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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

(Financial Highlights)

Turnover:	**RMB**11,671,593,523.47
Profit attributable to equity holders of the Company:	**RMB**79,387,401.00
Earnings per share attributable to equity holders of the Company:	**RMB**0.0562

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 2021 (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 2020, 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 in the form of scrip dividend, 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 of the Company 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 annually. 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 scrip dividend as an additional means for profit distribution, and the sum of cash dividends and scrip dividends shall not be less than 50% of the distributable profits for the year. In determining the specific amount for distributing profits in the form of scrip dividend, the Company should give due regard to whether the total share capital after profit distribution in scrip form corresponds to the Company's current scale of operation and profit growth rate, and consider the impact on the debt financing cost in future, 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:

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

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

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

   (4) 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 exceeding 10% of its latest audited net assets and the sum is over RMB500,000,000;

(5) 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 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 their opinions shall be made 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 the general meeting of shareholders.

The Company intends to distribute a cash dividend of RMB1.38 (tax inclusive) for every 10 shares to all shareholders, calculated according to the total share capital of 1,413,506,378 shares as at 31 December 2021, and the total cash dividends to be distributed will be RMB195,063,880.16 (tax inclusive), representing 245.71% of the net profit attributable to shareholders of the parent in the consolidated financial statements for the year. The remaining undistributed profits of the Company will be carried forward for distribution in future years. The Company did not convert capital reserve into share capital for 2021. If there is a change in the total share capital of the Company prior to the date of registration of the equity distribution, it is intended that the distribution ratio per share will remain unchanged and the total amount of distribution will be adjusted accordingly, and further announcement will be made on the specific adjustment. This profit distribution proposal is subject to approval at the 2021 annual general meeting. If approved, it is expected that the dividends will be paid to shareholders on or before Tuesday, 19 July 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(a) Development of the shipbuilding market in 2021

1. The demand for new ships rebounded sharply. In 2021, the economies of major economies gradually recovered, and the global GDP saw a recovery growth, laying a good foundation for the recovery of seaborne trade. At the same time, affected by factors such as global COVID-19 prevalence, continuous port congestion, economic and trade supply and demand imbalances, and supply chain obstructions, the shipping market has generally been strengthened substantially, and the new shipbuilding market demand has rebounded beyond expectations. On a global basis, orders were secured for 1,671 new ships for a total of 119.84 million DWT, an increase of 77.1% year-on-year in terms of DWT.

2. The price of new ships continued to rise. Since 2021, due to the rise in raw materials such as steel and ancillary equipment, coupled with a sharp rebound in the demand for new ships, the price of new ships has been on the rise since the beginning of the year. As of the end of December, the Clarkson New Ship Price Index closed at 154 points, up 28 points year-on-year. From the perspective of main ship types, the Clarkson New Ship Price Index for bulk carriers, oil tankers, container ships and liquefied gas carriers was 161 points, 182 points, 98 points and 158 points, up 38 points, 36 points, 23 points and 24 points respectively year-on-year.

3. Diverting trends were differentiated in transactions of the three major ship types. In 2021, stimulated by the continuous deterioration of the global supply chain, the container shipping market continued to hit record high, with orders signed for 548 new container ships for a total of 44.99 million DWT worldwide, a year-on-year increase of 326.9%; the bulk carrier market was also strong with orders for 440 new ships totalling 38.56 million DWT, a year-on-year increase of 61.9%; as for oil tankers, due to factors such as the slow recovery of global oil demand, decline in U.S. exports, and huge fluctuations in international oil prices, orders for new oil tankers above 10,000 tons amounted to 239 for a total of 23.13 million DWT, down 10.9% year-on-year.

4. The offshore engineering market has rebounded. After a sluggish market in 2020, the global offshore engineering equipment leasing market staged a moderate rebound in 2021, and the construction market also recovered. A total of 87 ships/sets of various types of marine engineering equipment have been traded worldwide with total value of US$10.006 billion, a year-on-year increase of 73.50% in monetary terms.

Remarks: The above information and data are sourced from China Shipbuilding Corporation Economic Research Center.

(b) Operation of the Group

In 2021, against the background of the recovery of the international shipping market, vigorous renewal of container shipping and recovery of the global new shipbuilding market, the Group seized market opportunities, strengthened and optimized its main business, took reform and innovation as the driving force, and military-civilian integration as its business model, and continued to improve the quality of the Company's development.

1. Breakthrough in orders accepted

The Group resolutely fulfilled its primary responsibility to protect the military and made every effort to take up its military missions. As the civil shipping market recovered, the Company took the opportunity to expand further the market for military and civil products with breakthroughs in both businesses. During the Reporting Period, the Group achieved operating orders of RMB32.524 billion, an increase of 248.3% year-on-year, and took orders for 17 types of new vessels totalling 85 ships. In terms of civil products, the Group continued to consolidate its leading position in the niche market and achieved bulk take-up of main building vessels such as feeder containers, heavy lift vessels and bulk carriers, and had satisfactory results in high technology and high value-added products such as public service vessels, scientific research vessels, wind power installation platforms and gas carriers. The three types of products developed by the Company on its own, including the 1900 TEU and 3000 TEU feeder containers and 85,000 DWT bulk carrier, gained market recognition, and the technology-driven approach has formed a strong support for business development.

2. *Continuous improvement in development quality*

The Group achieved operating income of RMB11,672 million and net profit attributable to shareholders of the listed company of RMB79 million, representing a year-on-year increase of RMB232 million after deducting non-recurring profit and loss. During the Reporting Period, the Group continued to focus on production efficiency, optimize production processes, improve construction techniques, strictly control the execution of major shipbuilding projects and shorten the construction cycle of major ship types, resulting in improved production capacity. As such, it completed in advance its mission for the full year and completed and delivered 35 ships and two sets of engineering offshore platform, a total of 94,430 DWT. Meanwhile, the Group strengthened its refined management and tackled the cost issue with efforts made in areas of design and technology, material procurement, production management and financial management to address the adverse impact of rising raw material prices, labour costs and foreign exchange fluctuations, thus improving the profitability of the Company's main business.

OPERATIONAL REVIEW

During the Reporting Period, the Group completed and delivered 35 ships and two sets of engineering offshore platform, a total of 94,430 DWT, and realized operating income of RMB11.672 billion, representing a year-on-year increase of 0.54%. The total profit was RMB115 million, representing a year-on-year decrease of RMB3.537 billion or a decrease by 96.85%. Net profit attributable to the shareholders of the Company was RMB79 million, representing a year-on-year decrease of RMB3.583 billion.

FINANCIAL REVIEW

For the year ended 31 December 2021, the operating income of the Group prepared under the PRC Accounting Standards for Business Enterprises amounted to RMB11.672 billion, representing an increase of 0.54% compared with last year. The audited net profit attributable to the shareholders of the Company for the year amounted to RMB79 million, earnings per share was RMB0.0562 and earnings per share after deduction of non-recurring gains and losses was RMB-0.0364.

Key financial indicators	2021	2020	2019	2018	2017
Basic earnings per share (RMB/share)	0.0562	2.591	0.3879	-1.3223	-0.0357
Diluted earnings per share (RMB/share)	0.0562	2.591	0.3879	-1.3223	-0.0357
Basic earnings per share after deduction of non-recurring gains and losses (RMB/share)	-0.0364	-0.2003	-0.7196	-1.2434	-0.7331
Weighted average return on equity (%)	0.53	30.74	5.49	-17.23	-0.47
Weighted average return on equity after deduction of non-recurring gains and losses (%)	-0.34	-2.38	-10.19	-16.64	-9.97

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	Percentage of change (%)	Reason for change
Operating income	11,671,593,523.47	11,608,460,726.70	63,132,796.77	0.54	Remained stable, basically the same as last year.
Operating cost	10,477,171,518.32	10,854,785,939.26	-377,614,420.94	-3.48	Remained stable, basically the same as last year.
Selling expenses	131,968,833.27	14,080,756.77	117,888,076.50	837.23	Mainly due to the impact of repair and maintenance charges as more vessels were completed in the Reporting Period.
Administrative expenses	483,915,651.95	512,913,683.78	-28,998,031.83	-5.65	Mainly due to figures of last year had included the January-February figures of GSI.
Finance expenses	-40,736,162.84	23,823,023.38	-64,559,186.22	-270.99	Mainly effected by decreasing in net foreign exchange losses arising from changes in exchange rates during the Reporting Period.
R & D expenses	617,470,169.63	590,364,430.98	27,105,738.65	4.59	Mainly effected by increased research and development investment during the Reporting Period.
Net cash flows from operating activities	4,365,184,193.57	-1,024,407,420.97	5,389,591,614.54	Not applicable	Mainly effected by higher ship progress payments received in the Reporting Period.
Net cash flows from investing activities	-3,381,941,892.10	-3,470,704,961.41	88,763,069.31	Not applicable	Mainly due to the reclassification of GSI's cash flow balance of RMB4.188 billion at the end of February 2020 to "payment of cash related to other investment activities" and the comprehensive impact of handling more wealth management products during the Reporting Period.
Net cash flows from financing activities	-1,265,815,567.34	-456,510,546.73	-809,305,020.61	Not applicable	Mainly due to the combined effect of a decrease in net funding received in the Reporting Period as compared to the previous year and dividend payment for the current period.

