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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)

THIRD QUARTERLY REPORT 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 third 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 (accountant in charge), have guaranteed the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.
- 1.4 The third quarterly report of 2020 of the Company is unaudited.

II. GENERAL INFORMATION OF THE COMPANY

2.1 Key financial information

	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 (%)
Total assets	36,594,461,567.51	52,304,069,154.98	-30.04
Net assets attributable to shareholders of the Company	13,784,502,308.47	10,148,256,838.77	35.83
	From January 1, 2020 to September 30, 2020	From January 1, 2019 to September 30, 2019	Change compared with that of the same period of last year (%)

Unit: RMB

Net cash flows from operating activities	-2,820,280,788.72	-4,301,735,196.55	Not applicable
	From January 1, 2020 to September 30, 2020	From January 1, 2019 to September 30, 2019	Change compared with that of the same period of last year (%)
Operating income	6,627,314,266.94	12,818,620,509.14	-48.30
Net profit attributable to shareholders of the Company	3,318,340,727.06	-76,594,445.84	Not applicable
Net profit attributable to shareholders of the Company after deduction of non-recurring gains and losses	-485,603,426.17	-571,625,932.74	Not applicable
Weighted average return on equity (%)	28.57	-0.79	Increased by 29.36 percentage points
Basic earnings per share (RMB/share)	2.3476	-0.0542	Not applicable
Diluted earnings per share (RMB/share)	2.3476	-0.0542	Not applicable

Extraordinary items and their amounts

Unit: RMB

Item	Current period (July 1, to September 30, 2020)	From January 1, 2020 to September 30, 2020	Notes
Gain or loss on disposal of non-current assets	112,579.78	-553,380.04	
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, 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	13,954,296.92	42,786,447.21	
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		1,760,005.87	
Gain or loss on exchange of non-monetary assets			
Gain or loss on entrusted investments or assets under management	747,945.21	3,041,095.89	

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 relocation expenses 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 closely related to the Company's normal operation	123,348,733.72	81,618,512.39	
Reversal of the provision for impairment of receivables and contract assets which are tested individually for impairment		20,000.00	
Gains or losses from entrusted loans			
Gain or loss arising from changes in fair value of investment properties under fair value model on subsequent measurement			
Effect of one-time adjustment to current profit or loss according to the requirements of tax and accounting laws and regulations on current profit or loss			
Entrusted fee income from entrusted operations			
Other non-operating income and expenses apart from the aforesaid items	31,830,423.56	32,294,609.63	
Other gain or loss items meeting the definition of non-recurring gains or losses	322,712,821.65	3,711,832,751.32	Note
Effect of minority interests (after tax)	-66,416,103.53	-54,179,833.79	
Effect of income tax	-24,145,147.12	-14,676,055.25	
Total	402,145,550.19	3,803,944,153.23	

Note: Mainly due to the investment gains of RMB3.390 billion were recognized from the disposal of equity of Guangzhou Shipyard International Company Limited (“GSI”) and investment gains of RMB323 million were recognized from the disposal of remaining equity of CSSC Chengxi Yangzhou Shipbuilding Compny Limited (“Chengxi Yangzhou”) during the Reporting Period, which are included in non-recurring gains and losses.

