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SUMMARY OF THE 2021 INTERIM REPORT

§1 IMPORTANT NOTICES

1.1 The financial information contained in this summary of the interim report (the “Report”) for the six months ended 30 June 2021 (the “Reporting Period”) of CSSC Offshore & Marine Engineering (Group) Company Limited (hereinafter referred to as “COMEC” or the “Company”, together with its subsidiaries, the “Group”) is prepared in accordance with the PRC Accounting Standards for Business Enterprises and Relevant Regulations (the “Accountant Standards and Regulations”), and the financial reports contained in the report has been reviewed and confirmed by the Audit Committee.

1.2 All Directors of the Company attended the 7th meeting of the tenth session of the Board held on 30 August 2021. The 2021 interim report was unanimously approved at the meeting.

1.3 The 2021 interim financial report of the Company is unaudited.

1.4 The Report is a summary of the full text of the 2021 interim report. Investors are advised to carefully read the full text of such report for details.

1.5 The Report is made pursuant to Rule 13.49(6) of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

1.6 The Report is prepared in both English and Chinese. In the event that different interpretations occur, the Chinese version shall prevail.

§2 BASIC INFORMATION OF THE COMPANY

2.1 Key financial information and indicators

2.1.1 Key accounting figures

Unit: RMB Yuan

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

2.1.2 Key financial indicators

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

1. During the Reporting Period, the Company achieved a cumulative net profit attributable to shareholders of the Company of RMB-95 million, representing a year-on-year decrease of RMB3.198 billion, and cumulative (loss)/earnings per share of RMB-0.0672, representing a year-on-year decrease of RMB2.2623. Weighted average return on equity was -0.69%, representing a year-on-year decrease of 28.06 percentage points, mainly due to the impact of investment income of RMB3.390 billion recognized from the disposal of certain equity interests in Guangzhou Shipyard International Company Limited ("GSI").

2. During the Reporting Period, the Company achieved a cumulative net profit attributable to shareholders of the Company after deduction of non-recurring gains and losses of RMB-135 million, representing a year-on-

year decrease in loss by RMB164 million. Basic earnings per share after deduction of non-recurring gains and losses amounted to RMB-0.0958, representing a year-on-year increase of RMB0.1157. Weighted average return on equity after deduction of non-recurring gains and losses of -0.98%, representing a year-on-year increase of 1.66 percentage points, mainly due to the overall increase in production volume during the Reporting Period, which led to an increase in comprehensive gross profit of products, as well as the combined effect of a negative net profit after deduction of non-recurring gains and losses of GSI from January to February of last year.

3. During the Reporting Period, net cash flows from operating activities of the Company was RMB-1.038 billion, representing a year-on-year increase of RMB1.700 billion, mainly due to the rate of the progress of collection of products being lower than the progress of payment during the Reporting Period.

2.1.3 Extraordinary items and their amounts

Unit: RMB Yuan

Extraordinary items	Amount	Note (where applicable)
Gain or loss on disposal of non-current assets	-573,844.21	
Tax relief and reduction with approval exceeding authority or without formal approval or of non-recurring nature	-	
Government grants included in current profit or loss, except for those closely relevant to normal business of the company, conformed to requirements of State policy, granted on fixed amount basis or enjoyed on continuous fixed amount basis subject to certain standard	22,764,149.11	
Capital occupation fee received from non-financial entities included in current profit or loss	-	
Gain from the excess of the fair value of the identifiable net assets of investee companies on acquisition of the investment over the cost of investment in the Company's subsidiaries, associates and joint ventures	-	
Gain or loss on exchange of non-monetary assets	-	
Gain or loss on entrusted investments or assets under management	-	
Provision for impairment on assets due to force majeure events, such as natural disasters	-	
Gain or loss on debt restructuring	-	
Corporate restructuring costs, such as employee redundancy pay and integration costs	-	
Gain or loss on transactions with obviously unfair transaction price for amount which exceeds fair value	-	
Net gains or losses of subsidiaries for the current period from the beginning of the period to the date of combination	-	
Gain or loss on other contingencies which are not related to the Company's normal operations	-	
Gain or loss on changes in fair value of financial assets held-for-trading, derivative financial assets, financial liabilities held-for-trading and derivative financial liabilities, and investment income from	57,531,864.33	

disposal of financial assets held-for-trading, derivative financial assets, financial liabilities held-for-trading, derivative financial liabilities and other debt investment, except for effective hedging transactions that are closely related to the Company's normal operation		
Reversal of the provision for impairment of receivables and contract assets which are tested individually for impairment	-	
Profit and loss from external entrusted loan	-	
Profit or loss arising from changes in fair value of investment property under fair value model on subsequent measurement	-	
Effect on profit and loss for the current period from one-off adjustment to profit or loss for the current period in accordance with laws and regulations on taxation and accounting, etc.	-	
Entrustment fees from entrusted operation	-	
Other non-operating income and expenses apart from the aforesaid items	1,910,680.48	
Other gain or loss items meeting the definition of non-recurring gains or losses	450,121.48	
Effect of minority interests	-26,927,136.12	
Effect of income tax	-14,818,436.14	
Total	40,337,398.93	

§3 STAFF AND REMUNERATION POLICY

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

§4 MANAGEMENT'S DISCUSSION AND ANALYSIS

4.1 Discussion and analysis of overall operation during the Reporting Period

(1) Development of the shipbuilding market in the first half of 2021

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

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

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

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

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

(2) Operation of the Group

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

4.2 Main business analysis

4.2.1 Analysis of changes in relevant items in the financial statements

Unit: RMB Yuan

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4.2.2 Analysis of assets and liabilities

Unit: RMB Yuan

Name of item	Amount at the end of current period	Proportion among total assets at the end of current period (%)	Amount at the end of last period	Proportion among total assets at the end of last period (%)	Change of amount at the end of current period compared with that of the end of last period (%)	Description
Cash in bank and on hand	6,451,840,803.25	17.61	8,767,750,124.49	22.52	-26.41	-
Accounts receivable	4,611,604,709.37	12.59	4,753,507,336.94	12.21	-2.99	-
Including: Notes receivable	73,367,930.95	0.20	161,625,007.63	0.42	-54.61	Decrease in the balance of both bank acceptance bills and commercial acceptance bills at the end of the Reporting Period.
Accounts receivable	960,961,604.24	2.62	1,244,416,936.61	3.20	-22.78	-
Receivable financing	25,911,392.00	0.07	-	-	Not applicable	Note receivables from 15 low-risk banks are reclassified and presented in this item at the end of the Reporting Period.
Prepayments	1,333,996,534.52	3.64	1,218,386,548.91	3.13	9.49	-
Other receivables	105,959,836.79	0.29	132,470,963.43	0.34	-20.01	-
Long-term receivables	2,111,407,410.87	5.76	1,996,607,880.36	5.13	5.75	-
Inventories	3,538,807,828.42	9.66	4,199,310,024.12	10.78	-15.73	-
Contract assets	4,788,010,387.50	13.07	4,445,388,926.29	11.42	7.71	-
Other current assets	331,236,549.35	0.90	577,884,115.75	1.48	-42.68	Decrease in value-added tax credit at the end of the Reporting Period.
Investment properties	145,992,769.14	0.40	149,261,481.66	0.38	-2.19	-
Long-term equity investments	4,894,179,118.52	13.36	4,938,277,647.10	12.68	-0.89	-