Changes of items in income statement and explanation

Unit: Yuan Currency: RMB

Item	Current year	Last year	Change	Percentage of change (%)	Reason for change
Other income	109,508,808.13	192,630,357.95	-83,121,549.82	-43.15	The first set of insurance subsidies and research grants decreased during current period
Investment income	40,205,723.66	3,857,610,727.86	-3,817,405,004.20	-98.96	Effect of disposal of equity interests in CSI and Chengxi Yangzhou in last year
Gains from changes of fair value	101,349,211.43	212,427,890.50	-111,078,679.07	-52.29	Effect of changes in fair value of foreign exchange contracts held due to changes in exchange rates
Loss on impairment of credit (loss expressed with "-")	-36,905,728.89	48,236,347.81	-85,142,076.70	-176.51	Provision for bad debts increased during the period
Loss on impairment of asset (loss expressed with "-")	-99,044,532.95	-277,340,070.94	178,295,537.99	Not applicable	Provision for impairment of contract performance costs decreased during current period
Gain on disposal of assets	5,363,414.13	-12,675,578.87	18,038,993.00	Not applicable	Gain on disposal of fixed assets increased
Non-operating income	18,758,139.54	47,747,243.30	-28,989,103.76	-60.71	Contractual liquidated damages income decreased during current period
Non-operating expenses	7,767,943.26	4,130,749.57	3,637,193.69	88.05	Net loss of equipment at risk increased
Income tax expenses	10,959,588.14	24,867,464.58	-13,907,876.44	-55.93	Deferred income tax expense decreased during current period

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 year compared with that at the end of last year (%)	Description
Financial assets held-for-trading	3,281,028,607.57	7.41	1,055,191,244.71	2.71	210.94	There were more new wealth management products in current period
Notes receivable	82,331,260.05	0.19	161,625,007.63	0.42	-49.06	The effect of bill settlement and reclassification at maturity in current period
Financing of receivables	192,855,840.34	0.44	–	–	Not applicable	Reclassification of notes receivable in current period
Prepayments	2,149,658,651.91	4.86	1,218,386,548.91	3.13	76.43	Increase in prepaid materials and equipment
Contract assets	2,542,443,559.33	5.74	4,445,388,926.29	11.42	-42.81	Progress of contract performance of shipbuilding products performing obligations within a certain period of time exceeded the progress of contract settlement
Other current assets	177,819,458.91	0.40	577,884,115.75	1.48	-69.23	Reduction in value-added tax allowance in current period
Investments in other equity instruments	5,480,001,529.79	12.38	3,923,780,494.34	10.08	39.66	The effect of share price of China Shipbuilding rose sharply in current period
Construction in progress	229,186,214.27	0.52	348,779,440.60	0.90	-34.29	Multiple transfers from construction in progress to fixed assets in current period
Right-of-use assets	189,367,500.07	0.43	116,000,602.24	0.30	63.25	New housing rentals increased in current period
Long-term deferred expenses	51,236,644.02	0.12	21,210,225.34	0.05	141.57	Increase in new rental properties upgrade in current period
Other non-current assets	728,064,530.20	1.64	389,850,209.29	1.00	86.75	Increase in relocation expenses pending write-off and addition of hedging instruments
Advances from customers	–	–	7,855,200.00	0.02	-100.00	Carry-forward of income from period-end lease advance receipts in current period
Contract liabilities	9,348,839,525.55	21.12	5,172,239,729.14	13.28	80.75	Advance payment for ship progress increased in 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 year compared with that at the end of last year (%)	Description
Employee benefits payable	361,255.50	0.00	851,463.48	0.00	-57.57	The actual usage of trade union and education expenses increased in current period
Taxes payable	35,046,259.47	0.08	26,054,822.85	0.07	34.51	Increase in personal tax and stamp duty payable in current period
Non-current liabilities due within one year	951,219,195.92	2.15	2,884,252,298.08	7.41	-67.02	Due for payment of long-term borrowings due within 1 year
Other current liabilities	202,747,908.16	0.46	319,331,239.99	0.82	-36.51	Decrease in endorsed but outstanding bills payable
Long-term borrowings	3,189,417,299.77	7.21	2,117,721,642.34	5.44	50.61	New borrowing in current period
Lease liabilities	169,778,977.55	0.38	96,494,152.25	0.25	75.95	New housing rentals in current period
Deferred tax liabilities	664,220,819.92	1.50	281,517,181.48	0.72	135.94	Impact of the sharp rise in share price of China Shipbuilding in the current period
Other non-current liabilities	196,955,482.65	0.44	–	–	Not applicable	Newly added hedged items in the current period
Other comprehensive income	1,863,752,512.56	4.21	699,020,433.90	1.80	166.62	Impact of the sharp rise in share price of China Shipbuilding in the current period

Information on principal business by industry, product and region

Unit: Yuan Currency: RMB

Principal business 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	11,453,902,217.84	10,366,642,431.75	9.49	0.50	-3.63	Increase of 3.88 percentage
Principal business 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	9,192,161,750.22	8,344,771,756.77	9.22	-2.83	-8.46	Increase of 5.59 percentage
1. Bulk carriers	182,491,521.30	130,309,356.51	28.59	-81.43	-85.51	Increase of 20.15 percentage
2. Oil tankers	–	–	–	-100.00	-100.00	Increase of 29.28 percentage
3. Container ships	2,053,096,594.81	1,863,323,558.88	9.24	-16.65	-30.61	Increase of 18.26 percentage
4. Special ships and others	6,956,573,634.11	6,351,138,841.38	8.70	20.59	21.80	Decrease of 0.91 percentage
(II) Offshore engineering products	355,974,410.42	353,515,715.23	0.69	Not applicable	Not applicable	Not applicable
(III) Steel structure engineering	1,637,312,924.50	1,462,482,685.05	10.68	0.89	-0.08	Increase of 0.86 percentage
(IV) Maintenance and modification on ships	123,761,391.82	114,017,465.52	7.87	-72.45	-68.87	Decrease of 10.59 percentage
(V) Electro-mechanical products and others	144,691,740.88	91,854,809.18	36.52	-8.47	-10.77	In decrease of 1.63 percentage

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)	11,093,245,088.12	10,053,212,631.75	9.38	32.75	36.87	Decrease of 2.73 percentage
Other regions in Asia	52,384,684.37	36,745,705.22	29.85	-96.46	-97.74	Increase of 39.57 percentage
Europe	28,339,649.43	21,974,484.65	22.46	-95.61	-97.18	Increase of 43.33 percentage
Oceania	–	–	Not applicable	-100.00	-100.00	Not applicable
North America	272,839,049.12	241,929,531.31	11.33	Not applicable	Not applicable	Not applicable
Africa	7,093,746.80	12,780,078.82	-80.16	-98.55	-97.76	Decrease of 63.58 percentage
Principal business by sales model						
Sales model	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 (%)
Direct sales	11,453,902,217.84	10,366,642,431.75	9.49	0.50	-3.63	Increaseof3.88percentage

Note: the above sheet 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, by region and by sales model

During the Reporting Period, the Group's income from its principal business amounted to RMB11.454 billion, representing a year-on-year increase of 0.50%, basically the same as last year. The gross profit of principal business amounted to RMB1.087 billion, and gross profit margin was 9.49%, representing a year-on-year increase of 3.88 percentage points.

As for the structure of products, the proportion of income from each business segment was basically the same as that for the previous year and remained stable, among which: during the Reporting Period, income from shipbuilding business accounted for 83.36%, income from steel structure engineering business accounted for 14.29%, and income from maintenance and modification on ships accounted for 1.08% and income from electro-mechanical products and other business accounted for 1.26%.

(1) Shipbuilding business

Income from the shipbuilding business was RMB9.192 billion, a year-on-year decrease of 2.83%, and gross profit margin was 9.22%, a year-on-year increase of 5.59 percentage. The main reason for the decrease in income was that income of the previous year included the data of GSI from January to February.

(2) Offshore engineering business

Income from the offshore engineering business was RMB356 million, and the income increased from negative to positive by RMB648 million year-on-year, mainly because the Huangpu Wenchong residential platform product project planned to change the main body of the operating contract last year, and adjusted to the point-in-time method to recognize income.

(3) Steel structure engineering business

Income from steel structure engineering business was RMB1.637 billion, a year-on-year increase of 0.89%, and the gross profit margin was 10.68%, a year-on-year increase of 0.86 percentage points, which was basically the same as the previous year.

(4) Maintenance and modification on ships

Income from the maintenance and modification on ships business was 124 million, a year-on-year decrease of 72.45%, and gross profit margin was 7.87%, a year-on-year decrease of 10.59 percentage. The decrease in income was mainly due to the significant decrease in the number of completed ship repairs during the Reporting Period compared with the previous year, and the decrease in gross profit margin was mainly due to the adjustment of product structure and increase in cost of products.

(5) Electro-mechanical products and other business

Income from electro-mechanical products and other business was RMB145 million, a year-on-year decrease of 8.47%, and gross profit margin was 36.52%, a year-on-year increase of 1.63 percentage points.

By geographic region, during the Reporting Period, operating income from sales to the China market (including Hong Kong, Macau and Taiwan) increased by 32.75% year-on-year, and the operating income from sales to foreign markets decreased by 88.14% year-on-year. Of which, sales to other regions in Asia, Europe, Oceania and Africa recorded decreases of 96.46%, 95.61%, 100% and 98.55% respectively, mainly because of geographical differences of customers in which the Company had orders on hand. The gross profit margin of products to China (including Hong Kong, Macau and Taiwan) decreased by 2.73 percentage year-on-year to 9.38%, mainly due to a fall in gross profit margin of special ships and other types of ships. The gross profit margin of products to other regions except China increased by 25.31 percentage, mainly due to the combined impact of product structure adjustment and exchange rate fluctuations. The Group will leverage on its own advantages, act proactively and resolutely fulfill the primary responsibility of strengthening the military, closely follow up orders for military products, strengthen the management of civil products, and make every effort to develop the domestic and foreign markets.

