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

SUMMARY OF THE 2023 INTERIM REPORT

§ 1 IMPORTANT NOTICES

1.1 The financial information contained in this summary of the interim report (the “**Report**”) for the six months ended 30 June 2023 (the “**Reporting Period**”) of CSSC Offshore & Marine Engineering (Group) Company Limited (hereinafter referred to as “**COMEC**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) is prepared in accordance with the China Accounting Standards for Business Enterprises and the financial information contained in this Report has been reviewed and confirmed by the Audit Committee of the Board.

1.2 There were 10 directors (the “**Directors**”) of the Company and a total of 7 Directors attended the 22nd meeting of the tenth session of the Board held on 30 August 2023, of which: Mr. Xiang Huiming, an executive Director, appointed Mr. Yu Shiyong, an independent non-executive Director, as his proxy to attend and vote on his behalf; and each of Mr. Chen Ji and Mr. Gu Yuan, both being non-executive Directors, appointed Mr. Chen Liping, an executive Director, as their proxy to attend and vote on their behalf. The 2023 interim report was unanimously approved at the meeting.

1.3 The 2023 interim financial and accounting report of the Company is unaudited.

1.4 The Report is a summary of the full text of the 2023 interim report of the Company. Investors are advised to carefully read the full text of such report for details.

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

1.6 The Report is prepared in both English and Chinese. In the event of any discrepancies, the Chinese version shall prevail.

§ 2 BASIC INFORMATION OF THE COMPANY

2.1 Key financial information and indicators

2.1.1 Key accounting figures

Unit: RMB Yuan

Key accounting information	Reporting Period (From January to June)	Corresponding period of last year		Change (%)
		After adjustment	Before adjustment	
Operating income	5,982,333,803.04	4,271,202,500.99	4,271,202,500.99	40.06
Net profit attributable to shareholders of the Company	12,665,284.90	18,928,805.72	18,906,736.89	-33.09
Net profit attributable to shareholders of the Company after deduction of non-recurring gains and losses	15,478,915.06	2,100,577.75	2,078,508.92	636.89
Net cash flows from operating activities	-2,603,497,437.82	1,279,468,624.31	1,279,468,624.31	-303.48
	As at the end of the Reporting Period	As at the end of last year		Change (%)
		After adjustment	Before adjustment	
Net assets attributable to shareholders of the Company	16,947,058,224.65	15,588,602,692.22	15,588,030,556.81	8.71
Total assets	46,866,852,879.69	46,508,366,648.38	46,479,786,644.65	0.77

2.1.2 Key financial indicators

Key financial indicators	Reporting Period (From January to June)	Corresponding period of last year		Change (%)
		After adjustment	Before adjustment	
Basic earnings per share (RMB Yuan/share)	0.0090	0.0134	0.0134	-32.84
Diluted earnings per share (RMB Yuan/share)	0.0090	0.0134	0.0134	-32.84
Basic earnings per share after deduction of non-recurring gains and losses (RMB Yuan/share)	0.0110	0.0015	0.0015	633.33
Weighted average return on equity (%)	0.08	0.14	0.13	Decrease of 0.06 percentage points
Weighted average return on equity after deduction of non-recurring gains and losses (%)	0.09	0.02	0.01	Increase of 0.07 percentage points

1. With effect from 1 January 2023, the Company implemented the relevant provisions of the “Accounting for the non-applicability of the initial recognition exemption for deferred income tax relating to assets and liabilities arising from a single transaction” of the Interpretation No. 16 of Accounting Standards for Business Enterprises (Cai Kuai [2022] No. 31). Based on the cumulative impact figures, the opening balance of the retained earnings and other related financial statement items of the earliest period of the financial statement presentation were retrospectively adjusted.

2. During the Reporting Period, the Company recorded an operating income of RMB5,982 million, representing a period-on-period increase of 40.06%, which was mainly attributable to the effect of the steady increase in production output during the Reporting Period and the period-on-period increase in completed products which fulfilled its performance obligations at a certain point in time and met the conditions for revenue recognition.

3. During the Reporting Period, the Company recorded net profit attributable to shareholders of the Company RMB13 million, representing a period-on-period decrease of 33.09%; earnings per share were RMB0.009, representing a period-on-period decrease of 32.84%; the accumulated net profit attributable to shareholders of the Company after deduction of non-recurring gains and losses was RMB15 million, representing a period-on-period increase of 636.89%; basic earnings per share after deduction of non-recurring gains and losses was RMB0.011, representing a period-on-period increase of 633.33%. The improvement of the profitability of the main business was mainly attributable to the growth in operating income, leading to a corresponding increase in gross profit of the products.

4. During the Reporting Period, the net cash flows from operating activities of the Company amounted to RMB-2,603 million, which was mainly attributable to the impact of the uneven distribution of product payment milestones, leading to a period-on-period decrease in the ship progress payment received.

2.1.3 Extraordinary items and their amounts

Unit: RMB Yuan

Extraordinary items	Amount	Note (where applicable)
Gain or loss on disposal of non-current assets	-722,228.08	
Tax relief and reduction with approval exceeding authority or without formal approval or of non-recurring nature		
Government grants included in current profit or loss, except for those closely relevant to normal business of the Company, conformed to requirements of State policy, granted on fixed amount basis or enjoyed on continuous fixed amount basis subject to certain standard	43,747,154.96	
Capital occupation fee received from non-financial entities included in current profit or loss		

Gain from the excess of the fair value of the identifiable net assets of investee companies on acquisition of the investment over the cost of investment in the Company's subsidiaries, associates and joint ventures		
Gain or loss on exchange of non-monetary assets		
Gain or loss on entrusted investments or assets under management		
Provision for impairment on assets due to force majeure events, such as natural disasters		
Gain or loss on debt restructuring		
Corporate restructuring costs, such as employee redundancy pay and integration costs		
Gain or loss on transactions with obviously unfair transaction price for amount which exceeds fair value		
Net gains or losses of subsidiaries for the current period from the beginning of the period to the date of combination arising from business combination under common control		
Gain or loss on other contingencies which are not related to the Company's normal operations		
Gain or loss on changes in fair value of financial assets held-for-trading, derivative financial assets, financial liabilities held-for-trading and derivative financial liabilities, and investment income from disposal of financial assets held-for-trading, derivative financial assets, financial liabilities held-for-trading, derivative financial liabilities and other debt investment, except for effective hedging transactions that are related to the Company's normal operation	-49,641,037.80	
Reversal of the provision for impairment of receivables and contract assets which are tested individually for impairment		
Profit and loss from external entrusted loan		
Profit or loss arising from changes in fair value of investment property under fair value model on subsequent measurement		
Effect on profit and loss for the current period from one-off adjustment to profit or loss for the current period in accordance with laws and regulations on taxation and accounting, etc.		

Entrustment fees from entrusted operation		
Other non-operating income and expenses apart from the aforesaid items	339,261.55	
Other gain or loss items meeting the definition of non-recurring gains or losses	465,419.15	Mainly from the refund of handling fee for withholding individual income tax
Less: Effect of income tax	-739,034.90	
Effect of minority interests (after tax)	-2,258,765.16	
Total	-2,813,630.16	

Description on non-operating gains and losses items defined as operating gains and losses, according to the Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public- Non-recurring Gains and Losses issued by the China Securities Regulatory Commission

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

Unit: RMB Yuan

Item	Amount	Reason
Interest subsidy	5,090,000.00	Closely relating to operation, granted at fixed amount and on a continuous basis
Grant for insurance maintained for first piece (set)	3,000,000.00	Closely relating to operation, granted at fixed amount and on a continuous basis
Total	8,090,000.00	

Note: All the aforesaid government grants are closely related to the normal operation of the Company, subject to national policies and granted at fixed amount and on a continuous basis, and fall under recurring gains on losses in accordance with the “Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public- Non-recurring Gains and Losses”.

§ 3 STAFF AND REMUNERATION POLICY

The remuneration of the employees of the Group includes salaries, bonuses and other fringe benefits prescribed by the government. The Group applies different rates of remuneration for different employees, which are determined based on their positions and performance pursuant to the relevant laws and regulations of the People’s Republic of China (the “PRC”). As at 30 June 2023, the Group had a total of 5,162 employees. For the six months ended 30 June 2023, the remuneration paid by the Group to employees was RMB446 million in aggregate.

§ 4 MANAGEMENT'S DISCUSSION AND ANALYSIS

4.1 Discussion and analysis of overall operation during the Reporting Period

(I) Development of the shipbuilding market in the first half of 2023

The new shipbuilding market maintained a stable and recovering trend. In the first half of 2023, the number of new ship orders was reduced due to factors such as weak global maritime trade, rising price of new ships, tight docking resources of shipyards, and uncertain application of fuel technology. However, the trend of decarbonisation and emission reduction in the shipping industry has facilitated the transformation of fleets for development and the accelerated dismantling of old ships, which still played a significant role in supporting the development of the shipbuilding market.

In terms of the transaction volume of new ships, 782 new ship orders for a total of 46.106 million DWT were traded globally in the first half of 2023, representing a period-on-period decrease of 12%, according to Clarkson data. In terms of ship types, DWT of container ships and bulk carriers decreased by 45.9% and 18.1% respectively period-on-period, and the oil tanker transactions rebounded significantly, representing a period-on-period increase of 398.3%.

In terms of the price of new ship, in June 2023, the Clarkson new ship price index closed at 171 points, representing a period-on-period increase of 9 points. From the perspective of the major ship types, the Clarkson new ship price index for oil tankers, bulk carriers, containerships and liquefied gas tankers were 205 points, 164 points, 105 points and 187 points, respectively, and were 16 points, -4 points, 2 points and 17 points changes period-on-period, respectively.

In terms of competitive landscape, shipyards of China, Japan and South Korea received a total of 43.379 million DWT of new ship orders, accounting for 98.1% of the global market share in the first half of 2023. From the perspective of major shipbuilding countries, Chinese shipyards have made constant efforts to develop high-end ship types while consolidating their advantages in receiving orders for main ship types, the cumulative contracted new ship orders reached 30.038 million DWT, representing a period-on-period increase of 18.4%, accounting for 67.9% of the global market share; South Korean shipyards have focused on high-value-added ship types, the cumulative contracted new ship orders reached 9.759 million DWT, representing a period-on-period decrease of 42.0%, accounting for 22.1% of the global market share; and Japanese shipyards had their cumulative contracted new ship orders reached 3.582 million DWT, representing a period-on-period decrease of 60.1%, accounting for 8.1% of the global market share.

The offshore engineering equipment market remained generally stable. In the first half of 2023, the global offshore engineering operation market performed actively, but the demand for new ships was lower than that during the corresponding period of last year due to factors such as tight production resources and high financing costs in the shipbuilding industry. During the period from January to June 2023, a total of 45 ships/sets of various types of marine engineering equipment were traded worldwide with the total value of US\$5.61 billion, representing a period-on-period decrease of 17.2% in monetary terms.

Note: The above information and data are from China Shipbuilding Industrial Economy Research Centre.

(II) Operation of the Group

During the Reporting Period, the Group kept up with the development trend of the shipbuilding market, seized the market opportunities, continued to maintain the good trend of receiving substantial orders, and constantly optimised the structure of orders in hand. The Group secured orders worth of RMB7.326 billion, representing a period-on-period increase of 132.94%, and completed 45.22% of the annual plan. The new orders for seven types of 20 ships mainly include feeder containerships, heavy lift vessels, large aquaculture vessels, etc. As at the end of the Reporting Period, the Group held orders with the total contract value of approximately RMB56.11 billion, of which the total contract value of shipbuilding orders was approximately RMB53.66 billion, including 116 ship products and 2 offshore equipment with a total of 3,028,900 DWT; and the total contract value of the orders for offshore wind power equipment, ship repairs and other non-shipbuilding products was approximately RMB2.45 billion.

