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 limited liability company incorporated in the People's Republic of China)

Stock Code: 00317

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

(Financial Highlights)

Turnover:	**RMB**11,608,460,726.70
Profit attributable to equity holders of the Company:	**RMB**3,662,334,382.03
Earnings per share attributable to equity holders of the Company:	**RMB**2.591

The board of directors (the "**Board**") of CSSC Offshore & Marine Engineering (Group) Company Limited (the "**Company**" or "**COMEC**") hereby announces the audited results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2020 (the "**Reporting Period**") which were prepared in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China (the "**PRC**"), together with comparative figures for the same period in 2019, as follows:

DIVIDENDS

In accordance with article 215 of the "Articles of Association of CSSC Offshore & Marine Engineering (Group) Company Limited", the Company's profit distribution policy shall be:

(I) Profit distribution principle

The Company shall implement a continuous and stable profit distribution policy and the profit distribution of the Company shall be made in accordance with the statutory sequence of distribution. It attaches importance to providing reasonable and stable investment returns for its shareholders and maintaining the Company's long-term and sustainable development. In principle, the Company shall distribute its distributable profit on a yearly basis and it can also declare interim dividends.

(II) Ways of profit distribution

The Company may distribute its dividends by way of cash, shares or a combination of both, with dividend distribution in cash taking priority. In distributing profits by means of shares, the Company should give due regard to the genuine and reasonable factors such as growth and dilution to net assets per share, etc. The distribution of profits shall not exceed the limit of cumulative distributable profits.

(III) Conditions and proportion of dividend distribution

1. On the premise of satisfying the criteria for distribution of cash dividends, in principle, the Company shall distribute dividends in cash on a yearly basis. The Board can recommend to the Company to declare interim dividends based on the Company's profits and capital needs;

2. On the premise of satisfying the criteria for distribution of cash dividends, in principle, the Company shall distribute cash dividends based on a fixed proportion of distributable profits achieved in a year. The cumulative profit distribution in cash for the last three years shall not be less than 30% of the average distributable profit for the last three years;

3. The Company can increase the distribution of share dividends as an additional means for profit distribution, and the sum of cash dividends and share dividends shall not be less than 50% of the distributable profits for the year. In determining the specific amount for distributing profits by means of shares, the Company should give due regard to whether the total share capital after profit distribution by means of shares corresponds to the Company's current scale of operation and profit growth rate, and consider the impact on the debt financing cost of future loans, so as to ensure that the profit distribution plan is in line with the overall interests and long-term interests of shareholders as a whole.

4. In principle, in distributing cash dividends, the Company shall at the same time satisfy the following conditions:

   (i) The Company has made a profit for that year, and after compensating for losses in previous years and withdrawing reserves from the provident fund according to law, the cumulative undistributed profits shall be positive, and the earnings per share shall not be less than RMB0.05;

   (ii) Auditors issue a standard audit report with unqualified opinion for the Company's financial report for the year;

   (iii) The Company's asset-liability ratio shall not exceed 70%;

   (iv) The Company does not have material investment plan or material cash expenditures for the year.

Material investment plan or material cash expenditures refer to: The Company intends to make external investment, acquire assets or purchase equipment in the following 12 months with cumulative expenditure reaching or over 10% of its latest audited net assets of and exceeding RMB500,000,000;

(v) If the Board does not propose to distribute profits in cash in the year when the Company is profitable, it shall state the reason why the profits are not distributed in its annual report for the year, and the use and plans of use in respect of the undistributed capital reserve. Independent directors shall express independent opinions on such non-distribution of profits and disclose their opinions to the public. If the Company does not propose to distribute profits in cash when it is profitable during the Reporting Period, it shall provide an online voting platform to its shareholders in addition to an on-site meeting when it holds general meetings.

According to the resolutions of the Board dated 30 March 2021, the profit distribution plan for the Reporting Period are as following: The Company intends to distribute a cash dividend of RMB1.66 (including tax) for every 10 shares to all shareholders, and the total cash dividends to be distributed will be RMB234,642,058.75 (including tax), calculated according to the total share capital of 1,413,506,378 shares as at 31 December 2020. The remaining undistributed profit will be carried forward for distribution in subsequent years. The Company will not convert capital reserve into share capital for 2020. This profit distribution proposal is subject to approval at the 2020 annual general meeting. If approved, it is expected that the dividends will be paid to shareholders on or before Friday, 23 July 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(I) Development of the shipbuilding market in 2020

1. The three major shipbuilding indicators fell and the market downturn continued. According to statistics of Clarkson Research Services Limited of the United Kingdom, in 2020, global new shipbuilding orders amounted to 59.33 million DWT (deadweight tonnage) ("DWT") and 22.10 million CGT (revised gross tonnage) ("CGT"), representing a year-on-year decrease of 9.2% and 14.1% respectively, and the completion and delivery volume was 89.44 million DWT and 29.93 million CGT , representing a year-on-year decrease of 9.5% and 8.4% respectively. As at the end of December 2020, global orders on hand decreased to 159 million DWT and 69.93 million CGT , representing a year-on-year decrease of 15.3% and 7.7% respectively. The global new shipbuilding market experienced three extreme market conditions, being in 2009, 2012 and 2016, since the global financial crisis. In 2020, the shipbuilding market fell to a trough again due to the chain reactions caused by the COVID-19 pandemic.

2. The price of new ships continued to decline and the decrease in the price of main ship types was larger than the average. A lack of demand meant intensified competition and a diminished bargaining power of shipbuilders. As the end of December 2020, the Clarkson new ship price index was 125.6, down 3.2% year-on-year, representing a larger decline than last year and a low since January 2018. For main ship types, the transaction price of VLCC decreased 7.6%, the transaction price of 15,000 TEU very large container ship decreased 6.4% and the transaction price of 210,000 DWT Capesize bulk vessel decreased 5.8%, as compared with the end of 2019. The imbalance of supply and demand led to intensified competition among shipbuilders for new ship orders, which aggravated the price decline.

3. Tankers became the main type in the new ship market in the year, and orders for container ships and liquefied gas tankers picked up later in the year. The decreases in new ship orders for bulk vessels and luxury cruise ships were relatively large, while the decreases for tankers and liquefied gas tankers were less than the average. Orders for container ships increased slightly against the trend due to orders made near the end of the year. In terms of tankers, new ship order market for tankers was hot, driven by ship owners' profitability amid rising freight rates. In terms of liquefied gas tankers, upstream production such as gas exploration was delayed due to impact of the pandemic. However, as the global economic activity gradually recovered, new ship orders for large LNG carrier began to rebound rapidly since the fourth quarter of 2020. In terms of container ships, there was a dramatic change in the global container shipping industry from a wide spread suspension caused by the pandemic to a strong recovery. The prosperous container shipping industry in the second half of 2020 stimulated ship owners to make a large number of new ship orders.

4. The offshore engineering market remained sluggish, with the proportion of orders for construction equipment increased. In 2020, there were orders for 85 platforms/vessels for approximately US$6.9 billion in the offshore engineering market, both the number and amount decreased significantly when compared with last year. Among which, 10 marine survey equipment, 36 construction equipment, 27 production, storage and shipping equipment, 10 offshore engineering support ships and only 2 mobile drilling equipment were traded. From the perspective of transaction structure, mobile drilling equipment transactions were still low, floating production equipment remained relatively stable and the proportion of construction equipment was increasing.

Note: the above information and data are from China Association of the National Shipbuilding Industry.

(II) Performance of the Group

In 2020, the shipbuilding market remained extremely sluggish and new ship prices declined continuously. The Company actively made use of its advantages as a listed company, took active initiatives and strived to optimise its industrial structure in an effort to promote the operation and development of its entities. The Group resolutely performed the main responsibility of "improving military products", and at the same time, strengthened the operation and management of civil products, and achieved breakthrough in securing shipbuilding orders against the trend, with orders from application business elevated to a new stage.

1. *Driving management enhancement to improve profitability of core business*

During the Reporting Period, the Group vigorously overcame the impact of the pandemic and concretely enhanced management to secure delivery of ship products on schedule and improve the profitability of core business. In 2020, the Group realized operating income of RMB11.608 billion and secured operational orders of RMB11.129 billion. For 2020, net profit attributable to the shareholders of the Company was RMB3.662 billion, and net profit attributable to the shareholders of the Company after deduction of non-recurring gains and losses amounted to RMB-283 million, representing a year-on-year decrease in losses by RMB734 million.

2. *Carrying out capital operation to optimise the Company's industrial structure*

During the Reporting Period, the Company completed the sale of 27.4214% equity interest of Guangzhou Shipyard International Company Limited（「**GSI**」） to China State Shipbuilding Corporation Limited（「**CSSC**」）. In addition, the Company transferred the 49% equity interest held in CSSC Chengxi Yangzhou Shipbuilding Company Limited （「**Chengxi Yangzhou**」） to CSSC Holdings and CSSC Chengxi Shipbuilding Co., Ltd（「**CSSC Chengxi**」） by way of agreement. Such transactions are conducive to the further adjustment and optimisation of the Company's industrial structure, and enhancing its overall profitability and promoting high-quality development.

3. *Diversified business development and steady expansion into application business*

In 2020, the Group's entities continued to actively explore application business. Remarkable achievement has been made in steel structure, offshore wind power, environmental protection and industrial internet business, which further enhanced the Group's market influence and competitiveness, and consolidated application business as a new growth point of the Company.

OPERATIONAL REVIEW

During the Reporting Period, the Group completed 34 ship/1.023 million DWT, and realized operating income of RMB11.608 billion, representing a year-on-year decrease of 46.82%. The total profit was RMB3.652 billion, representing a year-on-year increase of RMB2.661 billion. Net profit attributable to the shareholders of the Company were RMB3.662 billion, representing a year-on-year increase of RMB3.114 billion.

FINANCIAL REVIEW

For the year ended 31 December 2020, the operating income of the Group prepared under the PRC Accounting Standards for Business Enterprises amounted to RMB11.608 billion, representing a decrease of 46.82% compared with last year. The audited net profit attributable to the shareholders of the Company for the year amounted to RMB3.662 billion, earnings per share amounted to RMB2.591 and earnings per share after deduction of non-recurring gains and losses amounted to RMB-0.2003.

Key financial indicators	2020	2019	2018	2017	2016
Basic earnings per share (RMB/share)	2.591	0.3879	-1.3223	-0.0357	-0.0597
Diluted earnings per share (RMB/share)	2.591	0.3879	-1.3223	-0.0357	-0.0597
Basic earnings per share after deduction of non-recurring gains and losses (RMB/share)	-0.2003	-0.7196	-1.2434	-0.7331	-0.0679
Weighted average return on equity (%)	30.74	5.49	-17.23	-0.47	-0.79
Weighted average return on equity after deduction of non-recurring gains and losses (%)	-2.38	-10.19	-16.64	-9.97	-0.93

Table of analysis of changes in relevant items in income statement and cash flow statement

Unit: Yuan Currency: RMB

Item	Current year	Last year	Change（ %）
Operating income	11,608,460,726.70	21,829,002,963.77	-46.82
Operating cost	10,854,785,939.26	20,959,294,954.13	-48.21
Sales expense	14,080,756.77	136,934,171.32	-89.72
Administrative expense	512,913,683.78	900,958,609.80	-43.07
Research and development expense	590,364,430.98	557,782,189.67	5.84
Financial expense	23,823,023.38	144,161,671.01	-83.47
Taxes and surcharges	25,301,399.10	66,082,026.09	-61.71
Other income	192,630,357.95	10,978,489.85	1,654.62
Investment income	3,857,610,727.86	32,402,655.69	11,805.23
Gain on change in fair value	212,427,890.50	-79,586,877.26	Not applicable
Loss on impairment of credit	48,236,347.81	-16,832,835.84	Not applicable
Gain on disposal of assets	-12,675,578.87	-78,454.75	Not applicable
Non-operating income	47,747,243.30	2,294,399,430.83	-97.92
Income tax expense	24,867,464.58	62,538,448.60	-60.24
Net cash flows from operating activities	-1,024,407,420.97	3,735,554,000.96	Not applicable
Net cash flows from investing activities	-3,470,704,961.41	2,784,697,591.89	Not applicable
Net cash flows from financing activities	-456,510,546.73	1,191,037,144.89	Not applicable

Note: Pursuant to Circular on the Format of Financial Statements of General Enterprises for 2019 (Cai Hui [2019] No. 6) published by the Ministry of Finance in April 2019, losses incurred under "loss on impairment of credit" are indicated as "-".

Changes of items in income statement and explanation

Unit: Yuan Currency: RMB

Item	Current year	Last year	Change	Percentage of change (%)	Reason for change
Operating income	11,608,460,726.70	21,829,002,963.77	-10,220,542,237.07	-46.82	Combined effect of factors such as the completion of transfer of the controlling interest of GSI during the Reporting Period, the amount for the period only consolidated the data of GSI from January to February, the persistent downturn in the shipbuilding market, the impact of the COVID-19 pandemic and exchange rate fluctuation.
Operating cost	10,854,785,939.26	20,959,294,954.13	-10,104,509,014.87	-48.21	Combined effect of factors such as the completion of transfer of the controlling interest of GSI during the Reporting Period, the amount for the period only consolidated the data of GSI from January to February, the persistent downturn in the shipbuilding market, the impact of the COVID-19 pandemic and exchange rate fluctuation.
Taxes and surcharges	25,301,399.10	66,082,026.09	-40,780,626.99	-61.71	The impact of the completion of transfer of the controlling interest of GSI during the Reporting Period, and the amount for the period only consolidated the data of GSI from January to February.
Selling expense	14,080,756.77	136,934,171.32	-122,853,414.55	-89.72	Combined effect of the completion of transfer of the controlling interest of GSI during the Reporting Period, and the amount for the period only consolidated the data of GSI from January to February, as well as the decrease in maintenance fee provided by CSSC Huangpu Wenchong Shipbuilding Company Limited (「**Huangpu Wenchong**」) during the Reporting Period.
Administrative expense	512,913,683.78	900,958,609.80	-388,044,926.02	-43.07	The impact of the completion of transfer of the controlling interest of GSI during the Reporting Period, and the amount for the period only consolidated the data of GSI from January to February.
Finance cost	23,823,023.38	144,161,671.01	-120,338,647.63	-83.47	The combined effect of the completion of transfer of the controlling interest of GSI during the Reporting Period, and the amount for the period only consolidated the data of GSI from January to February, as well as the increase in net exchange loss of Huangpu Wenchong due to changes in exchange rates being larger than the increase in net interest income and expense.
Other income	192,630,357.95	10,978,489.85	181,651,868.10	1,654.62	The impact of the increase in government grants received for this item during the Reporting Period.