PP&E	4,897,278,765.02	13.37	3,952,299,253.50	10.15	23.91	-
Construction in progress	200,459,115.95	0.55	348,779,440.60	0.90	-42.53	Decrease in construction in progress not carried forward at the end of the Reporting Period.
Right-of-use assets	107,995,335.09	0.29	116,000,602.24	0.30	-6.90	-
Other non-current assets	606,109,177.32	1.65	389,850,209.29	1.00	55.47	Increase in relocation expenses pending write-off and inventories over one year at the end of the Reporting Period.
Short-term borrowings	1,000,811,527.78	2.73	2,049,871,666.70	5.26	-51.18	Repayment of borrowings during the Reporting Period.
Notes payable	937,277,319.10	2.56	2,292,202,595.08	5.89	-59.11	Notes payable were due for settlement during the Reporting Period.
Prepayments	2,618,400.00	0.01	7,855,200.00	0.02	-66.67	Decrease in rent received in advance at the end of the Reporting Period.
Contract liabilities	6,423,632,630.53	17.53	5,172,239,729.14	13.28	24.19	-
Employee benefits payable	85,696,843.07	0.23	851,463.48	0.00	9,964.65	Increase in wages, subsidies and bonuses accrued but not paid in the Reporting Period.
Taxes payables	17,872,532.83	0.05	26,054,822.85	0.07	-31.40	Reduction of personal income tax payable at the end of the Reporting Period.
Other payables	398,930,394.74	1.09	158,810,463.41	0.41	151.20	Dividends payable to listed companies amounted to RMB235 million at the end of the Reporting Period.
Long-term borrowings	2,659,862,368.89	7.26	2,117,721,642.34	5.44	25.60	-
Lease liabilities	86,929,836.50	0.24	96,494,152.25	0.25	-9.91	-
Deferred income	117,238,942.32	0.32	78,742,779.90	0.20	48.89	Increase in government grants not carried forward at the end of the Reporting Period.

4.2.3 Principal businesses by product and by region

Unit: RMB

Principal businesses by product				
Product name	Current period		Corresponding period of last year	
	Principal operating income	Principal operating costs	Principal operating income	Principal operating costs
Ship products	3,183,208,527.53	3,038,571,115.85	3,077,585,661.50	2,994,497,444.65
Offshore engineering products	347,174,694.45	341,305,426.57	105,645,690.20	114,357,275.36
Steel structure	904,208,483.16	811,776,809.54	605,871,872.62	566,416,293.66
Ship maintenance and renovation	106,629,134.14	102,552,097.59	250,019,839.88	190,538,170.88
Electromechanical products and others	101,884,878.04	77,019,483.97	174,230,482.46	138,060,864.73
Total	4,643,105,717.32	4,371,224,933.52	4,213,353,546.66	4,003,870,049.28
Principal businesses by region				
Region	Current period		Corresponding period of last year	
	Principal operating income	Principal operating costs	Principal operating income	Principal operating costs
China (including Hong Kong, Macau and Taiwan)	3,684,741,526.10	3,373,388,480.21	3,139,489,487.26	2,874,921,896.24
Other regions in Asia	356,554,846.72	387,159,965.19	267,951,335.87	308,846,613.87

Europe	212,157,768.26	198,060,354.21	367,886,390.41	401,631,502.32
Oceania	381,952,035.08	376,551,732.94	251,106,911.37	244,018,968.67
North America	-	-	75,098,988.95	54,197,998.96
Africa	7,699,541.16	36,064,400.97	111,820,432.80	120,253,069.22
Total	4,643,105,717.32	4,371,224,933.52	4,213,353,546.66	4,003,870,049.28

4.3 Analysis of investment status

4.3.1 Information on equity investments

As at the end of the Reporting Period, the balance of the long-term equity investments of the Group amounted to RMB4,894,179,100, representing a decrease of 0.89% from RMB4,938,277,600 as at the beginning of the year, mainly due to the effect of the recognition of investment income in associates and joint ventures by equity method.

4.4 Non-raised funds investment projects

During the Reporting Period, the Company had no investment projects for raised funds.

§5 SIGNIFICANT EVENTS

5.1 Assets transactions and merger of enterprises

During the Reporting Period, the Company had no assets transactions and merger of enterprises.

5.2 Profit distribution during the Reporting Period

The Company will not make profit distribution or convert any capital reserve into share capital for the first half of 2021.

5.3 Material litigations, arbitrations and matters commonly concerned by media

During the Reporting Period, the Company had no material litigations, arbitrations and matters commonly concerned by media.

5.4 Entrustment, contracting and leasing matters

5.4.1 Leasing

Unit: RMB

Name of lessor	Name of lessee	Assets leased	Amount of assets leased	Date of commencement of lease	Date on which the lease will be terminated	Rental income	Basis for determination of rental income	Impact of rental income on the Company	Whether related transaction	Relationship
Guangzhou Ship Industrial Company Limited	Huangpu Wenchong	Land, buildings and structures	-	2014.5.1	The date on which the relocation is completed and production commences at the new plant	-	-	-	Yes	Sister company of the Group
Guangzhou Wenchong Properties Co., Ltd.	Wenchong Shipyard	Land, buildings and structures	-	2018.11.1	The date on which the relocation is completed and production commences at the new plant	-	-	-	Yes	Sister company of the Group

Description of leases

Guangzhou Ship Industrial Co., Ltd. (“Guangzhou Company”) and Huangpu Wenchong entered into a lease agreement in relation to land use right, pursuant to which Guangzhou Company shall lease part of the land use right owned by it in relation to the land at the Changzhou Plant to Huangpu Wenchong for its operational use. The rent for the land use right shall be determined based on the principle of asset depreciation, amortisation and taxes. The rent shall be paid annually by cash payment. The term for the aforesaid lease of land use right commenced on 1 May 2014 and will end on the date on which the relocation of Huangpu Wenchong is completed and production commences at the new plant.

Guangzhou Wenchong Properties Co., Ltd. and Guangzhou Wenchong Shipyard Co. Ltd. (hereinafter referred to as “Wenchong Shipyard”) entered into a lease agreement in relation to land use right, and leased part of the land use rights of the area at Wenchong Plant owned by it to Wenchong Shipyard for operation. The rent for the land use right shall be determined based on the principle of asset depreciation, amortisation and taxes. The rent shall be paid on annually by cash payment. The term for the aforesaid lease of land use right commenced on 1 November 2018 and will end on the date on which the relocation of Wenchong Shipyard is completed and production commences at the new plant.

5.4.2 Guarantee

Unit: RMB Yuan

External guarantees by the Company (excluding guarantees for its subsidiaries)														
Guarantor	Relationship between guarantor and the Company	Guarantee d entity	Amount of guarantee	Date of guarantee (date of signing of agreement)	Date of commencement of Guarantees	Date of expiry of Guarantees	Type of guarantee	Whether fully executed	Whether guarantee is overdue	Overdue amount	Existence of reverse guarantee	Whether provided for by related party	Whether provided for by related party	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total amount of guarantees during the Reporting Period (excluding guarantees provided for its subsidiaries)														-
Total balance of guarantees at the end of the Reporting Period (A) (excluding guarantees provided for its subsidiaries)														-
Guarantees provided by the Company for its subsidiaries														
Total amount of guarantees provided for its subsidiaries during the Reporting Period														540,000,000.00
Total balance of guarantees provided for its subsidiaries at the end of the Reporting Period (B)														719,672,993.28
Total amount of guarantees provided by the Company (including those provided for its subsidiaries)														
Total amount of guarantees (A+B)														719,672,993.28
Total amount of guarantees as a percentage of the Company's net assets (%)														4.22
Including:														
Amount of guarantees provided for shareholders, actual controllers and related parties (C)														
Amount of debt guarantees provided directly or indirectly for companies with gearing ratio of over 70% (D)														194,491,758.28
Total amount of guarantees in excess of 50% of net assets (E)														
Sum of the above three guarantees (C+D+E)														194,491,758.28
Description of outstanding guarantees which may incur several and joint liability														
Description of outstanding guarantees which may incur several and joint liability						During the Reporting Period, the Group provided external guarantee with an accumulated amount of RMB540 million, and the content and amount of the Group's external guarantees were within the scope of limit set out in the framework for the guarantees as approved at the general meeting, and there was no overdue guarantee. During the Reporting Period, the Group provided guarantee with a total balance of guarantee of RMB720 million, all of them were guarantees provided by the Company's subsidiary Huangpu Wenchong to its wholly-owned subsidiaries. The guaranteed items are comprehensive credit guarantee and financing project guarantee.								