Under the favourable situation of statured production tasks, the Group prioritized the delivery deadline, continued to strengthen project, plan and cost management, and enhanced the collaborative efficiency of production resources and human resources, thereby achieving steady improvement in ship delivery quality, shipbuilding efficiency and cost control level. During the Reporting Period, the Group completed and delivered 19 vessels for 487,600 DWT and achieved the operating income of RMB5,982 million, representing a period-on-period increase of 40.06%. Net profit attributable to the shareholders of the Company amounted to RMB13 million. Earnings per share were RMB0.009, and earnings per share after deduction of non-recurring gains and losses were RMB0.011.

4.2 Main business analysis

4.2.1 Analysis of changes in relevant items in the financial statements

Unit: RMB Yuan

Item	Reporting Period	Corresponding period of last year	Change (%)
Operating income	5,982,333,803.04	4,271,202,500.99	40.06
Operating costs	5,611,512,672.88	3,977,648,314.95	41.08
Selling expenses	43,610,333.25	38,110,356.05	14.43
Administrative expenses	273,840,779.15	245,491,846.23	11.55
Finance cost	-227,654,534.16	-230,602,089.67	Not applicable
Research and development expense	231,432,606.50	221,092,386.17	4.68
Net cash flows from operating activities	-2,603,497,437.82	1,279,468,624.31	-303.48
Net cash flows from investing activities	-781,028,624.04	-1,180,395,245.21	Not applicable
Net cash flows from financing activities	-2,214,538,244.91	1,015,586,196.88	-318.06
Other income	46,302,509.17	26,918,135.72	72.01
Gain on change in fair value	-43,234,836.94	17,336,152.70	-349.39
Credit impairment loss (loss expressed with “-”)	-6,523,917.58	24,145,248.32	-127.02
Asset impairment loss (loss expressed with “-”)	-4,457,594.94	-25,904,928.57	Not applicable
Non-operating expense	1,297,967.14	712,882.16	82.07
Income tax expense	-4,770,338.94	-100,008.09	Not applicable

Reason for change in operating income: mainly attributable to the effect of the steady increase in production output during the Reporting Period and the period-on-period increase in completed products which fulfilled its performance obligations at a certain point in time and met the conditions for revenue recognition.

Reason for change in operating costs: as the operating income increased, the operating costs correspondingly increased accordingly.

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

Reason for change in administrative expenses: mainly due to the effect of the period-on-period increase of insurance premium during the Reporting Period.

Reason for change in finance cost: mainly due to the effect of the period-on-period decrease of the net interest income/expense during the Reporting Period.

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

Reason for change in net cash flow from operating activities: mainly attributable to the impact of the uneven distribution of product payment milestones, leading to a period-on-period decrease in the ship progress payment received.

Reason for change in net cash flow from investing activities: mainly due to the period-on-period decrease of time deposits of duration of more than 3 months during the Reporting Period.

Reason for change in net cash flow from financing activities: mainly due to the effect of the period-on-period decrease of the net borrowings as a result of the due repayment of borrowings from financial institutions during the Reporting Period.

Reason for change in other income: mainly due to the period-on-period increase in the receipt of research subsidies and subsidies for insurance maintained for first piece (set) of equipment during the Reporting Period.

Reason for the change in gain on change in fair value: mainly due to the effect of the period-on-period decrease in gains from changes in carrying fair value of financial assets held-for-trading in hand during the Report Period.

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

Reason for the change in asset impairment loss: mainly due to the effect of the period-on-period decrease in provision for impairment of inventories during the Reporting Period.

Reason for the change in non-operating expense: mainly due to the effect of the period-on-period increase of penalty payment during the Reporting Period.

Reason for change in income tax expense: mainly due to the effect of the period-on-period decrease in recognised deferred income tax liabilities as a result of the temporary variances arising from the difference between the book value and the tax basis during the Reporting Period.

4.2.2 Analysis of assets and liabilities

Unit: RMB Yuan

Name of item	Amount at the end of current period	As a proportion of total assets at the end of current period (%)	Amount at the end of last period	As a proportion of total assets at the end of corresponding period of last year (%)	Change of amount at the end of current period compared with that at the end of corresponding period of last year (%)	Description
Cash in bank and on hand	9,891,953,817.90	21.11	14,813,771,761.29	31.85	-33.22	Combined effect of decrease in progress payments received for vessels during the Reporting Period and return of borrowings due during the Reporting Period.
Financial assets held-for-trading	4,939,799.96	0.01	29,872,972.39	0.06	-83.46	Due settlement of certain financial derivatives during the Reporting Period and the decrease in fair value of certain financial derivatives held at the end of the Reporting Period.
Accounts receivable	1,632,835,180.14	3.48	1,154,073,770.27	2.48	41.48	
Including: Notes receivable	17,175,915.76	0.04	86,019,898.33	0.18	-80.03	Due payment of notes receivable during the Reporting Period.
Accounts receivable	1,615,659,264.38	3.45	1,068,053,871.94	2.30	51.27	Corresponding increase in recognised accounts receivable as a result of increase in operating income during the Reporting Period.

Inventories	5,413,145,291.23	11.55	4,353,610,820.41	9.36	24.34	
Contract assets	3,832,164,584.23	8.18	2,294,261,099.29	4.93	67.03	The progress of contract performance for certain shipbuilding products has exceeded the increase in the settlement amount during the Reporting Period.
Other current assets	197,911,915.27	0.42	134,733,999.65	0.29	46.89	Increase in input value-added tax at the end of the Reporting Period.
Investment properties	132,917,919.06	0.28	136,186,631.58	0.29	-2.40	
Long-term equity investments	5,196,499,496.96	11.09	5,576,276,499.57	11.99	-6.81	
Investments in other equity instruments	7,196,651,479.05	15.36	4,911,318,677.22	10.56	46.53	Effect of increase in fair value of shares of China CSSC Holdings Limited (a company listed on the Shanghai Stock Exchange (“SSE”), stock code: 600150, “CSSC Holdings”) held at the end of the Reporting Period.
Fixed assets	5,354,490,301.67	11.42	5,354,647,353.76	11.51	-0.00	
Construction in progress	288,236,906.24	0.62	277,015,334.55	0.60	4.05	
Right-of-use assets	167,115,524.81	0.36	183,901,510.27	0.40	-9.13	
Short-term borrowings	1,605,943,583.33	3.43	2,881,008,138.92	6.19	-44.26	Due repayment of borrowings from financial institutions during the Reporting Period.
Financial liability held-for-trading	43,757,562.10	0.09	5,919,716.73	0.01	639.18	Decrease in fair value of some financial derivatives held at the end of the Reporting Period.
Notes payable	1,712,111,908.09	3.65	2,984,392,901.64	6.42	-42.63	Due payment of notes payable during the Reporting Period.

Contract liabilities	13,028,870,648.48	27.80	11,979,592,304.12	25.76	8.76	
Employee benefits payable	136,349,582.75	0.29	1,179,807.93	0.00	11,456.93	Increase in wages, subsidies and benefits accrued but not paid during the Reporting Period.
Taxes payable	25,522,975.39	0.05	76,728,304.39	0.16	-66.74	Decrease in value-added tax and personal income tax payable at the end of the Reporting Period.
Other current liabilities	110,090,217.70	0.23	158,671,658.76	0.34	-30.62	Decrease in unmatured endorsed commercial acceptance bills at the end of the Reporting Period.
Long-term borrowings	1,725,816,000.00	3.68	2,230,247,510.00	4.80	-22.62	
Lease liabilities	104,925,477.30	0.22	114,585,384.56	0.25	-8.43	
Deferred tax liabilities	1,100,695,126.31	2.35	530,873,731.81	1.14	107.34	Effect of increase in fair value of shares of CSSC Holdings held at the end of the Reporting Period.
Other comprehensive income	3,174,199,117.54	6.77	1,450,554,845.16	3.12	118.83	Effect of increase in fair value of shares of CSSC Holdings held at the end of the Reporting Period.

4.2.3 Principal businesses by product and by region

Unit: RMB Yuan

Principal businesses by product					
Product name	Current period		Corresponding period of last year		
	Principal operating income	Principal operating costs	Principal operating income	Principal operating costs	
Ship products	5,032,450,154.82	4,769,847,529.02	2,589,378,267.07	2,448,124,903.74	
Offshore engineering products	175,170,012.40	176,271,142.69	84,928,937.95	-14,503,235.64	
Steel structure	492,129,000.55	445,094,571.76	775,090,667.39	747,235,316.31	
Ship maintenance and renovation	100,878,302.08	90,340,127.34	647,574,516.39	659,777,279.77	
Electro-mechanical products and others	87,570,074.48	66,742,306.50	63,794,561.21	57,836,470.99	
Total	5,888,197,544.33	5,548,295,677.31	4,160,766,950.01	3,898,470,735.17	
Principal businesses by region					
Region	Current period		Corresponding period of last year		
	Principal operating income	Principal operating costs	Principal operating income	Principal operating costs	
China (including Hong Kong, Macau and Taiwan)	4,570,911,087.37	4,253,846,473.57	3,986,055,902.55	3,723,880,122.43	
Other regions in Asia	43,318,669.07	25,962,587.12	9,000,889.61	8,407,148.77	
Europe	354,316,668.84	353,820,697.86			
North America	343,770,570.21	344,592,783.01	165,710,157.85	166,183,463.97	
Africa	575,880,548.84	570,073,135.75			
Total	5,888,197,544.33	5,548,295,677.31	4,160,766,950.01	3,898,470,735.17	

4.3 Analysis of investments

4.3.1 Information on external equity investments

The Company is a holding company. As at the end of the Reporting Period, balance of the long-term equity investments of the Group amounted to RMB5,196,499,500, representing a decrease of 6.81% from RMB5,576,276,500 as at the beginning of the Reporting Period, mainly due to the effect of other changes in equity of associates.

4.4 Non-fund raising investment projects

During the Reporting Period, the Company had no non-fund raising investment projects.

§ 5 SIGNIFICANT EVENTS

5.1 Asset transactions and merger of enterprises

On 1 June 2023, the Resolution on the Transfer of Equity Interests by the Holding Company and Related Party Transaction was considered and approved at the 21st meeting of the tenth session of the Board of the Company, approving Guangzhou Wenchong Shipyard Co., Ltd. (“**Wenchong Shipyard**”), an indirectly controlled subsidiary of the Company, to transfer its 0.126% equity interest in CSSC Finance Company Limited (“**CSSC Finance**”) to Nanjing CSSC Oasis Machinery Co., Ltd. through a transfer agreement for a consideration of RMB25.218 million. Upon completion of the transaction, Wenchong Shipyard will no longer hold equity in CSSC Finance. For details, please refer to the announcements titled “Announcement on the Resolution of the Twenty-First Meeting of the Tenth Session of the Board of COMEC”, “Announcement on the Transfer of Equity Interests by the Holding Company and Related Party Transaction” and “Connected Transaction-Transfer of Equity Interest in CSSC Finance” published on the SSE website (www.sse.com.cn), the Hong Kong Stock Exchange website (www.hkexnews.hk) and the website of the Company (comec.cssc.net.cn) on 1 June 2023.

On 29 June 2023, Wenchong Shipyard received the equity transfer price of RMB25.218 million paid by Nanjing CSSC Oasis Machinery Co., Ltd.. On 22 July 2023, CSSC Finance obtained the "Registration Confirmation Notice" issued by the Market Supervision Administration of China (Shanghai) Pilot Free Trade Zone. Wenchong Shipyard no longer holds any equity interest in CSSC Finance.

Save for the above transaction, during the Reporting Period, the Company had no asset transactions and merger of enterprises.

5.2 Profit distribution during the Reporting Period

The Company will not make profit distribution (that is, no distribution of the interim dividend for the six months ended 30 June 2023) or convert any capital reserve into share capital for the first half of 2023.

5.3 Material litigations, arbitrations and matters of concern by media in general

During the Reporting Period, the Company had no material litigations, arbitrations and matters of concern by media in general.