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				118,181		
Shareholding of top ten shareholders						
Name of shareholder (full name)	Number of shares held at the end of the period	%	Number of shares held subject to selling restriction	Pledged or locked up		Nature of shareholder
				Share status	Number	
HKSCC NOMINEES LIMITED	589,212,288	41.68	0	None	0	Overseas legal person
China State Shipbuilding Corporation Limited	495,323,752	35.04	0	None	0	State-owned legal person
China Securities Finance Corporation Limited	28,189,403	1.99	0	None	0	State-owned legal person
Yangzhou Kejin Shipyard Co., Ltd.	6,500,000	0.46	0	Pledged	6,500,000	Domestic Non-state-owned legal-person
Hong Kong Exchanges and Clearing Limited	6,286,052	0.44	0	None	0	Overseas legal person
China Construction Bank Corporation-Fullgoal China Securities Military Index Grading Securities Investment Fund	4,299,358	0.30	0	None	0	Unknown
China Construction Bank Corporation-Guotai China Securities Military Trading Index Securities Investment Open-ended Fund* (中國建設銀行股份有限公司－國泰中證軍工交易型開放式指數證券投資基金)	3,906,316	0.28	0	None	0	Unknown
Xi'an Investment Holding Co., Ltd.	3,001,159	0.21	0	None	0	Overseas legal person
China Merchants Bank Co., Ltd. -Boshi Zhongzheng State-owned Enterprise Innovation-Driven Trading Open Type Index Security Investment Fund	2,809,078	0.20	0	None	0	Unknown
China Merchants Bank Co., Ltd.-Guangfa China Securities Military Trading Index Securities Investment Open-ended Fund* (中國工商銀行股份有限公司－廣發中證軍工交易型開放式指數證券投資基金)	1,813,641	0.13	0	None	0	Unknown
Top ten shareholders of 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	589,212,288	Overseas listed foreign shares	589,212,288
China State Shipbuilding Corporation Limited	495,323,752	Ordinary shares denominated in RMB	495,323,752
China Securities Finance Corporation Limited	28,189,403	Ordinary shares denominated in RMB	28,189,403
Yangzhou Kejin Shipyard Co., Ltd.	6,500,000	Ordinary shares denominated in RMB	6,500,000
Hong Kong Exchanges and Clearing Limited	6,286,052	Ordinary shares denominated in RMB	6,286,052
China Construction Bank Corporation-Fullgoal China Securities Military Index Grading Securities Investment Fund	4,299,358	Ordinary shares denominated in RMB	4,299,358
China Construction Bank Corporation-Guotai China Securities Military Trading Index Securities Investment Open-ended Fund* (中國建設銀行股份有限公司－國泰中證軍工交易型開放式指數證券投資基金)	3,906,316	Ordinary shares denominated in RMB	3,906,316
Xi'an Investment Holding Co., Ltd.	3,001,159	Ordinary shares denominated in RMB	3,001,159
China Merchants Bank Co., Ltd. –Boshi Zhongzheng State-owned Enterprise Innovation-Driven Trading Open Type Index Security Investment Fund	2,809,078	Ordinary shares denominated in RMB	2,809,078
China Merchants Bank Co., Ltd.-Guangfa China Securities Military Trading Index Securities Investment Open-ended Fund* (中國工商銀行股份有限公司－廣發中證軍工交易型開放式指數證券投資基金)	1,813,641	Ordinary shares denominated in RMB	1,813,641
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 Details of and reasons for material changes in the major accounting statement items and financial indicators of the Company

Item	At the end of current period	At the end of last year	Change (%)	Major reasons for change
Cash at bank and on hand	5,745,610,653.67	14,317,366,099.93	-59.87	The completion of the disposal of equity of GSI during the Reporting Period, GSI was excluded from the amount at the end of current period, and the rate of the progress of collection during the Reporting Period was lower than the progress of payment.
Notes receivable	91,159,924.13	633,564,863.60	-85.61	The completion of the disposal of equity of GSI during the

				Reporting Period, and GSI was excluded from the amount at the end of current period.
Accounts receivable	1,498,541,495.15	2,350,380,440.10	-36.24	The completion of the disposal of equity of GSI during the Reporting Period, and GSI was excluded from the amount at the end of current period.
Other receivables	596,386,353.14	1,822,048,699.16	-67.27	The completion of the disposal of equity of GSI during the Reporting Period, GSI was excluded from the amount at the end of current period, and the receipt of relocation compensation by Guangzhou Wenchong Dockyard Co., Ltd. (“Wenchong Dockyard”), a subsidiary of the Company, during the Reporting Period.
Contact assets	4,044,605,787.27	6,336,385,363.12	-36.17	The completion of the disposal of equity of GSI during the Reporting Period, and GSI was excluded from the amount at the end of current period.
Non-current assets due within one year		692,000,000.00	-100.00	The completion of the disposal of equity of GSI during the Reporting Period, and GSI was excluded from the amount at the end of current period.
Other current assets	1,466,240,866.87	350,850,895.77	317.91	The increase in short-term entrusted financial management and value-added input tax credit at the end of the Reporting Period
Long-term equity investments	4,741,186,680.08	753,695,038.72	529.06	The completion of the disposal of equity of GSI during the Reporting Period, and the remaining equity are measured at fair value and accounted for using the equity method, as well as the completion of disposal of remaining equity of Chengxi Yangzhou during the Reporting Period.
Investments in other equity instruments	4,051,396,082.67	71,248,734.49	5,586.27	The completion of the disposal of equity of GSI during the Reporting Period, and the counterparty uses the issuance of shares as the transaction consideration and hence the increase in the investments in equity instruments.
Investment properties		20,993,939.36	-100.00	The completion of the disposal of equity of GSI during the Reporting Period, and the balance of investment properties at the end of the Reporting Period was zero.
Fixed assets	3,898,004,589.50	11,439,928,689.69	-65.93	The completion of the disposal of equity of GSI during the Reporting Period, and GSI was excluded from the amount at the

