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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 OF 2020

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 2020 (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 2020 is unaudited.

II. GENERAL INFORMATION OF THE COMPANY

2.1 Key financial information

Unit: Yuan Currency: RMB

	As at the end of the Reporting	As at the end of last year	Change compared with that if the end of year (%)
Total asset	37,500,727,572.53	52,304,069,154.98	-28.30
Net assets attributable to shareholders of the Company	12,822,902,561.29	10,148,256,838.77	26.36
	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 (%)
Net cash flows from operating activities	-1,028,494,509.05	-2,894,631,213.88	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 (%)
Operating income	2,252,367,792.06	2,495,197,903.00	-9.73
Net profit attributable to shareholders of the Company	3,222,717,345.12	-208,674,332.21	Not applicable
Net profit attributable to shareholders of the Company after deduction of non- recurring gains and losses	-192,174,378.21	-359,529,918.99	Not applicable
Weighted average return on equity (%)	27.83	-2.17	Increase of 30.00 percentage points
Basic earnings per share(RMB/share)	2.2799	-0.1476	Not applicable
Diluted earnings per share (RMB/Share)	2.2799	-0.1476	Not applicable

Extraordinary items and their amounts

Unit: Yuan Currency: RMB

Item	Current period	Explanation
Gain or loss on disposal of non-current assets	-420,381.01	
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 Company's normal operation, meet the requirements of government policies and are subject to certain limits and conditions	8,261,314.43	
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		
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		

Item	Current period	Explanation
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	-5,713,800.26	
Reversal of impairment provisions for receivables and contract assets subject to individual impairment test		
Gain or loss from external entrusted 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	474,798.41	
Other items of non-recurring gains or losses	3,389,485,313.25	<i>Note</i>
Effect of minority interests (after tax)	13,774,891.39	
Effect of income tax	9,029,587.12	
Total	3,414,891,723.33	

Note: During the reporting period, upon the completion of disposal of 27.4214% of the equity interests in GSI, the company will only hold 46.3018% of the equity interest in GSI and due to loss of its control over GSI, GSI will no longer be included in the consolidation scope of the Company. In view of the above-mentioned reality, it is subject to adjustments in accordance with relevant requirements on accounting treatment for loss of control over an investee as a result of partial disposal of equity investment under the Accounting Standards for Enterprises No.33-Consolidated Financial Statements. The company recognised the investment income of 3.390 billion yuan during the reporting period, of which: 1.04 billion yuan is recognized for gain on disposal of equity, the remaining equity is re-measured at the fair value to recognise the investment income of 1.76 billion yuan and the other equity changes of 590 million yuan are carried forward to the profit or loss for the period. The specific accounting treatment shall be based on the results of accountants' audit confirmation. Specific accounting treatment is subject to the results as audited and confirmed by the accountants.