5.4 Entrustment, contracting and leasing matters

5.4.1 Leasing

Unit: RMB Yuan

Name of lessor	Name of lessee	Assets leased	Amount of assets leased	Date of commencement of lease	Date on which the lease will be terminated	Rental income	Basis for determination of rental income	Effect of rental income on the Company	Whether related transaction or not	Relationship
Guangzhou Ship Industrial Co., Ltd.	CSSC Huangpu Wenchong Shipbuilding Company Limited (“Huangpu Wenchong”)	Land, buildings and structures	-	2014.5.1	The date on which the relocation is completed and production commences at the new plant	-	-	-	Yes	Sister company of the Group
Guangzhou Wenchong Industrial Co., Ltd.	Wenchong Shipyard	Land, buildings and structures	-	2018.11.1	The date on which the relocation is completed and production commences at the new plant	-	-	-	Yes	Sister company of the Group
Guangdong COSCO SHIPPING Heavy Industry Co., Ltd.	Guangzhou Wenchuan Heavy Industrial (“Wenchuan Heavy Industrial”)	Land, buildings and structures	-	2021.7.9	2026.7.8	-	-	-	No	-
Guangdong Guangxin Shipbuilding Trading Company Limited (廣東廣新船舶貿易有限公司)	Wenchuan Heavy Industrial	Land, buildings and structures	-	2022.7.1	2024.4.30	-	-	-	No	-

Description of leases

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

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

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

Guangdong Guangxin Shipbuilding Trading Company Limited and Wenchuan Heavy Industrial entered into the “Plant and Site Lease Contract”, and leased part of the plant and site use rights in no. 32, Cuizhu Road, Cuiheng New District, Zhongshan City to Wenchuan Heavy Industrial for operational use. The fee of the plant and equipment to be leased shall be determined in accordance with the contract, and the rent shall be paid monthly in the form of monetary funds. The lease term of the aforementioned land use rights started from 1 July 2022 and ending on 30 April 2024.

5.4.2 Guarantee

Unit: RMB Yuan

External guarantees by the Company (excluding guarantees for its subsidiaries)													
Guarantor	Relationship between guarantor and the Company	Guaranteed entity	Amount of guarantee	Date of guarantee (date of signing of agreement)	Date of commencement of guarantee	Date of expiry of guarantee	Type of guarantee	Whether fully executed	Whether guarantee is overdue	Overdue amount	Existence of reverse guarantee	Whether provided for by related party	Relationship
-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total amount of guarantees during the Reporting Period (excluding guarantees provided for its subsidiaries)											-		
Total balance of guarantees at the end of the Reporting Period (A) (excluding guarantees provided for its subsidiaries)											-		
Guarantees provided by the Company for its subsidiaries													
Total amount of guarantees provided for its subsidiaries during the Reporting Period											300,000,000.00		
Total balance of guarantees provided for its subsidiaries at the end of the Reporting Period (B)											128,003,137.36		
Total amount of guarantees provided by the Company (including those provided for its subsidiaries)													
Total amount of guarantees (A+B)											128,003,137.36		
Total amount of guarantees as a percentage of the Company's net assets (%)											0.64		
Including:													
Amount of guarantees provided for shareholders, actual controllers and related parties (C)											-		
Amount of debt guarantees provided directly or indirectly for companies with gearing ratio of over 70% (D)											128,003,137.36		
Total amount of guarantees in excess of 50% of net assets (E)											-		
Sum of the above three guarantees (C+D+E)											128,003,137.36		
Description of outstanding guarantees which may incur several and joint liability													
Description of guarantees											During the Reporting Period, the Group provided external guarantee with an accumulated amount of RMB300 million, and the content and amount of the Group's external guarantees were within the scope of limit set out in the framework for the guarantees as approved at the general meeting, and there was no overdue guarantee. As at the end of the Reporting Period, the Group provided external guarantees with a total balance of RMB128 million, all of them were guarantees provided by the Company's subsidiary Huangpu Wenchong to its wholly-owned subsidiaries. The guaranteed items are comprehensive credit guarantee and financing item guarantee.		

5.5 Environmental information

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

Pursuant to the Notice of Guangzhou Municipal Ecological Environment Bureau on the Issuance of the List of Key Units for Environmental Supervision in Guangzhou in 2023 (Sui Huan [2023] No. 37) issued by Guangzhou Municipal Ecological Environment Bureau, three members of the Company, namely, Huangpu Wenchong, Wenchong Shipyard and Guangzhou Huangchuan Ocean Engineering Co., Ltd. (“**Huangchuan Ocean Engineering**”) were included in the list of key units for environmental supervision in Guangzhou in 2023.

5.5.1.1 Information on pollution discharge

Name of major and specific pollutants	Emission method	Number and distribution of emission outlets	Emission concentration and total emission	Excess emission	Pollutant emission standards in effect	Approved total emission
Toluene	Organized (intermittent)	Huangpu Wenchong (4)	Average emission concentration 0.157mg/m ³ , total emission 8KG	None	Emission Limits of Air Pollutants (DB44/27- 2001) period II Standard Level 2	–
		Wenchong Shipyard (6)	Average emission concentration 1.89mg/m ³ , total emission 744KG	None		–
		Huangchuan Ocean Engineering (4)	Average concentration 0.08mg/m ³ , total emission 10.29KG	None		–
Xylene	Organized (intermittent)	Huangpu Wenchong (4)	Average emission concentration 0.69mg/m ³ , total emission 60.2KG	None	Emission Limits of Air Pollutants (DB44/27- 2001) period II Standard Level 2	–
		Wenchong Shipyard (6)	Average emission concentration 11.68mg/m ³ , total emission 849KG	None		–
		Huangchuan Ocean Engineering (4)	Average concentration 4.16mg/m ³ , total emission 781.22KG	None		–

VOCs	Organized emission (intermittent)	Huangpu Wenchong (4)	Average emission concentration 4.71mg/m ³ , total emission 320KG	None	Emission Limits of Air Pollutants (DB44/27- 2001) period II Standard Level 2	-
		Wenchong Shipyard (6)	Average emission concentration 23.82mg/m ³ , total emission 4,577KG	None		-
		Huangchuan Ocean Engineering (4)	Average concentration 4.17mg/m ³ , total emission 509.52KG	None		-
Particulate matter	Organized emission (intermittent)	Huangpu Wenchong (4)	Average emission concentration 3.3325mg/m ³ , total emission 240KG	None	Emission Limits of Air Pollutants (DB44/27- 2001) period II Standard Level 2	-
		Wenchong Shipyard (12)	Average emission concentration 2.91mg/m ³ , total emission 1,714KG	None		-
		Huangchuan Ocean Engineering (13)	Average concentration 21.2mg/m ³ , total emission 3,137.6KG	None		-
COD	Organized emission (intermittent)	Huangpu Wenchong (1)	Average emission concentration 61mg/L, total emission 9,330KG	None	Emission Limits of Water Pollutants in Guangdong Province period II Standard Level 3 for Class II Area	-
		Wenchong Shipyard (1)	Average emission concentration 45.5mg/L, total emission 7,740KG	None		-
		Huangchuan Ocean Engineering (1)	Average concentration 20mg/L, total emission 1,872.86KG	None	Emission Limits of Water Pollutants in Guangdong Province period II Standard Level 1	-
Ammonia nitrogen	Organized emission (intermittent)	Huangpu Wenchong (1)	Average emission concentration 7.83mg/L, total emission 1,180KG	None	Emission Limits of Water Pollutants in Guangdong Province period II Standard Level 3 for Class II Area	-
		Wenchong Shipyard (1)	Average emission concentration 0.2mg/L, total emission 1,543KG	None		-
		Huangchuan Ocean Engineering (1)	Average emission concentration 2.89mg/L, total emission 330 KG	None	Emission Limits of Water Pollutants in Guangdong Province period II Standard Level 1 for Class II Area	-

5.5.1.2 Construction and operation of pollution prevention facilities

1. Huangpu Wenchong

Existing facilities of Huangpu Wenchong against environmental pollution: 6 sets of organic waste gas purification and treatment devices installed in two pretreatment lines, old painting and assembly workshop, new painting and assembly workshop, paint mixing workshop and hazardous waste warehouse respectively; 5 sets of dust removal facilities installed in two pretreatment lines, old painting and assembly workshop, new painting and assembly workshop and pipe processing workshops respectively. The organic waste gas purification and treatment device adopts the technical process of “activated carbon adsorption + catalytic combustion, zeolite rotor + catalytic combustion”, and the dust treatment device adopts the method of cyclone dust removal + filter cartridge dust removal. It has also built a hazardous waste warehouse to store hazardous waste and prevent environmental pollution.

2. Wenchong Shipyard

Existing facilities of Wenchong Shipyard against environmental pollution: 8 sets of organic waste gas purification devices (1 in each of painting workshop A and the pretreatment workshop, and 2 in each of the painting and assembly workshop D, E, and F), 7 sets of dust removal devices (1 in the pretreatment workshop, and 3 in each of workshop B and C), 6 sets of welding dust purification device (all installed in the pipe processing workshops). All units using these anti-pollution devices have kept regular maintenance of the devices with detailed operation record. The Company carries out real-time monitoring of VOC emissions. In the first half of 2023, we completed the renovation project of environmental protection facilities in the painting workshop A, and installed new online monitoring equipment (the former online monitoring equipment provided by the District Environmental Protection Bureau has been shut down). Currently, the new online monitoring system has been connected to the national pollution discharge management platform. It can conduct real-time monitoring on VOC emissions, and is now subject to acceptance inspection.

3. Huangchuan Ocean Engineering

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

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

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

Huangpu Wenchong, Wenchong Shipyard and Huangchuan Ocean Engineering own the Pollution Discharge Permit and the Drainage Permit.

5.5.1.4 Emergency plans for sudden environmental events

Huangpu Wenchong, Wenchong Shipyard and Huangchuan Ocean Engineering have prepared the Emergency Rescue Plan for Environmental Emergencies in strict accordance with the “Measures for the Administration of Emergency Response Plans” issued by the General Office of the State Council, and has made a dossier at the local environmental protection department; at the same time, regularly conduct the drills with site records and summary assessment in compliance with the annual environment emergency drill plan, to continuously improve the ability to deal with environment emergencies.

5.5.1.5 Environmental self-monitoring solutions

According to the State Environmental Protection Standard HJ819-2017 “General Rules for Self-monitoring Technical Guide for Emission Units”, Huangpu Wenchong, Wenchong Shipyard and Huangchuan Ocean Engineering have developed their own environmental monitoring programs for posting, on the National Pollutants Emission Permits Administration Information Platform. Qualified companies has been appointed by Huangpu Wenchong, Wenchong Shipyard and Huangchuan Ocean Engineering to carry out regular monitoring work, quarterly monitoring is performed on waste gas, waste water and noise emissions in each plant area, and test results are in compliance with the emissions standards. Test data is used to keep track of the operation of environmental protection equipment and facilities, with good maintenance and management to ensure that pollutant emissions meet the standards and do not exceed the standards.

5.6 Explanation on other significant events

5.6.1 Details of pledges of the assets of the Group

As at 30 June 2023, the Company had a total of bank deposits amounting to RMB3 million used to secure bank acceptance notes, letters of guarantee, letters of credit and as deposit for bank drafts; a total of RMB4 million of notes receivable was pledged to secure bank acceptance notes obtained. Save as disclosed above, no other assets of the Group were subject to pledge.

5.6.2 Gearing ratio

As at 30 June 2023, the Group's gearing ratio (calculated by total liabilities / total assets x 100%) was 57.08%, representing a decrease of 2.60 percentage points as compared with 59.68% of the beginning of the Reporting Period.

5.6.3 Repurchase, sale or redemption of securities of the Company

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

§ 6 OUTLOOK

6.1 Industry development

The new shipbuilding market is expected to achieve resilient recovery and development. Although the impact of high vessel prices and tight supply of berthing areas still exists, the new shipbuilding market is supported by favourable factors such as the recovery of oil tanker orders and the green transformation of the shipping industry, the order volume significantly exceeds the market forecast at the beginning of the year. The transaction volume of global orders for new ships is expected to reach approximately 90 million DWT in 2023.

