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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **CSSC Offshore & Marine Engineering (Group) Company Limited**, you should at once hand this circular together with the proxy form and reply slip to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**中船海洋与防务装备股份有限公司**  
CSSC OFFSHORE & MARINE ENGINEERING (GROUP) COMPANY LIMITED

*(a joint stock company with limited liability incorporated in the People's Republic of China)*  
**(H Share Stock Code: 00317)**

**DISCLOSEABLE AND CONNECTED TRANSACTION REGARDING  
INCREASE OF REGISTERED CAPITAL AND  
SHAREHOLDING STRUCTURE ADJUSTMENTS OF SUBSIDIARIES;  
NON-EXERCISE OF RIGHT OF FIRST REFUSAL;  
MAJOR AND CONNECTED TRANSACTIONS REGARDING  
THE TRANSACTIONS UNDER THE DISPOSAL AGREEMENT;  
AND  
ELECTION OF A SUPERVISOR**

**Financial Adviser**



**Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders**

**VINC**  **城高**

**Vinco Capital Limited**

**(A wholly-owned subsidiary of Vinco Financial Group Limited)**

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A letter from the Board is set out on pages 11 to 57 of this circular.

The EGM will be held at the Conference Room of the Company at Conference Room, 15/F, Shipping Building, 137 Gexin Road, Haizhu District, Guangzhou, the PRC at 10:00 a.m. on Wednesday, 23 October 2019. The supplemental notice convening the EGM, the revised proxy form (which supersedes the notice of EGM and the proxy form sent to the Shareholders on 14 August 2019) have been sent to the Shareholders on 16 September 2019. The reply slip has been sent to the Shareholders on 14 August 2019.

Any Shareholder who is entitled to attend and vote at the EGM has the right to appoint one or more proxies to do so on behalf of himself. The proxy need not be a Shareholder. In order to ensure validity, a completed proxy form and other authorization documents (if any) must be delivered to the registered office of the Company not less than 24 hours before the time scheduled for the holding of the EGM (i.e. before 10:00 a.m. on 22 October 2019). Shareholders of H shares must deliver the completed proxy forms and other authorization documents (if any) to the Company's H share Registrar, Hong Kong Registrars Limited at Hopewell Center at 17M Floor, 183 Queen's Road East, Wan Chai, Hong Kong. A Shareholder who has completed and delivered a proxy form can still attend the EGM and vote in person.

4 October 2019

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings, unless the context requires otherwise:*

“A Share(s)”	A Share(s) of RMB1.00 each in the capital of the Company
“Acquisition Benchmark Date”	the benchmark date for valuation of the Sale Shares for the purpose of the Transactions, being 30 April 2019
“Announcement”	announcement published by the Company on 7 August 2019
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors of the Company
“Capital Increase”	the contribution to GSI made by GSI Investors in the aggregate amount of RMB2.4 billion and the contribution to Huangpu Wenchong made by Huangpu Wenchong Investors in the aggregate amount of RMB2.4 billion pursuant to the Investment Agreements
“Cash Injection Agreements”	collectively, the GSI Cash Injection Agreements and the Huangpu Wenchong Cash Injection Agreements
“China Life”	China Life Insurance Company Limited (中國人壽保險股份有限公司), a company established on 30 June 2003 in the PRC
“China Shipbuilding”	China Shipbuilding Industry Corporation* (中國船舶重工集團有限公司), a company established in the PRC
“China Structural Reform Fund”	China Structural Reform Fund Co., Ltd.* (中國國有企業結構調整基金股份有限公司), a company established on 22 September 2016 in the PRC
“Company”	CSSC Offshore & Marine Engineering (Group) Company Limited (中船海洋與防務裝備股份有限公司), a joint-stock company incorporated in the PRC with limited liability whose H Shares and A Shares are listed on the Hong Kong Stock Exchange and the SSE respectively
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules

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## DEFINITIONS

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“Consideration Share(s)”	new domestic listed RMB denominated ordinary share(s) (A share(s)) with a nominal value of RMB1.00 per share to be issued by CSSC Holdings to the Company in accordance with the Disposal Agreement for payment of the consideration for the Sale Shares
“controlling shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“CPIC Property Insurance”	China Pacific Property Insurance Co., Ltd. (中國太平洋財產保險股份有限公司), a company established on 9 November 2001 in the PRC
“CSRC”	China Securities and Regulatory Commission
“CSSC”	China State Shipbuilding Corporation Limited* (中國船舶工業集團有限公司), a state-owned enterprise and a state-authorized investment institution directly supervised and administered by the SASAC (國務院國有資產監督管理委員會). As at the Latest Practicable Date, CSSC directly and indirectly holds 847,685,990 Shares of the Company, representing 59.97% of the issued Shares of the Company, and is a controlling shareholder of the Company
“CSSC Holdings”	China CSSC Holdings Limited* (中國船舶工業股份有限公司), a joint-stock company incorporated in the PRC with limited liability whose shares are listed on the SSE (stock code: 600150, abbreviated stock name: 中國船舶 (CSSC Holdings*))
“Debt Assumption Agreements”	collectively, the GSI Debt Assumption Agreement and the Huangpu Wenchong Debt Assumption Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the Company’s proposed disposal of the Sale Shares pursuant to the terms and conditions of the Disposal Agreement

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## DEFINITIONS

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“Disposal Agreement”	the agreement entered into between the Company and CSSC Holdings on 7 August 2019, pursuant to which the Company conditionally agrees to sell and CSSC Holdings conditionally agrees to acquire the Sale Shares, the consideration of which shall be settled through the issuance of the Consideration Shares by CSSC Holdings
“Dongfu Tianheng”	Beijing Dongfu Tianheng Investment Centre (Limited Partnership)* (北京東富天恒投資中心(有限合伙)), a limited partnership established on 11 September 2012 in the PRC
“EGM”	the first extraordinary general meeting of the Company for 2019 (or any adjournment thereof) to be held at Conference Room, 15/F, Shipping Building, 137 Gexin Road, Haizhu District, Guangzhou, the PRC at 10:00 a.m. on Wednesday, 23 October 2019 to consider and approve, among others, the resolutions relevant to the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong, the non-exercise of Right of First Refusal, the transactions under the Disposal Agreement (including the Disposal and the acquisition regarding the Consideration Shares of CSSC Holdings) and election of a Supervisor
“Exclusively State-Owned Capital Reserve”	the capital reserve converted from special state fund payables
“Financial Adviser”	Shenwan Hongyuan Capital (H.K.) Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“Group”	the Company and its subsidiaries
“GS Shipping”	GS Shipping Co., Ltd.* (廣州廣船船業有限公司), a company established on 18 November 2014 in the PRC
“GS Shipping Land”	a land parcel located at 40 South Fangcun Main Road, Liwan District, Guangzhou, of approximately 393,793 sq.m. owned by GS Shipping

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## DEFINITIONS

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“GSI”	Guangzhou Shipyard International Company Limited* (廣船國際有限公司), a company established on 25 May 2006 in the PRC and a non-wholly owned subsidiary of the Company
“GSI Cash Injection Agreements”	the agreements entered into by the Company, GSI and each of China Structural Reform Fund, China Life, CPIC Property Insurance, PICC, Dongfu Tianheng, ICBC Investment and New China Life Insurance on 25 January 2018 pursuant to which each of China Structural Reform Fund, China Life, CPIC Property Insurance, PICC, Dongfu Tianheng, ICBC Investment and New China Life Insurance agrees to increase the capital of GSI by way of making cash contribution in a total amount of RMB1.901 billion into GSI
“GSI Debt Assumption Agreement”	the agreement entered into by the Company, GSI and Zhongyuan Asset on 25 January 2018 pursuant to which Zhongyuan Asset agrees to increase the capital of GSI by way of assumption of the liability in GSI in an aggregate amount of RMB499 million
“GSI Equity Interests held by GSI Investors”	an aggregate of 23.5786% equity interests in GSI currently held by the GSI Investors
“GSI Investors”	China Structural Reform Fund, China Life, CPIC Property Insurance, PICC, Dongfu Tianheng, ICBC Investment, New China Life Insurance and Zhongyuan Asset
“H Share(s)”	H Share(s) of RMB1.00 each in the capital of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Huangpu Wenchong”	CSSC Huangpu Wenchong Shipbuilding Company Limited* (中船黃埔文沖船舶有限公司), a company established on 1 June 1981 in the PRC and as at the Latest Practicable Date, a non-wholly owned subsidiary of the Company and is owned as to 69.0164% by the Company
“Huangpu Wenchong Cash Injection Agreements”	the agreements entered into by the Company, Huangpu Wenchong and each of China Structural Reform Fund, China Life, CPIC Property Insurance, PICC, Dongfu Tianheng, ICBC Investment and New China Life Insurance on 25 January 2018 pursuant to which each of China Structural Reform Fund, China Life, CPIC Property Insurance, PICC, Dongfu Tianheng, ICBC Investment and New China Life Insurance agrees to increase the capital of Huangpu Wenchong by way of making cash contribution in a total amount of RMB1.9 billion into Huangpu Wenchong
“Huangpu Wenchong Debt Assumption Agreement”	the agreement entered into by the Company, Huangpu Wenchong and Huarong Ruitong on 25 January 2018 pursuant to which Huarong Ruitong agrees to increase the capital of Huangpu Wenchong by way of assumption of the liability in Huangpu Wenchong in an aggregate amount of RMB500 million
“Huangpu Wenchong Equity Interests held by Huangpu Wenchong Investors”	an aggregate of 30.9836% equity interests in Huangpu Wenchong currently held by the Huangpu Wenchong Investors
“Huangpu Wenchong Investors”	China Structural Reform Fund, China Life, CPIC Property Insurance, PICC, Dongfu Tianheng, ICBC Investment, New China Life Insurance and Huarong Ruitong
“Huarong Ruitong”	Huarong Ruitong Equity Investment Management Co., Ltd.* (華融瑞通股權投資管理有限公司), a company established on 6 January 2017 in the PRC
“ICBC Investment”	ICBC Financial Asset Investment Co., Ltd.* (工銀金融資產投資有限公司), a company established on 26 September 2017 in the PRC

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## DEFINITIONS

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“Independent Board Committee”	an independent committee of the Board established to consider the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong, the non-exercise of Right of First Refusal and the transactions contemplated under the Disposal Agreement (including the Disposal and the acquisition regarding the Consideration Shares of CSSC Holdings), comprising all the independent non-executive Directors
“Independent Financial Adviser” or “Vinco Capital”	Vinco Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser engaged by the Company to advise the Independent Board Committee and the Independent Shareholders on the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong, the non-exercise of Right of First Refusal and the transactions contemplated under the Disposal Agreement (including the Disposal and the acquisition regarding the Consideration Shares of CSSC Holdings)
“Independent Shareholder(s)”	shareholder(s) of the Company other than CSSC and its associates, who is/are not involved in or interested in the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong, the non-exercise of Right of First Refusal and the transactions contemplated under the Disposal Agreement (including the Disposal and the acquisition regarding the Consideration Shares of CSSC Holdings)
“Investment Agreements”	collectively, the Cash Injection Agreements and the Debt Assumption Agreements
“Investors” or “market based debt-to-equity conversion Investors”	GSI Investors and Huangpu Wenchong Investors



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## DEFINITIONS

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“Latest Practicable Date”	4 October 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“New China Life Insurance”	New China Life Insurance Company Ltd. (新華人壽保險股份有限公司), a company established on 28 September 1996 in the PRC
“Original Major Asset Restructuring Scheme”	the market-based debt-to-equity conversion involving the capital increase in GSI and Huangpu Wenchong by introducing the Investors (details of which are more particularly set out in section headed “1. Capital Increase of GSI and Huangpu Wenchong” under item A. Historical Background Regarding the Original Major Asset Restructuring Scheme in Item I of this circular) and the acquisition of the Target Equity Interests by issuance of new A Shares of the Company to the Investors (details of which are more particularly set out in section headed “3. Proposal on acquisition of the Target Equity Interests from Investors” under item A. Historical Background Regarding the Original Major Asset Restructuring Scheme in Item I of this circular)
“PICC”	PICC Property and Casualty Company Limited (中國人民財產保險股份有限公司), a company established on 7 July 2003 in the PRC
“PRC” or “China”	the People’s Republic of China
“Preliminary Transfer Consideration”	RMB2,891,259,289.63, being the preliminary transfer consideration payable by CSSC Holdings to the Company in respect of the acquisition of the Sale Shares as at the date of the Announcement
“Remaining Group”	the Group and its subsidiaries and, for purpose of this circular, excluding GSI and its subsidiaries

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## DEFINITIONS

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“Reorganisation”	collectively, the overall corporate actions relating to the issuance of new shares (including, but without limitation to, the issuance of the Consideration Shares to the Company) for asset acquisition (including, but without limitation to, the acquisition of the Sale Shares from the Company and the Target Equity Interests from the Investors) and relevant fund raising activities to be undertaken by CSSC Holdings
“Right of First Refusal”	the Company’s Right of First Refusal to acquire the GSI Equity Interests held by GSI Investors and/or the Huangpu Wenchong Equity Interests held by Huangpu Wenchong Investors
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	27.4214% equity interests currently held by the Company in GSI
“Sale Shares Completion Date”	the date on which the changes in industrial commercial registration in respect of the Sale Shares registered under the CSSC Holdings had fully completed
“SASAC”	Stated-owned Assets Supervision and Administration Commission of the State Council of the PRC
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shanghai Listing Rules”	the listing rules of the SSE
“Share(s)”	collectively, the H Shares and A Shares of the Company
“Shareholder(s)”	holder(s) of Shares
“SSE”	Shanghai Stock Exchange
“subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company

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## DEFINITIONS

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“Supplemental Agreement”	the supplement agreement to the Disposal Agreement entered into between the Company and CSSC Holdings on 12 September 2019, pursuant to which the parties conditionally agree to the Final Transfer Consideration for the Sale Shares and the Consideration Shares to be issued by CSSC Holdings to the Company for settlement of the Final Transfer Consideration
“Target Equity Interests”	collectively, the GSI Equity Interests held by GSI Investors and the Huangpu Wenchong Equity Interests held by Huangpu Wenchong Investors
“Transactions”	the issuance of Consideration Shares by CSSC Holdings to the Company as the consideration for the acquisition of Sale Shares pursuant to the Disposal Agreement
“Transaction Completion Date”	the date on which the Consideration Shares issued by CSSC Holdings are registered under the share accounts of the Company with China Securities Depository and Clearing Corporation Limited
“Valuation Report” or “Valuation Report of GSI”	Asset Valuation Report dated 19 July 2019 on Values of Total Shareholders’ Interests Involved in Proposed Acquisition of 51% equity interests in Guangzhou Shipyard International Company Limited by China CSSC Holdings Limited through Issuance of Shares to CSSC Offshore & Marine Engineering (Group) Company Limited and New China Life Insurance Company Ltd* (Dongzhou Ping Bao Zi 2019 No. 0530) 《中國船舶工業股份有限公司擬向中船海洋與防務裝備股份有限公司及新華人壽保險股份有限公司等發行股份購買廣船國際有限公司51%股權涉及股東全部權益價值資產評估報告》(東洲評報字2019第0530號), a summary of which is set out in Appendix II of this circular
“Valuer” or “Shanghai Orient”	Shanghai Orient Appraisal Co., Ltd.* (上海東洲資產評估有限公司)

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## DEFINITIONS

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“Working Day(s)”	the PRC statutory working day(s) other than Saturday, Sunday and statutory holidays
“Zhongyuan Asset”	Zhongyuan Asset Management Co., Ltd.* (中原資產管理有限公司), a company established on 31 August 2015 in the PRC
“%”	per cent.

\* *For identification purposes only*

*Note: Numbers in this circular may not add up to the totals due to rounding of the figures to two decimal places.*

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## LETTER FROM THE BOARD

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中船海洋与防务装备股份有限公司

CSSC OFFSHORE & MARINE ENGINEERING (GROUP) COMPANY LIMITED

*(a joint stock company with limited liability incorporated in the People's Republic of China)*

**(H Share Stock Code: 00317)**

*Executive Directors:*

Mr. Han Guangde (*Chairman*)  
Mr. Chen Zhongqian  
Mr. Chen Liping  
Mr. Sheng Jigang  
Mr. Xiang Huiming  
Mr. Chen Ji

*Registered Office:*

40 South Fangcun Main Road  
Liwan District  
Guangzhou  
The People's Republic of China  
Postal Code: 510382

*Non-executive Director:*

Mr. Shi Jun

*Independent non-executive Directors:*

Mr. Wang Yichu  
Mr. Min Weiguo  
Mr. Liu Renhuai  
Mr. Yu Shiyong

4 October 2019

*To the holders of H Shares*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION REGARDING  
INCREASE OF REGISTERED CAPITAL AND  
SHAREHOLDING STRUCTURE ADJUSTMENTS OF SUBSIDIARIES;  
NON-EXERCISE OF RIGHT OF FIRST REFUSAL;  
MAJOR AND CONNECTED TRANSACTIONS REGARDING  
THE TRANSACTIONS UNDER THE DISPOSAL AGREEMENT;  
AND  
ELECTION OF A SUPERVISOR**

Reference is made to (1) the announcement published by the Company on 16 September 2019 regarding increase in registered capital and shareholding structure adjustments of each of GSI and Huangpu Wenchong; (2) the Announcement; and (3) the further announcement published by the Company on 16 September 2019 regarding non-exercise of Right of First Refusal and Major and Connected Transaction regarding the Transactions under the Disposal Agreement.

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## LETTER FROM THE BOARD

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As mentioned in the Announcement, CSSC, the controlling shareholder of the Company, is preparing for a strategic restructuring with China Shipbuilding, which is yet to be finalised. Both CSSC and China Shipbuilding are under the control of SASAC. As at the Latest Practicable Date, China Shipbuilding has no particular relationship with the Company, it does not hold any Shares of the Company, nor does it involve in the management of the Company. Upon completion of the restructuring, CSSC and China Shipbuilding will further clarify the business positions for their various listed subsidiaries. As the strategic restructuring is yet to be finalised, the Company is not aware of the possible impact it may have on the Company or the business position of the Company. Against such background, the Company proposes to make further adjustments to the Original Major Asset Restructuring Scheme: the Company would dispose of 27.4214% equity interests currently held by the Company in GSI to CSSC Holdings through the issue of the Consideration Shares by CSSC Holdings to the Company. At the same time, the Company would not exercise the Right of First Refusal to acquire the Target Equity Interests from the Investors who would then dispose of the Target Equity Interests to CSSC Holdings.

As GSI and Huangpu Wenchong have taken into account of the value of the Exclusively State-Owned Capital Reserve when introducing debt-to-equity investment for capital increase in 2018, with the approval of CSSC, the Company has decided to conduct conversion of the Exclusively State-Owned Capital Reserve into registered capital of GSI and Huangpu Wenchong based on the appraised value of the Exclusively State-Owned Capital Reserve held by CSSC in GSI and Huangpu Wenchong as at 30 June 2017 and the appraised value of each of GSI and Huangpu Wenchong as at 30 June 2017 (net of the appraised value of the Exclusively State-Owned Capital Reserve), respectively.

Taking into account the combined effects of the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong due to the conversion of the Exclusively State-Owned Capital Reserve, the disposal of Target Equity Interests to CSSC Holdings by the Investors, the Disposal based on the Final Transfer Consideration and the corresponding number of the Consideration Shares to be issued by CSSC Holdings to the Company,

- (1) the Company's equity interest in GSI will be decreased to 46.3018%, and in which event GSI will cease to be a subsidiary of the Company;
- (2) the Company's equity interest in Huangpu Wenchong will be decreased to 54.5371% and the Company still retains control over Huangpu Wenchong; and
- (3) CSSC Holdings will have controlling interests in GSI, whereas the aggregate shareholding of the Company in CSSC Holdings will increase from 0% to approximately 5.15% (as calculated based on the shareholding of CSSC Holdings upon the completion of the Reorganisation and based on the assumptions that there shall be (i) no further changes to the number of new shares to be issued by CSSC Holdings for completion of the Reorganisation and (ii) the final number of the Consideration Shares to be issued is approved by shareholders at general meeting of CSSC Holdings and by the CSRC).

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other things, information on the resolutions relevant to the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong, the non-exercise of Right of First Refusal to acquire the Target Equity Interests, the Disposal Agreement and the transactions contemplated thereunder (including the Disposal and the acquisition regarding the Consideration Shares of CSSC Holdings) and the election of a Supervisor of the Company to be proposed at the EGM.

### **I. THE NON-EXERCISE OF RIGHT OF FIRST REFUSAL TO ACQUIRE THE TARGET EQUITY INTERESTS**

As disclosed in the Announcement, the Board (among other things) resolved not to exercise the Right of First Refusal to acquire an aggregate of 23.5786% equity interests in GSI currently held by the GSI Investors and an aggregate of 30.9836% equity interests in Huangpu Wenchong currently held by the Huangpu Wenchong Investors.

As at the Latest Practicable Date, CSSC is the controlling shareholder of both the Company and CSSC Holdings. Accordingly, CSSC Holdings is an associate of the connected person of the Company. On account of the non-exercise of the Right of First Refusal, the Investors will dispose of the Target Equity Interests to CSSC Holdings. Coupled with the effect of the Disposal and the conversion (if materialised), GSI will cease to be a subsidiary of the Company and instead CSSC Holdings will become the holding company of GSI. As CSSC Holdings is the transferee of the transfer of the Target Equity Interests by the Investors, the Company will submit the resolution on the non-exercise of the Right of First Refusal and the related party transaction thereof to the EGM for consideration and approval in accordance with the SSE rules and regulations.

To enable Shareholders to have more information to make an informed decision in the voting of the relevant resolution at the EGM, we summarise below the background leading to the Right of First Refusal:

#### **A. Historical Background Regarding the Original Major Asset Restructuring Scheme**

In recent years, the global shipping market has been caught in a deep adjustment. Since the number of new orders and orders in hand of the Company continues to decline sharply and the gearing ratio of the Company is high, it is imperative that the Company reduce its debt risk through external financing and strategic restructuring. Meanwhile, it would be in the interest of the Company to follow the relevant policies promulgated by the State Council of the PRC to encourage enterprises to carry out market-based debt-to-equity conversion to reduce leverage ratio, enhance capital strength and guard against debt risks.

##### ***1. Capital Increase of GSI and Huangpu Wenchong***

In early 2018, GSI and Huangpu Wenchong, both subsidiaries of the Company, implemented market-based debt-to-equity conversion and capital increase by cash and debt assumption through introducing the Investors as new shareholders. The capital increase involving GSI and Huangpu Wenchong was completed on 24 February 2018. As a result, the registered capital of GSI was increased to RMB8,556,970,805 and registered capital of Huangpu Wenchong was increased to

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## LETTER FROM THE BOARD

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RMB2,859,897,696. Please refer to the Company's announcements dated 17 November 2017 and 15 December 2017 and the Company's circular dated 26 January 2018 for further details of the capital increase.

### 2. *Shareholding structure of GSI and Huangpu Wenchong following the capital increase*

Following the capital increase and as at the Latest Practicable Date, the shareholding structure of GSI and Huangpu Wenchong is as follows:

*In respect of GSI*

<b>Shareholders</b>	<b>Equity interest (%)</b>
The Company	76.4214
China Life	2.4561
New China Life Insurance	4.9122
China Structural Reform Fund	2.7017
CPIC Property Insurance	2.7017
PICC	2.4561
ICBC Investment	1.2281
Dongfu Tianheng	2.2203
Zhongyuan Asset	4.9024
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*In respect of Huangpu Wenchong*

The Company	69.0164
China Life	3.2275
New China Life Insurance	6.4549
China Structural Reform Fund	3.5502
CPIC Property Insurance	3.5502
PICC	3.2275
ICBC Investment	1.6137
Dongfu Tianheng	2.9047
Huarong Ruitong	6.4549
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## LETTER FROM THE BOARD

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### 3. *Proposal on acquisition of the Target Equity Interests from investors*

As referred to in the Company's announcements dated 17 November 2017 and 15 December 2017 and the Company's circular dated 26 January 2018, pursuant to the Investment Agreements, upon completion of the capital increase, the Company shall have the right to acquire the Target Equity Interests held by the Investors within 36 months following completion of the capital increase at a consideration of the A Shares to be issued by the Company to the Investors. The issue price and the number of the A Shares of the Company and other terms in relation to such equity exchange transaction shall be determined by the parties on arm's length terms in accordance with the industry practice in the capital market.

On 26 February 2018,

- (1) the Company and the GSI Investors entered into an agreement pursuant to which the Company conditionally agreed to acquire and the GSI Investors conditionally agreed to sell the GSI Equity Interests held by the GSI Investors through issue of 98,643,647 new A Shares at an issue price of RMB24.33 per A Share by the Company to the GSI Investors; and
- (2) the Company and the Huangpu Wenchong Investors entered into an agreement pursuant to which the Company conditionally agreed to acquire and the Huangpu Wenchong Investors conditionally agreed to sell the Huangpu Wenchong Equity Interests held by the Huangpu Wenchong Investors through issue of 98,643,648 new A Shares at an issue price of RMB24.33 per A Share by the Company to the Huangpu Wenchong Investors.

The capital increase of GSI and Huangpu Wenchong by introducing the Investors (details of which are set out in section headed "1. Capital Increase of GSI and Huangpu Wenchong" above) and the proposal on acquisition of the Target Equity Interests from Investors identified in items (1) and (2) above were intended to carry out market-based debt-to-equity conversion to optimise the layout of state-owned economy and the structure of corporate assets and liabilities, and enhance corporate competitiveness and development, in accordance with the Opinion of the State Council Actively and Steadily Reducing the Leverage Ratio of Enterprises (《國務院關於積極穩妥降低企業槓桿率的意見》) and its annexes, namely the Guidance on Market-based Bank Debt-to-equity Conversion (Guo Fa 2016 No. 54) (《關於市場化銀行債權轉股權的指導意見》(國發201654號文)) and the Notice on Certain Policy Issues in the Implementation of Market-oriented Bank Debt-to-equity Conversion (Fa Gai Cai Jin 2018 No. 152) (《關於市場化銀行債權轉股權實施中有關具體政策問題的通知》(發改財金2018152號)), as well as the requirements of the Party Central Committee and the State Council on supply-side structural reform. It was intended that the capital increase would effectively lower the gearing ratio of GSI and Huangpu Wenchong and reduce their financial expenses and capital costs; strengthen their ability to develop military products; promote the

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maintenance and appreciation of value of state-owned assets; and improve their ability of sustainable development. In particular, the gearing ratios of GSI and Huangpu Wenchong were expected to fall significantly and the problem of high leverage ratios would be alleviated effectively, which is in line with the national policy regarding deleveraging and cost reduction under the supply-side structural reform.

The process in capital increase was to carry out capital increase in GSI and Huangpu Wenchong by introducing the market based debt-to-equity conversion Investors, while the process on acquisition of the Target Equity Interests from Investors was for the Company to acquire the Target Equity Interests through issuance of the new A Shares of the Company so as to provide an exit to those market based debt-to-equity conversion Investors. The two processes were intended to be a packaged arrangement for completing the market-based debt-to-equity conversion such that the Investors would ultimately hold the A Shares of the Company.

The Company had considered the following factors in deciding whether it would be more appropriate for the Investors to complete the market-based debt-to-equity conversion in order to hold the A Shares of the Company ultimately, or for the Investors to acquire A Shares of the Company directly:

- (a) through the capital increase by introducing Investors at GSI and Huangpu Wenchong, the funds for the capital contribution could be made available at a relatively shorter period of time, so as to enable the Company to lower the scale of interest-bearing liabilities, cut financial costs and reduce the gearing ratio more quickly and effectively;
- (b) it would take a relatively longer time for the Company to obtain relevant approval from regulatory authority like the CSRC for issuance of new A Shares. In addition, according to the relevant PRC regulatory requirements, the price at which the new A Shares to be issued to particular investor(s) could not be negotiated between the listed company and potential investors before the issue. The issue price can only be determined according to the market conditions at the time of issue. It would add practical difficulties to the issue as the relevant debt-to-equity conversion investors could not make decision whether they would participate in the exercise; and
- (c) it has been a common practice for A+H listed companies to introduce investors at subsidiaries and then for relevant investors to acquire listed shares of the Company.

Based on the above, the Company considered that the Investors to complete the market-based debt-to-equity conversion in order to hold the A Shares of the Company ultimately would be the best option to the Company.

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The proposal on acquisition of the Target Equity Interests from Investors identified in items (1) and (2) above, if proceeded, will constitute a major transaction of the Company subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules. In addition, as the proposal involves the issuance of new A Shares by the Company, a specific mandate will also need to be sought from the Shareholders at the general meeting and the class meetings by way of a special resolution in accordance with Rule 19A.38 of the Hong Kong Listing Rules.

However, the proposal on acquisition of the Target Equity Interests from Investors fell through as the domestic A-share market experienced great fluctuations and changes, and the Company incurred a substantial loss in 2017. As a result, the share price of the Company's A Shares dropped significantly, and the proposed acquisition of the Target Equity Interests under the Original Major Asset Restructuring Scheme could not be implemented. In view of the market changes and strategic adjustments, and given that the conditions precedent contained in the above agreements to acquire the Target Equity Interests from Investors were not satisfied, such agreements were automatically terminated on 30 June 2019.

### **B. Subsequent adjustments to the Original Major Asset Restructuring Scheme**

#### ***1. Proposed asset swaps with CSSC and CSSC Holdings***

In early 2019, from perspective of preserving the overall interests of the Company and given that the non-competition undertaking provided by CSSC on 8 April 2015 for resolving competition faced by the Company in supertankers, large ore carriers and handy-sized bulk carriers with other enterprises within the group of companies of CSSC is due to expire, the Company entered into (i) a non-binding framework agreement with CSSC on 4 April 2019, pursuant to which the Company proposed to swap certain equity interests in Huangpu Wenchong and GSI currently held by the Company with 100% equity interests in Hudong Heavy Machinery Co., Ltd.\* (滬東重機有限公司), 100% equity interests in CSSC Marine Power Co., Ltd.\* (中船動力有限公司), 51% equity interests in CSSC Marine Power Institute Co., Ltd.\* (中船動力研究院有限公司) and 15% equity interests in CSSC-MES Diesel Co., Ltd.\* (上海中船三井造船柴油機有限公司) currently held by CSSC of the same appraised value; and (ii) a non-binding framework agreement with CSSC Holdings on 4 April 2019, pursuant to which CSSC Holdings proposed to acquire the remaining equity interest in Huangpu Wenchong and GSI held by the Company following the assets swap as agreed in the above non-binding framework agreement at a consideration to be settled by issuance of new A shares of CSSC Holdings. Please refer to the Company's announcements dated 28 March 2019 and 4 April 2019, respectively, for further details.

The transactions contemplated under the above non-binding agreements, if materialised, would constitute very substantial disposal, very substantial acquisition and connected transactions of the Company under the Shanghai Listing Rules and the Hong Kong Listing Rules. Following completion of the proposed asset swaps, the Company would no longer be engaged in ship manufacturing and would transform to power business with a relatively strong resistance to risk.

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However, for reasons set out in item 2 below, the Company did not pursue the implementation of the proposed asset swaps.

### 2. *Disposal of certain equity interest in GSI*

The procedure involved in the proposed assets swap took longer time than expected and there are uncertainties that the asset swaps could be completed within the financial year of 2019. GSI has been loss-making and in an attempt to lower the financial burden, improve the profitability of the Group, and to fulfil CSSC's undertaking on resolving horizontal competition, the Company proposes to further adjust the Original Major Asset Restructuring Scheme by disposing part of the equity interests currently held by the Company in GSI to CSSC Holdings which will ultimately become the holding company of GSI.

GSI is primarily engaged in the civil ship business. Since the global economic crisis in 2008, global shipbuilding industry, especially the civil ship industry, has been experiencing a downturn with long-term excess capacity. China's shipbuilding industry is an export-oriented economy, affected by the global economic slowdown, with both the domestic civil ship industry and the operating efficiency of civil ship enterprises struggling. It is intended that the selling down of the equity interests in GSI can help improve the Company's overall financial position.

Huangpu Wenchong is primarily engaged in the military ship business. Although it also suffered certain loss due to the overall downturn of the shipbuilding industry in 2018, it achieved a turnaround for gains due to the receipt of an one off relocation cooperation in 2019.

The Company considers that it would not be appropriate to dispose of the controlling interest in Huangpu Wenchong as the core business of Huangpu Wenchong is not in horizontal competition with other member companies within CSSC. The disposal of the equity interests and hence the controlling interests of GSI by the Company is in line with the undertaking provided by CSSC on 8 April 2015 to resolve horizontal competition faced by the Company in supertankers, large ore carriers and handy-sized bulk carriers. In addition, compared to GSI, the business operation of Huangpu Wenchong is relatively stable. It would be more conducive to the overall financial layout of the Company if GSI becomes an associate of the Company.

As at the Latest Practicable Date, the Company has no concrete plan whether it would proceed with the proposed asset swaps as mentioned in item 1 above. If it proceeds with the proposed asset swaps, the Disposal (including the acquisition of the Consideration Shares) will be treated as a step to the proposed asset swaps and subject to the aggregation rule under the Hong Kong Listing Rules. Accordingly, should the Company decide to dispose of any of its equity interests in Huangpu Wenchong to CSSC Holdings and/or proceed with the asset swaps in the future, the Company is required to comply with the requirements under the Shanghai Listing Rules and the Hong Kong Listing Rules.

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### 3. *Strategic restructuring between CSSC and China Shipbuilding*

As disclosed in the Company's announcements dated 1 July 2019 and 7 August 2019, CSSC, the controlling shareholder of the Company, is preparing for a strategic restructuring with China Shipbuilding, and the relevant restructuring is yet to be finalised. Both CSSC and China Shipbuilding are under the control of SASAC. As at the Latest Practicable Date, China Shipbuilding has no particular relationship with the Company, it does not hold any Shares of the Company, nor does it involve in the management of the Company. Upon completion of the restructuring, CSSC and China Shipbuilding will further clarify the business positions for their various listed subsidiaries. As the strategic restructuring is yet to be finalised, the Company is not aware of the possible impact it may have on the Company or the business position of the Company. The Company will closely monitor the relevant progress and fulfill its obligations of information in accordance with the requirements of relevant laws and regulations.

### C. **Right of First Refusal**

#### 1. *Non-exercise of the Right of First Refusal*

On 7 August 2019, pursuant to the Investment Agreements,

- (1) each of the GSI Investors notified the Company that they intended to transfer the GSI Equity Interests held by GSI Investors to CSSC Holdings through the issue of new shares to GSI Investors by CSSC Holdings; and
- (2) each of the Huangpu Wenchong Investors notified the Company that they intended to transfer the Huangpu Wenchong Equity Interests held by Huangpu Wenchong Investors to CSSC Holdings through the issue of new shares to Huangpu Wenchong Investors by CSSC Holdings.

To the Company's knowledge, the consideration of each of the GSI Equity Interests held by GSI Investors and the Huangpu Wenchong Equity Interests held by Huangpu Wenchong Investors was determined and agreed between the parties after arm's length negotiation based on normal commercial terms, having regarding to the valuation of 23.5786% equity interests in GSI as at 30 April 2019 of RMB2,457,383,101.37 and the valuation of 30.9836% equity interests in Huangpu Wenchong as at 30 April 2019 of RMB2,575,864,715.17, based on the final valuation reports for each of GSI and Huangpu Wenchong prepared by the Valuer using the asset-based approach.

The Investors sought the Company's decision as to whether it would exercise the Right of First Refusal to acquire the GSI Equity Interests held by GSI Investors and the Huangpu Wenchong Equity Interests held by Huangpu Wenchong Investors.

On 7 August 2019, the Board resolved not to exercise the Right of First Refusal. The non-exercise of Right of First Refusal to acquire the Target Equity Interests is deemed as the disposal of such equity interests, and the transferee is CSSC Holdings, a related party of the Company. Hence, it constitutes a related party transaction and is subject to approval by non-related party Shareholders under the

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## LETTER FROM THE BOARD

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Shanghai Listing Rules. Although the non-exercise of the Right of First Refusal does not constitute a notifiable transaction and/or a connected transaction under Chapters 14 and 14A of the Hong Kong Listing Rules, the resolution regarding the non-exercise of the Right of First Refusal is still subject to approval requirement by Independent Shareholders at the EGM pursuant to the requirement of the Shanghai Listing Rules.

### ***2. Reasons for and benefits of the non-exercise of the Right of First Refusal***

International shipping and shipbuilding market has been sluggish and fluctuated over the years, while market competition remains fierce. Moreover, the rigid increase in labour cost, finance expense and logistics cost has also been lowering profits of shipping enterprises, resulting in slump in profitability within shipping industry.

Based on the operating condition of the Company and the fundamental principle of reducing losses and improving strengths, in respect of the acquisition of 23.5786% equity interests in GSI and 30.9836% equity interests in Huangpu Wenchong held by the Investors through issuance of shares by CSSC Holdings, the Company decided not to exercise the Right of First Refusal in relation to the equity interests proposed to be transferred by the Investors.

The Directors consider that the decision not to exercise the Right of First Refusal is made on normal commercial terms which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### ***3. Information of the parties***

#### *The Group*

The Group is a large comprehensive marine and defense equipment enterprise group incorporating four sectors of maritime equipment, namely maritime defense equipment, maritime transport equipment, maritime development equipment and maritime expedition equipment.

#### *GSI*

GSI was established in the PRC on 25 May 2006. As at the Latest Practicable Date, it is a non-wholly owned subsidiary of the Company.

Please refer to section on “4. Further information of GSI” under Item III “THE ENTERING INTO THE DISPOSAL AGREEMENT AND THE SUPPLEMENTAL AGREEMENT” of this circular for further information relating to GSI.

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## LETTER FROM THE BOARD

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### *Huangpu Wenchong*

Huangpu Wenchong was established in the PRC on 1 June 1981. As at the Latest Practicable Date, it is a non-wholly owned subsidiary of the Company. The principal activities of Huangpu Wenchong are manufacturing of equipment for railways, ships, aerospace and other transportation facilities.

Set out below is a summary of the consolidated financial information on Huangpu Wenchong for the financial years ended 31 December 2017 and 2018 and for the four months ended 30 April 2019:

	<i>Unit: RMB</i>		
	<b>For the financial year ended 31 December 2017 <i>(Audited)</i></b>	<b>For the financial year ended 31 December 2018 <i>(Audited)</i></b>	<b>For the four months ended 30 April 2019 <i>(Audited)</i></b>
Revenue	12,258,947,010.95	11,742,247,711.10	2,383,614,741.41
Profit/(loss) before taxation	1,008,008.07	-1,283,797,131.63	1,144,768,710.50
Net profit/(loss) attributable to Huangpu Wenchong's ordinary equity shareholders after deduction of non- recurring profit or loss	2,662,816.66	-1,159,303,638.37	965,180,856.04

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## LETTER FROM THE BOARD

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The total assets value and net assets value (which were prepared in accordance with the Accounting Standards for Business Enterprises of the PRC and the Standards for Chinese Certified Public Accountant (中國註冊會計師準則)) of Huangpu Wenchong as at (i) 31 December 2018 were approximately RMB24,831,038,915.56 and RMB5,919,286,053.54, respectively; and (ii) 30 April 2019 were approximately RMB24,372,027,000.20 and RMB6,963,247,817.71, respectively.

### *Investors*

China Life is a company established in the PRC with limited liability, which is principally engaged in various life insurance, health insurance and accidental injury insurance businesses. China Life is a Hong Kong Stock Exchange and New York Stock Exchange listed company.

New China Life Insurance is a joint stock company established in the PRC with limited liability, which is principally engaged in the personal insurance business of Renminbi and foreign currencies; acting as agent of insurance, inspection and claims for domestic and overseas insurance agencies; insurance consultation, etc. New China Life Insurance is a SSE and Hong Kong Stock Exchange listed company.

China Structural Reform Fund is a joint stock company established in the PRC with limited liability, which is principally engaged in equity investment; project investment; asset management; investment consultation; corporate management consultation, etc.

CPIC Property Insurance is a joint stock company established in the PRC with limited liability. CPIC Property Insurance underwrites Renminbi and foreign currency property insurance, short-term health insurance and accidental injury insurance, with the coverage of aerospace, power supply, petrochemicals, infrastructure and financial trade, ships and vehicles, machinery and equipment, electronic communications, warehousing and logistics, textile and tobacco, scientific and technological innovation and other industries and fields.

PICC is a joint stock company established in the PRC with limited liability, which mainly provides Renminbi and foreign currency insurance business and the relevant reinsurance business, including motor vehicle insurance, corporate property insurance, family property insurance, cargo transportation insurance, liability insurance, accidental injury insurance, short-term health insurance, marine insurance, agricultural insurance, guarantee insurance, etc. PICC is a Hong Kong Stock Exchange listed company.

ICBC Investment is a company established in the PRC with limited liability, which focuses on debt-for-equity swap and supporting services.



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Dongfu Tianheng is a limited partnership established in the PRC and is an equity investment platform of China Orient Asset Management Co., Ltd.\* (中國東方資產管理股份有限公司). It specializes in investment management, asset management and participates in debt-for-equity swap projects.

Zhongyuan Asset is a company established in the PRC with limited liability. Its core businesses include: disposal of non-performing assets; fund management and investment banking; trading of financial assets; aviation finance leasing; commercial factoring; wealth management.

Huarong Ruitong is a company established in the PRC with limited liability, which is a wholly-owned subsidiary of China Huarong Asset Management Co., Ltd.\* (中國華融資產管理股份有限公司) (“**China Huarong**”) established in January 2017, and is an implementing agency of China Huarong for the participation in debt-for-equity swap projects.

#### **4. *Hong Kong Listing Rules Implications***

As at the Latest Practicable Date, CSSC is the controlling shareholder of both the Company and CSSC Holdings. Accordingly, CSSC Holdings is an associate of the connected person of the Company. On account of the non-exercise of the Right of First Refusal, the Investors will dispose of the GSI Equity Interests held by GSI Investors and the Huangpu Wenchong Equity Interests held by Huangpu Wenchong Investors respectively to CSSC Holdings. Coupled with the effect of the Disposal (if materialised), GSI will cease to be a subsidiary of the Company and instead CSSC Holdings will become the holding company of GSI. The non-exercise of Right of First Refusal to acquire the Target Equity Interests is deemed as the disposal of such equity interests, and the transferee is CSSC Holdings, a related party of the Company. Hence, it constitutes a related party transaction and is subject to approval by non-related party Shareholders under the Shanghai Listing Rules. Given that the terms of the acquisition of the Target Equity Interests are subject to further negotiations between the parties, the Right of First Refusal does not constitute an option under the Hong Kong Listing Rules. Accordingly, the non-exercise of the Right of First Refusal does not constitute a notifiable transaction and/or a connected transaction under Chapters 14 and 14A of the Hong Kong Listing Rules.

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## LETTER FROM THE BOARD

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### II. INCREASE IN REGISTERED CAPITAL AND SHAREHOLDING STRUCTURE ADJUSTMENTS TO EACH OF GSI AND HUANGPU WENCHONG

#### 1. Background and Reasons for the Exclusively State-owned Capital Reserve

In accordance with the Temporary Provisions on the Reorganisation and Listing of Military Related Enterprises and the Examination of Capital Operation in Military Projects After Listing (《涉軍企事業單位改制重組上市及上市後資本運作軍工事項審查工作管理暫行辦法》) (the “**Temporary Provisions**”), Opinions on the Issues Concerning the Financial Treatment of Enterprises’ Direct Investment and Investment Subsidies (Finance Enterprise 2009 No. 121)(《關於企業取得國家直接投資和投資補助財務處理問題的意見》(財辦企2009121號)), The General Principles of Corporate Finance (《企業財務通則》) issued by the Ministry of Finance of the PRC and the Interim Measures for Investment Management of Military Construction Projects of State-owned Holding Enterprises (《國有控股企業軍工建設項目投資管理暫行辦法》), military enterprises involved in the process of restructuring, listing and post-listing capital operation, the capital injected by the State in the fixed assets investment and military assets should be converted into state-owned shares and which should belong to the representative contributor of the State. If it is not converted into the state-owned shares, then it may be included as payables to the State or capital reserve which is exclusively wholly-owned by the State for subsequent conversion.

Both GSI and Huangpu Wenchong are principally engaged in civil ship business and military ship business, respectively, and produce navy related products. Therefore, both GSI and Huangpu Wenchong are subject to regulation by the rules and regulations.

Prior to 30 June 2017, national funds received successively were used to invest in relevant fixed assets of the Company or military assets. Since the right to such funds belongs to the State and is not a subsidy from the PRC Government to the Company, the Company recognized the funds as “long-term payables” under the liabilities in its financial accounts.

For the national funds meeting relevant conditions (for example, the investment in relevant fixed assets was completed and accepted) prior to 30 June 2017, the Company would need to convert the “long-term payables” under the liabilities to the “Exclusively State-Owned Capital Reserve” under the equity in its financial accounts;

#### 2. The reasons for using the appraised value of the Exclusively State-Owned Capital Reserve held by CSSC in GSI and Huangpu Wenchong as at 30 June 2017

By the time of capital increase of GSI and Huangpu Wenchong by introducing debt-to-equity conversion investors took place in 2018, the national funds was not converted to state-owned shares but accounted for as Exclusively State-Owned Capital

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Reserve. GSI and Huangpu Wenchong introduced debt-to-equity conversion investors for capital increase in 2018 and converted the Exclusively State-Owned Capital Reserve into capital, which is the overall plan of the Company to reduce the asset-liability ratio and optimize the capital structure.

In September 2019, during the approval process of the restructuring projects, the relevant competent state-owned assets authority requested that the Exclusively State-Owned Capital Reserve be converted into registered capital according to relevant regulations and requirements. The shareholdings entitled to debt-to-equity conversion investors in 2018 have taken into account the value of equity interest of the Exclusively State-Owned Capital Reserve of GSI and Huangpu Wenchong, which should have been converted to shares, as at 30 June 2017.

With the approval of CSSC, the Company has decided to conduct conversion of the Exclusively State-Owned Capital Reserve into registered capital based on the appraised value of the Exclusively State-Owned Capital Reserve held by CSSC in GSI and Huangpu Wenchong as at 30 June 2017, respectively.

### **3. Conversion of the Exclusively State-owned Capital Reserve into registered capital and Adjustments to the Shareholding Structure of GSI and Huangpu Wenchong**

To fulfil the requirements of conversion of state-owned equity interests, CSSC intends to convert its Exclusively State-Owned Capital Reserve into registered capital of GSI and Huangpu Wenchong. For conversion of the Exclusively State-Owned Capital Reserve into the state-owned shares, the value of the Exclusively State-Owned Capital Reserve and the relevant target company(ies) shall be assessed. The Exclusively State-Owned Capital Reserve shall be converted into the state-owned shares based on the valuation.

As GSI and Huangpu Wenchong have taken into account the value of such Exclusively State-Owned Capital Reserve when introducing debt-to-equity investment for capital increase in early 2018, the conversion mechanism took into account the following:

- (i) the shareholding ratio of debt-to-equity conversion investors in 2018 was calculated by dividing the amount of capital increase of debt-to-equity conversion investors by the appraised value of 100% equity interest in GSI and Huangpu Wenchong before the capital increase as of 30 June 2017 (including the equity interest of the Exclusively State-Owned Capital Reserve exclusively owned by CSSC that should be, but have not by then, converted into equity).

Formula: The shareholding ratio of debt-to-equity conversion investors in 2018 = the amount of capital increase of debt-to-equity conversion investors/(100% equity interest of GSI and Huangpu Wenchong including the value of Exclusively State-Owned Capital Reserve + the amount of capital increase of debt-to-equity conversion investors).

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On 30 June 2017, the appraised value of the 100% equity interest in GSI (including Exclusively State-Owned Capital Reserve) and the 100% equity interest in Huangpu Wenchong (including Exclusively State-Owned Capital Reserve) was RMB7,778,736,186.33 and RMB5,346,034,333.97 respectively. The respective capital increase of the debt-to-equity conversion investors was RMB2,400,000,000.00.

Results:

Shareholding ratio of debt-to-equity conversion investors in GSI in 2018  
 $23.5786\% = \text{RMB}2,400,000,000.00 / (\text{RMB}2,400,000,000.00 + \text{RMB}7,778,736,186.33)$

Shareholding ratio of debt-to-equity conversion investors in Huangpu Wenchong in 2018

$30.9836\% = \text{RMB}2,400,000,000.00 / (\text{RMB}2,400,000,000.00 + \text{RMB}5,346,034,333.97)$

- (ii) In September 2019, when approving this restructuring plan, the relevant state-owned property rights department proposed to convert the Exclusively State-Owned Capital Reserve as at 30 June 2017 into registered capital in GSI (i.e. RMB274,640,000.00) and in Huangpu Wenchong (i.e. RMB1,121,569,744.58) according to relevant requirements. As the conversion has already been anticipated at time of the market-based debt-to-equity investment, the shareholding ratio of debt-to-equity conversion investors should remain unchanged.
- (iii) The Company did not participate in the capital increase from debt-to-equity conversion investors that took place in the beginning of 2018 as the Company was in need of capital contribution and it would not be meaningful for the Company to participate in the exercise. Since the Company did not participate in the capital increase from the conversion of Exclusively State-Owned Capital Reserve this time, therefore, after the capital increase that took place in the beginning of 2018 and the conversion from national funding this time, the absolute amount of capital contribution by the Company in each of GSI and Huangpu Wenchong shall remain unchanged, although the shareholding ratio of the Company in each of GSI and Huangpu Wenchong will be decreased. Prior to the conversion of Exclusively State-Owned Capital Reserve into registered capital and adjustments to the shareholding structure, the amount of capital contribution by the Company to GSI and Huangpu Wenchong was RMB6,539,359,821 and RMB1,973,798,542, respectively. Upon the conversion of Exclusively State-Owned Capital Reserve into registered capital and adjustments to the shareholding structure, the amount of capital contribution by the Company to GSI and Huangpu Wenchong was RMB6,539,359,821 and RMB1,973,798,542, respectively.

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## LETTER FROM THE BOARD

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Prior to the capital increase, the appraised value of the 100% equity interest in GSI (after deducting the Exclusively State-Owned Capital Reserve) and the 100% equity in Huangpu Wenchong (after deducting the Exclusively State-Owned Capital Reserve), both held by the Company, was RMB7,504,096,186.33 and RMB4,224,464,589.39, respectively. The respective capital increase of the debt-to-equity conversion investors was RMB2,400,000,000.00. CSSC increased capital by RMB274,640,000.00 and RMB1,121,569,744.58, respectively, with the Exclusively State-Owned Capital Reserve held by it. Therefore, after the above capital increase is completed, the shareholding ratio held by the Company in GSI =  $73.7232\% = \text{RMB}7,504,096,186.33 / (\text{RMB}7,504,096,186.33 + \text{RMB}2,400,000,000.00 + \text{RMB}274,640,000.00)$ ; the shareholding ratio held by the Company in Huangpu Wenchong =  $54.5371\% = \text{RMB}4,224,464,589.39 / (\text{RMB}4,224,464,589.39 + \text{RMB}2,400,000,000.00 + \text{RMB}1,121,569,744.58)$

#### **4. Hong Kong Listing Rules Implications with regard to receipt of the national funding**

In accordance with the Temporary Provisions and relevant regulations, by the time when the Exclusively State-owned Capital Reserve was formed from national funding, there was no specific rule stipulating any specific term or condition for conversion of registered capital and equity interest in the future. Hence, the receipt of national funding does not constitute a transaction under Chapter 14 of the Hong Kong Listing Rules. However, the national funding is not a form of government subsidy. Instead, they are capital investment from the State and belong to the State exclusively. Such national funding has been treated by the Company as long-term payables. Once the projects with the special payables are completed, inspected and accepted, such long-term payables will be converted into the capital reserve made by CSSC. Accordingly, given the nature of such national funding, the receipt of the national funding by the Company will be regarded as financial assistance received by the Group from CSSC and, for purpose of Chapter 14A of the Hong Kong Listing Rules, will constitute connected transaction(s) of the Company. Such financial assistance received by the Company from CSSC is fully exempt as the provision of the national funding is not secured by any assets of the Group and that the transactions are conducted on normal commercial terms or better.

#### **5. Implementation of the conversion**

With the approval of CSSC, the Company has decided to conduct conversion of the Exclusively State-Owned Capital Reserve into registered capital based on to the appraised value of the Exclusively State-Owned Capital Reserve held by CSSC in GSI and Huangpu Wenchong as at 30 June 2017 and the appraised value of each of GSI and Huangpu Wenchong as at 30 June 2017 (net of the appraised value of the Exclusively State-Owned Capital Reserve), respectively.

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## LETTER FROM THE BOARD

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As the introduction of debt-to-equity conversion investors in the capital increase by GSI and Huangpu Wenchong and the capital increase from the Exclusively State-Owned Capital Reserve are an integral part of the overall proposal to reduce the gearing ratio and optimise capital structure of the Company, therefore, it is intended to make corresponding adjustments to the capital contribution to GSI and Huangpu Wenchong by CSSC and market based debt-to-equity conversion investors upon the capital conversion and increase in accordance with the principle of preserving the overall fairness of the transaction, i.e.

- (i) calculate the shareholding ratios of CSSC, the market based debt-to-equity conversion Investors and the Company in GSI and Huangpu Wenchong based on the appraised value of the 100% equity interests of GSI and Huangpu Wenchong prior to the capital increase that took place in the beginning of 2018 and the capital increase from the Exclusively State-Owned Capital Reserve and the amounts received from the two capital increases;
- (ii) the Company did not participate in the capital increase from debt-to-equity conversion investors that took place in the beginning of 2018 and the capital increase from the conversion of Exclusively State-Owned Capital Reserve this time, therefore, after the capital increase that took place in the beginning of 2018 and the conversion from national funding this time, the amount of capital contribution by the Company in each of GSI and Huangpu Wenchong shall remain unchanged. Prior to the conversion of Exclusively State-Owned Capital Reserve into registered capital and adjustments to the shareholding structure, the amount of capital contribution by the Company to GSI and Huangpu Wenchong was RMB6,539,359,821 and RMB1,973,798,542, respectively. Upon the conversion of Exclusively State-Owned Capital Reserve into registered capital and adjustments to the shareholding structure, the amount of capital contribution by the Company to GSI and Huangpu Wenchong was RMB6,539,359,821 and RMB1,973,798,542, respectively. Since the Company did not make any capital contribution in the capital increase of GSI and Huangpu Wenchong that took place in 2018, there is no need to make any adjustment to its capital contribution. Therefore, the amount of capital contribution by the Company to GSI and Huangpu Wenchong remained unchanged prior to and after the conversion of Exclusively State-Owned Capital Reserve into registered capital and adjustments to the shareholding structure; and
- (iii) the registered capital of GSI and Huangpu Wenchong acquired by debt-to-equity investors should be based on the amount of capital increase contributed by the debt-to-equity conversion investor as well as the appraised value of 100% equity interests of GSI and Huangpu Wenchong before the capital increase as at 30 June 2017, after deduction of Exclusively State-Owned Capital Reserve exclusively owned by CSSC.

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## LETTER FROM THE BOARD

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Tables below show the changes to the registered capital and shareholding structure of GSI and Huangpu Wenchong before and after the conversion and adjustments

(a) Increase of registered capital and the adjustments to shareholding structure of GSI:

Name of entity	Prior to the increase of registered capital and adjustments to shareholding structure		Upon the increase of registered capital and adjustments to shareholding structure	
	Registered capital (RMB' 0,000)	Percentage of Shareholding	Registered capital (RMB' 0,000)	Percentage of Shareholding
The Company	653,935.9821	76.4214%	653,935.9821	73.7232%
CSSC	–	–	23,933.1925	2.6982%
New China Life Insurance China Structural	42,033.5622	4.9122%	43,571.9350	4.9122%
Reform Fund	23,118.4592	2.7017%	23,964.5642	2.7017%
CPIC Property Insurance	23,118.4592	2.7017%	23,964.5642	2.7017%
China Life	21,016.7811	2.4561%	21,785.9675	2.4561%
PICC	21,016.7811	2.4561%	21,785.9675	2.4561%
Zhongyuan Asset	41,949.4950	4.9024%	43,484.7911	4.9024%
Dongfu Tianheng	18,999.1701	2.2203%	19,694.5146	2.2203%
ICBC Investment	10,508.3905	1.2281%	10,892.9837	1.2281%
<b>Total</b>	<b><u>855,697.0805</u></b>	<b><u>100.00%</u></b>	<b><u>887,014.4624</u></b>	<b><u>100.00%</u></b>

*Note:*

Some of the total amounts and the additive sum may be different due to rounding (same as hereinafter).

## LETTER FROM THE BOARD

- (b) Increase of registered capital and the adjustments to shareholding structure of Huangpu Wenchong:

Name of entity	Prior to the increase of registered capital and adjustments to shareholding structure		Upon the increase of registered capital and adjustments to shareholding structure	
	Registered capital (RMB' 0,000)	Percentage of Shareholding	Registered capital (RMB' 0,000)	Percentage of Shareholding
The Company	197,379.8542	69.0164%	197,379.8542	54.5371%
CSSC	–	–	52,403.1549	14.4793%
New China Life Insurance	18,460.3990	6.4549%	23,361.5231	6.4549%
China Structural Reform Fund	10,153.2195	3.5502%	12,848.8377	3.5502%
CPIC Property Insurance	10,153.2195	3.5502%	12,848.8377	3.5502%
China Life	9,230.1995	3.2275%	11,680.7616	3.2275%
PICC	9,230.1995	3.2275%	11,680.7616	3.2275%
Huarong Ruitong	18,460.3990	6.4549%	23,361.5231	6.4549%
Dongfu Tianheng	8,307.1796	2.9047%	10,512.6854	2.9047%
ICBC Investment	4,615.0998	1.6137%	5,840.3808	1.6137%
<b>Total</b>	<b>285,989.7696</b>	<b>100.00%</b>	<b>361,918.3201</b>	<b>100.00%</b>

*Notes:*

- (1) The Company did not participate in the capital increases of GSI and Huangpu Wenchong, so each of the registered capital of GSI and Huangpu Wenchong shall remain unchanged at RMB6,539,359,821.00 and RMB1,973,798,542.00, respectively.
- (2) Since the national funds were not converted to registered capital as at 30 June 2017, the registered capital of GSI and Huangpu Wenchong did not include the registered capital after the conversion of the national funds and the appraised value should be deducted from the value of the national funds in calculating the equity value of the corresponding registered capital. The registered capital of GSI and Huangpu Wenchong acquired by CSSC is based on the appraised value of the Exclusively State-Owned Capital Reserve held by CSSC as at 30 June 2017 and 100% of the appraised value of the equity interests of GSI and Huangpu Wenchong before the capital increase (after deducting the Exclusively State-Owned Capital Reserve exclusively owned by CSSC), in order to calculate the corresponding registered capital acquired by CSSC of RMB239,331,924.41 and RMB524,031,549.98 respectively.

Formula: The registered capital acquired by CSSC = the value of the Exclusively State-Owned Capital Reserve of CSSC/the value of the registered capital of subsidiaries before capital increase but after deducting the national funds = the value of the Exclusively State-Owned Capital Reserve of CSSC/(the appraised value of 100% equity interests of GSI/Huangpu Wenchong before the capital increase as at 30 June 2017-the value of the Exclusively State-Owned Capital Reserve of CSSC)x the registered capital of GSI/Huangpu Wenchong as at 30 June 2017.



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## LETTER FROM THE BOARD

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Result: The registered capital of GSI acquired by CSSC will be  $\text{RMB}239,331,924.41 = \text{RMB}274,640,000.00 / (\text{RMB}7,778,736,186.33 - \text{RMB}274,640,000.00) \times \text{RMB}6,539,359,821.00$

The registered capital of Huangpu Wenchong acquired by CSSC will be  $\text{RMB}524,031,549.98 = \text{RMB}1,121,569,744.58 / (\text{RMB}5,346,034,333.97 - \text{RMB}1,121,569,744.58) \times \text{RMB}1,973,798,542.00$

- (3) The registered capital of GSI and Huangpu Wenchong acquired by the market based debt-to-equity conversion Investors is based on the amount of capital increase from the debt-to-equity conversion Investors in the beginning of 2018 and 100% of the appraised value of the equity interests of GSI and Huangpu Wenchong before the capital increase (after deducting the Exclusively State-Owned Capital Reserve exclusively owned by CSSC) as at 30 June 2017, in order to calculate the corresponding registered capital acquired by the debt-to-equity conversion Investors in GSI and Huangpu Wenchong, i.e.  $\text{RMB}73,841,894.73$  and  $\text{RMB}235,253,954.87$ , respectively.

Formula: The corresponding registered capital of GSI and Huangpu Wenchong acquired by debt-to-equity investors

= the amount of capital increase from the debt-to-equity conversion Investors/the value of the registered capital of subsidiaries before capital increase but after deducting the national funds – the total amount of registered capital of debt-to-equity conversion Investors prior to increase by conversion of national funds

= the amount of capital increase from the debt-to-equity conversion Investors/the appraised value of 100% equity interests of GSI and Huangpu Wenchong before the capital increase as at 30 June 2017 x the registered capital of GSI and Huangpu Wenchong as at 30 June 2017 – the total amount of registered capital of debt-to-equity conversion Investors prior to increase by conversion of national funds

Result: The registered capital of GSI acquired by debt-to-equity investors will be  $\text{RMB}73,841,894.73 = \text{RMB}2,400,000,000.00 / (\text{RMB}7,778,736,186.33 - \text{RMB}274,640,000.00) \times \text{RMB}6,539,359,821.00 - \text{RMB}2,017,610,983.90$

The registered capital of Huangpu Wenchong acquired by debt-to-equity investors will be  $\text{RMB}235,253,954.87 = \text{RMB}2,400,000,000.00 / (\text{RMB}5,346,034,333.97 - \text{RMB}1,121,569,744.58) \times \text{RMB}1,973,798,542.00 - \text{RMB}886,099,154.04$

- (4) Each of the additional registered capital of GSI and Huangpu Wenchong of  $\text{RMB}313,173,819.14$  and  $\text{RMB}759,285,504.85$  is the sum of the registered capital acquired by CSSC as stated in item (2) above and the registered capital acquired by the market based debt-to-equity conversion Investors as stated in item (3) above (i.e.  $\text{RMB}313,173,819.14$  equals to the aggregate of  $\text{RMB}239,331,924.41$  and  $\text{RMB}73,841,894.73$ , whilst  $\text{RMB}759,285,504.85$  equals to the aggregate of  $\text{RMB}524,031,549.98$  and  $\text{RMB}235,253,954.87$ ).
- (5) There will not be any dilution effect on the shareholding interest of the market based debt-to-equity conversion Investors as the increased registered capital represents the portion of the previous debt-to-equity conversion involving the capital increase of  $\text{RMB}4.8$  billion included in the capital reserve after deducting the part included in registered capital, and the corresponding part of such portion of capital reserve shall be converted to registered capital, attributable to the debt-to-equity conversion Investors.