				end of current period.
Construction in progress	773,988,648.82	1,181,944,326.01	-34.52	The completion of the disposal of equity of GSI during the Reporting Period, and GSI was excluded from the amount at the end of current period.
Intangible assets	753,318,193.32	2,072,573,536.99	-63.65	The completion of the disposal of equity of GSI during the Reporting Period, and GSI was excluded from the amount at the end of current period.
Goodwill		144,231,195.67	-100.00	The completion of the disposal of equity of GSI during the Reporting Period, and the balance of goodwill at the end of the Reporting Period was zero.
Long-term prepaid expenses	5,620,887.84	75,592,524.66	-92.56	The completion of the disposal of equity of GSI during the Reporting Period, and GSI was excluded from the amount at the end of current period.
Short-term borrowings	2,249,848,293.59	6,147,082,148.56	-63.40	The completion of the disposal of equity of GSI during the Reporting Period, and GSI was excluded from the amount at the end of current period.
Financial liabilities held-for-trading	10,742,077.87	221,737,672.75	-95.16	The completion of the disposal of equity of GSI during the Reporting Period, and GSI was excluded from the amount at the end of current period.
Notes payable	1,190,947,933.43	3,063,415,001.67	-61.12	The completion of the disposal of equity of GSI during the Reporting Period, GSI was excluded from the amount at the end of current period, and the acceptance of bills due.
Accounts payable	4,707,266,058.56	8,687,397,898.75	-45.82	The completion of the disposal of equity of GSI during the Reporting Period, and GSI was excluded from the amount at the end of current period.
Contract liabilities	4,701,176,145.37	8,488,146,386.62	-44.61	The completion of the disposal of equity of GSI during the Reporting Period, and GSI was excluded from the amount at the end of current period.
Employee benefits payable	88,885,935.12	40,446,901.64	119.76	The impact of the provision of employee compensation during the Reporting Period.
Taxes payable	15,651,645.84	72,234,563.79	-78.33	The completion of the disposal of equity of GSI during the Reporting Period, and GSI was excluded from the amount at the end of current period.
Other payables	217,255,471.42	344,881,770.61	-37.01	The completion of the disposal of equity of GSI during the Reporting Period, and GSI was excluded from the amount at the end of current period.

Other current liabilities	269,398,967.91	63,237,341.88	326.01	The increase in advance receipts for ship storage and output value-added tax payable at the end of the Reporting Period.
Long-term borrowings	2,272,619,210.84	6,049,757,000.00	-62.43	The completion of the disposal of equity of GSI during the Reporting Period, GSI was excluded from the amount at the end of current period, and the reclassification of long-term borrowings due within one year.
Estimated liabilities	216,466,957.25	694,854,560.21	-68.85	The completion of the disposal of equity of GSI during the Reporting Period, and GSI was excluded from the amount at the end of current period.
Deferred tax liabilities	305,687,282.98	9,514,927.47	3,112.71	During the Reporting Period, changes in fair value of investment in other equity instruments were recognized an increase in deferred tax liabilities.
Other comprehensive income	827,625,646.88	-41,694,917.30	Not applicable	During the Reporting Period, the net after-tax changes in fair value of investment in other equity instruments increased.
Special reserve		443,910.04	-100.00	At the end of the Reporting Period, the balance of the provision on work safety fees was zero.
Undistributed profit	1,709,588,959.95	-1,605,393,084.53	Not applicable	The increase in net gains or losses during the Reporting Period.
Minority interests	3,323,598,447.97	5,399,466,849.10	-38.45	The completion of the disposal of equity of GSI during the Reporting Period, and GSI was excluded from the amount at the end of current period.

(2) Items in the Income statement

Item	Current period	Same period of last year	Change (%)	Major reasons for change
Operating income	6,627,314,266.94	12,818,620,509.14	-48.30	The completion of disposal of the equity of GSI during the Reporting Period, the amount for the period only consolidated the data of GSI from January to February, as well as factors such as the persistent downturn in shipbuilding market and the impact of the COVID-19 epidemic
Operating costs	6,286,396,938.90	12,429,507,122.40	-49.42	The completion of disposal of the equity of GSI during the Reporting Period, the amount for the period only consolidated the data of GSI from January to February, as well as factors such as the persistent downturn in shipbuilding market and the impact of the COVID-19

				epidemic
Taxes and surcharges	17,300,913.23	45,924,625.35	-62.33	The completion of disposal of the equity of GSI during the Reporting Period, and the amount for the period only consolidated the data of GSI from January to February
Administrative expenses	361,073,507.62	576,059,005.58	-37.32	The completion of disposal of the equity of GSI during the Reporting Period, and the amount for the period only consolidated the data of GSI from January to February
Finance cost	-64,520,118.76	83,696,218.84	-177.09	The completion of disposal of the equity of GSI during the Reporting Period, and the amount for the period only consolidated the data of GSI from January to February
Other income	26,327,688.48	13,059,874.02	101.59	Increase in government grants received for this item during the Reporting Period
Investment income	3,629,709,393.60	-224,221,112.73	Not applicable	The investment gains recognized from the disposal of equity in GSI and Chengxi Yangzhou during the Reporting Period
Gain on change in fair value	72,251,833.41	-109,318,987.80	Not applicable	The year-on-year decrease in the unrealized loss on financial derivatives held during the Reporting Period as a result of exchange rate fluctuations
Credit impairment loss (loss expressed with "-")	57,218,559.31	-6,430,486.18	Not applicable	The year-on-year decrease in the provision for bad debts during the Reporting Period
Loss on impairment of assets (loss expressed with "-")	-199,665,276.16	-34,276,897.24	Not applicable	The year-on-year increase in provision for contract performance cost impairment of assets during the Reporting Period
Gain on disposal of assets		-249,851.06	Not applicable	There was no gain and loss from disposal of assets during the Reporting Period
Non-operating income	36,748,333.29	1,159,998,405.24	-96.83	Wenchong Dockyard recognized a net gain for phase I of the land relocation compensation in the corresponding period of last year