The offshore engineering market tends to be improving as driven by international oil prices. At present, the international oil price is at a relatively high level, which is able to provide a better coverage of the cost of offshore oil and gas development projects. With the significant growth in offshore oil and gas development activities and the substantial growth in offshore engineering equipment adoption rate and rental rate, the development of the offshore engineering equipment newbuilding market will remain stable and improving. However, in the short term, due to factors such as rising newbuilding prices, tight construction resources and financing difficulties, it is estimated that the turnover of offshore engineering equipment will be around US\$22 billion in 2023, which is slightly lower than the level in 2022.

The application industry is still in the policy window period and the golden development period. China is vigorously developing strategic emerging industries such as new energy, new materials, green and environmental protection, and intelligent manufacturing. In the future, the market development logic driven by the energy structure reform will become increasingly distinct. The offshore wind power business will have a broad prospect, while the new infrastructure fields such as industrial internet will also face huge development opportunities. Due to the decline of wind turbine prices and the launch of new plans, offshore wind power will enter a rapid development period and continue to develop towards large-scale, deepsea and floating type wind turbines. The “Wind Power+” diversified development will also provide new driving forces for the marine economy.

Note: The above information and data are from China Shipbuilding Industrial Economy Research Centre.

6.2 The Company’s development strategy

The Group has established the strategic goal of becoming a leading international integrated marine business developer, and is committed to building high-quality marine equipment, to strengthen the military and serving the nation, by focusing on the marine industry and developing harmoniously to become a world-class listed marine equipment company with integrated research and development, manufacturing and services.

Facing the new normal of the development of the shipbuilding market, the Group adheres to the enterprise spirit of “innovation, efficiency, cooperation and win-win”, follows the development concept of “devoting to both manufacturing and service”, and actively builds up three major industrial layouts of “marine defense equipment industry”, “ship and offshore engineering equipment industry” and “marine science and technology innovation and application industry”, fully aligns with major strategies including the “Belt and Road” initiative, military-civilian integration development for the building of a strong manufacturing country and a strong maritime country, focusing on “optimising structure, deepening reform, and innovative development” and promoting the expansion and extension of the traditional manufacturing industry in a direction towards higher value, so as to strengthen and optimise its main business, vigorously expand emerging industries, accelerate the Company’s transformation and upgrading, and achieve high-quality development.

6.3 2023 business plan

In 2023, the Company plans to realise operating income of RMB13.8 billion and to secure orders with contract value of RMB16.2 billion. The Company will actively adapt to new market trend and strengthen principal business operation; improve productivity and cost control; make more efforts on research and development of products to enhance the leading power of innovation, in order to achieve the 2023 business plan.

The business objectives above do not represent the profit forecast of the Group for 2023, nor do they constitute undertakings to investors in respect of the performance of the Company. Actual business performance of the Company is subject to various internal and external factors and involves uncertainties. Investors are reminded of investment risks.

6.4 Events after the Reporting Period

The Group has no material events after the Reporting Period required to be disclosed as at the date of this announcement.

§ 7 CORPORATE GOVERNANCE REPORT

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

7.1 Corporate Governance

The Company keeps improving its corporate governance structure in accordance with the Company Law of the People's Republic of China (the "**Company Law**"), the Securities Law of the People's Republic of China, relevant laws and regulations issued by the China Securities Regulatory Commission and the requirements of the listing rules of the Shanghai Stock Exchange and the Hong Kong Stock Exchange. To date, the Company's governance had no material difference from the Company Law and relevant regulations of the China Securities Regulatory Commission.

During the six months ended 30 June 2023, the Company has adopted the codes set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules, and save as disclosed below, has complied with all the code provisions, except that for the purpose of Code Provision C.1.6 of the CG Code, Mr. Xiang Huiming, being an executive Director, Mr. Chen Ji and Mr. Ren Kaijiang, both being non-executive Directors, were unable to attend the 2023 first extraordinary general meeting of the Company held on 21 April 2023 for work reasons; and Mr. Xiang Huiming, being an executive Director, Mr. Chen Ji and Mr. Gu Yuan, both being non-executive Directors, were unable to attend the 2022 annual general meeting of the Company held on 24 May 2023 for work reasons. For the purpose of the requirements of principle C.2 of the CG Code and the code provisions applicable to the chairman, the former Chairman of the Company resigned due to retirement, and as at the date of this announcement, the Company has not yet elected a new director to replace Mr. Han Guangde, being the former Chairman, in relation to the positions of the Chairman of the Company, a Director and the chairman of the Strategy Committee of the Board. Mr. Han Guangde's resignation did not affect the normal operation of the Board of the Company, but the Company will elect a new Chairman as soon as possible in accordance with relevant laws and regulations and the Articles of Association of the Company, so as to ensure full compliance with the requirements of the above CG Code and the continued and better performance of corporate governance duties.

7.2 Securities Transactions by Directors

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

7.3 Meetings of the Board

As at the end of the Reporting Period, a total of four meetings (including three in written format) were held by the Board. All Directors attended these meetings (including attendance by proxy).

In addition, as at the end of the Reporting Period, the Audit Committee of the Board held four meetings to consider resolutions including the annual report of the Company for year 2022, the report on the internal control review, and the first quarterly report for year 2023; the Emolument and Examination Committee held two meetings to consider the resolutions on the remuneration of the Directors, Supervisors and senior management of the Company for year 2022 and on the business performance responsibility statement of the management members of the Company for year 2023; the Nomination Committee held one meeting to consider the resolution on nominating a candidate for the non-executive Director of the tenth session of the Board of the Company.

§ 8 FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

(Amounts denominated in Renminbi unless otherwise specified)

Consolidated Balance Sheet

30 June 2023

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

Unit: Yuan Currency: RMB

Item	30 June 2023	31 December 2022
Current assets:		
Cash at bank and on hand	9,891,953,817.90	14,813,771,761.29
Settlement reserve		
Placements with banks and non-bank financial institutions		
Financial assets held-for-trading	4,939,799.96	29,872,972.39
Derivative financial assets		
Notes receivable	17,175,915.76	86,019,898.33
Accounts receivable	1,615,659,264.38	1,068,053,871.94
Receivable financing	113,711,656.69	111,888,545.80
Prepayments	3,257,290,286.58	2,892,088,396.57
Insurance premium receivable		
Reinsurance premium receivable		
Reserves for reinsurance contract receivable		
Other receivables	62,946,641.92	60,834,609.19
Including: Interest receivable		
Dividend receivable		
Financial assets purchased under agreements to resell		
Inventories	5,413,145,291.23	4,353,610,820.41
Contract assets	3,832,164,584.23	2,294,261,099.29
Assets held for sale		
Non-current assets due within one year		
Other current assets	197,911,915.27	134,733,999.65
Total current assets	24,406,899,173.92	25,845,135,974.86

Item	30 June 2023	31 December 2022
Non-current assets:		
Loans and advances granted		
Debt investments		
Other debt investments		
Long-term receivables	2,080,335,058.34	2,152,535,952.28
Long-term equity investments	5,196,499,496.96	5,576,276,499.57
Investments in other equity instruments	7,196,651,479.05	4,911,318,677.22
Other non-current financial assets		
Investment properties	132,917,919.06	136,186,631.58
Fixed assets	5,354,490,301.67	5,354,647,353.76
Construction in progress	288,236,906.24	277,015,334.55
Productive biological assets		
Oil and gas assets		
Right-of-use asset	167,115,524.81	183,901,510.27
Intangible assets	900,514,593.24	910,432,718.07
Development expenses		
Goodwill		
Long-term deferred expenses	47,254,733.50	49,583,618.68
Deferred income tax assets	372,859,588.24	374,959,504.28
Other non-current assets	723,078,104.66	736,372,873.26
Total non-current assets	22,459,953,705.77	20,663,230,673.52
Total assets	46,866,852,879.69	46,508,366,648.38
Current liabilities:		
Short-term borrowings	1,605,943,583.33	2,881,008,138.92
Loans from central bank		
Placements from banks and other financial institutions		
Financial liabilities held-for-trading	43,757,562.10	5,919,716.73
Derivative financial liabilities		
Notes payable	1,712,111,908.09	2,984,392,901.64
Accounts payable	5,269,070,627.09	4,541,444,942.07

Item	30 June 2023	31 December 2022
Advances from customers		
Contract liabilities	13,028,870,648.48	11,979,592,304.12
Securities sold under agreements to repurchase		
Deposits from customers and other banks		
Brokerage for securities trading		
Brokerage for underwriting securities		
Employee benefits payable	136,349,582.75	1,179,807.93
Taxes payable	25,522,975.39	76,728,304.39
Other payables	293,302,983.93	273,196,896.59
Including: Interest payable		
Dividends payable	14,896,463.86	761,400.08
Fees and commission payable		
Reinsured accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	1,120,505,475.10	1,459,215,392.42
Other current liabilities	110,090,217.70	158,671,658.76
Total current liabilities	23,345,525,563.96	24,361,350,063.57
Non-current liabilities:		
Reserves for insurance contracts		
Long-term borrowings	1,725,816,000.00	2,230,247,510.00
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	104,925,477.30	114,585,384.56
Long-term payable		
Long-term employee benefits payable	119,849,261.13	129,074,455.73
Estimated liabilities	149,009,322.56	136,750,611.11
Deferred income	72,578,160.61	87,673,373.52
Deferred tax liabilities	1,100,695,126.31	530,873,731.81
Other non-current liabilities	132,462,293.42	166,058,913.54
Total non-current liabilities	3,405,335,641.33	3,395,263,980.27
Total liabilities	26,750,861,205.29	27,756,614,043.84

Item	30 June 2023	31 December 2022
Owners' equity (or shareholders' interests):		
Share capital	1,413,506,378.00	1,413,506,378.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	9,001,688,003.73	9,375,981,708.49
Less: Treasury shares		
Other comprehensive income	3,174,199,117.54	1,450,554,845.16
Special reserve		
Surplus reserve	1,111,646,419.34	1,111,646,419.34
Provision for general risks		
Retained earnings	2,246,018,306.04	2,236,913,341.23
Total equity attributable to shareholders of the Company	16,947,058,224.65	15,588,602,692.22
Non-controlling interests	3,168,933,449.75	3,163,149,912.32
Total equity	20,115,991,674.40	18,751,752,604.54
Total liabilities and equity	46,866,852,879.69	46,508,366,648.38

Person in charge of the Company:
Chen Liping

Person in charge of accounting:
Hou Zengquan

Head of accounting department:
Xie Weihong

Balance Sheet of the Parent Company

30 June 2023

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

Unit: Yuan Currency: RMB

Item	30 June 2023	31 December 2022
Current assets:		
Cash at bank and on hand	1,449,264,832.97	1,431,102,333.93
Financial assets held-for-trading		
Derivative financial assets		
Notes receivable		
Accounts receivable	153,693.77	4,859,222.94
Receivable financing		
Prepayments		
Other receivables	554,505.40	794,605.06
Including: Interest receivable		
Dividend receivable		
Inventories	24,909,034.04	24,909,034.04
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	20,588,552.92	20,817,863.40
Total current assets	1,495,470,619.10	1,482,483,059.37

Item	30 June 2023	31 December 2022
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	6,795,168,969.80	7,162,989,992.29
Investments in other equity instruments	7,157,757,685.56	4,845,786,728.48
Other non-current financial assets		
Investment properties	132,917,919.06	136,186,631.58
Fixed assets	4,426,055.09	4,642,135.34
Construction in progress		
Productive biological assets		
Oil and gas assets		
Right-of-use asset		
Intangible assets		
Development expenses		
Goodwill		
Long-term deferred expenses		
Deferred tax assets	158,488.36	
Other non-current assets		
Total non-current assets	14,090,429,117.87	12,149,605,487.69
Total assets	15,585,899,736.97	13,632,088,547.06