5.5 Environmental information

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

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

5.5.1.1 Information on pollution discharge

Name of major and specific pollutants	Emission method	Number and distribution of emission outlets	Emission concentration and total emission	Excess emission	Pollutant emission standards in effect	Approved total emission
Toluene	Organized	Huangpu Wenchong (4)	Average emission concentration 0.06mg/m ³ , total emission 8.31KG	None	Emission Limits of Air Pollutants (DB44/27-2001) period II Standard Level 2	-
		Wenchong Shipyard (6)	Average emission concentration 0.97mg/m ³ , total emission 264.83KG	None		0.60 tons
		Huangchuan Ocean Engineering (4)	Average emission concentration 0.07mg/m ³ , total emission 0.0039t	None		-
Xylene	Organized	Huangpu Wenchong (4)	Average emission concentration 5.25mg/m ³ , total emission 269KG	None	Emission Limits of Air Pollutants (DB44/27-2001) period II Standard Level 2	-
		Wenchong Shipyard (6)	Average emission concentration 2.27mg/m ³ , total emission 583.07KG	None		5.572 tons
		Huangchuan Ocean Engineering (5)	Average emission concentration 2.13mg/m ³ , total emission 0.28t	None		-
VOCs	Organized	Huangpu Wenchong (4)	Average emission concentration 11.97mg/m ³ , total emission 1621KG	None	-	-
		Wenchong Shipyard (6)	Average emission concentration 8.99mg/m ³ , total emission 2193.13KG	None		24.236 tons
		Huangchuan Ocean Engineering (5)	Average emission concentration 4.15mg/m ³ , total emission 0.41t	None		-
Particulate matter	Organized emission (intermittent)	Huangpu Wenchong (4)	Average emission concentration 28.57mg/m ³ , total emission 2390KG	None	Emission Limits of Air Pollutants in Guangdong Province period II Standard Level 2 for Class II Area	-
		Wenchong Shipyard (12)	Average emission concentration 2.66mg/m ³ , total emission 2415.50KG	None		
		Huangchuan Ocean Engineering (13)	Average emission concentration 24mg/m ³ , total emission 3.62t	None		
COD	Organized emission (intermittent)	Huangpu Wenchong (2)	Average emission concentration 125 mg/l, total emission 13241.25KG	None	Emission Limits of Water Pollutants in Guangdong Province period II Standard Level 3 for Class II Area	-
		Wenchong Shipyard (1)	Average emission concentration 146 mg/l; total emission 22452.25KG	None	Emission Limits of Water Pollutants in Guangdong Province period II Standard Level 1	
		Huangchuan	Average emission concentration	None	Emission Limits of	

		Ocean Engineering (1)	20mg/l, total emission 2.13t		Water Pollutants in Guangdong Province (DB44/26-2001) period II Standard Level 3	
Ammonia nitrogen	Organized emission (intermittent)	Huangpu Wenchong (2)	21.9mg/l Total emission 2319.86KG	None	Emission Limits of Water Pollutants in Guangdong Province period II Standard Level 3 for Class II Area	-
		Wenchong Shipyard (1)	Average emission concentration 16.10mg/l; total emission 2558.35KG	None	Emission Limits of Water Pollutants in Guangdong Province period II Standard Level 1 for Class II Area	
		Huangchuan Ocean Engineering (1)	Average emission concentration 3.41mg/l, total emission 0.36t	None	Emission Limits of Water Pollutants in Guangdong Province (DB44/26-2001) period II Standard Level 3	

5.5.1.2 Construction and operation of pollution prevention facilities

1. Huangpu Wenchong

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

2. Wenchong Shipyard

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

3. Huangchuan Ocean Engineering

Huangchuan Ocean Engineering has established a sewage treatment station to treat production waste water and

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

5.5.1.3 Environmental impact assessment for construction projects and other administrative permission for environmental protection

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

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

5.5.1.4 Emergency plans for sudden environmental events

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

5.5.1.5 Environmental self-monitoring solutions

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

5.6 Explanation on other significant events

5.6.1 Details of pledges of the assets of the Group

As at 30 June 2021, the Company had a total of bank deposits amounting to RMB2,991million pledged to secure long- and short-term borrowings, letters of guarantee, letters of credit, projects or as deposit for bank drafts. Save as disclosed above, no other assets of the Company were pledged.

5.6.2 Gearing ratio

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

5.6.3 Repurchase, sale or redemption of securities of the Company

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

§6 CORPORATE GOVERNANCE REPORT

During the Reporting Period, the general meeting of the Company, the Board and the management performed their specific responsibilities and regulated corporate operation to ensure the true, accurate and complete disclosure of corporate information. Specialized committees of the Board carried out works in accordance with their respective duties, and independent non-executive Directors played an important role in the work of the Board.

6.1 Corporate Governance

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

6.2 Securities Transactions by Directors

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

6.3 Meetings of the Board

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

§7 FINANCIAL STATEMENTS PREPARED ACCORDING TO ACCOUNTING STANDARDS OF THE PRC

(Amounts denominated in Renminbi unless otherwise specified)

Consolidated Balance Sheet

30 June 2021

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

Unit: Yuan Currency: RMB

Item	30 June 2021	31 December 2020
Current assets:		
Cash and cash equivalents	6,451,840,803.25	8,767,750,124.49
Settlement reserve		
Placements with banks and non-bank financial institutions		
Financial assets held-for-trading	1,069,301,219.08	1,055,191,244.71
Derivative financial assets		
Notes receivable	73,367,930.95	161,625,007.63
Accounts receivable	960,961,604.24	1,244,416,936.61
Financing receivable	25,911,392.00	
Prepayments	1,333,996,534.52	1,218,386,548.91
Insurance premium receivable		
Reinsurance premium receivable		
Reserves for reinsurance contract receivable		
Other receivables	105,959,836.79	132,470,963.43
Including: Interest receivable		
Dividend receivable		
Financial assets purchased under agreements to resell		
Inventories	3,538,807,828.42	4,199,310,024.12
Contract assets	4,788,010,387.50	4,445,388,926.29
Assets held for sale		
Non-current assets due within one year		
Other current assets	331,236,549.35	577,884,115.75
Total current assets	18,679,394,086.10	21,802,423,891.94
Non-current assets:		
Loans and advances to customers		
Debt investments		
Other debt investments		
Long-term receivables	2,111,407,410.87	1,996,607,880.36
Long-term equity investments	4,894,179,118.52	4,938,277,647.10
Investments in other equity instruments	3,657,326,374.56	3,923,780,494.34
Other non-current financial assets		
Investment properties	145,992,769.14	149,261,481.66
PP&E	4,897,278,765.02	3,952,299,253.50
Construction in progress	200,459,115.95	348,779,440.60
Productive biological assets		
Oil and gas assets		

Right-of-use asset	107,995,335.09	116,000,602.24
Intangible assets	930,224,758.48	918,938,540.79
Development expenses		
Goodwill		
Long-term prepaid expenses	19,917,551.73	21,210,225.34
Deferred income tax assets	391,051,707.29	380,087,605.36
Other non-current assets	606,109,177.32	389,850,209.29
Total non-current assets	17,961,942,083.97	17,135,093,380.58
Total assets	36,641,336,170.07	38,937,517,272.52
Current liabilities:		
Short-term borrowings	1,000,811,527.78	2,049,871,666.70
Loans from central bank		
Placements from banks and other financial institutions		
Financial liabilities held-for-trading		
Derivative financial liabilities		
Notes payable	937,277,319.10	2,292,202,595.08
Accounts payable	4,994,083,253.06	5,587,133,569.37
Advances from customers	2,618,400.00	7,855,200.00
Securities sold under agreements to repurchase		
Deposits from customers and other banks		
Brokerage for securities trading		
Brokerage for underwriting securities		
Employee payable	85,696,843.07	851,463.48
Taxes payable	17,872,532.83	26,054,822.85
Other payables	398,930,394.74	158,810,463.41
Including: Interest payable		
Dividends payable	234,946,101.24	304,042.49
Fee and commission payable		
Reinsured accounts payable		
Contract liabilities	6,423,632,630.53	5,172,239,729.14
Liabilities held for sale		
Non-current liabilities due within one year	2,065,472,570.68	2,884,252,298.08
Other current liabilities	303,390,988.49	319,331,239.99
Total current liabilities	16,229,786,460.28	18,498,603,048.10
Non-current liabilities:		
Reserves for insurance contracts		
Long-term borrowings	2,659,862,368.89	2,117,721,642.34
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	86,929,836.50	96,494,152.25
Long-term payables		
Long-term employee benefits payable	158,237,305.57	166,642,915.39
Estimated liabilities	121,145,938.85	146,653,315.33
Deferred income	117,238,942.32	78,742,779.90