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						72,507
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	588,752,275	41.65	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
E Fund – Central Huijin Asset Management Limited – E Fund – Single Asset Management Plan of Huijin Asset Management	15,126,100	1.07	0	None	0	Others
Xie Chuanrong	7,022,413	0.50	0	None	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
China Construction Bank Corporation – Fullgoal China Securities Military Index Grading Securities Investment Fund	5,622,458	0.40	0	None	0	Others
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
Hong Kong Securities Clearing Company Limited	2,880,141	0.20	0	None	0	Overseas legal 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	588,752,275	Overseas listed foreign shares	588,752,275
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
E Fund – Central Huijin Asset Management Limited – E Fund – Single Asset Management Plan of Huijin Asset Management	15,126,100	Ordinary shares denominated in RMB	15,126,100
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
China Construction Bank Corporation – Fullgoal China Securities Military Index Grading Securities Investment Fund	5,622,458	Ordinary shares denominated in RMB	5,622,458
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
Hong Kong Securities Clearing Company Limited	2,880,141	Ordinary shares denominated in RMB	2,880,141
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
Cash at bank and on hand	8,740,398,745.70	14,317,366,099.93	-38.95	Disposal of subsidiaries with loss of control right during the period
Financial assets held-for-trading	12,445,817.95	48,785,784.80	-74.49	Disposal of subsidiaries with loss of control right during the period
Notes receivable	114,165,151.88	633,564,863.60	-81.98	Disposal of subsidiaries with loss of control right during the period
Accounts receivable	1,183,535,615.07	2,350,380,440.10	-49.64	Disposal of subsidiaries with loss of control right during the period
Other receivables	893,531,133.53	1,822,048,699.16	-50.96	Disposal of subsidiaries with loss of control right during the period
Non-current assets due within one year		692,000,000.00	-100.00	Disposal of subsidiaries with loss of control right during the period
Long-term equity investments	5,515,695,606.07	753,695,038.72	631.82	Disposal of subsidiaries with loss of control right during the period, the remaining equity interest is accounted based on equity method
Investments in other equity instruments	2,896,351,342.77	71,248,734.49	3,965.13	Disposal of subsidiaries during the period, due to the new equity investment for issuance of shares as consideration for transaction
Investment properties		20,993,939.36	-100.00	Disposal of subsidiaries with loss of control right during the period
Fixed assets	3,913,499,143.52	11,439,928,689.69	-65.79	Disposal of subsidiaries with loss of control right during the period
Construction in progress	624,819,275.76	1,181,944,326.01	-47.14	Disposal of subsidiaries with loss of control right during the period

Item	Ending balance	Ending balance of last year	Change (%)	Main reason for change
Intangible assets	750,523,679.93	2,072,573,536.99	-63.79	Disposal of subsidiaries with loss of control right during the period
Goodwill		144,231,195.67	-100.00	Disposal of subsidiaries with loss of control right during the period
Long-term prepaid expenses	6,207,383.22	75,592,524.66	-91.79	Disposal of subsidiaries with loss of control right during the period
Short-term borrowings	2,120,261,225.62	6,147,082,148.56	-65.51	Disposal of subsidiaries with loss of control right during the period
Notes payable	1,962,451,225.25	3,063,415,001.67	-35.94	Disposal of subsidiaries with loss of control right during the period
Accounts payable	4,855,501,997.63	8,687,397,898.75	-44.11	Disposal of subsidiaries with loss of control right during the period
Contract liabilities	5,657,524,599.88	8,488,146,386.62	-33.35	Disposal of subsidiaries with loss of control right during the period
Taxes and fees payable	15,985,232.72	72,234,563.79	-77.87	Disposal of subsidiaries with loss of control right during the period
Other payables	151,112,306.06	344,881,770.61	-56.18	Disposal of subsidiaries with loss of control right during the period
Non-current liabilities due within one year	1,551,743,177.52	2,281,928,067.24	-32.00	Disposal of subsidiaries with loss of control right during the period
Long-term borrowings	3,935,865,570.76	6,049,757,000.00	-34.94	Disposal of subsidiaries with loss of control right during the period
Estimated liabilities	265,720,588.41	694,854,560.21	-61.76	Disposal of subsidiaries with loss of control right during the period
Special reserve		443,910.04	-100.00	Disposal of subsidiaries with loss of control right during the period
Undistributed profit	1,613,965,578.01	-1,605,393,084.53	Not applicable	Increase investment revenue recognized from disposal of subsidiaries during the period
Minority interests	3,364,500,254.43	5,399,466,849.10	-37.69	Disposal of subsidiaries with loss of control right during the period

