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

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

(H Share Stock Code: 00317)

FIRST QUARTERLY REPORT 2019

I. IMPORTANT NOTICE

- 1.1 The board of directors (the “**Board**”), the supervisory committee, the Directors (the “**Directors**”), Supervisors and senior management of CSSC Offshore & Marine Engineering (Group) Company Limited (the “**Company**”) warrant that there are no false statements, misleading information or material omissions in this quarterly report and are jointly and severally responsible for the truthfulness, accuracy and completeness of the contents of this quarterly report.
- 1.2 All Directors attended the Board meeting and reviewed the report of the Company for the first quarter of 2019 (the “**Reporting Period**”).
- 1.3 Han Guangde, the person in charge of the Company, Hou Zengquan, the person in charge of accounting, and Xie Weihong, the head of accounting department (accounting director), warrant the truthfulness, accuracy and completeness of the financial statements contained in the quarterly report.
- 1.4 The first quarterly report of the Company for 2019 is unaudited.

II. GENERAL INFORMATION OF THE COMPANY

2.1 Key financial information

Unit: Yuan Currency: RMB

	As at the end of the Reporting Period	As at the end of last year		Change compared with that of the end of last year (%)
		After adjustment	Before adjustment	
Total assets	45,896,061,259.23	47,475,344,086.37	47,475,344,086.37	-3.33

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Net assets attributable to shareholders of the Company	9,519,063,232.91	9,727,437,689.21	9,727,437,689.21	-2.14
	Period from the beginning of the year to the end of the Reporting Period	Period from the beginning of last year to the end of the reporting period of last year		Change compared with that of the same period of last year (%)
		After adjustment	Before adjustment	
Net cash flows from operating activities	-2,894,631,213.88	-1,840,563,072.84	-1,859,712,153.56	Not applicable
	Period from the beginning of the year to the end of the Reporting Period	Period from the beginning of last year to the end of the reporting period of last year		Change compared with that of the same period of last year (%)
		After adjustment	Before adjustment	
Operating income	2,495,197,903.00	3,079,069,618.87	2,961,701,772.78	-18.96
Net profit attributable to shareholders of the Company	-208,674,332.21	-33,548,813.77	24,237,090.04	Not applicable
Net profit attributable to shareholders of the Company after deduction of non-recurring gains and losses	-359,529,918.99	-588,027,169.32	-588,027,169.32	Not applicable
Weighted average return on equity (%)	-2.17	-0.28	0.22	Decrease of 1.89 percentage points
Basic earnings per share(RMB/share)	-0.1476	-0.0237	0.0171	Not applicable
Diluted earnings per share (RMB/share)	-0.1476	-0.0237	0.0171	Not applicable

On December 2018, the Company's holding subsidiary, GSI, completed the acquisition of 100% equity interest in Wenchong Dockyard, and incorporated Wenchong Dockyard into the scope of consolidation. Due to the business combination under the same control, the Company made retrospective adjustments to the financial statements of the comparable period when preparing the consolidated financial statements.

Extraordinary items and their amounts

Unit: Yuan Currency: RMB

Item	Current period	Explanation
Gain or loss on disposal of non-current assets	-57,806.91	-
Tax refund or exemption from unauthorized approval or non-official approval document or contingency		
Government grants included in current profit or loss, other than on-going government grants which are closely related to the	31,741,022.08	-

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Company's normal operation, meet the requirements of government policies and are subject to certain limits and conditions		
Capital utilization fee received from non-financial enterprises and included in profit or loss for the period		
Gain on investments of subsidiaries, associates and joint ventures in which the investment cost was less than the interest in fair value of identifiable net assets of the investees at the time of acquisition		
Gain or loss on exchange of non-monetary assets		
Gain or loss on entrusted investments or assets under management	5,266,849.31	-
Asset impairment provisions for force majeure such as natural disasters		
Gain or loss on debt restructuring		
Corporate restructuring fees such as staff settlement expenses and consolidation charges		
Gain or loss arising from unfair trading transactions prices over their fair value		
Net gain or loss of subsidiaries from the beginning of the period to the consolidation date arising from the consolidation of enterprises under common control		
Gain or loss on contingency items unrelated to the normal business operations of the Company		
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 equity investments, except for effective hedging transactions that are closely related to the Company's normal operation	168,248,408.18	-
Reversal of impairment provisions for receivables and contract assets subject to individual impairment test		
Gain or loss on commissioned loans		
Gain or loss on changes in fair value of investment properties adopting fair value method for subsequent measurements		
Effect on profit or loss for the period from one-off adjustment to profit or loss for the period according to the requirements of the tax and accounting laws and regulations		
Custody fee income received from custody operation		
Other non-operating income and expenses apart from the aforesaid items	1,121,657.32	
Effect of minority interests (after tax)		
Effect of minority interests (after tax)	-55,448,296.39	-

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Effect of income tax	-16,246.81	-
Total	150,855,586.78	-

2.2 Total number of shareholders, the shareholding of the top ten shareholders and the top ten shareholders of tradable shares (or shareholders whose shares are not subject to selling restrictions) at the end of the Reporting Period