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## LETTER FROM THE BOARD

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### **6. Purposes of the Transactions and its Impacts on the Company**

GSI and Huangpu Wenchong will make capital increase by converting the Exclusively State-Owned Capital Reserve converted from national funds into their respective registered capital, and adjust the shareholding structure of each of GSI and Huangpu Wenchong accordingly. The main purpose is to convert the Exclusively State-Owned Capital Reserve converted from national funds into state-owned shares according to relevant regulations, and to adjust the shareholding structure of GSI and Huangpu Wenchong to reflect the introduction of debt-to-equity conversion investors in the capital increase took place in 2018 and the capital increase from the Exclusively State-Owned Capital Reserve on principle of fairness. After the transaction, the Company's registered capital in GSI and Huangpu Wenchong will remain unchanged.

The capital increase from conversion of Exclusively State-Owned Capital Reserve into registered capital of GSI and Huangpu Wenchong is conducted in accordance with the requirements of, among other things, the Temporary Provisions and the value of the Exclusively State-Owned Capital Reserve of GSI and Huangpu Wenchong attributable to CSSC as at 30 June 2017. The introduction of debt-to-equity conversion investors in the beginning of 2018, this capital increase from conversion of Exclusively State-Owned Capital Reserve into capital attributable to CSSC and the disposal of major assets are to be carried out after taking into full consideration that the same can comprehensively optimise the capital structure, lower the gearing ratio and enhance the profitability of the Company. Upon the completion of conversion of national funds into capital, the absolute amount of the registered capital attributable to the Company will remain unchanged, although the shareholding ratio of the Company in GSI and Huangpu Wenchong will be diluted by approximately 2.6982% and 14.4793%, respectively. Therefore, the Directors (including the independent non-executive Directors) are of the view that the conversion of the Exclusively State-Owned Capital Reserve by increasing registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong is fair and reasonable.

### **7. Hong Kong Listing Rules Implications with regard to the increase of registered capital and shareholding structure adjustments of GSI and Huangpu Wenchong**

The transactions are treated as disposal of equity interests in subsidiaries of the Company under the Hong Kong Listing Rules. In relation to the transactions, as one or more of the applicable percentage ratios under Rule 14.07 of the Hong Kong Listing Rules exceed 5% but are less than 25%, the transactions relevant to the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong constitute discloseable transaction of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules but shall be exempt from shareholders' approval requirements.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, CSSC is the controlling shareholder of the Company. Accordingly, CSSC is a connected person of the Company and the transactions relevant to the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. Since one or more of the applicable percentage ratios in respect of the equity interests to be transferred exceed 5%, apart from complying with the reporting and announcement requirements, the transactions are also subject to the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

### III. THE ENTERING INTO THE DISPOSAL AGREEMENT AND THE SUPPLEMENTAL AGREEMENT

On 7 August 2019 (after trading hours), the Company entered into the Disposal Agreement with CSSC Holdings, pursuant to which the Company conditionally agrees to sell and CSSC Holdings conditionally agrees to acquire the Sale Shares at the Preliminary Transfer Consideration of RMB2,891,259,289.63, which will be payable by CSSC Holdings through the issuance of a total of 220,034,953 Consideration Shares (based on the Preliminary Transfer Consideration) at an issue price of RMB13.14 per Consideration Share to the Company. The Preliminary Transfer Consideration was determined based on the preliminary valuation on the estimated valuation of the Sale Shares conducted by the Valuer using the asset-based approach.

According to the filed Valuation Report, as of 30 April 2019, the appraised values of the total shareholders' interests of GSI were RMB10,541,090,800. The final transfer consideration ("**Final Transfer Consideration**") for the transfer of 27.4214% equity interests in GSI held by the Company has been determined to be equal to the appraised values of 100% equity interests in GSI (RMB10,541,090,800) – value of the capital reserve from allocation of the Exclusively State-Owned Capital Reserve to CSSC during the period from 30 June 2017 to 30 April 2019 (RMB119,000,000) × 27.4214%, i.e. RMB2,857,883,200.00.

The value of the capital reserve from allocation of the Exclusively State-Owned Capital Reserve to CSSC during the period from 30 June 2017 to 30 April 2019 was excluded for purpose of calculating the Final Transfer Consideration as such capital reserve represents the value of exclusively state-owned equity. Since the transfer of the Company's equity interest in GSI to CSSC Holdings does not involve the exclusively state-owned equity by CSSC, the appraised value of the 100% equity interest of GSI of the transaction price has netted off the value of such exclusively state-owned equity.

As at the Latest Practicable Date, there is no present plan to convert the Exclusively State-Owned Capital Reserve into registered capital. The conversion of the Exclusively State-Owned Capital Reserve into the registered capital will be conducted based on the fair market principle with reference to the then appraised value of equity interest upon the approval of the relevant competent state-owned assets authority in the future.

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## LETTER FROM THE BOARD

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Taking into account the combined effects of the increase in the registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong, the disposal of the Target Equity Interests to CSSC Holdings by the Investors, the Disposal based on the Final Transfer Consideration and the corresponding number of the Consideration Shares to be issued by CSSC Holdings to the Company, CSSC Holdings will have controlling interests in GSI, whereas the aggregate shareholding of the Company in CSSC Holdings will increase from 0% to approximately 5.15% (as calculated based on the shareholding of CSSC Holdings upon the completion of the Reorganisation and based on the assumptions that there shall be (i) no further changes to the number of new shares to be issued by CSSC Holdings for completion of the Reorganisation and (ii) the final number of the Consideration Shares to be issued is approved by shareholders at general meeting of CSSC Holdings and by the CSRC) and GSI will cease to be a subsidiary of the Company.

### **1. Principal terms of the Disposal Agreement**

#### ***Date***

7 August 2019 (after trading hours)

#### ***Parties***

- (1) the Company as the seller
- (2) CSSC Holdings as the purchaser

As at the Latest Practicable Date, CSSC is the controlling shareholder of both the Company and CSSC Holdings. Accordingly, CSSC Holdings is an associate of the connected person of the Company.

#### ***Subject matter***

The Company conditionally agrees to sell and CSSC Holdings conditionally agrees to acquire 27.4214% equity interests currently held by the Company in GSI.

#### ***Consideration***

CSSC Holdings conditionally agrees to acquire the Sale Shares at the Preliminary Transfer Consideration of RMB2,891,259,289.63 after arm's length negotiation between the Company and CSSC Holdings. The Preliminary Transfer Consideration was determined based on the preliminary valuation on the estimated valuation of the Sale Shares conducted by the Valuer using the asset-based approach.

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## LETTER FROM THE BOARD

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The valuation report on the final valuation (the benchmark date shall be the Acquisition Benchmark Date) to be prepared by the Valuer shall be submitted for filing at competent SASAC authority. The Final Transfer Consideration payable by CSSC Holdings to the Company for the acquisition of Sale Shares shall be the filed and approved appraised value of the Sale Shares. In case of any difference between the Final Transfer Consideration and the Preliminary Transfer Consideration, the Final Transfer Consideration shall prevail, and shall be confirmed, if required, by entering into supplemental agreement(s) between the Company and CSSC Holdings.

The Valuation Report with final valuation prepared by the Valuer has been filed with SASAC of the State Council. To this, the Company and CSSC Holdings entered into the Supplemental Agreement to fix the Final Transfer Consideration for the Sale Shares. Please refer to the section headed “3. The Supplemental Agreement” below for further details.

### *Payment*

The consideration for the transfer of Sale Shares shall be payable by CSSC Holdings through issuance of Consideration Shares to the Company. The number of Consideration Shares to be issued by CSSC Holdings to the Company shall be an integral and rounding to the nearest integral. If the confirmed number of Consideration Shares is not an integral, the Company agrees to forgo the remainder of the Consideration Share(s), and the value of such share(s) will be included in the capital reserve of CSSC Holdings.

The Consideration Shares to be issued by CSSC Holdings to the Company are domestic listed RMB denominated ordinary shares (A Shares) with a nominal value of RMB1.00 per share. Application will be made by CSSC Holdings to the SSE for the listing of, and permission to deal in, all Consideration Shares. Such Consideration Shares shall rank pari passu among themselves and with the A shares of CSSC Holdings in issue.

### *Arrangements during the transition period*

During the period from the Acquisition Benchmark Date to the Sale Shares Completion Date, GSI shall not conduct any form of separation, merger, capital reduction or profit distribution, and the profit or loss of the Sale Shares for the aforementioned transition period shall be entitled to and borne by CSSC Holdings.

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## LETTER FROM THE BOARD

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### *Conditions precedent*

Completion will be subject to the satisfaction of the following conditions:

- (a) the parties having obtained their respective approvals for the execution of the Disposal Agreement;
- (b) the Reorganisation having been approved by the board of directors and the general meeting of CSSC Holdings;
- (c) the Transactions having been approved by the Board and the general meeting of the Company;
- (d) the Reorganisation having been approved by the competent SASAC authority;
- (e) the Reorganisation having been approved by the State Administration of Science, Technology and Industry for National Defence; and
- (f) the issuance of shares for the acquisition of assets by CSSC Holdings is being approved by CSRC.

If the above conditions precedent are fully met by 31 December 2020, the Disposal Agreement shall be automatically terminated unless otherwise agreed to be extended by the Company and CSSC Holdings. Upon the termination, the parties shall not pursue legal liabilities of each another, but shall, in good faith, fulfil contractual obligations of assistance, notice, confidentiality, etc..

As at the Latest Practicable Date, except for the approval of the Board and the State Administration of Science, Technology and Industry for National Defence for the Transactions, none the above conditions have been fulfilled.

### *Completion*

Upon the fulfilment of all conditions precedent, the parties shall arrange the delivery of shares within 45 Working Days. The Company shall execute all documents pertaining to the transfer of Sale Shares to the account of CSSC Holdings in accordance with the constitutional documents of GSI and relevant laws and regulations as requested by CSSC Holdings, provided that the terms agreed under the Disposal Agreement will not be violated.

Subsequent to the completion of the signing of the documents mentioned above, CSSC Holdings shall procure GSI to submit documents regarding the change in industrial and commercial registration for the transfer of Sale Shares to the industrial and commerce administration authority within 10 Working Days. The completion date of change in industrial and commercial registration shall be the Sale Shares Completion Date.

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## LETTER FROM THE BOARD

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Upon the completion of the delivery of the Sale Shares, the parties shall make their best efforts to complete relevant procedures pertaining to the issuance within 45 Working Days after the Sale Shares Completion Date, including, but not limited to, the engagement of accounting firms to conduct capital verification and issue capital verification report, as well as the issuance, registration and listing procedures with the SSE and the share registration authority and the reporting and filing with CSRC and its agencies.

### 2. Issue of the Consideration Shares

#### *Type and nominal value of the Consideration Shares*

The Consideration Shares to be issued by CSSC Holdings to the Company are domestic listed RMB denominated ordinary shares (A shares) with a nominal value of RMB1.00 per share. Such Consideration Shares shall rank *pari passu* among themselves and with the A shares of CSSC Holdings in issue.

#### *Method of issue*

The Consideration Shares will be issued by CSSC Holdings to the Company by way of non-public offering.

#### *Issue price and the basis of pricing*

According to relevant rules under the Administrative Measures for Reorganisation, upon negotiation between the parties, it is determined that the price for shares to be issued by CSSC Holdings shall not be less than RMB13.24 per share (the “**Original Issue Price**”), being 90% of the average trading price of the shares of CSSC Holdings in 120 trading days prior to the date of announcement in relation to the second meeting of the seventh session of the board of directors of CSSC Holdings (i.e. 5 April 2019) (the “**Price Determination Date**”).

The Original Issue Price shall be subject to adjustments according to the following formulas (rounded up to the nearest cent) in case of any ex-right or ex-dividend event (such as dividend distribution, bonus issue, right issue or capital reserves capitalization) by CSSC Holdings after the Price Determination Date:

Dividend distribution and bonus issue or capital reserves capitalization:  
 $P1=P0/(1+n)$ ;

Right issue:  $P1=(P0+A\times k)/(1+k)$ ;

If the two events above occur simultaneously:  $P1=(P0+A\times k)/(1+n+k)$ ;

Distribution of cash dividend:  $P1=P0-D$ ;

If the three events above occur simultaneously:  $P1=(P0-D+A\times k)/(1+n+k)$ .

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## LETTER FROM THE BOARD

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Where “P0” represents the effective issue price before adjustment; “n” represents the ratio of dividend or capitalization; “k” represents the ratio of the right issue; “A” represents the price of the right issue; “D” represents the cash dividend payable for each share; and “P1” represents the effective issue price after adjustment.

On 18 April 2019, CSSC Holdings announced the 2018 profit distribution plan, which was implemented on 30 May 2019. Based on the 2018 profit distribution plan of CSSC Holdings, the price of shares to be issued by CSSC Holdings under the Transactions has been adjusted pursuant to the adjustment formula set out above to RMB13.14 per share (the “**Issue Price**”).

### *Number of Consideration Shares to be issued*

The number of Consideration Shares to be issued by CSSC Holdings to the Company shall be determined on the following basis:

Total number of Consideration Shares to be issued by CSSC Holdings to the Company = Transfer consideration to be paid by CSSC Holdings to the Company through the issuance of Consideration Shares/Issue Price (such number of Consideration Shares shall be rounded to the nearest integral). There is no need to pay for any fraction at less than one share when converting the consideration to the Consideration Shares issued by CSSC Holdings.

During the period from the Price Determination Date to the Transaction Completion Date, the number of shares to be issued will be adjusted according to the Issue Price adjustments in case of any ex-right or ex-dividend event (such as dividend distribution, bonus issue, right issue or capital reserves capitalization) by CSSC Holdings.

As calculated based on the Issue Price and the Preliminary Transfer Consideration, it is expected that the total number of Consideration Shares to be issued by CSSC Holdings to the Company for the acquisition of Sale Shares will be 220,034,953 shares in total, and is expected to represent approximately 5.28% of the issued share capital of CSSC Holdings upon the completion of the Reorganisation.

For the avoidance of doubt, the final shareholding is based on the completion of the Reorganisation and the assumptions that there shall be (i) no further changes to the number of new shares to be issued by CSSC Holdings for completion of the Reorganisation and (ii) the final valuations on the relevant assets to be acquired by CSSC Holdings are accepted for filing with competent SASAC authority.



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## LETTER FROM THE BOARD

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### *Lock-up period of the Consideration Shares*

According to the Shanghai Listing Rules, the Company is a related party of CSSC Holdings as the Company is an associate of CSSC, the controlling shareholder of both the Company and CSSC Holdings. The issue of the Consideration Shares by CSSC Holdings to the Company shall be subject to a lock up (and, if applicable, the automatic extension of such lock up) arrangements pursuant to the requirement under the Measures for the Administration of Major Assets Restructuring of Listed Companies 《上市公司重大資產重組管理辦法》 of the PRC.

Accordingly, the Consideration Shares to be acquired through Sale Shares by the Company under the Reorganisation shall be subject to a transfer restriction for 36 months commencing from the listing date on which the issuance of Consideration Shares had completed, unless the transfer(s) is/are permitted under applicable laws.

Upon the completion of the Transactions, the lock-up period arrangement mentioned above shall also apply to the bonus shares and the shares converted from capital reserve of CSSC Holdings to which the Company is entitled as a result of the Reorganisation.

If the closing price of the shares of CSSC Holdings is lower than the Issue Price for 20 consecutive trading days within 6 months after the completion of the Reorganisation (from the listing date of new shares to be issued under the Reorganisation), or the closing price at the end of the 6-month period from the completion of the Reorganisation is lower than the Issue Price, the lock-up period for holding the Consideration Shares by the Company will be automatically extended by no less than 6 months commencing from the end of the 36-month initial lock-up period.

If the undertaking for the lock-up period of the Consideration Shares acquired by the Company under the Reorganisation is inconsistent with the latest regulatory opinions of securities regulators, the Company agrees to make corresponding adjustments pursuant to such regulatory opinions of securities regulators.

### *Arrangements for the undistributed accumulated profits*

The undistributed accumulated profits of CSSC Holdings prior to the completion of the issuance shall be shared by both existing and new shareholders.

### *Place of listing*

The Consideration Shares issued are intended to be listed on the SSE.

### **3. The Supplemental Agreement**

The Valuation Report with final valuation prepared by the Valuer has been submitted for filing with SASAC of the State Council. Please refer to Appendix II of this circular for the summary of the Valuation Report of GSI prepared by the Valuer.

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## LETTER FROM THE BOARD

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According to the filed Valuation Report, as of 30 April 2019, the appraised values of the total shareholders' interests of GSI were RMB10,541,090,800. The capital reserve from allocation of the Exclusively State-Owned Capital Reserve to CSSC during the period from 30 June 2017 to 30 April 2019 shall be deducted from the valuation when calculating the consideration of the Transactions. Based on such calculation, the Final Transfer Consideration for the transfer of 27.4214% equity interests in GSI held by the Company is adjusted to RMB2,857,883,200.00, which is derived from the following: Appraised values of 100% equity interests in GSI (RMB10,541,090,800) – value of the capital reserve from allocation of the Exclusively State-Owned Capital Reserve to CSSC during the period from 30 June 2017 to 30 April 2019 (RMB119,000,000) × 27.4214%.

The value of the capital reserve from allocation of the Exclusively State-Owned Capital Reserve to CSSC during the period from 30 June 2017 to 30 April 2019 was excluded for purpose of calculating the Final Transfer Consideration as such capital reserve represents the value of Exclusively State-Owned Capital Reserve not yet converted into registered capital. Since the transfer of the Company's equity interest in GSI to CSSC Holdings does not involve the Exclusively State-Owned Capital Reserve by CSSC, the appraised value of the 100% equity interest of GSI of the transaction price has netted off the value of such Exclusively State-Owned Capital Reserve.

As at the Latest Practicable Date, there is no present plan to convert the Exclusively State-Owned Capital Reserve into registered capital. The conversion of the Exclusively State-Owned Capital Reserve into the registered capital will be conducted based on the fair market principle with reference to the then appraised value of equity interest upon the approval of the relevant competent authority of state-owned assets authority in the future.

According to the above adjustments, the Company entered into the Supplemental Agreement with CSSC Holdings on 12 September 2019, pursuant to which the parties agreed to fix the Final Transfer Consideration for the Sale Shares at RMB2,857,883,200. Based on the Final Transfer Consideration and the price for shares to be issued by CSSC Holdings as well as the conclusion of the Valuation Report, the corresponding number of the Consideration Shares to be issued by CSSC Holdings to the Company shall be 217,494,916 shares (the final number of the Consideration Shares to be issued is subject to approval at the general meeting of CSSC Holdings and by the CSRC). Save for the aforementioned revisions and adjustments, the other terms of the Disposal Agreement shall remain unchanged.

Based on the adjustments to the Final Transfer Consideration and the Consideration Shares, the Disposal (and the acquisition regarding the Consideration Shares of CSSC Holdings) still constitutes a major and connected transaction under the Hong Kong Listing Rules. The Disposal Agreement and the Supplemental Agreement are subject to Independent Shareholders' approval requirement at the EGM.

Upon the completion of the Transactions, the Company will only hold 46.3018% equity interests in GSI and accordingly will lose its control over GSI. GSI will no longer be consolidated into the financial statements of the Company, and is subject to adjustments in accordance with relevant requirements on accounting treatment for the loss of control over an investee as a result of partial disposal of equity investment under

## LETTER FROM THE BOARD

the Accounting Standards for Enterprises No.33-Consolidated Financial Statements. Specific accounting treatment is subject to the completion of the Transactions and results as audited and confirmed by the accountants.

#### 4. Further information of GSI

As at the Latest Practicable Date, GSI is a non-wholly owned subsidiary of the Company. GSI and its subsidiaries mainly engage in the metal vessel manufacturing industry and its business scope covers ships, maritime engineering, technical design, manufacture and repair of steel structure.

##### *Major financial indicators*

Major financial indicators of GSI for the latest period and last two financial years are set out below:

*Unit: RMB'0,000*

<b>Assets and liabilities</b>	<b>30 April 2019</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
Total assets	2,058,936.05	2,159,364.65	2,275,715.17
Total liabilities	1,390,271.17	1,466,817.11	1,659,473.00
Owners' equity	668,664.88	692,547.54	616,242.17
Equity attributable to owners of the Company	662,319.48	686,237.06	611,758.79
	<b>January to</b>		
<b>Revenue and profit</b>	<b>April 2019</b>	<b>2018</b>	<b>2017</b>
Operating revenue	185,552.74	739,854.24	1,061,163.60
Operating loss	29,628.53	170,152.31	87,953.45
Total loss	29,448.25	115,625.78	5,752.41
Net loss	29,484.03	129,525.64	12,606.62
Net loss attributable to the owners of the Company	29,527.94	129,594.99	13,056.89
	<b>January to</b>		
<b>Major financial indicators</b>	<b>April 2019/ 30 April 2019</b>	<b>2018/ 31 December 2018</b>	<b>2017/ 31 December 2017</b>
Gearing ratio	67.52%	67.93%	72.92%
Gross profit margin	-2.64%	-1.05%	4.59%
Rate of return on equity	-4.38%	-19.97%	-2.16%

*Note 1:* Rate of return on equity = Net profit attributable to owners of the Company for the current period/average of equity attributable to owners of the Company at the beginning and end of the period;

*Note 2:* Rate of return on equity for January to April 2019 has not been annualised.

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## LETTER FROM THE BOARD

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### *Analysis on profit over past two financial years*

In 2017, 2018 and the period from January to April 2019, net profit attributable to owners of the Company amounted to RMB-130.56.89 million, RMB-1,295.9499 million and RMB-295.2794 million, respectively. During the reporting period, GSI incurred loss, mainly attributable to the prolonged sluggish global civil shipping industry, as well as the decline in order price. In 2018, net profit attributable to owners of the Company decreased by RMB1,165.3810 million as compared to that of 2017, mainly attributable to the relocation of plants and the prolonged sluggish shipping market. In 2017 and 2018, gross profit of GSI amounted to RMB486.6443 million and RMB-77.4939 million, while gross profit margin was 4.59% and -1.05%, respectively.

During the reporting period, non-recurring profit or loss of GSI are set out below:

*Unit: RMB'0,000*

Item	January to April 2019	2018	2017
Profit from disposal of non-current assets	29.93	374.22	224.85
Government grants (for one-off individual project) included in profit or loss for the current period	1,388.25	3,957.32	3,979.37
Profit or loss from entrusted investment or entrusted asset management	499.73	1,710.98	2,565.89
Net loss of subsidiary acquired in business combination under common control from the beginning of the year to the business combination date	–	18,963.56	14,665.94
Profit or loss arising from change in fair value of holding financial assets held-for-trading and financial liabilities held-for-trading, and investment gain acquired from disposal of financial assets held-for-trading, financial liabilities held-for-trading and available-for-sale financial assets, except for effective hedging business in relation to ordinary operation of the company	9,460.76	-43,338.92	886.97

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## LETTER FROM THE BOARD

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Item	January to April 2019	2018	2017
Other non-operating income and expense apart from the above items	74.43	54,754.85	82,830.93
Including: Net gain from relocation	–	53,842.57	82,696.53
Sub-total	11,453.10	-2,253.55	75,372.37
Impact on income tax	2.19	16.90	80.83
Non-recurring profit or loss after income tax	11,450.91	-2,270.45	75,291.54
Impact on non-controlling interest (after tax)	27.29	30.19	64.89
Non-recurring profit or loss after tax attributable to the owners of the Company	11,423.62	-2,300.64	75,226.65

In 2017, 2018 and the period from January to April 2019, non-recurring profit or loss of GSI after deducting income tax amounted to RMB752.9154 million, RMB-22.7045 million and RMB114.5091 million, respectively. During the reporting period, non-recurring profit or loss of GSI primarily included government grants, investment gain and other non-operating income. In 2018, non-recurring profit or loss after income tax decreased by RMB775.6199 million as compared to that of 2017, primarily included net gain from relocation of RMB826.9653 million in 2017, net gain from relocation of RMB538.4257 million in 2018, and investment income arising from financial derivatives and gain from changes in fair value of RMB-433.3892 million in 2018. The aforesaid relocation compensation and investment gain are on non-recurring basis. Government grants are primarily subsidies for scientific research projects (which are to be carried out continuously) that are related to production and operation, such grants are on recurring basis.

In 2017, 2018 and the period from January to April 2019, net profit attributable to the parent of GSI after deducting non-recurring profit or loss amounted to RMB-882.8354 million, RMB-1,272.9435 million and RMB-409.5156 million, respectively. During the reporting period, GSI incurred loss, mainly attributable to the relocation of plants and the prolonged sluggish shipping industry.

## LETTER FROM THE BOARD

### *Major liabilities*

Liabilities of GSI for the latest period and last two financial years are set out below:

*Unit: RMB'0,000*

Item	30 April 2019		31 December 2018		31 December 2017	
Short-term borrowings	283,954.88	20.42%	253,259.53	17.27%	161,000.00	9.70%
Financial liabilities held- for-trading	5,335.70	0.38%	–	0.00%	–	0.00%
Financial liabilities at fair value through profit or loss	–	0.00%	28,211.03	1.92%	7.33	0.00%
Notes payable	51,705.66	3.72%	97,048.30	6.62%	98,829.79	5.96%
Accounts payable	257,828.86	18.55%	282,907.11	19.29%	305,155.53	18.39%
Receipt in advance	42,360.95	3.05%	30,118.12	2.05%	19,329.71	1.16%
Staff remuneration payable	3,665.21	0.26%	3,710.02	0.25%	3,669.52	0.22%
Tax payable	1,182.29	0.09%	1,457.40	0.10%	2,197.00	0.13%
Other payables	16,211.53	1.17%	20,340.28	1.39%	14,229.52	0.86%
Non-current liabilities due within one year	147,531.25	10.61%	170,000.00	11.59%	266,500.00	16.06%
Other current liabilities	260,462.70	18.73%	270,425.37	18.44%	220,987.64	13.32%
<b>Total current liabilities</b>	<b>1,070,239.02</b>	<b>76.98%</b>	<b>1,157,477.13</b>	<b>78.91%</b>	<b>1,091,906.04</b>	<b>65.80%</b>
Long-term borrowings	287,920.70	20.71%	273,451.95	18.64%	537,315.70	32.38%
Long-term staff remuneration payable	5,302.29	0.38%	5,144.00	0.35%	5,998.40	0.36%
Estimated liabilities	17,013.40	1.22%	20,799.34	1.42%	21,423.15	1.29%
Deferred income	9,795.75	0.70%	9,944.69	0.68%	2,829.70	0.17%
<b>Total non-current liabilities</b>	<b>320,032.15</b>	<b>23.02%</b>	<b>309,339.98</b>	<b>21.09%</b>	<b>567,566.96</b>	<b>34.20%</b>
<b>Total liabilities</b>	<b>1,390,271.17</b>	<b>100.00%</b>	<b>1,466,817.11</b>	<b>100.00%</b>	<b>1,659,473.00</b>	<b>100.00%</b>

As at the end of 2017, the end of 2018 and the end of April 2019, total liabilities of GSI amounted to RMB16,594.7300 million, RMB14,668.1711 million and RMB13,902.7117 million, respectively, which was relatively stable in general.

As at the end of 2018, total liabilities of GSI decreased by RMB1,926.5589 million as compared to that as at the end of 2017, mainly attributable to the decrease in long-term borrowings of RMB2,638.6375 million. In 2018, in order to adhere to the policy of “addressing overcapacity, reducing inventory, deleverage, lowering costs and bolstering areas of weakness” under the state supply side structural reform, facilitate state-owned enterprise reform and promote further optimisation of governance structure, GSI

## LETTER FROM THE BOARD

conducted market-orientated debt-equity swap through introduction of 8 investors, including New China Life Insurance and Zhongyuan Asset, with a total of RMB2,400 million raised. GSI repaid relevant borrowings, which significantly lowered gearing ratio.

During the reporting period, current liabilities to total liabilities of GSI was 65.80%, 78.91% and 76.98%, respectively. Current liabilities mainly include short-term borrowings, accounts payable, notes payable, non-current liabilities due within one year and other payables etc.

### 5. Effects of the shareholding structures of each of GSI and Huangpu Wenchong before and after completion of the increase in registered capital, shareholding adjustments and the disposal

#### *Shareholding structure of GSI before and after the increase in registered capital and equity structure adjustments and after the completion of the Disposal*

Name of shareholder	Before the increase in registered capital and equity structure adjustments		After the increase in registered capital and equity structure adjustments		After the completion of the Disposal	
	Amount of registered capital (RMB'0,000)	Shareholding ratio	Amount of registered capital (RMB'0,000)	Shareholding ratio	Amount of registered capital (RMB'0,000)	Shareholding ratio
CSSC	-	-	23,933.1925	2.6982%	23,933.1925	2.6982%
COMEC	653,935.9821	76.4214%	653,935.9821	73.7232%	410,703.8941	46.3018%
CSSC Holdings	-	-	-	-	452,377.3758	51.00%
Market based debt-to-equity conversion investors	201,761.0984	23.5786%	209,145.2879	23.5786%	-	-

#### *The shareholding structure of Huangpu Wenchong before and after the increase in registered capital and equity structure adjustments and after the completion of the Disposal*

Name of shareholder	Before the increase in registered capital and equity structure adjustments		After the increase in registered capital and equity structure adjustments		After the completion of the Disposal	
	Amount of registered capital (RMB'0,000)	Shareholding ratio	Amount of registered capital (RMB'0,000)	Shareholding ratio	Amount of registered capital (RMB'0,000)	Shareholding ratio
CSSC	-	-	52,403.1549	14.4793%	52,403.1549	14.4793%
COMEC	197,379.8542	69.0164%	197,379.8542	54.5371%	197,379.8542	54.5371%
CSSC Holdings	-	-	-	-	112,135.3110	30.9836%
Market based debt-to-equity conversion investors	88,609.9154	30.9836%	112,135.3110	30.9836%	-	-

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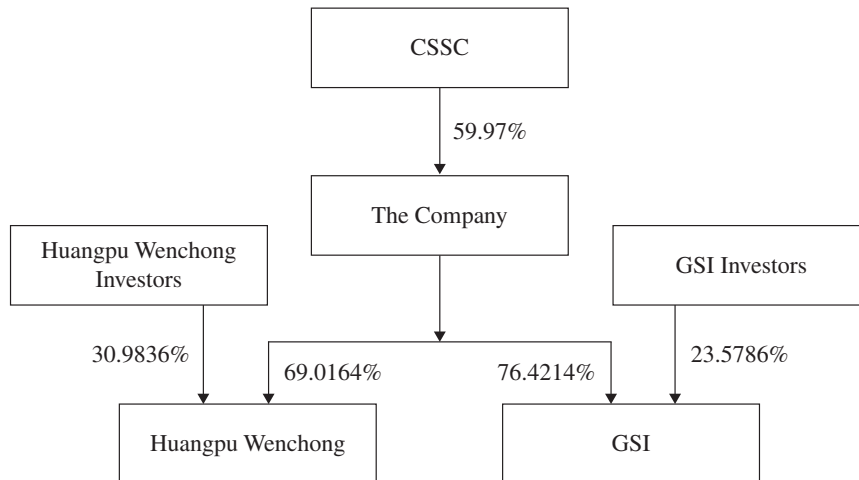
## LETTER FROM THE BOARD

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**6. Effects on the Shareholding Structure of GSI and Huangpu Wenchong upon completion of the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong, the Disposal and the issuance of the Consideration Shares**

Set out below the simplified shareholding structure of GSI and Huangpu Wenchong as at the Latest Practicable Date and immediately upon completion of the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong, the Disposal and the issuance of the Consideration Shares, assuming that (i) the resolutions (among others) on the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong, the non-exercise of Right of First Refusal and the Disposal are approved by Shareholders at the EGM and (ii) CSSC Holdings acquires the Target Equity Interests from the Investors:

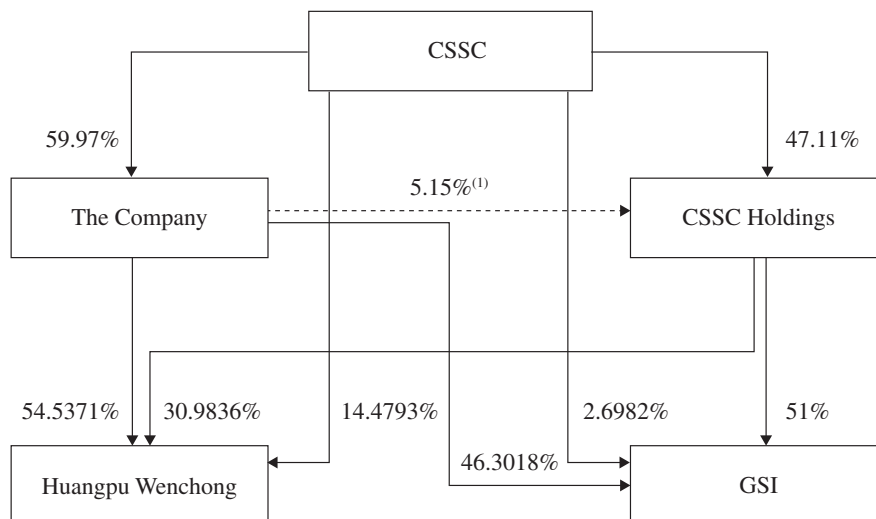
*As at the Latest Practicable Date*





## LETTER FROM THE BOARD

### *Immediately upon completion of the Disposal and the issuance of the Consideration Shares*



(1) It is an approximate figure and is subject to adjustment.

### **7. Financial Effects to the Group as a results of the Disposal and the issuance of the Consideration Shares**

Upon completion of the Disposal, GSI will cease to be a subsidiary of the Company and the financial results of GSI will cease to be consolidated with the results of the Group. The Company shall hold the remaining 46.3018% equity interests in GSI as investment in an associate. The Company will still retain control over Huangpu Wenchong.

### ***Earnings***

Upon the completion of the Disposal, the Company will hold only 46.3018% equity interests in GSI and will therefore lose its control over GSI. According to relevant requirements of Accounting Standards for Enterprises No. 2 – Long-term Equity Investments and the Accounting Standards for Enterprises No. 33 - Consolidated Financial Statements on accounting treatment for loss of control over an investee as a result of partial disposal of equity investment, gains from the Disposal should be primarily calculated based on the consideration to be received by the Company from the Disposal plus the fair value of remaining shareholding in GSI (i.e. RMB7.683 billion), after deducting the net assets of GSI attributable to the Company as calculated based on the original shareholding before the Disposal with other comprehensive income attributable to the relevant equity interests of GSI (i.e. RMB4.761 billion). By applying such calculation basis, it is expected that the gains from the Disposal is approximately to be RMB2.924 billion, assuming the Transactions can be completed on 30 April 2019 and using relevant data from the valuation report and management accounts of GSI dated 30 April 2019. It is expected that the gearing ratio will decrease to approximately 51.90% from 67.08%. Specific accounting treatment is subject to the completion of the Transactions and results as audited and confirmed by the accountants.

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## LETTER FROM THE BOARD

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### *Assets and liabilities*

Based on relevant financial data of the Company's consolidated management accounts as at 30 April 2019, the Group recorded total assets and total liabilities of RMB46.059 billion and RMB30.897 billion, respectively. Upon completion of the Transactions, the percentage shareholding of the Company in GSI will decrease from 76.4214% to 46.3018%. GSI will become an associate rather than a subsidiary of the Company, the financial results of which (including total assets of RMB20.589 billion and total liabilities of RMB13.903 billion) will no longer be consolidated into the Group. Meanwhile, the Company's 46.3018% equity interests in GSI and 5.15% equity interests in CSSC Holdings shall be recorded by using equity method, and the corresponding value of equity interests (long-term equity investment of approximately RMB7.593 billion) will lead to increases in the total assets and equity of the Group. Due to the abovementioned reasons, it is estimated that total assets and total liabilities of the Group upon completion of the Transactions will be decreased by approximately RMB12.661 billion and approximately RMB13.566 billion, respectively.

Shareholders and potential investors should note that the above expectation is for illustrative purpose only. The actual gain or loss in connection with the Transactions may be different from the above and will be determined based on the financial position of GSI as at the Sale Share Completion Date.

### **8. Valuation of GSI**

The Board understands from the Valuation Report of GSI that the Valuer has not taken into account certain special matters in reaching the valuation conclusion. Those special matters primarily are:

*(i) Incompletion or existence of flaw in major information, such as ownership*

In relation to the loss of certain trademark registration certificates of GSI, after checking the information on website of the State Administration for Industry and Commerce – Trademark Office, it is confirmed that the trademarks are owned by Guangzhou Shipyard International Co., Ltd.. A fee will need to be paid for the re-issuance fee of the certificates. GSI and its subsidiaries had not obtained land title certificates to some of its lands and buildings as at the valuation date. As at the valuation date, the lands and buildings without land title certificates were appraised at an amount of RMB224,555,133.03, representing approximately 2.15% of the total equity interests of GSI. After discussion, there are no major obstacles for those companies to obtain the land title certificates.

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## LETTER FROM THE BOARD

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*(ii) Uncertainties such as outstanding unresolved legal disputes*

The valuation did not take into account the outstanding unresolved legal disputes and the possible impact. The legal disputes that exceeded RMB5 million involved the leasing of a piece of land for shipbuilding by a subsidiary of GSI from Jiangsu Shenghua, which was subsequently wound up. GSI had to locate another site to continue the construction of the vessel. As the equipment costs and related expenses during the construction at Jiangsu Shenghua site had been included in the cost of shipbuilding, the Company does not expect there would be any additional costs incurred or to be incurred for the outstanding unresolved legal disputes. Therefore, the pending legal disputes would not cause any adverse impact on GSI. On evaluation of the relevant disputes, the amounts in dispute are relatively small and there are no real prospect of their recovery. They are treated as bad debts.

*(iii) Significant subsequent events*

According to the Request for the Implementation of Transfer of some properties to Zhongshan Company by GSI (GSI 2019 No. 255), Zhongshan GSI Marine Engineering Company Limited (中山廣船國際船舶及海洋工程有限公司) (“**Zhongshan Company**”) shall transfer certain properties to the Company. The properties subject to the transfer have not yet obtained the planning acceptance from the PRC Government. After discussion with the Company’s PRC counsel, the Company believes that there is no significant legal impediment in obtaining the requisite planning acceptance. The properties subject to transfer accounted for 3.11% of the GFA of all properties held by GSI. The Company has conducted a valuation for the purpose of property transfer. Both parties intend to sign an asset transfer agreement, the transaction price of the transferred assets is estimated to be RMB157,433,262.96. The proposed transfer of properties is assessed at the transaction price.

In summary, after discussion with the Valuer, the above special matters will not have a significant impact on the conclusions of the Valuation Report.

**9. Reasons for and benefit of the entering into the Disposal Agreement and the Supplemental Agreement**

In recent years, the global shipbuilding industry, in particular the civil ship industry, experienced a downturn with prolonged overcapacity. The shipbuilding industry in the PRC is an export-oriented economy. As affected by sluggish global economy, the domestic civil ship industry has also experienced downturn over the years, with lower operating gains for civil ship enterprises.

GSI is the major platform within the Group engaging in the civil ship business. In spite of a series of proactive measures adopted by the management of the Group in response to the recent downturn in civil ship business, the profitability of GSI remained weak over the years, which affected the overall operating results of the Group to a certain extent. It is expected that the disposal of control over GSI will improve the financial

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## LETTER FROM THE BOARD

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condition of the Company, enhance sustainable profitability and strengthen risk resistance capability to a certain extent, which will be beneficial for enhancing the independence of the Company. At the same time, it can further improve the operating efficiency of the Company.

**(a) *Lowering the Financial Burden and Improving Profitability of the Group***

Under the effects of the recent recession of the global shipbuilding industry, in particular the civil ship industry, the operating condition of GSI, which is intended to be disposed of under the Transactions, was fair. GSI has been loss making throughout the reporting period, with high asset-liability ratio and heavy financial burden. Through the Transactions, the Group shall dispose of the control over GSI, and further focus on other business development within the Group, which will be beneficial to the improvement of the operation efficiency of the Group, lowering of the Group's financial burdens and enhancing the Group's overall profitability.

**(b) *Fulfilling CSSC's Undertaking on Resolving Horizontal Competition***

Prior to the Transactions, the Group faced horizontal competition in shipping products, such as very large crude carrier (VLCC), very large ore carrier (VLOC) and container ships, with subsidiaries of CSSC such as CSSC Holdings.

On 8 April 2015, CSSC issued an undertaking to the Company, undertaking that it would resolve horizontal competition faced by the Company in supertankers, large ore carriers and handy-sized bulk carriers with other enterprises within the group of companies of CSSC within 5 years from 8 April 2015. Considering that overcapacity in civilian ship market will unlikely to improve in short term, and in order to improve the financial condition and profitability of the Company, as well as facilitate the market-based debt-to-equity project and resolve horizontal competition, the Company intends to rationalise the relationship of business sectors between the Group and CSSC and resolve horizontal competition through this capital operation.

Upon the completion of the Transactions, the continuing connected transactions between the Group and CSSC and its associates will be reduced, which will be favourable for eliminating the stage horizontal competition in supertankers, large or carriers and hand-sized bulk carriers between the Company and other enterprises within the group of companies of CSSC Holdings.

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## LETTER FROM THE BOARD

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(c) *Promoting Coordinated Development of Civil Ship Business through Capital Operation at Listed Platform*

Through the Reorganisation, CSSC Holdings, another listed company under CSSC, shall acquire the control over GSI, and the civil ship business within CSSC. The Company will still hold minority interests in GSI upon the completion of the Transactions. The acquisition of Consideration Shares will be beneficial for the expansion of investment channels of the Company, and the pricing principle of the Transactions is reasonable without prejudice to minority interests.

As the Disposal is carried out after arm's length negotiation and on normal commercial terms, the Directors (including the independent non-executive Directors who have taken advice from the Independent Financial Adviser) are of the view that the Disposal is in the interest of the Company and the Shareholders as a whole.

### 10. Information of the parties

#### *CSSC*

CSSC is a state-authorised investment institution directly supervised and managed by SASAC. CSSC's core business includes shipbuilding, ship maintenance, processing, export/import of marine equipment, diversified business (such as production of other steel structures), international cooperation, joint venture and joint operation, financing, technical trading and labour export. As at the Latest Practicable Date, CSSC, directly and indirectly holds 847,685,990 Shares of the Company, representing approximately 59.97% of the issued shares of the Company, and is a controlling shareholder of the Company,

#### *CSSC Holdings*

CSSC Holdings was established in the PRC on 12 May 1998. As at the Latest Practicable Date, its controlling shareholder is CSSC. The principal activities of CSSC Holdings include the investment in shipping industry and diesel engine manufacturing industry, the sale of civilian ships, the manufacture, installation and sale of special equipment and engineering equipment for ships, the development of shipbuilding technology, technology transfer, technical service, technical consultation, the import and export of goods and technology, and the leasing of available equipment.

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## LETTER FROM THE BOARD

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Set out below is a summary of the consolidated financial information on CSSC Holdings for the financial years ended 31 December 2017 and 2018:

*Unit: RMB*

	<b>For the financial year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2017</b>	<b>2018</b>
	<i>(Audited)</i>	<i>(Audited)</i>
Profit/loss before taxation	-2,300,065,734.57	489,213,355.66
Net profit/loss attributable to CSSC Holdings ordinary equity shareholders after deduction of recurring profit or loss	-3,191,586,619.55	-344,645,830.79

The audited consolidated net asset value and the audited consolidated total assets of CSSC Holdings as at 31 December 2018 were RMB15,095,139,905.32 and RMB45,270,243,397.50, respectively.

### **11. Hong Kong Listing Rules Implications**

In relation to the Disposal, as one or more of the applicable percentage ratios under Rule 14.07 of the Hong Kong Listing Rules exceed 25% but are less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules. In relation to the Consideration Shares to be acquired by the Company, as one or more of the applicable percentage ratios under Rule 14.07 of the Hong Kong Listing Rules exceed 5% but are less than 25%, the transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules. Given that the transactions under the Disposal Agreement involve a major disposal and a discloseable acquisition, the Disposal (and the acquisition regarding the Consideration Shares of CSSC Holdings) as a whole is subject to the shareholders' approval requirement under Chapter 14 of the Hong Kong Listing Rules.

As at the Latest Practicable Date, CSSC is the controlling shareholder of both the Company and CSSC Holdings. Accordingly, CSSC Holdings is an associate of the connected person of the Company and the transactions contemplated under the Disposal Agreement also constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. Since one or more of the applicable percentage ratios in respect of the Disposal and the acquisition of the Consideration Shares exceed 5%, the transactions contemplated under the Disposal Agreement are, in addition to the reporting and announcement requirements, subject to the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

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## LETTER FROM THE BOARD

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### IV. BOARD RESOLUTIONS

Since each of Mr. Han Guangde, Mr. Chen Zhongqian, Mr. Chen Liping, Mr. Sheng Jigang, Mr. Xiang Huiming, Mr. Chen Ji and Mr. Shi Jun holds managerial positions at CSSC and/or its associates, in accordance with the Company's internal control policy on connected transactions, they had abstained from voting on relevant board resolutions to approve (among others) the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong, the non-exercise of Right of First Refusal and the entering into the Disposal Agreement (including the Disposal and the acquisition regarding the Consideration Shares of CSSC Holdings).

### V. ELECTION OF A SUPERVISOR

Reference is made to the announcement of the Company dated 19 July 2019 in relation to the Company's proposed appointment of Supervisor.

Mr. Wu Guangjun has tendered a written resignation letter to the Company resigning as the chairman of the ninth session of the Supervisory Committee and Mr. Jin Xuejian (金學堅) has been nominated by CSSC as candidate for supervisor for the ninth session of the Supervisory Committee. An ordinary resolution will be proposed at the EGM for, among other things, electing Mr. Jin Xuejian as the Supervisor to fill the vacancy left by Mr. Wu Guangjun.

The biographical details of Mr. Jin Xuejian ("**Mr. Jin**"), the proposed supervisor, are set out below:

Mr. Jin Xuejian, aged 53, a member of the Communist Party of China and a senior engineer. Mr. Jin graduated from Huazhong University of Science and Technology in July 1989 with a bachelor's degree in Engineering, and received a master's degree in Business Management Administration in July 2006 from South China University of Technology. He has served as technologist, office secretary, plan dispatcher, deputy director of Shipbuilding Engineering Branch, deputy director of Heavy Industries Branch and deputy manager of Heavy Industries Department of Guangzhou Wenchong Shipyard; manager and vice chief economist of Enterprise Management Planning Department of Guangzhou Wenchong Shipyard Co., Ltd; assistant director of Guangzhou Administration Bureau of China Shipbuilding Industry Group Corporation; assistant president and member of the Party Committee of Guangzhou Shipbuilding Industry Company; discipline inspection commission and supervisory board chairman of CSSC Huangpu Wenchong Shipbuilding Co., Ltd.. Mr. Jin is currently the deputy Party secretary, discipline inspection commission and chairman of trade union of Guangzhou Shipbuilding Industry Co., Ltd..

Save as disclosed above, Mr. Jin has not held any other position with the Company or any other member of the Group or any position with any other listed company in the last three years. Save as disclosed, Mr. Jin has no relationship with any director,

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## LETTER FROM THE BOARD

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supervisor, member of senior management, substantial shareholder or controlling shareholder of the Company. Mr. Jin does not have any interests (within the meaning of Part XV of the SFO) in the shares of the Company.

The initial term of service of Mr. Jin will commence on the date on which his appointment is approved at the EGM and end on the expiry of the term of office of the ninth session of the Supervisory Committee. Subject to the approval at the EGM for the election of Mr. Jin as a supervisor under the ninth session of the Supervisory Committee, the Company will enter into a service contract with Mr. Jin, under which Mr. Jin will not be entitled to any remuneration payable by the Company in accordance with the remuneration policies of the Company.

Save as disclosed above, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there are no other matters relating to the appointment of Mr. Jin as a supervisor of the Supervisory Committee that are required to be brought to the attention of the Shareholders, nor is there any information regarding Mr. Jin required to be disclosed in accordance with the requirements of Rules 13.51(2)(h) to (v) of the Hong Kong Listing Rules.

The Proposal to elect Mr. Jin as supervisor of the Company shall be submitted to the EGM as an ordinary resolution for consideration and approval by the Shareholders.

### **VI. CONTINUING CONNECTED TRANSACTIONS**

There are currently certain transactions between GSI and its subsidiaries with CSSC and/or its associates. Such transactions include purchase and sale of products, leasing and labour services, financial services, guarantees, ship sales agency services and material purchase agency services. Such transactions were being entered into to facilitate the transactions between the Group (including GSI and its subsidiaries) and CSSC and/or its associates in their ordinary course of business.

As the Company will cease to be the holding company of GSI upon completion of the transactions contemplated under the Disposal Agreement, the transactions between GSI and its subsidiaries and CSSC and/or its associates will cease to be continuing connected transactions of the Company. The Company will as soon as reasonably practicable review the then status and scale of the ongoing connected transactions between the Remaining Group and CSSC and its associates, and will publish announcement and seek Independent Shareholders' approval in compliance with the requirements under Chapter 14A of the Hong Kong Listing Rules.



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## LETTER FROM THE BOARD

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### VII. PROGRESS OF THE MATERIAL ASSET REORGANISATION

CSSC, the controlling shareholder of the Company, is preparing for the strategic restructuring with 中國船舶重工集團有限公司 (China Shipbuilding Industry Corporation\*). Upon completion of the restructuring, CSSC and China Shipbuilding Industry Corporation will further clarify the business positions for their various listed subsidiaries. At present, the proposal is yet to be finalised.

As at the Latest Practicable Date, the Company and related parties have actively promoted the reorganisation. There are still some uncertainties in the restructuring and the Company will publish announcement on progress of the matter as and when necessary. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and other securities of the Company.

### VIII. EGM

The EGM will be held at the Conference Room of the Company at Conference Room, 15/F, Shipping Building, 137 Gexin Road, Haizhu District, Guangzhou, the PRC at 10:00 a.m. on Wednesday, 23 October 2019.

The supplemental notice convening the EGM and the revised proxy form (which superseded the notice of EGM and proxy form sent to the Shareholders on 14 August 2019) have been sent to the Shareholders on 16 September 2019. The reply slip has been sent to the Shareholders on 14 August 2019.

Any Shareholder who is entitled to attend and vote at the EGM has the right to appoint one or more proxies to do so on behalf of himself. The proxy need not be a Shareholder. In order to ensure validity, a completed revised proxy form and other authorization documents (if any) must be delivered to the registered office of the Company not less than 24 hours before the time scheduled for the holding of the EGM. Shareholders of H shares must deliver the completed revised proxy forms and other authorization documents (if any) to the Company's H share Registrar, Hong Kong Registrars Limited at Hopewell Center at 17M Floor, 183 Queen's Road East, Wan Chai, Hong Kong. A Shareholder who has completed and delivered the revised proxy form can still attend the EGM and vote in person.

Save for the resolution regarding the election of the Supervisor, CSSC and its associates will abstain from voting on all resolutions relevant to the discloseable and connected transaction regarding increase of registered capital and shareholding structure of each of GSI and Huangpu Wenchong, the non-exercise of Right of First Refusal and the major and connected transaction regarding the transactions contemplated under the Disposal Agreement and the Supplemental Agreement (including the Disposal and the acquisition of the Consideration Shares of CSSC Holdings) at the EGM. As at the Latest

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## LETTER FROM THE BOARD

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Practicable Date, CSSC and its associates are entitled to exercise or control the exercise of the voting rights of a total of 847,685,990 Shares, representing approximately 59.97% of the total issued share capital of the Company.

Save for the above, to the best of the Director's knowledge, information and belief, having made all reasonable enquiries, no Shareholder has any material interest in the resolution(s) to be proposed at the EGM and will abstain from voting at the EGM.

All resolutions to be proposed at the EGM will be voted on by way of poll in accordance with the Hong Kong Listing Rules.

### IX. RECOMMENDATIONS

The increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong is to fulfill the requirements of conversion of state-owned equity interests, such transactions are treated as deemed disposal of equity interests in subsidiaries of the Company under the Hong Kong Listing Rules, subject to the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules. The Directors (including the independent non-executive Directors) are of the view that although such transactions are not conducted in the ordinary and usual course of business of the Company, the terms of the transactions are on normal commercial terms, fair and reasonable and are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend all Shareholders vote in favour of such resolutions proposed at the EGM.

Although the non-exercise of Right of First Refusal and the entering into the Disposal Agreement are not within the ordinary and usual course of business of the Group, the Directors (including the independent non-executive Directors) consider that the terms of the transactions contemplated under the Disposal Agreement are on normal commercial terms which are fair and reasonable and are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to support and vote in favour of relevant resolutions for approving the non-exercise of Right of First Refusal and the Disposal Agreement and the transactions contemplated thereunder at the EGM. The Directors (including the independent non-executive Directors) are of the view that relevant resolutions on the non-exercise of Right of First Refusal and the Disposal Agreement and the transactions contemplated thereunder proposed at the EGM are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders vote in favor of such resolutions proposed at the EGM.

The Directors are of the view that the resolution relating to the election of a Supervisor proposed at the EGM is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders vote in favor of such resolution proposed at the EGM.

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## LETTER FROM THE BOARD

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An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in relation to the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong, the non-exercise of Right of First Refusal and the Disposal Agreement and the transactions contemplated thereunder (including the Disposal and the acquisition regarding the Consideration Shares of CSSC Holdings). Your attention is drawn to the advice of the Independent Board Committee set out in its letter on pages 58 and 59 of this circular.

Your attention is also drawn to the letter from Vinco Capital to the Independent Board Committee and the Independent Shareholders in respect of the same set out on pages 60 to 102 in this circular.

The Independent Board Committee, having taking into account the advice of Vinco Capital, considers that

- (i) the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong is to fulfill the requirements of conversion of state-owned equity interests, although such transactions are not conducted in the ordinary and usual course of business of the Company, the terms of the transactions are on normal commercial terms, fair and reasonable and are in the best interests of the Company and its Shareholders as a whole; and
- (ii) although the non-exercise of Right of First Refusal and the entering into the Disposal Agreement are not within the ordinary and usual course of business of the Group, the non-exercise of Right of First Refusal and the terms of the Disposal Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

On basis set out above, the Independent Board Committee recommend the Independent Shareholders to vote at the EGM in favour of relevant resolutions on the non-exercise of Right of First Refusal and the major and connected transactions regarding the entering into of the Disposal Agreement and the transactions contemplated thereunder.

### **X. FURTHER INFORMATION**

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully  
By Order of the Board  
**CSSC Offshore & Marine Engineering (Group) Company Limited**  
**Han Guangde**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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**中船海洋与防务装备股份有限公司**

**CSSC OFFSHORE & MARINE ENGINEERING (GROUP) COMPANY LIMITED**

*(a joint stock company with limited liability incorporated in the People's Republic of China)*

**(H Share Stock Code: 00317)**

4 October 2019

*To the Independent Shareholders*

Dear Sir and Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION REGARDING  
INCREASE OF REGISTERED CAPITAL AND  
SHAREHOLDING STRUCTURE ADJUSTMENTS OF SUBSIDIARIES;  
NON-EXERCISE OF RIGHT OF FIRST REFUSAL AND  
MAJOR AND CONNECTED TRANSACTIONS REGARDING  
THE TRANSACTIONS UNDER THE DISPOSAL AGREEMENT**

We refer to the circular dated 4 October 2019 (the “**Circular**”) issued by the Company to its Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider and to advise the Independent Shareholders on the terms of the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong, the non-exercise of Right of First Refusal by the Company and the Disposal Agreement and the transactions contemplated thereunder (including the Disposal and the acquisition regarding the Consideration Shares of CSSC Holdings) as set out in the Circular as to the fairness and reasonableness and to recommend whether or not the Independent Shareholders should approve relevant resolutions on the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong, the non-exercise of Right of First Refusal and the Disposal Agreement and the transactions contemplated thereunder (including the Disposal and the acquisition regarding the Consideration Shares of CSSC Holdings) as set out in the Circular. Vinco Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 11 to 57 of this Circular and the text of a letter from the Independent Financial Adviser, as set out on pages 60 to 102 of this Circular, both of which provide details of relevant resolutions on the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong, the non-exercise of Right of First Refusal and the Disposal Agreement

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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and the transactions contemplated thereunder (including the Disposal and the acquisition regarding the Consideration Shares of CSSC Holdings). Your attention is also drawn to the additional information set out in the Appendices to the Circular.

Having considered the terms of the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong, the non-exercise of Right of First Refusal by the Company and the Disposal Agreement and the transactions contemplated thereunder (including the Disposal and the acquisition regarding the Consideration Shares of CSSC Holdings), the advice of the Independent Financial Adviser and the relevant information contained in the letter from the Board, we are of the opinion that

- (i) the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong is to fulfill the requirements of conversion of state-owned equity interests, although such transactions are not conducted in the ordinary and usual course of business of the Company, the terms of the transactions are on normal commercial terms, fair and reasonable and are in the best interests of the Company and its Shareholders as a whole; and
- (ii) although non-exercise of Right of First Refusal and the entering into the Disposal Agreement are not within the ordinary and usual course of business of the Group, the non-exercise of Right of First Refusal by the Company and the terms of the Disposal Agreement and the transactions contemplated thereunder (including the Disposal and the acquisition regarding the Consideration Shares of CSSC Holdings) are on normal commercial terms and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions for approving the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong, the non-exercise of Right of First Refusal and the Disposal Agreement and the transactions contemplated thereunder (including the Disposal and the acquisition regarding the Consideration Shares of CSSC Holdings) to be proposed at the EGM.

Yours faithfully,

For and on behalf of

Independent Board Committee

**Wang Yichu, Min Weiguo, Liu Renhuai and Yu Shiyou**

*Independent Non-executive Directors*

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## LETTER FROM VINCO CAPITAL

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*The following is the text of a letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders in respect of the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong, the non-exercise of Right of First Refusal and the transactions contemplated under the Disposal Agreement (including the Disposal and the acquisition regarding the Consideration Shares of CSSC Holdings), which has been prepared for the purpose of incorporation in this circular:*



**Vinco Capital Limited**

Unit 2610, 26/F., The Center  
99 Queen's Road Central, Hong Kong

4 October 2019

*To the Independent Board Committee and the Independent Shareholders of  
CSSC Offshore & Marine Engineering (Group) Company Limited*

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTION REGARDING  
INCREASE OF REGISTERED CAPITAL AND  
SHAREHOLDING STRUCTURE ADJUSTMENTS OF SUBSIDIARIES;  
NON-EXERCISE OF RIGHT OF FIRST REFUSAL AND  
MAJOR AND CONNECTED TRANSACTION REGARDING  
THE TRANSACTIONS UNDER THE DISPOSAL AGREEMENT**

### **INTRODUCTION**

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong; (ii) the non-exercise of Right of First Refusal; and (iii) the terms of the Disposal Agreement and transactions contemplated thereunder, details of which are set out in the "Letter from the Board" of the circular issued by the Company dated 4 October 2019 (the "Circular") to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

Reference is made to (i) the announcement dated 16 September 2019 regarding increase in registered capital and shareholding structure adjustments of each of GSI and Huangpu Wenchong; (ii) the Announcement; and (iii) the further announcement published by the Company on 16 September 2019 regarding non-exercise of Right of First Refusal and Major and Connected Transaction regarding the Transactions under the Disposal Agreement. CSSC,

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## LETTER FROM VINCO CAPITAL

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the controlling shareholder of the Company, is preparing for the strategic restructuring with China Shipbuilding Industry Corporation\* (中國船舶重工集團有限公司). Both CSSC and China Shipbuilding are under the control of SASAC. As at the Latest Practicable Date, China Shipbuilding has no particular relationship with the Company, it does not hold any Shares of the Company, nor does it involve in the management of the Company. Under this backdrop, in view of the horizontal competition of the Company with CSSC and CSSC Holdings, as well as the fact that there would not be any material improvement in overcapacity in civil shipping market in short term, in order to improve the financial condition of the Company, enhance its profitability, enable smooth implementation of the market-based debt-to-equity conversion plan, and resolve horizontal competition as early as possible, the Company proposes to make further adjustments to the Original Major Asset Restructuring Scheme. The Company would dispose of 27.4214% equity interests currently held by the Company in GSI to CSSC Holdings through the issue of the Consideration Shares by CSSC Holdings to the Company. At the same time, the Company would not exercise the Right of First Refusal to acquire the Target Equity Interests from the Investors who would then dispose of the Target Equity Interests to CSSC Holdings.

As GSI and Huangpu Wenchong have taken into account of the value of the Exclusively State-Owned Capital Reserve when introducing debt-to-equity investment for capital increase, with the approval of CSSC, the Company has decided to conduct conversion of the Exclusively State-Owned Capital Reserve into registered capital of GSI and Huangpu Wenchong based on the appraised value of the Exclusively State-Owned Capital Reserve held by CSSC in GSI and Huangpu Wenchong as at 30 June 2017 and the appraised value of each of GSI and Huangpu Wenchong as at 30 June 2017 (net of the appraised value of the Exclusively State-Owned Capital Reserve), respectively. Taking into account the combined effects of the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong due to the conversion of the Exclusively State-Owned Capital Reserve, the disposal of Target Equity Interests to CSSC Holdings by the Investors, the Disposal based on the Final Transfer Consideration and the corresponding number of the Consideration Shares to be issued by CSSC Holdings to the Company, (1) the Company's equity interest in GSI will be decreased to 46.3018%, and in which event GSI will cease to be a subsidiary of the Company; (2) the Company's equity interest in Huangpu Wenchong will be decreased to 54.5371% and the Company still retains control over Huangpu Wenchong; and (3) CSSC Holdings will have controlling interests in GSI, whereas the aggregate shareholding of the Company in CSSC Holdings will increase from 0% to approximately 5.15% (as calculated based on the shareholding of CSSC Holdings upon the completion of the Reorganisation and based on the assumptions that there shall be (i) no further changes to the number of new shares to be issued by CSSC Holdings for completion of the Reorganisation and (ii) the final number of the Consideration Shares to be issued is approved by shareholders at general meeting of CSSC Holdings and by the CSRC).

## **HONG KONG LISTING RULES IMPLICATIONS**

### **Non-exercise of Right of First Refusal**

The Board (among other things) resolved not to exercise the Right of First Refusal to acquire an aggregate of 23.5786% equity interests in GSI currently held by the GSI Investors and an aggregate of 30.9836% equity interests in Huangpu Wenchong currently held by the Huangpu Wenchong Investors.