COST ANALYSIS

Unit: RMB in ten thousand

By industry							
By industry	Cost composition	Amount of current period	Proportion of total cost this year (%)	Amount for the corresponding period of last year	Proportion of 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	764,220.68	73.72	757,410.20	70.41	0.90	
	Processing costs	299,218.33	28.86	334,969.03	31.14	-10.67	
	Impairment loss	-26,774.77	-2.58	-16,632.15	-1.55	60.98	
By product							
By product	Cost composition	Amount of current period	Proportion of total cost this year (%)	Amount for the corresponding period of last year	Proportion of 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	643,393.06	62.07	676,048.53	62.85	-4.83	
	Processing costs	191,967.34	18.52	251,346.59	23.36	-23.62	
	Impairment loss	-883.22	-0.09	-15,802.14	-1.47	Not applicable	Note 1
Offshore engineering products	Direct materials	43,666.56	4.21	-20,167.54	-1.87	Not applicable	Note 2
	Processing costs	17,569.04	1.69	-8,155.27	-0.76	Not applicable	Note 2
	Impairment loss	-25,884.03	-2.50	-809.50	-0.08	Not applicable	Note 1
Steel structure engineering	Direct materials	73,256.12	7.07	88,241.19	8.20	-16.98	Note 3
	Processing costs	72,992.15	7.04	58,120.39	5.40	25.59	Note 3
	Impairment loss	0.00	0.00	0.00	0.00		
Maintenance and modification on ships	Direct materials	1,848.08	0.18	7,603.23	0.71	-75.69	Note 4
	Processing costs	9,553.66	0.92	29,027.61	2.70	-67.09	Note 4
	Impairment loss	0.00	0.00	0.00	0.00		
Electro-mechanical products and others	Direct materials	2,056.86	0.20	5,684.79	0.53	-63.82	Note 5
	Processing costs	7,136.14	0.69	4,629.71	0.43	54.14	Note 5
	Impairment loss	-7.52	0.00	-20.51	0.00	Not applicable	
Total		1,036,664.24	100.00	1,075,747.08	100.00	-3.63	

Note 1 : The item "impairment loss" was negative, mainly because when the long-term shipbuilding contract that fulfilled the performance obligation within a certain period of time reached the gross profit recognition condition and started to recognize the gross profit, the asset impairment already provided for according to the progress was written off, writing down the main business costs. During the Reporting Period, the impairment provision for products under construction was RMB268 million, an increase of RMB102 million year-on-year, mainly because the loss-making shipbuilding contracts under construction that met the conditions for gross profit recognition during the Reporting Period had already been provided for and the impact of the increase in the progress of contract performance in the current period.

Note 2 : During the Reporting Period, the direct material costs and processing costs of the offshore engineering product segment changed from negative to positive, mainly because the offshore engineering business platform project planned to change the main body of the operating contract in the same period of last year, and the income and cost recognized in the previous period was reversal over the current period.

Note 3 : During the Reporting Period, the direct materials of the steel structure engineering business segment amounted to RMB733 million, a year-on-year decrease of 16.98%, and the processing cost was RMB730 million, a year-on-year increase of 25.59%, mainly due to the fact that most of the materials for steel structure projects was incurred in the early stage of the project (corresponding period of last year), and most of the processing work was performed in the later period (the current year).

Note 4 : During the Reporting Period, the maintenance and modification on ships business segment incurred RMB18 million in direct materials, a year-on-year decrease of 75.69%, and processing costs amounted to RMB96 million, a year-on-year decrease of 67.09%, mainly due to the impact of decrease in the business income and completion volume of this segment during the Reporting Period.

Note 5 : During the Reporting Period, the costs of direct materials for mechanical and electrical products and other business segment were RMB21 million, a year-on-year decrease of 63.82%, and the processing cost was RMB71 million, a year-on-year increase of 54.14%, mainly due to the effect that during the Reporting Period the majority of material receipts for this segment of the business occurred in the early part of the project (same period in the previous year) and the majority of processing occurred in the later part of the year (current year).

RESEARCH AND DEVELOPMENT EXPENSES

Unit: RMB Yuan

Research and development expenses recorded as expenses during the period	617,470,169.63
Capitalised research and development expenses for the current period	0
Total research and development expenses	617,470,169.63
Percentage of total research and development expenses over operating income (%)	5.29%
Percentage of capitalised research and development expenses (%)	0

Information of research and development staff

Number of research and development staff of the Company	1,264
Number of research and development staff over total number of staff (%)	16.4%
Education background of research and development staff	
Education background	Number of R&D staff
PhD candidate	8
Postgraduate	99
Undergraduate	1,067
Specialties	88
High school and below	2
Age structure of research and development staff	
Age category	Number of R&D staff
Under 30 years old	175
30-39 years old	698
40-49 years old	289
50-59 years old	101
60 years old and above	1

Explanation:

In 2021, the Group continued to build up its innovation capability, established and improved a new technological innovation system with emphasis on research and development, continuously optimised the institutionalised management of innovation investment and continued to improve the structure of innovation talents, which strongly supported the implementation of the Group's high quality development strategy. The Group developed a number of industry benchmark products such as the 10,000-ton marine patrol vessel, the 9,500-ton multi-purpose gas carrier and the world's largest train roll-on/roll-off vessel in this year. During the Reporting Period, the Group applied for 493 patents, including 390 patents for invention, and was granted 381 patents, including 166 patents for invention.

EXTERNAL EQUITY INVESTMENT

As at the end of the Reporting Period, the balance of the Group's long-term equity investments was RMB4.953 billion, representing an increase of 0.29% from RMB4.938 billion as at the beginning of the year.

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	Subsidiaries 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	Subsidiaries of the Group
Guangxin Shipbuilding & Heavy Industry Co., Ltd. (廣新海事重工股份有限公司)	Guangzhou Wenchuan Heavy Industrial Co. Ltd.,	Land, buildings and structures	–	2019.5.1	2022.4.30	–	–	–	No	Others
Guangdong COSCO SHIPPING Heavy Industry Co., Ltd (廣東中遠海運重工有限公司)	Guangzhou Wenchuan Heavy Industrial Co. Ltd.,	Land, buildings and structures	–	2021.7.9	2026.7.8	–	–	–	No	Others

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 depreciated or amortized added 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 depreciated or amortized added 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.

Guangxin Shipbuilding & Heavy Industry Co., Ltd. and Guangzhou Wenchuan Heavy Industrial Co. Ltd., entered into the "Plant and Site Lease Contract", and leased part of the plant and site use rights in no. 32, Cuizhu Road, Cuiheng New District, Zhongshan City to Guangzhou Wenchuan Heavy Industrial Co. Ltd. for business use. The lease fee of the land use right is determined in accordance with the contract, and the rent is paid monthly in the form of monetary funds. The lease term of the aforementioned land use rights started from 1 May 2019 and ending on 30 April 2022.

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

(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	1,230,000,000.00
Total balance of guarantees provided for its subsidiaries at the end of the Reporting Period	1,372,758,080.00
Total amount of guarantees	1,372,758,080.00
Total amount of guarantees as a percentage of the Company's net assets (%)	8.84
Amount of debt guarantees provided directly or indirectly for companies with gearing ratio of over 70%	307,758,080.00
Note on guarantees	During the Reporting Period, the Group provided guarantee with a total amount of RMB1.230 billion to outside, 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 RMB1.373 million, most of which were guarantees provided by the Company's subsidiary Huangpu Wenchong to its subsidiary Wenchong Shipyard and Wenchuan Heavy Industrial. The guarantees are comprehensive credit guarantee and financing project guarantee.

(3) Provision for impairment

Based on the test results, in the fourth quarter of 2021, the Company and its subsidiaries intended to make or reverse a single provision for impairment of assets in excess of RMB5 million, totaling RMB101,359,800, including seven items of products under construction with a total amount of RMB83,478,800; one item of stock vessels with a total amount of RMB6,593,400; and three items of long-term receivables with a total amount of RMB11,287,600. The total amount of long-term receivables is RMB11,287,600. The full amount of the provision for impairment is intended to be included in the Company's results of operations for 2021, reducing the Company's total profit before tax for 2021 by RMB101,359,800.

CAPITAL LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2021, the Group had long-term loans of RMB3.189 billion, cash and cash equivalents prepared under the PRC Accounting Standards for Business Enterprises amounted to RMB5.417 billion.

CHARGES ON GROUP ASSETS

As at 31 December 2021, the Group had no fixed assets pledged for bank financing.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group had no significant contingent liabilities.

DEBT TO ASSET RATIO

As at 31 December 2021, the Company's debt-to asset ratio was 57.82%.

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	100.00	0	–	–	–	0	1,413,506,378	100.00
1. Ordinary shares denominated in Renminbi	821,435,181	58.11	0	–	–	–	0	821,435,181	58.11
2. Domestic listed foreign shares	–	–	–	–	–	–	–	–	–
3. Overseas listed foreign shares	592,071,197	41.89	0	–	–	–	–	592,071,197	41.89
4. Others	–	–	–	–	–	–	–	–	–
II. Total number of ordinary shares	1,413,506,378	100.00	0	–	–	–	0	1,413,506,378	100.00

Class	Number	Percentage (%)
1. PRC listed domestic shares	821,435,181	58.11
(1) State-owned shares	481,337,700	34.05
(2) Ordinary shares denominated in Renminbi	340,097,481	24.06
2. Overseas listed foreign shares	592,071,197	41.89
Total	1,413,506,378	100.00

(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 of the Stock Exchange**") 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 of the Stock Exchange.

The Board comprises 11 directors, including 3 executive directors, 4 non-executive directors 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" in the 2021 annual report.

Audit Committee

The Audit Committee of the Company has reviewed and confirmed the annual financial report for the year 2021 of the Company.

Outlook

1. In 2021, with the joint efforts of various countries to prevent and control the pandemic, the global resumption of work and production were restored to a certain extent, the world economic development rebounded from the sluggish situation in 2020, and the situation of the international maritime market improved significantly. Looking forward to 2022, the growth rate of global economic and trade activities may slow down, the demand for new shipbuilding orders will be adjusted downward moderately, and orders for offshore engineering equipment will continue to improve steadily under the impact of high oil prices.

(1) Market demand

The international new building market will remain relatively active on the whole. In 2022, the world economy will gradually resume the trend pattern, and the growth rate of international seaborne trade will slow down to a certain extent, but the confidence of the industry has been significantly boosted, and the demand for new ship orders from shipowners will not shrink significantly. In addition, the market opportunities brought about by the coming into force of new environmental protection regulations and the demand for decarbonization, it is expected that in 2022, the global transaction volume of new civilian ships will be slightly reduced to about 90 million DWT, with a total value of 85 billion US dollars.