(2) Income statement items

Item	Current period	Corresponding period of last year	Change (%)	Main reason for change
Taxes and surcharges	10,476,416.87	15,770,082.95	-33.57	Disposal of subsidiaries during the period, it ceased to be included in the consolidated financial statements since 1 March
Selling expenses	25,872,733.54	-1,075,676.29	Not applicable	Increase in recovery of warranty expenses due for cleaning up in the previous period
Finance cost	-55,689,464.34	82,853,637.00	-167.21	Decrease in net exchange loss as a result of exchange rate fluctuation
Other income	2,357,855.25	18,533,402.39	-87.28	Decrease in government subsidies during the period
Investment income	3,432,787,294.76	-63,526,645.03	Not applicable	Disposal of subsidiaries with loss of control right during the period
Gain on change in fair value	-1,417,906.64	234,477,608.18	-100.60	Changes in fair value of foreign exchange contracts on hand as a result of change in exchange rate
Credit impairment loss	1,601,557.96	-494,850.75	Not applicable	reversal of the provision for bad debts during the period
Loss on impairment of assets	--113,431,838.90	-57,145,719.13	Not applicable	Increase in provision for the costs to fulfil a contract made during the period
Non-operating income	1,590,029.46	3,901,279.62	-59.24	Decrease in government subsidies during the period
Non-operating expenses	1,038,049.19	198,601.14	422.68	Increase in loss on retirement of fixed assets
Income tax expense	9,366,925.59	429,779.53	2,079.47	Increase in deferred income tax expenses
Gain or loss attributable to minority interests	-105,044,118.43	-75,047,387.46	Not applicable	Changes in equity held by minority shareholders
Net other comprehensive income after tax	-45,261.45	491,046.73	-109.22	Effect of the changes in fair value of investments in other equity instruments and conversion difference in foreign currency statements

(3) Cash flow statement items

Item	Current period	Corresponding period of last year	Change (%)	Main reason for change
Net cash flows from operating activities	-1,028,494,509.05	-2,894,631,213.88	Not applicable	The effect of the increase in receivables but the decrease in payables compared with the same period last year
Net cash flows from investing activities	-4,551,286,254.63	40,262,104.78	-11,404.14	Disposal of subsidiaries with loss of control right during the period
Net cash flows from financing activities	184,228,061.27	936,915,284.90	-80.34	The effect of the decrease on net borrowings from bank during the period

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

The Company considered and approved (among others) the resolutions in relation to the significant asset disposal and connected transaction at the 13th meeting of the ninth session of the board of directors held on 4 April 2019, the 16th meeting of the ninth session of the Board held on 7 August 2019, the 19th meeting of the ninth session of the Board held on 16 September 2019 and the first extraordinary general meeting of 2019 held on 23 October 2019, which approved the matters relating to the disposal of 27.4214% of the equity interests in Guangzhou Shipyard International Company Limited (“GSI”) by China CSSC Holdings Limited where CSSC Holdings shall pay the transfer consideration by way of non-public issuance of its A shares to the Company, while the Company shall waive its right of first refusal to acquire 23.5786% of the equity in GSI and 30.9836% of the equity in CSSC Huangpu Wenchong Shipbuilding Company Limited (“Huangpu Wenchong”). As at 31 March 2020, the implementation of the significant asset disposal and connected transaction of the Company was completed. After the Company has transferred and registered 27.4214% of equity interests in GSI, its original controlling subsidiary was registered under the name of CSSC Holdings (“CSSC Holdings”). Currently, the Company only holds 46.3018% of equity in GSI. CSSC Holdings has issued 217,494,916 shares of CSSC Holdings to the Company in order to pay for the transfer consideration of the above 27.4214% equity interests in GSI held by the Company.

For details, please refer to announcements dated 4 April 2019, 9 May 2019, 7 August 2019, 16 September 2019, 24 March 2020 and 30 March 2020 published by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (comec.cssc.net.cn).

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

Not applicable

3.4 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

Name of entity	CSSC Offshore & Marine Engineering (Group) Company Limited
Legal representative	Han Guangde
Date	29 April 2020

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 Shiyou.