As at the Latest Practicable Date, CSSC is the controlling shareholder of both the Company and CSSC Holdings. Accordingly, CSSC Holdings is an associate of the connected person of the Company. On account of the non-exercise of the Right of First Refusal, the Investors will dispose of the GSI Equity Interests held by GSI Investors and the Huangpu Wenchong Equity Interests held by Huangpu Wenchong Investors respectively to CSSC Holdings. Coupled with the effect of the Disposal and the Conversion (if materialised), GSI will cease to be a subsidiary of the Company and instead CSSC Holdings will become the holding company of GSI. The non-exercise of Right of First Refusal to acquire the Target Equity Interests is deemed as the disposal of such equity interests, and the transferee is CSSC Holdings, a related party of the Company. Hence, it constitutes a related party transaction and is subject to approval by non-related party Shareholders under the Shanghai Listing Rules. Given that the terms of the acquisition of the Target Equity Interests are subject to further negotiations between the parties, the Right of First Refusal does not constitute an option under the Hong Kong Listing Rules. Accordingly, the non-exercise of the Right of First Refusal does not constitute a notifiable transaction and/or a connected transaction under Chapters 14 and 14A of the Hong Kong Listing Rules.

The information below is not prepared in accordance with Chapter 14 or Chapter 14A of the Hong Kong Listing Rules but only prepared to provide information for the Shareholders so that they can make an informed decision in the voting of the relevant resolution at the EGM.

### **Increase of registered capital and shareholding structure adjustments of subsidiaries**

The transactions are treated as deemed disposal of equity interests in subsidiaries by the Company under the Hong Kong Listing Rules. In relation to the transactions, as one or more of the applicable percentage ratios under Rule 14.07 of the Hong Kong Listing Rules exceed 5% but are less than 25%, the transactions constitute discloseable transaction of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules but shall be exempt from shareholders' approval requirements.

As at the Latest Practicable Date, CSSC is the controlling shareholder of the Company. Accordingly, CSSC is a connected person of the Company and the transactions constitute connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. Since one or more of the applicable percentage ratios in respect of the equity interests to be



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## LETTER FROM VINCO CAPITAL

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transferred exceed 5%, apart from complying with the reporting and announcement requirements, the transactions are also subject to the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

### **Disposal**

In relation to the Disposal, as one or more of the applicable percentage ratios under Rule 14.07 of the Hong Kong Listing Rules exceed 25% but are less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules. In relation to the Consideration Shares to be acquired by the Company, as one or more of the applicable percentage ratios under Rule 14.07 of the Hong Kong Listing Rules exceed 5% but are less than 25%, the transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules. Given that the transactions under the Disposal Agreement involve a major disposal and a discloseable acquisition, the Disposal (and the acquisition regarding the Consideration Shares of CSSC Holdings) as a whole is subject to the shareholders' approval requirement under Chapter 14 of the Hong Kong Listing Rules.

As at the Latest Practicable Date, CSSC is the controlling shareholder of both the Company and CSSC Holdings. Accordingly, CSSC Holdings is an associate of the connected person of the Company and the transactions contemplated under the Disposal Agreement also constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. Since one or more of the applicable percentage ratios in respect of the Disposal and the acquisition of the Consideration Shares exceed 5%, the transactions contemplated under the Disposal Agreement are, in addition to the reporting and announcement requirements, subject to the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

### **INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Wang Yichu, Mr. Min Weiguo, Mr. Liu Renhuai and Mr. Yu Shiyong has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the non-exercise of Right of First Refusal, and whether the terms of the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong, the Disposal Agreement and transactions contemplated thereunder (including the Disposal and the acquisition regarding the Consideration Shares of CSSC Holdings) are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

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## LETTER FROM VINCO CAPITAL

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### OUR INDEPENDENCE

We, Vinco Capital, have been appointed and have been approved by the Independent Board Committee, as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the purposes of the Listing Rules, our role is to give you an independent opinion as to the fairness and reasonableness of the non-exercise of Right of First Refusal, and whether the terms of the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong, the Disposal Agreement and transactions contemplated thereunder (including the Disposal and the acquisition regarding the Consideration Shares of CSSC Holdings) are fair and reasonable, and the entering into such agreement is on normal commercial terms, in the ordinary and usual control of business of the Group and in the interests of the Company and the Independent Shareholders as a whole.

As the Latest Practicable Date, we are not connected with the Directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or their respective associates and, as the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. We were not aware of any relationships or interests between us and the Company or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rule to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong, the transactions contemplated under the Disposal Agreement and the non-exercise of Right of First Refusal. Apart from normal professional fees payable to us in connection with Past Appointments and this appointment as the Independent Financial Adviser to the Independent Non-executive Directors, no arrangement existed whereby we had received or will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

During the past two years, we were appointed as the independent financial adviser to advise the independent board committee and the independent shareholders of the Company in respect of a discloseable and connected transaction in relation to acquisition of Guangzhou Wenchong Dockyard Co., Ltd. and a discloseable and connected transaction in relation to the entering into the phase I relocation agreement of Guangzhou Wenchong Shipyard Co., Ltd (the “**Past Appointments**”). Details of the relevant transaction is set out in the circular of the Company dated 14 November 2018 and 10 May 2019 respectively. The professional fees in connection with the Past Appointments have been fully settled and we are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on the terms of the Disposal Agreement and transactions contemplated thereunder, the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong, and the non-exercise of Right of First Refusal.

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## LETTER FROM VINCO CAPITAL

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### BASIS OF OUR OPINION AND RECOMMENDATION

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed.

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

We have not made any independent evaluation or appraisal of the assets and liabilities of the GSI, and we have not been furnished with any such evaluation or appraisal, save as and except for the valuation report on the 100% equity interest of GSI (the “**Valuation Report**”) as set out in Appendix II to the Circular. The Valuation Report was prepared by Shanghai Orient Appraisal Co., Ltd.\* (上海東洲資產評估有限公司), an independent valuer (the “**Valuer**”). Since we are not experts in the valuation of business or companies, we have relied solely upon the Valuation Report for the value of the Sale Shares as at 30 April 2019 (the “**Valuation**”).

We consider that we have reviewed all currently available information and documents particularly, (i) the audited financial statements of Huangpu Wenchong for the year ended 31 December 2016, 2017 and 2018 and four months ended 30 April 2019 (the “**Huangpu Wenchong Audited Financial Statements**”); (ii) the audited financial statements of GSI for the year ended 31 December 2016, 2017 and 2018 and four months ended 30 April 2019 (the

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## LETTER FROM VINCO CAPITAL

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“**GSI Audited Financial Statements**”); (iii) the annual report of the Company for the year ended 31 December 2017 (the “**Annual Report 2017**”); (iv) the annual report of the Company for the year ended 31 December 2018 (the “**Annual Report 2018**”); (v) management accounts of GSI for the six months ended 30 June 2019; (vi) management accounts of Huangpu Wenchong for the six months ended 30 June 2019; (vii) the constitutional documents of GSI and Huangpu Wenchong; (viii) the valuation report on the 100% equity interest of GSI issued by Shanghai Orient Appraisal Co., Ltd.\* (上海東洲資產評估有限公司), an independent valuer (the “**Valuation Report**”); (ix) the Asset Valuation Report on All Equity Interest Involved in the Proposed Introduction of External Investors for Guangzhou Shipyard International Company Limited (Dong Zhou Ping Bao Zi 2017 No. 1308) prepared by Shanghai Orient, as at 30 June 2017 (the “**2017 Valuation Report for GSI**”); (x) the Asset Valuation Report on All Equity Interest Involved in the Proposed Introduction of External Investors for CSSC Huangpu Wenchong Shipbuilding Company Limited (Dong Zhou Ping Bao Zi 2017 No. 1321) prepared by Shanghai Orient, as at 30 June 2017 (the “**2017 Valuation Report for Huangpu Wenchong**”); (xi) the filed Valuation Report; (xii) the valuation report on the appraised value of the Exclusively State-Owned Capital Reserve to CSSC during the period 30 April 2019 in GSI which was RMB393,640,000 (the “**Valuation Report of GSI Reserve 30 April 2019**”); (xiii) the valuation report on the appraised value of the Exclusively State-Owned Capital Reserve included in total equity interests in GSI as of 30 June 2017 which was RMB274,640,000 (the “**Valuation Report of GSI Reserve 30 June 2017**”); (xiv) the valuation report on the appraised value of the Exclusively State-Owned Capital Reserve included in total equity interests in Huangpu Wenchong as of 30 June 2017 which was RMB1,121,569,744.58 (the “**Valuation Report of Huangpu Wenchong Reserve 30 June 2017**”); (xv) the Administrative Measures for Reorganisation; (xvi) the Disposal Agreement; (xvii) the Supplemental Agreement; and (xviii) the Material Contracts as referred to in paragraph 8 of Appendix III of the Circular, which are made available to us and enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the major and connected transactions contemplated under the Disposal Agreement, the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong and the non-exercise of Right of First Refusal, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration in respect of the terms of the Disposal Agreement and transaction contemplated thereunder the discloseable and connected transactions in respect of the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong and the non-exercise of Right of First Refusal, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

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## LETTER FROM VINCO CAPITAL

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### A. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and Independent Shareholders in respect of the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong, the non-exercise of Right of First Refusal and terms of the Disposal Agreement and transaction contemplated thereunder (including the Disposal and the acquisition regarding the Consideration Shares of CSSC Holdings), we have considered the principal factors and reasons set out below.

#### I. Information of the parties

##### *Information of the Group*

The Group is a large comprehensive marine and defense equipment enterprise group incorporating four sectors of maritime equipment, namely maritime defense equipment, maritime transport equipment, maritime development equipment and maritime expedition equipment. Currently, the Company has two major subsidiaries, namely GSI and Huangpu Wenchong, and their principal activities cover four major segments including defense equipment, shipbuilding, offshore engineering and non-ship business, with principal products of shipbuilding and marine products including military ships, special supporting ships, public service ships, oil tankers, feeder container ships, ro-ro passenger ships, semi-submerged ships and polar module carriers, offshore platform, as well as non-ship products including steel structures and sets of electromechanical equipment.

Set out below is a summary of the consolidated financial information of the Group for the three years ended 31 December 2018 as extracted from the Annual Report 2018 and the Annual Report 2017:

	<b>For the year ended 31 December</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	19,213,596,394.03	22,920,207,488.39	23,349,604,897.69
Profit/(loss) after taxation	(2,474,150,150.26)	(45,856,889.17)	86,688,161.93
	<b>As at 31 December</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Total assets	47,475,344,086.37	46,753,104,355.82	46,268,585,829.63
Total liabilities	33,118,933,538.30	34,433,614,505.78	35,857,786,384.94
Net assets	14,356,410,548.07	12,319,489,850.04	10,410,799,444.69

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## LETTER FROM VINCO CAPITAL

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The Group's turnover for the year ended 31 December 2017 amounted to approximately RMB22,920 million, decreased by approximately RMB429 million or 1.8% as compared to that of approximately RMB23,350 million recorded for the year ended 31 December 2016. For the year ended 31 December 2018, the Group's turnover amounted to approximately RMB19,214 million, representing a decline of approximately RMB3,707 million or 16.2% as compared to the turnover of the previous year.

The Group recorded profit after tax of approximately RMB87 million for the year ended 31 December 2016, but turned to loss after tax of approximately RMB46 million for the year ended 31 December 2017. According to the 2017 Annual Report, such decrease was due to (i) the decrease in revenue of approximately RMB429 million; and (ii) the increase in total operating costs of approximately RMB474 million. The loss after taxation further increase by approximately RMB2,428 million from approximately RMB46 million for the year ended 31 December 2017 to approximately RMB2,474 million for the year ended 31 December 2018 due to (i) the decrease in revenue of approximately RMB3,706 million; (ii) the investment income of approximately RMB147 million for the year ended 31 December 2017 turning to a loss of approximately RMB124 million for the year ended 31 December 2018; and (iii) the gain on change in fair value of approximately RMB3 million for the year ended 31 December 2017 turning to a loss of approximately RMB423 million for the year ended 31 December 2018, offset by the decrease in total operating costs of approximately RMB2,322 million.

As at 31 December 2018, the Group's total assets and total liabilities were approximately RMB47,475 million and RMB33,119 million, respectively. The net assets of the Group amounted to approximately RMB14,356 million as at 31 December 2018.

### *Information of CSSC*

CSSC is a state-authorised investment institution directly supervised and managed by SASAC. CSSC's core business includes shipbuilding, ship maintenance, processing, export/import of marine equipment, diversified business (such as production of other steel structures), international cooperation, joint venture and joint operation, financing, technical trading and labour export. As at the Latest Practicable Date, CSSC, directly and indirectly holds 847,685,990 Shares of the Company, representing approximately 59.97% of the issue shares of the Company, and is a controlling shareholder of the Company.

### *Information of CSSC Holdings*

CSSC Holdings was established in the PRC on 12 May 1998. As at the Latest Practicable Date, its controlling shareholder is CSSC. The principal activities of CSSC Holdings include the investment in shipping industry and diesel engine manufacturing industry, the sale of civilian ships, the manufacture, installation and sale of special equipment and engineering equipment for ships, the development of shipbuilding technology, technology transfer, technical service, technical consultation, the import and export of goods and technology, and the leasing of available equipment.

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## LETTER FROM VINCO CAPITAL

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### *Information of Huangpu Wenchong*

Huangpu Wenchong was established in the PRC on 1 June 1981. As at the Latest Practicable Date, it is a non-wholly-owned subsidiary of the Company. Huangpu Wenchong is principally engaged in the manufacture of equipment for railways, ships, aerospace and other transportation facilities.

Set out below is a summary of the consolidated financial information on Huangpu Wenchong for the financial years ended 31 December 2017 and 2018 and for the four months ended 30 April 2019:

	<b>For the four months ended 30 April 2019</b>	<b>For the year ended 31 December</b>		
	<i>RMB</i> <i>(audited)</i>	<b>2018</b> <i>RMB</i> <i>(audited)</i>	<b>2017</b> <i>RMB</i> <i>(audited)</i>	<b>2016</b> <i>RMB</i> <i>(audited)</i>
Revenue	2,383,614,741.41	11,742,247,711.10	12,258,947,010.95	11,783,321,823.85
Profit/(loss) after taxation	965,010,394.16	(1,158,723,318.59)	2,978,599.13	89,967,841.38
Net profit/(loss) attributable to Huangpu Wenchong's ordinary equity shareholders after deduction of non-recurring profit or loss	965,180,856.04	(1,159,303,638.37)	2,662,816.66	89,774,778.96
	<b>As at 30 April 2019</b>	<b>As at 31 December</b>		
	<i>RMB</i> <i>(audited)</i>	<b>2018</b> <i>RMB</i> <i>(audited)</i>	<b>2017</b> <i>RMB</i> <i>(audited)</i>	<b>2016</b> <i>RMB</i> <i>(audited)</i>
Total assets	24,372,027,000.20	24,831,038,915.56	22,680,364,873.92	23,687,059,822.54
Total liabilities	17,408,779,182.49	18,911,752,862.02	18,054,026,157.37	20,204,257,130.98
Net assets	6,963,247,817.71	5,919,286,053.54	4,626,338,716.55	3,482,802,691.56

### *Information of GSI*

GSI was established in the PRC on 25 May 2006. As at the date of this announcement, it is a non-wholly-owned subsidiary of the Company. GSI is principally engaged in the metal vessel manufacturing industry and its business scope covers ships, maritime engineering, technical design, manufacture and repair of steel structure.

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## LETTER FROM VINCO CAPITAL

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Set out below is a summary of the consolidated financial information on GSI for the financial years ended 31 December 2017 and 2018 and for the four months ended 30 April 2019:

	<b>For the four</b>		<b>For the year ended 31 December</b>	
	<b>months ended</b>			
	<b>30 April 2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	1,855,527,357.72	7,398,542,394.99	10,611,635,990.57	12,133,124,558.42
Profit/(loss) after taxation	(294,840,291.79)	(1,295,256,439.92)	(126,066,154.08)	(159,789,879.48)
Net profit/(loss) attributable to GSI's ordinary equity shareholders after deduction of non-recurring profit or loss	(295,279,437.19)	(125,949,918.88)	(130,568,878.27)	(169,014,327.21)
	<b>As at</b>	<b>As at 31 December</b>		
	<b>30 April 2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Total assets	20,589,360,460.93	21,593,646,498.93	22,757,151,666.71	23,524,572,456.32
Total liabilities	13,902,711,696.22	14,668,171,116.40	16,594,730,990.30	17,525,308,480.48
Net assets	6,686,648,764.71	6,925,475,382.53	6,162,421,676.41	5,999,263,975.84

## II. Increase in registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong

As set out in the “Background and Reasons for the Exclusively State-owned Capital Reserve” in the Letter from the Board in accordance with the Temporary Provisions on the Reorganization and Listing of Military Related Enterprises and the Examination of Capital Operation in Military Projects After Listing (《涉軍企事業單位改制重組上市及上市後資本運作軍工事項審查工作管理暫行辦法》) (the “**Provisions Regarding Military Listed Companies**”), Opinions on the Issues Concerning the Financial Treatment of Enterprises’ Direct Investment and Investment Subsidies (Finance Enterprise 2009 No. 121)(《關於企業取得國家直接投資和投資補助財務處理問題的意見》(財辦企2009121號)), The General Principles of Corporate Finance (《企業財務通則》) issued by the Ministry of Finance of the PRC and the Interim Measures for Investment Management of Military Construction Projects of State-owned Holding



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## LETTER FROM VINCO CAPITAL

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Enterprises (《國有控股企業軍工建設項目投資管理暫行辦法》) (collectively the “**Relevant Regulations**”), military enterprises involved in the process of restructuring, listing and post-listing capital operation, the capital injected by the State in the fixed assets investment and military assets should be converted into state-owned shares and which should belong to the representative contributor of the State. If it is not converted into the state-owned shares, then it may be included as payables to the State or capital reserve which is exclusively wholly-owned by the State for subsequent conversion. Both GSI and Huangpu Wenchong are principally engaged in civil ship business and military ship business, respectively, and produce navy related products. Therefore, both GSI and Huangpu Wenchong are subject to regulation by the rules and regulations. Prior to 30 June 2017, national funds received successively were used to invest in relevant fixed assets of the Company or military assets. Since the right to such funds belongs to the State and is not a subsidy from the PRC Government to the Company, the Company recognised the funds as “long-term payables” under the liabilities in its financial accounts. For the national funds meeting relevant conditions (for example, the investment in relevant fixed assets was completed and accepted) prior to 30 June 2017, the Company would need to convert the “long-term payables” under the liabilities to the “Exclusively State-Owned Capital Reserve” under the equity in its financial accounts. We have reviewed and performed desktop search on the Provisions Regarding Military Listed Companies and the Relevant Regulations. Based on the relevant regulations and discussion with the management of the Company in respect of the conversion to state-owned equity interest, we noted that the Company shall convert the Exclusively State-Owned Capital Reserve to state-owned equity interest. Based on the above, we are of the view that such conversion is in accordance with the Provision Regarding Military Listed Companies and the Relevant Regulations.

On the basis of appraised value of the 100% equity interest in GSI held by the Company of RMB7,778,736,186.33 prior to the capital increase, the GSI Investors, made capital contribution to GSI (in cash and by debt assumption) in an aggregate sum of RMB2,400 million, and obtained 23.5786% equity interest in GSI in aggregate upon the capital increase.

On the basis of appraised value of the 100% equity interest in Huangpu Wenchong held by the Company of RMB5,346,034,333.97 prior to the capital increase, the Huangpu Wenchong Investors made capital contribution to Huangpu Wenchong (in cash and by debt assumption) in an aggregate sum of RMB2,400 million, and obtained 30.9836% equity interest in Huangpu Wenchong in aggregate upon the capital increase.

Based on the audit report issued by the auditor on the capital increase benchmark date and the valuation report issued by Shanghai Orient, all equity interest in both GSI and Huangpu Wenchong as at the capital increase benchmark date included the value of capital reserve exclusively wholly-owned by the state converted from national funds (among which, the appraised value of Exclusively State-Owned Capital Reserve included in total equity interests in GSI and Huangpu Wenchong was RMB274,640,000.00 and RMB1,121,569,744.58, respectively). In respect of the consideration for the 100% equity

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## LETTER FROM VINCO CAPITAL

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interests in GSI and Huangpu Wenchong by the time of capital increase by debt-to-equity conversion Investors, capital contribution should also be made to GSI and Huangpu Wenchong based on the value of such Exclusively State-Owned Capital Reserve. We have reviewed the Valuation Report of GSI Reserve 30 June 2017 and the Valuation Report of Huangpu Wenchong Reserve 30 June 2017 and noted that the appraised value of Exclusively State-Owned Capital Reserve included in total equity interests in GSI and Huangpu Wenchong was RMB274,640,000.00 and RMB1,121,569,744.58. We are of the view that the value of Exclusively State-Owned Capital Reserve of both GSI and Huangpu Wenchong is fair and reasonable.

The main purpose is to convert the Exclusively State-Owned Capital Reserve converted from national funds into state-owned shares according to relevant regulations, and to adjust the shareholding structure of GSI and Huangpu Wenchong to reflect the introduction of debt-to-equity conversion investors in the capital increase took place in 2018 and the capital increase from the Exclusively State-Owned Capital Reserve on principle of fairness.

Based on our discussion with the management of the Company, we understand the underlying reasons for using the appraised value of the Exclusively State-Owned Capital Reserve held by CSSC in GSI and Huangpu Wenchong as at 30 June 2017. As confirmed by the Directors, by the time of capital increase of GSI and Huangpu Wenchong by introducing debt-to-equity conversion investors took place in 2018, the national funds was not converted to state-owned shares but accounted for as Exclusively State-Owned Capital Reserve. GSI and Huangpu Wenchong introduced debt-to-equity conversion investors for capital increase in 2018 and converted the Exclusively State-Owned Capital Reserve into capital, which is the overall plan of the Company to reduce the asset-liability ratio and optimise the capital structure.

In September 2019, during the approval process of the restructuring projects, the relevant competent state-owned assets authority requested that the Exclusively State-Owned Capital Reserve be converted into registered capital according to relevant regulations and requirements. The shareholdings entitled to debt-to-equity conversion investors in 2018 have taken into account the value of equity interest of the Exclusively State-Owned Capital Reserve of GSI and Huangpu Wenchong, which should have been converted to shares, as at 30 June 2017.

With the approval of CSSC, the Company has decided to conduct conversion of the Exclusively State-Owned Capital Reserve into registered capital based on to the appraised value of the Exclusively State-Owned Capital Reserve held by CSSC in GSI and Huangpu Wenchong as at 30 June 2017 and the appraised value of each of GSI and Huangpu Wenchong as at 30 June 2017 (net of the appraised value of the Exclusively State-Owned Capital Reserve), respectively.

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## LETTER FROM VINCO CAPITAL

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### *Conversion of the Exclusively State-owned Capital Reserve into registered capital and Adjustments to the Shareholding Structure of GSI and Huangpu Wenchong*

To fulfil the requirements of conversion of state-owned equity interests, CSSC intends to convert its Exclusively State-Owned Capital Reserve into registered capital of GSI and Huangpu Wenchong. For conversion of the Exclusively State-Owned Capital Reserve into the state-owned shares, the value of the Exclusively State-Owned Capital Reserve and the relevant target company(ies) shall be assessed. The Exclusively State-Owned Capital Reserve shall be converted into the state-owned shares based on the valuation.

As GSI and Huangpu Wenchong have taken into account the value of such Exclusively State-Owned Capital Reserve when introducing debt-to-equity investment for capital increase in early 2018, the conversion mechanism took into account the following:

- (i) the shareholding ratio of debt-to-equity conversion investors in 2018 was calculated by dividing the amount of capital increase of debt-to-equity conversion investors by the appraised value of 100% equity interest in GSI and Huangpu Wenchong before the capital increase as of 30 June 2017 (including the equity interest of the Exclusively State-Owned Capital Reserve exclusively owned by CSSC that should be, but have not by then, converted into equity).

Formula: The shareholding ratio of debt-to-equity conversion investors in 2018 = the amount of capital increase of debt-to-equity conversion investors/(100% equity interest of GSI and Huangpu Wenchong including the value of Exclusively State-Owned Capital Reserve + the amount of capital increase of debt-to-equity conversion investors).

On 30 June 2017, the appraised value of the 100% equity interest in GSI (including Exclusively State-Owned Capital Reserve) and the 100% equity interest in Huangpu Wenchong (including Exclusively State-Owned Capital Reserve) was RMB7,778,736,186.33 and RMB5,346,034,333.97 respectively. The respective capital increase of the debt-to-equity conversion investors was RMB2,400,000,000.00.

Results:

Shareholding ratio of debt-to-equity conversion investors in GSI in 2018  
 $23.5786\% = \text{RMB}2,400,000,000.00 / (\text{RMB}2,400,000,000.00 + \text{RMB}7,778,736,186.33)$

Shareholding ratio of debt-to-equity conversion investors in Huangpu Wenchong in 2018  
 $30.9836\% = \text{RMB}2,400,000,000.00 / (\text{RMB}2,400,000,000.00 + \text{RMB}5,346,034,333.97)$

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## LETTER FROM VINCO CAPITAL

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- (ii) In September 2019, when approving this restructuring plan, the relevant state-owned property rights department proposed to convert the Exclusively State-Owned Capital Reserve as at 30 June 2017 into registered capital in GSI (i.e. RMB274,640,000.00) and in Huangpu Wenchong (i.e. RMB1,121,569,744.58) according to relevant requirements. As the conversion has already been anticipated at time of the market-based debt-to-equity investment, the shareholding ratio of debt-to-equity conversion investors should remain unchanged.
- (iii) The Company did not participate in the capital increase from debt-to-equity conversion investors that took place in the beginning of 2018 as the company was in need of capital contribution and it would not be meaningful for the Company to participate in the exercise. Since the Company do not participate in the capital increase from the conversion of Exclusively State-Owned Capital Reserve this time, therefore, after the capital increase that took place in the beginning of 2018 and the conversion from national funding this time, the absolute amount of capital contribution by the Company in each of GSI and Huangpu Wenchong shall remain unchanged, although the shareholding ratio of the Company in each of GSI and Huangpu Wenchong will be decreased. Prior to the conversion of Exclusively State-Owned Capital Reserve into registered capital and adjustments to the shareholding structure, the amount of capital contribution by the Company to GSI and Huangpu Wenchong was RMB6,539,359,821 and RMB1,973,798,542, respectively. Upon the conversion of Exclusively State-Owned Capital Reserve into registered capital and adjustments to the shareholding structure, the amount of capital contribution by the Company to GSI and Huangpu Wenchong was RMB6,539,359,821 and RMB1,973,798,542, respectively.

Prior to the capital increase, the appraised value of the 100% equity interest in GSI (after deducting the Exclusively State-Owned Capital Reserve) and the 100% equity in Huangpu Wenchong (after deducting the Exclusively State-Owned Capital Reserve), both held by the Company, was RMB7,504,096,186.33 and RMB4,224,464,589.39, respectively. The respective capital increase of the debt-to-equity conversion investors was RMB2,400,000,000.00. CSSC increased capital by RMB274,640,000.00 and RMB1,121,569,744.58, respectively, with the Exclusively State-Owned Capital Reserve held by it. Therefore, after the above capital increase is completed, the shareholding ratio held by the Company in GSI =  $73.7232\% = \text{RMB}7,504,096,186.33 / (\text{RMB}7,504,096,186.33 + \text{RMB}2,400,000,000.00 + \text{RMB}274,640,000.00)$ ; the shareholding ratio held by the Company in Huangpu Wenchong =  $54.5371\% = \text{RMB}4,224,464,589.39 / (\text{RMB}4,224,464,589.39 + \text{RMB}2,400,000,000.00 + \text{RMB}1,121,569,744.58)$

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## LETTER FROM VINCO CAPITAL

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### *Implementation of the conversion*

As the introduction of debt-to-equity conversion investors in the capital increase by GSI and Huangpu Wenchong and the capital increase from the Exclusively State-Owned Capital Reserve are an integral part of the overall proposal to reduce the gearing ratio and optimise capital structure of the Company, therefore, it is intended to make corresponding adjustments to the capital contribution to GSI and Huangpu Wenchong by CSSC and market based debt-to-equity conversion investors upon the capital conversion and increase in accordance with the principle of preserving the overall fairness of the transaction, i.e.

- (i) calculate the shareholding ratios of CSSC, the market based debt-to-equity conversion Investors and the Company in GSI and Huangpu Wenchong based on the appraised value of the 100% equity interests of GSI and Huangpu Wenchong prior to the capital increase that took place in the beginning of 2018 and the capital increase from the Exclusively State-Owned Capital Reserve and the amounts received from the two capital increases;
- (ii) the Company did not participate in the capital increase from debt-to-equity conversion investors that took place in the beginning of 2018 and the capital increase from the conversion of Exclusively State-Owned Capital Reserve this time, therefore, after the capital increase that took place in the beginning of 2018 and the conversion from national funding this time, the amount of capital contribution by the Company in each of GSI and Huangpu Wenchong shall remain unchanged. Prior to the conversion of Exclusively State-Owned Capital Reserve into registered capital and adjustments to the shareholding structure, the amount of capital contribution by the Company to GSI and Huangpu Wenchong was RMB6,539,359,821 and RMB1,973,798,542, respectively. Upon the conversion of Exclusively State-Owned Capital Reserve into registered capital and adjustments to the shareholding structure, the amount of capital contribution by the Company to GSI and Huangpu Wenchong was RMB6,539,359,821 and RMB1,973,798,542, respectively. Since the Company did not make any capital contribution in the capital increase of GSI and Huangpu Wenchong that took place in 2018, there is no need to make any adjustment to its capital contribution. Therefore, the amount of capital contribution by the Company to GSI and Huangpu Wenchong remained unchanged prior to and after the conversion of Exclusively State-Owned Capital Reserve into registered capital and adjustments to the shareholding structure; and
- (iii) the registered capital of GSI and Huangpu Wenchong acquired by debt-to-equity investors should be based on the amount of capital increase contributed by the debt-to-equity conversion investor as well as the appraised value of 100% equity interests of GSI and Huangpu Wenchong before the capital increase as at 30 June 2017, after deduction of Exclusively State-Owned Capital Reserve exclusively owned by CSSC.

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**LETTER FROM VINCO CAPITAL**

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(a) Increase of registered capital and the adjustments to shareholding structure of GSI:

Name of entity	Prior to the increase of registered capital and adjustments to shareholding structure		Upon the increase of registered capital and adjustments to shareholding structure	
	Registered capital	Percentage of Shareholding	Registered capital	Percentage of Shareholding
The Company	6,539,359,821	76.4214%	6,539,359,821	73.7232%
CSSC	–	–	239,331,925	2.6982%
New China Life Insurance China Structural	420,335,622	4.9122%	435,719,350	4.9122%
Reform Fund	231,184,592	2.7017%	239,645,642	2.7017%
CPIC Property Insurance	231,184,592	2.7017%	239,645,642	2.7017%
China Life	210,167,811	2.4561%	217,859,675	2.4561%
PICC	210,167,811	2.4561%	217,859,675	2.4561%
Zhongyuan Asset	419,494,950	4.9024%	434,847,911	4.9024%
Dongfu Tianheng	189,991,701	2.2203%	196,945,146	2.2203%
ICBC Investment	105,083,905	1.2281%	108,929,837	1.2281%
<b>Total</b>	<b><u>8,556,970,805</u></b>	<b><u>100.00%</u></b>	<b><u>8,870,144,624</u></b>	<b><u>100.00%</u></b>

(b) Increase of registered capital and the adjustments to shareholding structure of Huangpu Wenchong:

Name of entity	Prior to the increase of registered capital and adjustments to shareholding structure		Upon the increase of registered capital and adjustments to shareholding structure	
	Registered capital	Percentage of Shareholding	Registered capital	Percentage of Shareholding
The Company	1,973,798,542	69.0164%	1,973,798,542	54.5371%
CSSC	–	–	524,031,549	14.4793%
New China Life Insurance China Structural	184,603,990	6.4549%	233,615,231	6.4549%
Reform Fund	101,532,195	3.5502%	128,488,377	3.5502%
CPIC Property Insurance	101,532,195	3.5502%	128,488,377	3.5502%
China Life	92,301,995	3.2275%	116,807,616	3.2275%
PICC	92,301,995	3.2275%	116,807,616	3.2275%
Huarong Ruitong	184,603,990	6.4549%	233,615,231	6.4549%
Dongfu Tianheng	83,071,796	2.9047%	105,126,854	2.9047%
ICBC Investment	46,150,998	1.6137%	58,403,808	1.6137%
<b>Total</b>	<b><u>2,859,897,696</u></b>	<b><u>100.00%</u></b>	<b><u>3,619,183,201</u></b>	<b><u>100.00%</u></b>

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## LETTER FROM VINCO CAPITAL

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*Notes:*

- (1) the Company did not participate in the capital increases of GSI and Huangpu Wenchong, so each of the registered capital of GSI and Huangpu Wenchong shall remain unchanged at RMB6,539,359,821.00 and RMB1,973,798,542.00, respectively.
- (2) The registered capital of GSI and Huangpu Wenchong acquired by CSSC is based on the appraised value of the Exclusively State-Owned Capital Reserve held by CSSC as at 30 June 2017 and 100% of the appraised value of the equity interests of GSI and Huangpu Wenchong before the capital increase (after deducting the Exclusively State-Owned Capital Reserve exclusively owned by CSSC), in order to calculate the corresponding registered capital acquired by CSSC of RMB239,331,924.41 and RMB524,031,549.98 respectively, i.e. the value of the Exclusively State-Owned Capital Reserve exclusively owned by CSSC, divided by the value of the registered capital of GSI and Huangpu Wenchong before capital increase but after deducting the Exclusively State-Owned Capital Reserve.
- (3) The registered capital of GSI and Huangpu Wenchong acquired by the market based debt-to-equity conversion Investors is based on the amount of capital increase from the debt-to-equity conversion Investors in the beginning of 2018 and 100% of the appraised value of the equity interests of GSI and Huangpu Wenchong before the capital increase (after deducting the Exclusively State-Owned Capital Reserve exclusively owned by CSSC) as at 30 June 2017, in order to calculate the corresponding registered capital acquired by the debt-to-equity conversion Investors in GSI and Huangpu Wenchong, i.e. RMB73,841,894.73 and RMB235,253,954.87, respectively (the amount of capital increase from the market based debt-to-equity conversion Investors divided by the value of the registered capital of GSI and Huangpu Wenchong before capital increase but after deducting the Exclusively State-Owned Capital Reserve and minus the total amount of capital contribution from market based debt-to-equity conversion Investors prior to increase by conversion).
- (4) Each of the additional registered capital of GSI and Huangpu Wenchong of RMB313,173,819.14 and RMB759,285,504.85 is the sum of the registered capital acquired by CSSC as stated in item (2) above and the registered capital acquired by the market based debt-to-equity conversion Investors as stated in item (3) above (i.e. RMB313,173,819.14 equals to the aggregate of RMB239,331,924.41 and RMB73,841,894.73, whilst RMB759,285,504.85 equals to the aggregate of RMB524,031,549.98 and RMB235,253,954.87).

As confirmed by the Directors, the amount of capital contribution by the Company to GSI and Huangpu Wenchong was RMB6,539,359,821 and RMB1,973,798,542, respectively. We have made our calculation and compared on upon the capital conversion and increase in accordance with or without the principle of preserving the overall fairness of the transaction, i.e. the shareholding by the GSI Investors and the Huangpu Wenchong Investors respectively remain unchanged or not. We noted that in both situation the amount of registered capital by the Company in GSI would be RMB6,539,359,821 and in Huangpu Wenchong would be RMB1,973,798,542, and the percentage of shareholding by the Company in GSI would drop to 73.7232% from 76.4214% and in Huangpu Wenchong would drop to 54.5471% from 69.0164% with effect of the Restructuring by CSSC. We understand that in such case, the shareholding by the Company in both GSI and Huangpu Wenchong was due to the restructuring by CSSC. Based on the fact that (i) the value of Exclusively State-Owned Capital Reserve of both GSI and Huangpu Wenchong is fair and reasonable; (ii) the restructuring by CSSC is in accordance with relevant regulations; (iii) the change in percentage of shareholding of the Company in both GSI and Huangpu Wenchong was due to the restructuring by CSSC; and (iv) the amount of registered capital remain unchanged with effect of the restructuring by

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## LETTER FROM VINCO CAPITAL

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CSSC, we are of the view that the increase in registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong is fair and reasonable so far as the Independent Shareholders are concerned, and is not in the ordinary and usual course of business of the Group, is on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

### III. The entering into the Disposal Agreement and the Supplemental Agreement

On 7 August 2019 (after trading hours), the Company entered into the Disposal Agreement with CSSC Holdings, pursuant to which the Company conditionally agrees to sell and CSSC Holdings conditionally agrees to acquire the Sale Shares at the Preliminary Transfer Consideration of RMB2,891,259,289.63, which will be payable by CSSC Holdings through the issuance of a total of 220,034,953 Consideration Shares (based on the Preliminary Transfer Consideration) at an issue price of RMB13.14 per Consideration Share to the Company. The Preliminary Transfer Consideration was determined based on the preliminary valuation on the estimated valuation of the Sale Shares conducted by the Valuer using the asset-based approach.

According to the filed Valuation Report, as of 30 April 2019, the appraised values of the total shareholders' interests of GSI were RMB10,541,090,800. The final transfer consideration ("**Final Transfer Consideration**") for the transfer of 27.4214% equity interests in GSI held by the Company has been determined to be equal to the appraised values of 100% equity interests in GSI (RMB10,541,090,800) – value of the capital reserve from allocation of the Exclusively State-Owned Capital Reserve to CSSC during the period from 30 June 2017 to 30 April 2019 (RMB119,000,000) × 27.4214%, i.e. RMB2,857,883,200.00.

Taking into account the combined effects of the increase in the registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong, the disposal of the Target Equity Interests to CSSC Holdings to CSSC Holdings by the Investors, the Disposal based on the Final Transfer Consideration and the corresponding number of the Consideration Shares to be issued by CSSC Holdings to the Company, CSSC Holdings will have controlling interests in GSI, whereas the aggregate shareholding of the Company in CSSC Holdings will increase from 0% to approximately 5.15% (as calculated based on the shareholding of CSSC Holdings upon the completion of the Reorganisation and based on the assumptions that there shall be (i) no further changes to the number of new shares to be issued by CSSC Holdings for completion of the Reorganisation and (ii) the final number of the Consideration Shares to be issued is approved by shareholders at general meeting of CSSC Holdings and by the CSRC and GSI will cease to be a subsidiary of the Company.



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## LETTER FROM VINCO CAPITAL

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### a. Principal terms of the Disposal Agreement

#### *Date*

7 August 2019 (after trading hours)

#### *Parties*

- (1) the Company as the seller
- (2) CSSC Holdings as the purchaser

As at the Latest Practicable Date, CSSC is the controlling shareholder of the both the Company and CSSC Holdings. Accordingly, CSSC Holdings is an associate of the connected person of the Company.

#### *Subject matter*

The Company conditionally agrees to sell and CSSC Holdings conditionally agrees to acquire 27.4214% equity interests currently held by the Company in GSI.

#### *Consideration*

CSSC Holdings conditionally agrees to acquire the Sale Shares at the Preliminary Transfer Consideration of RMB2,891,259,289.63 after arm's length negotiation between the Company and CSSC Holdings. The Preliminary Transfer Consideration was determined based on the preliminary valuation on the estimated valuation of the Sale Shares conducted by the Valuer using the asset-based approach and the Acquisition Benchmark Date shall be the valuation benchmark date.

The Valuation Report on the final valuation (the benchmark date shall be the Acquisition Benchmark Date) to be prepared by the Valuer shall be submitted for filing at competent SASAC department. The Final Transfer Consideration payable by CSSC Holdings to the Company for the acquisition of Sale Shares shall be the filed and approved appraised value of the Sale Shares. In case of any difference between the Final Transfer Consideration and the Preliminary Transfer Consideration, the Final Transfer Consideration shall prevail, and shall be confirmed, if required, by entering into supplemental agreement(s) between the Company and CSSC Holdings.

The Valuation Report with final valuation prepared by the Valuer has been filed with SASAC of the State Council. To this, the Company and CSSC Holdings entered into the Supplemental Agreement to fix the Final Transfer Consideration for the Sale Shares. Reference is made to the Supplemental Agreement for further details.

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## LETTER FROM VINCO CAPITAL

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### *Payment*

The consideration for the transfer of Sale Shares shall be payable by CSSC Holdings through issuance of Consideration Shares to the Company. The number of Consideration Shares to be issued by CSSC Holdings to the Company shall be an integral and rounding to the nearest integral. If the confirmed number of Consideration Shares is not an integral, the Company agrees to forgo the remainder of the Consideration Share(s), and the value of such share(s) will be included in the capital reserve of CSSC Holdings. The Consideration Shares to be issued by CSSC Holdings to the Company are domestic listed RMB denominated ordinary shares (A Shares) with a nominal value of RMB1.00 per share. Application will be made by CSSC Holdings to the Shanghai Stock Exchange for the listing of, and permission to deal in, all Consideration Shares. Such Consideration Shares shall rank pari passu among themselves and with the A shares of CSSC Holdings in issue.

### *Arrangements for the transition period*

During the period from the Acquisition Benchmark Date to the Sale Shares Completion Date, GSI shall not conduct any form of separation, merger, capital reduction or profit distribution, and the profit or loss of the Sale Shares for the aforementioned period shall be borne by CSSC Holdings proportionate to its shareholding in GSI.

### *Conditions precedent*

Completion will be upon the satisfaction of the following conditions:

- (a) the parties having obtained their respective approvals for the execution of the Disposal Agreement;
- (b) the Reorganisation having been approved by the board of directors and the general meeting of CSSC Holdings;
- (c) the Disposal having been approved by the Board and the general meeting of the Company;
- (d) the Reorganisation is being approved by the competent SASAC authority;
- (e) the Reorganisation is being approved by the State Administration of Science, Technology and Industry for National Defence; and
- (f) the issuance of shares for the acquisition of assets by CSSC Holdings is being approved by CSRC.

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## LETTER FROM VINCO CAPITAL

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If the above conditions precedent have not been fully met by 31 December 2020, the Disposal Agreement shall be automatically terminated unless otherwise agreed to be extended by the Company and CSSC Holdings. Upon the termination, the parties shall not pursue legal liabilities of each another, but shall, in good faith, fulfil contractual obligations of assistance, notice, confidentiality, etc.

As at the Latest Practicable Date, except for the approval of the Board and the State Administration of Science, Technology and Industry for National Defence for the Transactions, none of the above conditions have been fulfilled.

### **b. The Supplemental Agreement**

The Valuation Report with final valuation prepared by the Valuer has been submitted for filing with SASAC of the State Council. According to the filed Valuation Report, as of 30 April 2019, the appraised values of the total shareholders' interests of GSI were RMB10,541,090,800. The capital reserve from allocation of the Exclusively State-Owned Capital Reserve to CSSC during the period from 30 June 2017 to 30 April 2019 shall be deducted from the valuation when calculating the consideration of the Transactions. Based on such calculation, the Final Transfer Consideration for the transfer of 27.4214% equity interests in GSI held by the Company is adjusted to RMB2,857,883,200.00, which is derived from the following: appraised values of 100% equity interests in GSI (i.e. RMB10,541,090,800) – value of the capital reserve from allocation of the Exclusively State-Owned Capital Reserve to CSSC during the period from 30 June 2017 to 30 April 2019 (i.e. RMB119,000,000) × 27.4214%.

According to the above adjustments, the Company entered into the Supplemental Agreement with CSSC Holdings on 12 September 2019, pursuant to which the parties agreed to fix the Final Transfer Consideration for the Sale Shares at RMB2,857,883,200. Based on the Final Transfer Consideration and the price for shares to be issued by CSSC Holdings as well as the conclusion of the Valuation Report, the corresponding number of the Consideration Shares to be issued by CSSC Holdings to the Company shall be 217,494,916 shares (the final number of the Consideration Shares to be issued is subject to approval at the general meeting of CSSC Holdings and by the CSRC). Save for the aforementioned revisions and adjustments, the other terms of the Disposal Agreement shall remain unchanged.

We have also examined the value of the capital reserve from allocation of the Exclusively State-Owned Capital Reserve to CSSC during the period from 30 June 2017 to 30 April 2019 by reviewing the Valuation Report of GSI Reserve 2017-2019. We noted that as at 30 April 2019 the valuation of the 100% equity interest of GSI is approximately RMB10,541,090,800 and referring to (i) the Valuation Report of GSI Reserve 30 June 2017; and (ii) the Valuation Report of GSI Reserve 30 April 2019, the value of the capital reserve of RMB119,000,000 from allocation of the Exclusively State-Owned Capital Reserve to CSSC during the period from 30 June 2017 to 30 April 2019 is verifiable, we further discussed with the Company and noted that during the period from 30 June 2017

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## LETTER FROM VINCO CAPITAL

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to 30 April 2019, the capital reserve of RMB119,000,000 shall not be considered in the calculation of the consideration since it is not owned by the Company which has been included in the appraised values of 100% equity interests in GSI. Based on the foregoing, we have made our own computation by taken into consideration of (i) the Final Transfer Consideration; (ii) the capital reserve from allocation of the Exclusively State-Owned Capital Reserve to CSSC during the period from 30 June 2017 to 30 April 2019; and (iii) the equity interests to be disposed by the Company in GSI, which would be  $(\text{RMB}10,541,090,800 - \text{RMB}119,000,000) \times 27.4214\% = \text{RMB}2,857,883,200.00$ . As such, we are of the view that the Final Transfer Consideration of RMB2,857,883,200 is fair and reasonable. Therefore, given that the Supplemental Agreement confirmed the calculation of Final Transfer Consideration and its value, we are of the view that the Supplemental Agreement is fair and reasonable so far as the Independent Shareholders are concerned, and is not in the ordinary and usual course of business of the Group, but is on normal commercial terms and is in the interests of the Company the Shareholders as a whole.

**c. Reasons for and benefits of the entering into the Disposal Agreement and the Supplemental Agreement**

As set out in the Letter from the Board, the global shipbuilding industry, in particular the civil ship industry, experienced a downturn with prolonged overcapacity in recent years. The shipbuilding industry in the PRC is an export-oriented economy. As affected by sluggish global economy, the domestic civil ship industry has also experienced downturn over the years, with lower operating gains for civil ship enterprises.

GSI is the major platform within the Group engaging in the civil ship business. In spite of a series of proactive measures adopted by the management of the Group in response to the recent downturn in civil ship business, the profitability of GSI remained weak over the years, which affected the overall operating results of the Group to a certain extent.

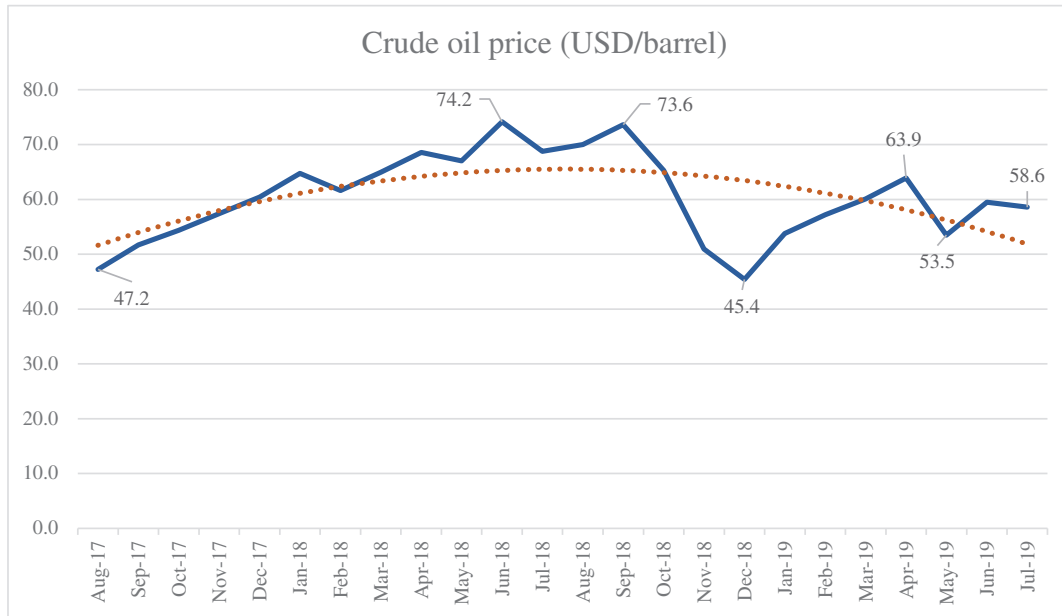
As discussed with the management of the Company, the international environment will remain complicated in 2019, and the overall economic and trade situation in the world is not optimistic. According to the forecast made by the U.S Energy Information Administration, in 2020, the total world production of liquid fuels will be 102.62 million barrels per day while the total world consumption will be 102.34 million barrels per day. The over-supply of liquid fuels causes the decline in crude oil price. The management expects that the continuing decline in price of crude oil will adversely affect the business of the Group, especially for oil tankers in the future since the crude oil price is one of the factors that affects the demand for oil tankers.

According to the Trading Economics (website: <https://tradingeconomics.com/commodity/crude-oil>), we have reviewed the crude oil prices during the two years period (shown as below), from 1 August 2017 to 31 July 2019, (the “**Review Period**”).

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## LETTER FROM VINCO CAPITAL

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As shown in the charts above, the price of crude oil fluctuates during the Review Period, ranging from USD45.4 per barrel to USD74.2 per barrel during the Review Period. The price of crude oil has been increasing from USD47.2 per barrel since beginning of the Review Period, i.e. August 2017 to the peak which was USD74.2 per barrel, representing an approximately 57.2% increase. However, the price has dropped from USD73.6 per barrel in September 2018 to USD45.4 per barrel in December 2018, representing an approximately 38.3% drop. Due to the drop of crude oil price in the late half of Review Period, it is expected that the price of crude oil will drop in the coming future.

Moreover, the global character of the shipbuilding industry depends on the development of the country's downstream industry, i.e. shipping companies. According to the Review of Maritime Transport 2018 issued by UNCTAD (United Nations Conference on Trade and Development), the tonnage on order for all main vessel types, including dry bulk carriers, oil tankers, container ships and general cargo ships, further decreased between 2017 and 2018. It showed a downtrend since 2009.

As such, we are of the view that the shipbuilding industry become a downtrend due to (i) the decline in oil price which affects the demand for oil tankers; and (ii) the weaken economy and decline in the shipping industry.

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## LETTER FROM VINCO CAPITAL

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It is expected that the disposal of control over GSI will improve the financial condition of the Company, enhance sustainable profitability and strengthen risk resistance capability to a certain extent, which will be beneficial for enhancing the independence of the listed company. At the same time, it can further improve the operating efficiency of the Company, including:

- (i) lowering the financial burden and improving profitability of the Group;
- (ii) fulfilling CSSC's undertaking on resolving horizontal competition; and
- (iii) promoting coordinated development of civil ship business through capital operation at listed platform.

According to Annual Report 2018, the Group recorded a decline of revenue of approximately RMB3.7 billion or 16.2%, from approximately RMB22.9 billion for the year ended 31 December 2017 to approximately RMB19.2 billion for the year ended 31 December 2018. The drop of revenue was due to the later-than-expected undertaking of some ship orders, the construction of first-hand vessels and short production preparation, and adverse impact on shipbuilding production caused by the relocation of GSI. As a result, the loss after taxation of the Group further increase by approximately RMB2.4 billion or 5,295.4%, from approximately RMB45.9 million for the year ended 31 December 2017 to approximately RMB2.5 billion for the year ended 31 December 2018.

The Group disposing GSI is not in the usual and ordinary course of business of the Group. However, by considering that (i) global economic and trade situation; (ii) the estimated decline in price of crude oil and its over-supply in the future; (iii) weaken economy and decline in the shipping industry which could affect its upstream industry; (iv) the Disposal will benefit the Group's financial condition and its operating efficiency; and (v) the Group's declining revenue and its loss after taxation for the year ended 31 December 2018, we concur with the Directors that the Disposal is in the interest of the Company and Shareholders as a whole.

#### **d. Basis for determining the consideration for the Disposal**

##### ***1. Evaluation of the Valuation Report***

CSSC Holdings conditionally agrees to acquire the Sale Shares at the Preliminary Transfer Consideration of RMB2,891,259,289.63 after arm's length negotiation between the Company and CSSC Holdings. The Preliminary Transfer Consideration was determined based on the preliminary valuation on the estimated valuation of the Sale Shares conducted by the Valuer using the asset-based approach.

The valuation report on the final valuation (the benchmark date shall be the Acquisition Benchmark Date) to be prepared by the Valuer shall be submitted for filing at competent SASAC authority. The Final Transfer Consideration payable by

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## LETTER FROM VINCO CAPITAL

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CSSC Holdings to the Company for the acquisition of Sale Shares shall be the filed and approved appraised value of the Sale Shares. In case of any difference between the Final Transfer Consideration and the Preliminary Transfer Consideration, the Final Transfer Consideration shall prevail, and shall be confirmed, if required, by entering into supplementary agreement(s) between the Company and CSSC Holdings.

As mutually agreed by the Company and CSSC Holdings, Shanghai Orient Appraisal Co., Ltd. (上海東洲資產評估有限公司) (the “**Valuer**”), which has the securities business qualification, was appointed to conduct an asset valuation of the 100% equity interest of GSI (the “**Equity Valuation**”) as at the date of the valuation, being 30 April 2019, and had issued a valuation report (Dong Zhou Ping Bao Zi 2019 No. 0530).

The Final Transfer Consideration was finally calculated and arrived at based on the asset-based approach and the general industry standards recognised and adopted nationally, which was further verified and approved by the competent state-owned asset authority. According to the filed Valuation Report, as of 30 April 2019, the appraised values of the total shareholders’ interests of GSI were RMB10,541,090,834.88. The Final Transfer Consideration for the transfer of 27.4214% equity interests in GSI held by the Company has been determined to be equal to appraised values of 100% equity interests in GSI – value of the capital reserve from allocation of the Exclusively State-Owned Capital Reserve to CSSC during the period) (from 30 June 2017 to 30 April 2019) × 27.4214%, i.e. RMB2,857,883,200.

For our due diligence purpose, we have reviewed (i) the engagement of the Valuer; (ii) the Valuer’s qualification and experience in relation to the preparation of the Valuation Report; and (iii) the due diligence measures adopted by the Valuer for conducting the Equity Valuation.

### *Valuer*

Based on the website of 中國證券監督管理委員會 (China Securities Regulatory Commission of the PRC) (the “**CSRC**”) at <http://www.csrc.gov.cn>, the Valuer is one of the 69 asset valuation firms with securities business valuation qualification authorised by the CSRC and 中華人民共和國財政部 (the Ministry of Finance of the PRC) to perform asset appraisal works in the PRC.

With reference to the engagement letter and other relevant information provided by the Valuer, we are of the view that the Valuer is qualified and competent to conduct the Equity Valuation. The Valuer has also confirmed that they are independent to the Group, CSSC, CSSC Holding and GSI.

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## LETTER FROM VINCO CAPITAL

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In assessing the fairness and reasonableness of the appraised value of GSI, we have performed additional due diligence on the Valuation Report, we have reviewed the Valuation Report and interviewed the Valuer regarding, among other things, the basis and assumptions made and the methodology adopted by the Valuer in conducting the Equity Valuation.

### *Valuation assumptions*

According to the Valuation Report, we note that the Valuer has made certain assumptions for the Equity Valuation, including:

- i. There will be no major changes in the current operations of GSI;
- ii. There will be no major changes in the existing economic, industrial and regional policies for GSI;
- iii. There will be no material and adverse impact on GSI caused by the force majeure;
- iv. There will be no major change in the scope of business of GSI;
- v. All necessary licenses and permits of use related to the buildings and land use rights have been obtained by GSI;
- vi. The assets are valued at the date of valuation and the current market price of relevant assets is based on the effective price of the area where the subject of valuation is situated as at the date of valuation; and
- vii. The Equity Valuation relied on the audited financial information provided by the auditor.

### *Valuation methodology*

Based on the review of the Valuation Report and discussion with the Valuer, we note that the Valuer has considered the different valuation methodologies, i.e. market approach, income approach and asset-based approach for the Equity Valuation. However, the asset-based approach is the methodology selected for the Equity Valuation comparing to the market approach and income approach, based on the following rationales:

#### Market approach

The market approach refers to the valuation where the asset value is arrived by comparison of the market value of a similar comparable at the time near to the valuation date. However, as there are few transaction cases of companies with



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## LETTER FROM VINCO CAPITAL

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similar scale in the market and the case information, in terms of financial and operational, is not publicly available, the Valuer is of the view that the market approach is not applicable for the Equity Valuation.

The Valuer has not conducted the market approach based on the facts as stated above.

### Income approach

The income approach refers to the valuation where the asset value is arrived through estimating the present value of the future returns of the appraised assets. According to relevant asset valuation standards, Discounted Cash Flow (the “DCF”) is commonly-used method in income approach, where the future expected cash flow of the Company is estimated, and an appropriate discount rate is applied thereon to convert the same into a present value to obtain the value of the total shareholders’ equity. The use of the expected DCF is based on the reasonable forecast of the expected cash flow. The valuer estimate the value of the Company’s operating assets and the value of other non-operating or surplus assets (liabilities) as at the date of valuation and deducting interest-bearing debts to obtain the value of total shareholders’ equity of the Company.

Income approach is not considered appropriate as the income approach aims to reflect the comprehensive profitability of each asset of GSI from the perspective of the enterprise’s future profitability. Due to the highly internationalised and fairly competitive market, the business of the Company is easily affected by the global economic environment, shipping volume, oil prices and etc, which affects the future developing trend of the shipbuilding industry. Having considered that (i) shipbuilding business is affected by economic cycle; (ii) it faces competition worldwide; and (iii) GSI’s business is affected by global economy, demand for freight, foreign exchange rate and oil price, the Valuer is of the view that the future economic benefits and operational risks of GSI could not be properly estimated.

Based on our discussion with the Valuer, we considered that income approach is not appropriate approach to appraise the 100% equity interest of GSI since a lot of assumptions would have to be made and the valuation could be largely influenced by any assumptions made. Due to the fact that the nature of GSI’s business is mainly project-by-project basis, it is difficult to accurately forecast the future revenue, number of customers, cash flow and business plan. Since those quantitative assumptions may largely vary to the actual situation in the future, this may affect the accuracy of the valuation. Besides, GSI recorded a net loss in the past three year. The Valuer is of the view that the net losses of the business resist them from making precise forecast to the value of GSI. After discussion with the Valuer, we concur that (i) income-based approach required making a number of assumptions that would largely influence the appraisal result and it is difficult to make absolutely appropriate assumption; (ii) income-based approach requires a financial projection

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of at least five years which would involve making assumptions on remote years, it is difficult to project the performance in remote years, and assumptions made on remote years would significantly affect the fair value of GSI; and (iii) GSI was loss making for the three years ended 31 December 2018 and for the four months ended 30 April 2019.

### Asset-based approach

GSI are in an asset-heavy operational model. Based on the Valuation Report, we also understand that the asset-based approach primarily involves the summing up the appraised values of key assets and deducting the appraised values of liabilities of GSI. The asset-based approach has been applied for the valuation of current assets, current liabilities and non-current liabilities of GSI. As discussed with the Valuer, the book value and appraised value of the shareholders equity of GSI amounted to approximately RMB6.9 billion and RMB10.5 billion as of 30 April 2019. The Valuer explained the difference was mainly due to the basis of determination of the value is different. We noted that in the valuation report, the highest percentage of appreciation value of the assets are intangible assets and investment properties which were approximately 172.55% and 147.02% respectively.

For intangible assets, it included land use rights which are evaluated by the adoption of comparison approach according to the actual situations of the land use rights of the appraised entity, considering the price of comparable land and different factors modification coefficient, and application software. The difference was mainly due to the increase in land prices recently and the inclusion of trademarks patents, patent applications and computer software copyrights in the Company's accounts.

For investment properties, it was depreciated for a term of 45 years while the appraised values of the subjects of valuation were determined based on their market prices.

Therefore, as confirmed by the Valuer, the appraised value was based on the Valuer's independent judgement and the requirements of relevant asset valuation standards and hence the appraised value of the shareholders' equity of GSI under asset-based approach would be approximately RMB10,541,090,800.00 as of 30 April 2019.

### *Selection of valuation results*

The asset-based approach determines the value of the subject of valuation based on reasonable assessment of various assets and liabilities of GSI. The assets of GSI, such as its inventories – construction in progress and properties, machineries equipment and land.

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Therefore, asset-based approach could reasonably reflect the value of the entire shareholder's equity and hence the asset-based approach is adopted as the final conclusion of the valuation. As confirmed by the Valuer, the selection of asset-based approach is based on the Valuer's independent judgment and the requirements of Asset Valuation Standard. Based on the above facts and our discussion, the Valuer is of the view that the asset-based approach fairly reflects the Equity Valuation.

### *Special matters in reaching the valuation conclusion*

The Valuer has not taken into account certain special matters in reaching the valuation conclusion. Those special matters primarily are:

- (i) Incompletion or existence of flaw in major information, such as ownership

In relation to the loss of certain trademark registration certificates of GSI, after checking the information on website of the State Administration for Industry and Commerce – Trademark Office, it is confirmed that the trademarks are owned by GSI. A fee will need to be paid for the re-issuance fee of the certificates. GSI and its subsidiaries had not obtained land title certificates to some of its lands and buildings as at the valuation date. As at the valuation date, the lands and buildings without land title certificates were appraised at an amount of RMB224,555,133.03, representing approximately 2.15% of the total equity interests of GSI. After discussion with the Valuer and the management of the Company, there are no major obstacles for those companies to obtain the land title certificates.

- (ii) Uncertainties such as outstanding unresolved legal disputes

The valuation did not take into account the outstanding unresolved legal disputes and the possible impact. The legal disputes that exceeded RMB5 million involved the leasing of a piece of land for shipbuilding by a subsidiary of GSI from Jiangsu Shenghua, which was subsequently wound up. GSI had to locate another site to continue the construction of the vessel. As the equipment costs and related expenses during the construction at Jiangsu Shenghua site had been included in the cost of shipbuilding, the Company does not expect there would be any additional costs incurred or to be incurred for the outstanding unresolved legal disputes. Therefore, the pending legal disputes would not cause any adverse impact on GSI. On evaluation of the relevant disputes, the amounts in dispute are relatively small and there is no real prospect of their recovery. They are treated as bad debts.