The offshore engineering equipment market will continue its upward trend. As the international crude oil price remains high, the profitability of upstream oil and gas companies is being restored, which is driving a rebound in investment spending on offshore oil and gas projects. It is estimated that in 2022, with the support of floating production platforms and offshore wind power related equipment, the total global demand for new construction of offshore engineering equipment is expected to continue to rise to US$12 billion, up 20% from 2021.

(2) Price Trend

Newbuilding prices continued to be strong. At present, the orders on hand of the world's leading shipyards have already occupied the production resources in the next two to three years, and the shipyards have more options for order selection. Green technology to meet new stricter environmental regulations will also be an important factor supporting newbuilding prices.

The new price of offshore engineering equipment is hovering at low level. As the overall construction demand for offshore engineering equipment has not rebounded sharply, the competition among major offshore engineering equipment construction companies is fierce, especially the return of Korean companies to the FPSO hull construction market in 2021, which has aggravated Chinese and Korean companies in this field to a certain extent. Therefore, it is difficult for the construction price of offshore engineering equipment to increase significantly as a whole. However, from the perspective of individual ship types, under the effect of the continued increase in demand for upstream construction operations, the new construction price of offshore wind power installation ships may remain high.

(3) Competitive Situation

In China, focus will be on new energy, improving the supply chain and supporting industrial chain, which will enhance shipbuilding capabilities and promote the transformation of the shipbuilding industry to green and intelligent, and to high technology and high added value. South Korea, with its strong technical advantages and high construction efficiency, is expected to continue to dominate the market of high-end products such as LNG ships and VLCCs in the short term, but high-end products such as ultra-large container ships and VLGCs are facing the chasing from China and Japan. In Japan, promotion of industrial integration and cooperation, enhancing the overall competitiveness of the shipbuilding industry through economy of scale in order to compete with China and South Korea. Some shipbuilding companies may conduct in-depth cooperation through the establishment of alliances to achieve resource sharing and complementary advantages.

Remarks: The above information and data are sourced from China Shipbuilding Corporation Economic Research Center.

2. The Company's development strategy

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

Facing the new normal of the development of the shipbuilding market, the Group adheres to the enterprise spirit of "innovation, efficiency, cooperation and win-win", follows the development concept of "devoting to both manufacturing and service", and actively builds up three major industrial layouts "marine defense equipment industry", "ship and offshore engineering equipment Industry” and “marine science and technology innovation and application industry”, fully aligns with major strategies such as “Belt and Road”, militarycivilian integration development for the building a strong manufacturing country and a strong maritime country, focusing on “optimizing structure, deepening reform, and innovative development”, promoting the expansion and extension of the traditional manufacturing industry in a more valuable direction, so as to strengthen and optimize the main business, vigorously expand emerging industries, accelerate the company's transformation and upgrading, and achieve high-quality development.

BUSINESS PLAN FOR 2022

In 2021, the Company recorded an operating income of RMB11.672 billion, completed 104.21% of the annual target; and secured orders with contract value of RMB32.524 billion, which was 284.27% of the annual target.

In 2022, the Company plans to realize operating income of RMB11.7 billion and to secure orders with contract value of RMB11.46 billion. The Company will actively adapt to new market trend and strengthen principal business operation; improve productivity and cost control; make more efforts on research and development of products to enhance the leading power of innovation, in order to achieve the 2022 business plan.

The business objectives above do not represent the profit forecast of the Group for 2022, nor do they constitute commitments 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 (www.hkex.com.hk) and the Company's website (comec.cssc.net.cn). The Company's annual report for the year ended 31 December 2021 containing all the information required by the Listing Rules of the Stock Exchange 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 2021 (including the environmental, social and governance report prepared in accordance with the Environmental, Social and Governance Guide set out in the Listing Rules of the Stock Exchange) has been published on the website of the Company (comec.cssc. net.cn) on 30 March 2022 and 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 2022

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

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ACCOUNTING STANDARDS OF THE PRC

(Amounts denominated in RMB unless otherwise specified)

CONSOLIDATED BALANCE SHEET

31 December 2021

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

Item	2021-12-31	2021-1-1
Current assets:		
Cash at bank and on hand	9,560,403,363.57	8,767,750,124.49
Financial assets held-for-trading	3,281,028,607.57	1,055,191,244.71
Derivative financial assets		
Notes receivable	82,331,260.05	161,625,007.63
Accounts receivable	1,077,732,663.76	1,244,416,936.61
Receivable financing	192,855,840.34	
Prepayments	2,149,658,651.91	1,218,386,548.91
Other receivables	94,550,370.96	132,470,963.43
Inventories	4,922,901,059.95	4,199,310,024.12
Contract assets	2,542,443,559.33	4,445,388,926.29
Assets held-for-sale		
Non-current assets due within one year		
Other current assets	177,819,458.91	577,884,115.75
Total current assets	**24,081,724,836.35**	**21,802,423,891.94**
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables	2,371,139,998.94	1,996,607,880.36
Long-term equity investments	4,952,678,909.18	4,938,277,647.10
Other equity instrument investments	5,480,001,529.79	3,923,780,494.34
Other non-current financial assets		
Investment properties	142,724,056.62	149,261,481.66
Fixed assets	4,740,631,472.84	3,952,299,253.50
Construction in progress	229,186,214.27	348,779,440.60
Productive biological assets		
Oil and gas assets		
Right-of-use asset	189,367,500.07	116,000,602.24
Intangible assets	933,616,499.15	918,938,540.79
Reasearch and Development expenses		
Goodwill		
Long-term amortized expenses	51,236,644.02	21,210,225.34
Deferred tax assets	365,036,681.11	380,087,605.36
Other non-current assets	728,064,530.20	389,850,209.29
Total non-current assets	**20,183,684,036.19**	**17,135,093,380.58**
Total assets	**44,265,408,872.54**	**38,937,517,272.52**

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

Item	2021-12-31	2021-1-1
Current liabilities:		
Short-term borrowings	1,914,936,125.56	2,049,871,666.70
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable	2,524,645,592.26	2,292,202,595.08
Accounts payable	5,851,878,752.31	5,587,133,569.37
Advances from customers		7,855,200.00
Contract liabilities	9,348,839,525.55	5,172,239,729.14
Employee benefits payable	361,255.50	851,463.48
Taxes payable	35,046,259.47	26,054,822.85
Other payables	185,245,553.74	158,810,463.41
Liabilities held-for-sale		
Non-current liabilities due within one year	951,219,195.92	2,884,252,298.08
Other current liabilities	202,747,908.16	319,331,239.99
Total current liabilities	**21,014,920,168.47**	**18,498,603,048.10**
Non-current liabilities:		
Long-term borrowings	3,189,417,299.77	2,117,721,642.34
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	169,778,977.55	96,494,152.25
Long-term payable		
Long-term employee benefits payable	152,165,220.45	166,642,915.39
Estimated liabilities	117,524,817.28	146,653,315.33
Deferred income	89,607,608.17	78,742,779.90
Deferred tax liabilities	664,220,819.92	281,517,181.48
Other non-current liabilities	196,955,482.65	
Total non-current liabilities	**4,579,670,225.79**	**2,887,771,986.69**
Total liabilities	**25,594,590,394.26**	**21,386,375,034.79**
Owners' equity:		
Share capital	1,413,506,378.00	1,413,506,378.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	9,393,552,318.37	9,309,822,030.75
Less: Treasury shares		
Other comprehensive income	1,863,752,512.56	699,020,433.90
Special reserve		
Surplus reserve	1,042,398,235.53	1,035,952,912.65
Provision for general risks		
Returned earnings	1,811,537,356.69	1,973,789,791.39
Total equity attributable to shareholders of the Company	**15,524,746,801.15**	**14,432,091,546.69**
Minority interests	3,146,071,677.13	3,119,050,691.04
Total equity	**18,670,818,478.28**	**17,551,142,237.73**
Total liabilities and equity	**44,265,408,872.54**	**38,937,517,272.52**

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

BALANCE SHEET OF THE PARENT COMPANY

31 December 2021

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

Item	2021-12-31	2021-1-1
Current assets:		
Cash at bank and on hand	985,746,117.67	743,639,395.39
Financial assets held-for-trading	600,411,000.00	672,125,000.00
Derivative financial assets		
Notes receivable		
Accounts receivable	16,382,059.52	537,928.20
Receivables financing		
Prepayments		603,475.71
Other receivables	301,242.19	261,726.58
Inventories	24,909,034.04	18,364,424.20
Contract assets		
Assets held-for-sale		
Non-current assets due within one year		835,538,777.80
Other current assets	21,215,192.31	42,669,414.34
Total current assets	**1,648,964,645.73**	**2,313,740,142.22**
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	6,351,976,696.47	6,338,975,578.23
Other equity instrument investments	5,391,698,967.64	3,847,485,064.04
Other non-current financial assets		
Investment properties	142,724,056.62	149,261,481.66
Fixed assets	4,575,092.24	229,803,957.90
Construction in progress		
Productive biological assets		
Oil and gas assets		
Right-of-use asset	75,849.49	986,041.81
Intangible assets		
Research and Development expenses		
Goodwill		
Long-term amortized expenses	28,836.15	374,871.51
Deferred tax assets		
Other non-current assets		
Total non-current assets	**11,891,079,498.61**	**10,566,886,995.15**
Total assets	**13,540,044,144.34**	**12,880,627,137.37**

Legal representative: Han Guangde

Person in charge of accounting: Hou Zengquan

Head of accounting department: Xie Weihong

BALANCE SHEET OF THE PARENT COMPANY (CONTINUED)