IV. APPENDIX

4.1 Financial Statements

CONSOLIDATED BALANCE SHEET

31 March 2020

Prepared by: CSSC Offshore &

Marine Engineering (Group) Company Limited

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	31 March 2020	31 December 2019
Current assets:		
Cash at bank and on hand	8,740,398,745.70	14,317,366,099.93
Settlement reserve		
Placements with banks and non-bank financial institutions		
Financial assets held-for-trading	12,445,817.95	48,785,784.80
Derivative financial assets		
Notes receivable	114,165,151.88	633,564,863.60
Accounts receivable	1,183,535,615.07	2,350,380,440.10
Receivable financing		
Prepayments	1,860,532,357.96	2,339,261,199.21
Insurance premium receivable		
Reinsurance premium receivable		
Reserves for reinsurance contract receivable		
Other receivables	893,531,133.53	1,822,048,699.16
Including: Interest receivable		8,794,796.77
Dividends receivable		
Financial assets purchased under agreements to resell		
Inventories	3,379,932,098.26	4,344,806,992.50
Contract assets	4,450,582,834.48	6,336,385,363.12
Assets held for sale		
Non-current assets due within one year		692,000,000.00
Other current assets	396,399,113.29	350,850,895.77
Total current assets	21,031,522,868.12	33,235,450,338.19

Item	31 March 2020	31 December 2019
Non-current assets:		
Loans and advances to customers		
Debt investments		
Other debt investments		
Long-term receivables	2,181,788,960.25	2,703,137,274.56
Long-term equity investments	5,515,695,606.07	753,695,038.72
Investments in other equity instruments	2,896,351,342.77	71,248,734.49
Other non-current financial assets		
Investment properties		20,993,939.36
Fixed assets	3,913,499,143.52	11,439,928,689.69
Construction in progress	624,819,275.76	1,181,944,326.01
Productive biological assets		
Oil and gas assets		
Right-of-use assets	134,887,550.46	149,351,363.01
Intangible assets	750,523,679.93	2,072,573,536.99
Development expenses		
Goodwill		144,231,195.67
Long-term prepaid expenses	6,207,383.22	75,592,524.66
Deferred tax assets	366,855,942.74	377,902,704.29
Other non-current assets	78,575,819.69	78,019,489.34
Total non-current assets	16,469,204,704.41	19,068,618,816.79
Total assets	37,500,727,572.53	52,304,069,154.98
Current liabilities:		
Short-term borrowings	2,120,261,225.62	6,147,082,148.56
Loans from central bank		
Placements from banks and other financial institutions		
Financial liabilities held-for-trading	156,309,765.89	221,737,672.75
Derivative financial liabilities		
Notes payable	1,962,451,225.25	3,063,415,001.67
accounts payable	4,855,501,997.63	8,687,397,898.75
Advances from customers		
Contract liabilities	5,657,524,599.88	8,488,146,386.62
Securities sold under agreements to repurchase		
Deposits from customers and other banks		
Brokerage for securities trading		
Brokerage for underwriting securities		
Employee benefits payable	46,323,075.16	40,446,901.64
Taxes payable	15,985,232.72	72,234,563.79
Other payables	151,112,306.06	344,881,770.61
Including : Interest payable		35,332,096.80
Dividends payable	304,042.49	394,042.49
Fee and commission payable		
Reinsured accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	1,551,743,177.52	2,281,928,067.24
Other current liabilities	53,909,877.13	63,237,341.88
Total current liabilities	16,571,122,482.86	29,410,507,753.51