Deferred tax liabilities	220,110,302.66	281,517,181.48
Other non-current liabilities		
Total non-current liabilities	3,363,524,694.79	2,887,771,986.69
Total liabilities	19,593,311,155.07	21,386,375,034.79
Owners' equity (or shareholders' interests):		
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	9,392,963,801.77	9,309,822,030.75
Less: Treasury shares		
Other comprehensive income	502,714,290.72	699,020,433.90
Special reserve		
Surplus reserve	1,035,952,912.65	1,035,952,912.65
Provision for general risks		
Undistributed profit	1,644,105,135.42	1,973,789,791.39
Total equity (or shareholders' interests) attributable to owners of the Parent Company	13,989,242,518.56	14,432,091,546.69
Minority interests	3,058,782,496.44	3,119,050,691.04
Total owners' equity (or shareholders' interests)	17,048,025,015.00	17,551,142,237.73
Total liabilities and owners' equity (or shareholders' interests)	36,641,336,170.07	38,937,517,272.52

Legal representative: Han Guangde Person in charge of accounting: Hou Zengquan Head of accounting department: Xie Weihong

Balance Sheet of the Parent Company

30 June 2021

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

Unit: Yuan Currency: RMB

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

Total assets	12,474,271,500.14	12,880,627,137.37
Current liabilities:		
Short-term borrowings		
Financial liabilities held-for-trading		
Derivative financial liabilities		
Notes payable		
Accounts payable	19,574,439.11	148,524,497.33
Advances from customers	2,618,400.00	7,855,200.00
Contract liabilities	27,151,418.25	15,419,870.53
Employee payable		
Taxes payable	699,911.86	757,913.38
Other payables	235,166,913.20	443,067.26
Including: Interest payable		
Dividends payable	234,946,101.24	304,042.49
Liabilities held for sale		
Non-current liabilities due within one year	600,892,478.00	601,303,114.39
Other current liabilities		
Total current liabilities	886,103,560.42	774,303,662.89
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities		86,381.44
Long-term payables		
Long-term employee benefits payable		
Estimated liabilities		
Deferred income		
Deferred tax liabilities	185,847,215.79	247,931,716.01
Other non-current liabilities		
Total non-current liabilities	185,847,215.79	248,018,097.45
Total liabilities	1,071,950,776.21	1,022,321,760.34
Owners' equity (or shareholders' interests):		
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	8,436,016,340.59	8,436,074,569.57
Less: Treasury shares		
Other comprehensive income	546,668,238.27	738,114,305.04
Special reserve		
Surplus reserve	552,474,712.68	552,474,712.68
Undistributed profit	453,655,054.39	718,135,411.74
Total owners' equity (or shareholders' interests)	11,402,320,723.93	11,858,305,377.03

Total liabilities and owners' equity (or shareholders' interests)	12,474,271,500.14	12,880,627,137.37
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Legal representative: Han Guangde Person in charge of accounting: Hou Zengquan Head of accounting department: Xie Weihong

Consolidated Income Statement

From January to June 2021

Unit: Yuan Currency: RMB

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

)		
(2) By ownership		
1. Net profit attributable to shareholders of the Parent Company (net loss expressed with “-”)	-95,042,597.22	3,102,837,570.74
2. Gain or loss attributable to minority interests (net loss expressed with “-”)	-56,210,979.06	-159,075,992.17
VI. Net after tax for other comprehensive income	-200,363,358.72	700,169,972.07
Net after tax for other comprehensive income attributable to owners of the Parent Company	-196,306,143.18	700,600,516.93
(1) Other comprehensive income that may not be reclassified to profit or loss	-195,993,697.97	700,163,899.21
1. Change in re-measurement of defined benefit plans		
2. Other comprehensive income that may not be reclassified to profit or loss under equity method	1,036,933.89	-95,851.03
3. Change in fair value of investments in other equity instruments	-197,030,631.86	700,259,750.24
4. Change in fair value of own credit risk		
(2) Other comprehensive income that may be reclassified to profit or loss	-312,445.21	436,617.72
1. Other comprehensive income that may be reclassified to profit or loss under equity method		
2. Change in fair value of other debt investments		
3. Amount included in other comprehensive income on reclassification of financial assets		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedges reserve (effective portion of gain or loss on cash flow hedges)		
6. Exchange differences arising from translation of foreign currency financial statements	-312,445.21	436,617.72
7. Others		
Net other comprehensive income after tax attributable to minority interests	-4,057,215.54	-430,544.86
VII. Total comprehensive income	-351,616,935.00	3,643,931,550.64
Total comprehensive income attributable to owners of the Parent Company	-291,348,740.40	3,803,438,087.67
Total comprehensive income attributable to minority interests	-60,268,194.60	-159,506,537.03
VIII. Earnings per share:		
(1) Basic earnings per share	-0.0672	2.1951
(2) Diluted earnings per share	-0.0672	2.1951

Legal representative: Han Guangde Person in charge of accounting: Hou Zengquan Head of accounting department: Xie Weihong

Income statement of the Parent Company

From January to June 2021

Unit: Yuan Currency: RMB

Item	1st half of 2021	1st half of 2020
I. Operating income	12,598,800.00	98,222,601.70
Less: Operating costs	8,257,207.08	94,680,914.39
Taxes and surcharges	955,069.06	4,213,994.53
Selling expenses		279,731.32
Administrative expenses	7,369,338.90	9,480,805.67
Research and development expense		
Financing cost	-10,678,125.17	-9,397,824.95
Including: Interest expenses	5,355,368.47	8,184,717.45
Interest income	16,037,067.35	17,593,464.38
Add: Other income	10,973.41	14,346.29
Investment income (loss expressed with “-”)	-44,619,140.14	1,248,495,717.54
Including: Investment income in associates and joint ventures	-45,204,263.43	-98,741,026.22
Derecognition income of financial assets measured at amortised cost (loss expressed with “-”)		
Net gain on exposure hedging (loss expressed with “-”)		
Gain on change in fair value (loss expressed with “-”)	10,140,000.00	
Loss on impairment of credit (loss expressed with “-”)		-346,461.07
Loss on impairment of assets (loss expressed with “-”)		-2,580,564.17
Gains from disposal of asset (loss expressed with “-”)		
II. Operating profit (loss expressed with “-”)	-27,772,856.60	1,244,548,019.33
Add: Non-operating income	11,058.00	46,443.78
Less: Non-operating expenses		6,951.39
III. Total profit (total loss expressed with “-”)	-27,761,798.60	1,244,587,511.72
Less: Income tax expense	2,076,500.00	
IV. Net profit (net loss expressed with “-”)	-29,838,298.60	1,244,587,511.72
(1) Net profit from continuing operations (net loss expressed with “-”)	-29,838,298.60	1,244,587,511.72
(2) Net profit from discontinued operations (net loss expressed with “-”)		
V. Net after tax for other comprehensive income	-191,446,066.77	701,107,406.99

(1) Other comprehensive income that may not be reclassified to profit or loss	-191,446,066.77	701,107,406.99
1. Change in re-measurement of defined benefit plans		
2. Other comprehensive income that may not be reclassified to profit or loss under equity method	1,036,933.89	-313,694.29
3. Change in fair value of investments in other equity instruments	-192,483,000.66	701,421,101.28
4. Change in fair value of own credit risk		
(2) Other comprehensive income that may be reclassified to profit or loss		
1. Other comprehensive income that may be reclassified to profit or loss under equity method		
2. Change in fair value of other debt investments		
3. Amount included in other comprehensive income on reclassification of financial assets		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedges reserve (effective portion of gain or loss on cash flow hedges)		
6. Exchange differences arising from translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	-221,284,365.37	1,945,694,918.71