(3) Items in the Cash flow statement				
Item	Current period	Same period of last year	Change (%)	Major reasons for change
Net cash flows from operating activities	-2,820,280,788.72	-4,301,735,196.55	Not applicable	The decrease in the rate of the progress of collection during the Reporting Period being lower than the progress of payment
Net cash flow from investing activities	-5,127,100,224.58	810,671,572.27	-732.45	The completion of disposal of the equity of GSI during the Reporting Period, the cash balance at the end of the period was reclassified to "Other cash payments relating to investing

				activities”
Net cash flow from financing activities	-213,573,443.57	-548,369,334.65	Not applicable	The increase in net amount in financing during the Reporting Period

3.2 Progress of significant events, their implications and resolutions

Not applicable

3.3 Undertakings not yet performed after the due date during the reporting period

Not applicable

3.4 Warning on any potential loss in accumulated net profit for the period from the beginning of the year to the end of the next reporting period or any material change from the corresponding period last year and explanation therefor

Not applicable

Name of entity	CSSC Offshore & Marine Engineering (Group) Company Limited
Legal representative	Han Guangde
Date	30 October 2020

As at the date of this announcement, the Board of the Company comprises eleven Directors, namely executive Directors Mr. Han Guangde, Mr. Chen Liping, Mr. Sheng Jigang and Mr. Xiang Huiming; non-executive Directors Mr. Chen Zhongqian, Mr. Chen Ji and Mr. Gu Yuan; and independent nonexecutive Directors Mr. Yu Shiyou, Mr. Lin Bin, Mr. Nie Wei and Mr. Li ZhiJian.

IV. APPENDIX

4.1 FINANCIAL STATEMENTS

Consolidated Balance Sheet 30 September 2020

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

Unit: RMB Audit Type: Unaudited

Item	30 September 2020	31 December 2019
Current assets:		
Cash at bank and on hand	5,745,610,653.67	14,317,366,099.93
Settlement reserve		
Placements with banks and non-bank financial institutions		
Financial assets held-for-trading	63,044,767.98	48,785,784.80
Derivative financial assets		
Notes receivable	91,159,924.13	633,564,863.60
Accounts receivable	1,498,541,495.15	2,350,380,440.10
Receivable financing		
Prepayments	1,982,031,303.86	2,339,261,199.21
Insurance premium receivable		
Reinsurance premium receivable		
Reserves for reinsurance contract receivable		
Other receivables	596,386,353.14	1,822,048,699.16
Including: Interest receivable		8,794,796.77
Dividends receivable		
Financial assets purchased under agreements to resell		
Inventories	4,253,536,842.27	4,344,806,992.50
Contract assets	4,044,605,787.27	6,336,385,363.12
Assets held for sale		
Non-current assets due within one year	-	692,000,000.00
Other current assets	1,466,240,866.87	350,850,895.77
Total current assets	19,741,157,994.34	33,235,450,338.19
Non-current assets:		
Loans and advances to customers		
Debt investments		
Other debt investments		
Long-term receivables	2,099,937,070.53	2,703,137,274.56
Long-term equity investments	4,741,186,680.08	753,695,038.72
Investments in other equity instruments	4,051,396,082.67	71,248,734.49
Other non-current financial assets		
Investment properties	-	20,993,939.36
Fixed assets	3,898,004,589.50	11,439,928,689.69
Construction in progress	773,988,648.82	1,181,944,326.01
Productive biological assets		
Oil and gas assets		
Right-of-use assets	122,938,372.30	149,351,363.01
Intangible assets	753,318,193.32	2,072,573,536.99
Development expenses		
Goodwill	-	144,231,195.67