Unit: Share

Total number of shareholders				68,640		
Shareholding of top ten shareholders						
Name of shareholder (full name)	Number of shares held as at the end of the period	Percentage (%)	Number of shares held subject to selling restriction	Pledged or locked up		Nature of shareholder
				Status	Number	
HKSCC NOMINEES LIMITED	589,140,867	41.68	0	None	0	Overseas legal person
China State Shipbuilding Corporation Limited	501,745,100	35.50	0	None	0	State-owned legal-person
China Securities Finance Corporation Limited	28,189,403	1.99	0	None	0	State-owned legal-person
Central Huijin Asset Management Ltd.	15,126,100	1.07	0	None	0	State-owned legal-person
China Construction Bank Corporation – Fullgoal China Securities Military Index Grading Securities Investment Fund	7,346,758	0.52	0	None	0	Others
Xie Chuanrong	7,022,413	0.50	0			Domestic Natural person
Yangzhou Kejin Shipyard Co., Ltd.	6,500,000	0.46	0	Pledged	6,500,000	Domestic Non-state-owned legal-person
Xi'an Investment Holding Co., Ltd.	5,291,159	0.37	0	None	0	Domestic Non-state-owned legal-person
Golden Eagle Fund – ICBC – Golden EagleSuitong No. 9 Asset Management Plan	5,164,479	0.37	0	None	0	Others

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Wu Zhizhuan	4,335,244	0.31	0	None	0	Domestic Natural person
Top ten shareholders whose shares not subject to selling restrictions						
Name of shareholder	Number of tradable shares held not subject to selling restrictions	Class and number of shares				
		Class	Number			
HKSCC NOMINEES LIMITED	589,140,867	Overseas listed foreign shares	589,140,867			
China State Shipbuilding Corporation Limited	501,745,100	Ordinary shares denominated in RMB	501,745,100			
China Securities Finance Corporation Limited	28,189,403	Ordinary shares denominated in RMB	28,189,403			
Central Huijin Asset Management Ltd.	15,126,100	Ordinary shares denominated in RMB	15,126,100			
China Construction Bank Corporation – Fullgoal China Securities Military Index Grading Securities Investment Fund	7,346,758	Ordinary shares denominated in RMB	7,346,758			
Xie Chuanrong	7,022,413	Ordinary shares denominated in RMB	7,022,413			
Yangzhou Kejin Shipyard Co., Ltd.	6,500,000	Ordinary shares denominated in RMB	6,500,000			
Xi'an Investment Holding Co., Ltd.	5,291,159	Ordinary shares denominated in RMB	5,291,159			
Golden Eagle Fund – ICBC – Golden EagleSuitong No. 9 Asset Management Plan	5,164,479	Ordinary shares denominated in RMB	5,164,479			
Wu Zhizhuan	4,335,244	Ordinary shares denominated in RMB	4,335,244			
Explanation on the relationship or acting in concert among the aforesaid shareholders	-					
Explanation on shareholders of preference shares with restoration of voting rights and their shareholding	-					

III. SIGNIFICANT EVENTS

3.1 Significant changes in major financial statement items and financial indicators and their reasons

Unit: Yuan Currency: RMB

(1) Balance sheet items				
Item	Ending balance	Ending balance of last year	Change (%)	Main reason for change
Other current assets	500,505,625.24	365,378,116.05	36.98	Effect of obtaining new entrusted wealth management and decrease in allowance tax
Right-of-use assets	185,013,152.43		Not applicable	Effect of implementing new lease standard
Tradable financial liabilities	199,678,983.40	431,894,056.78	-53.77	Change in forward exchange contracts held and fluctuation in forward exchange rates
Lease liabilities	192,190,568.76		Not applicable	Effect of implementing new lease standard

(2) Income statement items				
Item	Current period	Corresponding period of last year	Change (%)	Main reason for change
Selling expense	-1,075,676.29	-14,313,048.12	Not applicable	Effect of the current insurance claims offset warranty and recovery of warranty expenses due for cleaning up in the previous period
Research and development expense	100,522,969.51	42,443,796.56	136.84	Increase the impact of R&D efforts during the period
Finance cost	82,853,637.00	205,732,524.96	-59.53	Decrease in net exchange loss as a result of exchange rate fluctuation
Loss on impairment of assets	57,145,719.13	116,711,964.41	-51.04	Decrease in provision for expected contractual loss made during the period
Credit impairment loss	494,850.75	6,656,220.92	-92.57	Decrease in provision for bad debts made during the period
Other income	18,533,402.39	5,697,481.56	225.29	Increase in government grants during the period
Investment income	-63,526,645.03	12,927,525.15	-591.41	Effect of delivery losses on forward contracts during

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				the period
Gain on change in fair value	234,477,608.18	-10,154,879.59	Not applicable	Effect of change in fair value of foreign exchange contracts on hand as a result of change in exchange rate
Non-operating income	3,901,279.62	599,451,707.53	-99.35	Recognition of net income from compensation for relocation during the previous period
Non-operating expenses	198,601.14	417,373.41	-52.42	Decrease in loss on disposal of fixed assets
Income tax expense	429,779.53	71,631,914.42	-99.40	Decrease in deferred tax assets
Gain or loss attributable to minority interests	-75,047,387.46	66,392,065.98	-213.04	Effect of the minority shareholders of the subsidiary during the previous period only owned the net profit and loss of March.
Other comprehensive income after tax, net	491,046.73	-2,669,286.44	Not applicable	Effect of changes in fair value of investments in other equity instruments

(3) Cash flow statement items				
Item	Current period	Corresponding period of last year	Change (%)	Main reason for change
Net cash flows from operating activities	-2,894,631,213.88	-1,840,563,072.84	Not applicable	Mainly due to the decrease in receivables, year-on-year increase in the payment for materials and equipment during the period
Net cash flows from investing activities	40,262,104.78	-51,576,839.41	Not applicable	Mainly due to withdrawal in fixed deposits for more than three months during the period
Net cash flows from financing activities	936,915,284.90	-990,582,183.40	Not applicable	Mainly due to the increase on net borrowings from bank during the period

3.1 Status of significant events and analysis of their effects and solutions

Not applicable.

