuilding Company Limited	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 2024 to 31 December 2024

(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	Beginning balance of provision for impairment	Amount of changes during the year						Others	Ending balance	Ending balance of provision for impairment
			Increase in investment	Decrease in investment	Investment gain or loss recognised using equity method	Adjustment to other comprehensive income	Other changes in equity	Declaration and payment of cash dividend or profit	Provision for impairment made		
1. Associates											
2. Joint ventures											
Guangzhou Shipyard International Company Limited	3,681,690,280.82				240,098,695.66	320,786.29	-91,854.82			3,922,017,907.95	
Sub-total	3,681,690,280.82				240,098,695.66	320,786.29	-91,854.82			3,922,017,907.95	
<b>Total</b>	<b>3,681,690,280.82</b>				<b>240,098,695.66</b>	<b>320,786.29</b>	<b>-91,854.82</b>			<b>3,922,017,907.95</b>	

## 3. Analysis of long-term equity investments

Item	Ending balance	Beginning balance
Unlisted	7,093,483,944.51	6,853,156,317.38
<b>Total</b>	<b>7,093,483,944.51</b>	<b>6,853,156,317.38</b>

## (IV) Operating income and operating cost

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

Item	Current year		Last year	
	Income	Cost	Income	Cost
Principal business			24,790,308.32	24,746,060.56
Other business	13,093,200.00	6,537,425.04	13,093,200.00	6,537,425.04
<b>Total</b>	<b>13,093,200.00</b>	<b>6,537,425.04</b>	<b>37,883,508.32</b>	<b>31,283,485.60</b>

Gross profit from principal business

Item	Current year	Last year
Income from principal business		24,790,308.32
Cost of principal business		24,746,060.56
Gross profit		44,247.76

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

(1) *Principal business – by product*

Product name	Current year	Last year
<b>Income from principal business</b>		
Electromechanical products and others		24,790,308.32
<b>Total</b>		24,790,308.32
<b>Cost of principal business</b>		
Electromechanical products and others		24,746,060.56
<b>Total</b>		24,746,060.56

(2) *Principal business – by region*

Region	Current year	Last year
<b>Income from principal business</b>		
China (including Hong Kong, Macau and Taiwan)		24,790,308.32
<b>Total</b>		24,790,308.32
<b>Cost of principal business</b>		
China (including Hong Kong, Macau and Taiwan)		24,746,060.56
<b>Total</b>		24,746,060.56

(3) *Income from and cost of other business*

Item	Current year	Last year
<b>Income from other business</b>		
Rental income	13,093,200.00	13,093,200.00
<b>Total</b>	13,093,200.00	13,093,200.00
<b>Costs of other business</b>		
Rental income	6,537,425.04	6,537,425.04
<b>Total</b>	6,537,425.04	6,537,425.04

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## 2. Segment information of operating income and operating cost

Income generated from customer contracts during the year was as follows:

Type	Current year	
	Operating income	Operating cost
By product type:		
Electromechanical products and others	13,093,200.00	6,537,425.04
Rental income		
<b>Total</b>	<b>13,093,200.00</b>	<b>6,537,425.04</b>
Sub-total by region of operation:		
Domestic	13,093,200.00	6,537,425.04
Overseas		
<b>Total</b>	<b>13,093,200.00</b>	<b>6,537,425.04</b>
By type of market or customer:		
State-owned enterprises	13,093,200.00	6,537,425.04
Private enterprises		
Foreign enterprises		
<b>Total</b>	<b>13,093,200.00</b>	<b>6,537,425.04</b>
By type of contracts:		
Fixed price	13,093,200.00	6,537,425.04
Mark up pricing		
<b>Total</b>	<b>13,093,200.00</b>	<b>6,537,425.04</b>
By date of transfer of goods:		
Performed at a point in time	13,093,200.00	6,537,425.04
Performed within a time period		
<b>Total</b>	<b>13,093,200.00</b>	<b>6,537,425.04</b>
By contract term:		
Short-term	13,093,200.00	6,537,425.04
Long-term		
<b>Total</b>	<b>13,093,200.00</b>	<b>6,537,425.04</b>
By sales channel:		
Direct sales	13,093,200.00	6,537,425.04
Distribution sales		
<b>Total</b>	<b>13,093,200.00</b>	<b>6,537,425.04</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## 3. Top five customers by operating income

Customers	Relationship with the Group	Current year	Percentage of total operating income (%)
Zhongshan GSI Marine Engineering Company Limited	Controlled by the same controlling shareholders and actual controllers	13,093,200.00	100.00
<b>Total</b>		<b>13,093,200.00</b>	<b>100.00</b>

## 4. Significant contract changes or significant transaction price adjustments

None.