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(iii) Significant subsequent events

According to the request for the implementation of transfer of some properties to Zhongshan Company by GSI (GSI 2019 No. 255), Zhongshan GSI Marine Engineering Company Limited (中山廣船國際船舶及海洋工程有限公司) (“Zhongshan Company”) shall transfer certain properties to the Company. The properties subject to the transfer have not yet obtained the planning acceptance from the PRC Government. After discussion with the Company’s PRC counsel, the Company believes that there is no significant legal impediment in obtaining the requisite planning acceptance. The properties subject to transfer accounted for 3.11% of the GFA of all properties held by GSI. The Company has conducted a valuation for the purpose of property transfer. Both parties intend to sign an asset transfer agreement, the transaction price of the transferred assets is estimated to be RMB157,433,262.96. The proposed transfer of properties is assessed at the transaction price.

As discussed with the Valuer, the above special matters will not have a significant impact on the conclusion of the Valuation Report. Furthermore, we have obtained legal opinion in relation to such special matters and noted that GSI has the abovementioned ownership and such legal disputes will not significantly affect the operation of GSI or the Valuation.

Having considered above, we concur that market approach is not applicable and income approach is not suitable measures in appraising the value of GSI, we are of view and concur with the Valuer that (i) the assumptions adopted by the Valuer for the Equity Valuation is fair and reasonable; (ii) the asset-based approach adopted as the valuation methodology for the Equity Valuation in the Valuation Report is justifiable and reasonable as far as the Independent Shareholders are concerned; (iii) the special matters will not have a significant impact on the conclusion of the Valuation Report; and (iv) the valuation of the 100% equity interest of GSI as at 30 April 2019 of RMB10,541,090,800.00 is fair and reasonable.

## 2. *Comparable analysis*

In addition to the asset valuation conducted by the Valuer, in order to assess the fairness and reasonableness of the Preliminary Transfer Consideration, we have identified a population of three listed companies which are engaged in business activities similar to those of GSI, i.e. shipbuilding, vessel manufacturing and repairing business, and are listed on main board of respective stock exchange (together the “**Comparables**”) which we consider to be exhaustive. Since GSI recorded net loss in the past three years, we consider that the price to earnings ratio (the “**P/E Ratio**”) comparison is not suitable in this case. We have selected other most commonly used benchmark, price to book ratio (the “**P/B Ratio**”), in assessing the Final Transfer Consideration and compared the market statistics of the

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Comparables with the Final Transfer Consideration in terms of P/B Ratio as at 7 August 2019, being the date of the Disposal Agreement, which to the best of our knowledge and belief, can form a fair and representative sample for the Independent Shareholders' reference.

(a) *Comparison of the Comparables*

Set out below is the details of P/B Ratio comparison of the Comparables and the Transaction:

Company Name	Stock code	Currency	Market Cap as at 7 August 2019 <i>(Note 1)</i>	Book value as at 31 December 2018 <i>(Note 2)</i>	P/B Ratio as at 7 August 2019 (times) <i>(Note 3)</i>
1. China CSSC Holdings Limited	600150: SHA	RMB	30,029,182,460.42	20,619,246,504.38	1.46
2. China Shipbuilding Industry Company Limited	601989: SHA	RMB	123,550,883,512.20	84,206,611,517.24	1.47
3. CSBC Corporation, Taiwan	2208: TPE	TWD	12,486,982,173.60	5,985,554,000.00	2.09
				Maximum	2.09
				Median	1.47
				Minimum	1.46
				Average	1.67
<b>GSI</b>		<b>RMB</b>	<b>2,857,883,200.00</b> <i>(Note 4)</i>	<b>1,899,062,306.55</b> <i>(Note 5)</i>	<b>1.50</b> <i>(Note 6)</i>

*Notes:*

- P/B Ratios of the Comparables are calculated based on their respective market capitalization as at 7 August 2019 (i.e. being the date of the Disposal Agreement), divided by their net asset values attributable to owners of the Comparables as at their latest year end date.
- Book value of the Comparables which equals to the net asset values attributable to owners are extracted from their respective latest annual reports.
- No adjustment on the P/B ratios is made, it is because the intention of the comparison is to observe how much money market participants are willing to pay for HK\$1.00 of the assets similar to GSI.
- The value is the Final Transfer Consideration.
- The book value of GSI is calculated based on the net asset values attributable to owners of GSI as at 31 December 2018 times Sale Shares (the "**Adjusted NBV**").
- The implied P/B Ratio of GSI is calculated based on the Preliminary Transfer Consideration and the Adjusted NBV (the "**Implied P/B**").

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As shown in table above, the P/B Ratio of the Comparables ranges from approximately 1.46 times to 2.09 times, and the average P/B Ratio of the Comparables of approximately 1.67 times is slightly higher than the Implied P/B. Based on the above scenario, although the average P/B Ratio of the Comparables is approximately 1.67 times, it shows that the Implied P/B of 1.50 times is within the range of the P/B Ratio of the Comparables. Having considered that (a) GSI is the one of subsidiaries of the Company; (b) the Preliminary Transfer Consideration was determined based on the preliminary valuation on the estimated valuation of the Sale Shares conducted by the Valuer using the asset-based approach; (c) the Final Transfer Consideration for the transfer of 27.4214% equity interests in GSI held by the Company is adjusted to RMB2,857,883,200, which is derived from the following: Appraised values of 100% equity interests in GSI – value of the capital reserve from allocation of the Exclusively State-Owned Capital Reserve to CSSC during the period from 30 June 2017 to 30 April 2019) × 27.4214%; (d) the Adjusted NBV is based on the financial results of GSI as stated in the “Letter from the Board”; and (e) the market capitalisation of the Comparables is based on the stock price in the secondary market, we are of the view that the Implied P/B of 1.50 times is justifiable, fair and reasonable.

In the light of the above analysis, we are of the view that the basis for determination of the Final Transfer Consideration is on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interest of the Company and the Shareholders as a whole.

### **3. *Issuance of Consideration Shares***

As stated in the Letter from the Board in the Circular, the Preliminary Transfer Consideration will be satisfied through issuance of Consideration Shares to the Company. According to relevant rules under the Administrative Measures for Reorganisation, upon negotiation between the parties, it is determined that the price for shares to be issued by CSSC Holdings shall not be less than RMB13.24 per share, being 90% of the average trading price of the shares of CSSC Holdings in 120 trading days prior to the date of announcement in relation to the second meeting of the seventh session of the board of directors of CSSC Holdings (i.e. 5 April 2019). On 18 April 2019, CSSC Holdings announced the 2018 profit distribution plan, which was implemented on 30 May 2019. Based on the 2018 profit distribution plan of CSSC Holdings, the price of shares to be issued by CSSC Holdings under the Transactions shall be adjusted to RMB13.14 per share. We have reviewed the relevant rules under the Administrative Measures for Reorganisation and the 2018 profit distribution plan announced by CSSC Holdings and noted the price of the shares of CSSC Holdings was determined based on the above-mentioned documents. Based on the above, we consider that the price of the shares of CSSC Holdings is consistent with market practice in the PRC.

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We have also reviewed the annual report of CSSC Holdings for the year ended 31 December 2017 and 2018. The loss after tax decreased by approximately RMB532.1 million from approximately RMB3,016.6 million for the year ended 31 December 2016 to approximately RMB2,484.5 million for the year ended 31 December 2017 due to (i) a decrease in total operating expenses of approximately RMB4,232.0 million; (ii) a decrease in profits tax of approximately RMB260.6 million; and (iii) an increase in other income of approximately RMB571.6 million, offset by the decrease in revenue of approximately RMB4,766.0 million, it then became a profit after tax of approximately RMB638.7 million for the year ended 31 December 2018 due to (i) a increase in revenue of approximately RMB219.2 million; and (ii) a decrease in the total operating expenses of approximately RMB2,810 million. We noted that the profits after tax have been increasing since 2016. In addition, CSSC Holdings recorded net current assets of approximately RMB20,404.5 million as at 31 December 2017 and RMB13,297.5 million as at 31 December 2018, and recorded net assets of approximately RMB18,163.7 million as at 31 December 2017 and approximately RMB14,995.0 million as at 31 December 2018. As such, we do not cast any doubt on CSSC Holdings's going-concern. Having considered (i) CSSC Holdings's increasing profits after tax since 2016; and (ii) CSSC Holdings's positive net current assets and net assets, and its going concern, we are of the view that the consideration for the transfer of Sale Shares payable by CSSC Holdings through issuance of Consideration Shares to the Company is justifiable.

**e. Financial effects on the Group as a result of the Disposal and the issuance of the Consideration Shares**

Upon completion of the Disposal, GSI will cease to be a subsidiary of the Company and the financial results of GSI will cease to be consolidated with the results of the Group. The Company shall hold the remaining 46.3018% equity interests in GSI as investment in an associate. The Company will still retain control over Huangpu Wenchong.

**1. Earnings**

Upon the completion of the Disposal, the Company will only hold 46.3019% equity interests in GSI and lost its control over GSI. According to relevant requirements of Accounting Standards for Enterprises No. 2 – Long-term Equity Investments and the Accounting Standards for Enterprises No. 33 – Consolidated Financial Statements on accounting treatment for loss of control over an investee as a result of partial disposal of equity investment, gains from the Disposal should be primarily calculated based on the consideration to be received by the Company from the Disposal plus the fair value of remaining shareholding in GSI (i.e. RMB7.683 billion), after deducting the net assets of GSI attributable to the Company as calculated based on the original shareholding before the Disposal with other comprehensive income attributable to the relevant equity interests of GSI (i.e. RMB4.761 billion). By applying such calculation basis, it is expected that investment gain of approximately RMB2.924 billion will be generated from the

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disposal of GSI Sale Shares by the Company. Such investment gain is primarily calculated based on the sum of consideration to be received from disposal of Sale Shares by the Company and the fair value of remaining shareholding in GSI, deducting the net assets of GSI attributable to the Company as calculated based on the original shareholding. Specific accounting treatment is subject to the completion of the Transactions and results as audited and confirmed by the accountants.

### 2. *Gearing ratios*

As at 30 April 2019, the total debts of the Group were approximately RMB30,896.8 million and would be lowered to approximately RMB17,331.1 million as estimated based on relevant data under the valuation report of GSI filed with competent SASAC authority and management accounts. Therefore, it is expected that the gearing ratio will decline to approximately 51.90% from 67.08%. Specific accounting treatment is subject to the completion of the Transactions and results as audited and confirmed by the accountants.

### 3. *Net asset value*

Based on relevant financial data under the management accounts of the Company as at 30 April 2019, the Group recorded total assets and total liabilities of RMB46,059.1 million and RMB30,896.7 million, respectively. Upon completion of the transaction, the investment percentage of the Company in GSI decreased from 76.4214% to 46.3018%. GSI became an associate from a subsidiary, and the financial statements of which will no longer be included in the scope of consolidation of the Company. According to the relevant accounting standards, the financial statements of GSI (total assets of RMB20,589.4 million and total liabilities of RMB13,902.7 million) shall be excluded from the consolidated financial statements of the Company. Meanwhile, the Company's 46.3018% equity interests in GSI and 5.15% equity interests in CSSC Holdings shall be audited using equity method, and the corresponding value of equity interests (long-term equity investment of approximately RMB7.593 billion) will lead to increases in the total assets and equity of the Company. Due to the abovementioned reasons, it is estimated that total assets and total liabilities of the Group upon completion of the transaction would be decreased to approximately RMB33,396.3 million and approximately RMB17,331.1 million, respectively.

Due to loss of control in GSI, the assets and liabilities of GSI will no longer be consolidated into the consolidated financial statements of the Company. The net assets of the Group will increase by approximately RMB902.9 million as a result of the Disposal.

In light of the foregoing financial effects on the earnings, gearing position and net asset value of the Group as a whole, the mentioned above indicates that the Disposal would have no significant adverse impact on the Group's financial



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position. Therefore, we are of the view that, the Disposal has provided the Group for a favourable financial effects in the future which, in the long run, is expected to benefit the Group and the Shareholders as a whole.

#### IV. Right of First Refusal

##### *Proposal on acquisition of the Target Equity Interests from investors*

As referred to in the Company's announcements dated 17 November 2017 and 15 December 2017 and the Company's circular dated 26 January 2018, pursuant to the Investment Agreements, upon completion of the capital increase, the Company shall have the right to acquire the Target Equity Interests held by the Investors within 36 months following completion of the capital increase at a consideration of the A Shares to be issued by the Company to the Investors. The issue price and the number of the A Shares of the Company and other terms in relation to such equity exchange transaction shall be determined by the parties on arm's length terms in accordance with the industry practice in the capital market.

On 26 February 2018,

- (1) the Company and the GSI Investors entered into an agreement pursuant to which the Company conditionally agreed to acquire and the GSI Investors conditionally agreed to sell the GSI Equity Interests held by the GSI Investors through issue of 98,643,647 new A Shares at an issue price of RMB24.33 per A Share by the Company to the GSI Investors; and
- (2) the Company and the Huangpu Wenchong Investors entered into an agreement pursuant to which the Company conditionally agreed to acquire and the Huangpu Wenchong Investors conditionally agreed to sell the Huangpu Wenchong Equity Interests held by the Huangpu Wenchong Investors through issue of 98,643,648 new A Shares at an issue price of RMB24.33 per A Share by the Company to the Huangpu Wenchong Investors.

The capital increase of GSI and Huangpu Wenchong by introducing the Investors and the proposal on acquisition of the Target Equity Interests from Investors identified in items (1) and (2) above were intended to carry out market-based debt-to-equity conversion to address on the deployment of the "addressing overcapacity, reducing inventory, deleverage, lowering costs and bolstering areas of weakness" strategy, optimise the layout of state-owned economy and the structure of corporate assets and liabilities, and enhance corporate competitiveness and development, in accordance with the Opinion of the State Council Actively and Steadily Reducing the Leverage Ratio of Enterprises (《國務院關於積極穩妥降低企業槓桿率的意見》) and its annexes, namely the Guidance on Market-based Bank Debt-to-equity Conversion (Guo Fa 2016 No. 54) (《關於市場化銀行債權轉股權的指導意見》(國發201654號文)) and the Notice on Certain Policy Issues in the Implementation of Market-oriented Bank Debt-to-equity

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Conversion (Fa Gai Cai Jin 2018 No. 152) (《關於市場化銀行債權轉股權實施中有關具體政策問題的通知》(發改財金2018152號)), as well as the requirements of the Party Central Committee and the State Council on supply-side structural reform. It was intended that the capital increase would effectively lower the gearing ratio of GSI and Huangpu Wenchong and reduce their financial expenses and capital costs; strengthen their ability to develop military products; promote the maintenance and appreciation of value of state-owned assets; and improve their ability of sustainable development. In particular, the gearing ratios of GSI and Huangpu Wenchong were expected to fall significantly and the problem of high leverage ratios would be alleviated effectively, which is in line with the national policy regarding deleveraging and cost reduction under the supply-side structural reform.

The process capital increase was to carry out capital increase in GSI and Huangpu Wenchong by introducing the market based debt-to-equity conversion Investors, while the process on acquisition of the Target Equity Interests was for the Company to acquire the Target Equity Interests through issuance of the new A Shares of the Company so as to provide an exit to those market based debt-to-equity conversion Investors. The two processes were intended to be a packaged arrangement for completing the market-based debt-to-equity conversion such that the Investors would ultimately hold the A Shares of the Company. The Company had considered the following factors in deciding whether it would be more appropriate for the Investors to complete the market-based debt-to-equity conversion in order to hold the A Shares of the Company ultimately, or for the Investors to acquire A Shares of the Company directly:

- (a) through the capital increase by introducing Investors at GSI and Huangpu Wenchong, the funds for the capital contribution could be made available at a relatively shorter period of time, so as to enable the Company to lower the scale of interest-bearing liabilities, cut financial costs and reduce the gearing ratio more quickly and effectively;
- (b) it would take a relatively longer time for the Company to obtain relevant approval from regulatory authority like the CSRC for issuance of new A Shares. In addition, according to the relevant PRC regulatory requirements, the price at which the new A Shares to be issued to particular investor(s) could not be negotiated between the listed company and potential investors before the issue. The issue price can only be determined according to the market conditions at the time of issue. It would add practical difficulties to the issue as the relevant debt-to-equity conversion investors could not make decision whether they would participate in the exercise; and
- (c) it has been a common practice for A+H listed companies to introduce investors at subsidiaries and then for relevant investors to acquire listed shares of the Company.

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Based on the above, the Company considered that the Investors to complete the market-based debt-to-equity conversion in order to hold the A Shares of the Company ultimately would be the best option to the Company.

The proposal on acquisition of the Target Equity Interests identified in item (1) item (2) above, if proceeded, will constitute a major transaction of the Company subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules. In addition, as the proposal involves the issuance of new A Shares by the Company, a specific mandate will also need to be sought from the Shareholders at the general meeting and the class meetings by way of a special resolution in accordance with Rule 19A.38 of the Hong Kong Listing Rules.

However, the proposal on acquisition of the Target Equity Interests from Investors fell through as the domestic A-share market experienced great fluctuations and changes, and the Company incurred a substantial loss in 2017. As a result, the share price of the Company's A Shares dropped significantly, and the proposed acquisition of the Target Equity Interests under the Original Major Asset Restructuring Scheme could not be implemented. In view of the market changes and strategic adjustments, and given that the conditions precedent contained in the above agreements to acquire the Target Equity Interests from Investors were not satisfied, such agreements were automatically terminated on 30 June 2019.

### *Subsequent adjustments to the Original Major Asset Restructuring Scheme*

#### *1. Proposed asset swaps with CSSC and CSSC Holdings*

In early 2019, from perspective of preserving the overall interests of the Company and given that the non-competition undertaking provided by CSSC on 8 April 2015 for resolving competition faced by the Company in supertankers, large ore carriers and handy-sized bulk carriers with other enterprises within the group of companies of CSSC is due to expire, the Company entered into (i) a non-binding framework agreement with CSSC on 4 April 2019, pursuant to which the Company proposed to swap certain equity interests in Huangpu Wenchong and GSI currently held by the Company with 100% equity interests in Hudong Heavy Machinery Co., Ltd.\* (滬東重機有限公司), 100% equity interests in CSSC Marine Power Co., Ltd.\* (中船動力有限公司), 51% equity interests in CSSC Marine Power Institute Co., Ltd.\* (中船動力研究院有限公司) and 15% equity interests in CSSC-MES Diesel Co., Ltd.\* (上海中船三井造船柴油機有限公司) currently held by CSSC of the same appraised value; and (ii) a non-binding framework agreement with CSSC Holdings on 4 April 2019, pursuant to which CSSC Holdings proposed to acquire the remaining equity interest in Huangpu Wenchong and GSI held by the Company following the assets swap as agreed in the above non-binding framework agreement at a consideration to be settled by issuance of new A shares of CSSC Holdings. Please refer to the Company's announcements dated 28 March 2019 and 4 April 2019, respectively, for further details.

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The transactions contemplated under the above non-binding agreements, if materialised, would constitute very substantial disposal, very substantial acquisition and connected transactions of the Company under the Shanghai Listing Rules and the Hong Kong Listing Rules. Following completion of the proposed asset swaps, the Company would no longer be engaged in ship manufacturing and would transform to power business with a relatively strong resistance to risk.

However, for reasons set out in item 2 below, the Company did not pursue the implementation of the proposed asset swaps.

### 2. *Disposal of certain equity interest in GSI*

The procedure involved in the proposed assets swap took longer time than expected and there are uncertainties that the asset swaps could be completed within the financial year of 2019. GSI has been loss-making and in an attempt to lower the financial burden, improve the profitability of the Group, and to fulfil CSSC's undertaking on resolving horizontal competition, the Company proposes to further adjust the Original Major Asset Restructuring Scheme by disposing part of the equity interests currently held by the Company in GSI to CSSC Holdings which will ultimately become the holding company of GSI.

GSI is primarily engaged in the civil ship business. Since the global economic crisis in 2008, global shipbuilding industry, especially the civil ship industry, has been experiencing a downturn with long-term excess capacity. China's shipbuilding industry is an export-oriented economy, affected by the global economic slowdown, with both the domestic civil ship industry and the operating efficiency of civil ship enterprises struggling. It is intended that the selling down of the equity interests in GSI can help improve the Company's overall financial position. Huangpu Wenchong is primarily engaged in the military ship business. Although it also suffered a certain loss due to the overall downturn of the shipbuilding industry in 2018, it achieved a turnaround for gains in 2019 due to the receipt of an one-off relocation compensation. The Company considers that it would not be appropriate to dispose of the controlling interest in Huangpu Wenchong as the core business of Huangpu Wenchong is not in horizontal competition with other member companies within CSSC. The disposal of the equity interests and hence the controlling interests of GSI by the Company is in line with the undertaking provided by CSSC on 8 April 2015 to resolve horizontal competition faced by the Company in supertankers, large ore carriers and handy-sized bulk carriers. In addition, compared to GSI, the business operation of Huangpu Wenchong is relatively stable. It would be more conducive to the overall financial layout of the Company if GSI becomes an associate of the Company.

As at the Latest Practicable Date, the Company has no concrete plan whether it would proceed with the proposed asset swaps as mentioned in item 1 above. If it proceeds with the proposed asset swaps, the Disposal (including the acquisition of

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the Consideration Shares) will be treated as a step to the proposed asset swaps and subject to the aggregation rule under the Hong Kong Listing Rules. Accordingly, should the Company decide to dispose of any of its equity interests in Huangpu Wenchong to CSSC Holdings and/or proceed with the asset swaps in the future, the Company is required to comply with the requirements under the Shanghai Listing Rules and the Hong Kong Listing Rules.

### 3. *Strategic restructuring between CSSC and China Shipbuilding*

As disclosed in the Company's announcements dated 1 July 2019 and 7 August 2019, CSSC, the controlling shareholder of the Company, is preparing for a strategic restructuring with China Shipbuilding, and the relevant restructuring is yet to be finalised. Both CSSC and China Shipbuilding are under the control of SASAC. As at the Latest Practicable Date, China Shipbuilding has no particular relationship with the Company, it does not hold any Shares of the Company, nor does it involve in the management of the Company. Upon completion of the restructuring, CSSC and China Shipbuilding will further clarify the business positions for their various listed subsidiaries. As the strategic restructuring is yet to be finalised, the Company is not aware of the possible impact it may have on the Company or the business position of the Company. The Company will closely monitor the relevant progress and fulfill its obligations of information in accordance with the requirements of relevant laws and regulations.

On 7 August 2019, pursuant to the Investment Agreements,

- (1) each of the GSI Investors notified the Company that they intended to transfer the GSI Equity Interests held by GSI Investors to CSSC Holdings through the issue of new shares to GSI Investors by CSSC Holdings; and
- (2) each of the Huangpu Wenchong Investors notified the Company that they intended to transfer the Huangpu Wenchong Equity Interests held by Huangpu Wenchong Investors to CSSC Holdings through the issue of new shares to Huangpu Wenchong Investors by CSSC Holdings.

To the Company's knowledge, the consideration of each of the GSI Equity Interests held by GSI Investors and the Huangpu Wenchong Equity Interests held by Huangpu Wenchong Investors was determined and agreed between the parties after arm's length negotiation based on normal commercial terms, having regard to the valuation of 23.5786% equity interests in GSI as at 30 April 2019 of RMB2,457,383,101.37 and the valuation of 30.9836% equity interests in Huangpu Wenchong as at 30 April 2019 of RMB2,575,864,715.17, based on the final valuation reports for each of GSI and Huangpu Wenchong prepared by the Valuer using the asset-based approach.

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The Investors sought the Company's decision as to whether it would exercise the right of first refusal to acquire the GSI Equity Interests held by GSI Investors and the Huangpu Wenchong Equity Interests held by Huangpu Wenchong Investors.

On 7 August 2019, the Board resolved not to exercise the Right of First Refusal. The non-exercise of the Right of First Refusal to acquire the Target Equity Interests is deemed as the disposal of such equity interests, and the transferee is CSSC Holdings, a related party of the Company. Hence, it constitutes a related party transaction and is subject to approval by non-related party Shareholders under the Shanghai Listing Rules. Although the non-exercise of the Right of First Refusal does not constitute a notifiable transaction and/or a connected transaction under Chapters 14 and 14A of the Hong Kong Listing Rules, the Company has to comply with the stringent applicable regulatory requirement. The resolution regarding the non-exercise of the Right of First Refusal is still subject to approval requirement by Independent Shareholders at the EGM pursuant to the requirement of the Shanghai Listing Rules.

**a. Reasons for the non-exercise of Right of First Refusal**

As stated in the Letter from the Board, international shipping and shipbuilding market has been sluggish and fluctuated over the years, while market competition remains fierce. Moreover, the rigid increase in labour cost, finance expense and logistics cost has also lowering profits of shipping enterprises, resulting in slump in profitability within shipping industry.

Based on the operating condition of the Company and the fundamental principle of reducing loses and improving strengths, in respect of the acquisition of 23.5789% equity interests in GSI and 30.9836% equity interests in Huangpu Wenchong held by the Investors through issuance of shares by CSSC Holdings, the Company decided not to exercise the right of first refusal in relation to the equity interests proposed to be transferred by the Investors.

The Directors consider that the decision not to exercise the Right of First Refusal is made on normal commercial terms which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

For our due diligence purpose, we have reviewed the audited financial statements for the two years ended 31 December 2018 and four months ended 30 April 2019 of Huangpu Wenchong and GSI respectively, which were prepared in accordance with the Accounting Standards for Business Enterprises of the PRC and the Standards for Chinese Certified Public Accountant (中國註冊會計師準則).

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Huangpu Wenchong had recorded government grants of approximately RMB6.7 million for the year ended 31 December 2017, RMB2.1 million for the year ended 31 December 2018 and RMB2.7 million for four months ended 30 April 2019. Also, for the four months ended 30 April 2019, Huangpu Wenchong recorded an one-off compensation regarding relocation of its dockyard approximately RMB1,321.0 million. Excluding the above-mentioned government grants and one-off income, Huangpu Wenchong recorded a net loss after taxation of approximately RMB3.7 million for the year ended 31 December 2017, RMB1,160.8 million for the year ended 31 December 2018 and RMB358.7 million for the four months ended 30 April 2019 respectively.

GSI recorded government grants of approximately RMB3.7 million for the year ended 31 December 2017, RMB1.8 million for the year ended 31 December 2018 and RMB0.5 million four months ended 30 April 2019. Also, for the year ended 31 December 2017 and 2018, GSI recorded an one-off gain from relocation of its dockyard approximately RMB827.0 million and RMB538.4 million respectively. Excluding the government grants and the one-off gain from relocation, GSI recorded a net loss after taxation of approximately RMB956.7 million for the year ended 31 December 2017, RMB1,835.5 million for the year ended 31 December 2018 and RMB295.3 million for the four months ended 30 April 2019.

As discussed with the management of the Group, for both Huangpu Wenchong and GSI, the aforesaid government grants, which were not related to scientific research projects, for example subsidy for separation and transfer of water, power and gas supply and property management business and steady industrial growth bonus, were related to the operation, but not on a recurring basis, and the compensation and gain from relocation was not on a recurring basis. We are of the view that these other incomes should not be included in our analysis of the financial results of both companies due to the fact that such incomes could not truly reflect the profitability of both Huangpu Wenchong and GSI. Based on the above findings, we noted that Huangpu Wenchong and GSI had recorded further net loss for the year ended 31 December 2018 compared to 2017 which was mainly due to the drop of revenue of Huangpu Wenchong and GSI of approximately RMB516.7 million and RMB3,213.1 million respectively. By referring to the Annual Report 2018, we noted that the revenue from ship products represented approximately 79.3% of the total revenue for the year ended 31 December 2018. Ship products included bulk carriers, oil tankers containerships and special ships and others. Special ships and others and oil tankers represented the largest portion of total revenue in 2018, which was approximately 49.3% and 15.3% of the total revenue for the year ended 31 December 2018. The revenue from orders for special ships and others has dropped by approximately 20.6% or RMB2.4 billion from approximately RMB11.8 billion for the year ended 31 December 2017 to RMB9.4 billion for the year ended 31 December 2018 and the revenue from oil tankers has dropped by approximately RMB1.1 billion from approximately RMB4.0 billion for the year ended 31 December 2017 to approximately RMB2.9 billion for the year ended 31 December 2018. For further analysis, please refer to “Reasons for and benefits of the entering into the Disposal Agreement” in this letter.

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Having considered above reasons and taking into account, in particular, (i) the net losses after taxation of Huangpu Wenchong were approximately RMB1,160.8 million for the year ended 31 December 2018 and RMB358.7 million for the four months ended 30 April 2019 and GSI were approximately RMB1,835.5 million for the year ended 31 December 2018 and RMB295.3 million for the four months ended 30 April 2019; (ii) the decline in price of crude oil and its over-supply in the future; and (iii) weaken economy and decline in the shipping industry which could affect its upstream industry, i.e. the shipbuilding industry, we are of the view that the non-exercise of Right of First Refusal is fair and reasonable so far as the Independent Shareholders are concerned, and is not in the ordinary and usual course of business of the Group, is on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

### **B. RECOMMENDATION**

Having taken the above principal factors and reasons into consideration, we are of the view that discloseable and connected transaction regarding increase of registered capital and shareholding structure adjustments of subsidiaries and the non-exercise of Right of First Refusal and major and connected transaction regarding the transactions contemplated thereunder (including the Disposal and the acquisition regarding the Consideration Shares of CSSC Holdings) are not in the ordinary and usual course of business of the Group, are on normal commercial terms and in the interests of the Company and the Shareholders as a whole. We also consider that the increase of registered capital and shareholding structure adjustments to each of GSI and Huangpu Wenchong, the terms of the Disposal Agreement and the transactions contemplated thereunder (including the Disposal and the acquisition regarding the Consideration Shares of CSSC Holdings) are fair and reasonable. Therefore, we advise the Independent Shareholders, and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM in this regard.

Yours faithfully,  
For and on behalf of  
**Vinco Capital Limited**  
**Alister Chung**  
*Managing Director*

*Note:* Mr. Alister Chung is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Vinco Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong for over 10 years.



**1. FINANCIAL INFORMATION OF THE GROUP FOR THE LAST THREE YEARS**

The Company is required to set out in this circular the information for the last three financial years with respect to the Group's profits and losses, financial record and position (set out as a comparative table), and the latest published audited balance sheet together with the notes to the annual accounts for the latest financial year.

The audited consolidated financial statements together with relevant notes thereto of the Company for the years ended 31 December 2016, 2017 and 2018 have been disclosed in the following documents published on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website ([comec.cssc.net.cn](http://comec.cssc.net.cn)):

- Annual report of the Company for the year ended 31 December 2016 published on 19 April 2017 (page 54 to page 204). Please see below a link to the Annual Report 2016 posted on the website of the Hong Kong Stock Exchange:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0419/ltn20170419477.pdf>

- Annual report of the Company for the year ended 31 December 2017 published on 26 April 2018 (page 63 to page 214). Please see below a link to the Annual Report 2017 posted on the website of the Hong Kong Stock Exchange:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0426/ltn201804261174.pdf>

- Annual report of the Company for the year ended 31 December 2018 published on 18 April 2019 (page 85 to page 269). Please see below a link to the Annual Report 2018 posted on the website of the Hong Kong Stock Exchange:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0418/ltn20190418717.pdf>

**2. INDEBTEDNESS**

As at 31 August 2019, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had borrowings of approximately RMB14.028 billion, including short-term bank borrowings of approximately RMB7.397 billion and long-term bank borrowings of approximately RMB6.631 billion.

Save as aforementioned, and apart from intra-group liabilities within the Group and normal trade business, at the close of business on 31 August 2019, the Group did not have any other outstanding borrowings, loan capital issued and outstanding or agreed to be issued, debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, loans or other similar indebtedness, bank overdrafts, liabilities

under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases, operating lease, hire purchase commitments, guarantees or other material contingent liabilities.

### **3. WORKING CAPITAL**

As at the Latest Practicable Date, having made appropriate inquiries and taking into account of the financial resources available of the Group including the internally generated funds and present available banking facilities, the Directors are of the opinion that the working capital available is sufficient for the Group's requirements for at least 12 months from the date of this circular.

### **4. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP**

As civil shipping industry remained sluggish over the years, GSI incurred loss throughout the reporting period. The disposal of control over GSI will enhance the profitability of the Company to a certain extent, while further improving operating efficiency of the Company.

Upon the completion of the Transactions, the Company is still holding the remaining 49.00% equity interests in GSI. The business scope of the Group will still include four major segments, namely defense equipment, shipbuilding, marine engineering and non-shipping operation. However, upon the disposal of control over GSI, the Company will no longer engage in production of oil tankers, passenger ro-ro ships and other vessel type. Subsequently, major products of the Group will include military ships, special ships and supporting ships, civil ships and other vessel type, marine engineering products such as marine platform and steel structure, as well as non-shipping products such as complete set of engineering equipments.

**Asset Valuation Report on Values of Total Shareholders’  
Interests Involved in Proposed Acquisition of 51 Equity  
Interests in Guangzhou Shipyard International Company  
Limited by China CSSC Holdings Limited through  
Issuance of Shares to CSSC Offshore & Marine  
Engineering (Group) Company Limited and New China  
Life Insurance Company Ltd\*  
Asset Valuation Report**

Dongzhou Ping Bao Zi 2019 No. 0530

To China State Shipbuilding Corporation, China CSSC Holdings Limited and CSSC Offshore & Marine Engineering (Group) Company Limited.

As engaged by you, we, Shanghai Orient Appraisal Co., Ltd. (上海東洲資產評估有限公司), have appraised the market value of all equity interest held by the shareholders of Guangzhou Shipyard International Company Limited as at 30 April 2019 in relation to the acquisition of 51% equity interest in Guangzhou Shipyard International Company Limited through the proposed issue of shares to CSSC Offshore & Marine Engineering (Group) Company Limited, New China Life Insurance Company Ltd. and others by China CSSC Holdings Limited, by way of adopting the asset-based approach and the income approach and carrying out necessary valuation procedures in accordance with the laws, administrative regulations and asset valuation standards while sticking to the principles of independence, objectiveness and fairness. We report the details of the asset valuation as follows:

**I. OVERVIEW OF THE CLIENT, THE APPRAISED ENTERPRISE AND OTHER USERS OF THE ASSET VALUATION REPORT**

**(I) Overview of the Client**

*Client A*

Company name:	China State Shipbuilding Corporation (中國船舶工業集團有限公司)
Unified social credit code:	91310000710924478P
Type of company:	Limited liability company (wholly state-owned)
Registered address:	1 Pudong Avenue, China (Shanghai) Pilot Free Trade Zone
Legal representative:	Lei Fanpei
Registered capital:	RMB32,000,000,000
Date of establishment:	29 June 1999
Term of operation:	From 29 June 1999 to an unspecified date

- Scope of business:
- (I) investment and management of state-owned assets, industrial investment, and investment management within the scope of management authorized by the State Council;
  - (II) undertaking of the businesses including the research and development, design, production, sales and maintenance services of weapons and equipment and supporting systems;
  - (III) shipbuilding, marine engineering, and research and development, design, manufacturing, repair, leasing, and management of marine transportation, marine development, and marine protection equipment;
  - (IV) research and development, design, manufacturing, repair, leasing, and management of large-scale engineering equipment, power equipment, electromechanical equipment, and information and control products;
  - (V) engaging in the import and export of goods and technology, domestic trade (other than those specified under national regulations);
  - (VI) full set of equipment warehousing logistics, exploration, development and investment management of oil and gas and mineral resources, ship leasing business, investment management of cruise industry;
  - (VII) survey and design, engineering contracting, engineering construction, construction and installation, engineering supervision business, military, civil and military-civilian technology development, technology transfer, technical consulting, technical service business, investment and management of technical training business. (Approvals from competent authorities shall be obtained before commencing an operation requiring approval in accordance with the laws)

***Client B***

Company name:	China CSSC Holdings Limited (中國船舶工業股份有限公司) (stock code: 600150)
Unified social credit code:	91310000631899761Q
Type of company:	Other joint stock company with limited liability (listed)
Registered address:	1 Pudong Avenue, China (Shanghai) Pilot Free Trade Zone
Legal representative:	Lei Fanpei
Registered capital:	RMB1,378,117,598
Date of establishment:	12 May 1998
Term of operation:	From 12 May 1998 to an unspecified date
Scope of business:	Investment in the shipbuilding industry and diesel engine production industry, sales of civil ship, manufacturing, installation, sale of equipment for ship and electromechanical equipment, technology development, technology transfer, technical services, and technical consultation in the field of ship technology, engaging in imports and exports of goods and technology and leasing of self-owned equipment. (Approvals from competent authorities shall be obtained before commencing an operation requiring approval in accordance with the laws)

***Client C***

Enterprise name:	CSSC Offshore & Marine Engineering (Group) Company Limited (中船海洋與防務裝備股份有限公司) (stock code: 600685)
Unified social credit code:	91440101190499390U
Type of company:	Joint stock company with limited liability (a joint venture with investment from Taiwan, Hong Kong or Macau and mainland China, listed)
Registered address:	40 South Fangcun Main Road, Liwan District, Guangzhou
Legal representative:	Han Guangde

Registered capital:	RMB1,413,506,378
Date of establishment:	21 October 1994
Term of operation:	From 21 October 1994 to long term
Scope of business:	manufacturing of equipment for railways, ships, aerospace and other transportation facilities (For enquiry into specific operations, please get access to Guangzhou Information Disclosure Platform for Business Entities. Specific scope of business is subject to the confirmation of approval authority. Approvals from competent authorities before commencing an operation requiring approval in accordance with the laws.)

## (II) Overview of the Appraised Enterprise

Company name:	Guangzhou Shipyard International Company Limited (廣船國際有限公司)
Unified social credit code:	914401017889253316
Type of company:	Limited liability company (a joint venture with investment from foreign-invested enterprise and domestic enterprise)
Registered address:	1/F, 68 Pearl River Management Zone West Road, Nansha District, Guangzhou
Legal representative:	Chen Zhongqian
Registered capital:	RMB8,556,970,805
Date of establishment:	25 May 2006
Term of operation:	From 25 May 2006 to long term
Scope of business:	Railway, vessels, aerospace and other transportation manufacturing industry (For enquiry into specific operations, please get access to Guangzhou Information Disclosure Platform for Business Entities. Specific scope of business is subject to the confirmation of approval authority. Approvals from competent authorities shall be obtained before commencing an operation requiring approval in accordance with the laws.)

Formerly known as CSSC Guangzhou Longxue Shipbuilding Co., Ltd. (廣州中船龍穴造船有限公司), Guangzhou Shipyard International Company Limited was invested and set up by China State Shipbuilding Corporation in May 2006 with a registered capital of RMB100 million upon establishment, in which China State Shipbuilding Corporation made a capital contribution of RMB100 million with a shareholding of 100%.

In April 2009, the registered capital was increased to RMB2,720 million, in which China State Shipbuilding Corporation made a capital contribution of RMB1,632 million with a shareholding of 60%; Baosteel Group Corporation Limited (寶鋼集團有限公司) made a capital contribution of RMB816 million with a shareholding of 30%; China Shipping (Group) Company (中國海運(集團)總公司) made a capital contribution of RMB272 million with a shareholding of 10%.

In February 2014, China State Shipbuilding Corporation, Baosteel Group Corporation Limited and China Shipping (Group) Company transferred 100% of the total shares held by them to CSSC Offshore & Marine Engineering (Group) Company Limited. Upon completion of the above equity transfer, the Company's registered capital remained RMB2,720 million, in which CSSC Offshore & Marine Engineering (Group) Company Limited made a capital contribution of RMB2,720 million with a shareholding of 100%.

In December 2015, CSSC Offshore & Marine Engineering (Group) Company Limited assigned or agreed to transfer its 100% equity interest in Guangzhou Wanda Marine Engineering Co., Ltd. (廣州萬達船舶工程有限公司), 100% equity interest in Guangzhou Xingshun Marine Services Co., Ltd. (廣州興順船舶服務有限公司), 75% equity interest in Guangzhou United Steel Structures Limited (廣州永聯鋼結構有限公司), 100% equity interest in Guangdong GSI Elevator Co., Ltd. (廣東廣船國際電梯有限公司), 51% equity interest in Guangzhou Hongfan Technology Co., Ltd. (廣州紅帆電腦科技有限公司), 100% equity interest in Guangzhou Guangli Shipbuilding Human Resources Service Company Limited (廣州市廣利船舶人力資源服務有限公司), 100% equity interest in Guangzhou Hongfan Hotel Co., Ltd. (廣州市紅帆酒店有限公司), 100% equity interest in Glory Group Development Limited (榮廣發展有限公司), 80% equity interest in Fonkwang Development Limited (泛廣發展有限公司), 80% equity interest in Fonkwang (Macau) Development Single Person Co., Ltd. (泛廣(澳門)發展一人有限公司), 100% equity interest in Guangzhou Guangchuan Large-scale Machinery and Equipment Co., Ltd. (廣州廣船大型機械設備有限公司), 100% equity interest in Guangzhou Shipyard International Marine Engineering Co., Ltd. (廣州廣船國際海洋工程有限公司), 100% equity interest in Guangzhou Shipyard Shipping Co., Ltd. (廣州廣船船業有限公司), 25% equity interest in South China Special Coating Industrial Co., Ltd. in Guangzhou Economic and Technological Development District (廣州經濟技術開發區華南特種塗裝實業有限公司), 100% equity interest in Zhongshan GSI Marine Engineering Company Limited (中山廣船國際船舶及海洋工程有限公司), 40% equity interest in Zhanjiang Nanhai Ship Hi-Tech Services Co., Ltd. (湛江南海艦船高新技術服務有限公司), 4.04% equity interest in CSIC Yuanzhou (Beijing) Science & Technology Co., Ltd. (中船重工遠舟(北京)科技有限公司), 100% equity interest in Zhongshan GSI Marine Engineering Company Limited (中山廣船國際船舶及海洋工程有限公司) and the assets relating to production and operation and the relevant liabilities to Guangzhou Shipyard International Company Limited. As a result, the paid-in

capital of Guangzhou Shipyard International Company Limited increased. After completion of the above-mentioned matters, the registered capital of the Company was changed to RMB6,539,359,821, in which, CSSC Offshore & Marine Engineering (Group) Company Limited made a capital contribution of RMB6,539,359,821 with a shareholding ratio of 100%.

In February 2018, the registered capital of the Company increased to RMB8,556,970,805, in which, CSSC Offshore & Marine Engineering (Group) Company Limited made a capital contribution of RMB6,539,359,821 with a shareholding ratio of 76.4214%; New China Life Insurance Company Ltd. (新華人壽保險股份有限公司) made a capital contribution of RMB420,335,622 with a shareholding ratio of 4.9122%; Zhongyuan Asset Management Co., Ltd. (中原資產管理有限公司) made a capital contribution of RMB419,494,950 with a shareholding ratio of 4.9024%; China Pacific Property Insurance Co., Ltd. (中國太平洋財產保險股份有限公司) made a capital contribution of RMB231,184,592 with a shareholding ratio of 2.7017%; China Structural Reform Fund Co., Ltd. (中國國有企業結構調整基金股份有限公司) made a capital contribution of RMB231,184,592 with a shareholding ratio of 2.7017%; PICC Property and Casualty Company Limited (中國人民財產保險股份有限公司) made a capital contribution of RMB210,167,811 with a shareholding of 2.4561%; China Life Insurance Company Limited (中國人壽保險股份有限公司) made a capital contribution of RMB210,167,811 with a shareholding ratio of 2.4561%; Beijing Dongfu Tianheng Investment Centre (Limited Partnership) (北京東富天恒投資中心(有限合夥)) made a capital contribution of RMB189,991,701 with a shareholding ratio of 2.2203%; ICBC Financial Asset Investment Co., Ltd. (工銀金融資產投資有限公司) made a capital contribution of RMB105,083,905 with a shareholding ratio of 1.2281%.

As at 30 April 2019, the shareholding structure of Guangzhou Shipyard International Company Limited was as follows:

<b>Name of shareholder</b>	<b>Capital contribution subscribed and paid</b> <i>(in RMB'0,000)</i>	<b>Percentage</b> <i>(%)</i>
CSSC Offshore & Marine Engineering (Group) Company Limited (中船海洋與防務裝備股份有限公司)	653,935.9821	76.4214
New China Life Insurance Company Ltd. (新華人壽保險股份有限公司)	42,033.5622	4.9122
Zhongyuan Asset Management Co., Ltd. (中原資產管理有限公司)	41,949.495	4.9024
China Pacific Property Insurance Co., Ltd. (中國太平洋財產保險股份有限公司)	23,118.4592	2.7017
China Structural Reform Fund Co., Ltd. (中國國有企業結構調整基金股份有限公司)	23,118.4592	2.7017



<b>Name of shareholder</b>	<b>Capital contribution subscribed and paid</b> <i>(in RMB'0,000)</i>	<b>Percentage</b> <i>(%)</i>
PICC Property and Casualty Company Limited (中國人民財產保險股份有限公司)	21,016.7811	2.4561
China Life Insurance Company Limited (中國人壽保險股份有限公司)	21,016.7811	2.4561
Beijing Dongfu Tianheng Investment Centre (Limited Partnership) (北京東富天恒投資中心(有限合夥))	18,999.1701	2.2203
ICBC Financial Asset Investment Co., Ltd. (工銀金融資產投資有限公司)	10,508.3905	1.2281
<b>Total</b>	<b>855,697.0805</b>	<b>100.00</b>

### ***1. Introduction of the Company***

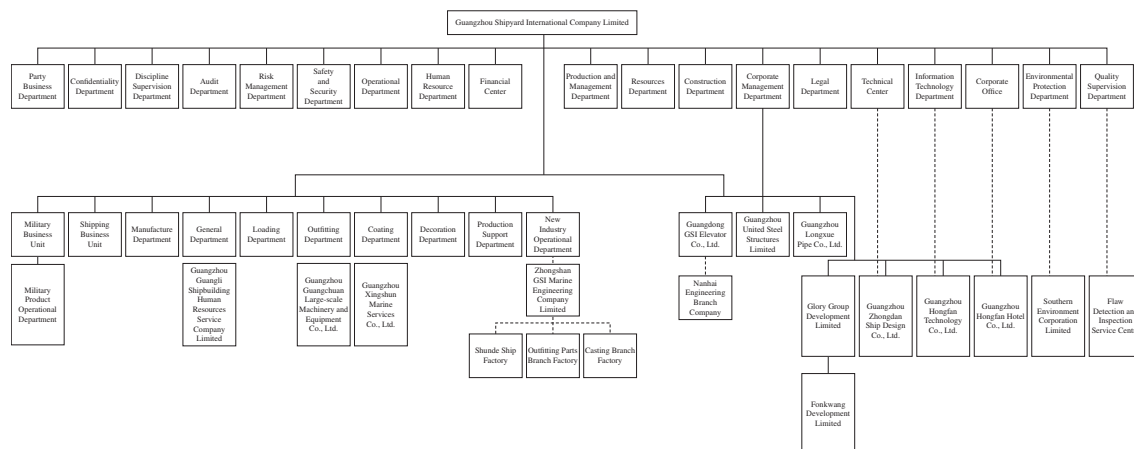
Guangzhou Shipyard International Company Limited is a modernized comprehensive shipbuilding enterprise under China State Shipbuilding Corporation. It is controlled by CSSC Offshore & Marine Engineering (Group) Company Limited, a subsidiary of China State Shipbuilding Corporation.

The Company enjoys autonomy in export and import operations and has the largest and strongest military auxiliary ship production and support base in South China. It is able to design ships of less than 400,000 DWT that meet the requirements of the world's major classification societies. The annual shipbuilding capacity of the Company reaches 3.8 million DWT, and the Company has core technologies of ship types including MR, AFRA, VLCC, VLOC ships, semi-submersible ships, luxury passenger rolling ships, polar transport ships and other high-tech, high value-added ships and military auxiliary ships, special ships, etc.

The Company's main production and operation sites are divided into three major plants: Nansha, Zhongshan and Liwan. Nansha Plant is located in Longxue Island, Nansha District, Guangzhou, a national-level free trade zone. It is adjacent to Hong Kong, Shenzhen and Macao. It possesses unique geographical advantages and it is a key enterprise of the Longxue Shipbuilding Base in the Pearl River Estuary, which is one of the three major shipbuilding bases in the Yangtze River Estuary, Bohai Bay and Pearl River Estuary as determined by the National Medium-and Long-Term Development Plan for Shipbuilding Industry. The plant covers an area of 2,540,000 square meters, with two dry docks of 400,000 tons and below, two 50,000-ton shipbuilding platforms, one 900-ton gantry crane, four 600-ton gantry cranes and five super-large ship berths. The Zhongshan Plant is located in Linhai Industrial Park, Cuiheng New Area, Zhongshan, covering an

area of approximately 800 mu. It has a superior coastline with a dock shoreline (an industrial shoreline by the port) of about 1,200 meters. As a non-ship (electromechanical products, steel structure and modules, etc.) business base in southern China, it focuses on the comprehensive development of steel structure and steel structure modules, large-scale mine bulk handling equipment, elevators and CNC hydraulic machine tools and other mechanical and electrical products business.

The organization structure of the Company is as follows:



## 2. Results of operation of the Company in recent years

The results of operation of the Company (on an individual basis) in recent years are as follows:

Unit: RMB'0,000

Item/year	2016	2017	2018	From January to April 2019
Operating income	1,055,785.02	916,569.63	615,420.12	153,017.36
Net profit	-4,648.96	-3,211.74	-105,732.93	-22,548.70
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>30 April</b>
<b>Item/year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Total assets	2,082,324.41	2,005,415.52	1,951,427.54	1,896,636.00
Total liabilities	1,522,415.64	1,419,354.49	1,245,888.19	1,208,019.37
Net assets	559,908.77	586,061.03	705,539.35	688,616.63

*Unit: RMB'0,000*

<b>Item/year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>From January to April 2019</b>
Net cash flows from operating activities	-238,427.32	159,819.87	-112,043.25	-174,060.61
Net cash flows from investing activities	137,226.73	50,286.95	-169,373.82	58,367.93
Net cash flows from financing activities	203,622.16	1,923.20	-44,390.03	71,857.10
Net increase in cash and cash equivalents	136,221.44	199,449.66	-323,538.18	-44,440.33

The results of operation of the Company (on a consolidated basis) in recent years are as follows:

*Unit: RMB'0,000*

<b>Item/year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>From January to April 2019</b>
Operating income	1,213,312.46	1,061,163.60	739,854.24	185,552.74
Net profit	-15,978.99	-12,606.62	-129,525.64	-29,484.03
Net profit attributable to the parent	-16,901.43	-13,056.89	-129,594.99	-29,527.94
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>30 April</b>
<b>Item/year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Total assets	2,352,457.25	2,275,715.17	2,159,364.65	2,058,936.05
Total liabilities	1,752,530.85	1,659,473.00	1,466,817.11	1,390,271.17
Net assets	599,926.40	616,242.17	692,547.54	668,664.88
Equity attributable to the parent	595,321.69	611,758.79	686,237.06	662,319.48

Unit: RMB'0,000

Item/year	2016	2017	2018	From January to April 2019
Net cash flows from operating activities	-187,844.28	157,685.64	-92,700.76	-112,526.07
Net cash flows from investing activities	135,607.21	42,338.58	-186,776.41	62,259.38
Net cash flows from financing activities	172,824.60	1,090.15	-59,997.34	17,590.10
Net increase in cash and cash equivalents	155,918.90	186,914.31	-336,748.10	-33,680.24

The above figures have been extracted from the unqualified auditors' report (Da Xin Shen Zi 2019 No. 1-03764) issued by WUYIGE Certified Public Accountants LLP.

Guangzhou Shipyard International Company Limited adopted the Accounting Standards for Business Enterprises. The enterprise income tax rate is 25%; value-added tax rates are 13%, 9% and 6%; and the rates of urban construction tax, educational surcharge and local educational surcharge are 7%, 3% and 2% of turnover tax, respectively.

Guangzhou Shipyard International Company Limited was jointly recognized as a national high-tech enterprise (Certificate No.: GR201644004933) by the Guangdong Provincial Department of Science and Technology, the Guangdong Provincial Department of Finance, the Guangdong Provincial State Taxation Bureau and the Guangdong Provincial Local Taxation Bureau on 9 December 2016. The validity period of the certificate is three years. In 2016-2018, the Company may be entitled to an enterprise income tax reduction at a tax rate of 15%. The Company did not utilize such tax benefits for its own reasons.

As at 30 April 2019, being the benchmark date of valuation, Guangzhou Shipyard International Company Limited had the following major long-term equity investments:

No.	Name of investee	Shareholding percentage (%)
1	Guangzhou Longxue Pipe Co., Ltd. (廣州龍穴管業有限公司)	42.86
2	Guangzhou United Steel Structures Limited (廣州永聯鋼結構有限公司)	75.00

No.	Name of investee	Shareholding percentage (%)
3	Guangdong GSI Elevator Co., Ltd. (廣東廣船國際電梯有限公司)	100.00
4	Guangzhou Hongfan Technology Co., Ltd. (廣州紅帆科技有限公司)	51.00
5	Glory Group Development Limited (榮廣發展有限公司)	100.00
6	Guangzhou Hongfan Hotel Co., Ltd. (廣州市紅帆酒店有限公司)	100.00
7	Guangzhou Guangli Shipbuilding Human Resources Service Company Limited (廣州市廣利船舶人力資源服務有限公司)	100.00
8	Guangzhou Guangchuan Large-scale Machinery and Equipment Co., Ltd. (廣州廣船大型機械設備有限公司)	100.00
9	Zhongshan GSI Marine Engineering Company Limited (中山廣船國際船舶及海洋工程有限公司)	100.00
10	Fonkwang Development Limited (泛廣發展有限公司)	80.00
11	Guangzhou Wenchong Dockyard Co., Ltd. (廣州中船文沖船塢有限公司)	100.00
12	Guangzhou Zhongdan Ship Design Co., Ltd. (廣州中丹船舶設計有限公司)	51.00
13	Zhanjiang Nanhai Ship Hi-Tech Services Ltd. (湛江南海艦船高新技術服務有限公司)	40.00
14	South China Special Coating Industrial Co., Ltd. in Guangzhou Economic and Technological Development District (廣州經濟技術開發區華南特種塗裝實業有限公司)	25.00

(1) Overview of Guangzhou Longxue Pipe Co., Ltd., a controlled subsidiary:

Company name:	Guangzhou Longxue Pipe Co., Ltd. (廣州龍穴管業有限公司)
Unified social credit code:	91440101696938450J
Type of company:	Other limited liability company
Registered address:	BC Building, No. 1-11, Area B, Qi Pei Park, Xing Guang 3rd Road, Nansha District, Guangzhou
Legal representative:	Ou Chuanjie
Registered capital:	RMB70,000,000

Date of establishment:	20 November 2009
Term of operation:	From 20 November 2009 to an unspecified date
Scope of business:	Steel rolling processing; ferrous metal casting; installation of pipeline facilities (oil, gas and water pipeline installation); pipeline construction services (oil, gas and water pipeline engineering); metal surface treatment and heat treatment; ship auxiliary equipment manufacturing; ship fittings manufacturing and installation; marine engineering special equipment manufacturing; steel structure manufacturing; corporate investment with own funds; import and export of goods (except for exclusive control products); technology import and export; information technology consulting services; mechanical technology development services; mechanical technology consulting, communication services; mechanical technology transfer services. (Approvals from competent authorities shall be obtained before commencing an operation requiring approval in accordance with the laws)

As at 30 April 2019, being the benchmark date of valuation, the shareholding structure of Guangzhou Longxue Pipe Co., Ltd. was as follows:

Name of shareholder	<b>Capital contribution subscribed and paid (in RMB ten thousand)</b>	<b>Percentage (%)</b>
Guangzhou Shipyard International Company Limited (廣船國際有限公司)	3,000.00	42.86
Shanghai Shipbuilding Technology Research Institute (上海船舶工藝研究所)	2,000.00	28.57
CSSC Science & Technology Co., Ltd. (中船科技股份有限公司)	2,000.00	28.57
<b>Total</b>	<b>7,000.00</b>	<b>100.00</b>

The results of operation of the company in recent years are as follows:

*Unit: RMB'0,000*

<b>Item/year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>From January to April 2019</b>
Operating income	14,042.56	12,157.79	13,025.46	4,400.47
Net profit	59.77	489.31	88.72	-1.71

<b>Item/year</b>	<b>31 December 2016</b>	<b>31 December 2017</b>	<b>31 December 2018</b>	<b>30 April 2019</b>
Total assets	8,532.67	10,002.38	10,759.76	10,942.00
Total liabilities	3,408.42	4,388.81	5,057.47	5,241.44
Net assets	5,124.25	5,613.56	5,702.28	5,700.57

<b>Item/year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>From January to April 2019</b>
Net cash flows from operating activities	-9.28	72.52	654.44	-187.36
Net cash flows from investing activities	-13.79	-50.44	-41.46	0.00
Net cash flows from financing activities	-41.21	-39.39	-31.46	-10.88
Net increase in cash and cash equivalents	-64.27	-17.30	581.52	-198.23

The above figures have been extracted from the audited statements issued by WUYIGE Certified Public Accountants LLP.

Guangzhou Longxue Pipe Co., Ltd. adopted the Accounting Standards for Business Enterprises. The enterprise income tax rate is 25%; value-added tax rate is 13%; and the rates of urban construction tax, educational surcharge and local educational surcharge are 7%, 3% and 2% of turnover tax, respectively.

## (2) Overview of Guangzhou United Steel Structures Limited, a controlled subsidiary:

Company name:	Guangzhou United Steel Structures Limited (廣州永聯鋼結構有限公司)
Unified social credit code:	91440101618435700P
Type of company:	Limited liability company (Sino-foreign joint venture)
Registered address:	40 South Fangcun Main Road, Liwan District, Guangzhou
Legal representative:	Liu Hui
Registered capital:	US\$8,850,000
Date of establishment:	28 November 1994
Term of operation:	From 28 November 1994 to 28 November 2024
Scope of business:	Steel structure manufacturing; manufacturing of steel structural components; engineering and installation service of building steel structure and prefabricated components. (Approvals from competent authorities shall be obtained before commencing an operation requiring approval in accordance with the laws)

As at 30 April 2019, being the benchmark date of valuation, the shareholding structure of Guangzhou United Steel Structures Limited was as follows:

Name of shareholder	Capital contribution subscribed and paid (US\$ ten thousand)	Percentage (%)
Guangzhou Shipyard International Company Limited (廣船國際有限公司)	663.75	75.00
Glory Group Development Limited (榮廣發展有限公司)	221.25	25.00
<b>Total</b>	<b>885.00</b>	<b>100.00</b>



The results of operation of the company in recent years are as follows:

*Unit: RMB'0,000*

<b>Item/year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>From January to April 2019</b>
Operating income	58,039.35	55,793.93	24,912.49	6,910.74
Net profit	1,285.68	985.10	-2,739.71	-897.81

<b>Item/year</b>	<b>31 December 2016</b>	<b>31 December 2017</b>	<b>31 December 2018</b>	<b>30 April 2019</b>
Total assets	36,899.05	30,412.09	41,907.86	45,551.50
Total liabilities	22,665.13	15,084.93	29,419.17	33,983.63
Net assets	14,233.92	15,327.16	12,488.69	11,567.87

<b>Item/year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>From January to April 2019</b>
Net cash flows from operating activities	3,691.58	-2,756.24	-9,132.05	-3,653.06
Net cash flows from investing activities	-165.82	-36.73	-2,591.16	-290.04
Net cash flows from financing activities	1,978.30	-5,232.67	10,847.67	4,874.44
Net increase in cash and cash equivalents	5,665.94	-8,227.46	-472.14	914.89

The above figures have been extracted from the audited statements issued by WUYIGE Certified Public Accountants LLP.

Guangzhou United Steel Structures Limited adopted the Accounting Standards for Business Enterprises. The enterprise income tax rate is 25%; value-added tax rate is 13%; and the rates of urban construction tax, educational surcharge and local educational surcharge are 7%, 3% and 2% of turnover tax, respectively.

## (3) Overview of Guangdong GSI Elevator Co., Ltd., a wholly-owned subsidiary:

Company name:	Guangdong GSI Elevator Co., Ltd. (廣東廣船國際電梯有限公司)
Unified social credit code:	91440000231128917P
Type of company:	Limited liability company (wholly-owned by a legal person)
Registered address:	40 South Fangcun Main Road, Liwan District, Guangzhou
Legal representative:	Lu Haiyan
Registered capital:	RMB110,000,000
Date of establishment:	25 March 1997
Term of operation:	From 25 March 1997 to an unspecified date
Scope of business:	Design, manufacturing, sale, installation, modification, maintenance and repair of all types of elevators (including hydraulic type), escalators, moving walkways and their supporting spare parts. (Approvals from competent authorities shall be obtained before commencing an operation requiring approval in accordance with the laws)

As at 30 April 2019, being the benchmark date of valuation, the shareholding structure of Guangdong GSI Elevator Co., Ltd. was as follows:

Name of shareholder	Capital contribution subscribed (in RMB'0,000)	Percentage (%)
Guangzhou Shipyard International Company Limited (廣船國際有限公司)	11,000.00	100.00
<b>Total</b>	<b>11,000.00</b>	<b>100.00</b>

Name of shareholder	Capital contribution subscribed (in RMB'0,000)	Percentage (%)
Guangzhou Shipyard International Company Limited (廣船國際有限公司)	4,100.00	100.00
<b>Total</b>	<b>4,100.00</b>	<b>100.00</b>

The results of operation of the company in recent years are as follows:

*Unit: RMB'0,000*

<b>Item/year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>From January to April 2019</b>
Operating income	8,606.97	6,119.92	6,529.52	1,773.37
Net profit	125.75	39.95	11.43	-54.33

<b>Item/year</b>	<b>31 December 2016</b>	<b>31 December 2017</b>	<b>31 December 2018</b>	<b>30 April 2019</b>
Total assets	7,526.88	10,279.15	10,097.48	11,195.04
Total liabilities	3,117.57	3,829.89	3,636.79	4,788.68
Net assets	4,409.31	6,449.26	6,460.69	6,406.36

<b>Item/year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>From January to April 2019</b>
Net cash flows from operating activities	-636.51	710.43	-674.20	1,347.11
Net cash flows from investing activities	1.91	13.32	-440.14	-191.68
Net cash flows from financing activities	0.00	2,000.00	0.00	0.00
Net increase in cash and cash equivalents	-634.60	2,723.76	-1,114.34	1,155.43

The above figures have been extracted from the audited statements issued by WUYIGE Certified Public Accountants LLP.

Guangdong GSI Elevator Co., Ltd. adopted the Accounting Standards for Business Enterprises. The enterprise income tax rate is 25%; value-added tax rates are 13% and 9%; and the rates of urban construction tax, educational surcharge and local educational surcharge are 7%, 3% and 2% of turnover tax, respectively.