Legal representative: Han Guangde Person in charge of accounting: Hou Zengquan Head of accounting department: Xie Weihong

Consolidated Cash Flow Statement

From January to June 2021

Unit: Yuan Currency: RMB

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

Net increase in pledged loans		
Net cash paid for acquisition of subsidiaries and other business units		10,706,417.69
Other cash payments relating to investing activities	265,481,221.26	5,610,379,990.82
Sub-total of cash outflows from investing activities	588,618,001.51	7,446,695,140.07
Net cash flows from investing activities	92,966,986.81	-4,999,087,021.99
III. Cash flows from financing activities:		
Cash receipts from receiving investments		
Including: Cash received by subsidiaries from receiving investments made by minority interest		
Cash receipts from borrowings	1,290,000,000.00	3,476,463,262.48
Other cash receipts relating to financing activities	83,200,000.00	48,500,000.00
Sub-total of cash inflows from financing activities	1,373,200,000.00	3,524,963,262.48
Cash paid for repayment of debts	2,613,200,000.00	3,146,782,119.50
Cash paid for dividends, profit distribution or interest expenses	64,987,410.36	81,313,671.50
Including: Dividends and profits paid by subsidiaries to minority interests		
Other cash payments relating to financing activities	2,166,105.73	5,240,021.17
Sub-total of cash outflows from financing activities	2,680,353,516.09	3,233,335,812.17
Net cash flows from financing activities	-1,307,153,516.09	291,627,450.31
IV. Effect of change in exchange rate on cash and cash equivalents	-6,638,248.36	19,158,231.62
V. Net increase in cash and cash equivalents	-2,258,550,383.14	-7,425,819,319.61
Add: Beginning balance of cash and cash equivalents	5,719,367,108.31	10,683,490,790.99
VI. Ending balance of cash and cash equivalents	3,460,816,725.17	3,257,671,471.38

Legal representative: Han Guangde Person in charge of accounting: Hou Zengquan Head of accounting department: Xie Weihong

Cash Flow Statement of the Parent Company

From January to June 2021

Unit: Yuan Currency: RMB

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

Legal representative: Han Guangde Person in charge of accounting: Hou Zengquan Head of accounting department: Xie Weihong

§8 Notes to Consolidated Financial Statements

I. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

(1) Basis for preparation

Based on going-concern assumption and transactions and events actually occurred, the consolidated financial statements of the Group have been prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC, (hereinafter referred to as the “*Accounting Standards for Business Enterprises*”), and *No. 15 of regulations on information disclosures of companies that issue public offering shares – General Rules of preparing financial reports* (revised in 2014) issued by China Securities Regulatory Commission (CSRC), the applicable disclosures required by *the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (the “*Listing Rules*”) and regulations of *Hong Kong Companies Ordinance* as well as the accounting policies and estimation of the Group mentioned in the notes III. *Important accounting policies and estimation*.

(2) Going-concern

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

II. STATEMENT OF COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises, and reflect a true and fair view of the financial position, the operating results and cash flows of the Group.

III. NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial statements data disclosed below, unless otherwise stated, “Beginning balance” refers to the balance as at 1 January 2021; and “Ending balance” refers to the balance as at 30 June 2021. “Current period” refers to the period from 1 January 2021 to 30 June 2021; and “Corresponding period of last year” refers to the period from 1 January 2020 to 30 June 2020. The currency unit is RMB.

1. Notes receivable

1) Types of notes receivable

Item	Ending balance	Beginning balance
Bank acceptance notes	19,193,306.35	46,528,161.34
Commercial acceptance notes	54,174,624.60	115,096,846.29
Total	73,367,930.95	161,625,007.63

Among the above notes receivable of the Group, RMB38,488,330.95 had an ageing of less than 180 days, and RMB34,879,600.00 had an ageing of 181-360 days.

2) Notes receivable pledged as at the end of the period

None.

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

Item	Amount derecognised at the end of period	Amount not derecognised at the end of period
Bank acceptance notes	203,519,298.19	12,075,558.35
Commercial acceptance notes		23,254,344.60
Total	203,519,298.19	35,329,902.95

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

None.

5) Disclosure by the debt provision method

Type	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Carrying value	Book balance		Provision for bad debts		Carrying value
	Amount	Percentage (%)	Amount	Percentage of provision (%)		Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made on an individual basis										
Provision for bad debts made on a collective basis	73,367,930.95	100.00			73,367,930.95	161,625,007.63	100.00			161,625,007.63
Including:										
Due within one year	73,367,930.95	100.00			73,367,930.95	161,625,007.63	100.00			161,625,007.63
Total	73,367,930.95				73,367,930.95	161,625,007.63				161,625,007.63

2. Accounts receivable

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

1) Disclosure by aging

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

(Continued)

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

2) Credit period of accounts receivable

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

3) Disclosure by the method using which the provision for bad debts is made

Type	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Carrying value	Book balance		Provision for bad debts		Carrying value
	Amount	Percentage (%)	Amount	Percentage of provision (%)		Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made on an individual basis										
Including:										
Accounts receivable of which the credit risk has significantly increased since initial recognition										
Provision for bad debts made on a collective basis	991,990,574.15	100.00	31,028,969.91	3.13	960,961,604.24	1,264,356,804.96	100.00	19,939,868.35	1.58	1,244,416,936.61
Including:										
Accounts receivable of which the credit risk has not significantly increased since initial recognition	991,990,574.15	100.00	31,028,969.91	3.13	960,961,604.24	1,264,356,804.96	100.00	19,939,868.35	1.58	1,244,416,936.61
Total	991,990,574.15	—	31,028,969.91	—	960,961,604.24	1,264,356,804.96	—	19,939,868.35		1,244,416,936.61

a) Provision for bad debts made on a collective basis:

Accounts receivable of which the credit risk has not significantly increased since initial recognition

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Within one year	574,248,357.26	968,100.28	0.17
1-2 years	145,410,341.04	14,534,978.16	10.00
2-3 years	20,835,713.25	6,250,713.98	30.00
3-4 years	11,593,971.86	9,275,177.49	80.00
4-5 years			
Over 5 years			
Total	752,088,383.41	31,028,969.91	—

Recognition criteria and description of provision for bad debts made on a collective basis:

The Group determines the accounts receivable which have not been tested individually for impairment to be the accounts receivable the credit risk of which has not significantly increased since initial recognition. Based on the actual credit loss for previous years and considering forwarding information for the year, the Group expects the default loss rate for accounts receivable ageing 0 to 6 months to be 0, the default loss rate for accounts receivable ageing 6 months to 1 year to be 0.5%, the default loss rate for accounts receivable ageing 1 to 2 year(s) to be 10%, the default loss rate for accounts receivable ageing 2 to 3 years to be 30%, the default loss rate for accounts receivable ageing 3 to 5 years to be 80%, and the default loss rate for accounts receivable ageing over 5 years to be 100%, determines the expected credit loss of accounts receivable and makes provision for bad debts based on 0, 0.5%, 10%, 30%, 80% and 100%% of the balance at the balance sheet date, respectively.

4) Provision for bad debts

Type	Beginning balance	Amount of changes during the period					Ending balance
		Provision	Recovered or reversed	Resale or written-off	Changes in the scope of combination	Other changes	
Provision for bad debts of accounts receivable	19,939,868.35	11,089,101.56					31,028,969.91
Total	19,939,868.35	11,089,101.56					31,028,969.91

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

None

5) Accounts receivable written-off during the period

None

6) Top five accounts receivable by ending balance of debtors

Name of entity	Relationship with the Group	Ending balance	Aging	Percentage of ending balance of total accounts receivable (%)	Ending balance of provision for bad debts
Entity 1	Third party	195,421,400.00	Within 3 years	19.70	
Entity 2	Third party	175,063,814.34	Within 1 year	17.65	133,167.62
Entity 3	Third party	155,291,689.65	1 to 2 years	15.65	7,725,610.99
Entity 4	Third party	92,194,219.56	Within 2 years	9.29	558,473.19
Entity 5	Third party	81,031,560.08	1 to 2 years	8.17	
Total		699,002,683.63		70.46	8,417,251.80

7) Accounts receivable derecognised arising from transferring of financial assets:

None

8) Amounts of assets and liabilities transferred from accounts receivable with continuing calculation:

None

3. Notes payable

Type	Ending balance	Beginning balance
Commercial acceptance bills	231,700,456.68	335,534,935.80
Bank acceptance bills	705,576,862.42	1,956,667,659.28
Total	937,277,319.10	2,292,202,595.08

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

Among the above notes payable of the Group, RMB930,277,319.10 had an aging of less than 180 days, and RMB7,000,000.00 had an aging of 181-360 days.