Item	30 June 2023	31 December 2022
Current liabilities:		
Short-term borrowings		
Financial liabilities held-for-trading		
Derivative financial liabilities		
Notes payable		
Accounts payable	17,388,661.11	22,976,208.62
Advances from customers		
Contract liabilities	24,173,111.03	24,173,111.03
Employee benefits payable		
Taxes payable	2,357,683.32	683,214.76
Other payables	14,974,025.53	909,391.83
Including: Interest payable		
Dividends payable	14,896,463.86	761,400.08
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	58,893,480.99	48,741,926.24
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities		
Long-term payable		
Long-term employee benefits payable		
Estimated liabilities		
Deferred income		
Deferred tax liabilities	1,074,968,621.39	496,975,882.12
Other non-current liabilities		
Total non-current liabilities	1,074,968,621.39	496,975,882.12
Total liabilities	1,133,862,102.38	545,717,808.36

Item	30 June 2023	31 December 2022
Owners' equity:		
Share capital	1,413,506,378.00	1,413,506,378.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	8,209,301,383.45	8,583,595,088.21
Less: Treasury shares		
Other comprehensive income	3,225,934,169.82	1,491,982,474.20
Special reserve		
Surplus reserve	628,168,219.37	628,168,219.37
Retained earnings	975,127,483.95	969,118,578.92
Total equity	14,452,037,634.59	13,086,370,738.70
Total liabilities and equity	15,585,899,736.97	13,632,088,547.06

Person in charge of the Company:
Chen Liping

Person in charge of accounting:
Hou Zengquan

Head of accounting department:
Xie Weihong

Consolidated Income Statement

From January to June 2023

Unit: Yuan Currency: RMB

Item	1st half of 2023	1st half of 2022
I. Total operating income	5,982,333,803.04	4,271,202,500.99
Including: Operating income	5,982,333,803.04	4,271,202,500.99
Interest income		
Premium earned		
Fee and commission income		
II. Total operating costs	5,941,223,372.75	4,262,331,150.93
Including: Operating costs	5,611,512,672.88	3,977,648,314.95
Interest expense		
Fee and commission expenses		
Refunded premiums		
Net amount of compensation payout		
Net increase in insurance contracts reserve		
Policy dividend payment		
Reinsured expenses		
Taxes and surcharges	8,481,515.13	10,590,337.20
Selling expenses	43,610,333.25	38,110,356.05
Administrative expenses	273,840,779.15	245,491,846.23
Research and development expense	231,432,606.50	221,092,386.17
Financing cost	-227,654,534.16	-230,602,089.67
Including: Interest expenses	60,050,142.80	70,720,155.93
Interest income	202,806,848.14	230,567,348.75
Add: Other income	46,302,509.17	26,918,135.72
Investment income (loss expressed with “-”)	-20,287,931.58	-24,331,129.96
Including: Income from investment in associates and joint ventures	-5,456,775.66	6,186,446.15
Derecognition income of financial assets measured at amortised cost		
Exchange gain (loss expressed with “-”)		
Net gain from exposure hedging (loss expressed with “-”)		
Gain from change in fair value (loss expressed with “-”)	-43,234,836.94	17,336,152.70

Item	1st half of 2023	1st half of 2022
Loss on impairment of credit (loss expressed with “-”)	-6,523,917.58	24,145,248.32
Loss on impairment of assets (loss expressed with “-”)	-4,457,594.94	-25,904,928.57
Gains from disposal of assets (loss expressed with “-”)		
III. Operating profit (loss expressed with “-”)	12,908,658.42	27,034,828.27
Add: Non-operating income	1,825,065.55	2,016,537.01
Less: Non-operating expenses	1,297,967.14	712,882.16
IV. Total profit (total loss expressed with “-”)	13,435,756.83	28,338,483.12
Less: Income tax expense	-4,770,338.94	-100,008.09
V. Net profit (net loss expressed with “-”)	18,206,095.77	28,438,491.21
(1) By continuity of operations		
1. Net profit from continuing operations (net loss expressed with “-”)	18,206,095.77	28,438,491.21
2. Net profit from discontinued operations (net loss expressed with “-”)		
(2) By ownership		
1. Net profit attributable to shareholders of the Parent Company (net loss expressed with “-”)	12,665,284.90	18,928,805.72
2. Gain or loss attributable to non-controlling interests (net loss expressed with “-”)	5,540,810.87	9,509,685.49
VI. Net other comprehensive income after tax	1,734,461,742.63	-960,603,195.65
Net other comprehensive income after tax attributable to owners of the Company	1,734,219,016.07	-954,835,616.92
(1) Other comprehensive income that may not be subsequently reclassified to profit and loss	1,732,714,093.83	-956,278,232.71
1. Change in re-measurement of defined benefit plans		
2. Other comprehensive income that may not be reclassified to profit or loss under equity method	-26,522.19	-150,727.84
3. Change in fair value of investments in other equity instruments	1,732,740,616.02	-956,127,504.87
4. Change in fair value of own credit risk		
(2) Other comprehensive income will be subsequently reclassified to profit or loss	1,504,922.24	1,442,615.79

Item	1st half of 2023	1st half of 2022
1. Other comprehensive income that may be reclassified to profit or loss under equity method		
2. Change in fair value of other debt investments		
3. Amount included in other comprehensive income on reclassification of financial assets		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedges reserve		
6. Exchange differences arising from translation of foreign currency financial statements	1,504,922.24	1,442,615.79
7. Others		
Net other comprehensive income after tax attributable to non-controlling interests	242,726.56	-5,767,578.73
VII. Total comprehensive income	1,752,667,838.40	-932,164,704.44
Total comprehensive income attributable to owners of the Parent Company	1,746,884,300.97	-935,906,811.20
Total comprehensive income attributable to non-controlling interests	5,783,537.43	3,742,106.76
VIII. Earnings per share:		
(1) Basic earnings per share (RMB/share)	0.0090	0.0134
(2) Diluted earnings per share (RMB/share)	0.0090	0.0134

Person in charge of the Company:
Chen Liping

Person in charge of accounting:
Hou Zengquan

Head of accounting department:
Xie Weihong

Income statement of the Parent Company

From January to June 2023

Unit: Yuan Currency: RMB

Item	1st half of 2023	1st half of 2022
I. Operating income	6,546,600.00	6,546,600.00
Less: Operating costs	3,268,712.52	3,268,712.52
Taxes and surcharges	45,684.84	45,319.32
Selling expenses		
Administrative expenses	7,587,938.80	6,143,004.88
Research and development expense		
Financing cost	-19,322,148.02	-12,564,904.12
Including: Interest expenses		265.23
Interest income	19,331,504.58	12,568,994.83
Add: Other income	103,521.97	141,292.31
Investment income (loss expressed with “-”)	6,499,204.46	6,846,849.39
Including: Investment income from associates and joint ventures	6,499,204.46	6,846,849.39
Derecognition income of financial assets measured at amortised cost (loss expressed with “-”)		
Net gain on exposure hedging (loss expressed with “-”)		
Gain from change in fair value (loss expressed with “-”)		9,813,000.00
Loss on impairment of credit (loss expressed with “-”)	522,836.58	-58,641.83
Loss on impairment of assets (loss expressed with “-”)		
Gains from disposal of assets (loss expressed with “-”)		
II. Operating profit (loss expressed with “-”)	22,091,974.87	26,396,967.27
Add: Non-operating income	450.00	
Less: Non-operating expenses	547.00	2,288.50
III. Total profit (total loss expressed with “-”)	22,091,877.87	26,394,678.77
Less: Income tax expense	1,947,909.06	2,455,882.99

Item	1st half of 2023	1st half of 2022
IV. Net profit (net loss expressed with “-”)	20,143,968.81	23,938,795.78
(1) Net profit from continuing operations (net loss expressed with “-”)	20,143,968.81	23,938,795.78
(2) Net profit from discontinued operations (net loss expressed with “-”)		
V. Net other comprehensive income after tax	1,733,951,695.62	-947,884,824.31
(1) Other comprehensive income that may not be subsequently reclassified to profit and loss	1,733,951,695.62	-947,884,824.31
1. Change in re-measurement of defined benefit plans		
2. Other comprehensive income that may not be reclassified to profit or loss under equity method	-26,522.19	-150,727.84
3. Change in fair value of investments in other equity instruments	1,733,978,217.81	-947,734,096.47
4. Change in fair value of own credit risk		
(2) Other comprehensive income will be subsequently reclassified to profit or loss		
1. Other comprehensive income that may be reclassified to profit or loss under equity method		
2. Change in fair value of other debt investments		
3. Amount included in other comprehensive income on reclassification of financial assets		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedges reserve		
6. Exchange differences arising from translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	1,754,095,664.43	-923,946,028.53

Person in charge of the Company:
Chen Liping

Person in charge of accounting:
Hou Zengquan

Head of accounting department:
Xie Weihong

Consolidated Cash Flow Statement

From January to June 2023

Unit: Yuan Currency: RMB

Item	1st half of 2023	1st half of 2022
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	4,425,920,100.97	7,825,976,243.19
Net increase in deposits from customers and deposits from other banks		
Net increase in loans from central bank		
Net increase in placements from other financial institutions		
Cash receipts of premium for direct insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits from insurance policy holders and investment		
Cash receipts of interest, fees and commissions		
Net increase in placements from banks and non-bank financial institutions		
Net increase in sales and repurchase operations		
Cash receipts of brokerage for securities trading		
Cash received from tax refund	215,554,024.81	323,800,214.02
Other cash receipts relating to operating activities	324,847,813.01	360,741,005.43
Sub-total of cash inflows from operating activities	4,966,321,938.79	8,510,517,462.64
Cash paid for goods and services	6,777,311,802.30	6,509,057,524.64
Net increase in loans and advances to customers		
Net increase in central bank and interbank deposits		
Cash paid for claims of direct insurance contracts		
Net increase in placements with banks and non-bank financial institutions		
Cash paid for interest, fees and commissions		
Cash paid for dividends of insurance policies		
Cash paid to and on behalf of employees	479,544,945.28	402,197,049.84
Payments of taxes	64,613,475.19	25,898,832.24
Other cash payments relating to operating activities	248,349,153.84	293,895,431.61
Sub-total of cash outflows from operating activities	7,569,819,376.61	7,231,048,838.33
Net cash flows from operating activities	-2,603,497,437.82	1,279,468,624.31

Item	1st half of 2023	1st half of 2022
II. Cash flows from investing activities:		
Cash receipts from disposal of investments	25,218,000.00	3,800,000,000.00
Cash receipts from investment income	7,854,819.88	98,837,063.12
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,335,897.69	263,853.27
Net cash receipts from disposal of subsidiaries and other business units		
Other cash receipts relating to investing activities	3,990,375,337.93	2,743,763,213.49
Sub-total of cash inflows from investing activities	4,025,784,055.50	6,642,864,129.88
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	255,864,858.16	89,389,920.99
Cash paid for investments	7,072,316.00	1,604,692,000.00
Net increase in pledged loans		
Net cash paid for acquisition of subsidiaries and other business units		
Other cash payments relating to investing activities	4,543,875,505.38	6,129,177,454.10
Sub-total of cash outflows from investing activities	4,806,812,679.54	7,823,259,375.09
Net cash flows from investing activities	-781,028,624.04	-1,180,395,245.21
III. Cash flows from financing activities:		
Cash receipts from receiving investments		
Including: Cash received by subsidiaries from receiving investments made by non-controlling interests		
Cash receipts from borrowings	716,000,000.00	3,100,000,000.00
Other cash receipts relating to financing activities		
Sub-total of cash inflows from financing activities	716,000,000.00	3,100,000,000.00
Cash paid for repayment of debts	2,825,200,000.00	2,008,200,000.00
Cash paid for dividends, profit distribution or interest expenses	59,369,921.10	75,676,295.75
Including: Dividends and profits paid by subsidiaries to non-controlling interests		
Other cash payments relating to financing activities	45,968,323.81	537,507.37
Sub-total of cash outflows from financing activities	2,930,538,244.91	2,084,413,803.12
Net cash flows from financing activities	-2,214,538,244.91	1,015,586,196.88