Item	31 March 2020	31 December 2019
Non-current liabilities:		
Reserves for insurance contracts		
Long-term borrowings	3,935,865,570.76	6,049,757,000.00
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liability	116,271,665.72	110,198,081.27
Long-term payables	99,370,000.00	101,816,823.07
Long-term employee benefits payable	174,902,172.42	229,389,012.33
Estimated liabilities	265,720,588.41	694,854,560.21
Deferred income	140,677,621.96	150,307,309.25
Deferred tax liabilities	9,394,654.68	9,514,927.47
Other non-current liabilities		
Total non-current liabilities	4,742,202,273.95	7,345,837,713.60
Total liabilities	21,313,324,756.81	36,756,345,467.11
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	8,871,440,546.37	9,418,941,779.55
Less: Treasury shares		
Other comprehensive income	-38,462,714.10	-41,694,917.30
Special reserve		443,910.04
Surplus reserve	962,452,773.01	962,452,773.01
Provision for general risks		
Undistributed profit	1,613,965,578.01	-1,605,393,084.53
Total equity attributable to owners of the company (or shareholder's equity)	12,822,902,561.29	10,148,256,838.77
Minority interests	3,364,500,254.43	5,399,466,849.10
Total owners' equity(or shareholder's equity)	16,187,402,815.72	15,547,723,687.87
Total liabilities and owners' equity(or shareholder's equity)	37,500,727,572.53	52,304,069,154.98

Legal representative:
Han Guangde

Person in charge of accounting:
Hou Zengquan

Head of accounting department:
Xie Weihong

BALANCE SHEET OF THE COMPANY

31 March 2020

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

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	31 March 2020	31 December 2019
Current assets:		
Cash at bank and on hand	264,488,279.43	113,638,189.16
Financial assets held-for-trading		
Derivative financial assets		
Notes receivable		
Accounts receivable	63,407,312.86	40,084,782.69
Receivable financing		
Prepayments	2,831,781.00	6,585,840.89
Other receivables	7,581,048.46	8,852,312.88
Including: Interest receivable		199,136.97
Dividends receivable		
Inventories		78,044,136.16
Contract assets		
Assets held for sale		
Non-current assets due within one year		270,000,000.00
Other current assets	113,670,468.59	244,609,360.00
Total current assets	451,978,890.34	761,814,621.78
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables	600,373,083.34	600,000,000.00
Long-term equity investments	6,925,802,900.29	7,873,786,253.99
Investments in other equity instruments	2,857,883,200.00	
Other non-current financial assets		
Investment properties		
Fixed assets	439,163,774.15	447,436,065.79
Construction in progress		
Productive biological assets		
Oil and gas assets		
Right-of-use assets	1,668,686.05	1,896,234.13
Intangible assets	10,138,591.07	10,161,107.29
Development expenses		
Goodwill		
Long-term prepaid expenses	634,398.03	720,906.87
Deferred tax assets	20,000,000.00	20,000,000.00
Other non-current assets	252,675,686.00	436,902,001.36
Total non-current assets	11,108,340,318.93	9,390,902,569.43
Total assets	11,560,319,209.27	10,152,717,191.21

Item	31 March 2020	31 December 2019
Current liabilities:		
Short-term borrowings		200,000,000.00
Financial liabilities held-for-trading		
Derivative financial liabilities		
Notes payable		
accounts payable	167,535,966.66	179,911,996.18
Advances from customers		
Contract liabilities	12,922,581.00	59,818,924.73
Employee benefits payable		
Taxes payable	324,406.13	2,802,092.60
Other payables	15,732,062.72	53,596,763.60
Including: Interest payable		565,277.78
Dividends payable	304,042.49	304,042.49
Liabilities held for sale		
Non-current liabilities due within one year	925,411.03	200,898,274.92
Other current liabilities		30,817.60
Total current liabilities	197,440,427.54	697,058,869.63
Non-current liabilities:		
Long-term borrowings	600,373,083.34	600,000,000.00
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	852,010.45	1,096,162.49
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 liability	700,595,093.79	700,466,162.49
Total liabilities	898,035,521.33	1,397,525,032.12
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	8,336,095,796.46	6,147,927,729.10
Less: Treasury shares		
Other comprehensive income	-2,126,845.52	
Special reserve		
Surplus reserve	472,681,889.15	472,681,889.15
Undistributed profit	442,126,469.85	721,076,162.84
Total owners' equity(or shareholder's equity)	10,662,283,687.94	8,755,192,159.09
Total liabilities and owners' equity(or shareholder's equity)	11,560,319,209.27	10,152,717,191.21