3.2 During the reporting period, the Company did not have any commitments that had not been fulfilled as scheduled.

Not applicable

3.3 Warning about possible net loss for the period from the beginning of the year to the end of the next reporting period or possible material change from the corresponding period last year and explanation

Not applicable

Name of entity	CSSC Offshore & Marine Engineering (Group) Company Limited
Legal representative	Han Guangde
Date	26 April 2019

As at the date of this announcement, the Board comprises eleven Directors, namely executive Directors Mr. Han Guangde, Mr. Chen Zhongqian, Mr. Chen Liping, Mr. Sheng Jigang, Mr. Xiang Huiming and Mr. Chen Ji, non-executive Directors Mr. Shi Jun and independent non-executive Directors Mr. Wang Yichu, Mr. Min Weiguo, Mr. Liu Renhuai and Mr. Yu Shiyu.

IV. APPENDIX

4.1 Financial Statements

Consolidated Balance Sheet

31 March 2019

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

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	31 March 2019	31 December 2018
Current assets:		
Cash at bank and on hand	7,746,424,039.84	10,337,887,158.50
Settlement reserve		
Placements with banks and non-bank financial institutions		
Financial assets at fair value through profit or loss	13,947,689.81	11,685,155.01
Financial assets held-for-trading		
Derivative financial assets		
Notes and accounts receivable	2,791,719,826.36	2,693,105,872.48
Including : Notes receivable	156,696,178.53	130,810,712.06
Accounts receivable	2,635,023,647.83	2,562,295,160.42
Prepayments	3,422,523,306.29	3,020,857,780.23
Insurance premium receivable		
Reinsurance premium receivable		
Reserves for reinsurance contract receivable		
Other receivables	336,314,156.04	326,086,350.28
Including : Interest receivable	69,796,469.35	46,907,817.53
Dividends receivable		
Financial assets purchased under agreements to resell		
Inventories	5,148,374,663.23	4,955,993,857.79
Contract assets	6,841,891,608.92	6,860,770,802.28
Assets held for sale		
Non-current assets due within one year	400,000,000.00	463,415,968.00
Other current assets	500,505,625.24	365,378,116.05
Total current assets	27,201,700,915.73	29,035,181,060.62
Non-current assets:		
Loans and advances to customers		
Debt investments		
Available-for-sale financial assets		
Other debt investments		
Held-to-maturity investments		
Long-term receivables	2,162,496,631.30	1,976,516,046.20
Long-term equity investments	738,399,912.77	740,935,298.11

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Investments in other equity instruments	64,119,524.83	63,403,225.93
Other non-current financial assets		
Investment properties	21,465,473.48	21,622,651.52
Fixed assets	11,865,152,788.51	12,046,436,020.38
Construction in progress	838,809,498.73	762,567,676.87
Productive biological assets		
Oil and gas assets		
Right-of-use assets	185,013,152.43	
Intangible assets	2,069,346,679.74	2,084,830,278.97
Development expenses		
Goodwill	144,231,195.67	144,231,195.67
Long-term prepaid expenses	79,631,217.82	79,285,603.23
Deferred tax assets	439,861,255.07	440,083,496.90
Other non-current assets	85,833,013.15	80,251,531.97
Total non-current assets	18,694,360,343.50	18,440,163,025.75
Total assets	45,896,061,259.23	47,475,344,086.37
Current liabilities:		
Short-term borrowings	4,796,161,633.02	4,304,387,255.88
Loans from central bank		
Placements from banks and other financial institutions		
Financial liabilities held-for-trading	199,678,983.40	431,894,056.78
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable and accounts payable	9,397,873,878.10	10,689,228,547.46
Advances from customers		
Securities sold under agreements to repurchase		
Deposits from customers and other banks		
Brokerage for securities trading		
Brokerage for underwriting securities		
Employee benefits payable	51,159,401.73	41,351,166.51
Taxes payable	41,075,619.00	48,140,024.18
Other payables	249,679,769.51	336,922,424.57
Including : Interest payable	30,055,726.71	16,734,825.58
Dividends payable	304,042.49	304,042.49
Fee and commission payable		
Reinsured accounts payable		
Contract liabilities	6,706,596,397.75	7,112,391,961.78
Liabilities held for sale		
Non-current liabilities due within one year	3,947,900,000.00	4,414,000,000.00
Other current liabilities	141,564,705.68	182,190,818.20