## (V) Investment income

Item	Current year	Last year
Gain from long-term equity investments accounted under cost method	2,911,877.51	
Gain from long-term equity investments accounted under equity method	240,098,695.66	28,324,295.75
Dividend income received during the period of holding investments in other equity instruments	43,498,983.20	4,349,898.32
<b>Total</b>	<b>286,509,556.37</b>	<b>32,674,194.07</b>

Other explanations: Investment income from investment in listed companies and non-listed companies for the year amounted to RMB43,498,983.20 (last year: RMB4,349,898.32) and RMB243,010,573.17 (last year: RMB28,324,295.75), respectively.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

## XIX. SUPPLEMENTAL INFORMATION

### (I) Breakdown of non-recurring gains and losses for the year

Item	Current year	Explanation
Gain or loss on disposal of non-current assets (including the write-off of the asset impairment provision)	-29,094,978.82	
Government grants included in current profit or loss, other than those that are closely related to the Company's normal operation, in line with national policies and in accordance with defined criteria, and have a sustained impact on the Company's profit or loss	85,903,690.88	
Gain or loss on changes in fair value of financial assets and financial liabilities held by non-financial entities and gain or loss on disposal of financial assets and financial liabilities, except for effective hedging transactions that are related to the Company's normal operation	-24,950,389.46	
Capital occupation fee received from non-financial entities included in current profit or loss		
Gain or loss on entrusted investments or assets under management		
Gains or losses from entrusted loans		
Losses on assets due to force majeure events, such as natural disasters		
Reversal of the provision for impairment of receivables which are tested individually for impairment		
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		
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 exchange of non-monetary assets		
Gain or loss on debt restructuring		
One-off costs incurred as a result of the discontinuation of relevant operating activities, e.g. staff settlement expenses		
One-off effect on current profit or loss due to adjustments to tax and accounting laws and regulations		
One-off share-based payments recognized for cancellation and modification of equity incentive plans		
For cash-settled share-based payments, gain or loss arising from changes in fair value of employee benefits payable after the vesting date		
Gain or loss arising from changes in fair value of investment properties under fair value model on subsequent measurement		
Gain from transactions with obviously unfair transaction price		
Gain or loss on contingencies which are not related to the Company's normal operation		
Entrusted fee income from entrusted operations	1,797,522.69	
Other non-operating income and expenses apart from the aforesaid items	30,276,921.48	
Other gain or loss items meeting the definition of non-recurring gains or losses		
<b>Sub-total</b>	<b>63,932,766.77</b>	
Less: Effect of income tax	12,207,959.84	
Effect of non-controlling interests (after tax)	10,070,347.40	
<b>Total</b>	<b>41,654,459.53</b>	

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 31 December 2024

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

### (II) Returns on net assets and earnings per share

Profit for the Reporting Period	Weighted average return on equity (%)	Earnings per share (RMB)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to shareholders of the Company	2.20	0.2669	0.2669
Net profit after deducting non-recurring gains and losses attributable to shareholders of the Company	1.96	0.2374	0.2374

CSSC Offshore & Marine Engineering (Group) Company Limited  
(Stamp)  
28 March 2025

## SECTION IX FIVE-YEAR FINANCIAL SUMMARY

The Group's major accounting data for the last five years based on its audited financial statements is as follows:

Unit: Yuan Currency: RMB

	2024	2023	2022	2021	2020
Net profit	<b>470,691,820.58</b>	73,207,983.66	710,187,038.12	104,189,291.66	3,626,830,196.89
Including: Net profit attributable to shareholders of the Company	<b>377,262,684.20</b>	48,067,553.44	688,459,748.15	79,387,401.00	3,662,334,382.03
Non-controlling interests	<b>93,429,136.38</b>	25,140,430.22	21,727,289.97	24,801,890.66	-35,504,185.14
	2024	2023	2022	2021	2020
Total assets	<b>53,596,113,615.25</b>	50,862,502,007.57	46,508,366,648.38	44,265,408,872.54	38,937,517,272.52
Total liabilities	<b>32,425,656,525.38</b>	31,255,464,283.95	27,756,614,043.84	25,594,590,394.26	21,386,375,034.79
Net assets	<b>21,170,457,089.87</b>	19,607,037,723.62	18,751,752,604.54	18,670,818,478.28	17,551,142,237.73
Including: Net assets attributable to shareholders of the Company	<b>17,824,706,200.68</b>	16,417,569,534.93	15,588,602,692.22	15,524,746,801.15	14,432,091,546.69
Non-controlling interests	<b>3,345,750,889.19</b>	3,189,468,188.69	3,163,149,912.32	3,146,071,677.13	3,119,050,691.04