Legal representative:
Han Guangde

Person in charge of accounting:
Hou Zengquan

Head of accounting department:
Xie Weihong

CONSOLIDATED INCOME STATEMENT

From January to March 2020

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

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	First quarter in 2020	First quarter in 2019
I. Total operating income	2,252,367,792.06	2,495,197,903.00
Including: Operating income	2,252,367,792.06	2,495,197,903.00
Interest income		
Premium earned		
Fee and commission income		
II. Total operating costs	2,447,776,582.48	2,914,036,317.28
Including: Operating costs	2,199,219,374.32	2,530,798,664.93
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	10,476,416.87	15,770,082.95
Selling expenses	25,872,733.54	-1,075,676.29
Administrative expenses	147,617,717.31	185,166,639.18
Research and development expenses	120,279,804.78	100,522,969.51
Finance cost	-55,689,464.34	82,853,637.00
Including: Interest expenses	58,841,139.17	114,175,929.23
Interest income	70,954,085.13	62,353,054.44
Add: Other income	2,357,855.25	18,533,402.39
Investment income (loss expressed with “-”)	3,432,787,294.76	-63,526,645.03
Including: Income from investment in associates and joint ventures	45,123,690.45	-2,564,294.34
Gains on termination of financial assets measured at amortized cost		
Exchange gain (loss expressed with “-”)		
Net gain on exposure hedging (loss expressed with “-”)		
Gain on change in fair value (loss expressed with “-”)	-1,417,906.64	234,477,608.18
Credit impairment loss (loss expressed with “-”)	1,601,557.96	-494,850.75
Loss on impairment of assets (loss expressed with “-”)	-113,431,838.90	-57,145,719.13
Gain on disposal of assets (loss expressed with “-”)		
III. Operating profit (loss expressed with “-”)	3,126,488,172.01	-286,994,618.62
Add: Non-operating income	1,590,029.46	3,901,279.62
Less: Non-operating expenses	1,038,049.19	198,601.14
IV. Total profit (loss expressed with “-”)	3,127,040,152.28	-283,291,940.14
Less: Income tax expense	9,366,925.59	429,779.53
V. Net profit (net loss expressed with “-”)	3,117,673,226.69	-283,721,719.67
(i) By continuity of operations		

Item	First quarter in 2020	First quarter in 2019
1. Net profit from continuing operations (net loss expressed with “-”)	-78,832,458.67	-98,169,311.20
2. Net profit from discontinued operations (net loss expressed with “-”)	3,196,505,685.36	-185,552,408.47
(ii) By ownership		
1. Net profit attributable to shareholders of the Company (net loss expressed with “-”)	3,222,717,345.12	-208,674,332.21
2. Gain or loss attributable to minority interests (net loss expressed with “-”)	-105,044,118.43	-75,047,387.46
VI. Net other comprehensive income after tax	-45,261.45	491,046.73
(i) Net other comprehensive income after tax attributable to owners of the Company	-126,479.38	375,297.00
1. Other comprehensive income that may not be reclassified to profit or loss	-483,299.48	529,203.34
(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	-17,427.46	
(3) Change in fair value of investments in other equity instruments	-465,872.02	529,203.34
(4) Change in fair value of own credit risk		
2. Other comprehensive income that may be reclassified to profit or loss	356,820.10	-153,906.34
(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 flows hedging reserve		
(6) Exchange differences arising from translation of foreign currency financial statements	356,820.10	-153,906.34
(7) Others		
(ii) Net other comprehensive income after tax attributable to minority interests	81,217.93	115,749.73
VII. Total comprehensive income	3,117,627,965.24	-283,230,672.94
(i) Total comprehensive income attributable to owners of the Company	3,222,590,865.74	-208,299,035.21
(ii) Total comprehensive income attributable to minority interests	-104,962,900.50	-74,931,637.73
VIII. Earnings per share :		
(i) Basic earnings per share (RMB/share)	2.2799	-0.1476
(ii) Diluted earnings per share (RMB/share)	2.2799	-0.1476