(4) *Overview of Guangzhou Hongfan Technology Co., Ltd., a controlled subsidiary:*

Company name:	Guangzhou Hongfan Technology Co., Ltd. (廣州紅帆科技有限公司)
Unified social credit code:	91440101708257645P
Type of company:	Other limited liability company

Registered address:	Room 311, Room 312, Room 313, No. 115, Shuiyin Road, Tianhe District, Guangzhou (For office only)
Legal representative:	Zhou Mushun
Registered capital:	RMB5,000,000
Date of establishment:	24 January 1998
Term of operation:	From 24 January 1998 to long term
Scope of business:	Software development; software services; wholesale of software; retail of software; rental of computer and communication equipment; repair of computer and auxiliary equipment; wholesale of computer; retail of computer; retail of computer spare parts; wholesale of computer spare parts; wholesale of electronic products; retail of electronic products; information system integration services; ship design services; manufacturing of communication terminal equipment; information electronic technology services; design of data processing and storage products; design of computer information security products; design of communication system equipment products; manufacturing of computer application electronic equipment; manufacturing of communication system equipment; computer room maintenance services; information technology consulting services; data processing and storage services; digital animation production; research and development of electronic, communication and automatic control technology; research and development of network technology; research and development services of Internet block chain technology; computer technology development, technical services; production of smart wearable devices; construction and operation of professional network platforms (other than those prohibited under laws, administrative regulations and decisions of the State Council; approvals from competent authorities shall be obtained for an operation requiring approval in accordance with the laws); Internet of Things service; online news service. (Approvals from competent authorities shall be obtained before commencing an operation requiring approval in accordance with the laws)

As at 30 April 2019, being the benchmark date of valuation, the shareholding structure of Guangzhou Hongfan Technology Co., Ltd. was as follows:

Name of shareholder	Capital contribution subscribed and paid (in RMB'0,000)	Percentage (%)
Guangzhou Shipyard International Company Limited (廣船國際有限公司)	255.00	51.00
Beijing CSSC Information Technology Co., Ltd. (北京中船信息科技有限公司)	130.00	26.00
Guangzhou Shipbuilding Association Technical Advisory Service (廣船科協技術諮詢服務社)	75.00	15.00
Huang Minghai	10.00	2.00
Zhu Taofeng	10.00	2.00
Liu Yali	5.00	1.00
Feng Shanxiong	5.00	1.00
Liu Huanzhao	5.00	1.00
Wang Hang	5.00	1.00
<b>Total</b>	<b>500.00</b>	<b>100.00</b>

The results of operation of the company in recent years are as follows:

*Unit: RMB'0,000*

Item/year	2016	2017	2018	From January to April 2019
Operating income	5,424.64	3,153.31	4,380.10	1,808.42
Net profit	736.35	98.47	229.56	203.00
Item/year	31 December 2016	31 December 2017	31 December 2018	30 April 2019
Total assets	4,542.37	3,662.65	3,939.25	4,309.81
Total liabilities	1,118.86	140.68	187.72	355.27
Net assets	3,423.51	3,521.97	3,751.53	3,954.53

Unit: RMB'0,000

Item/year	2016	2017	2018	From January to April 2019
Net cash flows from operating activities	37.09	526.94	14.40	-625.67
Net cash flows from investing activities	-11.51	-16.67	-117.05	-11.99
Net cash flows from financing activities	-79.04	-384.80	0.00	0.00
Net increase in cash and cash equivalents	-13.94	125.47	-102.65	-638.58

The above figures have been extracted from the audited statements issued by WUYIGE Certified Public Accountants LLP.

Guangzhou Hongfan Technology Co., Ltd. adopted the Accounting Standards for Business Enterprises. The value-added tax rates are 13% and 6%; and the rates of urban construction tax, educational surcharge and local educational surcharge are 7%, 3% and 2% of turnover tax, respectively.

Upon verification, Guangzhou Hongfan Technology Co., Ltd. was jointly recognized as a national high-tech enterprise by the Guangdong Provincial Department of Science and Technology, Guangdong Provincial Department of Finance, Guangdong Provincial State Taxation Bureau and Guangdong Provincial Local Taxation Bureau on 9 November 2017 (Certificate No.: GR201744000859). The validity period of the certificate is three years. In 2017-2019, the Company was entitled to an enterprise income tax reduction at a tax rate of 15%.

(5) *Overview of Glory Group Development Limited, a wholly-owned subsidiary:*

Company name:	Glory Group Development Limited (榮廣發展有限公司)
Address:	23/F, CATIC Plaza, 8 Causeway Road, Wan Chai, the Hong Kong Special Administrative Region
Business nature:	General trade
Legal status:	BODY CORPORATE

As at 30 April 2019, being the benchmark date of valuation, the shareholding structure of Glory Group Development Limited was as follows:

Name of shareholder	Capital contribution subscribed and paid (HK\$ in ten thousand)	Percentage  (%)
Guangzhou Shipyard International Company Limited (廣船國際有限公司)	3,000.00	100.00
<b>Total</b>	<b>3,000.00</b>	<b>100.00</b>

The results of operation of the company (on an individual basis) in recent years are as follows:

*Unit: RMB'0,000*

Item/year	2016	2017	2018	From January to April 2019
Operating income	46.49	46.45	45.75	15.44
Net profit	863.90	2,361.89	1,463.48	-145.18

Item/year	31 December 2016	31 December 2017	31 December 2018	30 April 2019
Total assets	12,394.06	14,611.67	14,267.20	14,102.34
Total liabilities	3,125.41	4,873.36	4,527.08	4,503.68
Net assets	9,268.65	9,738.31	9,740.12	9,598.66

Item/year	2016	2017	2018	From January to April 2019
Net cash flows from operating activities	149.55	12.01	22.02	7.71
Net cash flows from investing activities	713.98	2,750.40	1,914.92	-160.49
Net cash flows from financing activities	0.00	0.00	-1,763.40	0.00
Net increase in cash and cash equivalents	883.37	2,655.76	186.49	-230.88

The results of operation of the company (on a consolidated basis) in recent years are as follows:

*Unit: RMB'0,000*

<b>Item/year</b>	<b>2016</b>	<b>2017</b>
Operating income	66,195.20	14,718.67
Net profit	6,097.61	4,780.81
Net profit attributable to the parent	4,956.19	3,839.75

<b>Item/year</b>	<b>31 December 2016</b>	<b>31 December 2017</b>
Total assets	36,496.10	25,964.95
Total liabilities	20,772.78	7,924.64
Net assets	15,723.32	18,040.31
Equity attributable to the parent	14,429.60	16,377.13

<b>Item/year</b>	<b>2016</b>	<b>2017</b>
Net cash flows from operating activities	29,200.00	-3,874.40
Net cash flows from investing activities	540.81	-0.65
Net cash flows from financing activities	-10,756.07	-5,953.37
Net increase in cash and cash equivalents	19,867.39	-10,712.19

The above figures have been extracted from the audited statements issued by WUYIGE Certified Public Accountants LLP.

Glory Group Development Limited applies the two-tier profits tax rate as a corporation in Hong Kong. According to the Inland Revenue (Amendment) (No. 3) Ordinance 2018, in respect of the tax year beginning on or after 1 April 2018, the taxable profit of not more than HK\$2,000,000 for corporations is subject to a profits tax rate of 8.25%, while the portion exceeding HK\$2,000,000 is subject to a profits tax rate of 16.5%.

(6) *Overview of Guangzhou Hongfan Hotel Co., Ltd., a wholly-owned subsidiary:*

Company name:	Guangzhou Hongfan Hotel Co., Ltd. (廣州市紅帆酒店有限公司)
Unified social credit code:	91440101633203529L
Type of company:	Limited liability company (solely invested by sino-foreign corporation)
Registered address:	One of No. 126, Gexin Road, Haizhu District, Guangzhou



Legal representative:	Yin Jie
Registered capital:	RMB119,400,000
Date of establishment:	4 June 1997
Term of operation:	From 4 June 1997 to long term
Scope of business:	Hotel accommodation services (travel); Chinese food service; production and sale of hot and cold beverages; retail of prepackaged food; retail of alcohol; professional parking services; retail of non-alcoholic beverages and tea; retail of pastry and bread; beauty services; car rental; hotel management; wholesale and trading of commodities (excluding commodities requiring licenses and approvals); acquisition of agricultural and sideline products; retail of general merchandise (except for retail of food); comprehensive retail of daily groceries; chess and card services; property management. (Approvals from competent authorities shall be obtained before commencing an operation requiring approval in accordance with the laws)

As at 30 April 2019, being the benchmark date of valuation, the shareholding structure of Guangzhou Hongfan Hotel Co., Ltd. was as follows:

Name of shareholder	Capital contribution subscribed <i>(in RMB ten thousand)</i>	Percentage  <i>(%)</i>
Guangzhou Shipyard International Company Limited (廣船國際有限公司)	11,940.00	100.00
<b>Total</b>	<b>11,940.00</b>	<b>100.00</b>

Name of shareholder	Capital contribution subscribed <i>(in RMB ten thousand)</i>	Percentage  <i>(%)</i>
Guangzhou Shipyard International Company Limited (廣船國際有限公司)	11,940.12	100.00
<b>Total</b>	<b>11,940.12</b>	<b>100.00</b>

The company's paid-in capital exceeds subscribed capital, yet the relevant procedures for industrial and commercial change have not been processed.

The results of operation of the company in recent years are as follows:

*Unit: RMB'0,000*

<b>Item/year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>From January to April 2019</b>
Operating income	8,182.43	7,934.22	8,011.12	2,826.56
Net profit	85.15	149.24	89.95	53.48

<b>Item/year</b>	<b>31 December 2016</b>	<b>31 December 2017</b>	<b>31 December 2018</b>	<b>30 April 2019</b>
Total assets	13,929.60	14,142.75	13,744.33	14,096.48
Total liabilities	2,026.24	2,090.14	1,601.78	1,900.44
Net assets	11,903.36	12,052.61	12,142.55	12,196.04

<b>Item/year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>From January to April 2019</b>
Net cash flows from operating activities	2,759.48	-110.01	313.72	-102.60
Net cash flows from investing activities	-41.29	-97.13	-159.10	3.28
Net cash flows from financing activities	0.00	0.00	0.00	0.00
Net increase in cash and cash equivalents	2,718.19	-207.14	154.61	-99.32

The above figures have been extracted from the audited statements issued by WUYIGE Certified Public Accountants LLP.

Guangzhou Hongfan Hotel Co., Ltd. adopted the Accounting Standards for Business Enterprises. The enterprise income tax rate is 25%; value-added tax rates are 13% and 6%; and the rates of urban construction tax, educational surcharge and local educational surcharge are 7%, 3% and 2% of turnover tax, respectively.

(7) *Overview of Guangzhou Guangli Shipbuilding Human Resources Service Company Limited, a wholly-owned subsidiary:*

Company name:	Guangzhou Guangli Shipbuilding Human Resources Service Company Limited (廣州市廣利船舶人力資源服務有限公司)
Unified social credit code:	91440101190474652B
Type of company:	Limited liability company (solely invested by sino-foreign corporation)
Registered address:	Guangzhou Shipyard, 40 South Fangcun Main Road, Liwan District, Guangzhou
Legal representative:	Ou Chuanjie
Registered capital:	RMB5,000,000
Date of establishment:	31 August 1992
Term of operation:	From 31 August 1992 to an unspecified date
Scope of business:	Business service industry; installation services of mechanical and electrical equipment; modification and demolition of ship; repair of ship; engineering and technical consulting services; manufacturing and installation of ship fittings; interior decoration and design; manufacturing of metal structure; storage service of bicycle; cargo transportation agency; manufacturing of metal ship. (Approvals from competent authorities shall be obtained before commencing an operation requiring approval in accordance with the laws)

As at 30 April 2019, being the benchmark date of valuation, the shareholding structure of Guangzhou Guangli Shipbuilding Human Resources Service Company Limited was as follows:

Name of shareholder	Capital contribution subscribed and paid (in RMB ten thousand)	Percentage (%)
Guangzhou Shipyard International Company Limited (廣船國際有限公司)	500.00	100.00
<b>Total</b>	<b>500.00</b>	<b>100.00</b>

The results of operation of the company in recent years are as follows:

*Unit: RMB'0,000*

<b>Item/year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>From January to April 2019</b>
Operating income	66,719.23	52,568.76	40,637.89	11,345.93
Net profit	110.51	79.76	-358.54	-402.10

<b>Item/year</b>	<b>31 December 2016</b>	<b>31 December 2017</b>	<b>31 December 2018</b>	<b>30 April 2019</b>
Total assets	3,805.26	5,457.34	3,912.17	3,576.30
Total liabilities	3,118.01	4,690.33	3,503.70	3,569.93
Net assets	687.25	767.01	408.47	6.37

<b>Item/year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>From January to April 2019</b>
Net cash flows from operating activities	-1,770.14	-18.84	-59.20	-7.43
Net cash flows from investing activities	-1.79	0.23	0.00	2.30
Net cash flows from financing activities	0.00	0.00	0.00	0.00
Net increase in cash and cash equivalents	-1,771.93	-378.61	-59.20	-5.13

The above figures have been extracted from the audited statements issued by WUYIGE Certified Public Accountants LLP.

Guangzhou Guangli Shipbuilding Human Resources Service Company Limited adopted the Accounting Standards for Business Enterprises. The enterprise income tax rate is 25%; value-added tax rates are 13% and 9%; and the rates of urban construction tax, educational surcharge and local educational surcharge are 7%, 3% and 2% of turnover tax, respectively.

(8) *Guangzhou Guangchuan Large-scale Machinery and Equipment Co., Ltd., a wholly-owned subsidiary:*

Company name:	Guangzhou Guangchuan Large-scale Machinery and Equipment Co., Ltd. (廣州廣船大型機械設備有限公司)
Unified social credit code:	9144010168132734X6
Type of company:	Limited liability company (solely invested by sino-foreign corporation)
Registered address:	Shop No. 23, 1/F, Building No. 2, Rose Street, Rose Garden, Jiangnan Road, Nansha District, Guangzhou
Legal representative:	Lu Haiyan
Registered capital:	RMB188,610,000
Date of establishment:	4 November 2008
Term of operation:	From 4 November 2008 to an unspecified date
Scope of business:	Manufacturing of marine equipment; manufacturing of wind energy motive equipment; manufacturing of machinery with independent functions; manufacturing of hydraulic and pneumatic power machinery and components; manufacturing of metal structures; manufacturing of other metal processing machinery; installation of electromechanical equipment; design services of mechanical engineering; sales of electrical machinery and equipment; sales of general machinery and equipment. (Approvals from competent authorities shall be obtained before commencing an operation requiring approval in accordance with the laws)

As at 30 April 2019, being the benchmark date of valuation, the shareholding structure of Guangzhou Guangchuan Large-scale Machinery and Equipment Co., Ltd. was as follows:

Name of shareholder	<b>Capital contribution subscribed and paid</b> <i>(in RMB ten thousand)</i>	<b>Percentage</b> <i>(%)</i>
Guangzhou Shipyard International Company Limited (廣船國際有限公司)	18,861.00	100.00
<b>Total</b>	<b>18,861.00</b>	<b>100.00</b>

The results of operation of the company in recent years are as follows:

*Unit: RMB'0,000*

<b>Item/year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>From January to April 2019</b>
Operating income	8,498.56	8,281.75	15,070.13	2,313.27
Net profit	596.37	79.75	-486.73	-94.20

<b>Item/year</b>	<b>31 December 2016</b>	<b>31 December 2017</b>	<b>31 December 2018</b>	<b>30 April 2019</b>
Total assets	24,179.96	23,496.46	31,509.62	31,195.30
Total liabilities	12,055.46	11,292.21	19,792.11	19,571.99
Net assets	12,124.49	12,204.25	11,717.51	11,623.31

<b>Item/year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>From January to April 2019</b>
Net cash flows from operating activities	2,308.40	202.25	-6,835.04	41.74
Net cash flows from investing activities	-19.99	-89.13	15.57	-5.75
Net cash flows from financing activities	-1,519.00	0.00	7,040.12	-78.84
Net increase in cash and cash equivalents	769.41	113.12	220.65	-42.85

The above figures have been extracted from the audited statements issued by WUYIGE Certified Public Accountants LLP.

Guangzhou Guangchuan Large-scale Machinery and Equipment Co., Ltd. adopted the Accounting Standards for Business Enterprises. The enterprise income tax rate is 25%; value-added tax rates are 13% and 9%; and the rates of urban construction tax, educational surcharge and local educational surcharge are 7%, 3% and 2% of turnover tax, respectively.

## (9) Overview of Zhongshan GSI Marine Engineering Company Limited, a wholly-owned subsidiary:

Company name:	Zhongshan GSI Marine Engineering Company Limited (中山廣船國際船舶及海洋工程有限公司)
Unified social credit code:	91442000684420937T
Type of company:	Limited liability company (wholly owned by a legal person)
Registered address:	22 Cuiwen Road, Cuiheng New District, Zhongshan
Legal representative:	Chen Kefeng
Registered capital:	RMB700,000,000
Date of establishment:	19 January 2009
Term of operation:	From 19 January 2009 to an unspecified date
Scope of business:	Design, processing, installation, manufacturing and sale: ships and their auxiliary machines (excluding fishing vessels), metal structures and their components, general machinery, general parts for castings and forgings, FRP products, ship circuits, ship pipelines, ship tools, furniture, machinery and equipment, equipment of marine engineering; import and export of goods and technology. (Approvals from competent authorities shall be obtained before commencing an operation requiring approval in accordance with the laws)

As at 30 April 2019, the shareholding structure of Zhongshan GSI Marine Engineering Company Limited was as follows:

Name of shareholder	Capital contribution subscribed and paid (in RMB ten thousand)	Percentage (%)
Guangzhou Shipyard International Company Limited (廣船國際有限公司)	70,000.00	100.00
<b>Total</b>	<b>70,000.00</b>	<b>100.00</b>

The results of operation of the company in recent years are as follows:

*Unit: RMB'0,000*

<b>Item/year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>From January to April 2019</b>
Operating income	35,948.91	25,143.90	11,573.51	2,914.66
Net profit	-2,948.67	-876.60	106.89	-25.96

<b>Item/year</b>	<b>31 December 2016</b>	<b>31 December 2017</b>	<b>31 December 2018</b>	<b>30 April 2019</b>
Total assets	90,494.42	85,303.95	86,201.34	84,451.47
Total liabilities	49,349.21	45,035.33	45,825.84	44,101.92
Net assets	41,145.21	40,268.61	40,375.51	40,349.55

<b>Item/year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>From January to April 2019</b>
Net cash flows from operating activities	1,480.13	-938.78	789.70	-337.99
Net cash flows from investing activities	-1,317.96	-3,959.14	-3,210.00	-360.12
Net cash flows from financing activities	4,892.00	-53.57	435.43	-13.13
Net increase in cash and cash equivalents	5,054.17	-4,951.49	-1,984.86	-711.24

The above figures have been extracted from the audited statements issued by WUYIGE Certified Public Accountants LLP.

Zhongshan GSI Marine Engineering Company Limited adopted the Accounting Standards for Business Enterprises. The enterprise income tax rate is 25%; value-added tax rates are 13% and 5%; and the rates of urban construction tax, educational surcharge and local educational surcharge are 7%, 3% and 2% of turnover tax, respectively.



(10) Overview of Fonkwang Development Limited, a controlled subsidiary:

Company name:	Fonkwang Development Limited (泛廣發展有限公司)
Address:	23F, CATIC Plaza, 8 Causeway Road, Wan Chai, the Hong Kong Special Administrative Region
Business nature:	Trading and engineering
Legal status:	BODY CORPORATE

As at 30 April 2019, being the benchmark date of valuation, the shareholding structure of Fonkwang Development Limited was as follows:

Name of shareholder	Capital contribution subscribed and paid (HK\$ ten thousand)	Percentage (%)
Guangzhou Shipyard International Company Limited (廣船國際有限公司)	16.00	80.00
Ou Zhimin	4.00	20.00
<b>Total</b>	<b>20.00</b>	<b>100.00</b>

The results of operation of the company in recent years are as follows:

*Unit: RMB'0,000*

Item/year	2016	2017	2018	From January to April 2019
Operating income	66,195.20	14,718.67	4,777.74	3,355.48
Net profit	5,631.01	4,852.71	120.99	-272.88
Item/year	31 December 2016	31 December 2017	31 December 2018	30 April 2019
Total assets	26,673.61	13,374.01	9,607.10	9,912.69
Total liabilities	20,352.41	5,058.09	3,538.20	4,161.66
Net assets	6,321.21	8,315.92	6,068.91	5,751.03

Unit: RMB'0,000

Item/year	2016	2017	2018	From January to April 2019
Net cash flows from operating activities	29,042.21	-3,831.32	1,245.47	2,383.39
Net cash flows from investing activities	-3.93	-0.65	104.87	24.98
Net cash flows from financing activities	-10,924.07	-8,513.77	-4,640.83	-2,427.77
Net increase in cash and cash equivalents	18,965.18	-13,114.15	-2,912.77	-134.06

The above figures have been extracted from the audited statements issued by WUYIGE Certified Public Accountants LLP.

Fonkwang Development Limited applies the two-tier profits tax rate as a corporation in Hong Kong. According to the Inland Revenue (Amendment) (No. 3) Ordinance 2018, in respect of the tax year beginning on or after 1 April 2018, the taxable profit of not more than HK\$2,000,000 for corporations is subject to a profits tax rate of 8.25%, while the portion exceeding HK\$2,000,000 is subject to a profits tax rate of 16.5%.

(11) Overview of Guangzhou Wenchong Dockyard Co., Ltd., a wholly-owned subsidiary:

Company name:	Guangzhou Wenchong Dockyard Co., Ltd. (廣州中船文沖船塢有限公司)
Unified social credit code:	91440115781228314Y
Type of company:	Limited liability company (wholly owned by a legal person)
Registered address:	Building No.4, No. 1, 10 Qihang Road, Nansha District, Guangzhou
Legal representative:	Chen Zhongqian
Registered capital:	RMB1,643,841,020
Date of establishment:	24 November 2005
Term of operation:	From 24 November 2005 to 24 November 2055

Scope of business: Manufacturing of marine engineering specialized equipment; manufacturing of steel structure; manufacturing of metal ship; manufacturing and installation of ship fittings; modification and demolition of ship; repair of specialized equipment; repair of ship; design service of ship; technology import and export; import and export of goods (except for exclusive control products); processing of metal scrap and debris; providing docks, anchorage, buoys and other facilities for ships; providing push and tow services for ships entering and leaving the port, leaving docks and mooring.

As at 30 April 2019, being the benchmark date of valuation, the shareholding structure of Guangzhou Wenchong Dockyard Co., Ltd. was as follows:

Name of shareholder	<b>Capital contribution subscribed and paid</b> <i>(in RMB ten thousand)</i>	<b>Percentage</b>  <i>(%)</i>
Guangzhou Shipyard International Company Limited (廣船國際有限公司)	164,384.102028	100.00
<b>Total</b>	<b><u>164,384.102028</u></b>	<b><u>100.00</u></b>

The results of operation of the company in recent years are as follows:

*Unit: RMB'0,000*

Item/year	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>From January to April 2019</b>
Operating income	63,491.93	64,829.61	65,788.87	17,424.43
Net profit	-14,971.67	-13,251.14	-21,228.64	-5,219.09
Item/year	<b>31 December 2016</b>	<b>31 December 2017</b>	<b>31 December 2018</b>	<b>30 April 2019</b>
Total assets	237,328.11	246,042.19	237,486.41	250,805.73
Total liabilities	202,427.65	224,405.18	237,081.46	255,616.20
Net assets	34,900.46	21,637.01	404.95	-4,810.47

Item/year	2016	2017	2018	From January to April 2019
Net cash flows from operating activities	18,420.36	3,787.00	-3,053.58	1,665.15
Net cash flows from investing activities	-9,561.20	-5,860.01	-9,340.15	-855.97
Net cash flows from financing activities	-19,955.82	10,228.16	7,243.23	9,970.25
Net increase in cash and cash equivalents	-10,612.03	7,621.32	-5,487.09	10,589.75

The above figures have been extracted from the audited statements issued by WUYIGE Certified Public Accountants LLP.

Guangzhou Wenchong Dockyard Co., Ltd. adopted the Accounting Standards for Business Enterprises. The enterprise income tax rate is 25%; value-added tax rates are 13% and 6%; and the rates of urban construction tax, educational surcharge and local educational surcharge are 7%, 3% and 2% of turnover tax, respectively.

*(12) Overview of Guangzhou Zhongdan Ship Design Co., Ltd., a subsidiary:*

Company name:	Guangzhou Zhongdan Ship Design Co., Ltd. (廣州中丹船舶設計有限公司)
Unified social credit code:	91440101MA5ARBB96R
Type of company:	Limited liability company (Sino-foreign joint venture)
Registered address:	2/F, Building B15, Hexiang Town Creative Park, Lingnan V Valley, No. 2 East Fangcun Avenue, Liwan District, Guangzhou
Legal representative:	Zhou Mushun
Registered capital:	RMB100,000
Date of establishment:	2 April 2018
Term of operation:	From 2 April 2018 to 26 March 2048

Scope of business: Design services of ship; installation services of mechanical and electrical equipment; industrial design services; design services of metal structural parts; manufacturing of marine equipment; design and manufacturing of ship cabin machinery; engineering services of computer network system; research and development of network technology; development and production of software product; computer technology development and technical services; software services; sales of products produced by the company (other than those prohibited under national laws and regulations; permits shall be obtained for a product requiring permission); consulting services of enterprise management; engineering and technical consulting services; sales of special equipment; import and export of goods (excluding goods subject to special regulations on foreign investment approval and licensing approval); technology import and export.

As at 30 April 2019, being the benchmark date of valuation, the shareholding structure of Guangzhou Zhongdan Ship Design Co., Ltd. was as follows:

Name of shareholder	<b>Capital contribution subscribed and paid (in RMB ten thousand)</b>	<b>Percentage (%)</b>
Guangzhou Shipyard International Company Limited (廣船國際有限公司)	5.10	51.00
OSK CHINA (HK) LIMITED	4.90	49.00
<b>Total</b>	<b>10.00</b>	<b>100.00</b>

*(13) Overview of Zhanjiang Nanhai Ship Hi-Tech Services Ltd., a subsidiary:*

Company name:	Zhanjiang Nanhai Ship Hi-Tech Services Ltd. (湛江南海艦船高新技術服務有限公司)
Unified social credit code:	914408007491506682
Type of company:	Limited liability company (State-controlled)
Address:	Room 405-407, No. 21 Jiefang West Road, Xiashan District, Zhanjiang
Legal representative:	Zhou Jun
Registered capital:	RMB2,000,000
Date of establishment:	3 April 2003
Term of operation:	From 3 April 2003 to long term
Scope of business:	Repair, commissioning and maintenance of ship equipment and system, development and application of ship and system spare parts and ship application software, operation and maintenance training of ship system equipment, development and technical services of electronic new technology of ship, sales: marine ancillary equipment and small gifts. (Approvals from competent authorities shall be obtained before commencing an operation requiring approval in accordance with the laws)

As at 30 April 2019, being the benchmark date of valuation, the shareholding structure of Zhanjiang Nanhai Ship Hi-Tech Services Ltd. was as follows:

Name of shareholder	Capital contribution subscribed and paid <i>(in RMB ten thousand)</i>	Percentage  <i>(%)</i>
CSSC Huangpu Wenchong Shipbuilding Company Limited (中船黃埔文沖船舶有限公司)	81.00	40.50
Guangzhou Shipyard International Company Limited (廣船國際有限公司)	80.00	40.00
CSSC Systems Engineering Research Institute (中國船舶工業系統工程研究院)	39.00	19.50
<b>Total</b>	<b>200.00</b>	<b>100.00</b>

The results of operation of the company in recent years are as follows:

*Unit: RMB'0,000*

Item/year	2016	2017	2018	From January to April 2019
Operating income	776.39	898.85	812.65	145.08
Net profit	22.01	39.25	71.72	21.74
Item/year	31 December 2016	31 December 2017	31 December 2018	30 April 2019
Total assets	615.98	498.51	455.32	537.87
Total liabilities	337.89	181.16	66.25	127.06
Net assets	278.09	317.35	389.07	410.81

Item/year	2016	2017	2018	From January to April 2019
Net cash flows from operating activities	219.69	-94.43	-134.51	139.25
Net cash flows from investing activities	0.00	-11.91	-10.50	-14.27
Net cash flows from financing activities	-9.00	0.00	0.00	0.00
Net increase in cash and cash equivalents	210.69	-106.34	-145.01	124.98

The above figures have been extracted from the audited statements issued by WUYIGE Certified Public Accountants LLP.

Zhanjiang Nanhai Ship Hi-Tech Services Ltd. adopted the Accounting Standards for Business Enterprises. The enterprise income tax rate is 25%; value-added tax rates are 13% and 6%; and the rates of urban construction tax, educational surcharge and local educational surcharge are 7%, 3% and 2% of turnover tax, respectively.

According to the Notice on Implementing the Inclusive Tax Relief Policy for Small and Micro Enterprises (Cai Shui 2019 No. 13) (《關於實施小微企業普惠性稅收減免政策的通知(財稅201913號)》) promulgated by the Ministry of Finance and the State Administration of Taxation, from 1 January 2019 to 31 December 2021, in respect of small and micro enterprises, the taxable income not exceeding RMB1,000,000 shall be subject to a reduced taxable income rate of 25%, and subject to enterprise income tax at a rate of 20%; the portion of the annual taxable income exceeding RMB1,000,000 but not exceeding RMB3,000,000 shall be subject to a reduced taxable income rate of 50%, and is subject to enterprise income tax at a rate of 20%.

*(14) Overview of South China Special Coating Industrial Co., Ltd. in Guangzhou Economic and Technological Development District, a subsidiary:*

Company name:	South China Special Coating Industrial Co., Ltd. in Guangzhou Economic and Technological Development District (廣州經濟技術開發區華南特種塗裝實業有限公司)
Unified social credit code:	91440101618428789R
Nature of company:	Limited liability company (a joint venture with investment from foreign-invested enterprise and domestic enterprise)



Registered address:	8/F, Construction Building, No. 783, Development Avenue, Guangzhou Economic and Technological Development District
Legal representative:	Ai Hu
Registered capital:	RMB6,888,240
Date of establishment:	26 November 1992
Term of operation:	From 26 November 1992 to an unspecified date
Business scope:	Interior adornment and decoration; construction steel structure, engineering and installation service of prefabricated components; engineering and technical research and experimental development; design service of interior decoration; cleaning service of oil tank; building material design and consulting service; consulting service of engineering technology; management service of engineering project; general contracting services; technical inspection of ships, offshore facilities, onshore engineering; leasing of mechanical equipment; leasing of construction machinery and equipment; leasing services of containers; building demolition (except for blasting operations); provision of construction equipment services; engineering drainage construction services; subcontracting of construction services; reinforcement of building structure; waterproofing of building structures; marine engineering construction; professional construction of anti-corrosion of hydraulic metal structures; construction services of pipeline engineering (oil, gas and water pipeline engineering); installation of pipeline facilities (oil, gas and water pipeline installation); repair of metal products; repair of containers; repair of general equipment; treatment and heat treatment of metal surface. (Approvals from competent authorities shall be obtained before commencing an operation requiring approval in accordance with the laws)

As at 30 April 2019, being the benchmark date of valuation, the shareholding structure of South China Special Coating Industrial Co., Ltd. in Guangzhou Economic and Technological Development District was as follows:

Name of shareholder	Capital contribution subscribed and paid <i>(in RMB ten thousand)</i>	Percentage  <i>(%)</i>
Guangxin Shipbuilding & Heavy Industry Co. Ltd. (廣新海事重工股份有限公司)	396.0738	57.50
Guangzhou Shipyard International Company Limited (廣船國際有限公司)	172.206	25.00
Zhanjiang Seaside Shipyard (湛江海濱船廠)	120.5442	17.50
<b>Total</b>	<b>688.824</b>	<b>100.00</b>

### (III) Relationship Between the Client and the Appraised Entity

China State Shipbuilding Corporation Limited, being the Client A, is a senior unit of the shareholders of Guangzhou Shipyard International Company Limited, being the appraised entity. China CSSC Holdings Limited, being the Client B, proposes to issue shares to purchase the equity interest in Guangzhou Shipyard International Company Limited, being the appraised entity. CSSC Offshore & Marine Engineering (Group) Company Limited, being the Client C, is a shareholder of Guangzhou Shipyard International Company Limited, being the appraised entity.

### (IV) Other Users of the Asset Valuation Report

The users of this Asset Valuation Report include those other than the clients and the appraised entities involved in the economic activities in this Asset Valuation Report in accordance with the relevant laws and administrative regulations.

Unless otherwise provided by the national laws and regulations, no organization or individual shall become a lawful user of this Asset Valuation Report by obtaining this Asset Valuation Report without the consent of the appraisal firm and the clients.

## II. PURPOSES OF VALUATION

In accordance with the Reply in Relation to the Audit and Asset Valuation Matters in Respect of the Purchase of Assets through Issue of Shares by China CSSC Holdings Limited (Chuan Jing Han 2019 No. 15) issued by China CSSC Holdings Limited and a resolution of the board of directors of China CSSC Holdings Limited, China CSSC Holdings Limited proposes to purchase 51% equity interest in Guangzhou Shipyard International Company Limited through issue of shares to CSSC Offshore & Marine Engineering (Group) Company Limited, New China Life Insurance Company Ltd. and other companies. This valuation aims to provide reference for the value of all equity interest in the shareholders of Guangzhou Shipyard International Company Limited involved in such economic behaviour.

## III. SUBJECT AND SCOPE OF VALUATION

### (I) Subject of valuation

Subject of valuation is all equity interests in the appraised entity.

### (II) Scope of valuation

Scope of valuation is all assets and liabilities in the appraised entity, including current assets, non-current assets and liabilities. The total carrying value of all assets reported by the appraised entity amounted to RMB18,966,360,041.75, the total carrying value of liabilities amounted to RMB12,080,193,741.04, the carrying value of shareholders' equity amounted to RMB6,886,166,300.71. Consolidated total assets amounted to RMB20,589,360,460.93, liabilities amounted to RMB13,902,711,696.22, net assets amounted to RMB6,686,648,764.71, consolidated net assets attributable to the parent company amounted to RMB6,623,194,834.00.

The aforementioned figures for assets and liabilities have been extracted from the audited balance sheet of Guangzhou Shipyard International Company Limited as at 30 April 2019, being the date of valuation. The valuation is conducted based on the aforesaid audited results of the appraised entity. The subject and scope of the valuation are consistent with the subject and scope of valuation involved in the economic behaviours mentioned in the asset valuation report.

Cut-off date: 30 April 2019

<b>Item</b>	<b>Carrying value (RMB)</b>
Total current assets	9,635,405,473.34
Total non-current assets	9,330,954,568.41
Total assets	18,966,360,041.75
Total current liabilities	10,283,350,191.63
Total non-current liabilities	1,796,843,549.41
Total liabilities	12,080,193,741.04
Shareholders' equity (net assets)	6,886,166,300.71

**(III) Main condition of the assets under valuation**

The condition of the main physical assets involved in the valuation of Guangzhou Shipyard International Company Limited is set out as below:

*Buildings and structures*

No.	Certificate no.	Name of building	Structure	Date of completion	Gross floor area (M <sup>2</sup> )
1	Yue (2016) Guangzhou real estate property rights no. 05222420	Room 902, 46 Rongfang Street	Steel and concrete	1998/10/26	59.07
2	Yue (2016) Guangzhou real estate property rights no. 05222425	Room 304, 52 Rongfang Street	Steel and concrete	1998/10/26	59.47
3	Yue (2016) Guangzhou real estate property rights no. 05222428	Room 404, 52 Rongfang Street	Steel and concrete	1998/10/26	59.47
4	Yue (2016) Guangzhou real estate property rights no. 05222430	Room 504, 52 Rongfang Street	Steel and concrete	1998/10/26	59.47
5	Yue (2016) Guangzhou real estate property rights no. 05222432	Room 704, 52 Rongfang Street	Steel and concrete	1998/10/26	59.47
6	Yue (2016) Guangzhou real estate property rights no. 05222434	Room 804, 52 Rongfang Street	Steel and concrete	1998/10/26	59.47
7	Yue (2016) Guangzhou real estate property rights no. 05222438	Room 904, 52 Rongfang Street	Steel and concrete	1998/10/26	59.47
8	Yue (2016) Guangzhou real estate property rights no. 05222598	Room 402, 46 Rongfang Street	Steel and concrete	1998/10/26	59.07
9	Yue (2016) Guangzhou real estate property rights no. 05222600	Room 404, 46 Rongfang Street	Steel and concrete	1998/10/26	54.58
10	Yue (2016) Guangzhou real estate property rights no. 05222604	Room 502, 46 Rongfang Street	Steel and concrete	1998/10/26	59.07
11	Yue (2016) Guangzhou real estate property rights no. 05222606	Room 504, 46 Rongfang Street	Steel and concrete	1998/10/26	54.58
12	Yue (2016) Guangzhou real estate property rights no. 05222611	Room 602, 46 Rongfang Street	Steel and concrete	1998/10/26	59.07

No.	Certificate no.	Name of building	Structure	Date of completion	Gross floor area (M <sup>2</sup> )
13	Yue (2016) Guangzhou real estate property rights no. 05222612	Room 604, 46 Rongfang Street	Steel and concrete	1998/10/26	54.58
14	Yue (2016) Guangzhou real estate property rights no. 05222614	Room 702, 46 Rongfang Street	Steel and concrete	1998/10/26	59.07
15	Yue (2016) Guangzhou real estate property rights no. 05222615	Room 802, 46 Rongfang Street	Steel and concrete	1998/10/26	59.07
16	Yue (2016) Guangzhou real estate property rights no. 05221724	Room 406, 18 Zicui Second Street	Steel and concrete	2003/8/26	32.82
17	Yue (2016) Guangzhou real estate property rights no. 05221767	Room 903, 18 Zicui Second Street	Steel and concrete	2003/8/26	32.82
18	Yue (2016) Guangzhou real estate property rights no. 05221768	Room 806, 18 Zicui Second Street	Steel and concrete	2003/8/26	32.82
19	Yue (2016) Guangzhou real estate property rights no. 05221772	Room 606, 18 Zicui Second Street	Steel and concrete	2003/8/26	32.82
20	Yue (2016) Guangzhou real estate property rights no. 05221774	Room 506, 18 Zicui Second Street	Steel and concrete	2003/8/26	32.82
21	Yue (2016) Guangzhou real estate property rights no. 05222595	Room 301, 27 Zicui First Street	Steel and concrete	2003/8/26	32.82
22	Yue (2016) Guangzhou real estate property rights no. 05222596	Room 401, 27 Zicui First Street	Steel and concrete	2003/8/26	32.82
23	Yue (2016) Guangzhou real estate property rights no. 05222597	Room 404, 27 Zicui First Street	Steel and concrete	2003/8/26	32.82
24	Yue (2016) Guangzhou real estate property rights no. 05222742	Room 501, 27 Zicui First Street	Steel and concrete	2003/8/26	32.82
25	Yue (2016) Guangzhou real estate property rights no. 05222746	Room 504, 27 Zicui First Street	Steel and concrete	2003/8/26	32.82
26	Yue (2016) Guangzhou real estate property rights no. 05222751	Room 601, 27 Zicui First Street	Steel and concrete	2003/8/26	32.82

No.	Certificate no.	Name of building	Structure	Date of completion	Gross floor area (M <sup>2</sup> )
27	Yue (2016) Guangzhou real estate property rights no. 05222754	Room 604, 27 Zicui First Street	Steel and concrete	2003/8/26	32.82
28	Yue (2016) Guangzhou real estate property rights no. 05222764	Room 701, 27 Zicui First Street	Steel and concrete	2003/8/26	32.82
29	Yue (2016) Guangzhou real estate property rights no. 05222771	Room 704, 27 Zicui First Street	Steel and concrete	2003/8/26	32.82
30	Yue (2016) Guangzhou real estate property rights no. 05222776	Room 804, 27 Zicui First Street	Steel and concrete	2003/8/26	32.82
31	Yue (2016) Guangzhou real estate property rights no. 05222782	Room 901, 27 Zicui First Street	Steel and concrete	2003/8/26	32.82
32	Yue (2016) Guangzhou real estate property rights no. 05222788	Room 904, 27 Zicui First Street	Steel and concrete	2003/8/26	32.82
33	Yue (2016) Guangzhou real estate property rights no. 05222620	Room 605, 6 Zicui First Street	Steel and concrete	2003/8/26	34.59
34	Yue (2016) Guangzhou real estate property rights no. 05222621	Room 803, 6 Zicui First Street	Steel and concrete	2003/8/26	35.91
35	Yue (2016) Guangzhou real estate property rights no. 05222624	Room 805, 6 Zicui First Street	Steel and concrete	2003/8/26	34.59
36	Yue (2016) Guangzhou real estate property rights no. 05222631	Room 903, 6 Zicui First Street	Steel and concrete	2003/8/26	35.91
37	Yue (2016) Guangzhou real estate property rights no. 05222632	Room 905, 6 Zicui First Street	Steel and concrete	2003/8/26	34.59
38	Yue (2016) Guangzhou real estate property rights no. 05222795	Room 105, 6 Zicui First Street	Steel and concrete	2003/8/26	34.59
39	Yue (2016) Guangzhou real estate property rights no. 05222815	Room 205, 6 Zicui First Street	Steel and concrete	2003/8/26	34.59
40	Yue (2016) Guangzhou real estate property rights no. 05222818	Room 305, 6 Zicui First Street	Steel and concrete	2003/8/26	34.59

No.	Certificate no.	Name of building	Structure	Date of completion	Gross floor area (M <sup>2</sup> )
41	Yue (2016) Guangzhou real estate property rights no. 05222823	Room 405, 6 Zicui First Street	Steel and concrete	2003/8/26	34.59
42	Yue (2016) Guangzhou real estate property rights no. 05222825	Room 505, 6 Zicui First Street	Steel and concrete	2003/8/26	34.59
43	Yue (2016) Guangzhou real estate property rights no. 05222831	Room 603, 6 Zicui First Street	Steel and concrete	2003/8/26	35.91
44	Yue (2016) Guangzhou real estate property rights no. 05222643	Room 103, 8 Zicui First Street	Steel and concrete	2003/8/26	35.91
45	Yue (2016) Guangzhou real estate property rights no. 05222644	Room 105, 8 Zicui First Street	Steel and concrete	2003/8/26	34.59
46	Yue (2016) Guangzhou real estate property rights no. 05222650	Room 203, 8 Zicui First Street	Steel and concrete	2003/8/26	35.91
47	Yue (2016) Guangzhou real estate property rights no. 05222653	Room 205, 8 Zicui First Street	Steel and concrete	2003/8/26	34.59
48	Yue (2016) Guangzhou real estate property rights no. 05222654	Room 303, 8 Zicui First Street	Steel and concrete	2003/8/26	35.91
49	Yue (2016) Guangzhou real estate property rights no. 05222659	Room 305, 8 Zicui First Street	Steel and concrete	2003/8/26	34.59
50	Yue (2016) Guangzhou real estate property rights no. 05222662	Room 403, 8 Zicui First Street	Steel and concrete	2003/8/26	35.91
51	Yue (2016) Guangzhou real estate property rights no. 05222664	Room 405, 8 Zicui First Street	Steel and concrete	2003/8/26	34.59
52	Yue (2016) Guangzhou real estate property rights no. 05222665	Room 503, 8 Zicui First Street	Steel and concrete	2003/8/26	35.91
53	Yue (2016) Guangzhou real estate property rights no. 05222666	Room 505, 8 Zicui First Street	Steel and concrete	2003/8/26	34.59
54	Yue (2016) Guangzhou real estate property rights no. 05222668	Room 603, 8 Zicui First Street	Steel and concrete	2003/8/26	35.91

No.	Certificate no.	Name of building	Structure	Date of completion	Gross floor area (M <sup>2</sup> )
55	Yue (2016) Guangzhou real estate property rights no. 05222670	Room 605, 8 Zicui First Street	Steel and concrete	2003/8/26	34.59
56	Yue (2016) Guangzhou real estate property rights no. 05222904	Room 905, 8 Zicui First Street	Steel and concrete	2003/8/26	34.59
57	Yue (2016) Guangzhou real estate property rights no. 05222905	Room 903, 8 Zicui First Street	Steel and concrete	2003/8/26	35.91
58	Yue (2016) Guangzhou real estate property rights no. 05222913	Room 805, 8 Zicui First Street	Steel and concrete	2003/8/26	34.59
59	Yue (2016) Guangzhou real estate property rights no. 05222914	Room 803, 8 Zicui First Street	Steel and concrete	2003/8/26	35.91
60	Yue (2016) Guangzhou real estate property rights no. 05222916	Room 705, 8 Zicui First Street	Steel and concrete	2003/8/26	34.59
61	Yue (2016) Guangzhou real estate property rights no. 05222923	Room 703, 8 Zicui First Street	Steel and concrete	2003/8/26	35.91
62	Yue (2016) Guangzhou real estate property rights no. 05221725	Room 703, 10 Zicui First Street	Steel and concrete	2003/8/26	38.18
63	Yue (2016) Guangzhou real estate property rights no. 05221730	Room 603, 10 Zicui First Street	Steel and concrete	2003/8/26	38.18
64	Yue (2016) Guangzhou real estate property rights no. 05221732	Room 506, 10 Zicui First Street	Steel and concrete	2003/8/26	38.18
65	Yue (2016) Guangzhou real estate property rights no. 05221734	Room 503, 10 Zicui First Street	Steel and concrete	2003/8/26	38.18
66	Yue (2016) Guangzhou real estate property rights no. 05221735	Room 406, 10 Zicui First Street	Steel and concrete	2003/8/26	38.18
67	Yue (2016) Guangzhou real estate property rights no. 05221736	Room 403, 10 Zicui First Street	Steel and concrete	2003/8/26	38.18
68	Yue (2016) Guangzhou real estate property rights no. 05221738	Room 306, 10 Zicui First Street	Steel and concrete	2003/8/26	38.18



No.	Certificate no.	Name of building	Structure	Date of completion	Gross floor area (M <sup>2</sup> )
69	Yue (2016) Guangzhou real estate property rights no. 05221749	Room 303, 10 Zicui First Street	Steel and concrete	2003/8/26	38.18
70	Yue (2016) Guangzhou real estate property rights no. 05221750	Room 206, 10 Zicui First Street	Steel and concrete	2003/8/26	38.18
71	Yue (2016) Guangzhou real estate property rights no. 05221759	Room 203, 10 Zicui First Street	Steel and concrete	2003/8/26	38.18
72	Yue (2016) Guangzhou real estate property rights no. 05221760	Room 106, 10 Zicui First Street	Steel and concrete	2003/8/26	38.18
73	Yue (2016) Guangzhou real estate property rights no. 05221764	Room 103, 10 Zicui First Street	Steel and concrete	2003/8/26	38.18
74	Yue (2016) Guangzhou real estate property rights no. 05222581	Room 806, 10 Zicui First Street	Steel and concrete	2003/8/26	38.18
75	Yue (2016) Guangzhou real estate property rights no. 05222582	Room 903, 10 Zicui First Street	Steel and concrete	2003/8/26	38.18
76	Yue (2016) Guangzhou real estate property rights no. 05222586	Room 906, 10 Zicui First Street	Steel and concrete	2003/8/26	38.18
77	Yue (2016) Guangzhou real estate property rights no. 05222735	Room 803, 10 Zicui First Street	Steel and concrete	2003/8/26	38.18
78	Yue (2016) Guangzhou real estate property rights no. 05222726	Room 706, 10 Zicui First Street	Steel and concrete	2003/8/26	38.18
79	Yue (2016) Guangzhou real estate property rights no. 05221728	Room 606, 10 Zicui First Street	Steel and concrete	2003/8/26	38.18
80	Yue (2016) Guangzhou real estate property rights no. 05222897	Room 906, 141 Zidong Street	Steel and concrete	2003/8/26	39.20
81	Yue (2016) Guangzhou real estate property rights no. 05222902	Room 806, 141 Zidong Street	Steel and concrete	2003/8/26	38.61
82	Yue (2016) Guangzhou real estate property rights no. 05222927	Room 606, 141 Zidong Street	Steel and concrete	2003/8/26	38.61

No.	Certificate no.	Name of building	Structure	Date of completion	Gross floor area (M <sup>2</sup> )
83	Yue (2016) Guangzhou real estate property rights no. 05222885	Room 703, 143 Zidong Street	Steel and concrete	2003/8/26	34.65
84	Yue (2016) Guangzhou real estate property rights no. 05222887	Room 403, 143 Zidong Street	Steel and concrete	2003/8/26	34.65
85	Yue (2016) Guangzhou real estate property rights no. 05222894	Room 305, 143 Zidong Street	Steel and concrete	2003/8/26	36.01
86	Yue (2016) Guangzhou real estate property rights no. 05222896	Room 103, 143 Zidong Street	Steel and concrete	2003/8/26	36.01
87	Yue (2016) Guangzhou real estate property rights no. 05222882	Room 705, 143 Zidong Street	Steel and concrete	2003/8/26	36.01
88	Yue (2016) Guangzhou real estate property rights no. 05222878	Room 905, 143 Zidong Street	Steel and concrete	2003/8/26	36.66
89	Yue (2016) Guangzhou real estate property rights no. 05222876	Room 506, 147 Zidong Street	Steel and concrete	2003/8/26	38.78
90	Yue (2016) Guangzhou real estate property rights no. 05222875	Room 606, 147 Zidong Street	Steel and concrete	2003/8/26	38.78
91	Yue (2016) Guangzhou real estate property rights no. 05222872	Room 903, 147 Zidong Street	Steel and concrete	2003/8/26	39.20
92	Yue (2016) Guangzhou real estate property rights no. 05222592	Room 606, 14 Zicui First Street	Steel and concrete	2003/8/26	38.18
93	Yue (2016) Guangzhou real estate property rights no. 05222593	Room 706, 14 Zicui First Street	Steel and concrete	2003/8/26	38.18
94	Yue (2016) Guangzhou real estate property rights no. 05222594	Room 906, 14 Zicui First Street	Steel and concrete	2003/8/26	38.18
95	Yue (2016) Guangzhou real estate property rights no. 05222587	Room 506, 14 Zicui First Street	Steel and concrete	2003/8/26	38.18
96	Yue (2017) Guangzhou real estate property rights no. 11202447	No. 20, 1/F, Building 1, Meigui Street	Steel and concrete	2009/6/30	33.43

No.	Certificate no.	Name of building	Structure	Date of completion	Gross floor area (M <sup>2</sup> )
97	Yue (2017) Guangzhou real estate property rights no. 11202446	No. 19, 1/F, Building 1, Meigui Street	Steel and concrete	2009/6/30	42.06
98	Yue (2017) Guangzhou real estate property rights no. 11202445	No. 18, 1/F, Building 1, Meigui Street	Steel and concrete	2009/6/30	36.21
99	Yue (2017) Guangzhou real estate property rights no. 11202444	No. 17, 1/F, Building 1, Meigui Street	Steel and concrete	2009/6/30	36.21
100	Yue (2017) Guangzhou real estate property rights no. 11202443	No. 16, 1/F, Building 1, Meigui Street	Steel and concrete	2009/6/30	42.06
101	Yue (2017) Guangzhou real estate property rights no. 11202442	No. 15, 1/F, Building 1, Meigui Street	Steel and concrete	2009/6/30	54.78
102	Yue (2017) Guangzhou real estate property rights no. 11202441	No. 14, 1/F, Building 1, Meigui Street	Steel and concrete	2009/6/30	36.21
103	Yue (2017) Guangzhou real estate property rights no. 11202440	No. 13, 1/F, Building 1, Meigui Street	Steel and concrete	2009/6/30	47.82
104	Yue (2017) Guangzhou real estate property rights no. 11202439	No. 12, 1/F, Building 1, Meigui Street	Steel and concrete	2009/6/30	39.16
105	Yue (2017) Guangzhou real estate property rights no. 11202438	No. 11, 1/F, Building 1, Meigui Street	Steel and concrete	2009/6/30	39.16
106	Yue (2017) Guangzhou real estate property rights no. 11202437	No. 10, 1/F, Building 1, Meigui Street	Steel and concrete	2009/6/30	47.82
107	Yue (2017) Guangzhou real estate property rights no. 11202436	No. 9, 1/F, Building 1, Meigui Street	Steel and concrete	2009/6/30	36.21
108	Yue (2017) Guangzhou real estate property rights no. 11202435	No. 8, 1/F, Building 1, Meigui Street	Steel and concrete	2009/6/30	36.86
109	Yue (2017) Guangzhou real estate property rights no. 11202432	No. 22, 1/F, Building 1, Meigui Street	Steel and concrete	2009/6/30	38.81
110	Yue (2017) Guangzhou real estate property rights no. 11202434	No. 21, 1/F, Building 1, Meigui Street	Steel and concrete	2009/6/30	38.81

No.	Certificate no.	Name of building	Structure	Date of completion	Gross floor area (M <sup>2</sup> )
111	Yue (2017) Guangzhou real estate property rights no. 11202448	Room 201, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	114.34
112	Yue (2017) Guangzhou real estate property rights no. 11202455	Room 202, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	114.34
113	Yue (2017) Guangzhou real estate property rights no. 11202462	Room 203, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	109.86
114	Yue (2017) Guangzhou real estate property rights no. 11202428	Room 204, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	109.86
115	Yue (2017) Guangzhou real estate property rights no. 11202449	Room 301, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	114.34
116	Yue (2017) Guangzhou real estate property rights no. 11202456	Room 302, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	114.34
117	Yue (2017) Guangzhou real estate property rights no. 11202463	Room 303, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	109.86
118	Yue (2017) Guangzhou real estate property rights no. 11202426	Room 304, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	109.86
119	Yue (2017) Guangzhou real estate property rights no. 11202450	Room 401, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	114.34
120	Yue (2017) Guangzhou real estate property rights no. 11202457	Room 402, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	114.34
121	Yue (2017) Guangzhou real estate property rights no. 11202464	Room 403, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	109.86
122	Yue (2017) Guangzhou real estate property rights no. 11202427	Room 404, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	109.86
123	Yue (2017) Guangzhou real estate property rights no. 11202451	Room 501, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	114.34
124	Yue (2017) Guangzhou real estate property rights no. 11202458	Room 502, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	114.34

No.	Certificate no.	Name of building	Structure	Date of completion	Gross floor area (M <sup>2</sup> )
125	Yue (2017) Guangzhou real estate property rights no. 11202391	Room 503, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	109.86
126	Yue (2017) Guangzhou real estate property rights no. 11202430	Room 504, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	109.86
127	Yue (2017) Guangzhou real estate property rights no. 11202452	Room 601, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	114.34
128	Yue (2017) Guangzhou real estate property rights no. 11202459	Room 602, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	114.34
129	Yue (2017) Guangzhou real estate property rights no. 11202423	Room 603, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	109.86
130	Yue (2017) Guangzhou real estate property rights no. 11202429	Room 604, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	109.86
131	Yue (2017) Guangzhou real estate property rights no. 11202453	Room 701, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	114.34
132	Yue (2017) Guangzhou real estate property rights no. 11202460	Room 702, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	114.34
133	Yue (2017) Guangzhou real estate property rights no. 11202424	Room 703, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	109.86
134	Yue (2017) Guangzhou real estate property rights no. 11202431	Room 704, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	109.86
135	Yue (2017) Guangzhou real estate property rights no. 11202454	Room 801, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	114.34
136	Yue (2017) Guangzhou real estate property rights no. 11202461	Room 802, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	114.34
137	Yue (2017) Guangzhou real estate property rights no. 11202425	Room 803, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	109.86
138	Yue (2017) Guangzhou real estate property rights no. 11202433	Room 804, Elevator 2, Building 1, Meigui Street	Steel and concrete	2009/6/30	109.86

No.	Certificate no.	Name of building	Structure	Date of completion	Gross floor area (M <sup>2</sup> )
139	Yue (2016) Guangzhou real estate property rights no. 05222450	Room 2203, Yuanyang Business Building	Steel and concrete	2005/4/26	61.73
140	Yue (2016) Guangzhou real estate property rights no. 05222457	Room 2205, Yuanyang Business Building	Steel and concrete	2005/4/26	46.22
141	Yue (2016) Guangzhou real estate property rights no. 05222461	Room 2206, Yuanyang Business Building	Steel and concrete	2005/4/26	46.37
142	Yue (2016) Guangzhou real estate property rights no. 05222463	Room 2207, Yuanyang Business Building	Steel and concrete	2005/4/26	41.07
143	Yue (2016) Guangzhou real estate property rights no. 05222469	Room 2208, Yuanyang Business Building	Steel and concrete	2005/4/26	73.63
144	Yue (2016) Guangzhou real estate property rights no. 05222472	Room 2209, Yuanyang Business Building	Steel and concrete	2005/4/26	43.62
145	Yue (2016) Guangzhou real estate property rights no. 05222478	Room 2210, Yuanyang Business Building	Steel and concrete	2005/4/26	30.32
146	Yue (2016) Guangzhou real estate property rights no. 05222480	Room 2211, Yuanyang Business Building	Steel and concrete	2005/4/26	67.13
147	Yue (2018) Guangzhou real estate property rights no. 11201620-19	11#power distribution station	Steel and concrete	2008/4/24	125.38
148	Yue (2018) Guangzhou real estate property rights no. 11201620-55	110KV total pressure reduction station	Steel and concrete	2008/7/3	2,331.89
149	Yue (2018) Guangzhou real estate property rights no. 11201620-20	Workshop for component welding, cutting processing, steel pre-processing	Steel structure	2008/4/24	91,058.87
150	Yue (2018) Guangzhou real estate property rights no. 11201620-23	Outfitting center, module workshop	Steel structure	2008/7/3	6,869.04
151	Yue (2018) Guangzhou real estate property rights no. 11201620-24	Outfitting center and assembly library	Steel structure	2008/8/12	12,299.68
152	Yue (2018) Guangzhou real estate property rights no. 11201620-27	Pipe processing and assembly factory	Steel structure	2010/7/25	6,192.80

No.	Certificate no.	Name of building	Structure	Date of completion	Gross floor area (M <sup>2</sup> )
153	Yue (2018) Guangzhou real estate property rights no. 11201620-28	Assembly center, assembly library, assembly field and public facilities	Steel structure	2008/10/24	8,628.21
154	Yue (2018) Guangzhou real estate property rights no. 11201620-26	Construction on power substation for civilian ship 2, 6, 8, 9, 16# power substation	Steel and concrete	2009/9/30	157.97
155	Yue (2018) Guangzhou real estate property rights no. 11201620-45	Workshop for coating in sections	Steel structure	2008/9/30	28,885.53
156	Yue (2018) Guangzhou real estate property rights no. 11201620-21	Production and life support building of manufacturing and engineering department	Steel and concrete	2008/7/18	6,773.26
157	Yue (2018) Guangzhou real estate property rights no. 11201620-22	Physical and chemical laboratory and public facilities	Steel and concrete	2008/12/12	3,476.96
158	Yue (2018) Guangzhou real estate property rights no. 11201620-40, 41	Library for paint, oil and chemical	Steel and concrete	2008/12/22	1,037.67
159	Yue (2018) Guangzhou real estate property rights no. 11201620-48	Integrated building for production and directing	Steel and concrete	2009/9/30	6,717.19
160	Yue (2018) Guangzhou real estate property rights no. 11201620-39	Integrated warehouse	Steel and concrete	2009/9/30	5,286.61
161	Yue (2018) Guangzhou real estate property rights no. 11201620-42	2#air compressor station, 15#power substation	Steel and concrete	2009/9/30	2,166.68
162	Yue (2018) Guangzhou real estate property rights no. 11201620-31	Feed pump room and pool	Steel and concrete	2009/9/30	375.87
163	Yue (2018) Guangzhou real estate property rights no. 11201620-43	Office for coating, support and life	Steel and concrete	2009/9/30	3,850.72
164	Yue (2018) Guangzhou real estate property rights no. 11201620-11	2#gas cylinder library	Steel and concrete	2010/5/25	333.22
165	Yue (2018) Guangzhou real estate property rights no. 11201620-30	Weighhouse	Steel and concrete	2010/5/25	18.92

No.	Certificate no.	Name of building	Structure	Date of completion	Gross floor area (M <sup>2</sup> )
166	Yue (2018) Guangzhou real estate property rights no. 11201620-35	Gas station	Steel and concrete	2010/5/25	55.59
167	Yue (2018) Guangzhou real estate property rights no. 11201620-32	Car library and repairing room	Steel and concrete	2010/5/25	754.51
168	Yue (2018) Guangzhou real estate property rights no. 11201620-37	Domestic sewage treatment station	Steel and concrete	2010/5/25	194.81
169	Yue (2018) Guangzhou real estate property rights no. 11201620-36	Oily wastewater treatment station	Steel and concrete	2010/5/25	306.16
170	Yue (2018) Guangzhou real estate property rights no. 11201620-33	Fire station	Steel and concrete	2010/5/25	581.81
171	Yue (2018) Guangzhou real estate property rights no. 11201620-53	9#power substation	Steel and concrete	2010/5/25	130.55
172	Yue (2018) Guangzhou real estate property rights no. 11201620-34	14b#power substation	Steel and concrete	2010/5/25	79.86
173	Yue (2018) Guangzhou real estate property rights no. 11201620-38	Oily waste room, coating waste room, collecting pool for emergency wastewater	Steel and concrete	2010/9/30	605.03
174	Yue (2018) Guangzhou real estate property rights no. 11201620-18, 44	Workshop for welding in sections	Steel structure	2008/8/19	92,165.71
175	Yue (2018) Guangzhou real estate property rights no. 11201620-71	1#outfitting service station (includes 1#power substation)	Frame	2010/9/30	606.45
176	Yue (2018) Guangzhou real estate property rights no. 11201620-14	Quality control room	Frame	2010/9/30	664.09
177	Yue (2018) Guangzhou real estate property rights no. 11201620-4, 5	Skill training center and internship workshop	Frame	2010/9/30	3,289.03
178	Yue (2018) Guangzhou real estate property rights no. 11201620-73	2#outfitting service station (includes 5#power substation)	Frame	2010/9/30	670.90



No.	Certificate no.	Name of building	Structure	Date of completion	Gross floor area (M <sup>2</sup> )
179	Yue (2018) Guangzhou real estate property rights no. 11201620-66	4#outfitting service station (includes 3#power substation)	Frame	2010/9/30	670.98
180	Yue (2018) Guangzhou real estate property rights no. 11201620-63	3#outfitting service station (includes 6#power substation)	Frame	2010/9/30	787.53
181	Yue (2018) Guangzhou real estate property rights no. 11201620-1	Night shift dormitory	Frame	2010/9/30	1,669.67
182	Yue (2018) Guangzhou real estate property rights no. 11201620-2	Food processing center A	Frame	2010/9/30	1,111.79
183	Yue (2018) Guangzhou real estate property rights no. 11201620-3	Food processing center B	Frame	2010/9/30	2,185.40
184	Yue (2018) Guangzhou real estate property rights no. 11201620-70	2#power substation	Frame	2010/9/30	147.92
185	Yue (2018) Guangzhou real estate property rights no. 11201620-68	1#gas cylinder library	Frame	2010/9/30	331.55
186	Yue (2018) Guangzhou real estate property rights no. 11201620-67	1#acetylene busbar room	Frame	2010/9/30	643.49
187	Yue (2018) Guangzhou real estate property rights no. 11201620-65	8#power substation	Frame	2010/9/30	163.21
188	Yue (2018) Guangzhou real estate property rights no. 11201620-10	2#acetylene busbar room	Frame	2010/9/30	375.86
189	Yue (2018) Guangzhou real estate property rights no. 11201620-12, 13	Propane busbar room	Frame	2010/9/30	252.08
190	Yue (2018) Guangzhou real estate property rights no. 11201620-8	2#liquid oxygen gasification station	Frame	2010/9/30	23.94
191	Yue (2018) Guangzhou real estate property rights no. 11201620-7	2#carbon dioxide gasification station	Frame	2010/9/30	22.78
192	Yue (2018) Guangzhou real estate property rights no. 11201620-6	Liquid nitrogen gasification station	Frame	2010/9/30	15.78

No.	Certificate no.	Name of building	Structure	Date of completion	Gross floor area (M <sup>2</sup> )
193	Yue (2018) Guangzhou real estate property rights no. 11201620-9	3#air compressor station	Frame	2010/9/30	780.32
194	Yue (2018) Guangzhou real estate property rights no. 11201620-52	1#air compressor station	Frame	2010/9/30	1,408.55
195	Yue (2018) Guangzhou real estate property rights no. 11201620-50	1#liquid oxygen gasification station	Frame	2010/9/30	23.76
196	Yue (2018) Guangzhou real estate property rights no. 11201620-51	1#carbon dioxide gasification station	Frame	2010/9/30	22.72
197	Yue (2018) Guangzhou real estate property rights no. 11201620-72	Final assembly engineering life support 2#building	Frame	2011/2/25	2,503.56
198	Yue (2018) Guangzhou real estate property rights no. 11201620-74	Gatekeeping engineering	Frame	2011/2/25	200.63
199	Yue (2018) Guangzhou real estate property rights no. 11201620-61, 62	Research and design building	Frame	2011/4/28	5,843.54
200	Yue (2018) Guangzhou real estate property rights no. 11201620-59, 60	Office building of plant	Frame	2011/4/28	16,382.36
201	Yue (2018) Guangzhou real estate property rights no. 11201620-56, 57, 58	Shipowner building	Frame	2011/4/28	3,727.19
202	Yue (2018) Guangzhou real estate property rights no. 11201620-49	Final assembly engineering production support 1#building	Frame	2012/2/22	4,018.07
203	Yue (2018) Guangzhou real estate property rights no. 11201620-29	Secondary gatekeeping	Frame	2012/2/22	63.48
204	Yue (2018) Guangzhou real estate property rights no. 11201620-A-1#	Dormitory building	Frame	2015/9/30	11,844.03

No.	Certificate no.	Name of building	Structure	Date of completion	Gross floor area (M <sup>2</sup> )
205	Yue (2018) Guangzhou real estate property rights no. 11201620-A-2#	Dormitory building	Frame	2015/9/30	11,876.56
206	Yue (2018) Guangzhou real estate property rights no. 11201620-A-3#	Dormitory building	Frame	2015/9/30	16,245.33
207	Yue (2018) Guangzhou real estate property rights no. 11201620-A-4#	Dormitory building	Frame	2015/9/30	11,873.10
208	Yue (2018) Guangzhou real estate property rights no. 11201620-A-5#,-A-6#,-A-10#,-A-11#	Dormitory building	Frame	2015/9/30	37,271.33
209	Yue (2018) Guangzhou real estate property rights no. 11201620-A-7#	10KV switch room, power distribution room and activity room	Frame	2015/9/30	777.79
210	Yue (2018) Guangzhou real estate property rights no. 11201620-A-8#	Pump room	Frame	2015/9/30	407.96
211	Yue (2018) Guangzhou real estate property rights no. 11201620-A-9#	Property management building	Frame	2015/9/30	502.86
212	Yue (2018) Guangzhou real estate property rights no. 11201620-B-1	Dormitory building	Frame	2015/9/30	16,177.50
213	Yue (2018) Guangzhou real estate property rights no. 11201620-B-2	Dormitory building	Frame	2015/9/30	16,155.52
214	Yue (2018) Guangzhou real estate property rights no. 11201620-B-4	Dormitory building	Frame	2015/9/30	11,885.74
215	Yue (2018) Guangzhou real estate property rights no. 11201620-B-5	Property management building	Frame	2015/9/30	502.86
216	Yue (2018) Guangzhou real estate property rights no. 11201620-C-1	Dormitory building	Frame	2015/9/30	16,134.75

No.	Certificate no.	Name of building	Structure	Date of completion	Gross floor area (M <sup>2</sup> )
217	Yue (2018) Guangzhou real estate property rights no. 11201620-C-2	Dormitory building	Frame	2015/9/30	9,933.36
218	Yue (2018) Guangzhou real estate property rights no. 11201620-C-3	Dormitory building	Frame	2015/9/30	7,588.16
219	Yue (2018) Guangzhou real estate property rights no. 11201620-C-4	Power distribution room	Frame	2015/9/30	622.67
220	Yue (2018) Guangzhou real estate property rights no. 11201620-C-5	Pump room	Frame	2015/9/30	275.60
221	Yue (2018) Guangzhou real estate property rights no. 11201620-C-6	Sewage treatment station	Frame	2015/9/30	311.29
222	Yue (2018) Guangzhou real estate property rights no. 11201620-69	Outfield 1#public bathroom	Frame	2015/9/30	115.46
223	Yue (2018) Guangzhou real estate property rights no. 11201620-64	2#public bathroom	Frame	2015/9/30	115.68
224	Yue (2018) Guangzhou real estate property rights no. 11201620-54	4#public bathroom	Frame	2015/9/30	52.32
225	Yue (2018) Guangzhou real estate property rights no. 11201620-46	5#public bathroom	Frame	2015/9/30	56.24
226	Yue (2018) Guangzhou real estate property rights no. 11201620-47	6#public bathroom	Frame	2015/9/30	61.13
227	Yue (2018) Guangzhou real estate property rights no. 11201620-17	7#public bathroom	Frame	2015/9/30	61.21
228	Yue (2018) Guangzhou real estate property rights no. 11201620-25	8#public bathroom	Frame	2015/9/30	61.09
229	Yue (2018) Guangzhou real estate property rights no. 11201620-16	9#public bathroom	Frame	2015/9/30	60.39
230	Yue (2018) Guangzhou real estate property rights no. 11201620-15	10#public bathroom	Frame	2015/9/30	60.63

*Land use rights*

No.	Land right certificate no.	Name of land parcel	Land location	Land use	Area (m <sup>2</sup> )
1	Sui fu guo yong (2015) no. 04100027	Shipbuilding base on Lankeet Island, Nansha	Shipbuilding base on Lankeet Island, Nansha	Industry	2,545,441.00

*Equipment*

Name of equipment	Quantity (nil/set)	Original carrying amount (RMB)	Net book value (RMB)
Machinery Equipment	17,009	2,753,166,874.18	1,281,160,830.36
Vehicle	130	32,076,465.41	8,836,842.13
Electronic equipment	12,684	252,189,242.81	88,764,266.32
<b>Total</b>	<b>29,823</b>	<b>3,037,432,582.40</b>	<b>1,378,761,938.81</b>

The company has a total of 29,823 equipments (sets/nil), which are classified into three categories: machines, vehicles and electronic equipment.