4. Accounts payable

1) Accounts payable

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

2) Aging of accounts payable

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

3) Significant accounts payable with aging over one year

Item	Ending balance	Including: Amount over one year	Reasons for unsettlement or carrying forward
China Shipbuilding Industry Corporation 715 Research Institute	390,019,250.00	66,585,000.00	Tentative estimation of arrears and deposit
China Shipbuilding Industry Corporation 704 Research Institute	171,075,777.64	42,902,611.11	Tentative estimation of arrears and deposit
Nanjing Keruida Electronic Equipment Co., Ltd.	95,442,000.00	95,442,000.00	Tentative estimation of arrears and deposit
Guangzhou Ship Industrial Company	49,583,570.14	34,946,290.93	Tentative estimation of arrears and deposit
Wenzhou Bohong Electric Co., Ltd.	20,881,527.64	20,456,509.00	Tentative estimation of arrears and deposit
Changshu Electronic Instrument Factory	19,589,416.62	19,589,416.62	Tentative estimation of arrears and deposit
Total	746,591,542.04	279,921,827.66	—

5. Retained earnings

Item	Current period	Corresponding period of last year
Undistributed profit as at the end of last year before adjustment	1,973,789,791.39	-1,605,393,084.53
Add: Beginning adjustment to undistributed profit		
Including: Accounting policy change		

Changes in business combination under common control		
Undistributed profit as at the beginning of the year after adjustment	1,973,789,791.39	-1,605,393,084.53
Add: Net profit attributable to owners of the Parent Company for the current period	-95,042,597.22	3,102,837,570.74
Add: Transfer from other comprehensive income to retained earnings		-3,358,682.58
Less: Statutory surplus reserve set aside		
Less: Dividends payable for ordinary shares	234,642,058.75	
Undistributed profits as at the end of the period	1,644,105,135.42	1,494,085,803.63

6. Net current assets

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

7. Total assets less current liabilities

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

8. Operating income and operating cost

Item	Current period		Corresponding period of last year	
	Income	Cost	Income	Cost
Principal business	4,643,105,717.32	4,371,224,933.52	4,213,353,546.66	4,003,870,049.28
Other business	74,444,736.16	54,199,848.48	79,827,636.90	57,373,480.24
Total	4,717,550,453.48	4,425,424,782.00	4,293,181,183.56	4,061,243,529.52

Gross profit from principal business

Item	Current period	Corresponding period of last year
Income from principal business	4,643,105,717.32	4,213,353,546.66
Cost of principal business	4,371,224,933.52	4,003,870,049.28
Gross profit	271,880,783.80	209,483,497.38

(1) Principal business – by product

Product name	Current period	Corresponding period of last year
Income from principal business:		
Ship products	3,183,208,527.53	3,077,585,661.50
Offshore engineering products	347,174,694.45	105,645,690.20
Steel structure products	904,208,483.16	605,871,872.62
Ship maintenance and modification	106,629,134.14	250,019,839.88
Electromechanical products and others	101,884,878.04	174,230,482.46
Total	4,643,105,717.32	4,213,353,546.66
Cost of principal business:		
Ship products	3,038,571,115.85	2,994,497,444.65
Offshore engineering products	341,305,426.57	114,357,275.36
Steel structure products	811,776,809.54	566,416,293.66

Ship maintenance and modification	102,552,097.59	190,538,170.88
Electromechanical products and others	77,019,483.97	138,060,864.73
Total	4,371,224,933.52	4,003,870,049.28

(2) Principal business – by region

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

(3) Other operating income and other operating costs

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

(4) Revenue from contracts

Type of contracts	Shipbuilding and related business segment	Steel structure engineering business segment	Ship maintenance and related business segment	Others segment	Total
Sub-total by product type	3,861,226,799.22	616,153,796.62	1,258,088.00	238,911,769.64	4,717,550,453.48
Ship products	3,059,790,088.45			123,418,439.08	3,183,208,527.53
Offshore engineering products	347,174,694.45				347,174,694.45
Steel structure engineering products	348,835,926.14	555,372,557.02			904,208,483.16
Ship maintenance and modification	105,371,046.14		1,258,088.00		106,629,134.14
Electromechanical products and others	55,044.04	60,781,239.60		41,048,594.40	101,884,878.04
Other business				74,444,736.16	74,444,736.16
Sub-total by region of operation	3,861,226,799.22	616,153,796.62	1,258,088.00	238,911,769.64	4,717,550,453.48
Domestic	3,032,414,530.28	616,153,796.62	1,258,088.00	109,359,847.36	3,759,186,262.26
Overseas	828,812,268.94			129,551,922.28	958,364,191.22

Sub-total by type of market or customer	3,861,226,799.22	616,153,796.62	1,258,088.00	238,911,769.64	4,717,550,453.48
State-owned enterprises	1,967,783,389.19	604,943,517.27	1,258,088.00	39,439,845.31	2,613,424,839.77
Private enterprises	128,574,367.83	11,210,279.35		46,207,407.27	185,992,054.45
Foreign enterprises	1,764,869,042.20			153,264,517.06	1,918,133,559.26
Sub-total by type of contracts	3,861,226,799.22	616,153,796.62	1,258,088.00	238,911,769.64	4,717,550,453.48
Fixed price	3,861,226,799.22	616,153,796.62	1,258,088.00	238,911,769.64	4,717,550,453.48
Mark up pricing					
Sub-total by date of transfer of goods	3,861,226,799.22	616,153,796.62	1,258,088.00	238,911,769.64	4,717,550,453.48
Performed in a period time	3,685,644,723.97				3,685,644,723.97
Performed at a point in time	175,582,075.25	616,153,796.62	1,258,088.00	238,911,769.64	1,031,905,729.51
By contract term	3,861,226,799.22	616,153,796.62	1,258,088.00	238,911,769.64	4,717,550,453.48
Short-term	142,509,455.38	616,153,796.62	1,258,088.00	234,486,990.88	994,408,330.88
Long-term	3,718,717,343.84			4,424,778.76	3,723,142,122.60
By sales channel	3,861,226,799.22	616,153,796.62	1,258,088.00	238,911,769.64	4,717,550,453.48
Direct sales	3,861,226,799.22	616,153,796.62	1,258,088.00	238,911,769.64	4,717,550,453.48
Agency sales					

(5) Top five customers by operating income

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

(6) Purchase amounts from top five suppliers

Suppliers	Relationship with the Group	Current period	Percentage of total operating costs from principal business (%)
Supplier 1	Under common control of CSSC	645,576,385.38	14.77
Supplier 2	Third party	149,314,083.40	3.42
Supplier 3	Under common control of CSSC	103,419,920.00	2.37
Supplier 4	Under common control of CSSC	92,519,835.23	2.12
Supplier 5	Under common control of CSSC	92,214,679.65	2.11
Total		1,083,044,903.66	24.79

9. Finance expenses

(1) Details of interest expenses

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

(2) Details of interest costs

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

(3) Details of interest income

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

10. Investment income

Item	Current period	Corresponding period of last year
Gain on long-term equity investments accounted for using equity method	-45,077,233.49	-6,432,971.46
Investment income from disposal of long-term equity investments		1,630,702,642.39
Investment income from disposal of financial assets held-for-trading		1,758,109,549.31
Dividend income from holding other equity instrument investment		2,293,150.68
P&L from recalculating the remaining stock right by fair value method after losing control	7,678,877.50	-11,105,630.33
Investment income from finance management agent	252,543.98	12,500.00
Total	-37,145,812.01	3,373,579,240.59

Notes: Investment income from investment in listed companies and non-listed companies for the period amounted to RMB0 (corresponding period of last year: RMB 0) and RMB-37,145,812.01 (corresponding period of last year: RMB3,373,579,240.59), respectively.