Item	1st half of 2023	1st half of 2022
IV. Effect of change in exchange rate on cash and cash equivalents	54,128,606.18	41,391,325.31
V. Net increase in cash and cash equivalents	-5,544,935,700.59	1,156,050,901.29
Add: Beginning balance of cash and cash equivalents	11,069,985,285.84	5,417,061,556.97
VI. Ending balance of cash and cash equivalents	5,525,049,585.25	6,573,112,458.26

Person in charge of the Company:
Chen Liping

Person in charge of accounting:
Hou Zengquan

Head of accounting department:
Xie Weihong

Cash Flow Statement of the Parent Company

From January to June 2023

Unit: Yuan Currency: RMB

Item	1st half of 2023	1st half of 2022
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	7,135,794.00	8,135,794.00
Cash received from tax refund		
Other cash receipts relating to operating activities	2,227,189.29	8,988,153.63
Sub-total of cash inflows from operating activities	9,362,983.29	17,123,947.63
Cash paid for goods and services	115,951.98	1,060,927.81
Cash paid to and on behalf of employees	4,274,988.99	3,777,036.89
Payments of taxes	255,452.45	257,630.42
Other cash payments relating to operating activities	4,269,725.55	11,077,622.07
Sub-total of cash outflows from operating activities	8,916,118.97	16,173,217.19
Net cash flows from operating activities	446,864.32	950,730.44
II. Cash flows from investing activities:		
Cash receipts from disposal of investments		
Cash receipts from investment income		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,910.00
Net cash receipts from disposal of subsidiaries and other business units		
Other cash receipts relating to investing activities	584,274,661.11	517,352,313.89
Sub-total of cash inflows from investing activities	584,274,661.11	517,355,223.89
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		386,095.98
Cash paid for investments		
Net cash paid for acquisition of subsidiaries and other business units		
Other cash payments relating to investing activities	1,042,000,000.00	286,000,000.00
Sub-total of cash outflows from investing activities	1,042,000,000.00	286,386,095.98
Net cash flows from investing activities	-457,725,338.89	230,969,127.91

Item	1st half of 2023	1st half of 2022
III. Cash flows from financing activities:		
Cash receipts from receiving investments		
Cash receipts from borrowings		
Cash receipts from issuance of bonds		
Sub-total of cash inflows from financing activities		
Cash paid for repayment of debts		
Cash paid for dividends, profit distribution or interest expenses		
Other cash payments relating to financing activities		90,979.00
Sub-total of cash outflows from financing activities		90,979.00
Net cash flows from financing activities		-90,979.00
IV. Effect of change in exchange rate on cash and cash equivalents	-771.14	-3.40
V. Net increase in cash and cash equivalents	-457,279,245.71	231,828,875.95
Add: Beginning balance of cash and cash equivalents	854,215,666.15	66,939,423.22
VI. Ending balance of cash and cash equivalents	396,936,420.44	298,768,299.17

Person in charge of the Company:
Chen Liping

Person in charge of accounting:
Hou Zengquan

Head of accounting department:
Xie Weihong

§ 9 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

I. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

(1) Basis for preparation

Based on going-concern assumption and transactions and events actually occurred, the financial statements of the Group have been prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and relevant regulations (hereinafter referred to as the “Accounting Standards for Business Enterprises”), and No. 15 of Regulations on Information Disclosures of Companies that Issue Public Offering Shares – General Rules of Preparing Financial Reports (revised in 2014) issued by China Securities Regulatory Commission (CSRC), the applicable disclosures required by regulations of Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as well as the accounting policies of and estimates made by the Group.

(2) Going concern

The management of the Group has assessed its ability to operate on a continuing basis for the 12 months from 30 June 2023 and is of the view that its existing financial position should be sufficient to meet the production and operation of the Group. These financial statements are prepared on a going-concern basis.

II. STATEMENT OF COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

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

III. NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial statements data disclosed below, unless otherwise stated, “Beginning balance” refers to the balance as at 1 January 2023; and “Ending balance” refers to the balance as at 30 June 2023. “Current period” refers to the period from 1 January 2023 to 30 June 2023; and “Corresponding period of last year” refers to the period from 1 January 2022 to 30 June 2022. The currency unit is RMB.

1. Notes receivable

1) Types of notes receivable

Item	Ending balance	Beginning balance
Bank acceptance bills	17,175,915.76	13,400,688.56
Finance company acceptance bills		72,619,209.77
Commercial acceptance bills		
Total	17,175,915.76	86,019,898.33

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

Item	Pledged amount as at the end of the period
Bank acceptance notes	3,857,700.31
Finance company acceptance notes	
Commercial acceptance notes	
Total	3,857,700.31

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

None

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

None

5) Disclosure by the bad debt provision method

Type	Ending balance				Beginning balance				
	Book balance		Provision for bad debts		Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made on an individual basis									
Provision for bad debts made on a collective basis	17,175,915.76	100.00			86,019,898.33	100.00			86,019,898.33
Including: Due within one year	17,175,915.76	100.00			86,019,898.33	100.00			86,019,898.33
Total	17,175,915.76				86,019,898.33				86,019,898.33

2. Accounts receivable

1) The ageing analysis of accounts receivable as at the transaction date is as follows

Ageing	Ending balance	Beginning balance
Within one year (inclusive)	1,346,896,971.31	872,596,133.00
1 to 2 years	197,551,389.09	125,944,161.53
2 to 3 years	92,853,874.92	88,335,853.28
3 to 4 years	7,752,043.75	2,245,358.18
4 to 5 years	12,770,372.06	10,822,918.40
Over 5 years	1,214,057.21	1,187,971.86
Subtotal	1,659,038,708.34	1,101,132,396.25
Less: Provision for bad debts	43,379,443.96	33,078,524.31
Total	1,615,659,264.38	1,068,053,871.94

2) Credit period of accounts receivable

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

3) Disclosure of accounts receivable by method of bad debt provision

Type	Ending balance				Beginning balance				
	Book balance		Provision for bad debts		Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made on an individual basis									
Including: Accounts receivable of which the credit risk has significantly increased since initial recognition									
Provision for bad debts made on a collective basis	1,659,038,708.34	100.00	43,379,443.96	2.61	1,101,132,396.25	100.00	33,078,524.31	3.00	1,068,053,871.94
Including: Accounts receivable of which the credit risk has not significantly increased since initial recognition	1,659,038,708.34	100.00	43,379,443.96	2.61	1,101,132,396.25	100.00	33,078,524.31	3.00	1,068,053,871.94
Total	1,659,038,708.34	100.00	43,379,443.96		1,101,132,396.25	100.00	33,078,524.31		1,068,053,871.94

a) Accounts receivable with provision for bad debts made on an individual basis

None

b) Accounts receivable with provision for bad debts made on a collective basis

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Related parties portfolio	121,512,020.99		
Portfolio of government units and public institutions	550,871,547.14		
Ageing portfolio	986,655,140.21	43,379,443.96	4.40
Total	1,659,038,708.34	43,379,443.96	–

The details of the ageing portfolio are as follows:

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Within one year	738,613,495.69	853,511.67	0.12
1 to 2 years	185,374,403.61	18,537,440.36	10.00
2 to 3 years	52,768,190.34	15,830,457.11	30.00
3 to 4 years	5,750,944.79	4,600,755.83	80.00
4 to 5 years	2,954,133.92	2,363,307.13	80.00
Over 5 years	1,193,971.86	1,193,971.86	100.00
Total	986,655,140.21	43,379,443.96	–

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

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

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

Type	Beginning balance	Amount of changes during the period			Ending balance
		Provision	Recovered or reversed	Resold or written-off	
Provision for bad debts of accounts receivable	33,078,524.31	10,300,919.65			43,379,443.96
Total	33,078,524.31	10,300,919.65			43,379,443.96

Provision for bad debts recovered or reversed during the period

None

5) *Accounts receivable written-off during the period*

None

6) *Accounts receivable of top five debtors by ending balance*

Name of entity	Relationship with the Group	Ending balance	Percentage of ending balance of total accounts receivable (%)	Ending balance of provision for bad debts
Entity 1	Third party	361,431,791.13	21.79	
Entity 2	Third party	215,028,000.00	12.96	
Entity 3	Third party	201,501,601.23	12.15	9,229,059.22
Entity 4	Third party	96,510,633.14	5.82	
Entity 5	Third party	71,351,910.50	4.30	
Total		945,823,936.00	57.02	9,229,059.22

7) *Accounts receivable derecognised arising from transfer of financial assets*

None

8) *Amounts of assets and liabilities transferred from accounts receivable with continuing involvement*

None

3. Notes payable

Type	Ending balance	Beginning balance
Bank acceptance bills	271,730,469.77	815,586,951.54
Finance company acceptance bills	1,300,279,785.07	1,532,362,702.99
Commercial acceptance bills	140,101,653.25	636,443,247.11
Total	1,712,111,908.09	2,984,392,901.64

Other description:

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

Among the above notes payable of the Group, RMB1,712,111,908.09 had an ageing of less than 180 days, and RMB0 had an ageing of 181-360 days.

4. Accounts payable

1) *Accounts payable*

Item	Ending balance	Beginning balance
Materials purchased	2,873,281,886.38	3,363,113,360.88
Payment for construction in progress	1,001,937,540.05	103,896,678.80
Retention money	605,710,185.89	607,774,570.24
Other construction and labour services	788,141,014.77	466,660,332.15
Total	5,269,070,627.09	4,541,444,942.07

2) Ageing analysis of accounts payable based on the transaction date

Ageing	Ending balance	Beginning balance
Within one year	3,098,982,554.01	2,898,973,831.53
1 to 2 years	1,135,344,907.92	722,405,286.28
2 to 3 years	216,013,212.00	157,953,524.07
Over 3 years	818,729,953.16	762,112,300.19
Total	5,269,070,627.09	4,541,444,942.07

Of which, significant accounts payable aged over one year:

Item	Ending balance	Including: Amount aged over one year	Reason for unsettlement or carrying forward
Aviation Technology Research Institute of China Aerospace Science and Industry	172,492,600.00	119,058,400.00	Tentative estimation of arrears and deposit
Guangzhou Wenchong Industrial Co., Ltd.	130,912,787.63	113,882,678.95	Tentative estimation of arrears and deposit
Nanjing Keruida Electronic Equipment Co., Ltd.	101,282,774.00	101,273,000.00	Tentative estimation of arrears and deposit
China Shipbuilding Group Co., Ltd. No. 715 Research Institute	89,527,600.00	68,203,100.00	Tentative estimation of arrears and deposit
China Shipbuilding Group Co., Ltd. No. 704 Research Institute	195,496,439.26	68,355,486.00	Tentative estimation of arrears and deposit
China Electronics Technology Group Corporation No. 29 Research Institute	87,660,000.00	56,360,000.00	Tentative estimation of arrears and deposit
CASIC Group No. 3 Research Institute	45,554,600.00	45,554,600.00	Tentative estimation of arrears and deposit
AECC Harbin Dongan Engine Co., Ltd.	43,696,000.00	43,696,000.00	Tentative estimation of arrears and deposit
Guangzhou Ship Industrial Co., Ltd.	58,490,358.47	50,506,117.36	Tentative estimation of arrears and deposit
AECC Shenyang Liming Aero Engine Co., Ltd.	255,079,205.96	33,091,600.00	Tentative estimation of arrears and deposit
Wenzhou Bohong Electric Co., Ltd	19,673,429.58	19,673,429.58	Tentative estimation of arrears and deposit
CNR (Dalian) Diesel & Special Hudong Co., Ltd.	17,306,666.67	17,306,666.67	Tentative estimation of arrears and deposit
Guangzhou Shipyard International Company Limited	16,859,241.50	16,343,425.69	Tentative estimation of arrears and deposit
CSSC Systems Engineering Research Institute	684,305,995.64	15,571,046.55	Tentative estimation of arrears and deposit
Total	1,918,337,698.71	768,875,550.80	–