Long-term prepaid expenses	5,620,887.84	75,592,524.66
Deferred income tax assets	328,529,917.15	377,902,704.29
Other non-current assets	78,383,130.96	78,019,489.34
Total non-current assets	16,853,303,573.17	19,068,618,816.79
Total assets	36,594,461,567.51	52,304,069,154.98
Current liabilities:		
Short-term borrowings	2,249,848,293.59	6,147,082,148.56
Loans from central bank		
Placements from banks and other financial institutions		
Financial liabilities held-for-trading	10,742,077.87	221,737,672.75
Derivative financial liabilities		
Notes payable	1,190,947,933.43	3,063,415,001.67
Accounts payable	4,707,266,058.56	8,687,397,898.75
Advances from customers		
Contract liabilities	4,701,176,145.37	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	88,885,935.12	40,446,901.64
Taxes payable	15,651,645.84	72,234,563.79
Other payables	217,255,471.42	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	2,727,718,704.61	2,281,928,067.24
Other current liabilities	269,398,967.91	63,237,341.88
Total current liabilities	16,178,891,233.72	29,410,507,753.51
Non-current liabilities:		
Reserves for insurance contracts		
Long-term borrowings	2,272,619,210.84	6,049,757,000.00
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	103,269,840.60	110,198,081.27
Long-term payables	99,370,000.00	101,816,823.07
Long-term employee benefits payable	169,475,781.88	229,389,012.33
Estimated liabilities	216,466,957.25	694,854,560.21
Deferred income	140,580,503.80	150,307,309.25
Deferred tax liabilities	305,687,282.98	9,514,927.47
Other non-current liabilities	-	
Total non-current liabilities	3,307,469,577.35	7,345,837,713.60
Total liabilities	19,486,360,811.07	36,756,345,467.11
Owners' equity (or shareholders' interests):		
Paid-in capital (or share capital)	1,413,506,378.00	1,413,506,378.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	8,871,328,550.63	9,418,941,779.55
Less: Treasury shares		
Other comprehensive income	827,625,646.88	-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	1,709,588,959.95	-1,605,393,084.53
Total equity (or shareholders' interests) attributable to owners of the Parent Company	13,784,502,308.47	10,148,256,838.77
Minority interests	3,323,598,447.97	5,399,466,849.10
Total owners' equity (or shareholders' interests)	17,108,100,756.44	15,547,723,687.87
Total liabilities and owners' equity (or shareholders' interests)	36,594,461,567.51	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 Parent Company

30 September 2020

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

Unit: RMB Audit Type: Unaudited

Item	30 September 2020	31 December 2019
Current assets:		
Cash at bank and on hand	430,028,437.81	113,638,189.16
Financial assets held-for-trading		
Derivative financial assets		
Notes receivable		
Accounts receivable	64,304,425.76	40,084,782.69
Receivable financing		
Prepayments	2,831,781.00	6,585,840.89
Other receivables	477,672,300.75	8,852,312.88
Including: Interest receivable		199,136.97
Dividends receivable		
Inventories	3,754,140.00	78,044,136.16
Contract assets		
Assets held for sale		
Non-current assets due within one year	650,348,888.90	270,000,000.00
Other current assets	443,011,875.69	244,609,360.00
Total current assets	2,071,951,849.91	761,814,621.78
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		600,000,000.00
Long-term equity investments	6,141,473,450.66	7,873,786,253.99
Investments in other equity instruments	4,014,956,149.36	
Other non-current financial assets		
Investment properties		
Fixed assets	429,051,487.13	447,436,065.79
Construction in progress		
Productive biological assets		
Oil and gas assets		
Right-of-use assets	1,213,589.89	1,896,234.13
Intangible assets	10,059,784.30	10,161,107.29
Development expenses	-	-
Goodwill	-	-
Long-term prepaid expenses	461,380.35	720,906.87
Deferred income tax assets	20,000,000.00	20,000,000.00
Other non-current assets	202,616,518.33	436,902,001.36
Total non-current assets	10,819,832,360.02	9,390,902,569.43
Total assets	12,891,784,209.93	10,152,717,191.21
Current liabilities:		
Short-term borrowings		200,000,000.00
Financial liabilities held-for-trading	-	-
Derivative financial liabilities		
Notes payable		
Accounts payable	169,821,187.63	179,911,996.18
Advances from customers		
Contract liabilities	7,893,908.40	59,818,924.73
Employee benefits payable		
Taxes payable	426,548.29	2,802,092.60

Other payables	13,519,862.14	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	601,274,731.98	200,898,274.92
Other current liabilities		30,817.60
Total current liabilities	792,936,238.44	697,058,869.63
Non-current liabilities:		
Long-term borrowings		600,000,000.00
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	343,942.19	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	289,268,237.34	-
Other non-current liabilities		
Total non-current liabilities	388,982,179.53	700,466,162.49
Total liabilities	1,181,918,417.97	1,397,525,032.12
Owners' equity (or shareholders' interests):		
Paid-in capital (or share capital)	1,413,506,378.00	1,413,506,378.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	8,335,981,089.45	6,147,927,729.10
Less: Treasury shares		
Other comprehensive income	865,590,729.20	
Special reserve		
Surplus reserve	472,681,889.15	472,681,889.15
Undistributed profit	622,105,706.16	721,076,162.84
Total owners' equity (or shareholders' interests)	11,709,865,791.96	8,755,192,159.09
Total liabilities and owners' equity (or shareholders' interests)	12,891,784,209.93	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 September 2020