11. Gain on change in fair value

Source of gain on change in fair value	Current period	Corresponding period of last year
Change in fair value of financial assets held-for-trading	49,852,986.83	68,496,346.27
Change in fair value of held-for-trading financial liabilities		-99,120,937.27
Total	49,852,986.83	-30,624,591.00

12. Non-operating income

(1) Breakdown of non-operating income

Item	Current period	Corresponding period of last year	Amount included in non-recurring gains and losses for current period
Total gain on disposal of non-current assets	745,488.49	706,805.12	745,488.49
Including: Gain on disposal of PP&E	745,488.49	706,805.12	745,488.49
Government grants	910,064.94	992,617.26	910,064.94

Contract default compensation	6,164,861.43		6,164,861.43
Penalty income		365,415.09	
Negative goodwill from business combination under non-common control		1,760,005.87	
Others	22,931.01	177,747.18	22,931.01
Total	7,843,345.87	4,002,590.52	7,843,345.87

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

(2) Government grants included in current profit or loss

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

(3) Description of profit from disposal of properties

Note: Non-operating income of the Group for the current period included profit from disposal of properties of RMB0 (corresponding period of last year: RMB0).

13. Income tax expense

(1) Income tax expense

Item	Current period	Corresponding period of last year
Current income tax expense	519,852.61	162,415.67
1. China	519,852.61	191,037.24
2. Hong Kong		
3. Macau		
4. Over-provision (under-provision) in prior years		-28,621.57
Deferred income tax expense	-6,736,769.58	16,080,580.72
Total	-6,216,916.97	16,242,996.39

(2) Reconciliation of accounting profit and income tax expenses

Item	Current period	Corresponding period of last year
Total profit	-157,470,493.25	2,960,004,574.96
Income tax expenses calculated at statutory/applicable tax rate	-39,367,623.31	740,001,143.74
Impact of different tax rates for subsidiaries	7,363,904.84	-4,596,355.55
Impact of adjustment for income tax for previous period	-11,707.40	-28,621.57
Impact of non-taxable income	11,154,785.04	-312,518,223.90
Research and development expense including the effect of deduction	-400,801.44	-47,059,063.17
Impact of non-deductible costs, expenses and losses	3,702,221.81	192,232.79
Impact of utilisation of deductible loss for which no deferred tax assets were previously recognised	-3,988,203.50	-483,316.47
Impact of deductible temporary differences for which no deferred tax assets are recognised for the year or deductible losses	15,330,506.99	-359,264,799.48
Income tax expense	-6,216,916.97	16,242,996.39

(3) Main taxes and rates

	Tax basis	Tax rate
PRC enterprise income tax	Taxable income	15%、20%、25%
Hong Kong profits tax	Taxable income	16.5%
-Value-added tax ^{Note}	Domestic sales; provision of processing, repair and repair services; rental income	13%
	Revenue from construction and installation business	9%
	Modern services industry	6%
-City maintenance and construction tax	Turnover tax payable	7%
-Educational surcharge	Turnover tax payable	3%
-Local educational surcharge	Turnover tax payable	2%

Notes on taxpayers subject to different enterprise income tax rates:

Name of entity	Tax rate	Remarks
The Company	25%	
CSSC Huangpu Wenchong Shipbuilding Company Limited	15%	
Guangzhou Wenchong Shipyard Co., Ltd.	15%	
Guangzhou Wenchuan Heavy Industrial Co., Ltd.	15%	
Wah Shun International Marine Limited	16.50%	Note
WahLoong International Marine Limited	16.50%	Note
CSSC (Guangzhou) New Energy Co., Ltd.	20%	
CSSC Industrial Internet Co., Ltd.	20%	
Zhanjiang Nanhai Ship Hi-Tech Services Ltd.	20%	
Guangzhou CSSC Wenchong Bingshen Facilities Co., Ltd.	20%	
Guangzhou Xingji Maritime Engineering Design Co., Ltd.	20%	
HuaCheng (TianJin) Ship Leasing Co., Ltd.	20%	
HuaXin (TianJin) Ship Leasing Co., Ltd.	20%	
Other subsidiaries	25%	

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

(4) Preferential taxation treatment

1. Value-added tax

(1) 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.

(2) Revenue from military products: Value-added tax is exempted for military production (order) contracts upon completion of the relevant procedures for tax relief.

(3) Revenue from software: In accordance with the *Circular of the State Administration of Taxation of the Ministry of Finance on the Value-added Tax Policy of Software Products (Cai Shui [2011] No. 100)*, for sales of self-developed software by a value-added tax general taxpayer, the portion of actual value-added tax burden in excess of 3% may be recovered upon payment in accordance with the relevant policy.

(4) In accordance with the relevant regulations of *Announcement on Deepening the Policies Related to Valued-Added Tax Reform (Ministry of Finance, State Tax Administration and General Administration of Customs [2019] No. 39)* issued by the Ministry of Finance, the Tax Administration and the General Administration of Customs, from 1 April 2019 to 31 December 2021, some of the Group's subsidiaries engaged in production or

livelihood services is allowed to have an additional 10% deduction of creditable input VAT in the current period from the tax amount payable.

2. Enterprise income tax

(1) CSSC Huangpu Wenchong Shipbuilding Company Limited obtained the Certificate of Hi-tech Enterprise (certificate no.: GR201844011040) on 28 November 2018, with a validity period of three years. Its enterprise income tax for the current period is 15%.

Guangzhou Wenchong Chonggong Co. Ltd. obtained the Certificate of Hi-tech Enterprise (certificate no.: GR201844002831) on 28 November 2018, with a validity period of three years. Its enterprise income tax for the current period is 15%.

Guangzhou Wenchong Shipyard Co., Ltd. obtained the Certificate of Hi-tech Enterprise (certificate no.: GR201944010453) on 2 December 2019, with a validity period of three years. Its enterprise income tax for the current period is 15%.

(2) CSSC New Energy, CSSC Internet, Wenshong Bingshen, Xingji, HuaCheng and HuaXin are small low-profit enterprises, with the income tax rate of 20% for the current period.

14. Earnings per share

Basic earnings per share shall be calculated by profit or loss attributable to ordinary equity holders of the Company (the numerator) divided by the weighted average number of ordinary shares outstanding (the denominator) during the period.

The numerator of the diluted earnings per share attributable to ordinary shareholders is the Company's net profit after adjustment of the following factors: (1) the recognised interest expense of dilutive potential ordinary shares; (2) income or expense that would result from the conversion of dilutive potential ordinary shares; and (3) the related income tax effects of the above adjustments.

The denominator of diluted earnings per share is equal to the sum of: (1) the weighted average number of issued ordinary shares of the Company in basic earnings per share; and (2) the weighted average number of shares after conversion of the dilutive potential ordinary shares into ordinary shares.