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Total current liabilities	25,531,690,388.19	27,560,506,255.36
Non-current liabilities:		
Reserves for insurance contracts		
Long-term borrowings	4,807,719,500.00	4,339,619,500.00
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liability	192,190,568.76	
Long-term payables	99,370,000.00	99,370,000.00
Long-term employee benefits payable	243,241,585.97	248,554,297.66
Estimated liabilities	768,838,657.78	802,016,709.10
Deferred income	64,981,884.38	59,916,128.16
Deferred tax liabilities	8,950,648.02	8,950,648.02
Other non-current liabilities		
Total non-current liabilities	6,185,292,844.91	5,558,427,282.94
Total liabilities	31,716,983,233.10	33,118,933,538.30
Owners' equity (or shareholder's equity) :		
Paid-up capital (or share capital)	1,413,506,378.00	1,413,506,378.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	9,549,605,254.39	9,549,580,748.34
Less: Treasury shares		
Other comprehensive income	-45,240,129.57	-45,615,426.57
Special reserve	1,126,712.36	1,226,639.50
Surplus reserve	962,441,825.31	962,441,825.31
Provision for general risks		
Undistributed profit	-2,362,376,807.58	-2,153,702,475.37
Total equity attributable to owners of the company (or shareholder's equity)	9,519,063,232.91	9,727,437,689.21
Minority interests	4,660,014,793.22	4,628,972,858.86
Total owners' equity (or shareholder's equity)	14,179,078,026.13	14,356,410,548.07
Total liabilities and owners' equity (or shareholder's equity)	45,896,061,259.23	47,475,344,086.37

Legal representative: Han Guangde

Person in charge of accounting: Hou Zengquan

Head of accounting department: Xie Weihong

Balance Sheet of the Company

31 March 2019

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

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	31 March 2019	31 December 2018
Current assets:		
Cash at bank and on hand	511,936,512.11	99,371,121.05
Financial assets held-for-trading		
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable and accounts receivable	28,828,112.00	46,428,670.20
Including: Notes receivable		
Accounts receivable	28,828,112.00	46,428,670.20
Prepayments	1,599,832.37	2,100,230.64
Other receivables	9,171,914.27	9,520,031.06
Including: Interest receivable	35,621.06	558,431.55
Dividends receivable		
Inventories	89,688,642.24	98,897,393.27
Contract assets		
Assets held for sale		
Non-current assets due within one year	300,000,000.00	
Other current assets	761,056,945.64	761,163,163.71
Total current assets	1,702,281,958.63	1,017,480,609.93
Non-current assets:		
Debt investments		
Available-for-sale financial assets		
Other debt investments		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	7,919,796,696.79	7,921,435,986.83
Investments in other equity instruments		
Other non-current financial assets		
Investment properties		
Fixed assets	69,293,158.27	70,839,970.49
Construction in progress		
Productive biological assets		
Oil and gas assets		
Right-of-use assets	2,578,878.37	
Intangible assets	10,387,900.92	10,468,726.74
Development expenses		
Goodwill		
Long-term prepaid expenses		
Deferred tax assets	20,000,000.00	20,000,000.00

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Other non-current assets	334,584,826.13	633,860,105.78
Total non-current assets	8,356,641,460.48	8,656,604,789.84
Total assets	10,058,923,419.11	9,674,085,399.77
Current liabilities:		
Short-term borrowings	850,000,000.00	650,000,000.00
Financial liabilities held-for-trading		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable and accounts payable	48,483,351.67	58,845,591.58
Advances from customers		
Contract liabilities	54,148,488.62	65,497,566.97
Employee benefits payable		
Taxes payable	2,637,964.60	3,217,292.29
Other payables	43,868,787.82	41,994,848.71
Including: Interest payable	731,881.93	731,881.94
Dividends payable	304,042.49	304,042.49
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	27,606.84	77,418.16
Total current liabilities	999,166,199.55	819,632,717.71
Non-current liabilities:		
Long-term borrowings	200,000,000.00	
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	2,598,573.60	
Long-term payables	99,370,000.00	99,370,000.00
Long-term employee benefits payable		
Estimated liabilities		
Deferred income		
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	301,968,573.60	99,370,000.00
Total liabilities	1,301,134,773.15	919,002,717.71
Owners' equity (or shareholder's equity) :		
Paid-up capital (or share capital)	1,413,506,378.00	1,413,506,378.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	6,147,927,729.10	6,147,927,729.10
Less: Treasury shares		
Other comprehensive income		
Special reserve		

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Surplus reserve	472,670,941.45	472,670,941.45
Undistributed profit	723,683,597.41	720,977,633.51
Total owners' equity (or shareholder's equity)	8,757,788,645.96	8,755,082,682.06
Total liabilities and owners' equity (or shareholder's equity)	10,058,923,419.11	9,674,085,399.77

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

Consolidated Income Statement

From January to March 2019

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

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	First quarter in 2019	First quarter in 2018
I. Total operating income	2,495,197,903.00	3,079,069,618.87
Including: Operating income	2,495,197,903.00	3,079,069,618.87
Interest income		
Premium earned		
Fee and commission income		
II. Total operating costs	2,971,676,887.16	3,582,098,913.48
Including: Operating costs	2,530,798,664.93	3,022,730,388.40
Interest expense		
Fee and commission expenses		
Refunded premiums		
Net amount of compensation payout		
Net amount of reserves for reinsurance contract		
Policy dividend payment		
Reinsured expenses		
Taxes and surcharges	15,770,082.95	14,089,536.46
Selling expenses	-1,075,676.29	-14,313,048.12
Administrative expenses	185,166,639.18	188,047,529.89
Research and development expenses	100,522,969.51	42,443,796.56
Finance cost	82,853,637.00	205,732,524.96
Including: Interest expenses	114,175,929.23	109,260,426.52
Interest income	62,353,054.44	54,928,029.83
Loss on impairment of assets	57,145,719.13	116,711,964.41
Credit impairment loss	494,850.75	6,656,220.92
Add: Other income	18,533,402.39	5,697,481.56
Investment income (loss expressed with "-")	-63,526,645.03	12,927,525.15
Including: Income from investment in associates and joint ventures	-2,564,294.34	-1,823,462.99
Exchange gain ((loss expressed with "-"))		