Item	Current year	Last year	Change	Percentage of change (%)	Reason for change
Investment income	3,857,610,727.86	32,402,655.69	3,825,208,072.17	11,805.23	The impact of the investment gains of RMB3.390 billion recognised from the disposal of equity of GSI and the investment gains of RMB322 million recognised from the disposal of the remaining equity of Chengxi Yangzhou.
Gains from changes of fair value	212,427,890.50	-79,586,877.26	292,014,767.76	Not applicable	The impact of book floating gains on financial derivatives during the Reporting Period as a result of the fluctuations in exchange rates, while book floating losses in financial derivatives were recognized last year.
Loss on impairment of credit (loss expressed with "-")	48,236,347.81	-16,832,835.84	65,069,183.65	Not applicable	The impact of reversal of bad debt provision as a result of increase in the receipt in instalments for sale of goods under long-term receivables due to rebound of market prices during the Reporting Period.
Gain on disposal of assets	-12,675,578.87	-78,454.75	-12,597,124.12	Not applicable	The impact of increase in loss on disposal of fixed assets and intangible assets during the Reporting Period.
Non-operating income	47,747,243.30	2,294,399,430.83	-2,246,652,187.53	-97.92	The impact of GSI recognising a net gain for land storage compensation of RMB1.279 billion and Guangzhou Wenchong Shipyard Co., Ltd.,（「**Wenchong Shipyard**」）recognised a net gain for phase I of the land relocation compensation of RMB999 million in last year.
Income tax expense	24,867,464.58	62,538,448.60	-37,670,984.02	-60.24	The combined effect of the completion of transfer of the controlling interest of GSI during the Reporting Period, and the amount for the period only consolidated the data of GSI from January to February, as well as increase of deferred income tax expenses due to reversal of deferred income tax assets of deductible losses upon expiry.

Changes of items in cash flow statement and explanation

Unit: Yuan Currency: RMB

Item	Current year	Last year	Change	Percentage of change	Description
Net cash flows from operating activities	-1,024,407,420.97	3,735,554,000.96	-3,996,592,627.95	Not applicable	Due to impacts such as a sluggish shipbuilding market and the pandemic during the Reporting Period, the proportion of prepayment from shipbuilding decreased, resulting in the rate of the progress of overall collection being lower than the progress of payment for procurement.
Net cash flows from investing activities	-3,470,704,961.41	-2,784,697,591.89	-1,449,376,163.50	Not applicable	The combined effect of the cash balance at the end of the period amounting RMB4.188 billion was reclassified to "Other cash payments relating to investing activities" due to the disposal of the equity of GSI was completed during the Reporting Period, and increase in net pledged fixed deposits as a result of release of deposits during the Reporting Period.
Net cash flows from financing activities	-456,510,546.73	1,191,037,144.89	-1,647,547,691.62	Not applicable	Impact of the decrease in net amount in financing as compared with last year.

ANALYTICAL STATEMENT OF ASSETS AND LIABILITIES

Unit: Yuan Currency: RMB

Item	Amount at the end of current year	Proportion of total assets at the end of current year (%)	Amount at the end of last year	Proportion of total assets at the end of last year (%)	Change in amount at the end of current period compared with that at the end of last year (%)	Description
Cash in bank and on hand	8,767,750,124.49	22.52	14,317,366,099.93	27.37	-38.76	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, and the progress of collection was lower than the progress of payment during the Reporting Period.
Financial assets held-for-trading	1,055,191,244.71	2.71	48,785,784.80	0.09	2,062.91	Entrusted wealth management and structured deposits were added during the Reporting Period.

Item	Amount at the end of current year	Proportion of total assets at the end of current year (%)	Amount at the end of last year	Proportion of total assets at the end of last year (%)	Change in amount at the end of current period compared with that at the end of last year (%)	Description
Notes receivable	161,625,007.63	0.42	633,564,863.60	1.21	-74.49	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	1,244,416,936.61	3.20	2,350,380,440.10	4.49	-47.05	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.
Prepayments	1,218,386,548.91	3.13	2,339,261,199.21	4.47	-50.20	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	132,470,963.43	0.34	1,822,048,699.16	3.48	-92.73	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, and the receipt of relocation compensation by Wenchong Shipyard, a subsidiary, during the Reporting Period.
Non-current assets due within one year	–	–	692,000,000.00	1.32	-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	577,884,115.75	1.48	350,850,895.77	0.67	64.71	At the end of the Reporting Period, the balance of VAT tax retaining/credit increased.
Long-term equity investments	4,938,277,647.10	12.68	753,695,038.72	1.44	555.21	Increase in long-term equity investments due to 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 decrease in long-term equity investments due to the disposal of remaining equity of Chengxi Yangzhou during the Reporting Period.

Item	Amount at the end of current year	Proportion of total assets at the end of current year (%)	Amount at the end of last year	Proportion of total assets at the end of last year (%)	Change in amount at the end of current period compared with that at the end of last year (%)	Description
Investments in other equity instruments	3,923,780,494.34	10.08	71,248,734.49	0.14	5,407.16	The completion of the disposal of equity of GSI during the Reporting Period, and the counterparty used the issuance of shares as the transaction consideration and hence the increase in the investments in equity instruments.
Investment properties	149,261,481.66	0.38	20,993,939.36	0.04	610.97	Increase in leasing of buildings and structures to external parties during the Reporting Period.
Fixed assets	3,952,299,253.50	10.15	11,439,928,689.69	21.87	-65.45	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.
Construction in progress	348,779,440.60	0.90	1,181,944,326.01	2.26	-70.49	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	918,938,540.79	2.36	2,072,573,536.99	3.96	-55.66	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	0.28	-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	21,210,225.34	0.05	75,592,524.66	0.14	-71.94	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 non-current assets	389,850,209.29	1.00	78,019,489.34	0.15	399.68	Increase of relocation expenses to be written off of Wenchong Shipyard, a subsidiary, as at the end of the Reporting Period.
Short-term borrowings	2,049,871,666.70	5.26	6,147,082,148.56	11.75	-66.65	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.

Item	Amount at the end of current year	Proportion of total assets at the end of current year (%)	Amount at the end of last year	Proportion of total assets at the end of last year (%)	Change in amount at the end of current period compared with that at the end of last year (%)	Description
Financial liabilities held-for-trading	–	–	221,737,672.75	0.42	-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, and the fair value recognised for financial derivatives was positive at the end of the Reporting Period and recorded as financial assets held-for-trading.
Accounts payable	5,587,133,569.37	14.35	8,687,397,898.75	16.61	-36.30	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.
Prepayments	7,855,200.00	0.02	-	-	-	Increase in the balance of prepaid rentals for fixed assets as at the end of the Reporting Period.
Contract liabilities	5,172,239,729.14	13.28	8,488,146,386.62	16.23	-39.07	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	851,463.48	–	40,446,901.64	0.08	-97.89	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.
Taxes payable	26,054,822.85	0.07	72,234,563.79	0.14	-63.93	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.
Other payables	158,810,463.41	0.41	344,881,770.61	0.66	-53.95	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	319,331,239.99	0.82	63,237,341.88	0.12	404.97	Increase in endorsed but not due bills payable, advance receipts for ship storage and output value-added tax payable at the end of the Reporting Period.

Long-term borrowings	2,117,721,642.34	5.44	6,049,757,000.00	11.57	-64.99	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.
Long-term payables	–	–	101,816,823.07	0.19	-100.00	State funds allocated to projects were carried forward to capital reserve during the Reporting Period.

Item	Amount at the end of current year	Proportion of total assets at the end of current year (%)	Amount at the end of last year	Proportion of total assets at the end of last year (%)	Change in amount at the end of current period compared with that at the end of last year (%)	Description
Estimated liabilities	146,653,315.33	0.38	694,854,560.21	1.33	-78.89	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 , as well as decrease in the balance of product quality warranty.
Deferred income	78,742,779.90	0.20	150,307,309.25	0.29	-47.61	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.
Deferred tax liabilities	281,517,181.48	0.72	9,514,927.47	0.02	2,858.69	During the Reporting Period, changes in fair value of investment in other equity instruments were recognised as an increase in deferred tax liabilities.
Other comprehensive income	699,020,433.90	1.80	-41,694,917.30	-0.08	-1,776.51	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	1,973,789,791.39	5.07	-1,605,393,084.53	-3.07	-222.95	At the end of the Reporting Period, the net gains or losses increased.
Minority interests	3,119,050,691.04	8.01	5,399,466,849.10	10.32	-42.23	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.

Information on principal businesses by Industry, product and region

Unit: Yuan Currency: RMB

Principal businesses by industry						
By Industry	Operating income	Operating cost	Gross profit margin (%)	Increase/ decrease in operating income over last year (%)	Increase/ decrease in operating costs over last year (%)	Increase/decrease in gross profit margin over last year (%)
Shipbuilding industry	11,397,374,517.03	10,757,470,798.26	5.61	-47.19	-48.26	Increase of 1.95 percentage points
Principal businesses by product						
By product	Operating income	Operating cost	Gross profit margin (%)	Increase/ decrease in operating income over last year (%)	Increase/ decrease in operating costs over last year (%)	Increase/decrease in gross profit margin over last year (%)
(I) Shipbuilding products	9,459,434,393.10	9,115,929,697.67	3.63	-42.60	-43.79	Increase of 2.04 percentage points
1. Bulk carriers	982,516,718.48	899,514,547.14	8.45	69.26	61.54	Increase of 4.37 percentage points
2. Oil tankers	245,129,888.16	316,911,954.31	-29.28	-94.69	-93.66	Decrease of 21.02 percentage points
3. Containerships	2,463,087,874.05	2,685,144,064.27	-9.02	-10.21	-4.58	Decrease of 6.44 percentage points
4. Special ships and others	5,768,699,912.41	5,214,359,131.95	9.61	-32.43	-33.54	Increase of 1.51 percentage points
(II) Offshore engineering products	-292,329,627.20	-291,322,991.88	0.34	-122.13	-123.95	Decrease of 7.59 percentage points
(III) Steel structure engineering	1,622,936,840.14	1,463,615,768.05	9.82	-19.33	-18.31	Decrease of 1.13 percentage
(IV) Maintenance and modification on ships	449,244,650.68	366,308,458.22	18.46	-56.90	-57.39	Increase of 0.95 percentage points
(V) Electromechanical products and others	158,088,260.31	102,939,866.20	34.88	-78.21	-85.42	Increase of 32.18 percentage points

Principal business by region						
By region	Operating income	Operating cost	Gross profit margin (%)	Increase / decrease in operating income over last year (%)	Increase / decrease in operating costs over last year (%)	Increase/decrease in gross profit margin over last year (%)
China (including Hong Kong, Macau and Taiwan)	8,356,317,728.53	7,344,963,352.73	12.10	-37.08	-40.22	Increase of 4.63 percentage points
Other regions in Asia	1,478,914,239.25	1,622,585,544.81	-9.71	-11.34	-7.25	Decrease of 4.83 percentage points
Europe	645,318,980.90	780,023,754.80	-20.87	-79.12	-76.55	Decrease of 13.22 percentage points
Oceania	741,035,904.67	758,852,834.21	-2.40	-24.62	-24.10	Decrease of 0.70 percentage points
North America	-313,601,083.30	-319,474,835.95	-1.87	-171.45	-184.89	Decrease of 16.13 percentage points
Africa	489,388,746.98	570,520,147.66	-16.58	-76.54	-71.83	Decrease of 19.48 percentage points
South America	-	-		-100.00	-100.00	Not applicable

Note: the above table of "Principal business by region" is categorised based on the final region where the products are to be sold.

Description of principal business by industry, by product and by region

During the Reporting Period, the Group's income from its principal business amounted to RMB11.397 billion, representing a year-on-year decrease of 47.19%. The gross profit of principal business amounted to RMB640 million, and gross profit margin amounted to 5.61%, representing a year-on-year increase of 1.95 percentage points. The increase was mainly attributable to the combined effect of completion of transfer of the controlling interest of GSI during the Reporting Period, the amount for the period only consolidated the data of GSI from January to February, the persistent downturn in the shipbuilding market, the impact of the COVID-19 pandemic and volatility of exchange rate.

Excluding the data related to GSI, a key description of principal business by product and by region is as follows:

Unit: Yuan Currency: RMB

Principal businesses by product						
By product	Operating income	Operating cost	Gross profit margin (%)	Increase / decrease in operating income over last year (%)	Increase / decrease in operating costs over last year (%)	Increase/decrease in gross profit margin over last year (%)
(I) Shipbuilding products	9,061,384,305.53	8,648,000,429.67	4.56	-6.26	-5.45	Decrease of 0.82 percentage points

1. Bulk carriers	976,333,328.74	893,331,157.40	8.50	84.09	78.86	Increase of 2.68 percentage points
2. Containerships	2,463,087,874.05	2,685,144,064.27	-9.02	-10.21	-4.58	Decrease of 6.44 percentage points
3. Special ships and others	5,621,963,102.74	5,069,525,208.00	9.83	-12.06	-13.09	Increase of 1.07 percentage points
(II) Offshore engineering products	-292,329,627.20	-291,322,991.88	0.34	-122.13	-123.95	Decrease of 7.59 percentage points
(III) Steel structure engineering	1,549,827,146.73	1,395,498,248.19	9.96	64.75	75.65	Decrease of 5.59 percentage points
(IV) Maintenance and modification on ships	293,806,001.98	241,591,042.32	17.77	0.15	8.58	Decrease of 6.39 percentage points
(V) Electromechanical products and others	170,068,329.47	136,227,989.31	19.90	-64.15	-70.05	Increase of 15.77 percentage points

Principal business by region						
By region	Operating income	Operating cost	Gross profit margin (%)	Increase/ decrease in operating income over last year (%)	Increase/ decrease in operating costs over last year (%)	Increase/decrease in gross profit margin over last year (%)
China (including Hong Kong, Macau and Taiwan)	8,148,682,923.47	7,205,460,270.20	11.58	-9.77	-11.06	Increase of 1.28 percentage points
Other regions in Asia	1,359,127,385.02	1,450,999,613.53	-6.76	47.52	48.16	Decrease of 0.46 percentage points
Europe	486,627,430.79	580,021,987.35	-19.19	-24.03	-19.23	Decrease of 7.08 percentage points
Oceania	741,035,904.67	758,852,834.21	-2.40	-20.16	-19.69	Decrease of 0.60 percentage points
North America	-378,135,444.13	-367,876,323.66	2.71	-229.89	-251.65	Decrease of 13.96 percentage points
Africa	425,417,956.69	502,536,335.98	-18.13	-49.89	-38.81	Decrease of 21.39 percentage points
South America	-	-		-100.00	-100.00	Not applicable
Total	10,782,756,156.51	10,129,994,717.61	6.05	-15.07	-14.40	Decrease of 0.73 percentage points

Description:

During the Reporting Period, the Group's income from its principal business amounted to RMB10.783 billion, representing a year-on-year decrease of 15.07%, of which: steel structure engineering represented a year-on-year increase of 64.75%, maintenance and modification on ships remained flat as compared with last year, while shipbuilding, offshore engineering, electro-mechanical products and others all recorded a year-on-year decrease, representing a decrease of 6.26%, 122.13% and 64.15% respectively. The gross profit of principal business amounted to RMB653 million, and gross profit margin amounted to 6.05%, representing a year-on-year decrease of 0.73 percentage points. Save for the gross profit margin of electro-mechanical products and others segment recording an increase of 15.77 percentage points, the gross profit margin of all other segments decreased, of which: shipbuilding products decreased by 0.82 percentage points, offshore engineering decreased by 7.59 percentage points, steel structure products decreased by 5.59 percentage points and maintenance and modification on ships decreased by 6.39 percentage points.