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 2020

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

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	First quarter in 2020	First quarter in 2019
I. Operating income	91,923,201.70	38,286,619.78
Less: Operating costs	90,552,310.85	35,069,467.53
Taxes and surcharges	1,185,613.62	806,281.85
Selling expenses	279,731.32	725,601.41
Administrative expenses	4,290,161.24	4,311,998.00
Research and development expenses		
Finance cost	-4,145,096.53	-6,828,483.87
Including: Interest expenses	5,082,615.82	6,004,692.92
Interest income	9,234,842.68	12,915,443.60
Add: Other income		
Investment income (loss expressed with “-”)	1,302,438,901.22	-1,639,290.04
Including: Income from investment in associates and joint ventures	-44,797,842.54	-1,639,290.04
Gains on termination of financial assets measured at amortized cost		
Net gain or loss on exposure hedging (loss expressed with “-”)		
Gain on change in fair value (loss expressed with “-”)		
Credit impairment loss (loss expressed with “-”)	-34,618.26	143,581.86
Loss on impairment of assets (loss expressed with “-”)	-2,580,564.17	
Gain on disposal of assets (loss expressed with “-”)		
II. Operating profit (loss expressed with “-”)	1,299,584,199.99	2,706,046.68
Add: Non-operating income	46,383.78	
Less: Non-operating expenses		82.78
III. Total profit (loss expressed with “-”)	1,299,630,583.77	2,705,963.90
Less: Income tax expense		
IV. Net profit (net loss expressed with “-”)	1,299,630,583.77	2,705,963.90
1. Net profit from continuing operations (net loss expressed with “-”)	1,299,630,583.77	2,705,963.90
2. Net profit from discontinued operations (net loss expressed with “-”)		

Item	First quarter in 2020	First quarter in 2019
V. Net other comprehensive income after tax	-235,270.72	
(i) Other comprehensive income that may not be reclassified to profit or loss	-235,270.72	
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	-235,270.72	
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. Amount included in other comprehensive income on reclassification of financial assets		
4. Provision for credit impairment of other debt investments		
5. Cash flows hedging reserve		
6. Exchange differences arising from translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	1,299,395,313.05	2,705,963.90
VII. Earnings per share:		
1. Basic earnings per share (RMB/share)		
2. 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 2020

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

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	First quarter in 2020	First quarter in 2019
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	3,224,606,860.30	2,600,143,164.97
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	142,194,785.40	374,388,758.97
Other cash receipts relating to operating activities	141,888,866.09	144,434,781.34
Sub-total of cash inflows from operating activities	3,508,690,511.79	3,118,966,705.28
Cash paid for goods and services	4,026,939,389.18	5,367,860,536.77
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 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	309,779,303.02	457,691,959.59
Payments of taxes	61,470,264.61	34,597,902.98
Other cash payments relating to operating activities	138,996,064.03	153,447,519.82
Sub-total of cash outflows from operating activities	4,537,185,020.84	6,013,597,919.16
Net cash flows from operating activities	-1,028,494,509.05	-2,894,631,213.88