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Net gain on exposure hedging (loss expressed with “-”)		
Gain on change in fair value (loss expressed with “-”)	234,477,608.18	-10,154,879.59
Gain on disposal of assets (loss expressed with “-”)		
III. Operating profit (loss expressed with “-”)	-286,994,618.62	-494,559,167.49
Add: Non-operating income	3,901,279.62	599,451,707.53
Less: Non-operating expenses	198,601.14	417,373.41
IV. Total profit (loss expressed with “-”)	-283,291,940.14	104,475,166.63
Less: Income tax expense	429,779.53	71,631,914.42
V. Net profit (net loss expressed with “-”)	-283,721,719.67	32,843,252.21
(i) By continuity of operations		
1. Net profit from continuing operations (net loss expressed with “-”)	-283,721,719.67	32,843,252.21
2. Net profit from discontinued operations (net loss expressed with “-”)		
(ii) By ownership		
1. Net profit attributable to shareholders of the Company (net loss expressed with “-”)	-208,674,332.21	-33,548,813.77
2. Gain or loss attributable to minority interests (net loss expressed with “-”)	-75,047,387.46	66,392,065.98
VI. Net other comprehensive income after tax	491,046.73	-2,669,286.44
Net other comprehensive income after tax attributable to owners of the Company	375,297.00	-3,650,146.39
(i) Other comprehensive income that may not be reclassified to profit or loss	529,203.34	-3,599,148.82
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		
3. Change in fair value of investments in other equity instruments	529,203.34	-3,599,148.82
4. Change in fair value of own credit risk		
(ii) Other comprehensive income that may be reclassified to profit or loss	-153,906.34	-50,997.57
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. Change in fair value of available-for-sale financial		

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assets		
4.Amount included in other comprehensive income on reclassification of financial assets		
5. Gain or loss on re-classification of held-to-maturity investment into available-for-sale financial assets		
6. Provision for credit impairment of other debt investments		
7. Cash flows hedging reserve (Effective portion of gain or loss on cash flow hedges)		
8. Exchange differences arising from translation of foreign currency financial statements	-153,906.34	-50,997.57
9. Others		
Net other comprehensive income after tax attributable to minority interests	115,749.73	980,859.95
Vii. Total comprehensive income	-283,230,672.94	30,173,965.77
Total comprehensive income attributable to owners of the Company	-208,299,035.21	-37,198,960.16
Total comprehensive income attributable to minority interests	-74,931,637.73	67,372,925.93
VIII. Earnings per share :		
(i) Basic earnings per share (RMB/share)	-0.1476	-0.0237
(ii) Diluted earnings per share (RMB/share)	-0.1476	-0.0237

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

Income Statement of the Company

From January to March 2019

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

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	First quarter in 2019	First quarter in 2018
I. Operating income	38,286,619.78	39,143,473.19
Less: Operating costs	35,069,467.53	40,266,321.75
Taxes and surcharges	806,281.85	372,204.89
Selling expenses	725,601.41	395,515.21
Administrative expenses	4,311,998.00	4,348,598.41
Research and development expenses		
Finance cost	-6,828,483.87	-3,994,569.37
Including: Interest expenses	6,004,692.92	1,772,300.00
Interest income	12,915,443.60	6,838,955.92
Loss on impairment of assets		
Credit impairment loss	-143,581.86	-152,733.65

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Add: Other income		
Investment income (loss expressed with “-”)	-1,639,290.04	-1,498,258.75
Including: Income from investment in associates and joint ventures	-1,639,290.04	-1,498,258.75
Net gain or loss on exposure hedging (loss expressed with “-”)		
Gain on change in fair value (loss expressed with “-”)		
Gain on disposal of assets (loss expressed with “-”)		
II. Operating profit (loss expressed with “-”)	2,706,046.68	-3,590,122.80
Add: Non-operating income		
Less: Non-operating expenses	82.78	
III. Total profit (loss expressed with “-”)	2,705,963.90	-3,590,122.80
Less: Income tax expense		
IV. Net profit (net loss expressed with “-”)	2,705,963.90	-3,590,122.80
1. Net profit from continuing operations (net loss expressed with “-”)	2,705,963.90	-3,590,122.80
2. Net profit from discontinued operations (net loss expressed with “-”)		
V. Net other comprehensive income after tax		
(i) Other comprehensive income that may not be reclassified to profit or loss		
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		
3. Change in fair value of investments in other equity instruments		
4. Change in fair value of own credit risk		
(ii) Other comprehensive income that may be reclassified to profit or loss		
1. Other comprehensive income that may be reclassified to profit or loss under equity method		
2. Change in fair value of other debt investments		
3. Change in fair value of available-for-sale financial assets		
4. Amount included in other comprehensive income on reclassification of financial assets		
5. Gain or loss on re-classification of held-to-maturity investment into available-for-sale financial assets		