As for the structure of products, the percentage of income from the marine business remained stable at above 80%. During the Reporting Period, the percentage of income from marine business slightly decreased compared with that of last year whereas the percentage of income from steel structure engineering increased. During the Reporting Period, the marine business contributed 81.32% of income, representing a year-on-year decrease of 5.22 percentage points, among them, shipbuilding contributed 84.04% of income, representing a year-on-year decrease of 7.9 percentage points, and offshore engineering contributed -2.71% of income, representing a year-on-year decrease of 13.12 percentage points; steel structure engineering contributed 14.37% of income, representing a year-on-year increase of 6.96 percentage points; the percentage of income from electromechanical products and others contributed 1.58% income, representing a year-on-year decrease of 2.16 percentage points; and the income from maintenance and modification on ships remained substantially consistent with last year.

1) Shipbuilding business

Income from the shipbuilding business amounted to RMB9.061billion, representing a year-on-year increase of 6.26%, and its gross profit margin was 4.56%, representing a year-on-year decrease of 0.82 percentage points. The main reason for the decrease in income and gross profit was the decline in the exchange rate of US dollar against Renminbi from 6.9762 to 6.5249 during the Reporting Period. The significant appreciation of Renminbi resulted in the decrease of income from contracts denominated in foreign currencies. Other causes for the decrease included the impact of the pandemic which resulted in delay in arrival of some imported materials, temporary shortage of labour, delay in the progress of shipbuilding and the corresponding increase in fixed costs shared by unit shipbuilding product.

2) Offshore engineering business

Income from the offshore engineering business amounted to RMB-292 million, representing a year-on-year decrease of 122.13%, and its gross profit margin was 0.34%, representing a year-on-year decrease of 7.59 percentage points. The main reason for the decrease in income and gross profit was that the operating contract party of the residential platform project of Huangpu Wenchong was proposed to change during the Reporting Period and it will be changed to recognition of income at a point of time.

3) Steel structure engineering business

Income from the steel structure engineering business amounted to RMB1.55 billion, representing a year-on-year increase of 64.75%, and its gross profit margin was 9.96%, representing a year-on-year decrease of 5.59 percentage points. The main reason for the increase in income was the rapid development of the offshore wind power industry in China and orders secured for infrastructure of offshore wind power increased significantly during the Reporting Period. The decrease of gross profit margin was mainly due to adjustment of product structure, and the earlier recognition of income for high margin products has basically come to an end and the current gross profit margin of steel structure products is stabilising.

4) Maintenance and modification on ships

Income from the business of maintenance and modification on ships amounted to RMB294 million, which was basically flat compared to last year, and its gross profit margin was 17.77%, representing a year-on-year decrease of 6.39 percentage points. During the Reporting Period, the Group firmly pursued improving military products business and the overall business development of maintenance and modification on ships was steady. The decrease in gross profit margin was mainly attributable to adjustment of product structure, and overall product costs increased due to the impact of the pandemic.

5) Electro-mechanical products and other business

Income from the electro-mechanical products and other business amounted to RMB170 million, representing a year-on-year decrease of 64.15%, and its gross profit margin was 19.90%, representing a year-on-year increase of 15.77 percentage points. The main reason for the decrease in income was the focusing of efforts to develop steel structure engineering business by Guangzhou Wenchuan Heavy Industrial Co. Ltd., a subsidiary of the Company, during the Reporting Period. The increase in gross profit margin was mainly due to overall decrease in income from electro-mechanical products and other business and the increase in the percentage of ship leasing income which has a higher margin.

By geographic region, during the Reporting Period, operating income from sales to China (including Hong Kong, Macau and Taiwan) decreased by 9.77% and operating income from sales to overseas markets decreased by 28.14% year-on-year, among which changes in the year-on-year income from other regions in Asia, North America, Africa and South America were relatively large, increasing by 47.52% and decreasing by 229.89%, 49.89% and 100% respectively. The changes were mainly due to the regional differences of customers in the orders held during the Reporting Period. The gross profit margin of China (including Hong Kong, Macau and Taiwan) increased by 1.28 percentage points, which was mainly due to the gross profit contributed by special ships and others and steel structure products. The gross profit margin of regions other than China decreased by 9.19 percentage points, which was mainly due to the combined effect of adjustment of product structure, volatility in exchange rate and impact of the pandemic. The Group will actively respond to the persistent and extreme downturn of the shipbuilding industry and the decrease in the price of new ships. The Company will make use of its own strengths, take active initiatives, resolutely perform the main responsibility of "improving military products", strictly follow the orders of military products, strengthen the operation and management of civil products, and vigorously develop domestic and overseas markets.

COST ANALYSIS

Unit: RMB in ten thousand

By industry							
By industry	Cost composition	Amount of current period	Proportion among total cost this year (%)	Amount for the corresponding period of last year	Proportion among total cost during the corresponding period of last year (%)	Change of amount of current period compared with that of last year (%)	Description
Shipbuilding Industry	Direct materials	757,410.20	70.41	1,400,268.94	67.35	-45.91	
	Processing costs	334,969.03	31.14	719,501.28	34.60	-53.44	
	Impairment loss	-16,632.15	-1.55	-40,610.08	-1.95	-59.04	
By product							
By product	Cost composition	Amount of current period	Proportion among total cost this year (%)	Amount for the corresponding period of last year	Proportion among total cost during the corresponding period of last year (%)	Change of amount of current period compared with that of last year (%)	Description
Shipbuilding products	Direct materials	676,048.53	62.85	1,144,532.48	55.05	-40.93	
	Processing costs	251,346.59	23.36	512,246.93	24.64	-50.93	
	Impairment loss	-15,802.14	-1.47	-34,991.62	-1.68	-54.84	
Offshore engineering products	Direct materials	-20,167.54	-1.87	82,251.80	3.96	-124.52	
	Processing costs	-8,155.27	-0.76	44,702.86	2.15	-118.24	
	Impairment loss	-809.50	-0.08	-5,317.72	-0.26	-84.78	
Steel structure engineering	Direct materials	88,241.19	8.20	122,427.74	5.89	-27.92	
	Processing costs	58,120.39	5.40	57,033.57	2.74	1.91	
	Impairment loss	-	-	-300.74	-0.01	-100.00	
Maintenance and modification on ships	Direct materials	7,603.23	0.71	19,773.61	0.95	-61.55	
	Processing costs	29,027.61	2.70	66,198.63	3.18	-56.15	
	Impairment loss	-	-	-	-		
Electromechanical products and others	Direct materials	5,684.79	0.53	31,283.31	1.50	-81.83	
	Processing costs	4,629.71	0.43	39,319.29	1.89	-88.23	
	Impairment loss	-20.51	-0.00	-	-		
Total		1,075,747.08	100.00	2,079,160.14	100.00	-48.26	

Note: The table above set out the breakdown of cost of principal business of the Group by product. The analysis focuses on the cost of principal business only.

Description:

During the Reporting Period, as affected by the disposal of GSI, the year-on-year changes in the cost composition of the direct materials, processing costs and impairment loss were large. Excluding data related to GSI, the cost composition of the principal business of the Group were as follows:

Unit: RMB in ten thousand

By industry							
By industry	Cost composition	Amount of current period	Proportion among total cost this year (%)	Amount for the corresponding period of last year	Proportion among total cost during the corresponding period of last year (%)	Change of amount of current period compared with that of last year (%)	Description
Shipbuilding Industry	Direct materials	729,206.64	71.99	841,445.96	71.10	-13.34	
	Processing costs	298,135.16	29.43	357,842.85	30.24	-16.69	
	Impairment loss	-14,342.33	-1.42	-15,818.11	-1.34	-9.33	Note 1
By product							
By product	Cost composition	Amount of current period	Proportion among total cost this year (%)	Amount for the corresponding period of last year	Proportion among total cost during the corresponding period of last year (%)	Change of amount of current period compared with that of last year (%)	Description
Shipbuilding products	Direct materials	654,592.69	64.62	675,842.77	57.11	-3.14	
	Processing costs	223,719.69	22.08	249,012.43	21.04	-10.16	
	Impairment loss	-13,512.32	-1.33	-10,199.65	-0.86	32.48	Note 1
Offshore engineering products	Direct materials	-20,167.54	-1.99	82,251.80	6.95	-124.52	Note 2
	Processing costs	-8,155.27	-0.81	44,702.86	3.78	-118.24	Note 2
	Impairment loss	-809.50	-0.08	-5,317.72	-0.45	-84.78	Note 1
Steel structure engineering	Direct materials	85,848.10	8.47	54,975.55	4.65	56.16	Note 3
	Processing costs	53,701.72	5.30	24,772.44	2.09	116.78	Note 3
	Impairment loss	-	-	-300.74	-0.03	-100.00	Note 3
Maintenance and modification on ships	Direct materials	6,232.68	0.62	5,288.18	0.45	17.86	
	Processing costs	17,926.43	1.77	16,961.27	1.43	5.69	
	Impairment loss	-	-	-	-		
Electromechanical products and others	Direct materials	2,700.71	0.27	23,087.66	1.95	-88.30	Note 4
	Processing costs	10,942.59	1.08	22,393.85	1.89	-51.14	Note 4
	Impairment loss	-20.51	-0.00	-	-		Note 1
Total		1,012,999.47	100.00	1,183,470.70	100.00	-14.40	

Note 1: "Impairment loss" was negative as the provision for impairment of inventories previously made was reversed to

offset the cost of principal business upon recognition of gross profit when the contract performance progress under long-term shipbuilding contracts has met the condition for recognition of gross profit during the Reporting Period. The reversal of provision for impairment of construction-in-progress was RMB143,423,300 during the Reporting Period, representing a year-on-year decrease of RMB14,757,800 mainly due to the year-on-year decrease in the provision made for loss-making shipbuilding contracts under construction for which the condition to revenue recognition has been met during the Reporting Period.

Note 2: During the Reporting Period, the direct material cost of offshore engineering products business segment incurred was RMB-201,675,400, representing a year-on-year decrease of 124.52%; processing cost incurred was RMB -81,552,700, representing a year-on-year decrease of 118.24%, mainly attributable to reversal of income costs recognised in previous period due to the proposed change in the operating contract party of offshore engineering platform project during the Reporting.

Note 3: During the Reporting Period, the direct material cost of steel structure engineering business segment incurred was RMB858,481,000 , representing a year-on-year increase of 56.16%; processing cost incurred was RMB537,017,200, representing a year-on-year increase of 116.78%, mainly due to the facts that, on the one hand, the output value of this business segment during the Reporting Period increased significantly year-on-year, the income increased by 64.75% year-on-year, and the cost of materials consumed and processing cost increased accordingly; on the other hand, cost of construction in progress accounted for a larger portion of cost during the Reporting Period as a result of the difference in product structure.

Note 4: During the Reporting Period, the direct materials of the electro-mechanical products and other business segments incurred was RMB27,007,100, representing a year-on-year decrease of 88.30%, processing cost incurred was RMB109,425,900, representing a year-on-year decrease of 51.14%, mainly due to the decrease in business income in this segment during the Reporting Period, and as the income decreased by 64.15% year-on-year, the material consumption and processing cost decreased accordingly, and the product structure of this segment in the Reporting Period was different from the same period of last year, and the processing cost of such business accounted for a relatively large portion during the Reporting Period.

RESEARCH AND DEVELOPMENT EXPENSES

Unit: RMB Yuan

Research and development expenses recorded as expenses during the period	590,364,430.98
Total research and development expenses	590,364,430.98
Percentage of total research and development expenses over operating income (%)	5.09
Number of research and development staff (person)	1327
Number of research and development staff over total number of staff (%)	17.42%

In 2020, the Group constantly enhanced its technological R&D and innovation capabilities, actively promoted product research and development, process improvement, digitalization and smart manufacturing technologies, made breakthroughs in key technologies and processes in product design and construction, strengthened research and development on new environmental protection ships and ships with high technology and high added value, and advanced the Company's self-innovation capability. During the year, the Group focused on about 160 key projects such as Antarctic krill ships, Sanya transport ship and large maritime patrol ship, among which, 61 projects have been accepted, 461 patents application were made and 135 patents were authorized.

EXTERNAL EQUITY INVESTMENT

As at the end of the Reporting Period, the balance of the Group's long-term equity investments was RMB4,938,277,600, representing an increase of 555.21% from RMB753,695,000 as at the beginning of the year. The increase was mainly attributable to the combined effect of the disposal of equity of GSI with loss of controlling interest during the Reporting Period, and the remaining equity was measured at fair value and accounted for using the equity method, as well as disposal of the remaining equity interest of 49% in Chengxi Yangzhou during the period.

SIGNIFICANT ISSUES

1. Leasing

Unit: RMB in ten thousand Currency: RMB

Lessor Name	Lessee Name	Leased assets	Amount of leased assets	Date of commencement of lease	Date of expiry of lease	Rental income	Basis for determination of rental income	Impact of rental income on the Company	Whether connected transaction or not	Relationship
Guangzhou Ship Industrial Company Limited	Huangpu Wenchong	Land, buildings and structures	–	2014.5.1	The date on which the relocation is completed and production commences at the new plant	–	–	–	Yes	Sister company of the Group
Guangzhou Wenchong Industrial Co. Ltd.	Wenchong Shipyard	Land, buildings and structures	–	2018.11.1	The date on which the relocation is completed and production commences at the new plant	–	–	–	Yes	Sister company of the Group

Description of leases

Guangzhou Ship Industrial Company Limited and Huangpu Wenchong entered into a lease agreement in relation to land use rights, pursuant to which Guangzhou Company shall lease its land use rights in relation to part of the land at the Changzhou Plant to Huangpu Wenchong for operational usage. The rent for the land use rights shall be determined based on the principle of asset depreciation, and amortisation of taxes and fees on an annual basis. The rent shall be paid on an annual basis in the form of monetary funds. The term for the aforesaid lease of land use rights commenced on 1 May 2014 and will end on the date on which the relocation of Huangpu Wenchong is completed and commences formal production at its new plant.