- (1) 17,009 (sets of) machinery and equipment, mainly including: shipbuilding equipment and port facilities such as gantry cranes, 21m marine three-roller coiling machines, portal cranes, plane assembly lines, painting workshop process systems, power distribution equipments, plane segmentation production lines, fixed cranes, ship moving trolleys, plane segmentation assembly lines, centrifugal air compressors, power cables, steel plate pretreatment lines, flatbed trucks, double column vertical lathes, rotary fixed cranes, bridge cranes, ship segmentation displacement devices, large pipe processing production line, hydraulic power flatbed trucks, tugs, moving rotary press head frame type hydraulic presses, component assembly lines, three-axis CNC cutting machines, full room dust collectors, vacuum suction systems, roller number leveling machines, dehumidification systems, pneumatic cranes, water pump room equipments, dock fixed cranes, gantry crane anchor constructions, double body special deck barges, cold frame benders, self-propelled barges, ankle work platforms, three-roller bending machines, fire stations, steel and steel plate pretreatment assembly lines, hydraulic flatbed trucks, thyristor carbon dioxide welders, electromagnetic bridge cranes, five-axis CNC pipe cutting machines, sandblasting and dust collection systems, vehicle cranes, vertical gas welding machines, skid steer trucks, full hydraulic cranes, cooling towers, centrifugal oil-free air compressors, ship traction devices, aerial work vehicles, CNC plasma cutting machines, paint mist collection systems, generators vehicle testing equipment water resistance, boarding towers, fixed tower cranes, Samsung roller beds, mobile shelters,


rafts, heavy-duty flat transport trucks, high-precision door cutters, single fork light poles and lamps, integration systems for ship generator load test, three-roller coiling machines, escalators, frequency conversion units, electromagnetic hook bridge cranes, etc., are distributed in ports and production workshops.

- (2) 130 vehicles, which are 4 Audi sedans, 1 Buick Regal sedan, 1 Buick LaCrosse sedan, 2 Fengshen sedans, 1 Jetta sedan, 3 Passat sedans, 2 Santana sedans, 14 Scorpio sedans, 1 Odyssey multipurpose passenger car, 22 Buick commercial vehicles, 1 Maxus commercial vehicle, 2 Toyota Prado off-road vehicles, 8 Grace commercial vehicles, 1 Convergence light passenger car, 6 Jianghuai Ruifeng commercial vehicles, 1 Lingzhi commercial vehicle, 2 Mercedes-Benz commercial vehicles, 1 Acura off-road vehicle, 1 Previa commercial vehicle, 1 Tucson commercial vehicle, 1 Qashqai commercial vehicle, 1 Infiniti off-road passenger car, 3 Yumsun commercial vehicles, 1 Great Wall commercial vehicle, 1 Keyauto medium-sized passenger car, 1 Grace medium-sized passenger car, 7 Convergence medium-sized passenger cars, 1 Shanghai medium-sized passenger car, 1 Higer large passenger car, 1 Golden Dragon large passenger car, 4 Skoda large passenger cars, 1 Yutong large passenger car, 1 Convergence ambulance, 1 Jiangling light truck, 7 Nissan light trucks, 11 Isuzu light trucks, 2 Great Wall light trucks, 1 Chenglong heavy truck, 2 Dongfeng heavy trucks, 2 Foton heavy semi-trailers, 1 Foton heavy truck, 1 FAW heavy truck, 1 Mingwei heavy flat-panel semi-trailer, 1 Auman heavy semi-trailer, and 1 Xinrigang heavy flat-panel semi-trailer.
- (3) 12,684 electronic equipments, mainly including: perimeter and production monitoring systems, central control systems, digital program-controlled switches, access control systems, steel sand transportation recovery systems, worker dormitory area monitoring systems, organic waste gas treatment equipments, consumption systems, air cooling dehumidifiers, material testing machines, central air conditioners, box substations, core switches, universal material testing machines, spark direct reading spectrometers, universal length measuring instruments, public security anti-theft monitoring systems, departmental servers, heptafluoropropane automatic alarm fire extinguishing systems, ICP plasma bulk emission spectrometers, key server systems, broadcasting systems, heat pump hot water systems, disk arrays, aggregation switches, storage backup server systems, office building cards, application server systems, multi-function calibrators, organic waste gas treatment systems, air compressor station central control systems, drying machines, automatic Vickers hardness measuring systems, non-contact optical measuring instruments, long axis alignment calibrators, gyro total stations, laser interferometers, office furniture, air conditioners, printer, copiers, computer and other measuring instruments and office equipments, which are distributed in various functional departments.

**(IV) Type and quantity of off-balance sheet assets reported by the Company**

In this valuation, the trademarks, patents, patent applications and computer software copyrights that are not reflected in the Company's account are included in the scope of valuation. Details are as follows:



***Trademark***

No.	Trademark design	Certificate no.	Date of registration	Expiry date	Registrant
1		No. 6848862	2010/9/28	2020/9/27	Guangzhou Shipyard International Company Limited
2		No. 6848863	2010/5/7	2020/5/6	Guangzhou Shipyard International Company Limited
3		No. 6848864	2010/9/28	2020/9/27	Guangzhou Shipyard International Company Limited
4		No. 6848865	2010/5/7	2020/5/6	Guangzhou Shipyard International Company Limited
5		No. 6848866	2010/7/28	2020/7/27	Guangzhou Shipyard International Company Limited
6		No. 6848867	2010/6/21	2020/6/20	Guangzhou Shipyard International Company Limited
7		No. 6848868	2010/6/21	2020/6/20	Guangzhou Shipyard International Company Limited
8		No. 6848869	2013/5/14	2023/5/13	Guangzhou Shipyard International Company Limited
9		No. 6848870	2010/4/28	2020/4/27	Guangzhou Shipyard International Company Limited
10		No. 6848871	2010/4/28	2020/4/27	Guangzhou Shipyard International Company Limited
11		No. 6848877	2010/5/28	2020/5/27	Guangzhou Shipyard International Company Limited
12		No. 7829849	2011/4/14	2021/4/13	Guangzhou Shipyard International Company Limited
13		No. 8192990	2011/9/28	2021/9/27	Guangzhou Shipyard International Company Limited
14		No. 8192968	2011/5/7	2021/5/6	Guangzhou Shipyard International Company Limited
15		No. 8192940	2011/5/7	2021/5/6	Guangzhou Shipyard International Company Limited
16		No. 8192864	2011/4/14	2021/4/13	Guangzhou Shipyard International Company Limited
17		No. 8189887	2011/4/14	2022/4/13	Guangzhou Shipyard International Company Limited
18		No. 8189864	2011/5/14	2021/5/13	Guangzhou Shipyard International Company Limited

No.	Trademark design	Certificate no.	Date of registration	Expiry date	Registrant
19		No. 8181937	2011/4/7	2021/4/6	Guangzhou Shipyard International Company Limited
20		No. 8181926	2011/4/21	2021/4/20	Guangzhou Shipyard International Company Limited
21		No. 8181903	2011/4/21	2021/4/20	Guangzhou Shipyard International Company Limited
22		No. 8181882	2011/4/21	2021/4/20	Guangzhou Shipyard International Company Limited
23		No. 8181852	2011/4/7	2021/4/6	Guangzhou Shipyard International Company Limited
24		No. 8181835	2011/5/7	2021/5/6	Guangzhou Shipyard International Company Limited
25		No. 8181827	2011/5/7	2021/5/6	Guangzhou Shipyard International Company Limited
26		No. 8181807	2011/5/7	2021/5/6	Guangzhou Shipyard International Company Limited
27		No. 8181791	2011/4/21	2021/4/20	Guangzhou Shipyard International Company Limited
28		No. 8176639	2011/5/7	2021/5/6	Guangzhou Shipyard International Company Limited
29		No. 8176618	2011/4/7	2021/4/6	Guangzhou Shipyard International Company Limited
30		No. 8176603	2011/4/7	2021/4/6	Guangzhou Shipyard International Company Limited
31		No. 8176584	2011/5/7	2021/5/6	Guangzhou Shipyard International Company Limited
32		No. 8176563	2011/4/7	2021/4/6	Guangzhou Shipyard International Company Limited
33		No. 8176540	2011/10/28	2021/10/27	Guangzhou Shipyard International Company Limited
34		No. 8176519	2011/4/7	2021/4/6	Guangzhou Shipyard International Company Limited
35		No. 8176507	2011/4/7	2021/4/6	Guangzhou Shipyard International Company Limited
36		No. 8172641	2011/4/7	2021/4/6	Guangzhou Shipyard International Company Limited
37		No. 8161261	2011/4/7	2021/4/6	Guangzhou Shipyard International Company Limited
38		No. 8161206	2011/4/7	2021/4/6	Guangzhou Shipyard International Company Limited
39		No. 8161164	2011/4/7	2021/4/6	Guangzhou Shipyard International Company Limited



No.	Trademark design	Certificate no.	Date of registration	Expiry date	Registrant
40		No. 8161140	2011/4/7	2021/4/6	Guangzhou Shipyard International Company Limited
41		No. 8161092	2011/4/7	2021/4/6	Guangzhou Shipyard International Company Limited
42		No. 8161051	2011/4/7	2021/4/6	Guangzhou Shipyard International Company Limited
43		No. 8161027	2011/4/7	2021/4/6	Guangzhou Shipyard International Company Limited
44		No. 8161012	2011/4/7	2021/4/6	Guangzhou Shipyard International Company Limited
45		No. 8160972	2011/4/7	2021/4/6	Guangzhou Shipyard International Company Limited
46		No. 8160942	2011/4/7	2021/4/6	Guangzhou Shipyard International Company Limited
47		No. 8154704	2011/5/14	2021/5/13	Guangzhou Shipyard International Company Limited
48		No. 8154682	2011/5/14	2021/5/13	Guangzhou Shipyard International Company Limited
49		No. 8154656	2011/3/28	2021/3/27	Guangzhou Shipyard International Company Limited
50		No. 8154636	2011/5/14	2021/5/13	Guangzhou Shipyard International Company Limited
51		No. 8154566	2011/3/28	2021/3/27	Guangzhou Shipyard International Company Limited
52		No. 8154536	2011/3/28	2021/3/27	Guangzhou Shipyard International Company Limited
53		No. 8154516	2011/3/28	2021/3/27	Guangzhou Shipyard International Company Limited
54		No. 8154483	2011/3/28	2021/3/27	Guangzhou Shipyard International Company Limited
55		No. 8154464	2011/3/28	2021/3/27	Guangzhou Shipyard International Company Limited
56		No. 8154435	2011/3/28	2021/3/27	Guangzhou Shipyard International Company Limited
57		No. 5398314	2009/5/28	2019/5/27	Guangzhou Shipyard International Company Limited
58		No. 5398313	2009/5/14	2019/5/13	Guangzhou Shipyard International Company Limited
59		No. 5398312	2009/8/28	2019/8/27	Guangzhou Shipyard International Company Limited
60		No. 5398311	2009/8/7	2019/8/6	Guangzhou Shipyard International Company Limited

No.	Trademark design	Certificate no.	Date of registration	Expiry date	Registrant
61		No. 5398310	2009/10/28	2019/10/27	Guangzhou Shipyard International Company Limited
62		No. 5398309	2009/9/7	2019/9/6	Guangzhou Shipyard International Company Limited
63		No. 5398308	2009/10/28	2019/10/27	Guangzhou Shipyard International Company Limited
64		No. 5398307	2009/5/14	2019/5/13	Guangzhou Shipyard International Company Limited
65		No. 5398294	2009/5/14	2019/5/13	Guangzhou Shipyard International Company Limited
66		No. 904863	2016/11/28	2026/11/27	Guangzhou Shipyard International Company Limited
67		No. 910712	2016/10/27	2026/12/6	Guangzhou Shipyard International Company Limited
68		No. 890862	2016/10/28	2026/10/27	Guangzhou Shipyard International Company Limited
69		No. 899757	2016/11/14	2026/11/13	Guangzhou Shipyard International Company Limited
70		No. 1297472	2009/7/21	2019/7/20	Guangzhou Shipyard International Company Limited
71		No. 1294824	2009/7/14	2019/7/13	Guangzhou Shipyard International Company Limited
72		No. 1264923	2009/4/14	2019/4/13	Guangzhou Shipyard International Company Limited
73		No. 1262467	2009/4/7	2019/4/6	Guangzhou Shipyard International Company Limited
74		No. 896151	2016/11/14	2026/11/13	Guangzhou Shipyard International Company Limited
75		No. 893164	2016/11/7	2026/11/6	Guangzhou Shipyard International Company Limited
76		No. 891437	2016/10/28	2026/10/27	Guangzhou Shipyard International Company Limited
77		No. 890106	2016/10/28	2026/10/27	Guangzhou Shipyard International Company Limited
78		No. 889756	2016/10/28	2026/10/27	Guangzhou Shipyard International Company Limited
79		No. 889586	2016/10/28	2026/10/27	Guangzhou Shipyard International Company Limited
80		No. 888222	2016/10/28	2026/10/27	Guangzhou Shipyard International Company Limited
81		No. 886239	2016/10/21	2026/10/20	Guangzhou Shipyard International Company Limited
82		No. 886062	2016/10/21	2026/10/20	Guangzhou Shipyard International Company Limited

No.	Trademark design	Certificate no.	Date of registration	Expiry date	Registrant
83		No. 885809	2016/10/21	2026/10/20	Guangzhou Shipyard International Company Limited
84		No. 885637	2016/10/21	2026/10/20	Guangzhou Shipyard International Company Limited
85		No. 885629	2016/10/21	2026/10/20	Guangzhou Shipyard International Company Limited
86		No. 885430	2016/10/21	2026/10/20	Guangzhou Shipyard International Company Limited
87		No. 885362	2016/10/21	2026/10/20	Guangzhou Shipyard International Company Limited
88		No. 882719	2016/11/14	2026/11/13	Guangzhou Shipyard International Company Limited
89		No. 881034	2016/11/14	2026/11/13	Guangzhou Shipyard International Company Limited
90		No. 878089	2016/10/7	2026/10/6	Guangzhou Shipyard International Company Limited
91		No. 877981	2016/10/7	2026/10/6	Guangzhou Shipyard International Company Limited
92		No. 877817	2016/10/7	2026/10/6	Guangzhou Shipyard International Company Limited
93		No. 877178	2016/10/7	2026/10/6	Guangzhou Shipyard International Company Limited
94		No. 876997	2016/10/7	2026/10/6	Guangzhou Shipyard International Company Limited
95		No. 876911	2016/10/7	2026/10/6	Guangzhou Shipyard International Company Limited
96		No. 872817	2016/9/21	2026/9/20	Guangzhou Shipyard International Company Limited
97		No. 884741	2016/10/21	2026/10/20	Guangzhou Shipyard International Company Limited
98		No. 1113936	1997/9/28	2027/9/27	Guangzhou Shipyard International Company Limited
99		No. 1113935	1997/9/28	2027/9/27	Guangzhou Shipyard International Company Limited
100		No. 1277388	1999/5/21	2019/5/20	Guangzhou Shipyard International Company Limited

The trademark registration certificates for No. 8, 12, 98 and 99 are missing, and they are currently in the process of applying for replacement certificate. For No. 100, the process of changing the name of the registrant, trademark renewal and transfer has begun.

*Patent*

<b>No.</b>	<b>Name</b>	<b>Patent application no.</b>	<b>Type of patent</b>	<b>Application date</b>
1	A type of comprehensive test station	ZL 200910302268.X	Invention	2009/5/13
2	A type of connection structure between cable box and cable tube	ZL 200910163186.1	Invention	2009/8/19
3	Manufacturing technique of ship chimney unit module	ZL 201010616911.9	Invention	2010/12/31
4	A type of T-type welding production line	ZL 201110185424.6	Invention	2011/7/4
5	A type of water resistance and generator load test device for generator load test	ZL 201110456782.6	Invention	2011/12/31
6	Method and device for fillet weld tightness test	ZL 200410067124.8	Invention	2004/10/13
7	A type of hull	ZL 200410077771.7	Invention	2004/12/31
8	A type of method for constructing hull plane segmentation	ZL 200510121352.3	Invention	2005/12/30
9	A type of line heating machine	ZL 200610034202.3	Invention	2006/3/10
10	A type of anti-collision device for bridge	ZL 200710032953.6	Invention	2007/12/28
11	Plasma incineration waste treatment equipment	ZL 200810220636.1	Invention	2008/12/31
12	A type of ship-bridge collision test pool	ZL 201010213892.5	Invention	2010/6/30
13	A type of segment lifting device for tunnel boring machine	ZL 201010605036.4	Invention	2010/12/26
14	Processing method and device for metal shell enclosure of curved freezer	ZL 201010240980.4	Invention	2010/7/30
15	Installation method of marine clean air conditioning duct	ZL 200910213758.2	Invention	2009/12/11

No.	Name	Patent application no.	Type of patent	Application date
16	A type of inflating protection device and method for pipe welding	ZL 201110080063.9	Invention	2011/3/31
17	A type of catamaran	ZL 201110181948.8	Invention	2011/6/30
18	A type of manufacturing technique for marine centralized control room	ZL 201210013958.5	Invention	2012/1/17
19	Welding windshield	ZL 201410521599.3	Invention	2014/9/30
20	Wind-shielding device for welding	ZL 201410514972.2	Invention	2014/9/29
21	A type of sea state simulation device for ship	ZL 201310752200.8	Invention	2013/12/31
22	A type of submerged-arc welding technique	ZL 201210582104.9	Invention	2012/12/28
23	A type of fuel switching system	ZL 201210262381.1	Invention	2012/7/27
24	A type of automatic tensioning hydraulic device for heavy-duty production line chain	ZL 201310747355.2	Invention	2013/12/31
25	A type of assembly tooling and its assembly method	ZL 201510134471.6	Invention	2015/3/25
26	Slot wall stacking and lifting tooling	ZL 201410550757.8	Invention	2014/10/16
27	Threading structure for marine shore cable	ZL 201410303760.X	Invention	2014/6/30
28	A type of retracting device for small boat	ZL 201410278357.6	Invention	2014/6/20
29	A type of retracting method for small boat	ZL 201410278415.5	Invention	2014/6/20
30	A bottoming method for submerged-arc welding	ZL 201510137886.9	Invention	2015/3/26
31	A type of tooling ladder	ZL 201510142089.X	Invention	2015/3/27
32	Centrifugal self-cleaning filter	ZL 201510566479.X	Invention	2015/9/7
33	A type of full-hover hovercraft	ZL 201510148265.0	Invention	2015/3/31
34	A type of rudder blade installation tooling	ZL 201510995656.6	Invention	2015/12/24

No.	Name	Patent application no.	Type of patent	Application date
35	Method for installing elastic damper of marine generator set	ZL 201310696095.0	Invention	2013/12/18
36	A type of door holder base and door holder component	ZL 201510988259.6	Invention	2015/12/23
37	A type of method for arranging segmental residual line of hull	ZL 201510142067.3	Invention	2015/3/27
38	A type of casing positioning device and positioning method	ZL 201510385748.2	Invention	2015/6/30
39	Ship launching skid and ship launching method using pre-empting skid to assist in launching	ZL 201410550686.1	Invention	2014/10/17
40	Vacuum suction cup for codeless leg assembly tooling	ZL 201610210485.6	Invention	2016/4/5
41	A type of bending machine and its operating method	ZL 201510606916.6	Invention	2015/9/22
42	A type of installation device for intermediate support of cargo oil pump	ZL 201510380264.9	Invention	2015/7/2
43	A type of propeller manufacturing technique	ZL 201510429136.9	Invention	2015/7/21
44	Platform safety protection device	ZL 201510988258.1	Invention	2015/12/23
45	A type of method for checking the integrity of marine cabin outfitting	ZL 201510475505.8	Invention	2015/8/5
46	Hybrid transverse bulkhead structure component and ship containing the same	ZL 201410756836.4	Invention	2014/12/10
47	Shaft hole center positioner	ZL 201511019421.X	Invention	2015/12/28
48	Marine raft segment transport tooling	ZL 201510028319.X	Invention	2015/1/20
49	A type of casing assembly fixture	ZL 201510386803.X	Invention	2015/6/30

No.	Name	Patent application no.	Type of patent	Application date
50	A type of bridge expansion joint structure	ZL 201511031902.2	Invention	2015/12/30
51	A type of entry device for marine supply product	ZL 201510487690.2	Invention	2015/8/10
52	A type of universal piercing hammer device	ZL 201410303454.6	Invention	2014/6/30
53	A type of hydraulic system for shearing machine	ZL 201510608342.6	Invention	2015/9/22
54	Elevator rapid escape device	ZL 201610110961.7	Invention	2016/2/29
55	Steel structure assembly line for codeless leg assembly machine	ZL 201610150993.X	Invention	2016/3/16
56	Bearing loader and bearing loading and unloading method	ZL 201510996244.4	Invention	2015/12/24
57	A type of sand clearing system and method for hull	ZL 201510852282.2	Invention	2015/11/27
58	A type of marginless closing construction technique for ship superstructure	ZL 201610489269.X	Invention	2016/6/29
59	A type of residential area ladder	ZL 201510964890.2	Invention	2015/12/18
60	A type of fixing method for temporary fixing bracket for removable shaft and shaft	ZL 201510881814.5	Invention	2015/12/3
61	A type of gantry crane translation tooling	ZL 201511034357.2	Invention	2015/12/31
62	Plasma cutting platform component for water bed	ZL 201510974041.5	Invention	2015/12/21
63	A type of method of checking offset hole center	ZL 201510859760.2	Invention	2015/11/30
64	T-type tube protection frame	ZL 201510999893.X	Invention	2015/12/24
65	Marine pull line light-watching holder	ZL 201511024808.4	Invention	2015/12/29

No.	Name	Patent application no.	Type of patent	Application date
66	Steel structure multi-purpose assembly machine	ZL 201610070929.0	Invention	2016/2/1
67	Water resistant tooling for marine technique hole	ZL 201410550759.7	Invention	2014/10/16
68	Marine chimney waterproof gun component	ZL 201610312297.4	Invention	2016/5/11
69	Multi-function codeless leg diagonal cable rod component	ZL 201610423066.0	Invention	2016/6/15
70	A type of synchronous mechanism of chain drive and shearing machine	ZL 201510988248.8	Invention	2015/12/23
71	A type of vehicle speed reducer	ZL 201511023588.3	Invention	2015/12/29
72	Diagonal cable rod component with adjustable length	ZL 201610422940.9	Invention	2016/6/15
73	A type of vertical weld backing bracket and welding method	ZL 201610428758.4	Invention	2016/6/15
74	A type of cross-sectional structure of large ore ship	ZL 201510084132.1	Invention	2015/2/16
75	A type of single-sided welding method on thick plate	ZL 201610195426.6	Invention	2016/3/31
76	Paint mixing rack	ZL 201511019432.8	Invention	2015/12/28
77	A type of cabin partition wall structure and ship	ZL 201511025512.4	Invention	2015/12/29
78	A type of positioning method for marine outfitting module construction	ZL 201510963588.5	Invention	2015/12/18
79	A type of boardside transverse joint construction platform	ZL 201511025813.7	Invention	2015/12/29
80	Codeless leg assembly tooling	ZL 201610094121.6	Invention	2016/2/19
81	Simulation method for sling and segment contact during hoisting	ZL 201310722397.0	Invention	2013/12/24



No.	Name	Patent application no.	Type of patent	Application date
82	A type of method for protecting B15 fireproof integrity of ceiling and fireproof device	ZL 201610634940.5	Invention	2016/8/4
83	A type of platform component for equipment loading	ZL 201610614702.8	Invention	2016/7/29
84	Production method and production line for refrigerator box foam	ZL 201511030209.3	Invention	2015/12/30
85	A type of smoothing method for asymmetric ship type	ZL 201510351739.1	Invention	2015/6/23
86	A dock and pier method for raft area	ZL 201510971658.1	Invention	2015/12/21
87	A type of marine shaft axle piercing method	ZL 201610601379.0	Invention	2016/7/27
88	A type of ship unloader protector and ship unloader	ZL 201511023382.0	Invention	2015/12/29
89	Pipe rack	ZL 201510996677.X	Invention	2015/12/24
90	A type of environmental control method and ventilation structure of polar ship emergency generator room	ZL 201610653777.7	Invention	2016/8/10
91	A type of narrow track fixing device	ZL 201511020726.2	Invention	2015/12/28
92	A type of positioning fixture for marine outfitting module construction	ZL 201510961289.8	Invention	2015/12/18
93	A type of heating device for marine escape passage and marine escape passage	ZL 201610752841.7	Invention	2016/8/29
94	A type of rear cutting device for shearing machine	ZL 201510988256.2	Invention	2015/12/23
95	A type of method for installing marine shaft	ZL 201610489333.4	Invention	2016/6/29
96	A type of positioning method for radar rafting on water	ZL 201610658458.5	Invention	2016/8/11

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97	A type of marine keel structure and keel manufacturing method	ZL 201610713242.4	Invention	2016/8/24
98	A type of installing device for marine shaft	ZL 201610489545.2	Invention	2016/6/29
99	Profile storage device	ZL 201511015688.1	Invention	2015/12/28
100	LNG breathable mast component and ship containing the same	ZL 201610729616.1	Invention	2016/8/25
101	A type of energy-saving conduit device and ship	ZL 201610815128.2	Invention	2016/9/9
102	A type of horizontal stacking correction device and method for hull segment	ZL 201510566080.1	Invention	2015/9/7
103	A type of method for manufacturing ladder in residential area	ZL 201510966477.X	Invention	2015/12/18
104	Deck heating device	ZL 201610173436.X	Invention	2016/3/23
105	A type of auxiliary tooling and transverse thrust installing method for installing transverse thrust	ZL 201610601498.6	Invention	2016/7/27
106	A type of general assembly transport platform	ZL 201511020770.3	Invention	2015/12/28
107	A type of rudder blade fixing tooling and ship	ZL 201610640457.8	Invention	2016/8/5
108	A type of hydraulic control pipe piece of remote control valve	ZL 201710633496.X	Invention	2017/7/28
109	Welding method for vertical gas-arc in inclined position	ZL 201710292736.4	Invention	2017/4/28
110	Assembly tooling for multifunctional codeless leg	ZL 201710233362.9	Invention	2017/4/11
111	A type of method for processing ship patch plate	ZL 201510650117.9	Invention	2015/10/8
112	A type of method for intervention of flame tunnel of line heating machine	ZL 201710397910.1	Invention	2017/5/31

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113	Power loss recovery system and method for diesel engine non-machine pump	ZL 201610542625.X	Invention	2016/7/8
114	Groove processing equipment and its application method	ZL 201610566738.3	Invention	2016/7/15
115	A type of device and method for opening and closing mold	ZL201511023665.5	Invention	2015/12/29
116	A type of outdoor staircase and its installation method	ZL 201610755293.3	Invention	2016/8/29
117	A type of semi-closed concealed anchor recess	ZL 201610708468.5	Invention	2016/8/23
118	A type of marine ballast system, its control method and ship including the same	ZL 201610728911.5	Invention	2016/8/25
119	A type of installing device for propeller guide tube	ZL 201710391813.1	Invention	2017/5/27
120	Wastewater discharge system and ship after sampling and analysis by ballast water treatment system	ZL 201710381593.4	Invention	2017/5/23
121	A type of method and system for realizing watertight valve with fire damper function	ZL 201710756985.4	Invention	2017/8/29
122	A type of filming device in pipe	ZL 201710633504.0	Invention	2017/7/28
123	Marine ventilation structural components	ZL 201710426257.7	Invention	2017/6/8
124	A type of method for constructing flipper complete segment	ZL 201710505671.7	Invention	2017/6/28
125	A type of grooved wall structure for marine oil tank	ZL 201610868670.4	Invention	2016/9/30

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126	A type of marine sideboard embedded single column cable structure and its assembly method	ZL 201610605774.6	Invention	2016/7/29
127	A type of oil skimming tank for marine kitchen gray water	ZL 201510502154.5	Invention	2015/8/14
128	A type of window box for polar ship	ZL 201510971672.1	Invention	2015/12/21
129	A type of method for manufacturing complicated linear segment	ZL 201710373343.6	Invention	2017/5/24
130	A type of positioning method for lifting semi-submersible ship pontoon on water	ZL 201710380162.6	Invention	2017/5/25
131	A type of measuring method for simulating the ship in large closing stage	ZL 201610562057.X	Invention	2016/7/14
132	A type of codeless leg reinforcement tooling	ZL 201710758608.4	Invention	2017/8/29
133	A type of partial drilling device in pipe	ZL 201710756465.3	Invention	2017/8/27
134	A type of device for cleaning the inner surface of pipe	ZL 201710756277.0	Invention	2017/8/29
135	A type of method for moving and launching ship on flat land	ZL 201710501841.4	Invention	2017/6/27
136	Grooved bulkhead connection component and ship containing the same	ZL 201710498845.1	Invention	2017/6/27
137	A type of method for installing base beam for tank storage system	ZL 201710521256.0	Invention	2017/6/30
138	A type of double dock mooring ladder	ZL 201710405215.5	Invention	2017/5/31
139	A type of control method and control device for bypass valve of ballast water treatment system	ZL 201610654066.1	Invention	2016/8/10

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140	A type of gangway control and drive system and its method	ZL 201710758640.2	Invention	2017/8/29
141	A type of method for installing transverse thrust device	ZL 201710521340.2	Invention	2017/6/30
142	Liquid level telemetry test device	ZL 201510863584.X	Invention	2015/11/30
143	A type of simulation method, device and computer equipment for marine self-propulsion point data	ZL 201710882374.4	Invention	2017/9/26
144	A type of platform device	ZL 201710232759.6	Invention	2017/4/11
145	A type of method for assembling side segment and bilge segment of oil tanker	ZL 201710282726.2	Invention	2017/4/26
146	Valve stem support device	ZL 201710367070.4	Invention	2017/5/23
147	A type of method for testing the strength of very large crude carrier	ZL 201710628453.2	Invention	2017/7/28
148	A type of processing device for pipe interior	ZL 201710521244.8	Invention	2017/6/30
149	A type of method for assembling grooved bulkhead complete segment	ZL 201610859587.0	Invention	2016/9/28
150	A type of hull measurement auxiliary tooling and measuring method	ZL 201610566628.7	Invention	2016/7/15
151	A type of ship reinforcement structure	ZL 201710513785.6	Invention	2017/6/29
152	A type of method for measuring bending elongation of pipe	ZL 201510380224.4	Invention	2015/7/2
153	A type of processing technique for curved pipe	ZL 201510380375.X	Invention	2015/7/2
154	Marine cabin ventilation component	ZL 201410550769.0	Invention	2014/10/16

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155	A type of pipe and flange perpendicularity correcting device	ZL 201620721977.7	Utility model	2016/7/8
156	A type of marine cable support device	ZL 201520475489.8	Utility model	2015/6/30
157	Water resistant tooling for marine technique hole	ZL 201420600662.8	Utility model	2014/10/16
158	Slot wall stacking and lifting tooling	ZL 201420599437.7	Utility model	2014/10/16
159	A type of retracting device for small boat	ZL 201420331634.0	Utility model	2014/6/20
160	A type of front and rear positioning device	ZL 201020503878.4	Utility model	2010/8/25
161	A type of shearing machine	ZL 201020276698.7	Utility model	2010/7/30
162	A type of marine fan room structure	ZL 201020276289.7	Utility model	2010/7/30
163	A type of marine sail	ZL 201020276306.7	Utility model	2010/7/30
164	A type of sealing device	ZL 201020248626.1	Utility model	2010/7/5
165	A type of belt conveying mechanism	ZL 201020248617.2	Utility model	2010/7/5
166	A type of margin gauge	ZL 201020270938.2	Utility model	2010/7/26
167	A type of welding gun fixture	ZL 201020244766.1	Utility model	2010/6/30
168	A type of cutting master structure	ZL 201020240282.X	Utility model	2010/6/25
169	A type of steel plate pretreatment device	ZL 200920195465.1	Utility model	2009/9/25
170	Automatic measuring device for marine shaft bearing load	ZL 200920194116.8	Utility model	2009/9/4
171	A type of flat iron wire	ZL 200920160377.8	Utility model	2009/6/24
172	A type of water gauge device for measuring ship draught	ZL 201620700378.7	Utility model	2016/7/4
173	A type of adjustment support frame for shafting alignment	ZL 201020609007.0	Utility model	2010/11/16
174	A type of water deflector	ZL 201020609008.5	Utility model	2010/11/16
175	A type of transfer mechanism for kinetic energy produced onboard	ZL 201020643638.4	Utility model	2010/12/6

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176	A type of catamaran structure	ZL 201020679674.6	Utility model	2010/12/26
177	A type of lifting tooling for flat steel ball	ZL 201020679675.0	Utility model	2010/12/26
178	Cable through structure of marine cold storage bulkhead	ZL 201020679676.5	Utility model	2010/12/26
179	A type of cable protection hose	ZL 201020679677.X	Utility model	2010/12/26
180	A type of working platform	ZL 201020687327.8	Utility model	2010/12/29
181	A type of scaffolding for ship outfitting	ZL 201020693692.X	Utility model	2010/12/31
182	A type of T row lifting tooling	ZL 201120258395.7	Utility model	2011/7/21
183	A type of auxiliary device for flat steel ball connection	ZL 201120458669.7	Utility model	2011/11/18
184	A type of free edge grinding rounded caliper	ZL 201120458649.X	Utility model	2011/11/18
185	A type of leg measuring caliper	ZL 201120458660.6	Utility model	2011/11/18
186	A type of manhole guardrail	ZL 201120475857.0	Utility model	2011/11/25
187	A type of soundproof cover for marine telephone	ZL 201120475856.6	Utility model	2011/11/25
188	A type of cable guide	ZL 201120545386.6	Utility model	2011/12/23
189	A type of cable guide	ZL 201120545379.6	Utility model	2011/12/23
190	A type of extinguishing arc plate installing device	ZL 201120551833.9	Utility model	2011/12/27
191	A type of cable bracket	ZL 201120551801.9	Utility model	2011/12/27
192	A type of chamfering machine	ZL 201120569071.5	Utility model	2011/12/31
193	A type of cutting machine	ZL 201120569089.5	Utility model	2011/12/31
194	A type of cutting torch holder	ZL 201120569086.1	Utility model	2011/12/31
195	A type of cable bracket	ZL 201220341385.4	Utility model	2012/7/16
196	A type of chamfering roll	ZL 201220708395.7	Utility model	2012/12/20
197	A type of flame cutting machine	ZL 201220708374.5	Utility model	2012/12/20

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198	A type of cutting jig frame	ZL 201220708398.0	Utility model	2012/12/20
199	A type of impact sample cutting and clamping device	ZL 201220708392.3	Utility model	2012/12/20
200	A type of pipeline arrangement structure on supporting trolley of tunnel boring machine	ZL 201020611143.3	Utility model	2010/11/17
201	A type of connecting bridge for tunnel boring machine	ZL 201020611145.2	Utility model	2010/11/17
202	A type of moving device for semi-submersible ship pontoon	ZL 201120033936.6	Utility model	2011/1/31
203	A type of load cylinder	ZL 201120091111.X	Utility model	2011/3/31
204	A type of turning structure and device for large equipment	ZL 201020611144.8	Utility model	2010/11/17
205	Opening and closing structure of louver for marine emergency generator room	ZL 201120374182.0	Utility model	2011/9/30
206	A type of flange gasket for butterfly valve	ZL 201120373919.7	Utility model	2011/9/30
207	A type of marine kitchen gas collecting hood	ZL 201120369121.5	Utility model	2011/9/30
208	A type of marine segmentation ladder	ZL 201120322397.8	Utility model	2011/8/31
209	A type of marine dead wood structure	ZL 201120441275.0	Utility model	2011/11/9
210	A type of marine paint protection tooling	ZL 201120419320.2	Utility model	2011/10/28
211	A type of spindle drive structure for excavating equipment	ZL 201120485516.1	Utility model	2011/11/30
212	A type of workbench fixing device for bending machine	ZL 201220015293.7	Utility model	2012/1/12
213	A type of workbench deflection compensation device for bending machine	ZL 201220015366.2	Utility model	2012/1/12
214	A type of grinding machine	ZL 201120322452.3	Utility model	2012/3/13



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215	A type of bending machine	ZL 201220015367.7	Utility model	2012/1/12
216	A type of air duct connecting device	ZL 201220253252.1	Utility model	2012/5/31
217	A type of wrapping machine	ZL 201220253246.6	Utility model	2012/5/31
218	A type of excavating equipment	ZL 201120499382.9	Utility model	2011/12/5
219	A type of fixing structure for marine operating bed	ZL 201220311041.9	Utility model	2012/6/29
220	A type of electric wire storage box	ZL 201220188298.X	Utility model	2012/4/28
221	A type of bow structure for ro-ro passenger ship	ZL 201220589027.5	Utility model	2012/11/9
222	A type of anti-collision device for bridge	ZL 201220507156.5	Utility model	2012/9/29
223	A type of inclined ladder structure	ZL 201220744600.5	Utility model	2012/12/31
224	A type of tooling for assembling bilge of hull in segment	ZL 201220723233.0	Utility model	2012/12/25
225	A type of sheet metal four-side bending forming device	ZL 201220747079.0	Utility model	2012/12/31
226	A type of steel plate groove processing tooling	ZL 201220744500.2	Utility model	2012/12/31
227	A type of bending machine drive system	ZL 201320237691.8	Utility model	2013/5/6
228	A type of block tightening device	ZL 201220723311.7	Utility model	2012/12/25
229	A type of connecting device for adjusting pipe spacing	ZL 201320308922.X	Utility model	2013/5/31
230	A type of measuring instrument frame	ZL 201320343959.6	Utility model	2013/6/17
231	A type of upper rudder bearing structure	ZL 201320309917.0	Utility model	2013/5/31
232	A type of vibration and noise reduction structure for marine accommodation quarter	ZL 201320309841.1	Utility model	2013/5/31

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233	A type of ship deck scupper	ZL 201320310367.4	Utility model	2013/5/31
234	A type of marine pipeline grounding gasket	ZL 201320463095.1	Utility model	2013/7/31
235	A type of active angle measuring ruler	ZL 201320460356.4	Utility model	2013/7/31
236	A type of assembly measuring device	ZL 201320460696.7	Utility model	2013/7/31
237	A type of loading device for mooring test	ZL 201320534183.6	Utility model	2013/8/30
238	A type of installation structure of roof trough of marine cabin wall	ZL 201320309984.2	Utility model	2013/5/31
239	A type of measuring device for hull height reference line	ZL 201320589385.0	Utility model	2013/9/24
240	A type of bending machine	ZL 201320571253.5	Utility model	2013/9/16
241	A type of measuring ruler for matching the degree of fitting of the seam of the demihull of the inner and outer shell of the ship	ZL 201320571230.4	Utility model	2013/9/16
242	A type of structure that prevent gear from sticking	ZL 201320720594.4	Utility model	2013/11/15
243	A type of processing and molding equipment for outer plate of ship	ZL 201320720663.1	Utility model	2013/11/15
244	A type of marine cable bracket	ZL 201320727116.6	Utility model	2013/11/18
245	A type of device for controlling the flame area from the gun of a line heating machine	ZL 201320677292.3	Utility model	2013/10/31
246	A type of core and anti-wrinkle plate for bending HDR duplex stainless steel pipe	ZL 201320833706.7	Utility model	2013/12/18
247	A type of adjustable duct hanger structure	ZL 201320831390.8	Utility model	2013/12/17
248	A type of flange protection device	ZL 201320814454.3	Utility model	2013/12/12

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249	A type of laminar ceiling installation structure for marine operating room	ZL 201320840529.5	Utility model	2013/12/19
250	A type of ejection device for test trolley	ZL 201320880127.8	Utility model	2013/12/30
251	A type of upper cutter frame transmission structure for shearing machine	ZL 201320886514.2	Utility model	2013/12/31
252	A type of straightness adjustment device	ZL 201320886327.4	Utility model	2013/12/31
253	A type of acceleration and deceleration device for test trolley	ZL 201320878992.9	Utility model	2013/12/30
254	A type of detachable lining structure for facilitating disassembly inspection of composite rock wool board after installation	ZL 201420228057.2	Utility model	2014/5/6
255	A type of variable diameter tunnel boring equipment	ZL 201320679871.1	Utility model	2013/10/31
256	A type of control device for full-hover hovercraft	ZL 201420354581.4	Utility model	2014/6/30
257	A type of turn over lifting rack	ZL 201420354627.2	Utility model	2014/6/30
258	A type of instrument for measuring flange space relative position	ZL 201420348433.1	Utility model	2014/6/27
259	A type of marine cable box	ZL 201420348735.9	Utility model	2014/6/27
260	A type of hovercraft cabin airing device	ZL 201420349123.1	Utility model	2014/6/27
261	A type of close-able and oil proof deck scupper covering device	ZL 201420349384.3	Utility model	2014/6/27
262	A type of airtight chamber inflation test device	ZL 201420344740.2	Utility model	2014/6/26
263	A type of measuring caliper for centering marine three-wire	ZL 201420344880.X	Utility model	2014/6/26

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264	A type of retracting device for small boat	ZL 201420331785.6	Utility model	2014/6/20
265	A type of test platform for hovercraft propulsion system	ZL 201420362495.8	Utility model	2014/7/2
266	A type of MCT frame temporary sealing device	ZL 201420571419.8	Utility model	2014/9/30
267	A type of scupper structure for marine cabin	ZL 201420571413.0	Utility model	2014/9/30
268	A type of scupper structure for drainage	ZL 201420571530.7	Utility model	2014/9/30
269	A type of retracting device for small boat	ZL 201420331462.7	Utility model	2014/6/20
270	A type of grease injection device	ZL 201420571331.6	Utility model	2014/9/30
271	A type of marine cable box	ZL 201420571759.0	Utility model	2014/9/30
272	A type of centering device for universal joint shaft type cargo pump	ZL 201420570346.0	Utility model	2014/9/30
273	Pier boarding ladder	ZL 201420569713.5	Utility model	2014/9/29
274	Cabin drainage device	ZL 201420574187.1	Utility model	2014/9/30
275	Positioning gap control master	ZL 201420574392.8	Utility model	2014/9/30
276	Supporting device for stacking part of marine bilge	ZL 201420599784.X	Utility model	2014/10/16
277	Airtight detection device	ZL 201420600717.5	Utility model	2014/10/16
278	Grease furnace	ZL 201420603911.9	Utility model	2014/10/17
279	A type of marine water pipe hanger structure	ZL 201420571877.1	Utility model	2014/9/30
280	A type of remote control device for opening or closing valve member	ZL 201420571698.8	Utility model	2014/9/30
281	Cabin drainage tooling	ZL 201420600348.X	Utility model	2014/10/16
282	A type of ship launching skid	ZL 201420600617.2	Utility model	2014/10/17
283	A type of maintenance device for marine shaft rear seal	ZL 201420571403.7	Utility model	2014/9/30

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284	Dock pull line light-watching fastening wire tooling	ZL 201520039137.8	Utility model	2015/1/20
285	A type of firehose wind-up reel	ZL 201520172446.2	Utility model	2015/3/25
286	A type of cable auxiliary tooling	ZL 201520174891.2	Utility model	2015/3/26
287	A type of fuel pipeline for full-hover hovercraft	ZL 201520147049.X	Utility model	2015/3/16
288	Long shaft adjustable paddle shaft feed device	ZL 201520147551.0	Utility model	2015/3/16
289	A type of air duct frame	ZL 201520149966.1	Utility model	2015/3/17
290	A type of steel cable traction device with automatic clamping	ZL 201520175850.5	Utility model	2015/3/26
291	A type of crane	ZL 201520179474.7	Utility model	2015/3/27
292	A type of integrated shaft tube device	ZL 201520191047.0	Utility model	2015/3/31
293	A type of cable chock device	ZL 201520474391.0	Utility model	2015/6/30
294	A type of butt joint device for pipeline	ZL 201520475508.7	Utility model	2015/6/30
295	A type of pipe end sealing device for pressure test	ZL 201520475517.6	Utility model	2015/6/30
296	A type of device for positioning square plate's center line	ZL 201320887643.3	Utility model	2013/12/31
297	A type of inclined ladder structure built on a ship	ZL 201520457582.6	Utility model	2015/6/30
298	A type of comprehensive jig frame modules built on a ship	ZL 201520457414.7	Utility model	2015/6/30
299	A type of anti-theft lock box	ZL 201520457750.1	Utility model	2015/6/30
300	A type of flange assembly positioning device	ZL 201520475360.7	Utility model	2015/6/30
301	A type of standard platform for offshore assembly	ZL 201520700498.2	Utility model	2015/9/10

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302	A type of ventilation structure for fire door	ZL 201520467897.9	Utility model	2015/7/2
303	A type of cable pulling device	ZL 201520585353.2	Utility model	2015/8/6
304	Wheel device for semi-automatic cutting machine	ZL 201520690426.4	Utility model	2015/9/7
305	A type of window structure for large size ship cab	ZL 201520457408.1	Utility model	2015/6/30
306	A type of detachable technique hole cover for shaft tube	ZL 201520606273.0	Utility model	2015/8/13
307	Launching slideway storage device	ZL 201620105561.2	Utility model	2016/2/2
308	A type of cardboard for detecting alignment deviation of assembly structure	ZL 201620207531.2	Utility model	2016/3/17
309	Drawing cabinet	ZL 201620168615.x	Utility model	2016/3/4
310	Antenna protection structure and antenna containing the same	ZL 201620570174.6	Utility model	2016/6/14
311	A type of mobile shed	ZL 201620570841.0	Utility model	2016/6/14
312	A type of flat bottom segment support frame for hull	ZL 201620294120.1	Utility model	2016/4/11
313	Hot air circulation structure for polar ship emergency generator room	ZL 201620671439.1	Utility model	2016/6/28
314	Manual feeding component and kitchen waste processing machine	ZL 201620372008.5	Utility model	2016/4/28
315	A type of pendulum suspension device for tilt test	ZL 201620703805.7	Utility model	2016/7/4
316	Cable bracket	ZL 201620721697.6	Utility model	2016/7/8
317	Groove processing equipment	ZL 201620757429.X	Utility model	2016/7/15
318	Cable anti-bouncer rail and roller guide mechanism containing the same	ZL 201620768953.7	Utility model	2016/7/20

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319	Anti-wear device	ZL 201620772169.3	Utility model	2016/7/20
320	Test device for medium voltage power system load for ship and ocean engineering platform	ZL 201620745990.6	Utility model	2016/7/12
321	Special suction device for ballast system of ice area ship	ZL 201620792719.8	Utility model	2016/7/26
322	A type of cargo ventilation structure for livestock carrier	ZL 201620801320.1	Utility model	2016/7/27
323	A type of ship tilt measurement tooling	ZL 201620816297.3	Utility model	2016/7/29
324	A type of watertight cable through tooling	ZL 201620841675.3	Utility model	2016/8/4
325	Anchor bolt positioning installation tooling	ZL 201620864364.9	Utility model	2016/8/10
326	A type of auxiliary tool for measuring the coordinate position of covered area on a hull	ZL 201620673863.X	Utility model	2016/6/30
327	A type of air-intake device for engine compartment diesel engine	ZL 201620910737.1	Utility model	2016/8/19
328	Double-sided fillet device for steel plate	ZL 201620576835.6	Utility model	2016/6/15
329	A type of ship ladder lashing device	ZL 201620942686.0	Utility model	2016/8/25
330	A type of heating protection device for lifesaving equipment	ZL 201620976775.7	Utility model	2016/8/29
331	A type of hull measurement auxiliary tooling	ZL 201620757427.0	Utility model	2016/7/15
332	A type of double row door frame connecting device	ZL 201620795007.1	Utility model	2016/7/27
333	A type of steel wire rope sleeve inserting workbench	ZL 201620795370.3	Utility model	2016/7/27
334	A type of drag reducing device for marine electrolysed water microbubble	ZL 201620803948.5	Utility model	2016/7/28

No.	Name	Patent application no.	Type of patent	Application date
335	A type of freight device for ro-ro passenger ship	ZL 201620902957.X	Utility model	2016/8/19
336	A type of watertightness testing device	ZL 201620848670.3	Utility model	2016/8/8
337	A type of cable pipe port fixing device	ZL 201620808633.X	Utility model	2016/7/29
338	A type of marine ballast system and ship including the same	ZL 201620946753.6	Utility model	2016/8/25
339	A type of measuring prism	ZL 201621050288.4	Utility model	2016/9/12
340	A type of detachable railing on ship deck and ship	ZL 201621041936.X	Utility model	2016/9/6
341	A type of pre-paddle reaction fin and ship	ZL 201621047678.6	Utility model	2016/9/9
342	A type of marine light stand	ZL 201621088456.9	Utility model	2016/9/28
343	A type of whistle structure	ZL 201620812525.X	Utility model	2016/7/29
344	A type of freight device for ro-ro passenger ship	ZL 201620902949.5	Utility model	2016/8/19
345	A type of icebreaker and stern icebreaker	ZL 201621088694.X	Utility model	2016/9/28
346	A type of fixing structure of marine kitchen equipment	ZL 201621046030.7	Utility model	2016/9/9
347	Anti-piracy device on ship window and ship	ZL 201620857276.6	Utility model	2016/8/9
348	A type of pipeline heating device	ZL 201620975666.3	Utility model	2016/8/29
349	A type of dock	ZL 201621120249.7	Utility model	2016/10/13
350	A type of hull construction model exhibition platform	ZL 201620673872.9	Utility model	2016/6/30
351	A type of marine straight ladder protection platform	ZL 201620942769.X	Utility model	2016/8/25
352	A type of reverse scale ruler	ZL 201621050770.8	Utility model	2016/9/12
353	A type of support structure for ship tail shaft and ship	ZL 201720303151.3	Utility model	2017/3/24



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354	A type of engineering ship	ZL 201720423448.3	Utility model	2017/4/21
355	A type of angle welding trolley	ZL 201720386206.1	Utility model	2017/4/13
356	A type of laying device for groove filling material	ZL 201720321172.8	Utility model	2017/3/29
357	A type of platform device	ZL 201720377591.3	Utility model	2017/4/11
358	Multifunctional codeless leg installation tooling	ZL 201720378461.1	Utility model	2017/4/11
359	A type of bow construction platform device	ZL 201720375077.6	Utility model	2017/4/11
360	A type of remote control device for semi-submersible lifeboat	ZL 201720606698.0	Utility model	2017/5/27
361	A type of marine lubricating oil system and diesel generator set	ZL 201720623411.5	Utility model	2017/5/31
362	A type of ship lighting control circuit, ship lighting system and ship	ZL 201720659418.2	Utility model	2017/6/8
363	A type of marine steam introduction structure	ZL 201720651680.2	Utility model	2017/6/6
364	A type of anti-icing cover and ship	ZL 201720652961.X	Utility model	2017/6/7
365	A type of influent structure of a submarine gate of a polar navigation ship	ZL 201720658434.X	Utility model	2017/6/7
366	A type of overflow structure of fuel daily cabin	ZL 201720658435.4	Utility model	2017/6/7
367	Auxiliary tooling for installing reinforcement	ZL 201720658473.X	Utility model	2017/6/7
368	Clothes hanging device on ship	ZL 201720674227.3	Utility model	2017/6/12
369	Polar ship lifebuoy installing bracket	ZL 201720679802.9	Utility model	2017/6/12
370	Marine cab	ZL 201720693423.5	Utility model	2017/6/14
371	A type of polar deck transport ship	ZL 201720693457.4	Utility model	2017/6/14
372	A type of jig frame	ZL 201720717223.9	Utility model	2017/6/19

No.	Name	Patent application no.	Type of patent	Application date
373	Protective device for marine lashing eye plate	ZL 201720718634.X	Utility model	2017/6/20
374	Marine outrigger tailstock bracket and ship using the same	ZL 201720303154.7	Utility model	2017/3/24
375	Marine ballast cabin pedal component and ship containing the same	ZL 201720752619.7	Utility model	2017/6/26
376	Marine channel grille cover and ship containing the same	ZL 201720752620.X	Utility model	2017/6/26
377	A type of leakage device	ZL 201720789613.7	Utility model	2017/6/29
378	A type of ballast water release system for top side ballast tank	ZL 201720790886.3	Utility model	2017/6/29
379	A type of pressure buffering funnel device	ZL 201720763358.9	Utility model	2017/6/27
380	A type of flow regulating device, pipeline system and ship	ZL 201720825954.5	Utility model	2017/7/10
381	A type of marine plate deformation correction device	ZL 201720448167.3	Utility model	2017/4/26
382	A type of sealing structure for airtight test of marine cabin	ZL 201720411938.1	Utility model	2017/4/19
383	A type of protection structure for pipe fitting orifice	ZL 201720609273.5	Utility model	2017/5/27
384	A type of bridge crossing beam removing and lifting device	ZL 201720607862.X	Utility model	2017/5/27
385	A type of porthole ventilation fan support device	ZL 201720561562.2	Utility model	2017/5/19
386	A type of stern propeller cabin ventilation device	ZL 201720826597.4	Utility model	2017/7/7
387	A type of fixing structure of roof trough structure for marine cabin	ZL 201720827366.5	Utility model	2017/7/10
388	A type of straight ladder fixing device	ZL 201720948119.0	Utility model	2017/8/1

No.	Name	Patent application no.	Type of patent	Application date
389	Test device for tightness and strength of sealed cabin	ZL 201720883220.2	Utility model	2017/7/19
390	A type of nip manhole guardrail	ZL 201720876953.3	Utility model	2017/7/19
391	A type of protection device for marine fresh water tank measuring head	ZL 201720876286.9	Utility model	2017/7/19
392	A type of miniature crane	ZL 201720882908.9	Utility model	2017/7/19
393	A type of submerged-arc welding torch angle adjusting device and submerged-arc welder	ZL 201720316216.8	Utility model	2017/3/28
394	A type of lifting device	ZL 201720938063.0	Utility model	2017/7/28
395	A type of marine bridge wing structure	ZL 201720913207.7	Utility model	2017/7/26
396	Hanger	ZL 201720882906.X	Utility model	2017/7/19
397	Pipeline welding gas protection device	ZL 201720321175.1	Utility model	2017/3/29
398	A type of platform device	ZL 201720377583.9	Utility model	2017/4/11
399	A type of steam tracing pipe end protection sleeve	ZL 201720918707.X	Utility model	2017/7/26
400	A new type of welding torch	ZL 201720927751.7	Utility model	2017/7/27
401	A type of horizontal scaffolding code and scaffold using the same	ZL 201720946766.8	Utility model	2017/7/31
402	A type of marine breakwater structure	ZL 201720948056.9	Utility model	2017/8/1
403	A type of marine drinking water tank	ZL 201720938001.X	Utility model	2017/7/28
404	A type of inclined ladder and ship	ZL 201721018578.5	Utility model	2017/8/15
405	A type of inclined ladder and hull	ZL 201721018580.2	Utility model	2017/8/15
406	A type of cover plate for top well of pump room on dock	ZL 201721025270.3	Utility model	2017/8/17
407	Grooved bulkhead angle reinforced structure, trough bulkhead component and ship	ZL 201721023578.4	Utility model	2017/8/15