31 December 2021

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

Item	2021-12-31	2021-1-1
Current liabilities:		
Short-term borrowings		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payable	33,925,784.09	148,524,497.33
Advances from customers		7,855,200.00
Contract liabilities	23,764,409.51	15,419,870.53
Employee benefits payable		
Taxes payable	410,928.33	757,913.38
Other payables	409,568.47	443,067.26
Liabilities held-for-sale		
Non-current liabilities due within one year	86,381.44	601,303,114.39
Other current liabilities		
Total current liabilities	**58,597,071.84**	**774,303,662.89**
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities		86,381.44
Long-term payable		
Long-term employee benefits payable		
Estimated liabilities		
Deferred income		
Deferred tax liabilities	633,556,691.91	247,931,716.01
Other non-current liabilities		
Total non-current liabilities	**633,556,691.91**	**248,018,097.45**
Total liabilities	**692,153,763.75**	**1,022,321,760.34**
Owners' equity:		
Share capital	1,413,506,378.00	1,413,506,378.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	8,436,541,414.86	8,436,074,569.57
Less: Treasury shares		
Other comprehensive income	1,897,973,747.33	738,114,305.04
Special reserve		
Surplus reserve	558,920,035.56	552,474,712.68
Retained earnings	540,948,804.84	718,135,411.74
Total equity	**12,847,890,380.59**	**11,858,305,377.03**
Total liabilities and equity	**13,540,044,144.34**	**12,880,627,137.37**

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

CONSOLIDATED INCOME STATEMENT
2021

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

Item	2021	2020
I. Operating income	**11,671,593,523.47**	**11,608,460,726.70**
Less: Operating cost	10,477,171,518.32	10,854,785,939.26
Taxes and surcharges	18,121,725.13	25,301,399.10
Selling expense	131,968,833.27	14,080,756.77
Administrative expense	483,915,651.95	512,913,683.78
Research and development expense	617,470,169.63	590,364,430.98
Finance expense	-40,736,162.84	23,823,023.38
Including: Interest expense	132,092,572.69	155,840,699.34
Interest income	254,500,693.52	253,973,437.90
Add: Other income	109,508,808.13	192,630,357.95
Investment income (loss expressed with "-")	40,205,723.66	3,857,610,727.86
Including: Income from investments in associates and joint ventures	11,966,548.56	103,150,875.19
Net gain on exposure hedging (loss expressed with "-")		
Gains on changes in fair value (loss expressed with "-")	101,349,211.43	212,427,890.50
Loss on impairment of credit	-36,905,728.89	48,236,347.81
Loss on impairment of assets	-99,044,532.95	-277,340,070.94
Gain from disposal of assets (loss expressed with "-")	5,363,414.13	-12,675,578.87
II. Operating profit (loss expressed with "-")	104,158,683.52	3,608,081,167.74
Add: Non-operating income	18,758,139.54	47,747,243.30
Less: Non-operating expense	7,767,943.26	4,130,749.57
III. Total profit (loss expressed with "-")	115,148,879.80	3,651,697,661.47
Less: Income tax expense	10,959,588.14	24,867,464.58
IV. Net profit (net loss expressed with "-")	104,189,291.66	3,626,830,196.89
(I) By continuity of operations		
1. Net profit from continuing operations (net loss expressed with "-")	104,189,291.66	430,389,868.30
2. Net profit from discontinued operations (net loss expressed with "-")		3,196,440,328.59
(II) By ownership		
1. Net profit attributable to shareholders of the company	79,387,401.00	3,662,334,382.03
2. Gain or loss attributable to minority interests	24,801,890.66	-35,504,185.14

Item	2021	2020
V. Net other comprehensive income after tax	1,168,225,697.65	735,104,537.34
Net other comprehensive income after tax attributable to owners of the Company	1,164,179,624.59	737,356,668.62
(I) Other comprehensive income may that may not be subsequently reclassified to profit and loss	1,165,034,081.59	738,848,479.10
1. Change in remeasurement of defined benefit plans	-248,025.15	-308,722.38
2. Other comprehensive income that may not be reclassified to profit or loss under equity method	1,146,560.52	-1,977,674.93
3. Change in fair value of investments in other equity instruments	1,164,135,546.22	741,134,876.41
4. Change in fair value of own credit risks		
(II) Other comprehensive income that will be subsequently reclassified to profit or loss	-854,457.00	-1,491,810.48
1. Other comprehensive income that may not be reclassified to profit or loss under equity method		
2. Change in fair value of other debt investment		
3. Amount included in other comprehensive income on reclassification of financial assets		
4. Provision of credit impairment of other debt investment		
5. Cash flow hedges reserve		
6. Exchange differences arising from translation of foreign currency financial statements	-854,457.00	-1,491,810.48
7. Other		
Net other comprehensive income after tax attributable to minority interests	4,046,073.06	-2,252,131.28
VI. Total comprehensive income	1,272,414,989.31	4,361,934,734.23
Total comprehensive income attributable to owners of the Company	1,243,567,025.59	4,399,691,050.65
Total comprehensive income attributable to minority interests	28,847,963.72	-37,756,316.42
VII. Earnings per share:		
(i) Basic earnings per share	0.0562	2.5910
(ii) Diluted earnings per share	0.0562	2.5910

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

INCOME STATEMENT OF THE PARENT COMPANY

2021

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

Item	2021	2020
I. Operating income	44,352,320.90	110,821,401.70
Less: Operating cost	37,206,427.19	102,936,924.00
Taxes and surcharges	1,444,610.97	5,363,239.05
Selling expense		279,731.32
Administrative expense	19,853,810.46	20,325,401.28
Research and development expense		
Finance cost	-22,662,801.88	-22,456,495.82
Including: Interest expense	6,301,151.93	13,724,497.29
Interest income	29,670,564.50	36,198,104.00
Add: Other income	10,973.41	104,845.59
Investment income (loss expressed with "-")	23,979,623.53	1,684,845,922.01
Including: Income from investment in associates and joint ventures	11,387,712.43	10,852,184.29
Net gain on exposure hedging (loss expressed with "-")		
Gain on change in fair value (loss expressed with "-")	15,684,000.00	2,125,000.00
Credit impairment loss	-384,234.43	-238,587.61
Asset impairment loss		-2,580,564.17
Asset impairment gain (loss expressed with "-")	16,196,374.12	-12,675,578.87
II. Operating profit (Loss expressed with "-")	63,997,010.79	1,675,953,638.82
Add: Non-operating income	27,718.01	46,985.38
Less: Non-operating expense		37,025.01
III. Total profit (loss expressed with "-")	64,024,728.80	1,675,963,599.19
Less: Income tax expense	-428,500.00	20,531,250.00
IV. Net profit (Net loss expressed with "-")	64,453,228.80	1,655,432,349.19
(I). Net profit from continuing operations (net loss expressed with "-")	64,453,228.80	1,655,432,349.19
(II). Net profit from discontinued operations (net loss expressed with "-")		

Item	**2021**	**2020**
V. Net other comprehensive income after tax	1,159,306,988.22	740,005,879.84
(I) Other comprehensive income that may not be subsequently reclassified to profit and loss	1,159,306,988.22	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	1,146,560.52	-2,195,518.19
3. Change in fair value of investments in other equity instruments	1,158,160,427.70	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		
7. Other		
VI. Total comprehensive income	1,223,760,217.02	2,395,438,229.03
VII. Earnings per share		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

Legal representative: Han Guangde

Person in charge of accounting: Hou Zengquan

Head of accounting department: Xie Weihong

CONSOLIDATED CASH FLOW STATEMENT

2021

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

Item	**2021**	**2020**
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	17,986,787,852.39	12,701,384,937.57
Cash received from tax refund	643,932,919.39	345,786,752.35
Other cash receipts relating to operating activities	924,056,761.97	604,464,132.32
Sub-total of cash inflows from operating activities	19,554,777,533.75	13,651,635,822.24
Cash paid for goods and services	13,390,652,916.20	13,050,575,441.50
Cash paid to and on behalf of employees	1,177,701,721.46	1,104,648,371.79
Payments of taxes	28,021,435.94	79,255,904.78
Other cash payments relating to operating activities	593,217,266.58	441,563,525.14
Sub-total of cash outflows from operating activities	15,189,593,340.18	14,676,043,243.21
Net cash flow from operating activities	4,365,184,193.57	-1,024,407,420.97
II. Cash flows from investing activities:		
Cash receipts from disposal of investments	1,204,000,000.00	2,447,000,680.00
Cash receipts from investment income	149,720,736.67	20,526,297.04
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	3,091,101.55	5,423,297.25
Net cash received from disposal of subsidiaries and other business units		
Other cash receipts relating to investing activities	358,553,107.42	2,573,106,643.15
Sub-total of cash inflows from investing activities	1,715,364,945.64	5,046,056,917.44
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	293,665,566.01	455,564,930.47
Cash paid for investments	3,451,375,210.48	2,285,863,170.41
Net cash paid for acquisition of subsidiaries and other business units		10,706,417.69
Other cash payments relating to investing activities	1,352,266,061.25	5,764,627,360.28
Sub-total of cash outflows from investing activities	5,097,306,837.74	8,516,761,878.85
Net cash flow from investing activities	-3,381,941,892.10	-3,470,704,961.41

Item	2021	2020
III. Cash flows from financing activities:		
Cash receipts from receiving investments	7,534.52	
Including: Cash received by subsidiaries from receiving investments made by minority interest	7,534.52	
Cash receipts from borrowings obtained	3,642,998,132.80	4,984,337,446.91
Other cash receipts relating to financing activities	83,200,000.00	60,000,000.00
Sub-total of cash inflows from financing activities	3,726,205,667.32	5,044,337,446.91
Cash paid for repayment of debts	4,631,400,000.00	5,339,372,119.50
Cash paid for dividends, profit distribution or interest expenses	357,372,134.01	155,521,616.39
Including: Dividends and profits paid by subsidiaries to minority interests		568,544.37
Other cash payments relating to financing activities	3,249,100.65	5,954,257.75
Sub-total of cash outflows from financing activities	4,992,021,234.66	5,500,847,993.64
Net cash flow from financing activities	-1,265,815,567.34	-456,510,546.73
IV. Effect of change in foreign exchange rate on cash and cash equivalents	-19,732,285.47	-12,500,753.57
V. Net increase in cash and cash equivalents	-302,305,551.34	-4,964,123,682.68
Add: Beginning balance of cash and cash equivalents	5,719,367,108.31	10,683,490,790.99
VI. Ending balance of cash and cash equivalents	5,417,061,556.97	5,719,367,108.31