Guangzhou Wenchong Industrial Co., Ltd. and Guangzhou Wenchong Shipyard Company Limited ("Wenchong Shipyard") entered into a lease agreement in relation to land use rights, pursuant to which Guangzhou Company shall lease its land use rights in relation to part of the land at the Wenchong Plant to Wenchong Shipyard for operational usage. The rent for the land use rights shall be determined based on the principle of asset depreciation, and amortisation of taxes and fees on an annual basis. The rent shall be paid on an annual basis in the form of monetary funds. The term for the aforesaid lease of land use rights commenced on 1 November 2018 and will end on the date on which the relocation of Wenchong Shipyard is completed and commences formal production at its new plant.

2. Guarantees

Unit: Yuan Currency: RMB

Total amount of guarantees provided by the Company (including those provided for its subsidiaries)	
Total amount of guarantees provided for its subsidiaries during the Reporting Period	2,431,449,249.46
Total balance of guarantees provided for its subsidiaries at the end of the Reporting Period	937,275,504.27
Total amount of guarantees	937,275,504.27
Total amount of guarantees as a percentage of the Company's net assets (%)	5.34
Amount of debt guarantees provided directly or indirectly for companies with gearing ratio of over 70%	299,472,803.99
Note on guarantees	During the Reporting Period, the Group provided guarantee with a total amount of RMB2.431 billion, and the content and amount of the Group's external guarantees were within the scope of limit set out in the framework for the guarantees as approved at the general meeting, and there was no overdue guarantee. During the Reporting Period, the Group provided guarantee with a total balance of guarantee of RMB937 million, most of them were guarantees provided by the Company's subsidiary Huangpu Wenchong to its subsidiary Wenchong Shipyard and Wenchuan Heavy Industrial. The guarantee items are comprehensive credit guarantee and financing project guarantee.

3. Provision for impairment

The expected realisable net value of some marine products was lower than their book value due to impacts such as exchange rate volatility and change in contract party of an offshore engineering platform project. Based on the result of impairment test, a total provision of RMB56,500,700 was made for asset impairments which individually exceeded RMB5 million in the fourth quarter of 2020. Among which, a provision for inventory depreciation of RMB16,936,900 was made based on impairment test due to the impact of exchange rate volatility on an offshore engineering support ship project; and a provision for inventory depreciation of RMB39,563,800 was made based on impairment test due to the dual impacts of a change in contract party and exchange rate volatility on an offshore engineering platform project.

CAPITAL LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2020, the Group had long-term borrowings of RMB2.118 billion, cash and cash equivalents prepared under the PRC Accounting Standards for Business Enterprises amounted to RMB5.719 billion.

CHARGES ON GROUP ASSETS

As at 31 December 2020, the Group had no fixed assets pledged for bank financing.

Contingent Liabilities

As at 31 December 2020, the Group had no significant contingent liabilities.

GEARING RATIO

As at 31 December 2020, the Company's gearing ratio was 54.92%.

The calculation formula of the gearing ratio: total liabilities ÷ total assets × 100%

EMPLOYEES, REMUNERATION AND TRAINING

The remuneration of the employees of the Company and its subsidiaries includes salary, rewards, and other welfare programs regulated by the PRC government. Subject to the relevant PRC laws and regulations, the Company implements its salary system in accordance with employees' positions and performance, etc. There was no change during the Reporting Period.

CHANGES IN SHARE CAPITAL

	Before the change		Increase or decrease (+, -)					After the change	
	Number	Percentage (%)	New shares issued	Bonus	Conversion from reserve	Others	Sub-total	Number	Percentage (%)
I. Listed tradable shares	1,413,506,378	100	0	–	–	–	0	1,413,506,378	100
1. Ordinary shares denominated in Renminbi	821,435,181	58.12	0	–	–	–	0	821,435,181	58.12
2. Domestic listed foreign shares	–	–	–	–	–	–	–	–	–
3. Overseas listed foreign shares	592,071,197	41.88	0	–	–	–	–	592,071,197	41.88
4. Others	–	–	–	–	–	–	–	–	–
II. Total number of ordinary shares	1,413,506,378	100	0	–	–	–	0	1,413,506,378	100

SHARE STRUCTURE

Class	Number	Percentage (%)
1. PRC listed domestic shares	821,435,181	58.12
（1）State-owned shares	501,745,100	35.50
（2）Ordinary shares denominated in Renminbi	319,690,081	22.62
2. Overseas listed foreign shares	592,071,197	41.88
Total	1,413,506,378	100

（1） During the Reporting Period, the Company did not have any arrangement for bonus issue, share allotment or transfer and increase of share capital. As at the end of the Reporting Period, the Company had no internal staff shares.

（2） There were no changes to the total number of ordinary shares and share structure of the Company during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SECURITIES

Neither the Company nor its subsidiaries has made any repurchase, sale or redemption of the Company’s securities during the Reporting Period.

CORPORATE GOVERNANCE

The Company always strictly conforms to the Company Law of the PRC and the Securities Law of the PRC, the relevant regulations issued by the China Securities Regulatory Commission and the listing rules of the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited (the "Listing Rules") by continuously improving its corporate governance structure and standardizing its operations. During the Reporting Period, the Company's governance had no material deviations from the Company Law of the PRC and relevant regulations issued by the China Securities Regulatory Commission. The Company has adopted the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "CG Code") as the corporate governance code of the Company. During the Reporting Period, the Company has been in strict compliance with the principles and code provisions and certain recommended best practices set out in the CG Code.

During the Reporting Period, the Company has been in compliance with Rule 3.10(1) of the Listing Rules which prescribes that there shall be at least three independent non-executive directors, and Rule 3.10A of the Listing Rules which prescribes that at least one-third of the board of directors shall comprise independent non-executive directors. In addition, the Company has received annual confirmations of independence issued by each independent non-executive director in accordance with Rule 3.13 of the Listing Rules. As such, the Company considers that all independent non-executive directors have complied with the independence requirement under the Listing Rules.

The Board comprises 10 directors, including 3 executive directors, 3 non-executive director and 4 independent non-executive directors. Members of the Board have different industry backgrounds and expertise in corporate governance, finance and accounting, investment strategies, maritime engineering and equipment and legal affairs. Details of the members of the Board will be set out in the section headed "Directors, supervisors, senior management and staff" in the 2020 annual report.

Audit Committee

The Audit Committee of the Company has reviewed and confirmed the annual financial report for the year 2020 of the Company.

OUTLOOK

1. Industry Landscape and Trend

The competition between the three major shipbuilding countries, namely China, Japan and Korea, continues. In China, shipbuilding enterprises are improving their alignment with market demand through initiatives such as constant optimisation of supply structure and improvement of supply quality, as well as seeking R&D breakthroughs in new marine equipment and enhancing competitiveness in mid-and high-end ship products. In Korea, shipbuilding enterprises will maintain their advantages in high value-added products such as LNG ship, VLCC and VLGC based on their strong technological advantages and high efficiency in shipbuilding. In Japan, the adverse position of having a declining market share is driving stronger joint restructuring and joint cooperation between shipbuilding enterprises, which results in concentration of shipbuilding resources to advantageous enterprises.

We may see a rebound in the new ship market. In 2021, as the global economy recovers, international marine shipping and trade is expected to return to a normal track gradually and the suppressed new ship orders from ship owners may be released. Moreover, new opportunities will arise from the domestic "big circulation" and the RCEP agreement. It is expected that new ships traded in 2021 will rise from the trough and make a corrective rebound. Meanwhile, the rebound of new ship demand may mitigate the severe competition of seizing orders with low prices. Furthermore, as the impact of the pandemic recedes and the economy and society recover, the rising cost of raw materials and the use of new green and modern marine equipment will drive the price of new ship higher. In 2021, new shipbuilding orders around the world is expected to be around 80 million DWT with a total value reaching US$55 billion.

The new construction market of offshore engineering exhibits diverse trends. In 2021, it is expected that the rebound of global oil demand and international crude oil prices will be limited, and not enough to support a recovery trend of the offshore engineering market. In terms of equipment types, the demand for new construction of drilling platform and offshore engineering ships will still be scarce due to the difficulty in the reduction of idle equipment and equipment inventory, and the transaction price will remain low, whereas orders for floating production platform is expected to have a corrective growth due to release of demand from delayed project developments, however, the rebound in prices may be suppressed due to intensified competition. On the other hand, given the good development trend of marine renewable energy such as offshore wind power, the demand for related shipping and maintenance equipment is expected to release continuously and support a rebound of the offshore engineering market. In 2021, the global transaction amount of new construction of offshore engineering equipment is expected to reach US$10 billion.

Green and intelligent will remain the main theme of ship technology development. Under the impact of increasing environmental protection awareness of the international community and increasingly stringent marine rules and regulations, the trend of developing greener ships will be more significant, and the scope of intelligent ships will expand further, and mainstream ship types will be transformed and upgraded to intelligent ships.

2. Development Strategies of the Company

The Group will earnestly study and understand the spirit and connotation of the 19th Session of National Congress of the Communist Party of China, carry out major strategic decisions of the CCCPC and State Council and resolutely implement the strategic plan of the CCCPC on promoting high-quality development including "Three strategies For Strengthening the Nation, Two strategies for Meeting the First-Class Standard" (三個強國、兩個一流). Following Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and under the guidance planning for high-quality development, the Group sets up the strategic goal of establishing the position of international leading comprehensive marine industrial developer. The Group will strive to create refined marine equipment, strengthen the army, serve the country and pursue in-depth development in marine business and harmonious development, and is committed to become the global first-class marine equipment enterprise with the integration of research and development, manufacturing and service.

In the face of the New Normal development of the ship market, the Group, by adhering to its corporate values of "innovation, efficiency and win-win cooperation" and following the development philosophy of "insisting on both manufacturing and service", will actively build the portfolio of three major businesses, namely maritime defense equipment business, shipbuilding and offshore engineering equipment business and marine technology innovation application business, which will fully implement the major strategies of the Belt and Road Initiative, military-civilian integration, and building strong manufacturing power and marine power. With "optimising structure, deepening reform and innovative development" as the main theme, the Group will promote expansion of traditional manufacturing business into scope with higher value, further strengthen its core activities, while vigorously developing emerging industries, accelerating transformation and upgrading to realize high-quality development.

BUSINESS PLAN FOR 2020

In 2020, the Group recorded an operating income of RMB11.608 billion, completed 98.18% of the annual target; and secured orders with contract value of RMB11.129 billion, completed 79.95% of the annual target.

In 2021, the Group plans to realize operating income of RMB11.2 billion and to secure orders with contract value of RMB13.1 billion. The Group will actively adapt to new market trend and strengthen principal business operation; improve productivity and cost control; make more efforts on research and development of products to enhance the leading power of innovation, in order to achieve the 2021 business plan.

The business objectives above do not represent the profit forecast of the Group for 2021, nor do they constitute undertakings to investors in respect of the performance of the Company. Actual business performance of the Company is subject to various internal and external factors and involves uncertainties. Investors are reminded of investment risks.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This final results announcement has been published on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company's website (comec.cssc.net.cn). The Company's annual report for the year ended 31 December 2020 containing all the information required by the Listing Rules will be dispatched to the shareholders and will be published on the websites above in due course.

PUBLICATION OF SOCIAL RESPONSIBILITY REPORT

The Social Responsibility Report of the Company for the year 2020 (including the environmental, social and governance report prepared in accordance with the Environmental, Social and Governance Guide set out in the Hong Kong Listing Rules) has been published on the website of the Company (comec.cssc. net.cn) on 30 March 2021 and its versions in Traditional Chinese and English will be published on the website of the Stock Exchange (www.hkex.com.hk) in due course.

ACKNOWLEDGEMENT

The Board would like to extend its gratitude to customers for their trust in the Company, to all shareholders for their support for the Company, and to employees for their efforts and contributions to the Company's development.

By order of the Board
CSSC Offshore & Marine Engineering (Group) Company Limited
Chairman
Han Guangde

Guangzhou, 30 March 2021

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

(Amounts denominated in Renminbi unless otherwise specified)

CONSOLIDATED BALANCE SHEET

31 December 2020

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

Item	2020-12-31	2020-1-1
Current assets:		
Cash at bank and on hand	8,767,750,124.49	14,317,366,099.93
Financial assets held-for-trading	1,055,191,244.71	48,785,784.80
Derivative financial assets		
Notes receivable	161,625,007.63	633,564,863.60
Accounts receivable	1,244,416,936.61	2,350,380,440.10
Receivable financing		
Prepayments	1,218,386,548.91	2,339,261,199.21
Other receivables	132,470,963.43	1,822,048,699.16
Inventories	4,199,310,024.12	4,344,806,992.50
Contract assets	4,445,388,926.29	6,336,385,363.12
Assets held for sale		
Non-current assets due within one year		692,000,000.00
Other current assets	577,884,115.75	350,850,895.77
Total current assets	21,802,423,891.94	**33,235,450,338.19**
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables	1,996,607,880.36	2,703,137,274.56
Long-term equity investments	4,938,277,647.10	753,695,038.72
Other equity instrument investments	3,923,780,494.34	71,248,734.49
Other non-current financial assets		
Investment properties	149,261,481.66	20,993,939.36
Fixed assets	3,952,299,253.50	11,439,928,689.69
Construction in progress	348,779,440.60	1,181,944,326.01
Productive biological assets		
Oil and gas assets		
Right-of-use asset	116,000,602.24	149,351,363.01
Intangible assets	918,938,540.79	2,072,573,536.99
Development expenses		
Goodwill		144,231,195.67
Long-term deferred expenses	21,210,225.34	75,592,524.66
Deferred tax assets	380,087,605.36	377,902,704.29
Other non-current assets	389,850,209.29	78,019,489.34
Total non-current assets	**17,135,093,380.58**	**19,068,618,816.79**
Total assets	38,937,517,272.52	**52,304,069,154.98**

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

Item	2020-12-31	2020-1-1
Current liabilities:		
Short-term borrowings	2,049,871,666.70	6,147,082,148.56
Financial liabilities held for trading		221,737,672.75
Derivative financial liabilities		
Notes payable	2,292,202,595.08	3,063,415,001.67
Accounts payable	5,587,133,569.37	8,687,397,898.75
Advances from customers	7,855,200.00	
Contract liabilities	5,172,239,729.14	8,488,146,386.62
Employee benefits payable	851,463.48	40,446,901.64
Taxes payable	26,054,822.85	72,234,563.79
Other payables	158,810,463.41	344,881,770.61
Liabilities held for sale		
Non-current liabilities due within one year	2,884,252,298.08	2,281,928,067.24
Other current liabilities	319,331,239.99	63,237,341.88
Total current liabilities	18,498,603,048.10	**29,410,507,753.51**
Non-current liabilities:		
Long-term borrowings	2,117,721,642.34	6,049,757,000.00
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	96,494,152.25	110,198,081.27
Long-term payables		101,816,823.07
Long-term employee benefits payable	166,642,915.39	229,389,012.33
Estimated liabilities	146,653,315.33	694,854,560.21
Deferred income	78,742,779.90	150,307,309.25
Deferred tax liabilities	281,517,181.48	9,514,927.47
Other non-current liabilities		
Total non-current liabilities	**2,887,771,986.69**	**7,345,837,713.60**
Total liabilities	21,386,375,034.79	**36,756,345,467.11**
Owners' equity:		
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	9,309,822,030.75	9,418,941,779.55
Less: Treasury shares		
Other comprehensive income	699,020,433.90	-41,694,917.30
Special reserve		443,910.04
Surplus reserve	1,035,952,912.65	962,452,773.01
Provision for general risks		
Undistributed profit	1,973,789,791.39	-1,605,393,084.53
Total equity attributable to shareholders of the Company	**14,432,091,546.69**	**10,148,256,838.77**
Minority interests	3,119,050,691.04	5,399,466,849.10
Total equity	**17,551,142,237.73**	**15,547,723,687.87**
Total liabilities and equity	38,937,517,272.52	**52,304,069,154.98**