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

Unit: RMB Audit Type: Unaudited

Item	July to September 2020	July to September 2019	January to September 2020	January to September 2019
I. Total operating income	2,334,133,083.38	5,002,535,189.46	6,627,314,266.94	12,818,620,509.14
Including: Operating income	2,334,133,083.38	5,002,535,189.46	6,627,314,266.94	12,818,620,509.14
Interest income				
Premium earned				
Fee and commission income				
II. Total operating costs	2,514,629,997.96	5,208,123,061.65	7,050,618,362.14	13,563,086,299.12
Including: Operating costs	2,225,153,409.38	4,802,646,321.59	6,286,396,938.90	12,429,507,122.40
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	1,714,279.47	13,131,001.27	17,300,913.23	45,924,625.35
Selling expenses	12,790,049.10	38,478,368.74	36,032,626.95	47,026,208.71
Administrative expenses	101,328,293.24	201,916,977.10	361,073,507.62	576,059,005.58
Research and development expense	162,570,301.14	154,482,737.59	414,334,494.20	380,873,118.24
Finance cost	11,073,665.63	-2,532,344.64	-64,520,118.76	83,696,218.84
Including: Interest expenses	36,701,330.34	107,185,504.56	130,167,606.79	302,869,238.43
Interest income	90,668,811.86	43,148,437.30	223,475,541.40	171,475,558.28
Add: Other income	4,975,696.19	7,542,326.62	26,327,688.48	13,059,874.02
Investment income (loss expressed with “-”)	256,130,153.01	-23,597,873.19	3,629,709,393.60	-224,221,112.73
Including: Investment income in associates and joint ventures	-88,656,750.42	4,759,317.62	-95,089,721.88	2,216,336.71
Derecognition income of financial assets measured at amortised cost (loss expressed with “-”)				
Exchange gain (loss expressed with “-”)				

Net gain on exposure hedging (loss expressed with “-”)				
Gain on change in fair value (loss expressed with “-”)	102,876,424.41	-373,769,139.08	72,251,833.41	-109,318,987.80
Loss on impairment of credit (loss expressed with “-”)	52,532,682.04	2,020,789.67	57,218,559.31	-6,430,486.18
Loss on impairment of assets (loss expressed with “-”)	-30,933,663.21	35,341,998.85	-199,665,276.16	-34,276,897.24
Gains from disposal of asset (loss expressed with “-”)			-	-249,851.06
III. Operating profit (loss expressed with “-”)	205,084,377.86	-558,049,769.32	3,162,538,103.44	-1,105,903,250.97
Add: Non-operating income	32,745,742.77	-93,090,845.77	36,748,333.29	1,159,998,405.24
Less: Non-operating expenses	228,471.85	729,152.51	1,680,212.99	2,355,066.08
IV. Total profit (total loss expressed with “-”)	237,601,648.78	-651,869,767.60	3,197,606,223.74	51,740,088.19
Less: Income tax expense	39,036,261.68	-29,106,952.92	55,279,258.07	64,878,040.01
V. Net profit (net loss expressed with “-”)	198,565,387.10	-622,762,814.68	3,142,326,965.67	-13,137,951.82
(i) By continuity of operations				
1. Net profit from continuing operations (net loss expressed with “-”)	198,565,387.10	-247,298,469.53	-54,113,362.92	777,570,014.36
2. Net profit from discontinued operations (net loss expressed with “-”)		-375,464,345.15	3,196,440,328.59	-790,707,966.18
(ii) By ownership				
1. Net profit attributable to shareholders of the Parent Company (net loss expressed with “-”)	215,503,156.32	-467,344,775.76	3,318,340,727.06	-76,594,445.84
2. Gain or loss attributable to minority interests (net loss expressed with “-”)	-16,937,769.22	-155,418,038.92	-176,013,761.39	63,456,494.02
VI. Net after tax for other comprehensive income	164,500,464.87	-306,772.51	864,670,436.94	10,095,051.83
(i) Net after tax for other comprehensive income attributable to owners of the Parent Company	165,361,364.67	-238,028.56	865,961,881.60	7,330,617.69
1. Other comprehensive income that may not be reclassified to profit or loss	166,225,495.14	-497,085.53	866,389,394.35	7,023,848.05
(1) Change in remeasurement of defined benefit plans				
(2) Other comprehensive income that may not be	-8,713.73		-104,564.76	

reclassified to profit or loss under equity method				
(3) Change in fair value of investments in other equity instruments	166,234,208.87	-497,085.53	866,493,959.11	7,023,848.05
(4) Change in fair value of own credit risk				
2. Other comprehensive income that may be reclassified to profit or loss	-864,130.47	259,056.97	-427,512.75	306,769.64
(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	-864,130.47	259,056.97	-427,512.75	306,769.64
(7) Others				
(ii) Net other comprehensive income after tax attributable to minority interests	-860,899.80	-68,743.95	-1,291,444.66	2,764,434.14
VII. Total comprehensive income	363,065,851.97	-623,069,587.19	4,006,997,402.61	-3,042,899.99
(i) Total comprehensive income attributable to owners of the Parent Company	380,864,520.99	-467,582,804.32	4,184,302,608.66	-69,263,828.15
(ii) Total comprehensive income attributable to minority interests	-17,798,669.02	-155,486,782.87	-177,305,206.05	66,220,928.16
VIII. Earnings per share:				
(i) Basic earnings per share (RMB/share)	0.1525	-0.3306	2.3476	-0.0542
(ii) Diluted earnings per share (RMB/share)	0.1525	-0.3306	2.3476	-0.0542

For business combination under common control for the current period, net profit realized by the acquire before the combination was RMB0, net profit realized by the acquire was RMB0 for the last period.