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6. Provision for credit impairment of other debt investments		
7. Cash flows hedging reserve (Effective portion of gain or loss on cash flow hedges)		
8. Exchange differences arising from translation of foreign currency financial statements		
9. Others		
VI. Total comprehensive income	2,705,963.90	-3,590,122.80
VII. Earnings per share:		
(i) Basic earnings per share (RMB/share)		
(ii) Diluted earnings per share (RMB/share)		

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

Consolidated Cash Flow Statement

From January to March 2019

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

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	First quarter in 2019	First quarter in 2018
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	2,600,143,164.97	3,228,832,986.36
Net increase in deposits from customers and deposits from other banks		
Net increase in loans from central bank		
Net increase in placements from other financial institutions		
Cash receipts of premium for direct insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits from insurance policy holders and investment		
Cash receipts of interest, fees and commissions		
Net increase in placements from other financial institutions		
Net increase in sales and repurchase operations		
Net cash received from securities trading agency services		
Cash received from tax refund	374,388,758.97	336,302,300.51
Other cash receipts relating to operating activities	144,434,781.34	120,076,827.75
Sub-total of cash inflows from operating activities	3,118,966,705.28	3,685,212,114.62
Cash paid for goods and services	5,367,860,536.77	4,612,519,204.89
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 financial assets held for trading purposes		
Net increase in due from banks		
Cash paid for interest, fees and commissions		
Cash paid for dividends of insurance policies		
Cash paid to and on behalf of employees	457,691,959.59	506,458,292.40
Payments of taxes	34,597,902.98	44,504,916.13
Other cash payments relating to operating activities	153,447,519.82	362,292,774.04
Sub-total of cash outflows from operating activities	6,013,597,919.16	5,525,775,187.46
Net cash flows from operating activities	-2,894,631,213.88	-1,840,563,072.84
II. Cash flows from investing activities:		
Cash receipts from disposal of investments		

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Cash receipts from investment income	523,000.00	1,310,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	71,844.10	41,632.00
Net cash received from disposal of subsidiaries and other business units		
Other cash receipts relating to investing activities	1,045,958,200.85	173,469,290.25
Sub-total of cash inflows from investing activities	1,046,553,044.95	174,820,922.25
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	120,878,847.81	186,050,474.79
Cash paid for investments	488,153,263.75	2,000,000.00
Net increase in pledged loans		
Net cash paid for acquisition of subsidiaries and other business units		
Other cash payments relating to investing activities	397,258,828.61	38,347,286.87
Sub-total of cash outflows from investing activities	1,006,290,940.17	226,397,761.66
Net cash flows from investing activities	40,262,104.78	-51,576,839.41
III. Cash flows from financing activities:		
Cash receipts from receiving investments		4,800,000,000.00
Including: Cash received by subsidiaries from receiving investments made by minority interests		
Cash receipts from borrowings obtained	2,696,495,222.23	1,044,049,000.00
Cash receipts from issuance of bonds		
Other cash receipts relating to financing activities	106,000,000.00	26,500,000.00
Sub-total of cash inflows from financing activities	2,802,495,222.23	5,870,549,000.00
Cash paid for repayment of debts	1,776,280,043.66	6,740,173,875.00
Cash paid for dividends, profit distribution or interest expenses	89,299,893.67	119,957,308.40
Including: Dividends and profits paid by subsidiaries to minority interests		
Other cash payments relating to financing activities		1,000,000.00
Sub-total of cash outflows from financing activities	1,865,579,937.33	6,861,131,183.40
Net cash flows from financing activities	936,915,284.90	-990,582,183.40
IV. Effect of change in foreign exchange rate on cash and cash equivalents	-33,240,660.45	-136,566,041.44
V. Net increase in cash and cash equivalents	-1,950,694,484.65	-3,019,288,137.09
Add: Beginning balance of cash and cash equivalents	8,536,815,355.09	11,634,582,111.41
VI. Ending balance of cash and cash equivalents	6,586,120,870.44	8,615,293,974.32

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

Cash Flow Statement of the Company

From January to March 2019

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

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	First quarter in 2019	First quarter in 2018
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	49,927,289.55	37,548,271.92
Cash received from tax refund		
Other cash receipts relating to operating activities	2,987,318.72	5,292,024.33
Sub-total of cash inflows from operating activities	52,914,608.27	42,840,296.25
Cash paid for goods and services	31,288,120.21	46,991,878.76
Cash paid to and on behalf of employees	6,306,424.65	7,142,748.16
Payments of taxes	4,062,576.54	1,737,749.57
Other cash payments relating to operating activities	5,892,095.81	14,595,601.92
Sub-total of cash outflows from operating activities	47,549,217.21	70,467,978.41
Net cash flows from operating activities	5,365,391.06	-27,627,682.16
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		
Net cash received from disposal of subsidiaries and other business units		
Other cash receipts relating to investing activities	13,188,125.00	495,600,715.71
Sub-total of cash inflows from investing activities	13,188,125.00	495,600,715.71
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		564,703.50
Cash paid for investments		
Net cash paid for acquisition of subsidiaries and other business units		
Other cash payments relating to investing activities		300,000,000.00
Sub-total of cash outflows from investing activities		300,564,703.50
Net cash flows from investing activities	13,188,125.00	195,036,012.21
III. Cash flows from financing activities:		
Cash receipts from receiving investments		
Cash receipts from borrowings obtained	400,000,000.00	
Other cash receipts relating to financing activities		
Sub-total of cash inflows from financing activities	400,000,000.00	
Cash paid for repayment of debts		491,000,000.00
Cash paid for dividends, profit distribution or interest expenses	5,988,125.00	2,129,340.86
Other cash payments relating to financing activities		
Sub-total of cash outflows from financing activities	5,988,125.00	493,129,340.86