Item	First quarter in 2020	First quarter in 2019
II. Cash flows from investing activities:		
Cash receipts from disposal of investments	3,168,880.00	
Cash receipts from investment income	560,812.11	523,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	622,488.31	71,844.10
Net cash received from disposal of subsidiaries and other business units		
Other cash receipts relating to investing activities	808,381,400.33	1,045,958,200.85
Sub-total of cash inflows from investing activities	812,733,580.75	1,046,553,044.95
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	189,044,315.62	120,878,847.81
Cash paid for investments	102,440,472.11	488,153,263.75
Net increase in pledged loans		
Net cash paid for acquisition of subsidiaries and other business units	10,706,417.69	
Other cash payments relating to investing activities	5,061,828,629.96	397,258,828.61
Sub-total of cash outflows from investing activities	5,364,019,835.38	1,006,290,940.17
Net cash flows from investing activities	-4,551,286,254.63	40,262,104.78
III. Cash flows from financing activities:		
Cash receipts from receiving investments		
Including: Cash received by subsidiaries from receiving investments made by minority interests		
Cash receipts from borrowings obtained	2,636,400,000.00	2,696,495,222.23
Other cash receipts relating to financing activities	28,500,000.00	106,000,000.00
Sub-total of cash inflows from financing activities	2,664,900,000.00	2,802,495,222.23
Cash paid for repayment of debts	2,430,082,119.50	1,776,280,043.66
Cash paid for dividends, profit distribution or interest expenses	45,951,280.57	89,299,893.67
Including: Dividends and profits paid by subsidiaries to minority interests		
Other cash payments relating to financing activities	4,638,538.66	
Sub-total of cash outflows from financing activities	2,480,671,938.73	1,865,579,937.33
Net cash flows from financing activities	184,228,061.27	936,915,284.90
IV. Effect of change in foreign exchange rate on cash and cash equivalents	20,290,964.65	-33,240,660.45
V. Net increase in cash and cash equivalents	-5,375,261,737.76	-1,950,694,484.65
Add: Beginning balance of cash and cash equivalents	10,683,490,790.99	8,536,815,355.09
VI. Ending balance of cash and cash equivalents	5,308,229,053.23	6,586,120,870.44

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 2020

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

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	First quarter in 2020	First quarter in 2019
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	37,842,623.80	49,927,289.55
Cash received from tax refund	147,240.00	
Other cash receipts relating to operating activities	2,322,549.07	2,987,318.72
Sub-total of cash inflows from operating activities	40,312,412.87	52,914,608.27
Cash paid for goods and services	17,865,268.57	31,288,120.21
Cash paid to and on behalf of employees	4,342,083.80	6,306,424.65
Payments of taxes	13,107,002.73	4,062,576.54
Other cash payments relating to operating activities	43,081,002.43	5,892,095.81
Sub-total of cash outflows from operating activities	78,395,357.53	47,549,217.21
Net cash flows from operating activities	-38,082,944.66	5,365,391.06
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	694,424,861.12	13,188,125.00
Sub-total of cash inflows from investing activities	694,424,861.12	13,188,125.00
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		
Cash paid for investments	70,000,000.00	
Net cash paid for acquisition of subsidiaries and other business units		
Other cash payments relating to investing activities	162,000,000.00	
Sub-total of cash outflows from investing activities	232,000,000.00	
Net cash flows from investing activities	462,424,861.12	13,188,125.00

Item	First quarter in 2020	First quarter in 2019
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	400,000,000.00	
Cash paid for dividends, profit distribution or interest expenses	5,257,083.34	5,988,125.00
Other cash payments relating to financing activities	234,742.85	
Sub-total of cash outflows from financing activities	405,491,826.19	5,988,125.00
Net cash flows from financing activities	-405,491,826.19	394,011,875.00
IV. Effect of change in foreign exchange rate on cash and cash equivalents		
V. Net increase in cash and cash equivalents	18,850,090.27	412,565,391.06
Add: Beginning balance of cash and cash equivalents	83,638,189.16	99,371,121.05
VI. Ending balance of cash and cash equivalents	102,488,279.43	511,936,512.11

Legal representative:

Han Guangde

Person in charge of accounting:

Hou Zengquan

Head of accounting department:

Xie Weihong

4.2 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

4.3 Auditors' Report

Not applicable