In calculating the weighted average number of shares after conversion of dilutive potential ordinary shares into ordinary shares, the dilutive potential ordinary shares which were converted in previous years are assumed to be converted at the beginning of 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 period	Corresponding period of last year
Net profit attributable to shareholders of the Parent Company	1	-95,042,597.22	3,102,837,570.74
Non-recurring gains and losses attributable to the Parent Company	2	40,337,398.93	3,401,798,603.04
Net profit of non-recurring gains and losses attributable to shareholders of the Parent Company	3=2-1	-135,379,996.15	-298,961,032.30
Total 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		
Months from next month to the year-end regarding the number of shares (II)	7		
Shares decreased due to stock repurchase	8		
Months from the next month to the year-end regarding the decrease of shares	9		
Shares decreased due to capital reduction	10		
Months in the reporting period	11	6	6
Weighted average of ordinary shares outstanding	12	1,413,506,378.00	1,413,506,378.00
Weighted average of ordinary shares outstanding following adjustments in relation to business combination under common control for the purposes of earnings per share after deduction of non-recurring gains and losses	13	1,413,506,378.00	1,413,506,378.00
Basic earnings per share (I)	14=1÷12	-0.0672	2.1951
Basic earnings per share (II)	15=3÷13	-0.0958	-0.2115
Potential diluted interests of ordinary shares recognised as expense	16		
Transfer fee	17		
Income tax rate	18	0.25	0.25
Weighted average amount of ordinary shares increased due to warrant, share options, and convertible bonds, etc.	19		
Diluted earnings per share (I)	20= $[1+(16-18)\times(1-17)]\div(12+19)$	-0.0672	2.1951
Diluted earnings per share (II)	21= $[3+(16-18)\times(1-17)]\div(13+19)$	-0.0958	-0.2115

15. Dividends

Final dividends for the year-ended 31 December 2020 totaling RMB234,642,058.75 (corresponding period of last year: RMB0) were declared and paid during the six months ended 30 June 2021.

The Company will not distribute the interim dividends for the six-month period ended 30 June 2021 (corresponding period of last year: Nil).

16. Depreciation and amortization

	Current period	Corresponding period of last year
Depreciation of investment properties	3,268,712.52	104,785.35
Depreciation of PP&E	134,765,055.59	205,517,070.18
Depreciation of right-to-use assets	12,267,336.12	14,259,373.53
Depreciation of intangible assets	14,104,233.52	17,099,498.90
Amortisation of long-term prepaid expenses	2,218,651.86	2,208,464.35
Total	166,623,989.61	239,189,192.31

17. Gains (or losses) on disposal of investments or properties

Gains (or losses) on disposal of investments during the current period were RMB0 (corresponding period of last year: RMB3,388,812,191.70), including the gain on re-measurement of remaining equity interest upon the income from the disposal of part of the equity of GSI and loss of control at fair value amounted to RMB3,389,557,049.90, equity income amounted to RMB86,261.80 arising from the disposal of Zhanjiang Nanhai Naval New Technology & Service Co., Ltd., and equity income amounted to RMB-831,120.00 arising from the disposal of Guangzhou Nanhuan Environmental Service Co., Ltd.* (廣州南環環境服務有限公司).

18. Gains on disposal of properties during the current period were RMB0 (corresponding period of last year: RMB0)

IV. SEGMENT INFORMATION

1. Basis for determination of report segments and accounting policies

According to the Group's internal organizational structure, management requirements, and internal reporting system, the segments of the operation can be divided into 4 categories based on the different types of main products. The management of the Group evaluates operating outcomes of these segments periodically in order to make decisions concerning resource distributions and operating result assessments. The Group is currently organized into shipbuilding, steel structure engineering, ship repair and related business 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 report segments during the period

(1) Profit before tax, assets and liabilities for segments by product or business

Current period

Item	Shipbuilding and related business segment	Steel structure engineering	Ship maintenance and related business segment	Other segments	Inter-segment elimination and adjustment	Total
Operating income	5,514,895,332.00	664,969,142.83	3,100,914.86	362,701,128.95	-1,828,116,065.16	4,717,550,453.48
Including: Revenue from external transactions	3,861,226,799.22	616,153,796.62	1,258,088.00	238,911,769.64		4,717,550,453.48
Revenue from intra-segment transactions	1,653,668,532.78	48,815,346.21	1,842,826.86	123,789,359.31	-1,828,116,065.16	
Operating costs	5,283,193,414.78	622,510,012.92	2,405,524.03	324,226,914.86	-1,806,911,084.59	4,425,424,782.00
Charges during the period	439,971,848.69	31,467,054.14	478,954.63	1,560,400.77	-7,133,551.65	466,344,706.58
Segment total profit	-141,469,770.75	12,213,921.37	208,044.37	-34,118,667.14	5,695,978.90	-157,470,493.25
Total assets	29,535,262,063.19	2,121,709,103.74	6,362,934.68	14,322,166,944.56	-4,763,764,342.80	41,221,736,703.37
Total liabilities	21,060,134,562.68	1,960,392,868.40	524,388.47	2,846,108,874.28	-6,273,849,538.76	19,593,311,155.07
Supplementary information						
Capital expenditure	273,732,390.45	50,000,000.00	24,832.50	128,580,189.44	-129,200,632.14	323,136,780.25
Impairment loss recognized during current period	13,251,329.04	1,152,400.38		5,728.96		14,409,458.38
Depreciation and amortisation expense	144,697,930.67	3,315,694.05	106,169.75	25,147,287.98	-6,643,092.84	166,623,989.61

Corresponding period of last year

Item	Shipbuilding and related business segment	Steel structure engineering	Ship maintenance and related business segment	Other segments	Inter-segment elimination and adjustment	Total
Operating income	4,557,185,227.57	789,525,505.97	730,715,372.75	363,549,338.85	-2,147,794,261.58	4,293,181,183.56
Including: Revenue from external transactions	3,244,362,207.54	571,358,588.23	350,467,410.76	126,992,977.03		4,293,181,183.56
Revenue from intra- segment transactions	1,312,823,020.03	218,166,917.74	380,247,961.99	236,556,361.82	-2,147,794,261.58	
Operating costs	4,429,678,021.86	746,094,658.99	686,121,489.04	347,511,461.28	-2,148,162,101.65	4,061,243,529.52
Charges during the period	334,713,710.98	52,264,937.53	45,203,471.60	16,895,942.87	10,080,137.92	459,158,200.90
Segment total profit	-363,199,831.82	-32,938,305.12	-10,690,106.42	1,241,750,735.53	2,125,082,082.79	2,960,004,574.96
Total assets	24,365,546,055.01	4,621,997,118.89	1,684,195,558.13	13,393,700,078.73	-6,826,613,037.45	37,238,825,773.31
Total liabilities	17,677,225,734.41	3,353,263,096.59	1,221,885,403.05	1,956,987,314.15	-3,704,134,920.75	20,505,226,627.45
Supplementary information						
Capital expenditure	1,579,724,746.34	250,715,508.29	95,092,520.62	96,936,847.50	-196,860,891.19	1,825,608,731.56
Impairment loss recognized during current period	149,046,401.45	7,972,438.34	3,106,628.84	3,820,267.05	100,000.00	164,045,735.68
Depreciation and amortisation expense	178,731,106.73	23,240,066.64	21,547,449.07	20,067,617.78	-4,397,047.91	239,189,192.31

(2) Revenue from external transactions by origin of revenue

Revenue from external transactions	Current period	Corresponding period of last year
Revenue from external transactions derived from China	3,759,186,262.26	3,219,317,124.16
Revenue from external transactions derived from other countries	958,364,191.22	1,073,864,059.40
Total	4,717,550,453.48	4,293,181,183.56

(3) Non-current assets by location of assets

Total non-current assets	Ending balance	Beginning balance
Non-current assets in China	11,256,171,502.95	9,863,622,974.36
Non-current assets in other countries	545,985,088.30	625,076,129.61
Total	11,802,156,591.25	10,488,699,103.97

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

§9 DOCUMENTS AVAILABLE FOR INSPECTION

The 2021 interim report will be available at the following addresses and websites:

HKEXnews website of the Stock Exchange of
Hong Kong Limited
Website of the Shanghai Stock Exchange
Place for inspection of the interim report

www.hkexnews.hk

www.sse.com.cn

Office of the Board of Directors, Floor 15,
Ship Building, No.137 Gexin Road,
Haizhu District, Guangzhou

By order of the Board
CSSC Offshore & Marine Engineering (Group) Company Limited
Han Guangde
Chairman

Guangzhou, 30 August 2021

As at the date of this announcement, the Board comprises ten Directors, namely executive Directors Mr. Han Guangde, Mr. Chen Liping and Mr. Xiang Huiming; non-executive Directors Mr. Chen Zhongqian, Mr. Chen Ji and Mr. Gu Yuan; and independent non-executive Directors Mr. Yu Shiyong, Mr. Lin Bin, Mr. Nie Wei and Mr. Li Zhijian.