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Net cash flows from financing activities	394,011,875.00	-493,129,340.86
IV. Effect of change in foreign exchange rate on cash and cash equivalents		-921,126.24
V. Net increase in cash and cash equivalents	412,565,391.06	-326,642,137.05
Add: Beginning balance of cash and cash equivalents	99,371,121.05	513,258,307.19
VI. Ending balance of cash and cash equivalents	511,936,512.11	186,616,170.14

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

4.2 Adjusting to the first implementation of the financial statements at the beginning of the year via the first implementation of new financial instrument standards, new income standards and new lease standards.

Consolidated balance sheets

Unit: Yuan Currency: RMB

Item	31 December 2018	1 January 2019	Adjustment
Current assets:			
Cash at bank and on hand	10,337,887,158.50	10,337,887,158.50	
Settlement reserve			
Placements with banks and non-bank financial institutions			
Financial assets at fair value through profit or loss	11,685,155.01	11,685,155.01	
Financial assets held-for-trading			
Derivative financial assets			
Notes and accounts receivable	2,693,105,872.48	2,693,105,872.48	
Including : Notes receivable	130,810,712.06	130,810,712.06	
Accounts receivable	2,562,295,160.42	2,562,295,160.42	
Prepayments	3,020,857,780.23	3,020,857,780.23	
Insurance premium receivable			
Reinsurance premium receivable			
Reserves for reinsurance contract receivable			
Other receivables	326,086,350.28	326,086,350.28	

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Including : Interest receivable	46,907,817.53	46,907,817.53	
Dividends receivable			
Financial assets purchased under agreements to resell			
Inventories	4,955,993,857.79	4,955,993,857.79	
Contract assets	6,860,770,802.28	6,860,770,802.28	
Assets held for sale			
Non-current assets due within one year	463,415,968.00	463,415,968.00	
Other current assets	365,378,116.05	365,378,116.05	
Total current assets	29,035,181,060.62	29,035,181,060.62	
Non-current assets:			
Loans and advances to customers			
Debt investments			
Available-for-sale financial assets			
Other debt investments			
Held-to-maturity investments			
Long-term receivables	1,976,516,046.20	1,976,516,046.20	
Long-term equity investments	740,935,298.11	740,935,298.11	
Investments in other equity instruments	63,403,225.93	63,403,225.93	
Other non-current financial assets			
Investment properties	21,622,651.52	21,622,651.52	
Fixed assets	12,046,436,020.38	12,046,436,020.38	
Construction in progress	762,567,676.87	762,567,676.87	
Productive biological assets			
Oil and gas assets			
Right-of-use assets		195,233,800.37	195,233,800.37
Intangible assets	2,084,830,278.97	2,084,830,278.97	
Development expenses			
Goodwill	144,231,195.67	144,231,195.67	
Long-term prepaid expenses	79,285,603.23	79,285,603.23	
Deferred tax assets	440,083,496.90	440,083,496.90	
Other non-current	80,251,531.97	80,251,531.97	

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assets			
Total non-current assets	18,440,163,025.75	18,635,396,826.12	195,233,800.37
Total assets	47,475,344,086.37	47,670,577,886.74	195,233,800.37
Current liabilities:			
Short-term borrowings	4,304,387,255.88	4,304,387,255.88	
Loans from central bank			
Placements from banks and other financial institutions			
Financial liabilities held-for-trading	431,894,056.78	431,894,056.78	
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable and accounts payable	10,689,228,547.46	10,689,228,547.46	
Advances from customers			
Securities sold under agreements to repurchase			
Deposits from customers and other banks			
Brokerage for securities trading			
Brokerage for underwriting securities			
Employee benefits payable	41,351,166.51	41,351,166.51	
Taxes payable	48,140,024.18	48,140,024.18	
Other payables	336,922,424.57	336,922,424.57	
Including : Interest payable	16,734,825.58	16,734,825.58	
Dividends payable	304,042.49	304,042.49	
Fee and commission payable			
Reinsured accounts payable			
Contract liabilities	7,112,391,961.78	7,112,391,961.78	
Liabilities held for sale			
Non-current liabilities due within one year	4,414,000,000.00	4,414,000,000.00	