Legal representative: Han Guangde

Person in charge of accounting: Hou Zengquan

Head of accounting department: Xie Weihong

Income statement of the Parent Company

From January to September 2020

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

Unit: RMB Audit Type: Unaudited

Item	July to September 2020	July to September 2019	January to September 2020	January to September 2019
I. Operating income	6,299,400.00	26,989,158.72	104,522,001.70	118,950,548.53
Less: Operating costs	4,128,603.54	22,323,555.62	98,809,517.93	111,366,505.19
Taxes and surcharges	465,038.87	496,888.87	4,679,033.40	1,893,347.79
Selling expenses	-	330,671.44	279,731.32	1,575,908.42
Administrative expenses	4,378,611.58	5,537,096.10	13,859,417.25	15,588,513.26
Research and development expense	-	-	-	-
Finance cost	-6,410,570.14	-7,520,678.76	-15,808,395.09	-21,452,781.35
Including: Interest expenses	2,858,939.14	6,572,671.57	11,043,656.59	20,780,796.56
Interest income	9,272,636.42	13,969,210.29	26,866,100.80	42,157,048.66
Add: Other income	-	12,000.00	14,346.29	12,000.00
Investment income(loss expressed with “-”)	233,647,378.36	528,995.16	1,482,143,095.90	-950,217.02
Including: Investment income in associates and joint ventures	-89,058,547.11	528,995.16	-187,799,573.33	-950,217.02
Derecognition income of financial assets measured at amortised cost	-	-	-	-
Net gain on exposure hedging (loss expressed with “-”)	-	-	-	-
Gain on change in fair value (loss expressed with “-”)	-	-	-	-
Loss on impairment of credit (loss expressed with “-”)	-2,363,628.15	-208,342.45	-2,710,089.22	-140,563.13
Loss on impairment of assets (loss expressed with “-”)	-	-	-2,580,564.17	-
Gains from disposal of asset (loss expressed with “-”)	-	-	-	-
II. Operating profit (loss expressed with “-”)	235,021,466.36	6,154,278.16	1,479,569,485.69	8,900,275.07
Add: Non-operating income	842.00	7,543.60	47,285.78	7,543.60
Less: Non-operating expenses	-	32.08	6,951.39	114.86
III. Total profit (total loss expressed with “-”)	235,022,308.36	6,161,789.68	1,479,609,820.08	8,907,703.81
Less: Income tax expense	-	-	-	-
IV. Net profit (net loss expressed with “-”)	235,022,308.36	6,161,789.68	1,479,609,820.08	8,907,703.81
(i) Net profit from continuing operations (net loss expressed with “-”)	235,022,308.36	6,161,789.68	1,479,609,820.08	8,907,703.81
(ii) Net profit from discontinued operations (net loss expressed with “-”)	-	-	-	-
V. Net after tax for other	166,374,897.01	-	867,482,304.00	-

comprehensive income				
(i) Other comprehensive income that may not be reclassified to profit or loss	166,374,897.01	-	867,482,304.00	-
1. Change in remeasurement of defined benefit plans	-	-		
2. Other comprehensive income that may not be reclassified to profit or loss under equity method	-8,713.73	-	-322,408.02	-
3. Change in fair value of investments in other equity instruments	166,383,610.74	-	867,804,712.02	-
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 flow hedges reserve	-	-		
6. Exchange differences arising from translation of foreign currency financial statements	-	-		
7. Others	-	-		
VI. Total comprehensive income	401,397,205.37	6,161,789.68	2,347,092,124.08	8,907,703.81
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 September 2020

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

Unit: RMB Audit Type: Unaudited

Item	January to September 2020	January to September 2019
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	7,004,157,324.94	10,611,856,810.25
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		
Net increase in sales and repurchase operations		
Cash receipts of brokerage for securities trading		
Cash received from tax refund	290,716,866.85	810,419,582.94
Other cash receipts relating to operating activities	1,055,476,225.20	1,373,967,272.99
Sub-total of cash inflows from operating activities	8,350,350,416.99	12,796,243,666.18
Cash paid for goods and services	10,118,691,505.56	15,089,810,458.53
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	705,901,170.55	1,436,233,010.99
Payments of taxes	73,595,467.49	127,102,773.74
Other cash payments relating to operating activities	272,443,062.11	444,832,619.47
Sub-total of cash outflows from operating activities	11,170,631,205.71	17,097,978,862.73
Net cash flows from operating activities	-2,820,280,788.72	-4,301,735,196.55
II. Cash flows from investing activities:		
Cash receipts from recover of investments	1,094,723,098.00	570,000,000.00
Cash receipts from investment income	5,410,404.45	5,042,183.69
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	5,183,954.70	513,520.66
Net cash receipts from disposal of subsidiaries and other business units		
Other cash receipts relating to investing activities	1,712,431,689.02	3,891,235,142.89
Sub-total of cash inflows from investing activities	2,817,749,146.17	4,466,790,847.24
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	602,654,610.18	468,219,422.40