Legal representative: Han Guangde   Person in charge of accounting: HouZengquan   Head of accounting department: XieWeihong

BALANCE SHEET OF THE COMPANY

31 December 2020

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

Item	2020-12-31	2020-1-1
Current assets:		
Cash at bank and on hand	743,639,395.39	113,638,189.16
Financial assets held for trading	672,125,000.00	
Derivative financial assets		
Notes receivable		
Accounts receivable	537,928.20	40,084,782.69
Prepayments	603,475.71	6,585,840.89
Other receivables	261,726.58	8,852,312.88
Inventories	18,364,424.20	78,044,136.16
Contract assets		
Assets held for sale		
Non-current assets due within one year	835,538,777.80	270,000,000.00
Other current assets	42,669,414.34	244,609,360.00
Total current assets	**2,313,740,142.22**	**761,814,621.78**
Non-current assets:		
Debt investments		
Available-for-sale financial assets		
Other debt investments		
Long-term receivables		600,000,000.00
Long-term equity investments	6,338,975,578.23	7,873,786,253.99
Other equity instrument investments	3,847,485,064.04	
Other non-current financial assets		
Investment properties	149,261,481.66	
Fixed assets	229,803,957.90	447,436,065.79
Construction in progress		
Productive biological assets		
Oil and gas assets		
Right-of-use asset	986,041.81	1,896,234.13
Intangible assets		10,161,107.29
Development expenses		
Goodwil		
Long-term deferred expenses	374,871.51	720,906.87
Deferred tax assets		20,000,000.00
Other non-current assets		436,902,001.36
Total non-current assets	**10,566,886,995.15**	**9,390,902,569.43**
Total assets	**12,880,627,137.37**	**10,152,717,191.21**

Legal representative: Han Guangde

Person in charge of accounting: HouZengquan

Head of accounting department: XieWeihong

BALANCE SHEET OF THE COMPANY (CONTINUED)

31 December 2020

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

Item	2020-12-31	2020-1-1
Current liabilities:		
Short-term borrowings		200,000,000.00
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payable	148,524,497.33	179,911,996.18
Advances from customers	7,855,200.00	
Contract liabilities	15,419,870.53	59,818,924.73
Employee benefits payable		
Taxes payable	757,913.38	2,802,092.60
Other payables	443,067.26	53,596,763.60
Liabilities held for sale		
Non-current liabilities due within one year	601,303,114.39	200,898,274.92
Other current liabilities		30,817.60
Total current liabilities	**774,303,662.89**	**697,058,869.63**
Non-current liabilities:		
Long-term borrowings		600,000,000.00
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	86,381.44	1,096,162.49
Long-term payables		99,370,000.00
Estimated liabilities		
Deferred income		
Deferred tax liabilities	247,931,716.01	
Other non-current liabilities		
Total non-current liabilities	**248,018,097.45**	**700,466,162.49**
Total liabilities	**1,022,321,760.34**	**1,397,525,032.12**
Owners' equity:		
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	8,436,074,569.57	6,147,927,729.10
Less: Treasury shares		
Other comprehensive income	738,114,305.04	
Special reserve		
Surplus reserve	552,474,712.68	472,681,889.15
Undistributed profit	718,135,411.74	721,076,162.84
Total equity	**11,858,305,377.03**	**8,755,192,159.09**
Total liabilities and equity	**12,880,627,137.37**	**10,152,717,191.21**

Legal representative: Han Guangde

Person in charge of accounting: HouZengquan

Head of accounting department: XieWeihong

CONSOLIDATED INCOME STATEMENT

2020

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

Item	**2020**	**2019**
I. Operating income	**11,608,460,726.70**	**21,829,002,963.77**
Less: Operating cost	10,854,785,939.26	20,959,294,954.13
Taxes and surcharges	25,301,399.10	66,082,026.09
Selling expense	14,080,756.77	136,934,171.32
Administrative expense	512,913,683.78	900,958,609.80
Research and development expense	590,364,430.98	557,782,189.67
Finance cost	23,823,023.38	144,161,671.01
Including: Interest expense	155,840,699.34	364,243,854.91
Interest income	253,973,437.90	229,368,563.22
Add: Other income	192,630,357.95	10,978,489.85
Investment income (loss expressed with "-")	3,857,610,727.86	32,402,655.69
Including: Income from investments in associates and joint ventures	103,150,875.19	11,830,229.89
Net gain on exposure hedging (loss expressed with "-")		
Gains on changes in fair value (loss expressed with "-")	212,427,890.50	-79,586,877.26
Loss on impairment of credit	48,236,347.81	-16,832,835.84
Loss on impairment of assets	-277,340,070.94	-309,576,180.58
Gain from disposal of assets (loss expressed with "-")	-12,675,578.87	-78,454.75
II. Operating profit (loss expressed with "–")	3,608,081,167.74	-1,298,903,861.14
Add: Non-operating income	47,747,243.30	2,294,399,430.83
Less: Non-operating expenses	4,130,749.57	4,410,835.97
III. Total profit (loss expressed with "-")	3,651,697,661.47	991,084,733.72
Less: Income tax expense	24,867,464.58	62,538,448.60
IV. Net profit (net loss expressed with "-")	3,626,830,196.89	928,546,285.12
(I) By continuity of operations		
1. Net profit from continuing operations (net loss expressed with "-")	430,389,868.30	898,813,529.59
2. Net profit from discontinued operations (net loss expressed with "-")	3,196,440,328.59	29,732,755.53
(II) By ownership		
1. Net profit attributable to shareholders of the company	3,662,334,382.03	548,320,338.54
2. Gain or loss attributable to minority interests	-35,504,185.14	380,225,946.58

Item	2020	2019
V. Net other comprehensive income after tax	735,104,537.34	5,901,365.91
Net other comprehensive income after tax attributable to owners of the Company	737,356,668.62	3,920,509.27
(I) Other comprehensive income may that may not be subsequently reclassified to profit and loss	738,848,479.10	3,577,517.41
1. Change in remeasurement of defined benefit plans	-308,722.38	-4,538,169.27
2. Other comprehensive income that may not be reclassified to profit or loss under equity method	-1,977,674.93	
3. Change in fair value of investments in other equity instruments	741,134,876.41	8,115,686.68
4. Change in fair value of own credit risks		
(II) Other comprehensive income that will be subsequently reclassified to profit or loss	-1,491,810.48	342,991.86
1. Other comprehensive income that may not be reclassed to profit or loss under equity method		
2. Change in fair value of other debt investment		
3. Gain or loss on changes in fair value of available-for-sale financial assets		
4. Amount included in other comprehensive income on reclassification of financial assets		
5. Provision of credit impairment of other debt investment		
6. Cash flow hedges reserve		
7. Exchange differences arising from translation of foreign currency financial statements	-1,491,810.48	342,991.86
Net other comprehensive income after tax attributable to minority interests	-2,252,131.28	1,980,856.64
VI. Total comprehensive income	4,361,934,734.23	934,447,651.03
Total comprehensive income attributable to owners of the Company	4,399,691,050.65	552,240,847.81
Total comprehensive income attributable to minority interests	-37,756,316.42	382,206,803.22
VII. Earnings per share:		
(i) Basic earnings per share	2.5910	0.3879
(ii) Diluted earnings per share	2.5910	0.3879

Legal representative: Han Guangde   Person in charge of accounting: HouZengquan   Head of accounting department: XieWeihong

INCOME STATEMENT OF THE COMPANY

2020

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

Item	**2020**	**2019**
I. Operating income	110,821,401.70	178,594,000.74
Less: Operating cost	102,936,924.00	168,432,508.85
Taxes and surcharges	5,363,239.05	3,086,392.39
Selling expense	279,731.32	2,303,908.23
Administrative expense	20,325,401.28	33,054,870.36
Research and development expense		
Finance cost	-22,456,495.82	-27,870,266.44
Including: Interest expense	13,724,497.29	25,944,447.57
Interest income	36,198,104.00	53,806,498.36
Add: Other income	104,845.59	158,972.40
Investment income (loss expressed with "-")	1,684,845,922.01	268,645.02
Including: Income from investment in associates and joint ventures	10,852,184.29	2,838,844.99
Net gain on exposure hedging (loss expressed with "-")		
Gain on change in fair value (loss expressed with "-")	2,125,000.00	
Credit impairment loss	-238,587.61	-413,741.54
Asset impairment loss	-2,580,564.17	
Asset impairment gain (loss expressed with "-")	-12,675,578.87	171,396.31
II. Operating profit (Loss expressed with "-")	1,675,953,638.82	-228,140.46
Add: Non-operating income	46,985.38	937,754.03
Less: Non-operating expenses	37,025.01	600,136.54
III. Total profit (loss expressed with "-")	1,675,963,599.19	109,477.03
Less: Income tax expense	20,531,250.00	
IV. Net profit (Net loss expressed with "-")	1,655,432,349.19	109,477.03
(I). Net profit from continuing operations (net loss expressed with "-")	1,655,432,349.19	109,477.03
(II). Net profit from discontinued operations (net loss expressed with "-")		

Item	2020	2019
V. Net other comprehensive income after tax	740,005,879.84	
Net other comprehensive income after tax attributable to owners of the company	740,005,879.84	
(I) Other comprehensive income that may not be subsequently reclassified to profit and loss	740,005,879.84	
1. Change in remeasurement of defined benefit plans		
2. Other comprehensive income that may not be reclassified to profit or loss under equity method	-2,195,518.19	
3. Change in fair value of investments in other equity instruments	742,201,398.03	
4. Change in fair value of credit risks of own credit risks		
(II) Other comprehensive income that will be subsequently reclassified to profit or loss		
1. Other comprehensive income that may be reclassified to profit or loss under equity method		
2. Change in fair value of other debt investment		
3. Gain or loss on change in fair value of available-for- sale financial assets		
4. Provision of credit impairment of other debt		
5. Cash flow hedges reserve		
6. Exchange differences arising from translation of foreign currency financial statements		
Net amount of other comprehensive income after tax attributable to minority shareholders		
VI. Total comprehensive income	2,395,438,229.03	109,477.03
VII. Earnings per share		—
(i) Basic earnings per share		
(ii) Diluted earnings per share		

Legal representative: Han Guangde

Person in charge of accounting: HouZengquan

Head of accounting department: XieWeihong

CONSOLIDATED CASH FLOW STATEMENT

2020

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

Item	**2020**	**2019**
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	12,701,384,937.57	22,690,616,089.82
Cash received from tax refund	345,786,752.35	1,077,425,452.52
Other cash receipts relating to operating activities	604,464,132.32	2,592,935,993.75
Sub-total of cash inflows from operating activities	13,651,635,822.24	**26,360,977,536.09**
Cash paid for goods and services	13,050,575,441.50	19,356,192,281.32
Cash paid to and on behalf of employees	1,104,648,371.79	2,238,441,280.91
Payments of taxes	79,255,904.78	197,499,866.38
Other cash payments relating to operating activities	441,563,525.14	833,290,106.52
Sub-total of cash outflows from operating activities	**14,676,043,243.21**	**22,625,423,535.13**
Net cash flow from operating activities	-1,024,407,420.97	**3,735,554,000.96**
II. Cash flows from investing activities:		
Cash receipts from disposal of investments	2,447,000,680.00	900,000,000.00
Cash receipts from investment income	20,526,297.04	36,541,732.71
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	5,423,297.25	749,425.99
Net cash received from disposal of subsidiaries and other business units		
Other cash receipts relating to investing activities	2,573,106,643.15	4,074,104,657.87
Sub-total of cash inflows from investing activities	5,046,056,917.44	**5,011,395,816.57**
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	455,564,930.47	870,294,161.46
Cash paid for investments	2,285,863,170.41	929,210,860.24
Net cash paid for acquisition of subsidiaries and other business units	10,706,417.69	990,000.00
Other cash payments relating to investing activities	5,764,627,360.28	5,995,598,386.76
Sub-total of cash outflows from investing activities	**8,516,761,878.85**	**7,796,093,408.46**
Net cash flow from investing activities	-3,470,704,961.41	**-2,784,697,591.89**

Item	2020	2019
III. Cash flows from financing activities:		
Cash receipts from receiving investments		1,200,000.00
Including: Cash received by subsidiaries from receiving investments made by minority interest		1,200,000.00
Cash receipts from borrowings obtained	4,984,337,446.91	16,262,450,494.07
Other cash receipts relating to financing activities	60,000,000.00	253,000,000.00
Sub-total of cash inflows from financing activities	**5,044,337,446.91**	**16,516,650,494.07**
Cash paid for repayment of debts	5,339,372,119.50	14,929,331,399.85
Cash paid for dividends, profit distribution or interest expenses	155,521,616.39	377,214,387.52
Including: Dividends and profits paid by subsidiaries to minority interests	568,544.37	
Other cash payments relating to financing activities	5,954,257.75	19,067,561.81
Sub-total of cash outflows from financing activities	**5,500,847,993.64**	**15,325,613,349.18**
Net cash flow from financing activities	**-456,510,546.73**	**1,191,037,144.89**
IV. Effect of change in foreign exchange rate on cash and cash equivalents	-12,500,753.57	4,781,881.94
V. Net increase in cash and cash equivalents	-4,964,123,682.68	2,146,675,435.90
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	5,719,367,108.31	10,683,490,790.99

Legal representative: Han Guangde

Person in charge of accounting: HouZengquan

Head of accounting department: XieWeihong

CASH FLOW STATEMENT OF THE COMPANY

2020

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

Item	2020	2019
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	98,860,549.51	207,869,540.30
Cash received from tax refund	147,240.00	
Other cash receipts relating to operating activities	13,534,293.40	37,823,455.64
Sub-total of cash inflows from operating activities	**112,542,082.91**	**245,692,995.94**
Cash paid for goods and services	35,184,730.04	134,448,686.10
Cash paid to and on behalf of employees	12,575,433.39	32,847,172.06
Payments of taxes	17,709,140.15	11,721,247.24
Other cash payments relating to operating activities	68,558,055.65	57,794,426.68
Sub-total of cash outflows from operating activities	**134,027,359.23**	**236,811,532.08**
Net cash flow from operating activities	**-21,485,276.32**	**8,881,463.86**
II. Cash flows from investing activities:		
Cash receipts from disposal of investments	1,293,831,800.00	47,831,683.24
Cash receipts from investment income	4,051,068.49	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	884,129,294.61	1,064,538,924.97
Sub-total of cash inflows from investing activities	**2,182,012,163.10**	**1,112,457,302.83**
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	61,946.90	300,224,507.17
Cash paid for investments	1,000,000,000.00	
Net cash paid for acquisition of subsidiaries and other business units		
Other cash payments relating to investing activities	486,201,250.62	1,160,000,000.00
Sub-total of cash outflows from investing activities	**1,486,263,197.52**	**1,460,224,507.17**
Net cash flow from investing activities	**695,748,965.58**	**-347,767,204.34**

Item	2020	2019
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	13,937,916.67	26,030,048.60
Other cash payments relating to financing activities	1,004,937.14	817,142.81
Sub-total of cash outflows from financing activities	**414,942,853.81**	**676,847,191.41**
Net cash flow from financing activities	**-414,942,853.81**	**323,152,808.59**
IV. Effect of change in foreign exchange rate on cash and cash equivalents	-538.84	
V. Net increase in cash and cash equivalents	259,320,296.61	-15,732,931.89
Add: Beginning balance of cash and cash equivalents	83,638,189.16	99,371,121.05
VI. Ending balance of cash and cash equivalents	342,958,485.77	83,638,189.16

Legal representative: Han Guangde

Person in charge of accounting: HouZengquan

Head of accounting department: XieWeihong

HIGHLIGHTS OF NOTES TO FINANCIAL STATEMENTS

I. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

(1) Basis for Preparation

Based on going-concern assumption and transactions and events actually occurred, the consolidated financial statements of the Group have been prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC, (hereinafter referred to as the "Accounting Standards for Business Enterprises"), and No. 15 of regulations on information disclosures of companies that issue public offering shares – General Rules of preparing financial reports (revised in 2014) issued by China Securities Regulatory Commission (the "CSRC"), the applicable disclosures required by regulations of Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as well as the accounting policies and estimation as described in "III. Changes in Significant Accounting Policies and Estimates" to the Notes of Financial Statements.