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408	A type of fan connecting tooling and cabin exhausting device	ZL 201721029755.X	Utility model	2017/8/17
409	A type of assembly tooling without card code	ZL 201721097732.2	Utility model	2017/8/29
410	A type of combined boardside hanging ladder device	ZL 201721089753.X	Utility model	2017/8/29
411	A type of chimney exhausting pipe	ZL 201720315481.4	Utility model	2017/3/29
412	A new type of tongs	ZL 201721097309.2	Utility model	2017/8/29
413	A type of anti-wear device for mooring cable	ZL 201721103208.1	Utility model	2017/8/30
414	A type of antenna bracket	ZL 201721103144.5	Utility model	2017/8/30
415	Narrow marine cabin welding ventilation	ZL 201720938986.6	Utility model	2017/7/28
416	A type of bicycle storage rack	ZL 201721023753.X	Utility model	2017/8/16
417	Catamaran houseboat	ZL 201721231592.3	Utility model	2017/9/22
418	A type of scaffolding platform device	ZL 201721265862.2	Utility model	2017/9/28
419	A type of light box on ship's side and ship including the same	ZL 201721249284.3	Utility model	2017/9/27
420	A type of concrete pier	ZL 201721259882.9	Utility model	2017/9/28
421	A type of bracket	ZL 201721267942.1	Utility model	2017/9/29
422	A type of bottle throwing device	ZL 201721266665.2	Utility model	2017/9/29
423	A type of marine canopy	ZL 201721265429.9	Utility model	2017/9/29
424	A type of marine exhaust pipe pipe code	ZL 201721354079.3	Utility model	2017/10/19
425	A type of vibration isolation and noise reduction structure for marine bulkhead	ZL 201721409926.1	Utility model	2017/10/26
426	A type of safety railing device and safety guardrail	ZL 201721405590.1	Utility model	2017/10/26
427	Ship with asymmetric stern	ZL 201721391397.7	Utility model	2017/10/26
428	A type of wire rope oiler and wire rope oiling system	ZL 201721490535.7	Utility model	2017/11/9

No.	Name	Patent application no.	Type of patent	Application date
429	A type of marine laboratory floor	ZL 201721547534.1	Utility model	2017/11/17
430	Marine cable chain cabin and ship	ZL 201721246094.6	Utility model	2017/9/26
431	Vibration isolation base	ZL 201721598095.7	Utility model	2017/11/23
432	A type of marine equipment fixing device and ship	ZL 201721621394.8	Utility model	2017/11/28
433	A type of waterproof device for whistle rope	ZL 201721620367.9	Utility model	2017/11/28
434	A type of marine electric power system	ZL 201721245003.7	Utility model	2017/9/26
435	Laboratory ventilation pipe	ZL 201721571607.0	Utility model	2017/11/21
436	A type of marine sewage treatment system	ZL 201721390481.7	Utility model	2017/10/26
437	A type of fixing device and ship	ZL 201820048252.5	Utility model	2018/1/10
438	A type of detachable ship hanging frame structure and ship	ZL 201820049220.7	Utility model	2018/1/10
439	A type of detachable soft ladder and ship using the same	ZL 201820051205.6	Utility model	2018/1/10
440	Movable bollard	ZL 201820057802.X	Utility model	2018/1/11
441	Bracket	ZL 201820056021.9	Utility model	2018/1/11
442	Detachable lamp post and ship containing the same	ZL 201820056023.8	Utility model	2018/1/11
443	A type of back burning trolley	ZL 201820057622.1	Utility model	2018/1/12
444	Connection structure components for pontoon and deck	ZL 201820057586.9	Utility model	2018/1/12
445	Reversible antenna device and ship containing the same	ZL 201820107580.8	Utility model	2018/1/22
446	A type of cabin cover monitoring system	ZL 201820108355.6	Utility model	2018/1/22
447	Cabin through component and ship containing the same	ZL 201820151154.4	Utility model	2018/1/26
448	A type of marine shaft steel casting	ZL 201820057261.0	Utility model	2018/1/11

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449	A type of fixing device for marine mobile argon-arc welding machine	ZL 201820057671.5	Utility model	2018/1/12
450	A new type of marine bulwark	ZL 201820057590.5	Utility model	2018/1/12
451	Deck camber and ship containing the same	ZL 201820057624.0	Utility model	2018/1/12
452	Wind deflector and ship containing the same	ZL 201820057587.3	Utility model	2018/1/12
453	Modular battery cabinet and battery cabinet component containing the same	ZL 201820107616.2	Utility model	2018/1/22
454	Self-unloading arm device	ZL 201820102478.9	Utility model	2018/1/22
455	A type of shore electric interlock device	ZL 201820324805.5	Utility model	2018/3/9
456	A type of freeze proof system for ballast tank	ZL 201820080987.6	Utility model	2018/1/17
457	A type of marine signal light and ship	ZL 201820375509.8	Utility model	2018/3/19
458	A type of button	ZL 201820497700.X	Utility model	2018/4/9
459	A type of shore electric control system	ZL 201820303310.4	Utility model	2018/3/5
460	Marine power cabin	ZL 201820574738.2	Utility model	2018/4/20
461	Splash proof device and ship containing the same	ZL 201820574525.X	Utility model	2018/4/20
462	Marine cable chain cabin and ship containing the same	ZL 201820569733.0	Utility model	2018/4/20
463	Anti-condensation component for cab ceiling and ship containing the same	ZL 201820574704.3	Utility model	2018/4/20
464	Simulation signal generating device	ZL 201820589326.6	Utility model	2018/4/24
465	Window bucket and marine cabin window containing the same	ZL 201820806437.8	Utility model	2018/5/28
466	Device for loading and unloading block	ZL 201820840073.5	Utility model	2018/5/31
467	Movable bollard and ship containing the same	ZL 201820806492.7	Utility model	2018/5/28

No.	Name	Patent application no.	Type of patent	Application date
468	A type of support device for preventing cable wear and crane containing same	ZL 201820820366.7	Utility model	2018/5/29
469	Sacrificial anode installation device and sacrificial anode component	ZL 201820806503.1	Utility model	2018/5/28
470	A type of wing bridge for marine cab	ZL 201820987084.6	Utility model	2018/6/25
471	Bunk bed with flip table	ZL 201821041272.6	Utility model	2018/6/29
472	Catamaran	ZL 201030697172.1	Appearance design	2010/12/26
473	Cruise (Peaceful Oasis)	ZL 201130099813.8	Appearance design	2011/4/29
474	Electric bending machine	ZL 201230464554.9	Appearance design	2012/9/26
475	Offshore power platform matrix	ZL 201330027001.1	Appearance design	2013/1/29
476	Cylindrical oceaneering houseboat	ZL 201430370869.6	Appearance design	2014/9/30
477	CNC bending machine (WDF series)	ZL 201730257128.0	Appearance design	2017/6/21
478	High speed assault boat	ZL 201730505692.X	Appearance design	2017/10/23

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*Patent application*

No.	Name of patent	Patent application no.	Application date	Type
1	A type of ventilation system design method	ZL 201510922219.1	2015/12/10	Invention
2	A type of mobile trolley for parasol support	ZL 201510973395.8	2015/12/21	Invention
3	CNC plasma cutting method for water ruler word and CNC plasma cutting machine	ZL 201510996215.8	2015/12/24	Invention
4	Pipeline shrinkage and expansion compensation device	ZL 201511015842.5	2015/12/28	Invention
5	A type of tooling for pulling or replacing marine cable	ZL 201511015885.3	2015/12/28	Invention
6	A type of mobile tripod	ZL 201511025825.X	2015/12/29	Invention
7	A type of hull manufacturing method	ZL 201511033949.2	2015/12/31	Invention
8	A type of combined support tooling	ZL 201511034309.3	2015/12/31	Invention
9	A type of controller and bending machine using the same	ZL 201511034356.8	2015/12/31	Invention
10	A type of cardboard for detecting alignment deviation of assembly structure and detection method	ZL 201610153993.5	2016/3/17	Invention
11	Waste oil collection online monitoring system	ZL 201610273022.4	2016/4/28	Invention
12	A type of mobile shed	ZL 201610415516.1	2016/6/14	Invention
13	A type of auxiliary tool for measuring the coordinate position of covered area on a hull and its measuring method	ZL 201610500694.4	2016/6/30	Invention
14	Test device for medium voltage power system load for ship and ocean engineering platform	ZL 201610557493.8	2016/7/12	Invention



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15	Groove processing auxiliary device and its application method	ZL 201610566627.2	2016/7/15	Invention
16	A type of hull measurement auxiliary tooling and measuring method	ZL 201610566628.7	2016/7/15	Invention
17	A type of test method and device for marine column tension	ZL 201610577947.8	2016/7/20	Invention
18	A type of overall lifting stress and deformation monitoring method for ship superstructure	ZL 201610592646.2	2016/7/25	Invention
19	A type of drag reducing device for marine electrolysed water microbubble	ZL 201610603820.9	2016/7/28	Invention
20	A type of whistle structure	ZL 201610610740.6	2016/7/29	Invention
21	A type of freight device for ro-ro passenger ship	ZL 201610687839.6	2016/8/19	Invention
22	A type of freight device for ro-ro passenger ship (connection)	ZL 201610688005.7	2016/8/19	Invention
23	A type of method for measuring ship speed	ZL 201610710183.5	2016/8/23	Invention
24	A type of heating protection device	ZL 201610755361.6	2016/8/29	Invention
25	A type of hatch for polar deck ship	ZL 201610749174.7	2016/8/29	Invention
26	Force analysis method and device for ship dock	ZL 201610806887.2	2016/9/6	Invention
27	A type of method for assembling grooved bulkhead complete segment	ZL 201610859587.0	2016/9/28	Invention
28	A type of marine propeller renewal method and ship	ZL 201610860481.2	2016/9/28	Invention
29	A type of marine propeller with detachable blade	ZL 201610860396.6	2016/9/28	Invention

No.	Name of patent	Patent application no.	Application date	Type
30	A type of submerged-arc welding torch angle adjusting device and submerged-arc welder	ZL 201710193553.7	2017/3/28	Invention
31	A type of thick plate vertical butt welding method	ZL 201710201481.6	2017/3/30	Invention
32	A type of platform device	ZL 201710233070.5	2017/4/11	Invention
33	A type of bow construction platform device	ZL 201710233335.1	2017/4/11	Invention
34	A type of engineering ship and underwater transportation installation method	ZL 201710273322.7	2017/4/21	Invention
35	A type of T-shaped steel processing device and T-shaped steel correction method	ZL 201710291327.2	2017/4/28	Invention
36	A type of method for welding low temperature steel casting and marine board	ZL 201710296938.6	2017/4/28	Invention
37	A type of vertical angle double wire automatic welding method	ZL 201710296950.7	2017/4/28	Invention
38	Welding method for submerged-arc in oblique position	ZL 201710291239.2	2017/4/28	Invention
39	A type of sealing structure for airtight test of marine cabin and its installation method	ZL 201710256645.5	2017/4/26	Invention
40	Valve stem support device	ZL 201710367070.4	2017/5/23	Invention
41	A type of method for quickly loading marine segment	ZL 201710373782.7	2017/5/24	Invention
42	A type of air conditioning system and ship containing the same	ZL 201710378096.9	2017/5/24	Invention
43	A type of marine seawater tank structure	ZL 201710380153.7	2017/5/25	Invention

No.	Name of patent	Patent application no.	Application date	Type
44	A type of ballast tank water intake device and its application	ZL 201710384003.3	2017/5/26	Invention
45	Polar deck transport ship	ZL 201710391958.1	2017/5/27	Invention
46	Seawater main system	ZL 201710391236.6	2017/5/27	Invention
47	A processing method for penetrating compartments in calculation of ship damage stability	ZL 201710392311.0	2017/5/27	Invention
48	Weld seam progress display method, device, terminal and computer readable storage medium	ZL 201710397681.3	2017/5/31	Invention
49	A type of planing boat	ZL 201710398308.X	2017/5/31	Invention
50	A type of ship launching method	ZL 201710398057.5	2017/5/31	Invention
51	Verifying method for voltage control performance, device and marine grid system	ZL 201710398685.3	2017/5/31	Invention
52	A type of method and device for controlling the flame area of a line heating machine	ZL 201710398063.0	2017/5/31	Invention
53	A type of embedded manhole cover	ZL 201710469790.1	2017/6/20	Invention
54	A type of cable grounding method	ZL 201710479454.5	2017/6/22	Invention
55	A type of automatic hydrating marine water seal scupper	ZL 201710485080.8	2017/6/23	Invention
56	A type of tube tunnel trolley	ZL 201710484884.6	2017/6/23	Invention
57	A type of marine bulkhead structure	ZL 201710501162.7	2017/6/27	Invention
58	A type of method for adding water during ship lighterage	ZL 201710501133.0	2017/6/27	Invention
59	A type of shaft frame installation method	ZL 201710505644.X	2017/6/28	Invention
60	A type of cold storage bulkhead cable sealing component	ZL 201710515477.7	2017/6/29	Invention

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61	Calculation method of site width in horizontal compensation area	ZL 201710515647.1	2017/6/29	Invention
62	A type of ship reinforcement structure	ZL 201710513785.6	2017/6/29	Invention
63	A type of processing device for pipe interior	ZL 201710521244.8	2017/6/30	Invention
64	Installation method of complete segment phase of main engine bed and gear box bed	ZL 201710527355.X	2017/6/30	Invention
65	Magnetic tooling for radiographic damage inspection	ZL 201710527359.8	2017/6/30	Invention
66	A type of voltage ride through icebreaker	ZL 201710521338.5	2017/6/30	Invention
67	A type of pipe angle measuring device	ZL 201710521153.4	2017/6/30	Invention
68	A type of watertightness testing device	ZL 201610641104.X	2016/8/8	Invention
69	A type of processing method and processing device for branched pipe	ZL 201710556582.5	2017/7/7	Invention
70	A type of flange steam tracing pipe and its installation method	ZL 201710617464.0	2017/7/26	Invention
71	A type of method for testing the strength of very large crude carrier	ZL 201710628453.2	2017/7/27	Invention
72	A type of method for correcting ship draught value	ZL 201710628411.9	2017/7/27	Invention
73	A type of ship bottom structure and its fatigue life calculation method	ZL 201710633137.4	2017/7/28	Invention
74	A type of catamaran houseboat	ZL 201710632274.6	2017/7/28	Invention
75	A type of dock lineation template	ZL 201710632283.5	2017/7/28	Invention
76	A type of integrated transport device built on ship	ZL 201710632281.6	2017/7/28	Invention

No.	Name of patent	Patent application no.	Application date	Type
77	Ship support tooling and method for removing block of ship support tooling	ZL 201710632275.0	2017/7/28	Invention
78	A type of hydraulic control pipe piece of remote control valve	ZL 201710632836.7	2017/7/28	Invention
79	A type of hydraulic control pipe piece of remote control valve	ZL 201710632761.2	2017/7/28	Invention
80	A type of dock positioning device	ZL 201710633026.3	2017/7/28	Invention
81	A type of dock positioning device and its installation method	ZL 201710630974.1	2017/7/28	Invention
82	A type of marine air conditioning system and its control method	ZL 201710631603.5	2017/7/28	Invention
83	A type of marine barge guiding pile and semi-submersible barge including the same	ZL 201710632694.4	2017/7/28	Invention
84	A type of welding method for thin plate hull structure	ZL 201710632672.8	2017/7/28	Invention
85	A type of water flow impact system for marine ballast tank	ZL 201710631602.0	2017/7/28	Invention
86	A type of welding method for grooved bulkhead and anti-collection plate of marine cargo oil tank	ZL 201710633402.9	2017/7/28	Invention
87	A type of erecting method for double-curved linear cabin scaffolding device	ZL 201710640230.8	2017/7/31	Invention
88	A type of hull transport tooling and hull support method	ZL 201710645918.5	2017/8/1	Invention
89	A type of cabin cover	ZL 201710723874.3	2017/8/22	Invention
90	A type of inspection method for marine cargo oil tank structure	ZL 201710756255.4	2017/8/29	Invention

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91	A type of large oil tanker and its safety protection method	ZL 201710756253.5	2017/8/29	Invention
92	A type of reflective lifting beam and its application	ZL 201710758611.6	2017/8/29	Invention
93	A type of marine PV valve operating platform component	ZL 201710754686.7	2017/8/29	Invention
94	A type of gangway control and drive system and method	ZL 201710757004.8	2017/8/29	Invention
95	A type of welding backing component	ZL 201710758632.8	2017/8/29	Invention
96	A type of intermittent fillet welding method	ZL 201710755815.4	2017/8/29	Invention
97	A type of auxiliary disassembly tooling for marine propeller shaft and its application	ZL 201710755962.1	2017/8/29	Invention
98	A type of anti-vibration vertical centrifugal pump device	ZL 201710756464.9	2017/8/29	Invention
99	A type of ship charging method	ZL 201710756984.X	2017/8/29	Invention
100	A type of ship with inclined horizontal bench	ZL 201710756278.5	2017/8/29	Invention
101	A type of cleaning device for marine outer board	ZL 201710758635.1	2017/8/29	Invention
102	A type of auxiliary tooling for fixed code installation and fixed code installation method	ZL 201710828882.4	2017/9/14	Invention
103	A type of marine TCS automatic detection method	ZL 201710831312.0	2017/9/15	Invention
104	A type of anchoring device, installation method and ship	ZL 201710831302.7	2017/9/15	Invention
105	A type of cable stuffing box composite board and installation method	ZL 201710883083.7	2017/9/26	Invention

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106	A type of simulation method, device and computer equipment for marine self-propulsion point data	ZL 201710884683.5	2017/9/26	Invention
107	A type of bending machine feed depth adjustment mechanism and bending machine	ZL 201710883081.8	2017/9/26	Invention
108	A type of steel fender	ZL 201710882862.5	2017/9/26	Invention
109	A type of marine electric power system and its control method	ZL 201710880520.X	2017/9/26	Invention
110	A type of spray paint auxiliary tooling	ZL 201710881191.0	2017/9/26	Invention
111	Multi-display combination device	ZL 201710888740.7	2017/9/27	Invention
112	A type of seawater treatment system and seawater treatment control method	ZL 201710892361.5	2017/9/27	Invention
113	A type of leg measuring device	ZL 201710889828.0	2017/9/27	Invention
114	Marine cargo tank ventilation method and ventilation system	ZL 201710899759.1	2017/9/28	Invention
115	A type of shaft frame installation method	ZL 201710897983.7	2017/9/28	Invention
116	A type of seawater filtration cleaning device and its application	ZL 201710904839.1	2017/9/29	Invention
117	A type of electric driving trolley on rail	ZL 201710905995.X	2017/9/29	Invention
118	Connecting structure of the slider of the bending machine and the oil cylinder	ZL 201710944529.2	2017/9/30	Invention
119	A type of charging and discharging method and device for small boat power supply system	ZL 201710976191.9	2017/10/19	Invention

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120	A type of drawing method and anchoring method for stern engine room with asymmetric stern	ZL 201711012779.9	2017/10/26	Invention
121	A type of data simulation method, device, computer equipment and storage medium	ZL 201711035240.5	2017/10/30	Invention
122	A type of method for applying metal flux cored wire to CO <sub>2</sub> automatic welding and horizontal butt welding	ZL 201711046419.0	2017/10/31	Invention
123	A type of method for constructing stern segment	ZL 201711045931.3	2017/10/31	Invention
124	A type of system for moving and placing small boat in large ship cabin	ZL 201711099260.9	2017/11/9	Invention
125	A type of marine cable gland cover	ZL 201711148648.3	2017/11/17	Invention
126	Controller and control method, device, equipment and storage medium of CNC bending machine	ZL 201711148650.0	2017/11/17	Invention
127	A type of oil tank	ZL 201711158452.2	2017/11/20	Invention
128	A type of in-situ sensor installation seat and in-situ sensor installation method	ZL 201711164623.2	2017/11/21	Invention
129	A type of installation method of pneumatic diaphragm pump in scientific seawater system and scientific research ship	ZL 201711164622.8	2017/11/21	Invention
130	Connection cabinet and fume hood component containing the same	ZL 201711163617.5	2017/11/21	Invention



No.	Name of patent	Patent application no.	Application date	Type
131	A type of installation method of pneumatic diaphragm pump in scientific seawater system and scientific research ship	ZL 201711164169.0	2017/11/21	Invention
132	A type of universal fixing device and equipment fixing method and ship	ZL 201711184278.9	2017/11/23	Invention
133	A type of transport trailer	ZL 201711217108.6	2017/11/28	Invention
134	A type of design method for outer jig frame of asymmetric hull	ZL 201711240102.0	2017/11/30	Invention
135	A type of embarkation and assembly method for marine thick plate segment	ZL 201711444440.6	2017/12/27	Invention
136	A type of construction method for marine thick plate segment	ZL 201711444446.3	2017/12/27	Invention
137	A type of door control system, method and storage medium	ZL 201810194944.5	2018/3/9	Invention
138	A type of shore electric interlock device	ZL 201810194931.8	2018/3/9	Invention
139	A type of calculation method for braiding density of armored cable	ZL 201810226493.9	2018/3/19	Invention
140	Automatic sealing nozzle device	ZL 201810240648.4	2018/3/22	Invention
141	Marine louver and ships containing the same	ZL 201810241947.X	2018/3/22	Invention
142	A type of anti-piracy CO <sub>2</sub> safety release system and its operation method	ZL 201810241967.7	2018/3/22	Invention
143	A type of monitoring method for hot spot stress of marine structure	ZL 201810252161.8	2018/3/26	Invention
144	Fastening support device for tank washing machine, washing machine and ship	ZL 201810252942.7	2018/3/26	Invention

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145	Seal and stern component containing the same and ship	ZL 201810260172.0	2018/3/27	Invention
146	A type of underwater axis measuring method and measuring device	ZL 201810259523.6	2018/3/27	Invention
147	Variable section grooved wall component and ship containing the same	ZL 201810265781.5	2018/3/28	Invention
148	A type of assembly method for marine propeller blade	ZL 201810266134.6	2018/3/28	Invention
149	A type of control equipment and control method for marine long shaft shafting installation	ZL 201810293149.1	2018/3/30	Invention
150	Smoke exhausting, heat insulating and airtight through component and ship containing the same	ZL 201810310629.4	2018/3/30	Invention
151	A type of structural deformation monitoring method in ship construction process	ZL 201810295043.5	2018/3/30	Invention
152	A type of automatic welding method for duplex stainless steel full through fillet weld	ZL 201810385005.9	2018/4/26	Invention
153	A type of automatic welding method for duplex stainless steel vertical butt	ZL 201810385023.7	2018/4/26	Invention
154	A type of installation method and installation tooling for marine boardside large window	ZL 201810384189.7	2018/4/26	Invention
155	A type of constructing method for ship deck complete segment	ZL 201810384899.X	2018/4/26	Invention
156	A type of test method for marine pull rod tension	ZL 201810384900.9	2018/4/26	Invention

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157	A type of test method for marine eufroe tension	ZL 201810384921.0	2018/4/26	Invention
158	A type of tracked conveyor system	ZL 201810392990.6	2018/4/27	Invention
159	A type of dividing method for segmentation of side ballast tank	ZL 201810392283.7	2018/4/27	Invention
160	A type of constructing method for segmentation of buttress	ZL 201810393001.5	2018/4/27	Invention
161	A type of ship assembly technique	ZL 201810393005.3	2018/4/27	Invention
162	A type of welding method for narrow section of ship bow	ZL 201810398150.0	2018/4/28	Invention
163	A type of angle distortion correction device and correction method	ZL 201810398147.9	2018/4/28	Invention
164	A type of CM node structure of marine side ballast tank platform position and its welding method	ZL 201810531648.X	2018/5/29	Invention
165	A type of water ruler word installation method	ZL 201810531647.5	2018/5/29	Invention
166	A type of fire door capable of reducing noise and its noise reduction method	ZL 201810530583.7	2018/5/29	Invention
167	A type of ship reinforcement structure	ZL 201810551590.5	2018/5/31	Invention
168	A type of sounding head cover and ship using the same	ZL 201810551532.2	2018/5/31	Invention
169	A type of sailboat lower mast processing technique and ship using the same	ZL 201810549506.6	2018/5/31	Invention
170	A type of pipe flange connection conductive method	ZL 201810550732.6	2018/5/31	Invention

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171	A type of ship length measurement method	ZL 201810551531.8	2018/5/31	Invention
172	A type of ship launching method	ZL 201810549507.0	2018/5/31	Invention
173	A type of air tightness test method for marine gathering area	ZL 201810549530.X	2018/5/31	Invention
174	A type of hanging code installation method	ZL 201810551538.X	2018/5/31	Invention
175	A type of constructing method for grooved bulkhead segment	ZL 201810550831.4	2018/5/31	Invention
176	A type of grooved bulkhead scaffolding installation method	ZL 201810549600.1	2018/5/31	Invention
177	A type of closing positioning method for large ring complete segment	ZL 201810550733.0	2018/5/31	Invention
178	A type of marine anchor chain cabin and its arrangement method	ZL 201810661142.0	2018/6/25	Invention
179	A type of fixing device and fixing method for spare propeller	ZL 201810689957.X	2018/6/28	Invention
180	A type of segmented construction method	ZL 201810689878.9	2018/6/28	Invention
181	A type of grinding and painting method for ship's narrow space	ZL 201810689958.4	2018/6/28	Invention
182	A type of arrangement method for marine side push hole	ZL 201810699703.6	2018/6/29	Invention
183	A type of drag device and method for ship launching	ZL 201810712548.7	2018/6/29	Invention
184	A type of correction tooling for deformed plate and correction method for deformed plate	ZL 201810713201.4	2018/6/29	Invention
185	A type of intelligent jig frame system and instruction	ZL 201810698238.4	2018/6/29	Invention

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186	A type of ship bow structure and its design method	ZL 201810713030.5	2018/6/29	Invention
187	Rotary tube proofreading tooling	ZL 201810714703.9	2018/6/29	Invention
188	A type of horizontal grooved bulkhead	ZL 201810713144.X	2018/6/29	Invention
189	A type of thin plate vertical butt welding method	ZL 201810713222.6	2018/6/29	Invention
190	Execution method, device, equipment and storage medium of a type of project	ZL 201810848375.1	2018/7/27	Invention
191	Device for segmented complete group and carrying plan	ZL 201810848370.9	2018/7/27	Invention
192	A type of pipe protection cover	ZL 201810846924.1	2018/7/27	Invention
193	A type of smoke conducting device for exhaust pipe and exhaust pipe containing the same	ZL 201810844903.6	2018/7/27	Invention
194	A type of cutting auxiliary device and its using method	ZL 201810848110.1	2018/7/27	Invention
195	A type of groove waterproofing device and its using method	ZL 201810848121.X	2018/7/27	Invention
196	A type of temporary ventilation method for marine cabin	ZL 201810847907.X	2018/7/27	Invention
197	A modeling and calibration design method	ZL 201810846925.6	2018/7/27	Invention
198	A type of method for segmenting and dividing marine cabin position	ZL 201810845230.6	2018/7/27	Invention
199	Temporary sealing device for marine cabin and temporary sealing method for marine cabin	ZL 201810848122.4	2018/7/27	Invention

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200	Point-contact assembly card sample	ZL 201810848120.5	2018/7/27	Invention
201	A type of conducting cover and stern tube installation method	ZL 201810844901.7	2018/7/27	Invention
202	A type of marine dock painting equipment and method	ZL 201810844928.6	2018/7/27	Invention
203	A type of rudder blade protection method for ship launching	ZL 201810848111.6	2018/7/27	Invention
204	A type of submersible pump basket device	ZL 201810847849	2018/7/27	Invention
205	A type of U-tube reading method for ship tilt test	ZL 201810847850.3	2018/7/27	Invention
206	A type of marine structure	ZL 201810846578.7	2018/7/27	Invention
207	A type of marine structure	ZL 201810847837.8	2018/7/27	Invention
208	A type of method for opening temporary working hole	ZL 201810846679.4	2018/7/27	Invention
209	Continued positioning of the origin measurement during the manufacture of complex node of steel structure	ZL 201810886817.1	2018/8/6	Invention
210	A type of welding platform	ZL 201810916035.8	2018/8/13	Invention
211	A type of installation tooling and installation method for special steel structure curtain wall connector	ZL 201810980176.6	2018/8/27	Invention
212	A type of marine pipeline damping structure	ZL 201810997457.2	2018/8/29	Invention
213	A type of marine coating protection method and tooling	ZL 201810997438.X	2018/8/29	Invention
214	A type of semi-submersible rail tooling and installation method	ZL 201810996301.2	2018/8/29	Invention

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215	At type of assembly detection method for high stress area of marine cell wall buttress	ZL 201810996317.3	2018/8/29	Invention
216	Marine equipment adjustment method	ZL 201810996286.1	2018/8/29	Invention
217	A type of storage device	ZL 201810998337.4	2018/8/29	Invention
218	A type of ship tilt measuring device and method	ZL 201810997440.7	2018/8/29	Invention
219	Marine girder web structure and marine structure	ZL 201811003204.5	2018/8/30	Invention
220	A type of rod straightening device and its using method	ZL 201811005741.3	2018/8/30	Invention
221	A type of conveying device	ZL 201811004662	2018/8/30	Invention
222	A type of intelligent garbage disposal system	ZL 201811004645.7	2018/8/30	Invention
223	A type of urban garbage disposal system	ZL 201811003202.6	2018/8/30	Invention
224	A type of method for manufacturing and installing ship inspection channel	ZL 201811004644.2	2018/8/30	Invention
225	A type of method for measuring marine displacement	ZL 201811003188.X	2018/8/30	Invention
226	A type of pipe casing arrangement structure	ZL 201811005728.8	2018/8/30	Invention
227	A type of overall lifting and positioning device	ZL 201811130997.7	2018/9/27	Invention
228	A type of marine damping structure and ship	ZL 201811131534.2	2018/9/27	Invention
229	A type of wind shielding wing bridge and ship	ZL 201811131027.9	2018/9/27	Invention
230	A type of method for guaranteeing free floating of ship in measurement experiment	ZL 201811131007.1	2018/9/27	Invention

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231	A type of propulsion system protection method and propeller	ZL 201811131533.8	2018/9/27	Invention
232	A type of carbon dioxide automatic welding device and automatic welding system	ZL 201811138469.6	2018/9/28	Invention
233	A type of thick plate vertical butt welding method	ZL 201811139045.1	2018/9/28	Invention
234	A type of thick plate horizontal butt welding method	ZL 201811139044.7	2018/9/28	Invention
235	A type of platform line connection method and platform line	ZL 201811152278.5	2018/9/29	Invention
236	A type of shaft bracket parameter design method	ZL 201811152275.1	2018/9/29	Invention
237	A type of rotary body lifting device and method	ZL 201811152283.6	2018/9/29	Invention
238	A type of detection device	ZL 201811150898.5	2018/9/29	Invention
239	Anti-shock device for ventilation system	ZL 201811151122.5	2018/9/29	Invention
240	Detachable duct and ventilation system containing the same	ZL 201811151724	2018/9/29	Invention
241	A type of guardrail	ZL 201811150883.9	2018/9/29	Invention
242	A type of fixture and clamping method	ZL 201811150881.X	2018/9/29	Invention
243	A type of emergency method and emergency equipment for failure of power unit of ship shifting trolley	ZL 201811152272.8	2018/9/29	Invention
244	A type of tooling for cutting ribbon	ZL 201811151403	2018/9/29	Invention
245	A type of valve member locking device	ZL 201811155668.8	2018/9/30	Invention
246	Water retaining connection device, empty cabin venting system and ship	ZL 201811156648.2	2018/9/30	Invention



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247	A type of method and device for protecting internal thread of marine discharge hole	ZL 201811156649.7	2018/9/30	Invention
248	A type of ship turning method and protection tooling	ZL 201811156666	2018/9/30	Invention
249	A type of ro-ro passenger ship construction method	ZL 201811155662	2018/9/30	Invention
250	A type of anti-piracy railing and application method	ZL 201811155671.X	2018/9/30	Invention
251	A type of method and tool for testing wear amount	ZL 201811155658.4	2018/9/30	Invention
252	A type of marine anti-collision structure	ZL 201811155682.8	2018/9/30	Invention
253	A type of underwater observation structure of ship	ZL 201811155669.2	2018/9/30	Invention
254	A type of limiting tooling for barge centering and limiting method for barge centering	ZL 201811156659	2018/9/30	Invention
255	A type of detachable oil collecting tank and ship	ZL 201811156650.X	2018/9/30	Invention
256	A type of arrangement method for marine equipment	ZL 201811155645.7	2018/9/30	Invention
257	A type of hole pre-opening method for marine outfitting	ZL 201811280834.7	2018/10/30	Invention
258	A type of installation method for marine anchor chock component	ZL 201811279684.8	2018/10/30	Invention
259	A type of marine anti-backflow drainage system	ZL 201811279601.5	2018/10/30	Invention
260	A type of drainage system for tanker deck	ZL 201811279603.4	2018/10/30	Invention

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261	A type of installation method for steamboat oil pipe	ZL 201811279683.3	2018/10/30	Invention
262	A type of method for cutting the margin of ship segment	ZL 201811280901.5	2018/10/30	Invention
263	A type of pneumatic grinding machine support device	ZL 201811279858	2018/10/30	Invention
264	A type of installation method for steamboat pipeline	ZL 201811279867.X	2018/10/30	Invention
265	A type of supporting device for marine pipeline	ZL 201811286367.9	2018/10/31	Invention
266	A type of fixing device, shelter and instruction for the fixing device	ZL 201811285669.4	2018/10/31	Invention
267	A type of stern tube tightness testing tooling and installation method	ZL 201811286382.3	2018/10/31	Invention
268	A type of modifying method for cargo tank of ore ship	ZL 201811284256.4	2018/10/31	Invention
269	A type of fin stabilizer component, ship and installation technique	ZL 201811284072.8	2018/10/31	Invention
270	A type of installation method for propulsion device	ZL 201811284258.3	2018/10/31	Invention
271	A type of cold storage shelf foundation and cold storage shelf foundation installation method	ZL 201811284257.9	2018/10/31	Invention
272	A type of installation method for marine sheer strake	ZL 201811284068.1	2018/10/31	Invention
273	A type of task scheduling method, device, equipment and storage medium	ZL 201811286279.9	2018/10/31	Invention

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274	A type of thin plate turning device and method	ZL 201811286369.8	2018/10/31	Invention
275	A type of dividing method for marine rudder area	ZL 201811284279.5	2018/10/31	Invention
276	A type of root structure of double-bottom ice knife area of polar ship and its construction method	ZL 201811286266.1	2018/10/31	Invention
277	A type of replenishing hose fixing device and method	ZL 201811287159	2018/10/31	Invention
278	A type of method for testing friction coefficient of ship launching oil	ZL 201910092186.0	2019/1/30	Invention
279	A type of method for installing rudder propeller device of secondary docking ship	ZL 201910093126.0	2019/1/30	Invention
280	A type of ship tightness test device and method	ZL 201910092169.7	2019/1/30	Invention
281	A type of marine water suction device and ship	ZL 201910093114.8	2019/1/30	Invention
282	A type of high-pressure clamping mechanism and method	ZL 201910100308.6	2019/1/30	Invention
283	A type of method for testing ship shifting trolley and test platform device	ZL 201910101243.7	2019/1/31	Invention
284	A type of type A door frame protection device and its installation method	ZL 201910151647.7	2019/2/28	Invention
285	A type of detection method for ship launching oil pressure bearing and pressure detection device	ZL 201910152759.4	2019/2/28	Invention
286	A type of marine wave protection pavilion device and ship	ZL 201910152987.1	2019/2/28	Invention

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287	A type of houseboat oil tank gas station	ZL 201910152996.0	2019/2/28	Invention
288	Method for dividing ship-collecting area and assembly process of ship-collecting area	ZL 201910153218.3	2019/2/28	Invention
289	A type of method for setting up ship-collecting area	ZL 201910153239.5	2019/2/28	Invention
290	A type of method for manufacturing complete segment built on ro-ro passenger ship	ZL 201910153243.1	2019/2/28	Invention
291	A type of single-sided submerged arc welding method for transverse butt joint	ZL 201910152128.2	2019/2/28	Invention
292	A type of marine exhaust conducting device and ship	ZL 201910152749.0	2019/2/28	Invention
293	A type of marine loading method	ZL 201910153224.9	2019/2/28	Invention
294	A type of entry method for closed forecastle cable chain	ZL 201910152129.7	2019/2/28	Invention
295	A type of operating method, operating device, equipment and storage medium for marine generator	ZL 201910253125.8	2019/3/29	Invention
296	A type of installation method for the frame of a measuring device	ZL 201910253387.4	2019/3/29	Invention
297	A type of method for testing freshwater wharf of electrolytic ballast water treatment device	ZL 201910253396.3	2019/3/29	Invention
298	C-shaped pillar for ship and its preparation method and installation technique	ZL 201910253394.4	2019/3/29	Invention

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299	Marine wall plate through hole and its opening method and ship segmentation construction technique	ZL 201910252467.8	2019/3/29	Invention
300	A type of ship deck separator and ship	ZL 201910253393.X	2019/3/29	Invention
301	A type of ship lifting code device and method for lifting hull	ZL 201910252277.6	2019/3/29	Invention
302	A type of design method for drain hole in ship ballast tank and ship	ZL 201910253264.0	2019/3/29	Invention
303	A type of large joint seam welding hole of ship	ZL 201910252245.6	2019/3/29	Invention
304	A type of marine sulfur removal collection tank structure	ZL 201910252254.5	2019/3/29	Invention
305	A type of ship bow structure	ZL 201910253260.2	2019/3/29	Invention
306	A type of marine multi-plate assembly and welding structure and welding method	ZL 201910253331.9	2019/3/29	Invention
307	A type of double wall through pipe installation method and double wall through pipe	ZL 201910252365.6	2019/3/29	Invention
308	A type of design method for lifting and hanging code of complete segment built on ship	ZL 201910252371.1	2019/3/29	Invention
309	A type of polar ship louver and its ice removing method	ZL 201910252348.2	2019/3/29	Invention
310	Method and structure for constructing stiffeners for ship plate structure in ice area	ZL 201910252443.2	2019/3/29	Invention
311	Sea chest and ship containing the same	ZL 201910253381.7	2019/3/29	Invention

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312	A type of ship production scheduling method, device, equipment and storage medium	ZL 201910301036.6	2019/4/15	Invention
313	Polar ship ventilation	ZL 201910355334.3	2019/4/29	Invention
314	A type of method for processing grille of marine outer panel, ship outer panel and ship	ZL 201910357168.0	2019/4/29	Invention
315	A type of flange connection method	ZL 201910357154.9	2019/4/29	Invention
316	A type of flange base segment loading method	ZL 201910357670.1	2019/4/29	Invention
317	Defrost system for polar ship cab window	ZL 201910356011.6	2019/4/29	Invention
318	A type of arrangement method for ballast tank drain hole	ZL 201910355317.X	2019/4/29	Invention
319	A type of arrangement method for flat bottom segment sandblasting and coating support	ZL 201910357134.1	2019/4/29	Invention
320	A type of marine anchor bolt installation and scribing method	ZL 201910354346.4	2019/4/29	Invention
321	A type of support structure for boring equipment and processing method for flange	ZL 201910358947.2	2019/4/29	Invention
322	Marine pneumatic pump device for low temperature environment	ZL 201910356015.4	2019/4/29	Invention
323	A type of icebreaker stem, method for installing icebreaker stem and ship	ZL 201910360937.2	2019/4/30	Invention
324	A type of string washing method for high viscosity oil pipeline	ZL 201910360174.1	2019/4/30	Invention
325	Cab structure of one-person bridge on two-way sailing ship	ZL 201910360908.6	2019/4/30	Invention

No.	Name of patent	Patent application no.	Application date	Type
326	Low temperature protection device for explosion-proof telephone	ZL 201910360943.8	2019/4/30	Invention
327	Rudder hydraulic nut protection device, ship containing the same and protection method	ZL 201910361930.2	2019/4/30	Invention
328	Valve box and ship containing the same	ZL 201910360168.6	2019/4/30	Invention
329	Blade mount	ZL 201910361929.X	2019/4/30	Invention
330	A type of oil drain monitoring system for polar oil tanker	ZL 201910360999.3	2019/4/30	Invention
331	Embedded hanging code component and ship containing the same	ZL 201910360807.9	2019/4/30	Invention
332	Hatch cover component and ship containing the same	ZL 201910360800.7	2019/4/30	Invention
333	Oil tank cover component and ship containing the same	ZL 201910360206.8	2019/4/30	Invention
334	Electric tracing heating system insulation pipe clamp and pipe insulation method	ZL 201910360997.4	2019/4/30	Invention
335	Ship bridge device	ZL 201920083972.X	2019/1/17	Utility model
336	Pipeline fixture	ZL 201920083973.4	2019/1/17	Utility model
337	Self-locking hook and guardrail containing the same	ZL 201920083974.9	2019/1/17	Utility model
338	Buttress structure component and ship containing the same	ZL 201920167428.3	2019/1/30	Utility model
339	Positioning device for gas cutting gun and gas cutting gun containing the same	ZL 201920167464.X	2019/1/30	Utility model
340	Measuring ruler for butt welding gap	ZL 201920167463.5	2019/1/30	Utility model
341	Movable and floating boarding ladder	ZL 201920167462.0	2019/1/30	Utility model
342	Tripping support device for marine lighterage	ZL 201920167533.7	2019/1/30	Utility model
343	A type of marine bracket	ZL 201920171608.9	2019/1/30	Utility model

No.	Name of patent	Patent application no.	Application date	Type
344	A type of cable chain cabin and ship	ZL 201920171609.3	2019/1/30	Utility model
345	A type of oil boom structure for ship deck and ship	ZL 201920169390.3	2019/1/30	Utility model
346	A type of marine ballast cement sand sedimentation device	ZL 201920164414.6	2019/1/30	Utility model
347	A type of gas cutting round hole device	ZL 201920169389.0	2019/1/30	Utility model
348	Pipeline joint component	ZL 201920169417.9	2019/1/30	Utility model
349	Straight ladder component for structural duct	ZL 201920172603.8	2019/1/30	Utility model
350	A type of block tightening device	ZL 201920164483.7	2019/1/30	Utility model
351	A type of deck cable through piece	ZL 201920176142.1	2019/1/31	Utility model
352	A type of grinding device for marine segment welding seam	ZL 201920180199.9	2019/1/31	Utility model
353	A type of marine ventilation device	ZL 201920180187.6	2019/1/31	Utility model
354	A type of felt disk recovery device	ZL 201920180190.8	2019/1/31	Utility model
355	A type of assembly positioning device for welding	ZL 201920180188.0	2019/1/31	Utility model
356	A type of gas cylinder fixing bracket for ship	ZL 201920260218.9	2019/2/28	Utility model
357	A type of marine moon pool operation platform	ZL 201920256695.8	2019/2/28	Utility model
358	Sliding deck crane component and ship containing the same	ZL 201920429107.6	2019/3/29	Utility model
359	Bracket stacking legs and brackets	ZL 201920420058.X	2019/3/29	Utility model
360	A type of airtight whistle rope device and ship	ZL 201920420723.5	2019/3/29	Utility model
361	Freeze proof pedal	ZL 201920429120.1	2019/3/29	Utility model

The patent applications above are all solely owned by Guangzhou Shipyard International Company Limited.



*Computer software copyright*

<b>No.</b>	<b>Name of software</b>	<b>Development completed date</b>	<b>Registration no.</b>
1	Guangzhou Longxue Shipbuilding Product Data Management System (abbreviation: GLS-PDM) V1.0	2009/4/10	2009SR023246
2	Standardized Information Management System 1.0.0.0	2009/3/1	2009SR023308
3	AVEVA MARINE and Sigmanest Data Exchange Interface Software (abbreviation: AM-SIG DEI)	2009/10/30	2010SR006673
4	Quality Management System V1.0	2009/12/1	2010SR006675
5	Steel Plate Logistics Management System	2009/12/1	2010SR013211
6	Automatic Creation of Cable Diagram (abbreviation: ACCD) V1.0	2010/3/10	2011SR000939
7	Automated Control Program Software for Power Plant Testing Device V1.0	2011/5/25	2013SR013610
8	Three-Dimensional Simulation System for Hull Segment Lifting V1.0	2013/12/5	2014SR061936
9	Tribon Profile HGG Cutting Instruction Generation System (abbreviation: HGG Cutting Instruction) V1.0	2014/9/30	2016SR005883
10	Segmental General Group and Loading Technique Simulation System (abbreviation: EOP) 1.0	2015/5/1	2017SR247802
11	Hull Outer Panel Line Heating Technique and Technology Simulation System V1.0	2015/5/10	2017SR247794
12	Automated Equipment Expert System for Hull Complex Outer Panel Forming V2.0	2016/5/30	2016SR192285
13	Universal Nesting Software V1.3	2012/7/15	2016SR189266
14	ZTW-V Dual-Channel Shaft Power and Torsional Vibration Stress Measurement and Analysis System 1.0.11	2015/11/20	2016SR404880
15	Marine Steel Plate Logistics Management System V1.0	2015/10/1	2017SR003503
16	Guangzhou Shipyard International Product Data Management – Air Duct System (abbreviation: GSI-PDM Air Duct System) 1.0	2017/5/30	2017SR417848

<b>No.</b>	<b>Name of software</b>	<b>Development completed date</b>	<b>Registration no.</b>
17	Guangzhou Shipyard International Product Data Management – Iron Outfitting System (abbreviation: GSI- PDM Iron Outfitting System) 1.0	2017/5/30	2017SR442189
18	Guangzhou Shipyard International Product Data Management – Coating System (abbreviation: GSI-PDM Coating System) 1.0	2017/5/30	2017SR442191
19	Guangzhou Shipyard International Product Data Management – Pipeline System (abbreviation: GSI-PDM Pipeline System) 1.0	2017/5/30	2017SR633984
20	Guangzhou Shipyard International Product Data Management – Electric Fitting System (abbreviation: GSI- PDM Electric Fitting System) 1.0	2017/5/30	2017SR635502
21	Guangzhou Shipyard International Product Data Management – Hull System (abbreviation: GSI-PDM Hull System) 1.0	2017/5/30	2017SR635661
22	Guangzhou Shipyard International Performance Management Platform System	2017/5/30	2018SR764537
23	Regulatory Management System	2018/3/30	2018SR765810
24	Auxiliary Plotting Program Software for Six-Sided Map 0.5	2015/5/5	2018SR874852
25	Simulator Building Program Software 1.0	2016/5/5	2018SR875112
26	Parametric Modeling Program for Outer Panel Iron Outfitting 0.8	2014/5/5	2018SR874845
27	Modeling Program Software for Standard Tube Bracket V1.0	2014/1/5	2018SR932748
28	Intelligent Modeling Platform for Iron Outfitting 1.0	2016/10/20	2018SR932752
29	3D Parametric Modeling Software 1.0	2016/10/20	2018SR933744
30	Accessory Automatic Matching System 1.0	2016/10/20	2018SR933752
31	Data Processing Software 1.0	2016/10/20	2018SR933755
32	FPB Machine Conversion Program Software 1.0 (abbreviation: FPB Machine Conversion Program)	2018/10/5	2019SR0267882

<b>No.</b>	<b>Name of software</b>	<b>Development completed date</b>	<b>Registration no.</b>
33	Fain Angle Steel Machine Conversion Program Software 1.0 (abbreviation: Fain Angle Steel Machine Conversion Program)	2018/12/5	2019SR0268086
34	PEDDIMAT Conversion Program Software 1.0 (abbreviation: PEDDIMAT Conversion Program)	2018/12/25	2019SR0270930
35	Anglemaste Angle Machine Conversion Program Software 1.0 (abbreviation: Angle Machine Conversion Program)	2018/11/5	2019SR0270951
36	NC Batch Margin Adjustment Program Software 1.0 (abbreviation: NC Batch Margin Adjustment Program)	2018/10/25	2019SR0271711

Except for No. 8 which is jointly owned by Guangzhou Shipyard International Company Limited and Institute of Industrial Technology, Guangzhou and Chinese Academy of Sciences, No. 11 which is jointly owned by Guangzhou Shipbuilding International Company Limited and Guangdong University of Technology, and No. 32-36 which are jointly owned by Guangzhou Shipyard International Company Limited and Guangzhou United Steel Structure Limited, the remaining copyrights are solely owned by Guangzhou Shipyard International Company Limited.

In addition, there are no other assets or liabilities which is not reflected in the financial statements, and all assets and liabilities relating to the company have been included in the scope of asset valuation.

**(V) External rental condition**

1. As of the date of valuation, the details of the assets leased externally by Guangzhou Shipyard International Company Limited are as follows:

Lessor	Lessee	Leased assets	Buildings and structures (sq.m.)	Land (sq.m.)	Lease period
Guangzhou Shipyard International Company Limited	CSSC Offshore & Marine Engineering (Group) Company Limited	Community Shopping Mall, Block 1 and 2, Xiangjiang City Garden, Jiefang Avenue, High-tech Zone, Hengyang City, Hunan Province	7,432.11		2018/8/1-2028/7/31
Guangzhou Shipyard International Company Limited	Guangzhou Branch of China Mobile Group	30 square meters of open space near the workers' quarters		30.00	2016/3/14-2026/3/13
Guangzhou Shipyard International Company Limited	Guangzhou Branch of China Mobile Group	25 square meters of open space north of the administrative building		25.00	2011/2/16-2021/2/15
Guangzhou Shipyard International Company Limited	Nanfang Environment Co., Ltd.	Room 8, Yihe Hotel	410.09		2018/11/16-2033/11/15
Guangzhou Shipyard International Company Limited	Guangzhou Shipyard Co., Ltd.	80 sets of real estate in Jinyu Garden in Liwan District and 15 sets of real estate in Rongfang Pavilion	3,761.43		2017/7/15-2022/7/31
<b>Total</b>			<b>11,603.63</b>	<b>55.00</b>	

Guangzhou Shipyard International Company Limited and Guangzhou Wenchong Dockyard Co., Ltd. entered into the CSSC Longxue Base Worker Dormitory (Stage I of Phase I) Property Leasing Framework Agreement. As agreed under the agreement, the four worker dormitories to be occupied by Guangzhou Wenchong Dockyard Co., Ltd. shall be built and funded by Guangzhou Shipyard International Company Limited. The actual construction fee for the dormitories shall be subject to the final settlement of the dormitory construction as confirmed by both parties. The construction fee for the four dormitories to be occupied by Guangzhou Wenchong Dockyard Co., Ltd. shall be recovered from Guangzhou Wenchong Dockyard Co., Ltd. in the form of rent. The

contingency provision and progress payment made by Party B before the signing of the agreement shall be deemed as interest-bearing prepaid rent for occupying the worker dormitories, which shall offset the rent monthly after delivery for use. The lease period shall commence from 30 September 2015 to 30 September 2050.

Guangzhou Shipyard International Company Limited and CSSC Huangpu Wenchong Shipbuilding Company Limited entered into the CSSC Longxue Base Worker Dormitory (Stage I of Phase I) Land and Property Leasing Framework Agreement. As agreed under the agreement, the two worker dormitories to be occupied by CSSC Huangpu Wenchong Shipbuilding Company Limited shall be built by Guangzhou Shipyard International Company Limited and funded by CSSC Huangpu Wenchong Shipbuilding Company Limited. The actual construction fee for the dormitories shall be subject to the final settlement of the dormitory construction as confirmed by both parties. The contingency provision, progress payment, land rent and tax made by CSSC Huangpu Wenchong Shipbuilding Company Limited shall be deemed as prepaid rent for using the worker dormitories (without interest and extra payment), which shall offset the rent monthly after delivery for use. The lease period shall commence from 30 September 2015 to 30 September 2050.

2. As at the date of valuation, breakdowns of lease of assets of Guangzhou Shipyard International Company Limited were as follows:

<b>Lessor</b>	<b>Lessee</b>	<b>Leased property</b>	<b>Lease period</b>
Guangzhou Guanggang Land Co., Ltd. (廣州廣鋼置地有限公司)	Guangzhou Shipyard International Company Limited	Property	2019/3/6-2021/3/5
Guangzhou Guanggang Land Co., Ltd. (廣州廣鋼置地有限公司)	Guangzhou Shipyard International Company Limited	Property	2019/3/6-2021/3/5
Guangzhou Guangzhong Tourism Vehicles Transportation Co., Ltd. (廣州廣中旅遊汽車運輸有限公司)	Guangzhou Shipyard International Company Limited	Vehicles	2017/7/4-2020/7/3
Guangzhou Haishi Passenger Transport Co., Ltd. (廣州海獅客運有限公司)	Guangzhou Shipyard International Company Limited	Vehicles	2018/10/22-2020/7/3
Guangzhou Sanqi Economic Development Co., Ltd. (廣州市三汽經濟發展有限公司)	Guangzhou Shipyard International Company Limited	Vehicles	2017/7/4-2020/7/3

<b>Lessor</b>	<b>Lessee</b>	<b>Leased property</b>	<b>Lease period</b>
Guangdong Xunwei Information Industry Co., Ltd. (廣東迅維信息產業股份有限公司)	Guangzhou Shipyard International Company Limited	Printers	2018/4/2-2023/4/2
Zhuhai Hengming Digital Technology Co., Ltd. (珠海恒銘數碼科技有限公司)	Guangzhou Shipyard International Company Limited	Digital engineering machine PW750H2	2015/5/1-2020/4/30
Guangzhou Shipyard Co., Ltd. (廣州造船廠有限公司)	Guangzhou Shipyard International Company Limited	Venues and plants	2018/6/1-2022/6/1 (tentative)

**(VI) Type, number and carrying amount of assets relating to appraisal results contained in reports issued by other institutions**

This asset valuation report has made no reference to any conclusion from any other report issued by any other institution.

**IV. TYPE AND DEFINITION OF VALUE**

Analysis based on the purposes of valuation: To provide reference in relation to transaction price for parties involved in the realisation of the economic behaviour. Trading at market value is more acceptable to all parties to the transaction since all parties to the transaction have equal standing and they are entering into a normal and fair market transaction.

Analysis based on market condition: At present, asset transactions are becoming more frequent and the ownership trading market is becoming more mature. Trading at market value has been generally accepted by market participants.

Analysis based on conditions of the subject of valuation: The subject of the valuation has all assets that are essential for business operation, and is capable for operating in going concern in the foreseeable future. It is not faced with the situations of being forced to disband, sell, quickly realise or realise by components in the short term.

Analysis based on valuation assumptions: This valuation assumes that the subject of the valuation is in a simulated competitive market that is fully open, which is to exclude the effects of non-market and abnormal factors on the valuation.

In summary, the basic elements of asset valuation meet the definition of market value. Therefore, the type of value adopted in this valuation is market value.

The market value is defined as the estimated price of the subject of valuation in a normal and arm's length transaction as at the base date of valuation between a willing purchaser and a willing seller acting reasonably and without compulsion.

“Arm's length transaction” refers a transaction between parties without specific or special relationships, which is to assume that the parties to the transaction are not related to each other and are independent from each other.

## V. DATE OF VALUATION

The date of asset valuation for the project is 30 April 2019.

The date of valuation was determined after negotiations between the asset valuer and the client with reference to factors such as the needs of conducting economic behaviour, the accessibility of accounting data as at the end of the accounting period, the asset scale of the appraised entity, workload of evaluation and estimated time for completion, as well as the changes in interest rates and exchange rates before and after the date of valuation.

The pricing basis for this valuation is the pricing standard prevailing as at the date of valuation.

## VI. BASIS FOR VALUATION

Details of the basis for this asset valuation are as follows:

### (I) Economic behaviour basis

1. Reply Letter from China State Shipbuilding Corporation on the Audit and Asset Valuation Related to the Acquisition of Asset Through Issuance of Shares by China CSSC Holdings Limited (Chuan Jing Han 2019 No. 15);
2. Resolution of the board of directors of China CSSC Holdings Limited;
3. Asset Valuation Engagement Contracts.

### (II) Legal basis

1. Asset Valuation Law of the People's Republic of China (中華人民共和國資產評估法) (No. 46 order of the President of the PRC);
2. Company Law of the People's Republic of China (中華人民共和國公司法) (amended at the 6th meeting of the Thirteenth Session of the Standing Committee of the National People's Congress of the PRC on 26 October 2018);

3. Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法) (passed at the 5th meeting of the Tenth Session of the Standing Committee of the National People's Congress of the PRC on 16 March 2007);
4. Implementation Rules to the Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法實施條例) (passed at the 197th executive meeting of the State Council on 28 November 2007);
5. Temporary Regulations of the People's Republic of China on Value-added Tax (中華人民共和國增值稅暫行條例) (No. 538 order of the State Council);
6. Detailed Implementing Rules of the Temporary Regulations of the People's Republic of China on Value-added Tax (中華人民共和國增值稅暫行條例實施細則) (No. 50 order of the Ministry of Finance and the State Administration of Taxation);
7. Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (關於全面推開營業稅改徵增值稅試點的通知) (Cai Shui 2016 No. 36);
8. Circular on Adjusting Value-added Tax Rates (關於調整增值稅稅率的通知) (Cai Shui 2018 No. 32);
9. Announcement on Matters Related to Deepening Value-added Tax Reform (關於深化增值稅改革有關事項的公告) (Cai Shui 2019 No. 14);
10. Trademark Law of the People's Republic of China (中華人民共和國商標法) (amended on 30 August 2013);
11. Patent Law of the People's Republic of China (中華人民共和國專利法) (No. 8 order of the President of the PRC in 2008);
12. Copyrights Law of the People's Republic of China (中華人民共和國著作權法) (passed at the 13th meeting of the Eleventh Session of the Standing Committee of the National People's Congress of the People's Republic of China on 26 February 2010);
13. Land Administration Law of the People's Republic of China (中華人民共和國土地管理法) (passed at the 11th meeting of the Tenth Session of the Standing Committee of the National People's Congress of the People's Republic of China on 28 August 2004);
14. Urban Real Estate Management Law of the People's Republic of China (中國人民共和國城市房地產管理法) (passed at the 29th meeting of the Tenth Session of the Standing Committee of the National People's Congress of the People's Republic of China on 30 August 2007);



15. State-owned Enterprise Asset Law of the People's Republic of China (中華人民共和國企業國有資產法) (third amendments passed at the 10th meeting of the Twelfth Session of the Standing Committee of the National People's Congress of the People's Republic of China on 31 August 2014);
16. Administrative Measures for the Valuation of State-owned Assets (國有資產評估管理辦法) (No. 91 order of the State Council);
17. Regulatory and Administrative Measures for Trading of State-owned Assets of Enterprises (企業國有資產交易監督管理辦法) (No. 32 order of the State-owned Assets Supervision and Administration Commission and the Ministry of Finance of the State Council);
18. Interim Administrative Measures for the Valuation of State-owned Assets of Enterprises (企業國有資產評估管理暫行辦法) (No. 12 order of the State-owned Assets Supervision and Administration Commission);
19. Rules for Certain Issues of the Valuation of State-owned Assets (國有資產評估管理若干問題的規定) (No. 14 order of the Ministry of Finance);
20. Circular on Strengthening the Administration of Valuation of State-owned Assets of Enterprises (關於加強企業國有資產評估管理工作有關問題的通知) (Guo Zi Wei Chan Quan 2006 No. 274);
21. Circular on Matters regarding the Review of the Valuation Reports on State-owned Assets of Enterprises (關於企業國有資產評估報告審核工作有關事項的通知) (Guo Zi Chan Quan 2009 No. 941);
22. Guidelines for Filing of Valuation Projects of State-owned Assets of Enterprises (關於企業國有資產評估項目備案工作指引) (Guo Zi Chan Quan 2013 No. 64);
23. Guidelines for the Review of Valuation of Assets of Central State-owned Enterprises (關於中央企業國有資產評估項目核准工作指引) (Guo Zi Chan Quan 2010 No. 71);
24. Securities Law of the People's Republic of China (中華人民共和國證券法) (amended at the 10th meeting of the Twelfth Session of the Standing Committee of the National People's Congress of the People's Republic of China on 31 August 2014);
25. Administrative Measures for Major Assets Restructuring of Listed Companies (上市公司重大資產重組管理辦法) (amendments No. 127 order of China Securities Regulatory Commission on 8 September 2016);

26. Administrative Measures for the Securities Issuance of Listed Companies (上市公司證券發行管理辦法) (amendments No. 57 order of China Securities Regulatory Commission on 9 October 2008);
27. Other laws, regulations and departmental rules that are related to the valuation work.

**(III) Basis for valuation standards**

1. Basic Standards for Asset Valuation (Cai Zi 2017 No. 43);
2. Code of Ethics for Asset Valuation (Zhong Ping Xie 2017 No. 30);
3. Practicing Standards for Asset Valuation – Asset Valuation Engagement Contracts (Zhong Ping Xie 2017 No. 33);
4. Practicing Standards for Asset Valuation – Engagement of Experts and Relevant Reports (Zhong Ping Xie 2017 No. 35);
5. Practicing Standards for Asset Valuation – Intangible Assets (Zhong Ping Xie 2017 No. 37);
6. Practicing Standards for Asset Valuation – Real Estate (Zhong Ping Xie 2017 No. 38);
7. Practicing Standards for Asset Valuation – Machinery Equipment (Zhong Ping Xie 2017 No. 39);
8. Guidelines for Valuation Reports on State-owned Assets of Enterprises (Zhong Ping Xie 2017 No. 42);
9. Guidelines for Business Quality Control of Asset Valuation Institutions (Zhong Ping Xie 2017 No. 46);
10. Guiding Opinions on Types of Values for Asset Valuation (Zhong Ping Xie 2017 No. 47);
11. Guiding Opinions on Legal Ownership of the Subjects of Valuation (Zhong Ping Xie 2017 No. 48);
12. Guiding Opinions on Asset Valuation of Patents (Zhong Ping Xie 2017 No. 49);
13. Guiding Opinions on Asset Valuation of Copyrights (Zhong Ping Xie 2017 No. 50);
14. Guiding Opinions on Asset Valuation of Trademarks (Zhong Ping Xie 2017 No. 51);

15. Guiding Opinions on Valuation of Investment Properties (Zhong Ping Xie 2017 No. 53);
16. Practice Guidelines for Asset Valuation – Asset Valuation Report (Zhong Ping Xie 2018 No. 35);
17. Practice Guidelines for Asset Valuation – Asset Valuation Procedures (Zhong Ping Xie 2018 No. 36);
18. Practice Guidelines for Asset Valuation – Asset Valuation File (Zhong Ping Xie 2018 No. 37);
19. Practice Guidelines for Asset Valuation – Enterprise Value (Zhong Ping Xie 2018 No. 38);
20. Experts Operation Tips for Asset Valuation – Report Disclosure for Listed Companies' Major Assets Restructuring.

**(IV) Asset ownership basis**

1. Business licenses and the articles of association;
2. Real estate certificates, state-owned land use right permits, property ownership certificates and vehicle licenses;
3. Patent certificates, patent application acceptance notices, trademark registration certificates, computer software copyright registration certificates, works copyright certificate and domain certificate;
4. Contract for purchase of significant assets, leasing contract or journal voucher;
5. Foreign investment ownership certificate (investment contract or agreement, share registration certificate);
6. Other asset ownership certificates.