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

CASH FLOW STATEMENT OF THE PARENT COMPANY

2021

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

Item	2021	2020
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	28,950,419.51	98,860,549.51
Cash received from tax refund		147,240.00
Other cash receipts relating to operating activities	5,525,048.79	13,534,293.40
Sub-total of cash inflows from operating activities	34,475,468.30	112,542,082.91
Cash paid for goods and services	15,346,923.51	35,184,730.04
Cash paid to and on behalf of employees	11,604,586.04	12,575,433.39
Payments of taxes	1,990,737.97	17,709,140.15
Other cash payments relating to operating activities	10,576,398.80	68,558,055.65
Sub-total of cash outflows from operating activities	39,518,646.32	134,027,359.23
Net cash flow from operating activities	-5,043,178.02	-21,485,276.32
II. Cash flows from investing activities:		
Cash receipts from disposal of investments	670,000,000.00	1,293,831,800.00
Cash receipts from investment income	29,989,911.10	4,051,068.49
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	255,674,667.18	
Net cash received from disposal of subsidiaries and other business units		
Other cash receipts relating to investing activities	844,991,924.38	884,129,294.61
Sub-total of cash inflows from investing activities	1,800,656,502.66	2,182,012,163.10
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	128,699,180.14	61,946.90
Cash paid for investments	600,000,000.00	1,000,000,000.00
Net cash paid for acquisition of subsidiaries and other business units		
Other cash payments relating to investing activities	500,000,000.00	486,201,250.62
Sub-total of cash outflows from investing activities	1,228,699,180.14	1,486,263,197.52
Net cash flow from investing activities	571,957,322.52	695,748,965.58

Item	2021	2020
III. Cash flows from financing activities:		
Cash receipts from receiving investments		
Cash receipts from borrowings obtained		
Other cash receipts relating to financing activities		
Sub-total of cash inflows from financing activities		
Cash paid for repayment of debts	600,000,000.00	400,000,000.00
Cash paid for dividends, profit distribution or interest expenses	241,204,084.54	13,937,916.67
Other cash payments relating to financing activities	1,085,009.00	1,004,937.14
Sub-total of cash outflows from financing activities	842,289,093.54	414,942,853.81
Net cash flow from financing activities	-842,289,093.54	-414,942,853.81
IV. Effect of change in foreign exchange rate on cash and cash equivalents	-644,113.51	-538.84
V. Net increase in cash and cash equivalents	-276,019,062.55	259,320,296.61
Add: Beginning balance of cash and cash equivalents	342,958,485.77	83,638,189.16
VI. Ending balance of cash and cash equivalents	66,939,423.22	342,958,485.77

Legal representative: Han Guangde

Person in charge of accounting: Hou Zengquan

Head of accounting department: Xie Weihong

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 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 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 going concern basis.

II. STATEMENT OF COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements have been prepared by the Group 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

Implementation of Interpretation No. 15 of the Accounting Standards for Business Enterprises on the presentation of centralised management of funds

On 30 December 2021, the Ministry of Finance ("MOF") issued the Interpretation No. 15 of the Accounting Standards for Business Enterprises ("ASBE") (Caikuai [2021] No. 35, hereinafter referred to as (the "Interpretation No. 15"), the presentation of centralised management of funds is effective from the date of publication, and the financial statement data for the comparable periods have been adjusted accordingly..

Interpretation No. 15 specifies the reporting and disclosure of balances relating to the centralised management of the parent company's and members' funds through internal clearing houses, finance companies, etc. in the balance sheet.

The implementation of this provision has no impact on the Group's financial position and results of operations.

2. Changes in accounting estimates

There is no change in accounting estimates during the period.

IV. TAX

(1) Main taxes and rates

Type	Tax basis	Tax rate
– Value-added tax Note	Domestic sales; Provide processing, repair and replacement services; Rental income	13%
	Construction and installation business	9%
	Modern service	6%
– Urban maintenance and construction tax	Based on value-added tax and consumption taxes actually paid	7%
– Educational surcharge	Based on taxable profits	3%
– Local education surcharge	Based on taxable income	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), Announcement on the Clarification of the Policy on Value-added Tax Credit for the Living Service Industry (General Administration of Taxation, Ministry of Finance Announcement of [2019] No. 87) and Announcement on the Policy on Value-Added Tax for the Relief and Development of Difficult Industries in the Service Industry (General Administration of Taxation, Ministry of Finance. Announcement on Value-Added Tax Policies Relating to the Relief and Development of Difficult Industries in the Service Sector (General Administration of Taxation, Ministry of Finance Announcement No. 11 of 2022) 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%	
Guangzhou Xingji Maritime Engineering Design Co., Ltd.	20%	
WAH SHUN INTERNATIONAL MARINE LIMITED	16.5%	Incorporated in Hong Kong
WAH LOONG INTERNATIONAL MARINE LIMITED	16.5%	Incorporated in Hong Kong
WAN SHENG INTERNATIONAL MARINE LIMITED	16.5%	Incorporated in Hong Kong
WAN CHEUNG INTERNATIONAL MARINE LIMITED	16.5%	Incorporated in Hong Kong
WAN HING INTERNATIONAL MARINE LIMITED	16.5%	Incorporated in Hong Kong
WAN SHUI INTERNATIONAL MARINE LIMITED	16.5%	Incorporated in Hong Kong
WAN YU INTERNATIONAL MARINE LIMITED	16.5%	Incorporated in Hong Kong
Zhanjiang Nanhai Ship Hi-Tech Services 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
HuaCheng (TianJin) Ship Leasing Co., Ltd.	20%	Small low-profit enterprise
HuaXin (TianJin) Ship Leasing Co., Ltd.	20%	Small low-profit enterprise
Guangzhou Huangchuan Ocean Engineering Co., Ltd.	25%	

2. *Enterprise income tax*

1. CSSC Huangpu Wenchong Shipbuilding Company Limited, the subsidiary of the Company, obtained the Certificate of Hi-tech Enterprise (certificate no.: GR202144007063) on 20 December 2021, with a validity period of three years. Its enterprise income tax rate for 2021 was paid at a rate of 15%.

2. Guangzhou Wenchong Shipyard Co., Ltd., the subsidiary of the Company, obtained the Certificate of Hi- tech Enterprise (certificate no.: GR201944010453) on 2 December 2019, with a validity period of three years. Its enterprise income tax for 2021 was paid at a rate of 15%.

3. Guangzhou Wenchuan Heavy Industrial Co. Ltd., the subsidiary of the Company, obtained the Certificate of Hi-tech Enterprise (certificate no.: GR202144012793) on 31 December 2021, with a validity period of three years. Its enterprise income tax rate for 2021 was paid at a rate of 15%.

4. Zhanjiang Nanhai Ship Hi-Tech Services Ltd., Guangzhou CSSC Wenchong Bingshen Facilities Co., Ltd., CSSC Industrial Internet Co., Ltd., CSSC (Guangzhou) New Energy Co., Ltd., HuaCheng (TianJin) Ship Leasing Co., Ltd. and HuaXin (TianJin) Ship Leasing Co., Ltd., all being the subsidiaries of the Company are small low-profit enterprises, according to the Announcement of the State Administration of Taxation No. 8 of 2021 "Announcement on Matters Relating to the Implementation of Preferential Income Tax Policies to Support the Development of Small Low-Profit Enterprises and Individual Entrepreneurs", from 1 January 2021 to 31 December 2022, the portion of the annual taxable income of small low-profit enterprises not exceeding RMB1 million will be reduced by 12.5% of the taxable income and subject to a tax rate of 20%. The enterprise income tax rate is 20%.

Wah Shun International Marine Limited , Wah Loong International Marine Limited, Wah Sheng International Marine Limited , Wah Cheung International Marine Limited, Wah Hing International Marine Limited , Wah Shui International Marine Limited and Wah Shun International Marine Limited , 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%.

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 2021; and "Ending Balance" refers to the balance as at 31 December 2021. "Current Year" refers to the period from 1 January 2021 to 31 December 2021; "Last Year" refers to the period from 1 January 2020 to 31 December 2020. The currency is in RMB.

1. Notes receivable

Item	Ending balance	Beginning balance
Bank acceptance bills	28,031,260.05	46,528,161.34
Commercial acceptance bills	54,300,000.00	115,096,846.29
Less: provision for bad debts		
Total	**82,331,260.05**	**161,625,007.63**

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 a s at the end of year	Amount not derecognized as at the end of year
Bank acceptance bills		14,335,512.05
Commercial acceptance bills		
Less: provision for bad debts		
Total		**14,335,512.05**

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

4) Disclosure by the provision method

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	82,331,260.05	100.00			82,331,260.05
Including: Due within one year	82,331,260.05	100.00			82,331,260.05
Total	**82,331,260.05**	/		/	**82,331,260.05**

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	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**

(I) Accounts receivable

Item	Ending balance	Beginning balance
Accounts receivable	1,130,852,704.06	1,264,356,804.96
Less: Provision for bad debts	53,120,040.30	19,939,868.35
Net amount	**1,077,732,663.76**	**1,244,416,936.61**

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

Ageing	Ending balance		
	Accounts receivable	**Provision for bad debts**	**Percentage (%)**
Within 1 year	718.694.023.43	241,028.98	0.04
1-2 years	298,261,116.16	17,587,172.65	4.25
2-3 years	80,017,346.05	23,784,510.26	29.72
3-4 years	32,692,246.56	10,556,950.92	32.29
4-5 years	1,187,971.86	950,377.49	80.00
Over 5 years			
Total	**1,130,852,704.06**	**53,120,040.30**	**4.70**

Ageing	Beginning balance		
	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		
Total	**1,264,356,804.96**	**19,939,868.35**	**1.58**