Cash paid for investments	1,693,821,472.11	849,230,036.25
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	5,637,666,870.77	2,338,669,816.32
Sub-total of cash outflows from investing activities	7,944,849,370.75	3,656,119,274.97
Net cash flows from investing activities	-5,127,100,224.58	810,671,572.27
III. Cash flows from financing activities:		
Cash receipts from receiving investments		
Including: Cash received by subsidiaries from receiving investments made by minority interest		
Cash receipts from borrowings obtained	3,916,463,262.48	10,797,083,253.20
Other cash receipts relating to financing activities	60,000,000.00	245,000,000.00
Sub-total of cash inflows from financing activities	3,976,463,262.48	11,042,083,253.20
Cash paid for repayment of debts	4,066,782,119.50	11,283,132,537.13
Cash paid for dividends, profit distribution or interest expenses	117,773,879.67	297,461,141.99
Including: Dividends and profits paid by subsidiaries to minority interests		
Other cash payments relating to financing activities	5,480,706.88	9,858,908.73
Sub-total of cash outflows from financing activities	4,190,036,706.05	11,590,452,587.85
Net cash flows from financing activities	-213,573,443.57	-548,369,334.65
IV. Effect of change in exchange rate on cash and cash equivalents	10,284,734.30	17,901,996.33
V. Net increase in cash and cash equivalents	-8,150,669,722.57	-4,021,530,962.60
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	2,532,821,068.42	4,515,284,392.49

Legal representative: Han Guangde

Person in charge of accounting: Hou Zengquan

Head of accounting department: Xie Weihong

Cash Flow Statement of the Parent Company

From January to September 2020

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

Unit: RMB Audit Type: Unaudited

Item	January to September 2020	January to September 2019
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	42,920,164.48	136,952,547.53
Cash received from tax refund	147,240.00	
Other cash receipts relating to operating activities	5,095,567.04	6,590,501.22
Sub-total of cash inflows from operating activities	48,162,971.52	143,543,048.75
Cash paid for goods and services	16,226,095.25	107,667,291.46
Cash paid to and on behalf of employees	7,477,380.91	22,270,122.84
Payments of taxes	16,725,210.98	8,518,469.21
Other cash payments relating to operating activities	53,056,542.65	23,035,218.81
Sub-total of cash outflows from operating activities	93,485,229.79	161,491,102.32
Net cash flows from operating activities	-45,322,258.27	-17,948,053.57
II. Cash flows from investing activities:		
Cash receipts from recover of investments	491,554,218.00	
Cash receipts from investment income		86,694.62
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	705,513,805.56	822,873,786.07
Sub-total of cash inflows from investing activities	1,197,068,023.56	822,960,480.69
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	61,946.90	74,195.75
Cash paid for investments	400,000,000.00	
Net cash paid for acquisition of subsidiaries and other business units		
Other cash payments relating to investing activities	390,000,000.00	1,130,000,000.00
Sub-total of cash outflows from investing activities	790,061,946.90	1,130,074,195.75
Net cash flows from investing activities	407,006,076.66	-307,113,715.06
III. Cash flows from financing activities:		
Cash receipts from receiving investments		
Cash receipts from borrowings obtained		1,000,000,000.00
Other cash receipts relating to financing activities		
Sub-total of cash inflows from financing activities		1,000,000,000.00
Cash paid for repayment of debts	400,000,000.00	650,000,000.00
Cash paid for dividends, profit distribution or interest expenses	11,268,583.34	20,886,020.82
Other cash payments relating to financing activities	716,114.27	445,714.26

Sub-total of cash outflows from financing activities	411,984,697.61	671,331,735.08
Net cash flows from financing activities	-411,984,697.61	328,668,264.92
IV. Effect of change in foreign exchange rate on cash and cash equivalents	-538.84	
V. Net increase in cash and cash equivalents	-50,301,418.06	3,606,496.29
Add: Beginning balance of cash and cash equivalents	83,638,189.16	99,371,121.05
VI. Ending balance of cash and cash equivalents	33,336,771.10	102,977,617.34

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

4.2 Information on the relevant items in financial statements as at the beginning of the year as a result of the first-time adoption of the New Revenue Standard and the New Lease Standards since 2020

Not applicable

4.3 Description of the retrospective adjustments to comparative data for last period arising from the first-time adoption of the New Revenue Standards and the New Lease Standards since 2020

Not applicable

4.4 Auditor's report

Not applicable