5. Retained earnings

Item	Current period	Corresponding period of last year
Retained earnings as at the end of last year before adjustment	2,236,341,205.82	1,811,537,356.69
Beginning adjustment to retained earnings (increase +, decrease -)	572,135.41	503,151.96
Retained earnings as at the beginning of the year after adjustment	2,236,913,341.23	1,812,040,508.65
Add: Net profit attributable to owners of the Parent Company for the current period	12,665,284.90	18,928,805.72
Add: Transfer from other comprehensive income to retained earnings	10,574,743.69	
Less: Statutory surplus reserve set aside		
Less: Dividends payable for ordinary shares	14,135,063.78	195,063,880.16
Retained earnings as at the end of the period	2,246,018,306.04	1,635,905,434.21

6. Net current assets

Item	Ending balance	Beginning balance
Current assets	24,406,899,173.92	25,845,135,974.86
Less: Current liabilities	23,345,525,563.96	24,361,350,063.57
Net current assets	1,061,373,609.96	1,483,785,911.29

7. Total assets less current liabilities

Item	Ending balance	Beginning balance
Total assets	46,866,852,879.69	46,508,366,648.38
Less: Current liabilities	23,345,525,563.96	24,361,350,063.57
Total assets less current liabilities	23,521,327,315.73	22,147,016,584.81

8. Operating income and operating cost

Item	Current period		Corresponding period of last year	
	Income	Cost	Income	Cost
Principal business	5,888,197,544.33	5,548,295,677.31	4,160,766,950.01	3,898,470,735.17
Other business	94,136,258.71	63,216,995.57	110,435,550.98	79,177,579.78
Total	5,982,333,803.04	5,611,512,672.88	4,271,202,500.99	3,977,648,314.95

Gross profit from principal business

Item	Current period	Corresponding period of last year
Income from principal business	5,888,197,544.33	4,160,766,950.01
Cost of principal business	5,548,295,677.31	3,898,470,735.17
Gross profit	339,901,867.02	262,296,214.84

(1) Principal business – by product

Product name	Current period	Corresponding period of last year
Income from principal business:		
Ship products	5,032,450,154.82	2,589,378,267.07
Offshore engineering products	175,170,012.40	84,928,937.95
Steel structure products	492,129,000.55	775,090,667.39
Ship maintenance and modification	100,878,302.08	647,574,516.39
Electromechanical products and others	87,570,074.48	63,794,561.21
Total	5,888,197,544.33	4,160,766,950.01
Cost of principal business:		
Ship products	4,769,847,529.02	2,448,124,903.74
Offshore engineering products	176,271,142.69	-14,503,235.64
Steel structure products	445,094,571.76	747,235,316.31
Ship maintenance and modification	90,340,127.34	659,777,279.77
Electromechanical products and others	66,742,306.50	57,836,470.99
Total	5,548,295,677.31	3,898,470,735.17

(2) Principal business – by region

Region	Current period	Corresponding period of last year
Income from principal business:		
China (including Hong Kong, Macao and Taiwan)	4,570,911,087.37	3,986,055,902.55
Other Asia regions	43,318,669.07	9,000,889.61
Europe	354,316,668.84	
Oceania		
North America	343,770,570.21	165,710,157.85
Africa	575,880,548.84	
South America		
Total	5,888,197,544.33	4,160,766,950.01
Cost of principal business:		
China (including Hong Kong, Macao and Taiwan)	4,253,846,473.57	3,723,880,122.43
Other Asia regions	25,962,587.12	8,407,148.77
Europe	353,820,697.86	
Oceania		
North America	344,592,783.01	166,183,463.97
Africa	570,073,135.75	
South America		
Total	5,548,295,677.31	3,898,470,735.17

(3) Income from and cost of other business

Product name	Current period	Corresponding period of last year
Income from other business:		
Sale of materials	65,386,047.48	68,830,497.53
Lease	24,921,411.85	35,351,116.47
Provision of energy	738,135.56	2,951,762.30
Others	3,090,663.82	3,302,174.68
Total	94,136,258.71	110,435,550.98
Costs of other business		
Sale of materials	47,964,098.58	57,957,973.28
Lease	10,193,335.83	19,006,524.15
Provision of energy	4,042,516.19	2,576,359.72
Others	1,017,044.97	-363,277.37
Total	63,216,995.57	79,177,579.78

(4) Revenue from contracts

Type of contracts	Shipbuilding and related business segment	Steel structure business segment	Ship maintenance and related business segment	Other segments	Total
Sub-total by product type	5,207,620,167.22	492,129,000.55	100,878,302.08	181,706,333.19	5,982,333,803.04
Ship products	5,032,450,154.82				5,032,450,154.82
Offshore engineering products	175,170,012.40				175,170,012.40
Steel structure products		492,129,000.55			492,129,000.55
Ship maintenance and modification			100,878,302.08		100,878,302.08
Electromechanical products and others				87,570,074.48	87,570,074.48
Other business				94,136,258.71	94,136,258.71
Sub-total by region of operation	5,207,620,167.22	492,129,000.55	100,878,302.08	181,706,333.19	5,982,333,803.04
Domestic	3,953,015,797.91	492,129,000.55	81,514,883.50	138,005,613.62	4,664,665,295.58
Overseas	1,254,604,369.31		19,363,418.58	43,700,719.57	1,317,668,507.46
Sub-total by type of market or customer	5,207,620,167.22	492,129,000.55	100,878,302.08	181,706,333.19	5,982,333,803.04
State-owned enterprises	3,082,527,682.84	491,470,939.52	56,907,605.44	91,149,627.90	3,722,055,855.70
Private enterprises	355,070,185.84	658,061.03	4,756,419.19	34,414,472.58	394,899,138.64
Foreign enterprises	1,770,022,298.54		39,214,277.45	56,142,232.71	1,865,378,808.70
Sub-total by type of contracts	5,207,620,167.22	492,129,000.55	100,878,302.08	181,706,333.19	5,982,333,803.04

Type of contracts	Shipbuilding and related business segment	Steel structure business segment	Ship maintenance and related business segment	Other segments	Total
Fixed price	5,207,620,167.22	492,129,000.55	100,878,302.08	181,706,333.19	5,982,333,803.04
Mark up pricing					
Sub-total by date of transfer of goods	5,207,620,167.22	492,129,000.55	100,878,302.08	181,706,333.19	5,982,333,803.04
Performed within a time period	2,888,042,293.86	449,697,560.43			3,337,739,854.29
Performed at a point in time	2,319,577,873.36	42,431,440.12	100,878,302.08	181,706,333.19	2,644,593,948.75
By contract term	5,207,620,167.22	492,129,000.55	100,878,302.08	181,706,333.19	5,982,333,803.04
Short-term	2,319,577,873.36	42,431,440.12	100,878,302.08	181,706,333.19	2,644,593,948.75
Long-term	2,888,042,293.86	449,697,560.43			3,337,739,854.29
By sales channel	5,207,620,167.22	492,129,000.55	100,878,302.08	181,706,333.19	5,982,333,803.04
Direct sales	5,207,620,167.22	492,129,000.55	100,878,302.08	181,706,333.19	5,982,333,803.04
Distribution sales					

(5) Top five customers by operating income

Customers	Relationship with the Group	Current period	Percentage of total income from principal business (%)
Customer 1	Third party	2,429,171,026.09	41.25
Customer 2	Third party	356,868,397.67	6.06
Customer 3	Third party	355,070,185.84	6.03
Customer 4	Third party	195,102,218.77	3.31
Customer 5	Third party	194,959,583.26	3.31
Total		3,531,171,411.63	59.96

(6) Purchase amounts from top five suppliers

Suppliers	Relationship with the Group	Current period	Percentage of total costs of principal business (%)
Supplier 1	Under common control of CSSC	2,695,885,868.95	48.59
Supplier 2	Third party	302,061,357.96	5.44
Supplier 3	Third party	160,302,600.00	2.89
Supplier 4	Third party	106,521,482.24	1.92
Supplier 5	Third party	45,230,932.89	0.82
Total		3,310,002,242.04	59.66

9. Finance expenses

(1) Breakdown of interest expenses

Item	Current period	Corresponding period of last year
Interest expenses	60,050,142.80	70,720,155.93
Including: Interest expenses from lease liabilities	8,446,913.38	7,572,609.81
Less: Interest income	202,806,848.14	230,567,348.75
Foreign exchange gains and losses	-89,495,298.86	-92,419,423.85
Other expenses	4,597,470.04	21,664,527.00
Total	-227,654,534.16	-230,602,089.67

(2) Breakdown of interest costs

Item	Current period	Corresponding period of last year
Interest on bank borrowings and overdraft	58,983,167.73	70,756,457.48
Interest on bank borrowings due within 5 years	58,983,167.73	70,756,457.48
Interest on bank borrowings due over 5 years		
Other borrowings	6,156,975.07	5,263,698.45
Interest on other borrowings due within 5 years		
Other interest expenses	6,156,975.07	5,263,698.45
Sub-total	65,140,142.80	76,020,155.93
Less: Capitalized Interest		
Less: Finance interest discount	5,090,000.00	5,300,000.00
Total	60,050,142.80	70,720,155.93

(3) Breakdown of interest income

Item	Current period	Corresponding period of last year
Interest income from bank deposits	186,278,953.04	194,597,084.67
Interest income from receivables	16,527,895.10	35,970,264.08
Total	202,806,848.14	230,567,348.75

10. Investment income

Item	Current period	Corresponding period of last year
Gain from long-term equity investments accounted under equity method	-5,456,775.66	-10,869,117.41
Investment income from disposal of financial assets held for trading	-16,581,010.17	-13,654,653.76
Dividend income from holding other equity instrument investment	1,749,854.25	192,641.21
Total	-20,287,931.58	-24,331,129.96

Notes: Investment income from investment in listed companies and non-listed companies for the period amounted to RMB1,607,885.15 (corresponding period of last year: RMB0) and RMB-21,895,816.73 (corresponding period of last year: RMB-24,331,129.96), respectively.

11. Gain from change in fair value

Source of gain from change in fair value	Current period	Corresponding period of last year
Change in fair value of financial assets held-for-trading	-5,855,719.61	17,336,152.70
Change in fair value of financial liabilities held-for-trading	-39,014,254.44	
Hedging	1,635,137.11	
Total	-43,234,836.94	17,336,152.70

12. Non-operating income

(1) Breakdown of non-operating income

Item	Current period	Corresponding period of last year	Amount included in non-recurring gains and losses for current period
Total gain from damage and disposal of non-current assets	177,694.92	232,191.56	177,694.92
Including: Gain from damage and disposal of fixed assets	177,694.92	232,191.56	177,694.92
Government grants not relating to day-to-day activities	910,064.94	910,064.94	910,064.94
Penalty income	90,100.00	214,529.00	90,100.00
Insurance claims	630,000.00	585,573.91	630,000.00
Others	17,205.69	74,177.60	17,205.69
Total	1,825,065.55	2,016,537.01	1,825,065.55

The amount included in non-recurring gains and losses for the current period was RMB1,825,065.55 (corresponding period of last year: RMB2,016,537.01).