(2) Going Concern

The management of the Company has assessed its ability to operate on a continuing basis for the 12 months from 31 December 2020 to 31 December 2021 and is of the view that existing financial position should be sufficient to meet the production and operation of the Group. As such, these financial statements are prepared on a going concern basis.

II. STATEMENT OF COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements have been prepared by the Company comply with the requirements of the Accounting Standards for Business Enterprise and reflect a true and fair view of the financial position, the operating results and cash flows of the Company and the Group.

III. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Changes in accounting policy

There is no change in accounting policy during the year.

2. Changes in accounting estimates

The Group held the third meeting of the Tenth Board of Directors and the third meeting of the Tenth Board of Supervisors on December 29, 2020. The "Proposal on Changes in Accounting Estimates" was reviewed and approved, which will be implemented on October 1, 2020.

（1）The reason for changes

In accordance with the "Accounting Standards for Business Enterprises No. 28-Accounting Policies, Changes in Accounting Estimates and Error Corrections", and combined with the actual situation of the Group, in order to correspond to accounts receivable and other receivables(hereinafter referred to as "receivables "Accounts") more accurately, and to reflect the financial status and operating results of the Group more objectively and fairly, the accounting estimates on provision for bad debts corresponding to accounts receivable are changed.

（2） The applicable accounting estimates before changing

a. For accounts receivable among enterprises within the scope of the consolidated financial statements of the CSSC Group, the Group judges that there is no expected credit loss. Therefore, no provision for bad debts is made.

b. The Group conducts a separate impairment test for the accounts receivable and other accounts receivable with signs of impairment for which the initial confirmation date is more than 1 year. And according to the difference of the book value of accounts receivable and the expected receipt of the present value in cash flow, determines the expected credit loss of the accounts receivable, and makes provision for bad debts.

c. For other accounts receivable that have not been individually tested, basing on the actual credit losses in previous years and taking into account the forward-looking information of this year, the estimated default loss rate is 0.5%, which is determined by 0.5% of the balance on the balance sheet date. Then, the company make provision for bad debts.

（3） The applicable accounting estimate after changing

a. The Group judges that there is no expected credit loss for related party accounts receivable, non-overdue deposits and security deposits, reserve funds and employee loans, and government and public institutions receivables, which have no signs of impairment. Therefore, the company do not need to make provision for bad debts.

b. The Group will conduct a separate impairment test for those receivables that have signs of impairment and other receivables that are applicable to individual tests. The difference between the book value of the receivables and the expected cash flow value, determines the expected credit loss of accounts receivable, according to which, the company makes provision for bad debts.

c. For other accounts receivable that have not been individually tested, the Group determines the estimated LGD based on the actual credit losses in previous years and the forward-looking information of this year (see the table below). And basing on the estimated LGD calculate the expected credit loss of accounts receivable and make provision for bad debts.

Ageing	The estimated default loss rate of accounts receivable（%）	The estimated LGD of other receivables（%）
within six months	0	0
6 months to 1 year (including first year)	0.5	0.5
1 year to 2 years (including the second year)	10	10
2 years to 3 years	30	30
3 years to 5 years	80	80
Over 5 years	100	100

（4） The impacts of changes

This change in accounting estimates adopts the future application method to reduce the Group’s 2020 net profit of 13.24 million yuan and reduce shareholders’ equity by 13.24 million yuan (including: 7.33 million yuan attributable to shareholders’ equity of the parent company and 5.91 million yuan attributable to minority shareholders’ equity).

IV. TAX

(1) Main taxes and rates

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

Note: In accordance with the Announcement of the Ministry of Finance, the Tax Administration and the General Administration of Customs on Deepening the Policies Related to Value-Added Tax Reform (Ministry of Finance, State Taxation Administration and General Administration of Customs [2019] No. 39):

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

2. Revenue from military products: Value-added tax is exempted for military production (order) contracts upon completion of the relevant procedures for tax relief.

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

4. According to the relevant regulations of the "Announcement on the Policies Concerning the Deepening of Value-Added Tax Reform" (Announcement of the, Ministry of Finance, State Administration of Taxation and General Administration of Customs [2019] No. 39), some of the subsidiaries of the Group, as production and life service companies, will be deductible input VAT plus 10% from 1 April 2019 to 31 December 2021, deducting VAT payables.

Notes on taxpayers subject to different enterprise income tax rates:

Name of entity	Tax rate	Remarks
The Company	25%	
CSSC Huangpu Wenchong Shipbuilding Company Limited	15%	
Guangzhou CSSC Wenchong Shipyard Co., Ltd.	15%	
Guangzhou Wenchuan Heavy Industrial Co. Ltd.	15%	
WAH SHUN INTERNATIONAL MARINE LIMITED	16.5%	Incorporated in Hong Kong
WAH LOONG INTERNATIONAL MARINE LIMITED	16.5%	Incorporated in Hong Kong
Zhanjiang Nanhai Ship Hi-Tech Services Ltd	20%	Small low-profit enterprise
Guangzhou Xingji Maritime Engineering Design Co., Ltd.	20%	Small low-profit enterprise
Guangzhou CSSC Wenchong Bingshen Facilities Co., Ltd.	20%	Small low-profit enterprise
CSSC Industrial Internet Co., Ltd.	20%	Small low-profit enterprise
CSSC (Guangzhou) New Energy Co., Ltd.	20%	Small low-profit enterprise
Other subsidiaries	25%	

(2) Preferential taxation treatment

(1) Enterprise income tax

CSSC Huangpu Wenchong Shipbuilding Company Limited, the subsidiary of the Company, obtained the Certificate of Hi-tech Enterprise (certificate no.: GR201844011040) on 28 November 2018. Its enterprise income tax rate for 2020 was paid at a rate of 15%.

Guangzhou Wenchong Shipyard Co., Ltd., the subsidiary of the Company, obtained the Certificate of Hi-tech Enterprise (certificate no.: GR201944010453) on 2 December 2019. Its enterprise income tax for 2020 was paid at a rate of 15%.

Guangzhou Wenchuan Heavy Industrial Co. Ltd., the subsidiary of the Company, obtained the Certificate of Hi-tech Enterprise (certificate no.: GR201844002831) on 28 November 2018, with a validity period of three years. Its enterprise income tax rate for 2020 was paid at a rate of 15%.

Zhanjiang Nanhai Ship Hi-Tech Services Ltd, Guangzhou Xingji Maritime Engineering Design Co., Ltd., Guangzhou CSSC Wenchong Bingshen Facilities Co., Ltd., CSSC Industrial Internet Co., Ltd. and CSSC (Guangzhou) New Energy Co., Ltd., all being the subsidiaries of the Company are small low-profit enterprises, with the income tax rate of 20%.

Wah Shun International Marine Limited and Wah Loong International Marine Limited are registered in Hong Kong and subject to Hong Kong income tax, with the income tax rate of 16.50%.

(2) Property tax

The company and its subsidiaries CSSC Huangpu Wenchong Shipbuilding Co., Ltd., Guangzhou Wenchong Shipyard Co., Ltd. and Guangzhou Huangchuan Offshore Engineering Co., Ltd. were reduced or exempted by the competent tax bureau this year.

(3) Land use tax

Subsidiaries CSSC Huangpu Wenchong Shipping Co., Ltd. and Guangzhou Huangchuan Offshore Engineering Co., Ltd. were reduced by the competent tax bureau this year.

V. NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

For the following disclosed financial statement data, unless otherwise noted, “Beginning Balance” refers to the balance as at 1 January 2020; and “Ending Balance” refers to the balance as at 31 December 2020. “Current Year” refers to the period from 1 January 2020 to 31 December 2020; “Last Year” refers to the period from 1 January 2019 to 31 December 2019. The currency is in RMB.

1. Notes receivable

Item	Ending balance	Beginning balance
Bank acceptance bills	46,528,161.34	563,453,834.95
Commercial acceptance bills	115,096,846.29	70,111,028.65
Total	**161,625,007.63**	**633,564,863.60**

(1) Notes receivable pledged as at the end of the year: None.

(2) Notes receivable which have been endorsed or discounted at the end of the year to other party but not yet expired at the balance sheet date

Item	Amount derecognized as at the end of year	Amount not derecognized as at the end of year
Bank acceptance bills	249,840,814.02	
Commercial acceptance bills		
Total	**249,840,814.02**	

(3) Notes transferred to accounts receivable at the end of year due to non-performance of drawers: None.

(4) Disclosure by the method using which the provision for bad debts is made

Type	Ending balance				
	Book balance		Provision for bad debts		Net amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts made on an individual basis					
Provision for bad debts is made on a collective basis	161,625,007.63	100.00			161,625,007.63
Including: Due within one year	161,625,007.63	100.00			161,625,007.63
Total	**161,625,007.63**	/		/	**161,625,007.63**

Type	Beginning balance				
	Book balance		Provision for bad debts		Net amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts made on an individual basis					
Provision for bad debts is made on a collective basis	633,564,863.60	100.00			633,564,863.60
Including: Due within one year	633,564,863.60	100.00			633,564,863.60
Total	**633,564,863.60**	/		/	**633,564,863.60**

a) Accounts receivable

Item	Ending balance	Beginning balance
Accounts receivable	1,264,356,804.96	2,390,628,704.48
Less: Provision for bad debts	19,939,868.35	40,248,264.38
Net amount	**1,244,416,936.61**	**2,350,380,440.10**

(1) The ageing analysis of accounts receivable as at the transaction date (including accounts receivable from related parties) is as follows:

	Ending balance		
Ageing	**Accounts receivable**	**Provision for bad debts**	**Percentage (%)**
Within 1 year	1,020,874,824.44	676,279.81	0.07
1-2 years	196,065,663.17	10,628,194.20	5.42
2-3 years	45,380,995.05	7,685,016.85	16.93
3-4 years	1,348,776.86	950,377.49	70.46
4-5 years			
Over 5 years	686,545.44		0.00
Total	**1,264,356,804.96**	**19,939,868.35**	**1.58**

	Beginning balance		
Ageing	**Accounts receivable**	**Provision for bad debts**	**Percentage (%)**
Within 1 year	2,061,611,397.71	17,756,721.76	0.86
1-2 years	169,910,788.01	2,750,302.26	1.62
2-3 years	25,034,038.97	4,980,647.91	19.90
3-4 years	80,122,732.66	849,300.97	1.06
4-5 years	37,003,019.27	1,247,001.75	3.37
Over 5 years	16,946,727.86	12,664,289.73	74.73
Total	**2,390,628,704.48**	**40,248,264.38**	**1.68**

(2) Credit period of accounts receivable

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

(3) Breakdown of accounts receivable by the method using which the provision for bad debts is made

Type	Ending balance				
	Book balance		Provision for bad debts		Net amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts made on an individual basis					
Including: Accounts receivable of which the credit risk has significantly increased since initial recognition					
Provision for bad debts is made on a collective basis	1,264,356,804.96	100.00	19,939,868.35	1.58	1,244,416,936.61
Including: Accounts receivable of which the credit risk has not significantly increased since initial recognition	1,264,356,804.96	100.00	19,939,868.35	1.58	1,244,416,936.61
Total	**1,264,356,804.96**	**–**	**19,939,868.35**	**–**	**1,244,416,936.61**

Type	Beginning balance				
	Book balance		Provision for bad debts		Net amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts is made on an individual basis	28,437,630.23	1.19	28,437,630.23	100.00	
Including: Accounts receivable of which the credit risk has significantly increased since initial recognition	28,437,630.23	1.19	28,437,630.23	100.00	
Provision for bad debts is made on a collective basis	2,362,191,074.25	98.81	11,810,634.15	0.50	2,350,380,440.10
Including: Accounts receivable of which the risk has not significantly increased since initial recognition	2,362,191,074.25	98.81	11,810,634.15	0.50	2,350,380,440.10
Total	**2,390,628,704.48**	**–**	**40,248,264.38**	**–**	**2,350,380,440.10**

(a) Accounts receivable for which the provision for bad debts is made on an individual basis

None

(b) Accounts receivable for which the provision for bad debts is made on a portfolio basis

Types of portfolio	Ending Balance		
	Accounts receivable	rate	Provision for bad debts
Risk-free portfolio	471,670,459.02	37.31	
Aging portfolio	792,686,345.94	62.69	19,939,868.35
total	1,264,356,804.96	100.00	19,939,868.35

The details of the aging portfolio are as follows:

Ageing	Ending balance		
	Accounts receivable	**Provision for bad debts**	**Percentage of provision (%)**
Within 1 year	659,599,709.21	676,279.81	0.10
1-2 years	106,281,942.06	10,628,194.20	10.00
2-3 years	25,616,722.81	7,685,016.85	30.00
3-4 years	1,187,971.86	950,377.49	80.00
4-5 years			
Over 5 years			0.00
Total	792,686,345.94	19,939,868.35	2.52

(4) Provision for bad debts

Type	Beginning balance	Change for the year					Ending balance
		Provision made	Recovered or reversed	Offset or Write-off	Change in scope of consolidation	Other changes	
Provision for bad debts of accounts receivable	40,248,264.38	12,609,284.48	-2,348,470.90		-27,132,524.53	-3,436,685.08	19,939,868.35
Total	**40,248,264.38**	12,609,284.48	**-2,348,470.90**		**-27,132,524.53**	-3,436,685.08	**19,939,868.35**

Significant provision for bad debts recovered or reversed during the year: None.