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		
	Amount	Percentage (%)	Amount	Percentage (%)	Net amount
Provision for bad debts made on an individual basis					
Including: Accounts receivable o f which the credit risk has significantly increased since initial recognition					
Provision for bad debts is made on a collective basis	1,130,852,704.06	100.00	53,120,040.30	4.70	1,077,732,663.76
Including: Accounts receivable o f which the credit risk has not significantly increased since initial recognition	1,130,852,704.06	100.00	53,120,040.30	4.70	1,077,732,663.76
Total	**1,130,852,704.06**	–	**53,120,040.30**	–	**1,077,732,663.76**

Type	Beginning balance				
	Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage (%)	Net amount
Provision for bad debts is 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 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**

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	508,579,516.92	44.97	
Aging portfolio	622,273,187.14	55.03	53,120,040.30
Total	**1,130,852,704.06**	**100.00**	53,120,040.30

The details of the aging portfolio are as follows:

Ageing	Ending balance		
	Accounts receivable	**Provision for bad debts**	**Percentage of provision (%)**
Within 1 year	352,735,599.33	241,028.98	0.07
1-2 years	175,871,726.44	17,587,172.65	10.00
2-3 years	79,281,700.86	23,784,510.26	30.00
3-4 years	13,196,188.65	10,556,950.92	80.00
4-5 years	1,187,971.86	950,377.49	80.00
Over 5 years			
Total	**622,273,187.14**	**53,120,040.30**	**8.54**

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	19,939,868.35	33,180,171.95					53,120,040.30
Total	**19,939,868.35**	**33,180,171.95**					**53,120,040.30**

5. *Accounts receivable written-off during the year*

None

6. *Significant provision for bad debts recovered or reversed during the year*

None

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
Unit 1	Third party	202,073,400.00	within six months	17.87	
Unit 2	Third party	165,329,400.00	within two years	14.62	
Unit 3	Third party	147,291,689.65	within three years	13.02	19,997,617.24
Unit 4	Third party	116,417,307.27	within one year	10.29	147,161.01
Unit 5	Third party	54,877,409.00	within two years	4.85	1,455,082.09
Total		**685,989,205.92**		**60.65**	**21,599,860.34**

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.*

(II) Notes payable

Type	Ending balance	Beginning balance
Bank acceptance bills	2,177,906,127.63	1,956,667,659.28
Commercial acceptance bills	346,739,464.63	335,534,935.80
Total	**2,524,645,592.26**	**2,292,202,595.08**

(III) Accounts payable

Item	Ending balance	Beginning balance
Materials purchased	4,630,638,571.97	4,412,415,946.52
Payment for projects under construction	105,650,476.71	137,357,317.66
Retention money	634,496,577.80	548,165,604.67
Other construction and labour services	481,093,125.83	489,194,700.52
Total	**5,851,878,752.31**	**5,587,133,569.37**

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	4,203,605,565.16	2,875,172,053.45
1-2 years	497,879,913.84	1,389,474,863.76
2-3 years	530,647,803.84	396,841,239.38
Over 3 years	619,745,469.47	925,645,412.78
Total	**5,851,878,752.31**	**5,587,133,569.37**

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	450,047,008.75	101,397,356.01	Tentative estimation of arrears and deposit
No. 713 Research Institute of China Shipbuilding Industry Corporation	134,270,825.00	37,713,000.00	Tentative estimation of arrears and deposit
No. 704 Research Institute of China Shipbuilding Industry Corporation	119,545,646.06	37,627,850.06	Tentative estimation of arrears and deposit
Guangzhou CSSC Wenchong Industrial Co., Ltd.	115,291,232.85	100,284,244.93	Tentative estimation of arrears and deposit
Nanjing Keruida Electronic Equipment Co. Ltd.	97,454,400.00	95,442,000.00	Tentative estimation of arrears and deposit
No. 726 Research Institute of China Shipbuilding Industry Corporation	51,098,000.00	14,548,000.00	Tentative estimation of arrears and deposit
Guangzhou Shipbuilding Industry Co., Ltd.	50,328,162.22	35,484,474.65	Tentative estimation of arrears and deposit
Guangzhou Shipyard International Company Limited	31,875,366.64	15,439,353.08	Tentative estimation of arrears and deposit
No. 707 Research Institute of China Shipbuilding Industry Corporation	30,299,625.00	21,977,600.00	Tentative estimation of arrears and deposit
China United Shipbuilding Company Limited	27,361,154.86	13,656,840.76	Tentative estimation of arrears and deposit
Wenzhou Bohong Electric Co., Ltd.	20,235,640.64	19,601,709.00	Tentative estimation of arrears and deposit
Changshu Electronic Instrument Factory	19,579,416.62	19,579,416.62	Tentative estimation of arrears and deposit
Shanghai Guangdian Communication Technology Co., Ltd.	15,537,645.45	10,075,645.45	Tentative estimation of arrears and deposit
Siberheim (Shanghai) Marine Equipment Technology Co., Ltd.	15,047,510.51	15,047,510.51	Tentative estimation of arrears and deposit
Changzhou Huifeng Marine Accessories Manufacturing Co., Ltd.	12,186,700.46	12,186,700.46	Tentative estimation of arrears and deposit
Fujian Haiyi Ship Equipment Co., Ltd.	11,180,871.00	11,180,871.00	Tentative estimation of arrears and deposit
Total	**1,201,339,206.06**	**561,242,572.53**	

(V) Retained earnings

Item	Current year	Last year
Undistributed profit a s at the end of last year	**1,973,789,791.39**	**-1,605,393,084.53**
Beginning adjustment to retained earnings (increase +, decrease -)		
Undistributed profit at the beginning of the year after adjustment	**1,973,789,791.39**	**-1,605,393,084.53**
Add: Net profit attributable to owners of the Company for the year	79,387,401.0	3,662,334,382.03
Add: Transfer from other comprehensive income to retained earnings	-552,454.07	-3,358,682.58
Less: Statutory surplus reserve set aside	6,445,322.88	79,792,823.53
Dividends payable on ordinary shares	234,642,058.75	
Retainedearnings profit at the end of the year	**1,811,537,356.69**	**1,973,789,791.39**

Note: The retained earnings carried forward from other comprehensive income for the year represents the internal transfer of equity from the disposal of Chongqing Steel shares by CSI.

(VI) Net current assets

Item	Ending balance	Beginning balance
Current assets	24,081,724,836.35	21,802,423,891.94
Less: Current liabilities	21,014,920,168.47	18,498,603,048.10
Net current assets	**3,066,804,667.88**	**3,303,820,843.84**

(VII) Total assets less current liabilities

Item	Ending balance	Beginning balance
Total assets	44,265,408,872.54	38,937,517,272.52
Less: Current liabilities	21,014,920,168.47	18,498,603,048.10
Total assets less current liabilities	**23,250,488,704.07**	**20,438,914,224.42**

(VIII) Operating income & Operating costs

Item	Amount for the year	Amount for last year
Revenue from principal business	11,453,902,217.84	11,397,374,517.03
Income from other business	217,691,305.63	211,086,209.67
Total	**11,671,593,523.47**	**11,608,460,726.70**
Costs of principal business	10,366,642,431.75	10,757,470,798.26
Costs of other business	110,529,086.57	97,315,141.00
Total	**10,477,171,518.32**	**10,854,785,939.26**

Gross profit from principal business

Item	Current year	Last year
Income from principal business	11,453,902,217.84	11,397,374,517.03
Costs of principal business	10,366,642,431.75	10,757,470,798.26
Gross profit	1,087,259,786.09	639,903,718.77

(1) Principal business – by product

Product name	Current year	Last year
Operating income		
Ship products	9,192,161,750.22	9,459,434,393.10
Including:	–	–
Bulk carriers	182,491,521.30	982,516,718.48
Oil tankers		245,129,888.16
Container ships	2,053,096,594.81	2,463,087,874.05
Special ships and others	6,956,573,634.11	5,768,699,912.41
Offshore engineering product	355,974,410.42	-292,329,627.20
Steel structure	1,637,312,924.50	1,622,936,840.14
Ship maintenance and modification	123,761,391.82	449,244,650.68
Electro-mechanical products and others	144,691,740.88	158,088,260.31
Total	**11,453,902,217.84**	**11,397,374,517.03**
Operating costs		
Ship products	8,344,771,756.77	9,115,929,697.67
Including:		
Bulk carriers	130,309,356.51	899,514,547.14
Oil tankers		316,911,954.31
Containerships	1,863,323,558.88	2,685,144,064.27
Special ships and others	6,351,138,841.38	5,214,359,131.95
Offshore engineering product	353,515,715.23	-291,322,991.88
Steel structure	1,462,482,685.05	1,463,615,768.05
Ship maintenance and modification	114,017,465.52	366,308,458.22
Electro-mechanical products and others	91,854,809.18	102,939,866.20
Total	**10,366,642,431.75**	**10,757,470,798.26**

2. *Principal business – by region*

Region	Current year	Last year
Major operating income		
China (including Hong Kong, Macau and Taiwan)	11,093,245,088.12	8,356,317,728.53
Other regions in Asia	52,384,684.37	1,478,914,239.25
Europe	28,339,649.43	645,318,980.90
Oceania		741,035,904.67
North America	272,839,049.12	-313,601,083.30
Africa	7,093,746.80	489,388,746.98
Total	**11,453,902,217.84**	**11,397,374,517.03**
Major operating costs		
China (including Hong Kong, Macau and Taiwan)	10,053,212,631.75	7,344,963,352.73
Other regions in Asia	36,745,705.22	1,622,585,544.81
Europe	21,974,484.65	780,023,754.80
Oceania		758,852,834.21
North America	241,929,531.31	-319,474,835.95
Africa	12,780,078.82	570,520,147.66
Total	**10,366,642,431.75**	**10,757,470,798.26**