**(V) Basis for determination of value**

1. Auditors' report and certified financial statements as at the date of valuation;
2. Material contracts and agreements;
3. Statistics on production and operation;
4. Price information of major material published by Guangzhou Engineering Cost Information Network (廣州工程造價信息網);
5. Pricing Basis for Construction Works in Guangdong Province (2010 version);
6. Code of Valuation with Bill Quantity of Construction Works (GB50500-2013);
7. Circular on the Adjustment of Pricing Basis for Construction Works in Guangdong Province Following the Conversion of Business Tax into Value-added Tax;
8. Quotes for Hydraulic Construction at Coastal Ports;
9. Circular of the Ministry of Transport on the Measures for the Adjustment of Pricing Basis for Hydraulic Construction Works Following the Conversion of Business Tax into Value-added Tax (Jiao Ban Shui 2016 No. 100);
10. Price Information of Foreign Machinery and Electronic Products;
11. Price Guide of Machinery and Electronic Products, China Machine Press;
12. Online vehicles price information from [www.chinacars.com](http://www.chinacars.com);
13. Price information available from <http://www.china-plant.com/>;
14. [www.landchina.com](http://www.landchina.com);
15. Benchmark land price in Guangzhou and Zhongshan;
16. Circular of the Ministry of Finance and the State Administration of Taxation on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知) (Cai Shui 2016 No. 36);
17. Statistics and analysis on PRC macroeconomy, industries, regional markets and enterprises;

18. Information about the A-share listed companies from Wind Securities Investment Analysis System;
19. Prevailing treasury yields and loan interest rates as at the date of valuation;
20. Common Data and Parameter Manual for Asset Valuation, China Science and Technology Press;
21. Accounting statements, books, vouchers and asset valuation returns as at the date of valuation provided by the appraised entity and its management;
22. Accounting statements and other relevant information of the long-term investment unit as at the date of valuation;
23. Relevant information including industry analysis provided by the appraised entity, and operation plan and measures in future years provided by its management;
24. Contracts and orders in hand, and information of target customers provided by the management of the appraised entity;
25. On-site survey records and other relevant valuation information collected by the asset valuer.

**(VI) Other references**

1. Common Methods and Parameters for Assets Appraisal (China Machine Press 2011 version);
2. Provisions on the Standards for Compulsory Retirement of Motor Vehicles (No. 12 order of Ministry of Commerce, National Development and Reform Commission, the Ministry of Public Security, and the Ministry of Environmental Protection in 2012);
3. Statistics and analysis on PRC macroeconomy, industries, regional markets and enterprises;
4. Technical statistics of Shanghai Orient Appraisal Co., Ltd.;
5. Other references.

**(VII) Reference to valuation report issued by other institutions**

This asset valuation report has made no reference to any conclusion from reports issued by other institutions.

**(VIII) Other professional reports utilised**

During the valuation process, we have legally obtained the following professional reports and carefully utilised relevant content therein:

The carrying amounts of asset and liability in this valuation report are the audit result of the Audit Report (Da Xin Shen Zi 2019 No. 1-03764) issued by Daxin Certified Public Accountants (Special General Partnership).

**VII. VALUATION METHOD****The asset-based approach**

Specifically, the asset-based approach refers to the method of determining the value of the entire equity of the enterprise by summing up the appraised values of key assets and deducting the appraised values of the liabilities.

The valuation methods for various types of assets and liabilities are as follows:

**1. Cash and cash equivalents**

Cash and cash equivalents represent cash on hand, bank deposits and other monetary funds. For bank deposits, the verified carrying value shall be recognised as the appraised value.

**2. Prepayments**

The appraised value of prepayments is determined based on recoverable value of corresponding assets or rights. For corresponding assets or rights with recoverable value, the appraised value is the carrying amount after verification.

**3. Receivables**

Receivables represent accounts receivable and other receivables. The appraised values of various receivables have been determined based on the amount which may be recoverable following verification. If there are strong reasons to believe that the amounts are fully recoverable, their appraised values are determined based on the full amount of receivables.

#### 4. *Inventories*

Inventories include raw materials, works in progress, finished goods, delivered goods and construction in progress. The specific valuation methods are as follows:

##### (1) *Raw materials*

For raw materials, valuation is mainly carried out through adoption of market prices, and the appraised value is determined based on the market purchase price (excluding tax) and other reasonable expenses. For recently purchased raw materials, in the absence of backlog and damages, this valuation also conducted spot checks and comparison between the purchase prices and the recent prices. Since there is no significant difference between the prices, the book value basically reflects the prevailing market price of the inventories, and hence the appraised value is determined by the verified book value and quantify. For the backlog, the appraised value is determined by the recoverable value.

##### (2) *Works in progress*

Works in progress refer to unfinished products of the appraised entity as at the date of valuation. For accessories products, after enquiries, all works in progress would become normal finished goods for sale after processing. On the basis of determining the quantity of the product, the appraised value is determined based on the carrying amount of the works in progress plus a certain amount of profit. The formula of which is as follows:

$$\text{Appraised value of works in progress} = \text{Book value} \times 1 + \text{cost profit margin} \times (1 - \text{income tax rate}) \times (1 - \text{net profit discount rate}) \times \text{quantity}$$

For engineering products spanning different periods, on the basis of determining the quantity of the product, the appraised value is determined based on the combination of the corresponding appraised unit price of finished products and completed works. The formula of which is as follows:

$$\text{Appraised unit price of works in progress} = \text{unit sale price (excluding tax)} \times (1 - \text{sales taxes and surcharges rate} - \text{sales expense rate} - \text{gross profit margin} \times \text{income tax rate} - \text{gross profit margin} \times (1 - \text{income tax rate}) \times \text{net profit discount rate}) \times \text{completed works}$$

##### (3) *Finished goods*

The appraised unit price is determined based on the actual sale price of the enterprise's products (excluding value-added tax) deducted by sale – related expenses and taxes (including income tax) and deducted by the appropriate amount of profit according to the actual sale conditions, and the appraised value is determined after verification of the quantity. The formula of which is as follows:

Appraised value of finished goods = Ex-factory unit selling price (excluding tax) × 1 – sales taxes and surcharges rate – sales expense rate – administrative expense rate – R&D expense rate – financial expense rate – gross profit margin × income tax rate – gross profit margin × (1 – income tax rate) × net profit discount rate × quantity

If the gross profit margin is negative, the formula of which is as follows:

Appraised value of finished goods = Ex-factory unit selling price (excluding tax) × (1 – sales taxes and surcharges rate – sales expense rate – administrative expense rate – R&D expense rate – financial expense rate) × quantity of A

Of which:

Unit selling price (excluding tax): Determined according to corresponding contracts or recent sales orders;

Sales expense rate, administrative expense rate, R&D expense rate, financial expense rate, sales taxes and surcharges rate and gross profit margin: Calculated based on the financial data in the audit report.

Income tax rate: Determined according to the then actual applicable income tax rate to the appraised entity as at the date of valuation.

Net profit discount rate: Generally, as to the normal finished goods for sale, 50% discount would be considered. For made-to-order products that are with clear sale targets, risk for sale completion is lower, and a lower net profit discount rate of finished goods may be considered.

(4) *Construction in progress*

The balance of construction in progress represent the construction costs incurred and accumulated gross profit recognised. Construction costs are measured at actual costs, and comprise direct materials, direct labour costs, construction machinery costs, other direct costs and construction overheads. Pursuant to the auditing principle of construction contracts, the audit unit has recognised the incomes and costs of various construction projects according to the work progress as at the date of valuation, hence the book construction costs are actually incurred, unsettled construction fees and corresponding profit of such projects. The appraised value is determined based on the carrying amount.

(5) *Delivered goods*

Delivered goods represent the finished and delivered goods of the appraised entity. After enquiries, delivered goods owned by the enterprise are all normal products for sale. The appraised value of delivered goods is determined based on the ex-factory sale price (excluding value-added tax) deducted by all taxes. The formula is:

Appraised value of delivered goods = Ex-factory unit sale price (excluding tax) × 1 – sales taxes and surcharges rate – gross profit margin × income tax rate – (1 – income tax rate) × net profit discount rate of A × quantity



For inventories that are in abnormal state, for example, damaged, deteriorated, unqualified or obsoleted inventories, the appraised value is determined based on the net recoverable value.

**5. *Non-current assets due within one year***

The appraised value is determined on the basis of the outstanding entitlement to benefits or recoverable asset value.

**6. *Other current assets***

The appraised value is determined of the basis of the outstanding entitlement to benefits or recoverable asset value.

**7. *Other investments in equity instruments***

The circulating stocks purchased from secondary market is assessed per closing price as at the date of valuation. As for the equity investments held by the appraised entity in the investee without right to control, jointly control or significant influence, which are without market quotation or whose fair value cannot be reliably measured, the appraised value of which shall be assessed by adopting the financial statement analysis method, that is to calculate the shareholding percentage of the enterprise through verifying the net assets in the financial statements of the invested unit as at the date of valuation.

For the available-for-sale financial assets that have not been fully paid up, the value of equity is calculated based on the proportion of the subscribed capital contribution deducted by the amount of the unpaid portion, assuming that the capital is fully paid up.

**8. *Long-term receivables***

The appraised value is determined of the basis of the outstanding entitlement to benefits or recoverable asset value.

**9. *Long-term equity investments***

For long-term equity investments, the formation of the long-term equity investments, the constitution of the carrying amount and the actual situation at the current stage are verified through inspections on the investment agreements, resolutions at general meeting, articles of association, relevant accounting records and other documents, thereby confirming the authenticity and integrity of such investments.

For the long-term equity investments in wholly-owned and controlled enterprises, the overall asset assessment is carried out according to the relevant industry standards, and the appraised value of each long-term equity investment is calculated separately pursuant to the shareholding percentage in the invested enterprise. The valuation

principles, the selection of valuation methods, the valuation process of various assets and liabilities, and the selection of parameters are consistent with each other in the valuation of each invested enterprise, so as to reasonably, fairly and fully reflect the appraised value of various assets of each invested enterprise.

Appraised value of long-term equity investments = value of the entire equity of the invested enterprise × shareholding percentage

1. Among the long-term equity investment projects in wholly-owned and controlled enterprises, the appraised value of the investment projects with relatively short investment time and few changes in asset structure and asset value, after analysis, is determined based on net assets presented in the financial statements of the invested enterprise, as well as the shareholding percentage.
2. For long-term equity investment in the form of equity participation, due to the fact that the appraised entity has no substantive control, the value is determined based on the amount of net asset in the verified balance sheet of the invested enterprise as at the date of valuation, as well as the shareholding percentage.

For long-term investments that are in non-wholly owned enterprises and the capital has not been fully paid up, the value of equity is calculated based on the proportion of the subscribed capital contribution deducted by the amount of the unpaid portion, assuming that the capital is fully paid up.

When determining the appraised value of long-term equity investments through channels mentioned above, no consideration is given to the premiums and discounts of long-term equity due to factors such as controlling rights or minority interests, as well as the impact of liquidity of equity interest on the valuation of long-term equity investments.

#### ***10. Investment properties***

Valuation of investment properties is mainly carried out by adoption of market approach and income approach in view of the purpose of holding and investment intentions of the appraised entity. The best approach is selected to determine the appraised value, subject to the relevant rules and regulations.

#### ***11. Buildings and structures (structures)***

Productive buildings and structures, which are mainly self-constructed, are primarily evaluated by adopting the replacement cost method through the analysis of the characteristics, usages and data collection of various types of buildings and structures involving the appraised entity.

Introduction to the replacement cost method:

The replacement cost method refers to the asset valuation method of estimating the value of the subject under valuation based on the full price of replacing the buildings and structures in a brand new state under current conditions deducted by the physical depreciation in value, functional depreciation in value, and economic depreciation in value as at the date of valuation. The calculation formula is:

Appraised value = Full replacement cost – physical depreciation in value – functional depreciation in value – economic depreciation in value

Or: Appraised value = Replacement price per unit of area × gross floor area × newness rate

*(1) Determination of full replacement cost*

Replacement costs of buildings and structures generally include: replacement costs for construction and installation work, upfront payment and other expenses as well as capital cost for construction work.

A. Replacement costs for construction and installation work

For large-scale, high-value and important buildings and structures, the re-budgeting method is adopted, that is to determine the replacement costs for construction and installation work by making adjustments in accordance with the amount of work settled, local and industry quota standards, relevant fee collection documents, and labour and major materials costs as at the reference date.

For normal buildings and structures, “the revised method for unit price” is adopted. Per price of construction and installation work for related buildings and structures released from related department or valuation example, the replacement unit price per unit area (or length) is determined by revising and adjusting the upfront and other expenses for construction work.

B. Upfront and other expenses for construction work

Upfront and other expenses for construction work mainly include management fee for construction unit, survey and design fees, project supervision fees and environmental impact assessment fees, which shall be determined based on the pricing documents issued by various ministries which are valid as at the date of valuation.

### C. Capital cost

The capital cost is calculated based on the reasonable construction period of the fixed assets of the appraised entity or the reasonable construction period of the buildings and structures, with reference to the benchmark interest rate of RMB loans issued by the People's Bank of China during the same period as at the benchmark date, assuming that the construction funds are evenly injected during the construction period. The calculation formula is as follows:

Capital cost = (Replacement costs for construction and installation work + upfront and other expenses for construction work) × reasonable construction period × benchmark interest rate × 1/2

#### (2) *Determination of comprehensive newness rate*

The comprehensive newness rate is determined as the weighted average value of the newness rate based on the straight-line method and that based on grading technological measurement.

#### (3) *Determination of appraised value*

Appraised value = Full replacement cost × comprehensive newness rate

## 12. *Equipment*

Equipment assets are primarily evaluated by adopting the replacement cost method through the analysis of the characteristics, usages and data collection of various types of equipment involving the appraised entity.

Appraised value = Full replacement cost – physical depreciation – functional depreciation – economic depreciation = Full replacement cost × comprehensive newness rate

#### (1) *Machinery equipment and other electronic equipment*

##### A. Determination of full replacement cost

Machinery equipment full replacement cost comprises the equipment purchase price, transportation and miscellaneous fees, installation and testing fees, upfront and other expenses for construction work and capital cost, which is generally the updated replacement cost.

Calculation formula of full replacement cost:

Equipment full replacement cost = Equipment purchase price + transportation and miscellaneous fees + installation and testing fees + upfront and other expenses for construction work + capital cost

For low-value electronic equipment and other equipment, those requiring no installation (or the vendor is responsible for it) and with lower transportation fees, the full replacement cost is determined with reference to the prevailing purchase price in the market (including tax).

① Determination of equipment purchase price

For large and key equipment, the equipment purchase price is determined through consultation with the producer, agents and distributors in respect of the market price as at the date of valuation, or with reference to the latest contract price of similar equipment as at the date of valuation. For small and medium-sized equipment, the purchase price is determined based on the equipment quotation information as at the date of valuation. For equipment without market quotation information, the purchase price is determined with reference to the prevailing market purchase price of similar equipment.

② Determination of transportation and miscellaneous fees, installation and testing fees, upfront and other expenses for construction work

Transportation and miscellaneous fees, installation and testing fees are reasonably determined with reference to the relevant requirements under the Budget Calculation Method for Mechanical Industry Construction Project and Various Budgetary Indicators, the Common Data and Parameter Manual for Asset Valuation and relevant installation quota.

If the corresponding equipment foundation is independent, or the equipment foundation fee is inseparable from the building, such fee is considered in the valuation of the building and structure assets, and in other situations, the equipment foundation fee shall be considered in the equipment installation and testing fees.

Installation and testing fees shall not be considered for small-sized equipment or those requires no installation.

The upfront and other expenses for construction work are determined based on the pricing documents issued by various ministries which are valid as at the date of valuation.

③ Determination of capital cost

The capital cost is calculated based on the reasonable construction period of the fixed assets of the appraised entity or the reasonable construction period of equipment installation and testing, with reference to the benchmark interest rate of RMB loans issued by the People's Bank of China during the same period as at the benchmark date, assuming that the corresponding construction funds are injected, on a pro-rata basis or evenly, during the reasonable construction period. The calculation formula of capital cost is as follows:

$$\text{Capital cost} = (\text{Down payment for equipment} + \text{progress payment for equipment} + \text{transportation and miscellaneous fees}) \times \text{reasonable construction period} \times \text{benchmark interest rate} + (\text{installation and construction fees} + \text{upfront and other expenses}) \times \text{reasonable construction period} \times \text{benchmark interest rate} \times 1/2$$

B. Determination of comprehensive newness rate

The calculation formula for the comprehensive newness rate of normal equipment asset is as follows:

$$\text{Comprehensive newness rate} = \text{Remaining useful lives} / (\text{years in use} + \text{remaining useful lives}) \times 100\%$$

Of which, the remaining useful lives of machinery equipment, large electronic equipment and other equipment are determined based on the on-site inspection and understanding of the equipment's technological landscape, working environment, usage condition and actual operations, as well as the useful economic life and years in use of the equipment.

The newness rate of low-value normal equipment and electronic equipment is determined based on the useful life approach.

C. Determination of appraised value

$$\text{Appraised value} = \text{Full replacement cost} \times \text{newness rate}$$

(2) *Vehicles equipment*

A. Determination of full replacement cost

The full replacement cost of vehicles equipment is determined based on the market sales price of vehicles equipment as at the date of valuation as well as the vehicle purchase tax, new car license fee and other fees according to the Provisional Regulations on Vehicle Purchase Tax of the People's Republic of China and relevant local documents:

Full replacement cost = Prevailing purchase price (including tax) + vehicle purchase tax + new car license fee and other fees

B. Determination of newness rate

For motor vehicles, the basic newness rate is the newness rate under the service life approach determined based on the economic life and economic mileage of vehicles, which is calculated according to the relevant requirements of Provisions on the Standards for Compulsory Retirement of Motor Vehicles (No. 12 order of Ministry of Commerce, National Development and Reform Commission, the Ministry of Public Security, and the Ministry of Environmental Protection in 2012), as well as the Reference Table for Economic Useful Lives of Vehicles in the Common Parameter Manual for Asset Valuation. The comprehensive newness rate of the equipment is reasonably determined based on the basic newness rate, adjusted by the vehicle utilisation rate modification coefficient as converted from the actual mileage of vehicles, and the combination of other various factors.

C. Determination of appraised value

Appraised value = Full replacement cost × newness rate

**13. *Construction in progress***

The construction in progress is evaluated through the collection of relevant approval documents and progress image during site survey for the construction project, observation of the payment schedule and the carrying amount. The reasonableness of upfront and other expenses shall be verified. Construction and installation price is analysed and estimated based on the comparison between the settlement information submitted by the project supervisor and the current budget quota for local projects, the pricing standard, and the market price of construction material as at the date of valuation. Capital cost is calculated based on sum of the upfront expenses and construction cost, as well as the reasonable construction period.

For construction in progress with a short commencement time from the date of valuation, the appraised value is determined based on its reported amount, deducting any unreasonable expenses after verification.

#### **14. Intangible assets**

Intangible assets comprise land use rights, application software, trademarks, patents, patent applications, computer software copyrights and domain names.

##### *(1) Land use rights*

The land use rights are evaluated by the adoption of comparison approach according to the actual situations of the land use rights of the appraised entity.

The market comparison approach is a method to estimate the value of the land use rights to be appraised after comparing them with similar alternative real estate traded near the date of valuation in terms of transaction status, transaction date, regional factors and individual factors according to the alternative principle in the market, and then revising the transaction of such similar real estate.

The formula to determine the price for land use rights by adopting the market comparison approach is as follows:

Appraised value of land = Price of comparable land × transaction status modification coefficient × transaction date modification coefficient × regional factors modification coefficient × individual factors modification coefficient

##### *(2) Application software*

For the acquired application software sold in the market as at the date of valuation, the appraised value shall be determined based on the market price as at the date of valuation. For acquired application software sold in the market, but the version of which has been updated as at the date of valuation, the appraised value shall be determined based on the market price as at the date of valuation deducted by the application software upgrade fees.

##### *(3) Trademarks, patents, patent applications and computer software copyrights*

In addition to the difficulty to access similar intangible assets transaction case, the weak correspondence between the appraised intangible assets and the income generation of the enterprise is another reason for the inapplicability of the market approach. Consequently, the value of trademarks, patents, patent applications, and computer software copyrights is determined by the adoption of cost method, that is



to determine the value of such intangible assets based on the costs required to reproduce the appraised trademarks, patents, patent applications, computer software copyrights and domain names under the current situation.

**15. *Long-term deferred expenses***

The appraised value of long-term deferred expenses is determined on the basis of the actual outstanding entitlement to benefits or asset value.

**16. *Deferred income tax assets***

The deferred income tax assets are the deductible temporary differences in the subsequent measurement process of enterprise assets accounting caused by the difference between accounting principles of the enterprise and tax regulations.

The valuation of deferred income tax assets is determined based on the carrying amount after investigation into the content and formation process of deferred income tax assets.

**17. *Liabilities***

Liabilities mainly comprise of current liabilities and non-current liabilities. On the basis of verification, the appraised value is determined based on the actual liability owed to the debtor and the debt amount to be borne by each liability upon the realisation of the economic behaviours which are the purpose of the valuation.

**VIII. IMPLEMENTATION PROCESS OF VALUATION PROCEDURES**

The valuer has conducted valuation for this Project in accordance with the Chinese Valuation Standards and relevant principles and rules for asset valuation in the PRC.

**IX. VALUATION ASSUMPTIONS**

The following valuation assumptions and restrictions were followed by the asset valuer for the valuation of this Project:

**(I) Basic assumptions**

**1. *Transaction assumptions***

The transaction assumptions assume that all the assets under valuation have already been in the transaction process, the asset valuer simulates the market based on the transaction conditions of the assets under valuation to carry out the valuation. The transaction assumptions are the most fundamental pre-requisite of the appraisal of assets.

## 2. *Open market assumptions*

This is an assumption about conditions of the market where assets to be traded and effects of such market conditions on assets. An open market means a well-developed competitive market with willing buyers and willing sellers acting reasonably at arms' length, having sufficient opportunities and time to obtain market information and under no compulsion or restrictions to buy or sell. The open market assumption is based on the availability of the asset in the open market.

## 3. *Going concern assumptions*

The going concern assumption assumes that, under the current status of its assets and resources, the appraised entity could continue its production and operation business as it is lawfully during the term of operation in foreseeable future, without undergoing material and adverse changes in its operation.

## (II) **General assumptions**

1. Assuming that the outer economic environment concerning the country's current and relevant laws, macroeconomy, financial and industrial policy will not undergo unforeseeable material unfavourable changes after the date of valuation, nor will there be any material impact caused by force majeure and any other unforeseeable factor.
2. This valuation did not take into account any potential pledge or guaranty which may be borne by the appraised entity and its assets, or any influence on the valuation conclusion by any additional price which may be paid by the special transaction party.
3. Assuming that the socio-economic environment of where the appraised entity is located, and the fiscal policies thereof, such as taxation and tax rates, have not undergone material changes; and that the financial policies, including credit policies, interest rates and exchange rates, remain generally stable.
4. The valuation is based on the existing assets as at the date of valuation, and the current market price of relevant assets is based on the effective price of the area where the subject of valuation is situated as at the date of valuation.
5. The current and future operations of the appraised entity are in compliance with laws and regulations, and in line with relevant agreements in its business license and articles of association.

**X. VALUATION CONCLUSION**

In accordance with relevant national provisions on assets valuation and following the principles of independence, fairness and objectivity as we implement the necessary valuation procedures, our valuer has, subject to the valuation purpose, assumptions and restrictions set out in this report, arrived at the following valuation conclusions with respect to the market value of appraised assets on the date of valuation, details as follows:

**(I) Analysis of valuation conclusion and the final valuation conclusion***Assessed value under the asset-based approach*

Upon valuation using the asset-based approach, and under the market conditions, the book value and appraised value of the shareholders' equity of Guangzhou Shipyard International Company Limited amounted to RMB6,886,166,300 and RMB10,541,090,800 on 30 April 2019 (the benchmark date of valuation), respectively, representing an appreciation of RMB3,654,924,500 and an appreciation rate of 53.08%.

Where, book value and appraised value of the total assets amounted to RMB18,966,360,000 and RMB22,601,125,800, respectively, representing an appreciation of RMB3,634,765,800 and an appreciation rate of 19.16%. The book value and appraised value of the liabilities amounted to RMB12,080,193,700 and RMB12,060,035,000, respectively, representing a depreciation of RMB20,158,700 and a depreciation rate of 0.17%.

Upon valuation, the entire shareholders' equity of the appraised entity amounted to RMB10,541,090,834.88.

*Selection of valuation results*

The asset-based approach is a valuation approach that determines the value of the subject of valuation based on reasonable assessment of various assets and liabilities of enterprises. This method derives the value of the shareholders' equity interests by summing up the valuations of all the major assets comprising the entity less the valuation of liabilities. The appraised entity is principally engaged in shipbuilding and its core assets are inventories – construction in progress and properties, machinery equipment and land. Inventories – construction in progress perfectly reflects the cost and contractual gross profit of building contracts under construction. The prices of properties, machinery equipment and land can be easily verified in the market. In addition, the enterprise has generated certain intangible assets over years of operation, which were comprehensively identified and reasonably assessed under the asset-based approach, properly reflecting the value of the existing assets of the enterprise.

## (II) Explanation on the discrepancy between asset book value and valuation conclusion

*The conclusion under the asset-based approach has been adopted as the conclusion of this valuation. The reasons for appreciation and depreciation are as follows:*

The valuation results under the asset-based approach have been summarised as follows:

*Unit: RMB'0,000*

Item	Carrying value	Appraised value	Amount of appreciation	Ratio of appreciation %
Current assets	963,540.55	963,180.21	-360.34	-0.04
Non-current assets	933,095.45	1,296,932.37	363,836.92	38.99
Other equity investments	3,184.69	3,184.69	0.00	0.00
Held-to-maturity investments	0.00	0.00	0.00	
Long-term receivables	111,447.17	111,447.17	0.00	0.00
Long-term equity investments	132,435.92	205,408.81	72,972.89	55.10
Investment properties	2,141.31	5,289.44	3,148.13	147.02
Fixed assets	559,561.72	704,662.17	145,100.45	25.93
Construction in progress	36,673.12	37,741.69	1,068.57	2.91
Construction materials	0.00	0.00	0.00	
Disposal of fixed assets	0.00	0.00	0.00	
Productive biological assets	0.00	0.00	0.00	
Oil and gas assets	0.00	0.00	0.00	
Intangible assets	82,033.14	223,580.02	141,546.88	172.55
Development expenses	0.00	0.00	0.00	
Goodwill	0.00	0.00	0.00	
Long-term prepaid expenses	345.38	345.38	0.00	0.00
Deferred tax assets	5,273.00	5,273.00	0.00	0.00
Other non-current assets	0.00	0.00	0.00	
<b>Total assets</b>	<b>1,896,636.00</b>	<b>2,260,112.58</b>	<b>363,476.58</b>	<b>19.16</b>
Current liabilities	1,028,335.02	1,028,329.08	-5.94	0.00
Non-current liabilities	179,684.35	177,674.42	-2,009.93	-1.12
<b>Total liabilities</b>	<b>1,208,019.37</b>	<b>1,206,003.50</b>	<b>-2,015.87</b>	<b>-0.17</b>
<b>Net assets (owners' equity)</b>	<b>688,616.63</b>	<b>1,054,109.08</b>	<b>365,492.45</b>	<b>53.08</b>

*Change in current assets and the reason*

Current assets had a carrying value of RMB9,635,405,500 and an appraised value of RMB9,631,802,100, representing a depreciation of RMB3,603,400, which was mainly due to the fact that the appraised values of goods in process, finished goods and delivered goods were determined based on the ex-factory selling price (excluding value-added tax) net of all costs, all taxes, and certain profit.

***Change in long-term equity investments and the reason***

Long-term equity investments had a carrying value of RMB1,324,359,200 and an appraised value of RMB2,054,088,100, representing an appreciation of RMB729,728,900, mainly due to the preliminary valuation of the investee which was higher than the original investment cost.

***Change in investment properties and the reason***

Investment properties had a carrying value of RMB21,413,000 and an appraised value of RMB52,894,400, representing an appreciation of RMB31,481,400, which was mainly because the enterprise was depreciated for a term of 45 years, while the appraised values of the subjects of valuation were determined based on their market prices.

***Change in fixed assets – buildings and structures and the reason***

Fixed assets—buildings and structures had a carrying value of RMB4,216,855,400 and an appraised value of RMB5,489,751,700, representing an appreciation of RMB1,272,896,300, which was mainly due to the increasing building cost of the buildings and structures and the rising market price of the properties of the enterprise.

***Change in fixed assets – equipment and the reason***

Fixed assets – equipment had a net carrying value of RMB1,378,761,900 and a net appraised value of RMB1,556,870,100, representing an appreciation of RMB178,108,200.

Upon analysis, the reasons for the appreciation in this valuation are mainly as follows:

- (1) Machinery equipment: In view of the fast depreciation and resulting relatively low net carrying value of machinery equipment of the enterprise, and for the purposes of this valuation the residue ratio was determined according to the useful life and actual conditions of the equipment, which gives a fair view of the actual value of the equipment which differs from the net carrying value. As such, the appreciation has arisen from the valuation.
- (2) Vehicles: Due to the auction of vehicle licenses in the urban area of Guangzhou, the valuation reflects the market value of vehicle licenses, which led to a significant increase in vehicle valuation.
- (3) Electronic equipment: The depreciation in electronic equipment was due to the substantial decrease in the prices of electronic equipment as a result of their fast upgrading in recent years.

*Change in construction in progress – civil construction and the reason*

Construction in progress had a carrying value of RMB254,360,300 and an appraised value of RMB262,152,700, representing an appreciation of RMB7,792,500, which was attributable to the capital cost being taken into account in this valuation based on reasonable construction period.

*Change in construction in progress – equipment installation and the reason*

Construction in progress–equipment installation had a carrying value of RMB112,370,900 and an appraised value of RMB115,264,100, representing an appreciation of RMB2,893,300, which was attributable to the capital cost being taken into account in this valuation based on reasonable construction period.

*Change in intangible assets – land use rights and the reason*

Intangible assets – land use rights had a carrying value of RMB793,068,700 and an appraised value of RMB2,123,661,400, representing an appreciation of RMB1,330,592,700, which was attributable to the increase in land prices in recent years.

*Change in intangible assets – other intangible assets and the reason*

Intangible assets had a carrying value of RMB112,138,800, representing an appreciation of RMB84,876,000, mainly attributable to the inclusion of trademarks, patents, patent applications and computer software copyrights, which were not recorded in the accounts, in the scope of valuation.

*Change in liabilities and the reason*

Liabilities had a carrying value of RMB12,080,193,700 and an appraised value of RMB12,060,035,000, representing a depreciation of RMB20,158,700, mainly attributable to the appraised value of the deferred income, which is not required to be paid, being determined by multiplying its book value by the income tax rate.

**(III) Other considerations in relation to the valuation conclusion**

This valuation only expresses an opinion on the value of total shareholders' equity. Given the limitation of market data, this valuation has not taken into account the premium or discount deriving from controlling interests and minority interests. The value of certain shareholders' equity does not necessarily equal the product of the entire shareholders' equity and the proportion of shareholding.

Due to the unavailability of information relating to the industry and relevant asset titles, the basis for analysis on asset liquidity was inadequate, thus asset liquidity was not taken into account in the valuation of the subjects.

**(IV) Valid period of the valuation report**

In accordance with the Standards for the Valuation Report and other prevailing regulations, the valuation conclusion in this report can only be used when the implementation date of relevant economic behavior is not more than a year from the date of valuation, and on the basis that there is no significant changes in the valuation assumptions and restrictions set out in this report. In other words, the valid period of this valuation report shall be 30 April 2019 to 29 April 2020.

The conclusion of this valuation report shall not be used beyond its valid period.

**(V) Other explanation in relation to the valuation conclusion**

1. We and our valuer are legally responsible for the professional judgment made on the value of assets intended for the purpose of valuation as stated in this report and the responsibility does not extend to the judgment of the valuation organisation and the valuer on the economic conduct corresponding to the purpose of valuation of the project is involved.
2. The valuation work, to a large extent, relies on information provided by the client, the appraised entity and other related parties on the subjects of valuation. Hence, the valuation work is implemented under the precondition that the ownership certificates, financial accounting information, other technical parameters and other information provided by the client and the appraised entity are true, complete and legitimate. The truthfulness, completeness and legality of these information would have an effect on the valuation conclusion. The valuer has acted with due diligence and conducted on-site investigation to retrieve title certificates, financial accounting information and other information of the appraised entity. These information were then verified, analysed and sorted as the basis of the valuation. However, this does not rule out of the possibilities of changes in the valuation conclusion, and we do not take responsibilities for any legal matters involving the asset titles of the subject of valuation.
3. Special attention should be paid to the “Valuation assumptions” set out in this report when using the valuation conclusion.
4. Within the term of validity after the date of valuation, the following principles may be applied to the quantity of asset and pricing standards in the event of any change in them:
  - (1) In the event of any change in the quantity of assets, the quantity of assets should be adjusted according to the original valuation method;

- (2) When the price standard of the asset changes and as a result, has a significant impact on the valuation results, the commissioning party shall promptly engage a qualified asset valuer to re-determine the evaluated value;
- (3) In respect of changes in the quantity of assets and price standards after the date of valuation, the client shall take into full consideration in determining the actual price and make adjustment accordingly.

## XI. NOTES OF SPECIAL MATTER

When using this valuation report, users shall pay attention to the possible impacts of the following special matters on the valuation conclusion and give due consideration while making decisions and implementing economic behaviors based on this report:

### (I) Incomplete or defective information on ownership and other major area:

As of the date of valuation, the following information on the ownership of Guangzhou Shipyard International Company Limited (“GSI”) and its subsidiaries were incomplete or defective:

- 【1】** As of the date of valuation, certain trademark registration certificates of GSI were lost. Checking with the website of SAIC’s Trademark Office, it was confirmed that such trademarks are indeed owned by GSI. This valuation has taken into account the re-issuance fee of such certificates.
- 【2】** As of the date of valuation, the buildings of a community shopping mall owned by GSI, located at Building 1 and 2 of Xiangjiang City Garden on Jiefang Avenue, in the High-Tech District of Hengyang City, Hunan Province, were transferred from CSSC Offshore & Marine Engineering (Group) Company Limited to GSI. As of the issuance date of this report, the procedures to transfer and change the ownership of the buildings and the right to use the state-owned land have not been completed. Thus, this valuation did not take into account the possible impact of the matter.
- 【3】** As of the date of valuation, the following buildings of GSI and its subsidiaries have not obtained their respective title certificates:

No.	Name of company	Name of building	Structure	Completion date	GFA(M <sup>2</sup> )	Net book value (RMB)
1	Guangzhou Guangchuan Large-scale Machinery and Equipment Co., Ltd.	Machine processing workshop	Steel structure	2010/6/30	22,745.93	93,820,197.33



No.	Name of company	Name of building	Structure	Completion date	GFA(M <sup>2</sup> )	Net book value (RMB)
2	Guangzhou Guangchuan Large-scale Machinery and Equipment Co., Ltd.	Complex building of machinery processing centre	Block frame	2010/6/30	3,044.00	6,521,802.94
3	Zhongshan GSI Marine Engineering Company Limited	1#Electric room	Steel and concrete	2012/11/30	959.00	4,953,108.03
4	Zhongshan GSI Marine Engineering Company Limited	1#Natural gas pressure regulating and blending station	Steel and concrete	2012/12/31	113.00	628,271.23
5	Zhongshan GSI Marine Engineering Company Limited	Adjacent building to production and living	Steel and concrete	2012/12/31	6,613.00	13,732,100.80
6	Zhongshan GSI Marine Engineering Company Limited	Oil paint, oil and chemicals storage	Steel and concrete	2012/11/30	737.00	2,383,485.35
7	Zhongshan GSI Marine Engineering Company Limited	Oily waste storage room	Steel and concrete	2012/11/30	224.00	825,060.30
8	Zhongshan GSI Marine Engineering Company Limited	Processing and assembly workshop for elevator and shear press, workshop for welding assemblies of sheer press, surrounding road and pipeline networks	Steel structure	2018/11/1	30,053.53	58,207,549.99
9	Guangzhou Wenchong Dockyard Co., Ltd.	New public toilet	Steel and concrete	2015/12/15	170.00	233,174.02
10	Guangzhou Wenchong Dockyard Co., Ltd.	Special pipe workshop	Steel and concrete	2017/6/1	6,182.00	14,164,029.65

The aforementioned GFA are provided by the enterprise. In the event that the subsequently-obtained ownership certificates of the enterprise show inconsistencies with these information, the valuations may change. Among them, item No.1 has obtained a “Certificate of Building Ownership by Guangzhou Guangchuan Large-scale Machinery and Equipment Co., Ltd., a Wholly-owned Subsidiary of Guangzhou Shipyard International Company Limited”, which was issued by the Nansha Branch of Guangzhou Municipal Planning and Natural Resources Bureau\* (廣州市規劃和自然資源局南沙分局). Items no. 3-7 have obtained “Certificate of Building Ownership of Zhongshan GSI Marine Engineering Company Limited (中山廣船國際船舶及海洋工程有限公司)” issued by Zhongshan Cuiheng New District

Public Construction Bureau (中山翠亨新區公共建設局). Meanwhile, the completion inspection process of item No.8 has not been completed. The item has been temporarily transferred to fixed assets.

**【4】** As of the date of valuation, part of the land of Guangzhou Guangchuan Large-scale Machinery and Equipment Co., Ltd., a subsidiary of GSI, have not obtained the “Certificate for Use of State-owned Land”. To date, the appraised entity has obtained a “Certificate of Land Acquisition by Guangzhou Guangchuan Large-scale Machinery and Equipment Co., Ltd., a Subsidiary of Guangzhou Shipyard International Company Limited”, which was issued by the Nansha Branch of Guangzhou Municipal Planning and Natural Resources Bureau\* (廣州市規劃和自然資源局). With a developable area of 6,472 square metres, the land parcel on Longxue Island is proposed to be open for public disposal in the near future. There is no obstacle to the participation of Guangzhou Guangchuan Large-scale Machinery and Equipment Co., Ltd. in bidding for this land parcel. Guangzhou Nansha District Land and Resources Bureau has completed the land premium assessment and listed the base price of RMB5.92 million. At present, the pre-auction internal signing and approval procedures are in progress.

**(II) Other key information not provided by the client:**

Nil.

**(III) Uncertain issues such as pending matters and legal disputes:**

**【1】** In 2018, a contractual dispute case was filed by Yang Shoulin, the plaintiff, against GSI, Hunan Construction Engineering Group Corporation, a third party, and China Shipbuilding NDRI Engineering Co., Ltd., involving an amount of RMB6,955,800. The first trial was conducted on 21 March 2019 and awaiting verdict. As of the date of valuation, the impact of the matter was not considered in the management statements and audited information of the appraised entity, and the potential impacts of the matter was not taken into account in this valuation.

**【2】** In November 2014, we received notice from Wuhan Marine Court, that Jiangsu Shenghua Shipbuilding Company Limited (“**Jiangsu Shenghua**”) had been adjudged bankrupt at the Immediate People’s Court of Zhenjiang, Jiangsu Province (“**Zhenjiang Intermediate Court**”) in October 2014. As the creditor, GSI and Guangzhou Guangli Shipbuilding Human Resources Service Company Limited, a subsidiary, had completed the calculation of the bankruptcy claims, and had delivered the application information for creditor’s right to the liquidation team. GSI attended the second meeting of creditors on 27 April 2017 and received a ruling made by Zhenjiang Intermediate Court on 17 May 2017 which approved the proposal for bankruptcy and realization of properties of Jiangsu Shenghua. The valuation of the existing properties, land and structures erected thereon and machinery and equipment of Jiangsu Shenghua was completed, and its ships under

construction were still under valuation. In the next step, the property manager will realize and auction these assets as a whole. Jiangsu Zhenjiang Intermediate People's Court conducted a combined auction of the land, properties, machinery equipment and other relevant assets of the bankrupt Jiangsu Shenghua, which had been successfully purchased by Zhenjiang Hitech Development Co., Ltd. at a price of RMB77.65 million. The third meeting of debtors for bankruptcy will be held within 2019. Given that the amount of priority compensation for creditor has not been determined, the impact of the matter was not considered in the management statements and audited information of the appraised entity, and the potential impacts of the matter was not taken into account in this valuation.

- [3]** The case of contractual dispute between Guangzhou Longxue Pipe Co., Ltd. (the “**Pipe Company**”), a subsidiary of GSI, and Guangzhou Huayu Electromechanical Equipment Co., Ltd. (“**Huayu**”) was finally ruled by Guangzhou Intermediate People's Court on 13 October 2014. According to the ruling, Huayu was required to pay the Pipe Company RMB4,953,239.77 and overdue interests as well as the liquidated damages, while the Pipe Company was required to pay Huayu the processing fee of RMB300,976.74. After the offsetting, Huayu still owed the Pipe Company RMB4,652,263.03. As of the date of valuation, the Pipe Company has received a portion of the amount, and the book balance receivable from Huayu was RMB3,549,843.68. We have come to the understanding that the enterprise is in active search of enforceable properties in Huayu. However, the recoverability of such amount is small, and a provision for bad debt has been fully made for the amount. The amount was valued as zero in this valuation.
- [4]** Guangzhou Wenchong Dockyard Co., Ltd. entered into advanced project payment agreements with Guangzhou Yiquan Steel Structure Co., Ltd. (廣州市憶泉鋼結構有限公司) from 2007 to 2008, pursuant to which, Guangzhou Wenchong Dockyard Co., Ltd. shall pay an advance project payment of RMB19 million to Guangzhou Yiquan Steel Structure Co., Ltd. for the purchase of scaffolds. In exchange, Guangzhou Yiquan Steel Structure Co., Ltd. shall provide rack construction services to Guangzhou Wenchong Dockyard Co., Ltd., offsetting the purchasing costs of scaffolds with construction fees. However, Guangzhou Yiquan Steel Structure Co., Ltd. had failed to provide RMB19 million worth of construction services. Through several transfers of creditor's rights and debts, the creditor's rights and debts in Guangzhou Yiquan Steel Structure Co., Ltd. were eventually assumed by Guangzhou Yuyi Ship Engineering Co., Ltd. On 6 February 2017, Guangzhou Yuyi Ship Engineering Co., Ltd. applied to Guangzhou Wenchong Dockyard Co., Ltd. for the suspension of construction. As such, Guangzhou Wenchong Dockyard Co., Ltd. filed a suit before Nansha People's Court of Guangdong Free Trade Zone. On 20 May 2017, Guangzhou Wenchong Dockyard Co., Ltd. received a civil mediation (2017) Yue 0191 Min Chu No. 65. Pursuant to the results of mediation, Guangzhou Yuyi Ship Engineering Co., Ltd., being the defendant, shall make a repayment of RMB7,551,119.14 to Guangzhou Wenchong Dockyard Co., Ltd.. As at the date of valuation, RMB3,876,005.54 remained outstanding, which was included in other

receivables of Guangzhou Wenchong Dockyard Co., Ltd.. A provision for bad debt amounting to RMB1,558,625.91 has been made regarding the amount. The appraised value was determined based on its net book value.

**【5】** On 18 February 2013, Hainan P O Shipping Co., Ltd., the defendant, commissioned Guangzhou Wenchong Dockyard Co., Ltd. to repair its “Xinyingwan” Cruise. The parties entered into a Ship Repairment Agreement, pursuant to which a tentative repairment fee of RMB1.95 million was set, and the actual repairment fee shall be settled upon completion of the project based on the actual repaired items. The period of repairment shall be 15 days (from 19 February 2013 to 5 March 2013). The defendant had paid a repairment fee of RMB500,000 before delivery, and the remaining balance shall be settled within 60 days of the delivery. The plaintiff had completed all repairing work of the cruise on schedule on 5 March, and both parties signed a Cruise Repairment Completion Certificate on the same day. On 11 March, both parties signed a price list concerning such round of repairment, confirming the repairment fee of the round as RMB1.82 million. The defendant had paid an amount of RMB500,000 before the delivery of “Xinyingwan” Cruise. However, the remaining balance of RMB1.32 million was not settled before the agreed day, being 4 May. Therefore, the plaintiff filed a lawsuit with Guangzhou Marine Court. On 21 October 2014, Guangzhou Marine Court issued the (2013) Guanghaifa Chu Zi No. 1034 civil judgment, with a verdict as follows: the defendant shall pay to the plaintiff a ship repairing fee of RMB1.32 million, together with an interest calculated by the lending interest rate of the People’s Bank of China from 6 May 2013 to the confirmed date of payment in accordance with this verdict. The defendant shall also compensate the plaintiff for the application fee of property preservation, which amounted to RMB5,000 and was paid before the lawsuit, as well as the case acceptance fee of RMB16,995. Both parties had no objection to this judgment. On 21 October 2013, the plaintiff filed for bankruptcy liquidation with the People’s Court of Yangpu Economic Development Zone of Hainan Province, on the ground that it was seriously insolvent and unable to settle due debts. As of the date of valuation, the plan for bankruptcy liquidation as well as distribution of creditor’s rights have not been confirmed, so the impact of such matter was not considered in the management statements and audited information of the appraised entity, and the potential impacts of the matter was not taken into account in this valuation.

**(IV) Important engagement of experts and relevant reports:**

1. An Audit Report (Da Xin Shen Zi 2019 No. 1-03764) prepared by PKF Daxin Certified Public Accountants LLP.

**(V) Significant subsequent events:**

The following events were found to have occurred between the date of valuation and the issuance date of this report, posing a significant impact to the valuation conclusions:

**【1】**In accordance with the Request on Transfer of Some Properties of Zhongshan Company by GSI (Guang Chuan Guo Ji 2019 No. 255) (《關於廣船國際實施中山公司部分房產出讓工作的請示》(廣船國際2019255號)), Zhongshan GSI Marine Engineering Company Limited shall transfer the following assets to CSSC Offshore & Marine Engineering (Group) Company Limited. The transaction has undergone evaluation for the purpose of asset transfer, with the evaluation report having completed group expert review and is current in the process of group filing. At present, the filing form has yet to be obtained. The parties intend to enter into an asset transfer agreement, and the transaction price of such transfer shall be RMB157,433,262.96. The proposed asset transfer is evaluated based on transaction price.

No.	Name of building	Structure	Completion date	GFA(M <sup>2</sup> )	Net book value (RMB)
1	Hull joint workshop	Steel structure	2012/12/31	21,439.00	66,050,531.34
2	Sanding, painting workshop	Steel structure	2013/12/31	5,042.00	3,769,638.59
3	Component welding factory	Steel structure	2012/12/31	17,161.00	53,210,116.18

**(VI) Limitations to the valuation process, remedies taken by the appraisal institution and its impact on the valuation conclusion:**

Nil.

**(VII) Leasing of assets:**

The mortgages, leases and contingent liabilities (contingent assets) of GSI and its subsidiaries were as follows as at the date of valuation:

**【1】** As at the date of valuation, the assets leased by GSI are analysed as below:

Lessor	Lessee	Leased assets	Buildings and structures (Square metres)	Land (Square metres)	Lease term
Guangzhou Shipyard International Company Limited	CSSC Offshore & Marine Engineering (Group) Company Limited	A Community shopping mall located at Building 1 and 2 of Xiangjiang City Garden on Jiefang Avenue, in the High-Tech District of Hengyang City, Hunan Province	7,432.11		2018/8/1-2028/7/31
Guangzhou Shipyard International Company Limited	Guangzhou Branch of China Mobile Communications	An open space of 30 square metres near the worker dormitory		30.00	2016/3/14-2026/3/13
Guangzhou Shipyard International Company Limited	Guangzhou Branch of China Mobile Communications	An open space of 25 square metres at the north of the administration building		25.00	2011/2/16-2021/2/15
Guangzhou Shipyard International Company Limited	Nanfeng Environment Co., Ltd.	8 rooms at Yihe Hotel Ouzhuang	410.09		2018/11/16-2033/11/15
Guangzhou Shipyard International Company Limited	Guangzhou Shipyard Co., Ltd.	80 apartments at Jinyu Garden in Liwai District and 15 apartments at Rongfang Ge	3,761.43		2017/7/15-2022/7/31
<b>Total</b>			<b>11,603.63</b>	<b>55.00</b>	

GSI and Guangzhou Wenchong Dockyard Co., Ltd. entered into the CSSC Longxue Base Workers' Dormitory (Stage 1 of Phase I) Property Leasing Framework Agreement. As agreed under the agreement, the four worker dormitories to be occupied by Guangzhou Wenchong Dockyard Co., Ltd. shall be built and funded by GSI. The actual construction fee for the dormitories shall be subject to the final settlement of the dormitory construction as confirmed by both parties. The construction fee for the four dormitories to be occupied by Guangzhou Zhongchuan Wenchong Dock Co., Ltd. shall be recovered from Guangzhou Zhongchuan

Wenchong Dock Co., Ltd. in form of rent. The contingency provision, progress payment and other amounts actually paid by Party B prior to the signing of the agreement shall be deemed as interest-bearing prepaid rent for occupying the workers dormitories, which shall offset the rent monthly after delivery for use. The leasing period shall commence from 30 September 2015 to 30 September 2050. The amount was recognised as other non-current assets by Guangzhou Wenchong Dockyard Co., Ltd., and as deferred income by GSI. The appraised value was determined by both parties based on book value.

GSI and CSSC Huangpu Wenchong Shipbuilding Company Limited entered into the CSSC Longxue Base Worker Dormitory (Stage 1 of Phase I) Land and Property Leasing Framework Agreement. As agreed under the agreement, the two worker dormitory to be occupied by CSSC Huangpu Wenchong Shipbuilding Company Limited shall be built by GSI and funded by CSSC Huangpu Wenchong Shipbuilding Company Limited. The actual construction fee for the dormitories shall be subject to the final settlement of the dormitory construction as confirmed by both parties. The contingency provision, progress payment, land premiums, taxes and other amounts paid by CSSC Huangpu Wenchong Shipbuilding Company Limited shall be deemed as prepaid rent for using the worker dormitories (without interest and extra payment), which shall offset the rent monthly after delivery for use. The leasing period shall commence from 30 September 2015 to 30 September 2050. The amount was recognised as other non-current assets by CSSC Huangpu Wenchong Shipbuilding Company Limited, and as deferred income by GSI. The appraised value was determined by both parties based on book value.

【2】As at the date of valuation, the assets rented by GSI are analysed as below:

<b>Lessor</b>	<b>Lessee</b>	<b>Leased item</b>	<b>Lease term</b>
Guangzhou Guanggang Land Co., Limited* (廣州廣鋼置地有限公司)	Guangzhou Shipyard International Company Limited	Buildings	2019/3/6- 2021/3/5
Guangzhou Guanggang Land Co., Limited* (廣州廣鋼置地有限公司)	Guangzhou Shipyard International Company Limited	Buildings	2019/3/6- 2021/3/5
Guangzhou Guangzhong Tourism Automobile Transportation Co., Ltd.* (廣州廣中旅遊汽車運輸有限公司)	Guangzhou Shipyard International Company Limited	Vehicles	2017/7/4- 2020/7/3

Lessor	Lessee	Leased item	Lease term
Guangzhou Haishi Passenger Transport Co., Ltd.* (廣州海獅客運有限公司)	Guangzhou Shipyard International Company Limited	Vehicles	2018/10/22-2020/7/3
Guangzhou Sanqi Economic Development Co.,Ltd.* (廣州市三汽經濟發展有限公司)	Guangzhou Shipyard International Company Limited	Vehicles	2017/7/4-2020/7/3
Guangdong Xunwei Information Industry Co., Ltd.* (廣東迅維資訊產業股份有限公司)	Guangzhou Shipyard International Company Limited	Printer	2018/4/2-2023/4/2
Zhuhai Hengming Digital Technology Co., Ltd.*(珠海恒銘數碼科技有限公司)	Guangzhou Shipyard International Company Limited	Digital engineering machine PW750H2	2015/5/1-2020/4/30
Guangzhou shipyard Company Limited	Guangzhou Shipyard International Company Limited	Premise and plant	Tentatively 2018/6/1-2022/6/1

**(VIII) Nature and amount of mortgages and contingent liabilities (contingent assets) etc., and their relationship with the appraised entity:**

Nil.

The information reported by the enterprise has been verified by valuer through on-site investigations and inspection of relevant contracts and other materials. Due to the limitations of the valuer's verification methods, we cannot express a definite opinion on the absence of unreported matter within the aforementioned scope.

**(IX) Defects in the economic behaviour relating to this asset valuation, that may have a material effect on the valuation conclusion:**

We have not discovered any defects in the economic behavior relating to this asset valuation that may have a material impact on the valuation conclusion.

**DATE OF VALUATION REPORT**

The date of asset valuation report refers to the date on which the valuation conclusion is drawn. The date of this asset valuation report is 19 July 2019.



**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**2. INTERESTS OF SUBSTANTIAL SHAREHOLDERS**

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (other than the Directors, Supervisors and chief executive of the Company) had or are deemed or taken to have an interest or short position in the shares and underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any member of the Group and were recorded in the register to be kept under section 336 of the SFO:

Name	Capacity	Number of shares held	Class of Shares held	Percentage of relevant class of Shares	Percentage of total issued share capital
CSSC	Beneficial owner	501,745,100 (L)	A Shares	61.08%	35.50%
		345,940,890 (L)	H Shares	58.43%	24.47%

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

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no other person (other than the Directors, Supervisors and chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

### 3. DIRECTORS' AND SUPERVISORS' INTERESTS

As at the Latest Practicable Date, none of the Directors, Supervisors and chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which had otherwise been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

As at the Latest Practicable Date,

- (a) none of the Directors had entered into any existing or proposed service contract with the Company, excluding those contracts expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation; and
- (b) none of the Directors or their associates had any direct or indirect interest in any assets which had been, since 31 December 2018 (the date to which the latest published audited financial statements of the Group were made up), acquired, or disposed of by, or leased to any member of the Group, or proposed to be acquired, or disposed of by, or leased to any member of the Group.

### 4. COMPETING INTERESTS AND OTHER INTERESTS

So far as the Directors were aware, none of the Directors or their respective associates had any interests which competes or is likely to compete, either directly or indirectly with the business of the Group.

None of the Directors or their associates was materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group.

### 5. EXPERTS

The following are the qualifications of the professional advisers who have given opinions or advice which are contained in this circular:

<b>Name</b>	<b>Qualifications</b>
Vinco Capital	a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Shanghai Orient	Independent valuer

As at the Latest Practicable Date, Vinco Capital and Shanghai Orient

- (a) did not have any direct or indirect shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (b) have given and have not withdrawn their written consent to the issue of this circular with their letter of advice and the references to their name and logo in the form and context in which they are included; and
- (c) did not have any direct or indirect interest in any assets which had been, since 31 December 2018 (the date to which the latest published audited financial statements of the Group were made up), acquired, or disposed of by, or leased to any member of the Group, or proposed to be acquired, or disposed of by, or leased to any member of the Group.

The letter of advice from Vinco Capital and Shanghai Orient are given as of the date of this circular for incorporation herein.

## 6. LITIGATION

At the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

## 7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, the date to which the latest published audited financial statements of the Company were made up.

## 8. MATERIAL CONTRACTS

The Group has entered into the following contracts (not being contracts entered into in the ordinary course of business) within two years immediately preceding the date of this circular and which are or may be material:

- (a) Equity transfer agreement dated 14 July 2017 between CSSC and the Company in relation to the disposal of 51% equity interest in CSSC Chengxi Yangzhou Shipbuilding Company Limited (中船澄西揚州船舶有限公司) (formerly known as GSI Yangzhou Co., Ltd.\* (廣船國際揚州有限公司)), at a consideration of RMB741,158,500;

- (b) Relocation arrangement agreement dated 17 November 2017 between GSI and GS Shipping in relation to a sum of RMB826,965,300 as remuneration payable by GS Shipping to GSI in respect of the work performed by GSI to proactively liaise with the relevant authorities and procure that the Detailed Regulatory Plan\* (控制性詳細規劃) in respect of the GS Shipping Land;
- (c) the agreements entered into by the Company, GSI and each of China Structural Reform Fund, China Life, CPIC Property Insurance, PICC, Dongfu Tianheng, ICBC Investment and New China Life Insurance on 25 January 2018 pursuant to which each of China Structural Reform Fund, China Life, CPIC Property Insurance, PICC, Dongfu Tianheng, ICBC Investment and New China Life Insurance agrees to increase the capital of GSI by way of making cash contribution in a total amount of RMB1.901 billion to GSI;
- (d) the agreement entered into by the Company, GSI and Zhongyuan Asset on 25 January 2018 pursuant to which Zhongyuan Asset agrees to increase the capital of GSI by way of assumption of the liability in GSI in an aggregate of RMB499 million;
- (e) the agreements entered into by the Company, Huangpu Wenchong and each of China Structural Reform Fund, China Life, CPIC Property Insurance, PICC, Dongfu Tianheng, ICBC Investment and New China Life Insurance on 25 January 2018 pursuant to which each of China Structural Reform Fund, China Life, CPIC Property Insurance, PICC, Dongfu Tianheng, ICBC Investment and New China Life Insurance agrees to increase the capital of Huangpu Wenchong by way of making cash contribution in a total amount of RMB1.9 billion to Huangpu Wenchong;
- (f) the agreement entered into by the Company, Huangpu Wenchong and Huarong Ruitong on 25 January 2018 pursuant to which Huarong Ruitong agrees to increase the capital of Huangpu Wenchong by way of assumption of the liability in Huangpu Wenchong in an aggregate amount of RMB500 million;
- (g) the agreement entered into by the Company and the GSI Investors on 26 February 2018 pursuant to which the Company conditionally agreed to acquire and the GSI Investors conditionally agreed to sell the GSI Equity Interests held by the GSI Investors through issue of 98,643,647 new A Shares at an issue price of RMB24.33 per A Share by the Company to the GSI Investors;
- (h) the agreement entered into by the Company and the Huangpu Wenchong Investors 26 February 2018 pursuant to which the Company conditionally agreed to acquire and the Huangpu Wenchong Investors conditionally agreed to sell the Huangpu Wenchong Equity Interests held by the Huangpu Wenchong Investors through issue of 98,643,648 new A Shares at an issue price of RMB24.33 per A Share by the Company to the Huangpu Wenchong Investors;

- (i) the equity transfer agreement entered into between the GSI, CSSC and China United Shipbuilding Company Limited\* (華聯船舶有限公司) (“**China United Shipbuilding**”) on 19 October 2018, pursuant to which GSI conditionally agreed to acquire, and CSSC and China United Shipbuilding conditionally agreed to dispose of, all the equity interest in Guangzhou Wenchong Dockyard Co., Ltd.\* (廣州中船文沖船塢有限公司) to GSI at a total consideration of RMB498,290,590.06;
- (j) the non-binding framework agreement (“**Framework Agreement I**”) entered into between the Company and CSSC on 4 April 2019, pursuant to which the Company proposed to swap certain equity interests in Huangpu Wenchong and GSI currently held by the Company with 100% equity interests in Hudong Heavy Machinery Co., Ltd. \* (滬東重機有限公司), 100% equity interests in CSSC Marine Power Co., Ltd.\* (中船動力有限公司), 51% equity interests in CSSC Marine Power Institute Co., Ltd.\* (中船動力研究院有限公司) and 15% equity interests in CSSC-MES Diesel Co., Ltd.\* (上海中船三井造船柴油機有限公司) currently held by CSSC of the same appraised value;
- (k) the non-binding framework agreement entered into between the Company and CSSC Holdings on 4 April 2019, pursuant to which CSSC Holdings proposed to acquire the remaining equity interest in Huangpu Wenchong and GSI held by the Company following the assets swap as agreed in the Framework Agreement I at a consideration to be settled by issuance of new A shares of CSSC Holdings;
- (l) the relocation agreement entered into between Guangzhou Wenchong Properties Co., Ltd. (“**Wenchong Properties**”) and Guangzhou Wenchong Shipyard Co., Ltd. (“**Wenchong Shipyard**”), pursuant to which Wenchong Properties agrees to pay to Wenchong Shipyard a total of RMB1,400 million (including RMB558 million as compensation for relocation and resettlement and RMB842 million as compensation for loss from shutdown) as the compensation for the relocation of Wenchong Shipyard from and handover of a parcel of land located at Wenchuan Road, Huangpu District, Guangzhou, the PRC owned by Wenchong Properties and the loss from shutdown;
- (m) the Disposal Agreement; and
- (n) the Supplemental Agreement.

## 9. GENERAL

- (a) The registered office of the Company is located at 40 South Fangcun Main Road, Liwan District, Guangzhou, the PRC, Postal Code: 510382.

- (b) The H share registrar and H share transfer office of the Company is Hong Kong Registrars Ltd. at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Hong Kong.
- (c) The company secretary of the Company is Mr. Li Zhidong. Mr. Li Zhidong, aged 53, senior engineer. He graduated from Shanghai Jiaotong University with a bachelor's degree, majored in ship engineering, in engineering in July 1987 and obtained a master degree in November 1997. He served as head of general office, chief legal advisor, assistant to general manager, board secretary and secretary of Hong Kong company of Guangzhou Shipyard International Company Limited (廣州廣船國際股份有限公司). He is currently secretary to the Board of the Company.
- (d) The following directors are directors or employees of the CSSC Group: Mr. Han Guangde is the chairman of the board of directors and the party secretary of Guangzhou Shipbuilding Industry Co., Ltd.\* (廣州船舶工業有限公司); Mr. Chen Ji is the party secretary of Guangzhou Shipyard Co., Ltd.\* (廣州造船廠有限公司); Mr. Shi Jun is the deputy director of the business management department of CSSC. Save as disclosed above, so far as known to the Directors, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would be required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

#### 10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Herbert Smith Freehills, the legal advisers to the Company on Hong Kong laws, at 23rd Floor, Gloucester Tower, the Landmark, 15 Queen's Road, Central, Hong Kong during 9:00 a.m. to 5:00 p.m. on any day on which licensed banks in Hong Kong are open for ordinary business (excluding public holidays and Saturdays) from the date of this circular up to and including the date which is 14 days from the date of this circular:

- (a) the Articles of Association;
- (b) Disposal Agreement;
- (c) the Supplemental Agreement;
- (d) the Material Contracts as referred to in paragraph 8 of this Appendix to this circular;

- (e) the letter from Vinco Capital, the Independent Financial Adviser, as set out in this circular;
- (f) the Valuation Report of GSI, as set out in Appendix II to this circular;
- (g) the consent letters referred to in the section headed “Experts” in this Appendix;
- (h) the consolidated audited accounts of the Company and its subsidiaries for each of two financial years ended 31 December 2017 and 31 December 2018;
- (i) the circular of the Company dated 10 May 2019; and
- (j) this circular.