(5) Accounts receivable written-off during the year

None

(6) Significant provision for bad debts recovered or reversed during the year

Name	Amount reversed or recovered	Way of recovery
Universal Dockyard Limited, Hong Kong	2,307,325.40	Equity certificate received after liquidation
Fuzhou Hongjia Electronic Technology Company	20,000.00	Recovery of cash after continuous effort
Shanhaiguan Shipbuilding Heavy Industry Co., Ltd. (山海關造船重工有限責任公司)	21,145.50	After its restructuring, payment was made after communication
Total	**2,348,470.90**	–

(7) Top five accounts receivable by ending balance of debtors

Name of entity	Relationship with the Group	Ending balance	Ageing	Percentage of ending balance of total accounts receivable (%)	Ending balance of provision for bad debts
Special customer 1	Third party	166,061,000.00	Within 2 years	13.13	
Cangzhou Huanghuagang Navigation Engineering Co., Ltd. (滄州黃驊港航務工程有限公司)	Third party	155,291,689.65	Within 2 years	12.28	3,628,257.80
Guangzhou Salvage Bureau	Third party	104,996,030.28	Within 2 years	8.30	
Poly Changda Engineering Co., Ltd. (保利長大工程有限公司)	Third party	104,333,760.34	Within six months	8.25	
Wan Hai Lines Ltd., Taiwan	Third party	87,116,068.00	Within six months	6.89	
Total		**617,798,548.27**		**48.86**	**3,628,257.80**

(8) Accounts receivables derecognized arising from transfer of financial assets: None.

(9) Amount of assets and liabilities transferred from accounts receivable with continuing involvement: None.

b) Notes payable

Type	Ending balance	Beginning balance
Bank acceptance bills	1,956,667,659.28	2,723,458,661.24
Commercial acceptance bills	335,534,935.80	339,956,340.43
Total	**2,292,202,595.08**	**3,063,415,001.67**

c) Accounts payable

Item	Ending balance	Beginning balance
Materials purchased	4,412,415,946.52	5,215,181,835.65
Payment for projects under construction	137,357,317.66	314,301,192.54
Balance of product payment	2,439,132.81	274,200,204.00
Retention money	548,165,604.67	1,037,723,660.38
Other construction and labour services	486,755,567.71	1,845,991,006.18
Total	5,587,133,569.37	**8,687,397,898.75**

(1) Ageing analysis of accounts payable based on the transaction date (including accounts payable to connected persons) is as follows:

Ageing	Ending balance	Beginning balance
Within 1 year	2,875,172,053.45	6,160,619,081.93
1-2 years	1,389,474,863.76	1,230,596,212.92
2-3 years	396,841,239.38	779,736,568.28
Over 3 years	925,645,412.78	516,446,035.62
Total	5,587,133,569.37	**8,687,397,898.75**

(2) Significant accounts payable aged over one year

Name	Ending balance	Including: Amount aged over one year	Reason for unsettlement or carrying forward
China Shipbuilding Industry System Engineering Research Institute	482,228,246.99	134,102,460.69	Tentative estimation of arrears and deposit
No. 704 Research Institute of China Shipbuilding Industry Corporation	137,641,492.68	11,129,051.11	Tentative estimation of arrears and deposit
WARTSILAFINLANDOY	126,854,316.90	126,854,316.90	Tentative estimation of arrears and deposit
Guangzhou CSSC Wenchong Industrial Co., Ltd.	100,721,341.65	88,796,929.16	Tentative estimation of arrears and deposit

Name	Ending balance	Including: Amount aged over one year	Reason for unsettlement or carrying forward
Nanjing Kedarui Electronic Equipment Co., Ltd.	95,442,000.00	95,442,000.00	Tentative estimation of arrears and deposit
No. 713 Research Institute of China Shipbuilding Industry Corporation	84,519,500.00	39,741,000.00	Tentative estimation of arrears and deposit
No. 716 Research Institute of China Shipbuilding Industry Corporation	59,428,301.73	22,199,301.73	Tentative estimation of arrears and deposit
No. 707 Research Institute of China Shipbuilding Industry Corporation	53,180,465.00	15,730,165.00	Tentative estimation of arrears and deposit
Bilfinger Engineering & Technologies GmbH	49,935,174.68	24,770,777.14	Tentative estimation of arrears and deposit
Guangzhou Shipbuilding Industry Co., Ltd.	46,134,418.91	30,801,841.36	Tentative estimation of arrears and deposit
No. 726 Research Institute of China Shipbuilding Industry Corporation	38,040,000.00	19,230,999.98	Tentative estimation of arrears and deposit
Wenzhou Bohong Electric Co., Ltd.	35,628,340.00	33,853,533.21	Tentative estimation of arrears and deposit
CSSC Ninth Design and Research Institute Engineering Co., Ltd.	12,418,324.49	12,082,148.49	Tentative estimation of arrears and deposit
Total	1,322,171,923.03	654,734,524.77	

d) Undistributed profit

Item	Current year	Last year
Undistributed profit a s at the end of last year	**-1,605,393,084.53**	**-2,153,702,475.37**
Add: Beginning adjustment to undistributed profits		
Including: Retrospective adjustment according to the new requirments of the Accounting Standards for Business Enterprises		
Accounting policy change		
Correction of significant previous errors		
Changes in the scope of business combination under common control		
Other adjustment		
Undistributed profit at the beginning of the year after adjustment	**-1,605,393,084.53**	**-2,153,702,475.37**
Add: Net profit attributable to owners of the Company for the year	3,662,334,382.03	548,320,338.54
Add: Transfer from other comprehensive income to retained earnings	-3,358,682.58	
Less: Statutory surplus reserve set aside	79,792,823.53	10,947.70
Discretionary surplus reserve set aside		
Provision for general risks		
Dividends payable on ordinary shares		
Undistributed profit at the end of the year	**1,973,789,791.39**	**-1,605,393,084.53**

e) Net current assets

Item	Ending balance	Beginning balance
Current assets	21,802,423,891.94	33,235,450,338.19
Less: Current liabilities	18,498,603,048.10	29,410,507,753.51
Net current assets	**3,303,820,843.84**	**3,824,942,584.68**

f) Total assets less current liabilities

Item	Ending balance	Beginning balance
Total assets	38,937,517,272.52	52,304,069,154.98
Less: Current liabilities	18,498,603,048.10	29,410,507,753.51
Total assets less current liabilities	**20,438,914,224.42**	**22,893,561,401.47**

g) Operating income & Operating costs

Item	Amount for the year	Amount for last year
Revenue from principal business	11,397,374,517.03	21,581,588,577.17
Income from other business	211,086,209.67	247,414,386.60
Total	**11,608,460,726.70**	**21,829,002,963.77**
Costs of principal business	10,757,470,798.26	20,791,601,441.28
Costs of other business	97,315,141.00	167,693,512.85
Total	**10,854,785,939.26**	**20,959,294,954.13**

Gross profit from principal business

Item	Current year	Last year
Income from principal business	11,397,374,517.03	21,581,588,577.17
Costs of principal business	10,757,470,798.26	20,791,601,441.28
Gross profit	639,903,718.77	789,987,135.89

(1) Principal business – by product

Product name	Current year	Last year
Operating income		
Ship products	9,459,434,393.10	16,480,667,808.06
Including:	–	–
Bulk carriers	982,516,718.48	580,491,099.01
Oil tankers	245,129,888.16	4,619,845,280.11
Containerships	2,463,087,874.05	2,743,315,554.12
Special ships and others	5,768,699,912.41	8,537,015,874.82
Offshore engineering product	-292,329,627.20	1,321,234,115.03
Steel structure	1,622,936,840.14	2,011,736,461.38
Ship maintenance and modification	449,244,650.68	1,042,288,419.71
Electromechanical products and others	158,088,260.31	725,661,772.99
Total	**11,397,374,517.03**	**21,581,588,577.17**
Operating costs		
Ship products	9,115,929,697.67	16,217,877,959.85
Including:		
Bulk carriers	899,514,547.14	556,833,606.51
Oil tankers	316,911,954.31	5,001,816,567.33
Containerships	2,685,144,064.27	2,813,914,430.32
Special ships and others	5,214,359,131.95	7,845,313,355.69
Offshore engineering product	-291,322,991.88	1,216,369,388.52
Steel structure	1,463,615,768.05	1,791,605,611.67
Ship maintenance and modification	366,308,458.22	859,722,405.80
Electromechanical products and others	102,939,866.20	706,026,075.44
Total	**10,757,470,798.26**	**20,791,601,441.28**

(2) Principal business – by region

Region	Current year	Last year
Operating income		
China (including Hong Kong, Macau and Taiwan)	8,356,317,728.53	13,280,308,241.32
Other regions in Asia	1,478,914,239.25	1,668,033,894.64
Europe	645,318,980.90	3,089,923,709.17
Oceania	741,035,904.67	983,088,477.79
North America	-313,601,083.30	438,904,472.85
Africa	489,388,746.98	2,086,041,744.97
South America		35,288,036.43
Total	**11,397,374,517.03**	**21,581,588,577.17**
Operating costs		
China (including Hong Kong, Macau and Taiwan)	7,344,963,352.73	12,287,244,136.23
Other regions in Asia	1,622,585,544.81	1,749,484,608.75
Europe	780,023,754.80	3,326,534,606.42
Oceania	758,852,834.21	999,832,979.60
North America	-319,474,835.95	376,329,160.35
Africa	570,520,147.66	2,025,562,650.57
South America		26,613,299.36
Total	**10,757,470,798.26**	**20,791,601,441.28**

(3) Other operating income and other operating costs

Product name	Current year	Last year
Income from other business		
Sale of materials	79,002,602.01	78,693,545.12
Sales of scrap materials	26,427,547.13	88,882,046.98
Service income	73,845.71	6,273,921.75
Rental income	90,439,327.54	43,678,333.84
Energy income	4,928,440.60	7,782,369.10
Others	10,214,446.68	22,104,169.81
Total	**211,086,209.67**	**247,414,386.60**
Costs of other business		
Sale of materials	62,815,572.86	71,424,148.71
Sales of scrap materials	18,976,880.21	51,236,840.79
Service income	123,806.88	3,254,022.36
Rental income	7,171,984.71	28,267,915.03
Energy income	6,490,608.52	7,589,203.17
Others	1,736,287.82	5,921,382.79
Total	**97,315,141.00**	**167,693,512.85**

(4) Information on revenue from contracts

Breakdown of contracts	Shipbuilding and related business segments	Steel structure Business segments	Ship maintenance and related business segments	Other segments	Total
Product types	**9,228,235,621.74**	1,588,423,555.75	**451,826,877.43**	339,974,671.78	**11,608,460,726.70**
Ship products	9,459,434,393.10				9,459,434,393.10
Offshore engineering products	-292,329,627.20				-292,329,627.20
Steel structure	34,513,284.39	1,588,423,555.75			1,622,936,840.14
Ship maintenance and modification			449,244,650.68		449,244,650.68
Electromechanical products and others				158,088,260.31	158,088,260.31
Other business	26,617,571.45		2,582,226.75	181,886,411.47	211,086,209.67
By region of operation	**9,228,235,621.74**	1,588,423,555.75	**451,826,877.43**	339,974,671.78	**11,608,460,726.70**
Domestic	6,359,926,113.22	1,556,802,485.78	315,893,176.21	334,782,162.99	8,567,403,938.20
Overseas	2,868,309,508.52	31,621,069.97	135,933,701.22	5,192,508.79	3,041,056,788.50
Type of market or customer	**9,228,235,621.74**	1,588,423,555.75	**451,826,877.43**	339,974,671.78	**11,608,460,726.70**
State-owned enterprise	5,569,898,656.15	1,527,542,295.30	196,486,488.59	164,954,863.12	7,458,882,303.16
Private enterprise	401,281,295.14	29,260,190.48	32,331,282.89	169,827,299.87	632,700,068.38
Foreign enterprise	3,257,055,670.45	31,621,069.97	223,009,105.95	5,192,508.79	3,516,878,355.16
Contract types	**9,228,235,621.74**	1,588,423,555.75	**451,826,877.43**	339,974,671.78	**11,608,460,726.70**
Fixed price	9,228,235,621.74	1,549,629,693.19	292,846,752.38	328,601,542.80	11,399,313,610.11
Cost bonus		38,793,862.56	158,980,125.05	11,373,128.98	209,147,116.59
By date of transfer of goods	**9,228,235,621.74**	1,588,423,555.75	**451,826,877.43**	339,974,671.78	**11,608,460,726.70**
Performance over time	9,103,600,824.69	1,525,426,803.16			10,629,027,627.85
Performance at a point of time	124,634,797.05	62,996,752.59	451,826,877.43	339,974,671.78	979,433,098.85
By contract term	**9,228,235,621.74**	1,588,423,555.75	**451,826,877.43**	339,974,671.78	**11,608,460,726.70**
Short term	124,634,797.05	49,039,477.08	451,826,877.43	339,974,671.78	965,475,823.34
Long term	9,103,600,824.69	1,539,384,078.67			10,642,984,903.36
By sales channel	**9,228,235,621.74**	1,588,423,555.75	**451,826,877.43**	339,974,671.78	**11,608,460,726.70**
Direct sales	8,830,185,534.17	1,556,802,485.78	451,826,877.43	339,974,671.78	11,178,789,569.16
Sale through distributors	398,050,087.57	31,621,069.97			429,671,157.54
Total	**9,228,235,621.74**	1,588,423,555.75	**451,826,877.43**	339,974,671.78	**11,608,460,726.70**

(5) Note on contract performance obligations

The Group's contract performance obligations represent mainly the construction, delivery and maintenance of ships and ancillary products. The time of contract performance obligations substantially correspond to the completion schedule of the ship completion progress, mainly includes those for construction commencement, closure, docking, launching, sea trial and delivery. The time and proportion of the settlement of the progress payment are set out in the contracts between the Group and the customers, and the two parties shall perform the relevant obligations in accordance with the terms of the contract. If any party defaults or fails to perform the contractual obligations in a timely manner, where the responsibility lies with the Group, it shall refund customers' prepayments together with the contract assets caused thereby; In the event that it is the customer's responsibility, the Group has the right to require the customer to continue performing or to compensate for the costs and profits incurred in the contract performance. For defects caused by unintentional, navigation risks and physical damage during the warranty period of the contract, which is generally 1 year, enterprises provide repair services without any charges.