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Other current liabilities	182,190,818.20	182,190,818.20	
Total current liabilities	27,560,506,255.36	27,560,506,255.36	
Non-current liabilities:			
Reserves for insurance contracts			
Long-term borrowings	4,339,619,500.00	4,339,619,500.00	
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liability		195,233,800.37	195,233,800.37
Long-term payables	99,370,000.00	99,370,000.00	
Long-term employee benefits payable	248,554,297.66	248,554,297.66	
Estimated liabilities	802,016,709.10	802,016,709.10	
Deferred income	59,916,128.16	59,916,128.16	
Deferred tax liabilities	8,950,648.02	8,950,648.02	
Other non-current liabilities			
Total non-current liabilities	5,558,427,282.94	5,753,661,083.31	195,233,800.37
Total liabilities	33,118,933,538.30	33,314,167,338.67	195,233,800.37
Owners' equity (or shareholder's equity) :			
Paid-up capital (or share capital)	1,413,506,378.00	1,413,506,378.00	
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve	9,549,580,748.34	9,549,580,748.34	
Less: Treasury shares			
Other comprehensive income	-45,615,426.57	-45,615,426.57	
Special reserve	1,226,639.50	1,226,639.50	
Surplus reserve	962,441,825.31	962,441,825.31	
Provision for general risks			
Undistributed profit	-2,153,702,475.37	-2,153,702,475.37	
Total equity attributable to owners of the company (or shareholder's equity)	9,727,437,689.21	9,727,437,689.21	

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Minority interests	4,628,972,858.86	4,628,972,858.86	
Total owners' equity (or shareholder's equity)	14,356,410,548.07	14,356,410,548.07	
Total liabilities and owners' equity (or shareholder's equity)	47,475,344,086.37	47,670,577,886.74	195,233,800.37

Description of the adjustment of each item:

According to "Accounting Standards for Enterprise 21 - Leases" (Caikui [2018] No. 35) (hereinafter referred to as "New Lease Standards") amended by the Ministry of Finance on 7 December 2018, companies that are listed both domestically and overseas and companies that are listed overseas and adopt the International Financial Reporting Standards or Accounting Standards for Enterprises to prepare their financial statements from 1 January 2019.

In the implementation of the new lease standard, the Company shall, based on the cumulative effect of initially applying the standards, adjust the opening balance of retained earnings and the amount of other relevant items in financial statements at the beginning of the year (in which this standard is first applied), and shall not adjust the information of the comparative period. For the operating lease before the first implementation date, the lease liability is measured at the present value on the first implementation date based on the present value of the remaining lease payment discounted at the incremental borrowing rate and the amount equal to the lease liability is used to measure the right-of-use asset, and the necessary adjustment is made according to the prepaid rent. On this basis, right-of-use assets at the beginning of the year would be increased by RMB 195,233,800.37, and the lease liability would be increased by RMB195,233,800.37 Simultaneously.

Consolidated balance sheets

Unit: Yuan Currency: RMB

Item	31 December 2018	1 January 2019	Adjustment
Current assets:			
Cash at bank and on hand	99,371,121.05	99,371,121.05	
Financial assets held-for-trading			
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable and accounts receivable	46,428,670.20	46,428,670.20	
Including: Notes receivable			
Accounts receivable	46,428,670.20	46,428,670.20	
Prepayments	2,100,230.64	2,100,230.64	
Other receivables	9,520,031.06	9,520,031.06	

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Including: Interest receivable	558,431.55	558,431.55	
Dividends receivable			
Inventories	98,897,393.27	98,897,393.27	
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	761,163,163.71	761,163,163.71	
Total current assets	1,017,480,609.93	1,017,480,609.93	
Non-current assets:			
Debt investments			
Available-for-sale financial assets			
Other debt investments			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	7,921,435,986.83	7,921,435,986.83	
Investments in other equity instruments			
Other non-current financial assets			
Investment properties			
Fixed assets	70,839,970.49	70,839,970.49	
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	10,468,726.74	10,468,726.74	
Development expenses			
Goodwill			
Long-term prepaid expenses			
Deferred tax assets	20,000,000.00	20,000,000.00	
Other non-current assets	633,860,105.78	633,860,105.78	
Total non-current assets	8,656,604,789.84	8,656,604,789.84	
Total assets	9,674,085,399.77	9,674,085,399.77	
Current liabilities:			
Short-term borrowings	650,000,000.00	650,000,000.00	
Financial liabilities held-for-trading			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable and accounts payable	58,845,591.58	58,845,591.58	

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Advances from customers			
Contract liabilities	65,497,566.97	65,497,566.97	
Employee benefits payable			
Taxes payable	3,217,292.29	3,217,292.29	
Other payables	41,994,848.71	41,994,848.71	
Including: Interest payable	731,881.94	731,881.94	
Dividends payable	304,042.49	304,042.49	
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities	77,418.16	77,418.16	
Total current liabilities	819,632,717.71	819,632,717.71	
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities			
Long-term payables	99,370,000.00	99,370,000.00	
Long-term employee benefits payable			
Estimated liabilities			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities	99,370,000.00	99,370,000.00	
Total liabilities	919,002,717.71	919,002,717.71	
Owners' equity (or shareholder's equity) :			
Paid-up capital (or share capital)	1,413,506,378.00	1,413,506,378.00	
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve	6,147,927,729.10	6,147,927,729.10	
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve	472,670,941.45	472,670,941.45	
Undistributed profit	720,977,633.51	720,977,633.51	
Total owners' equity (or shareholder's equity)	8,755,082,682.06	8,755,082,682.06	
Total liabilities and owners' equity (or shareholder's equity)	9,674,085,399.77	9,674,085,399.77	

- 4.3 Description of the first implementation of new financial instrument standards and new lease standards on the retrospective adjustment of comparative figures for the previous period

Not applicable

- 4.4 Auditors' Report

Not applicable