(2) Government grants included in current profit or loss

Item	Current period	Corresponding period of last year	Relating to assets/ relating to revenue
Separation and transfer of water, power and gas supply and property management business	910,064.94	910,064.94	Relating to revenue
Total	910,064.94	910,064.94	—

(3) Description of profit from disposal of properties

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

13. Income tax expense

(1) Income tax expense

Item	Current period	Corresponding period of last year
Current income tax expense	-1,070,433.50	39,442.00
1. Mainland China	-1,070,433.50	39,442.00
2. Hong Kong		
Deferred income tax expense	-3,699,905.44	-139,450.09
Total	-4,770,338.94	-100,008.09

(2) Reconciliation of accounting profit and income tax expenses

Item	Current period	Corresponding period of last year
Total profit	13,435,756.83	28,338,483.12
Income tax expenses calculated at statutory/applicable tax rate	3,358,939.21	7,084,620.78
Impact of different tax rates for subsidiaries	-399,095.15	3,194,551.98
Impact of adjustment for income tax for previous period	-2,956,863.27	-39,827.28
Impact of non-taxable income	4,780,983.66	-1,589,739.62
Impact of non-deductible costs, expenses and losses	579,927.34	179,066.80
Impact of utilisation of deductible loss for which no deferred tax assets were previously recognised	-612,433.10	-3,752,128.81
Impact of deductible temporary differences or deductible losses for the period for which no deferred tax assets are recognised	25,224,077.26	3,483,707.85
Impact of additional deduction of research and development expense	-34,745,874.89	-8,660,259.79
Income tax expense	-4,770,338.94	-100,008.09

(3) Main types of taxes and rates

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

Notes on taxpayers subject to different enterprise income tax rates:

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

Note: Wah Shun, Wah Loong, Wan Sheng, Wan Xiang, Wan Xing, Wan Rui and Wan Yu are registered in Hong Kong and subject to Hong Kong profits tax with the tax rate of 16.50%.

(4) Preferential taxation treatment

1. Value-added tax

(1) Export income: The Group is an enterprise engaged in production and operation. Tax relief, credit and rebate policy is applicable to all of its self-produced goods for export. The tax rebate rate is 13% for ship products and 9% for steel structure products.

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

(3) In accordance with Announcement of the Ministry of Finance and the General Administration of Taxation on Clarifying the Policies of Reducing and Exempting Value-added Tax for Small Scale Value-added Taxpayers, etc. (Announcement [2023] No. 1) issued by the Ministry of Finance and the Tax Administration, from 1 January 2023 to 31 December 2023, taxpayers of production or livelihood services are entitled to additional 5% on the current period input VAT amount to deduct against the VAT payable amount and taxpayers of production or livelihood services are entitled to additional 10% on the current period input VAT amount to deduct against the VAT payable amount.

2. Enterprise income tax

(1) Huangpu Wenchong obtained the Certificate of Hi-tech Enterprise (certificate no.: GR202144007063) on 20 December 2021, with a validity till 19 December 2024. The tax rebate rate is 15% for income tax of Huangpu Wenchong.

(2) Wenchong Shipyard obtained the Certificate of Hi-tech Enterprise (certificate no.: GR202244010062) on 2 December 2022, with a validity till 1 December 2025. The tax rebate rate is 15% for income tax of Wenchong Shipyard.

(3) Wenchuan Heavy Industrial obtained the Certificate of Hi-tech Enterprise (certificate no.: GR202144012793) on 31 December 2021, with a validity till 30 December 2024. The tax rebate rate is 15% for income tax of Wenchuan Heavy Industrial.

(4) CSSC Internet obtained the Certificate of Hi-tech Enterprise (certificate no.: GR202144002423) on 20 December 2021, with a validity till 19 December 2024. The tax rebate rate is 15% for income tax of CSSC Internet.

(5) CSSC New Energy, Guangxi Heavy Industrial, Zhanjiang Nanhai, Wenchong Bingshen, Xingji, HuaCheng and HuaXin are small low-profit enterprises, according to the Announcement of Ministry of Finance and the Tax Administration No. 6 of 2023 “Announcement on Preferential Policies on Income Tax for Small and Micro Enterprises and Individual Entrepreneurs”, from 1 January 2023 to 31 December 2024, the portion of the annual taxable income of small low profit enterprises not exceeding RMB1 million will be reduced by 25% of the taxable income and subject to a tax rate of 20%.

14. Earnings per share

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

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

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

In calculating the weighted average number of ordinary shares after conversion of dilutive potential ordinary shares into ordinary shares, the dilutive potential ordinary shares which were converted in previous years are assumed to be converted at the beginning of current period and the dilutive potential ordinary shares which were converted during current period are assumed to be converted at the date of issue.

The calculation of basic earnings per share and diluted earnings per share are as follows:

Item	No.	Current period	Corresponding period of last year
Net profit attributable to shareholders of the Company	1	12,665,284.90	18,928,805.72
Non-recurring gains and losses attributable to shareholders of the Company	2	-2,813,630.16	16,828,227.97
Net profit after deducting non-recurring gains and losses attributable to shareholders of the Company	3=2-1	15,478,915.06	2,100,577.75
Total number of shares at the beginning of the year	4	1,413,506,378.00	1,413,506,378.00
Shares increased due to transferring capital reserve into share capital or dividend distribution of shares (I)	5		
Shares increased due to issuance of new shares or debt for equity swap (II)	6		

Item	No.	Current period	Corresponding period of last year
Number of months from next month to the period-end regarding the increase of shares (II)	7		
Shares decreased due to share repurchase	8		
Number of months from the next month to the period-end regarding the decrease of shares	9		
Number of shares decreased due to capital reduction	10		
Number of months in the reporting period	11	6	6
Weighted average of ordinary shares outstanding	12	1,413,506,378.00	1,413,506,378.00
Weighted average number of ordinary shares outstanding following adjustments in relation to business combination under common control for the purposes of earnings per share after deduction of non-recurring gains and losses	13	1,413,506,378.00	1,413,506,378.00
Basic earnings per share (I)	$14=1 \div 12$	0.0090	0.0134
Basic earnings per share (II)	$15=3 \div 13$	0.0110	0.0015
Potential diluted interests of ordinary shares recognised as expense	16		
Conversion fee	17		
Income tax rate	18	0.25	0.25
Increase in weighted average amount of ordinary shares increased due to warrant, share options, and convertible bonds, etc.	19		
Diluted earnings per share (I)	$20=[1+(16-18) \times (1-17)] \div (12+19)$	0.0090	0.0134
Diluted earnings per share (II)	$21=[3+(16-18) \times (1-17)] \div (13+19)$	0.0110	0.0015

15. Dividends

Final dividends for the year ended 31 December 2022 totaling RMB14,135,063.78 (corresponding period of last year: RMB195,063,880.16) were declared and paid during the six months ended 30 June 2023.

The Company will not distribute the interim dividends for the six-month period ended 30 June 2023 (corresponding period of last year: Nil).

16. Depreciation and amortisation

	Current period of year	Corresponding period of last year
Depreciation of fixed assets	173,761,454.25	160,732,847.18
Amortisation of intangible assets	15,861,950.76	15,377,614.63
Depreciation of right-to-use assets	40,214,475.37	22,857,297.19
Amortisation of long-term prepaid expenses	4,911,087.53	4,226,368.29
Depreciation of investment properties	3,268,712.52	3,268,712.52
Total	238,017,680.43	206,462,839.81

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

Gains on disposal of investments during the current period were RMB0. Gains on disposal of properties during the current period were RMB0 (gains on disposal of investments during the previous period is RMB0, gains on disposal of properties for the previous period is RMB0).

IV. SEGMENT INFORMATION

1. Basis for determination of reportable segments and accounting policies

According to the Group's internal organizational structure, management requirements, and internal reporting system, the business operation of the Group can be divided into 4 reportable segments based on the different types of main products. The management of the Group evaluates operating results of these segments periodically in order to make decisions concerning resource distribution and operating result assessment. The reportable segments of the Group based on the provision of main products and services are shipbuilding, steel structure engineering, ship repair and related business and others.

Segment reporting information disclosed is according to accounting policies and measurement basis used in reports presented by each segment reporting to the management. These accounting policies and measurement basis are consistent with those adopted in preparing financial statements.

2. Financial information of reportable segments during the year

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

Current period

Item	Shipbuilding and related business	Steel structure engineering	Ship maintenance and related business segment	Other segments	Inter-segment elimination and adjustment	Total
Operating income	7,717,425,611.63	599,930,397.85	4,740,291.94	335,459,726.96	-2,675,222,225.34	5,982,333,803.04
Including: Revenue from external transactions	5,178,498,844.39	512,918,901.41	825,015.33	290,091,041.91		5,982,333,803.04
Revenue from intra-segment transactions	2,538,926,767.24	87,011,496.44	3,915,276.61	45,368,685.05	-2,675,222,225.34	
Operating costs	7,476,212,575.67	564,104,346.65	3,675,607.52	264,526,626.98	-2,697,006,483.94	5,611,512,672.88
Charges during the period	249,691,724.66	49,641,939.26	428,413.66	4,406,012.88	17,061,094.28	321,229,184.74
Total segment profit	-15,876,274.19	7,840,381.45	626,534.34	31,321,583.19	-10,476,467.96	13,435,756.83
Total assets	38,319,082,322.59	2,324,826,863.17	7,984,303.51	18,198,565,101.47	-11,983,605,711.05	46,866,852,879.69
Total liabilities	29,571,506,817.34	1,910,414,494.05	129,572.91	3,645,189,767.64	-8,376,379,446.65	26,750,861,205.29
Capital expenditure	232,762,499.86	10,271,206.85		62,831,151.45	-50,000,000.00	255,864,858.16
Impairment loss recognized during current period	520,545.07	10,823,869.11		-362,901.66		10,981,512.52
Depreciation and amortisation expense	154,359,880.13	29,575,363.99	67,549.20	30,419,875.98	-414,387.12	214,008,282.18

Corresponding period of last year

Item	Shipbuilding and related business	Steel structure engineering	Ship maintenance and related business segment	Other segments	Inter-segment elimination and adjustment	Total
Operating income	3,971,822,279.54	884,168,289.00	4,137,635.34	876,132,012.09	-1,465,057,714.98	4,271,202,500.99
Including: Revenue from external transactions	2,652,353,858.75	803,182,889.94	2,033,494.72	813,632,257.58		4,271,202,500.99
Revenue from intra- segment transactions	1,319,468,420.79	80,985,399.06	2,104,140.62	62,499,754.51	-1,465,057,714.98	
Operating costs	3,706,260,400.93	848,204,222.85	3,260,707.80	845,795,762.96	-1,425,872,779.59	3,977,648,314.95
Charges during the period	211,237,582.03	41,450,673.53	527,405.67	-2,017,284.80	22,894,122.35	274,092,498.78
Total segment profit	61,539,642.66	15,136,679.12	444,158.82	30,352,623.82	-79,134,621.30	28,338,483.12
Total assets	43,203,620,128.80	2,004,059,538.82	8,563,313.80	14,469,293,731.70	-11,050,236,871.64	48,635,299,841.48
Total liabilities	34,483,980,061.66	1,718,923,605.89	1,467,490.76	2,656,904,219.58	-7,769,523,731.46	31,091,751,646.43
Capital expenditure	91,727,494.88	4,692,000.00	45,076.65	9,405,035.48	-11,803,976.62	94,065,630.39
Impairment loss recognized during current period	-4,258,756.63	5,974,169.96		44,266.92		1,759,680.25
Depreciation and amortisation expense	155,018,161.86	14,541,825.64	87,911.14	30,380,249.64	1,000,438.63	201,028,586.91

(2) Revenue from external transactions by origin of revenue

Revenue from external transactions	Current period	Corresponding period of last year
Revenue from external transactions derived from China	4,664,665,295.58	3,083,402,142.82
Revenue from external transactions derived from other countries	1,317,668,507.46	1,187,800,358.17
Total	5,982,333,803.04	4,271,202,500.99

(3) Non-current assets by location of assets

Total non-current assets	Ending balance	Beginning balance
Non-current assets in China (excluding Hong Kong)	11,848,565,084.48	12,257,641,477.25
Hong Kong	811,083,294.75	802,286,452.1
Total	12,659,648,379.23	13,059,927,929.35

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

§ 10 DOCUMENTS AVAILABLE FOR INSPECTION

The 2023 interim report will be available at the following addresses and websites:

HKEXnews website of www.hkexnews.hk
The Stock Exchange of
Hong Kong Limited

Website of the Shanghai Stock Exchange www.sse.com.cn

Place for inspection of the interim report Office of the Board of Directors,
15th Floor, Marine Tower, No.137 Gexin Road,
Haizhu District, Guangzhou

By order of the Board
CSSC Offshore & Marine Engineering (Group) Company Limited
Chen Liping
Executive Director

Guangzhou, 30 August 2023

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