(6) Note on allocation to remaining contract performance obligations

The amount of revenue corresponding to the contract performance obligations for which contracts had been entered into and which had not been performed or completely fulfilled as at the end of the year was RMB2,406,305.00, of which RMB8,774,056,300.00 is expected to be recognized as revenue in 2021.

(7) Top five customers by operating income

Customers	**Relationship with the Group**	**Current year**	**Percentage of total income from principal business (%)**
First	Third party	4,348,173,992.00	38.15
Second	Third party	634,795,429.41	5.57
Third	Third party	553,125,662.10	4.85
Fourth	Third party	542,595,186.49	4.76
Fifth	Third party	442,541,288.20	3.88
Total		**6,521,231,558.20**	**57.21**

(8) Purchase amounts from top five suppliers

Supplier	**Relationship with the Group**	**Amount for the year**	**Percentage of total costs of principal business (%)**
First	Under common control of CSSC	2,016,719,418.60	18.75
Second	Under common control of CSSC	225,151,712.91	2.09
Third	Under common control of CSSC	144,317,730.35	1.34
Fourth	Third party	63,260,473.15	0.59
Fifth	Third party	61,152,746.73	0.57
Total		**2,510,602,081.74**	**23.34**

h) Finance cost

(1) Breakdown of finance costs

Item	**Current year**	**Last year**
Interest expenses	155,840,699.34	364,243,854.91
Less: Interest income	253,973,437.90	229,368,563.22
Less: Net exchange gains		25,150,754.16
Add: Net exchange losses	101,230,442.82	
Add: Other expenses	20,725,319.12	34,437,133.48
Total	**23,823,023.38**	**144,161,671.01**

(2) Breakdown of interest expenses

Item	**Current year**	**Last year**
Interest on bank borrowings and overdraft		
Interest on bank borrowings due within 5 years	152,703,858.38	150,438,734.80
Other borrowings		
Interest on other borrowings due within 5 years	19,662,922.54	253,675,166.99
Other interest expenses	2,923,918.42	3,720,751.43
Sub-total	175,290,699.34	407,834,653.22
Less: Interest capitalized		14,410,798.31
Less: Interest discount	19,450,000.00	29,180,000.00
Total	**155,840,699.34**	**364,243,854.91**

(3) Breakdown of interest income

Item	Current year	Last year
Interest income from bank deposits	137,774,078.05	195,449,999.67
Interest income from receivables	116,199,359.85	33,918,563.55
Total	**253,973,437.90**	**229,368,563.22**

i) Investment income

Item	Current year	Last year
Gain on long-term equity investments accounted for using equity method	103,150,875.19	11,830,229.89
Investment income from disposal of long-term equity investments	1,952,887,294.85	-93,136.11
Gain on re-measurement of remaining equity interest upon loss of control at fair value	1,758,109,549.31	
Dividend income received during the period of holding investments in other equity instruments	1,669,325.18	1,339,419.91
Dividend income received during the period of holding investment in other equity instrument		13,745,972.01
Investment income from disposal of financial assets held for trading	41,793,683.33	5,580,169.99
Total	**3,857,610,727.86**	**32,402,655.69**

j) Gain/loss on changes in fair value

Item	Current year	Last year
Changes in fair value of financial assets held for trading	239,667,073.30	40,013,438.46
Changes in fair value of financial liabilities held for trading	-27,239,182.80	-119,600,315.72
Total	**212,427,890.50**	**-79,586,877.26**

k)Non-operating income

(1) Breakdown of non-operating income

Item	Amount for the year	Amount for last year	Amount included in non-recurring gains and losses during the year
Gain on retirement of damaged non-current assets non-current assets	966,332.12	719,760.47	966,332.12
Including: Gain on retirement of damaged fixed assets	966,332.12	719,760.47	966,332.12
Government grants not relating to day-to-day activities	1,862,660.28	4,425,312.28	1,862,660.28
Compensation for relocation and lose from suspension of production		1,279,251,223.80	
Compensation for land relocation		999,262,074.35	
Penalty income	452,871.24	8,494,211.97	452,871.24
Negative goodwill recognized for business combination not under common control (Nanfang Environment)	1,760,005.87		1,760,005.87
Transfer from claims under the balance of social security fund	8,531,512.80		8,531,512.80
Contract breach compensation	30,630,000.00		30,630,000.00
Others	3,543,860.99	2,246,847.96	3,543,860.99
Total	**47,747,243.30**	**2,294,399,430.83**	**47,747,243.30**

The amount included in non-recurring gains and losses for the year was RMB47,747,243.30(last year: RMB2,294,399,430.83).

Breakdown of government grants not relating today-to-day activities

Item	Current year	Last year	Source and basis	Relating to assets/ Relating to revenue
Use of subsidy for shore power		2,120,000.00	Guangzhou Salvage Bureau	Relating to revenue
Subsidy for separation and transfer of water, power and gas supply and property management business	1,820,129.88	1,820,129.88	Finance in Huangpu District	Relating to revenue
Medical expenses subsidy for retired cadres		230,000.00	National government subsidy	Relating to revenue
Other projects	42,530.40	255,182.40		Relating to revenue
Total	**1,862,660.28**	**4,425,312.28**	–	–

(2) Description of profit from disposal of properties

Non-operating income of the Group for the year included profit from disposal of properties of RMB0 (amount for the previous year: RMB0).

l) Income tax expense

(1) Income tax expense

Item	Current year	Last year
Current income tax-PRC enterprise income tax	189,808.19	1,356,407.31
1. China	189,808.19	1,356,407.31
2. Hong Kong		
Deferred tax	24,677,656.39	61,182,041.29
Others		
Total	**24,867,464.58**	**62,538,448.60**

(2) Reconciliation sheet between income tax expenses and total profit

Income tax expenses calculated is based on total profit in the consolidated income statement and the applicable tax rates

Item	Current year
Total consolidated profit for the year	3,651,697,661.47
Income tax expenses calculated at statutory/applicable tax rate	910,962,050.46
Impact of different tax rates for subsidiaries	20,116,231.16
Impact of adjustment for income tax for previous periods	-26,077.36
Impact of non-taxable income	-344,567,221.75
Impact of non-deductible costs, expenses and losses	567,276.86
Impact of utilization of deductible loss for which no deferred tax assets were previously recognized	-611,841,062.75
Impact of deductible temporary differences for which no deferred tax assets are recognized for the year or deductible losses	100,435,292.31
Other (including the effect of deduction)	-50,779,024.35
Income tax expense	24,867,464.58

m) Earnings per share

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

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

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

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

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

Item	No.	Current year	Last year
Net profit attributable to shareholders of the Company	1	3,662,334,382.03	548,320,338.54
Non-recurring gains and losses attributable to the Company	2	3,945,440,941.73	1,565,413,108.80
Net profit attributable to shareholders of the Company, net of non-recurring gains and losses	3=1-2	-283,106,559.70	-1,017,092,770.26
Total number of shares at the beginning of the year	4	1,413,506,378.00	1,413,506,378.00
Number of shares increased due to transferring capital reserve into share capital or dividend distribution of shares (I)	5		
Number of shares increased due to issuance of new shares or debt for equity swap (II)	6		
Number of months from next month following the month in which the number of shares is increased to the end of the year (II)	7		
Number of shares decreased due to stock repurchase	8		
Number of months from the next month following the month in which the number of shares is decreased to the end of the year	9		
Number of shares decreased due to capital reduction	10		

Item	No.	Current year	Last year
Number of months in the reporting period	11	12.00	12.00
Weighted average number of ordinary shares outstanding	12	1,413,506,378.00	1,413,506,378.00
Weighted average number of ordinary shares outstanding following adjustments in relation to business combination under common control for the purposes of earnings per share after deduction of nonrecurring gains and losses	13		
Basic earnings per share (I)	**14=1÷12**	**2.5910**	**0.3879**
Basic earnings per share (II)	**15=3÷13**	-0.2003	**-0.7196**
Potential diluted interests of ordinary shares recognized as expense	16		
Transfer fee	17		
Income tax rate	18	0.25	0.25
Weighted average amount of ordinary shares increased due to warrant, share options, and convertible bonds, etc.	19		
Diluted earnings per share (I)	**20=[1+(16-18)×(1-17)]÷(12+19)**	**2.5910**	**0.3879**
Diluted earnings per share (II)	**21=[3+(16-18)×(1-17)]÷(13+19)**	-0.2003	**-0.7196**

n) Dividends

Details of the dividends declared and paid and proposed during the track record period are as follows:

(1) Year ended 31 December 2017

Pursuant to a resolution of the Annual General Meeting of 2016 of the Company on 26 May 2017, the Company will not distribute dividend or increase its share capital by way of capitalization of capital reserve for 2016.

(2) Year ended 31 December 2018

Pursuant to a resolution of the Annual General Meeting of 2017 of the company held on 29 May 2018, the Company will not distribute dividend or increase its share capital by way of capitalization of capital reserve for 2017.

(3) Year ended 31 December 2019

Pursuant to a resolution of the Annual General Meeting of 2018 of the company held on 28 May 2019, the Company does not distribute dividends in 2018 and that the Company does not convert capital reserve into share capital.

(4) Year ended 31 December 2019

Pursuant to a resolution of the Annual General Meeting of 2019 of the company held on 12 June 2020, the Company does not distribute dividends in 2019 and that the Company does not convert capital reserve into share capital.

o) Depreciation and amortization

Item	Current year	Last year
Depreciation of investment properties	104,785.35	628,712.16
Depreciation of fixed assets	344,631,348.19	724,752,347.33
Amortization of intangible assets	31,514,174.19	59,574,411.05
Amortization of long-term prepaid expenses	3,308,632.44	15,197,057.54
Depreciation of right-of-use asset	25,989,654.54	52,516,151.80
Total	**405,548,594.71**	**852,668,679.88**

p) Gain (or loss) on disposal of investments or properties

Gains on disposal of investments during the year is RMB3,710,996,844.16 (gains on disposal of investments during last year is 0; while gain on disposal of properties for last year is 0).

IV. SEGMENT INFORMATION

1. Basis for determination of reportable segments and accounting policies

According to the Group's internal organizational structure, management requirements, and internal reporting system, the segments of the operation can be divided into 3 categories based on the different types of main products. The management of the Group evaluates operating outcomes of these segments periodically in order to make decisions concerning resource distributions and operating result assessments. The Group is currently organized into shipbuilding, steel structure projects and others.

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

2. Financial Information of reportable segments for the year

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

Segment information for the year

Item	Shipbuilding and related business	Steel structure engineering	Ship maintenance and modification business segment	Other segment	Inter-segment elimination and adjustment	Total
Operating income	11,496,685,585.84	1,790,234,458.68	451,826,877.43	1,623,605,033.72	-3,753,891,228.97	11,608,460,726.70
Including: Revenue from external transactions	9,082,571,207.40	1,588,423,555.75	444,192,867.88	493,273,095.67		11,608,460,726.70
Revenue from intra-segment transactions	2,414,114,378.44	201,810,902.93	7,634,009.55	1,130,331,938.05	-3,753,891,228.97	0.00
Operating costs	12,364,126,875.85	1,136,428,841.75	133,422,232.32	978,284,427.69	-3,757,476,438.35	10,854,785,939.26
Period charge	1,014,431,292.82	84,306,551.12	28,554,885.06	51,279,732.15	-37,390,566.24	1,141,181,894.91
Segment total profit	-250,235,322.59	19,444,353.99	4,876,946.91	1,704,068,433.00	2,173,543,250.16	3,651,697,661.47
Total assets	30,623,352,545.13	2,064,501,704.03	6,913,898.10	13,522,296,207.25	-7,279,547,081.99	38,937,517,272.52
Total liabilities	22,090,341,836.39	1,918,764,686.43	1,278,060.42	1,583,226,217.30	-4,207,235,765.75	21,386,375,034.79
Supplementary information						
Capital Expenditure	1,943,054,151.97	173,057.86	4,040,738.56	1,005,554,414.32	-211,394,261.83	2,741,428,100.88
Impairment loss recognized during current period	226,067,441.93	-532,712.85	389,464.56	3,079,529.49	100,000.00	229,103,723.13
Depreciation and amortization expense	330,612,861.23	5,437,575.07	9,393,645.40	55,108,094.27	4,996,418.73	405,548,594.71

Segment information for the previous year

Item	Shipbuilding and related business	Steel structure engineering	Ship maintenance and modification business segment	Other segment	Inter-segment elimination and adjustment	Total
Operating income	26,762,317,459.52	2,147,095,141.38	1,087,891,771.76	3,566,004,030.50	-11,734,305,439.39	21,829,002,963.77
Including: Revenue from external transactions	18,646,634,293.53	1,688,870,022.85	1,071,071,237.28	422,427,410.11		21,829,002,963.77
Revenue from intra-segment transactions	8,115,683,165.99	458,225,118.53	16,820,534.48	3,143,576,620.39	-11,734,305,439.39	-
Operating costs	25,981,577,606.63	2,205,298,039.03	891,261,629.55	3,635,052,650.18	-11,753,894,971.26	20,959,294,954.13
Period charge	1,375,066,878.52	89,752,449.89	204,489,718.49	74,875,848.30	-4,348,253.40	1,739,836,641.80
Segment total profit	1,238,196,097.35	-1,960,138.50	-86,795,267.89	19,993,831.59	-178,349,788.83	991,084,733.72
Total assets	54,882,001,047.30	1,931,003,710.99	2,479,995,610.04	12,271,989,965.59	-19,260,921,178.94	52,304,069,154.98
Total liabilities	38,624,557,614.88	1,635,740,483.65	2,555,906,327.00	2,867,459,070.47	-8,927,318,028.89	36,756,345,467.11
Supplementary information						
Capital Expenditure	1,745,407,690.08	8,613,153.73	37,298,958.12	8,185,219.77		1,799,505,021.70
Impairment loss recognized during current period	310,547,740.83	312,365.23	75,597.12	13,546,019.00	1,927,294.24	326,409,016.42
Depreciation and amortization expense	719,529,219.08	7,384,889.65	67,336,110.92	67,079,794.70	-8,661,334.47	852,668,679.88

(2) Revenue from external transactions by origin of revenue

Revenue from external transactions	Current year	Last year
Revenue from external transactions derived from China	8,567,403,938.20	13,527,722,627.92
Revenue from external transactions derived from other countries	3,041,056,788.50	8,301,280,335.85
Total	**11,608,460,726.70**	**21,829,002,963.77**

(3) Non-current assets by location of assets

Total non-current assets	Ending balance	Beginning balance
Non-current assets within China (excluded Hong Kong)	10,270,517,032.94	14,522,172,411.45
Hong Kong	564,100,367.58	640,462,653.28
Total	**10,834,617,400.52**	**15,162,635,064.73**

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