3. *Other operating income and other operating costs*

Product name	Current year	Last year
Income from other business		
Sale of materials	103,880,516.80	105,430,149.14
Service income		73,845.71
Rental income	80,130,495.08	90,439,327.54
Energy income	7,145,934.60	4,928,440.60
Others	26,534,359.15	10,214,446.68
Total	**217,691,305.63**	**211,086,209.67**
Costs of other business		
Sale of materials	88,077,313.57	81,792,453.07
Service income		123,806.88
Rental income	9,381,405.23	7,171,984.71
Energy income	6,324,694.05	6,490,608.52
Others	6,745,673.72	1,736,287.82
Total	**110,529,086.57**	**97,315,141.00**

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	**9,423,238,292.43**	**1,722,595,853.01**	**135,004,593.74**	**390,754,784.29**	**11,671,593,523.47**
Ship products	9,067,263,882.01			124,897,868.21	9,192,161,750.22
Offshore engineering products	355,974,410.42				355,974,410.42
Steel structure		1,637,312,924.50			1,637,312,924.50
Ship maintenance and modification			123,308,561.63	452,830.19	123,761,391.82
Electromechanical products and others		53,989,432.10	11,696,032.11	79,006,276.67	144,691,740.88
Other business		31,293,496.41		186,397,809.22	217,691,305.63
By region of operation	**9,423,238,292.43**	**1,722,595,853.01**	**135,004,593.74**	**390,754,784.29**	**11,671,593,523.47**
Domestic	9,105,996,256.52	1,722,595,853.01	131,475,821.73	350,868,462.49	11,310,936,393.75
Overseas	317,242,035.91		3,528,772.01	39,886,321.80	360,657,129.72
Type of market or customer	**9,423,238,292.43**	**1,722,595,853.01**	**135,004,593.74**	**390,754,784.29**	**11,671,593,523.47**
State-owned enterprise	7,033,780,642.51	1,687,885,179.74	115,911,892.10	172,524,887.45	9,010,102,601.80
Private enterprise	867,848,923.19	34,710,673.27	1,713,185.64	44,853,158.39	949,125,940.49
Foreign enterprise	1,521,608,726.73		17,379,516.00	173,376,738.45	1,712,364,981.18
Contract types	**9,423,238,292.43**	**1,722,595,853.01**	**135,004,593.74**	**390,754,784.29**	**11,671,593,523.47**
Fixed price	9,423,238,292.43	1,722,595,853.01	135,004,593.74	381,537,803.15	11,662,376,542.33
Cost bonus				9,216,981.14	9,216,981.14
By date of transfer of goods	**9,423,238,292.43**	**1,722,595,853.01**	**135,004,593.74**	**390,754,784.29**	**11,671,593,523.47**
Performance over time	9,126,380,731.40	1,649,342,523.12		9,216,981.14	10,784,940,235.66
Performance at a point of time	296,857,561.03	73,253,329.89	135,004,593.74	381,537,803.15	886,653,287.81
By contract term	**9,423,238,292.43**	**1,722,595,853.01**	**135,004,593.74**	**390,754,784.29**	**11,671,593,523.47**
Short term	296,857,561.30	1,106,125,411.31	135,004,593.74	379,616,835.89	1,917,604,402.24
Long term	9,126,380,731.13	616,470,441.70		11,137,948.40	9,753,989,121.23
By sales channel	**9,423,238,292.43**	**1,722,595,853.01**	**135,004,593.74**	**390,754,784.29**	**11,671,593,523.47**
Direct sales	9,423,238,292.43	1,722,595,853.01	135,004,593.74	390,754,784.29	11,671,593,523.47
Sale through distributors					
Total	**9,423,238,292.43**	**1,722,595,853.01**	**135,004,593.74**	**390,754,784.29**	**11,671,593,523.47**

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, a n d 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 RMB43,658,149,300.00, of which RMB9,599,451,400.00 is expected to be recognized as revenue in 2022.

7. *Top five customers by operating income*

Customers	**Relationship with the Group**	**Current year**	**Percentage of total income from principal business (%)**
First	Unrelated party	4,941,773,262.65	43.14
Second	Unrelated party	1,118,485,151.75	9.77
Third	Unrelated party	688,495,575.22	6.01
Fourth	Unrelated party	462,514,617.56	4.04
Fifth	Unrelated party	344,996,876.76	3.01
Total		**7,556,265,483.94**	**65.97**

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	5,349,406,806.22	51.60
Second	Unrelated Party	166,178,000.00	1.60
Third	Unrelated Party	104,500,000.00	1.01
Fourth	Unrelated Party	80,151,300.00	0.77
Fifth	Unrelated Party	79,920,000.00	0.77
Total		**5,780,156,106.22**	**55.75**

(IX) Finance expense

1. Details of finance costs

Item	Current year	Last year
Interest expenses	132,092,572.69	155,840,699.34
Less: Interest income	254,500,693.52	253,973,437.90
Add: Net exchange losses	59,351,737.94	101,230,442.82
Add: Other expenses	22,320,220.05	20,725,319.12
Total	**-40,736,162.84**	**23,823,023.38**

2. Details of interest expenses

Item	Current year	Last year
Interest on bank borrowings and overdraft	**128,404,940.32**	**152,703,858.38**
Interest on bank borrowings due within 5 years	116,469,072.32	152,703,858.38
Interest on bank borrowings due more than 5 years	11,935,868.00	
Other borrowings	**8,167,632.37**	**22,586,840.96**
Interest on other borrowings due within 5 years		19,662,922.54
Other interest expenses	8,167,632.37	2,923,918.42
Sub-total	**136,572,572.69**	**175,290,699.34**
Less: Interest capitalized		
Less: Interest discount	4,480,000.00	19,450,000.00
Total	**132,092,572.69**	**155,840,699.34**

3. *Breakdown of interest income*

Item	Current year	Last year
Interest income from bank deposits	172,019,742.08	137,774,078.05
Interest income from receivables	82,480,951.44	116,199,359.85
Total	**254,500,693.52**	**253,973,437.90**

(X) Investment income

Item	Current year	Last year
Gain on long-term equity investments accounted for using equity method	11,966,548.56	103,150,875.19
Investment income from disposal of long-term equity investments	465,367.34	1,952,887,294.85
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	9,408,064.73	1,669,325.18
Investment income from disposal of financial assets held for trading	18,365,743.03	41,793,683.33
Total	**40,205,723.66**	**3,857,610,727.86**

Note: Investment income derived from listed and unlisted type of investments for the year amounted to RMB7,785,648.75 (last year: RMB172,069.38) and RMB32,420,074.91 (last year: RMB3,857,438,658.48) respectively.

(XI) Gain/loss on changes in fair value

Item	Current year	Last year
Changes in fair value of financial assets held for trading	101,349,211.43	239,667,073.30
Changes in fair value of financial liabilities held for trading		-27,239,182.80
Total	**101,349,211.43**	**212,427,890.50**

(XII) Non-operating income

1. Details of non-operating income by item

Item	Amount for the year	Amount for last year	Amount included in non-recurring gains and losses during the year
Gain on scrapped non-current assets	1,900,307.91	966,332.12	1,900,307.91
Including: Gain on scrapped fixed assets	1,900,307.91	966,332.12	1,900,307.91
Government grants not relating to daily activities	1,820,129.88	1,862,660.28	1,820,129.88
Penalty income	10,890,333.18	452,871.24	10,890,333.18
Negative goodwill recognized for business combination not under common control (Nanfang Environment)		1,760,005.87	
Transfer from claims under the balance of social security fund	3,709,190.91	8,531,512.80	3,709,190.91
Contract breach compensation		30,630,000.00	
Others	438,177.66	3,543,860.99	438,177.66
Total	**18,758,139.54**	**47,747,243.30**	**18,758,139.54**

The amount included in non-recurring gains and losses for the year was RMB18,758,139.54 (last year: RMB47,747,243.30).

(2) Breakdown of government grants not relating to day-to-day activities

Item	Current year	Last year	Source and basis	Relating to assets/ 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
Other projects		42,530.40		Relating to revenue
Total	**1,820,129.88**	**1,862,660.28**	–	–

2. Description of profit from disposal of properties

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

(XIII) Income tax expense

1. Income tax expense

Item	Current year	Last year
Current income tax – China Enterprise Income tax	328,981.69	215,885.55
1. China	328,981.69	215,885.55
2. Hong Kong		
Deferred tax	10,641,113.85	24,677,656.39
Others	-10,507.40	-26,077.36
Total	**10,959,588.14**	**24,867,464.58**

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 profit for the year	115,148,879.80
Income tax expenses calculated at statutory/applicable tax rate	28,787,219.95
Impact of different tax rates for subsidiaries	7,651,351.05
Impact of adjustment for income tax for previous periods	-10,507.40
Impact of non-taxable income	-7,321,453.44
Impact of non-deductible costs, expenses and losses	675,915.29
Impact of utilization of deductible loss for which no deferred tax assets were previously recognized	-11,411,691.73
Impact of deductible temporary differences for which no deferred tax assets are recognized for the year or deductible losses	24,167,157.13
Other including the effect of deduction	-31,578,402.71
Income tax expense	**10,959,588.14**

(XIV) 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	79,387,401.00	3,662,334,382.03
Non-recurring gains and losses attributable to the Company	2	130,826,541.34	3,945,440,941.73
Net profit attributable to shareholders of the Company, net of non-recurring gains and losses	3=1-2	-51,439,140.34	-283,106,559.70
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		
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

Item	No.	Current year	Last year
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	1,413,506,378.00	1,413,506,378.00
Basic earnings per share (I)	14=1÷12	0.0562	2.5910
Basic earnings per share (II)	15=3÷13	-0.0364	-0.2003
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)	0.0562	2.5910
Diluted earnings per share (II)	21=[3+(16-18)×(1-17)]÷(13+19)	-0.0364	-0.2003

(XV) 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. 102.05元。

3. ***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.

4. ***Year ended 31 December 2020***

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.

5. ***Year ended 31 December 2021***

Pursuant to a resolution of the Annual General Meeting of 2020 of the Company, The Company pays a dividend of RMB234,642,058.75 for the year 2020 and that the Company does not convert capital reserve into share capital.

(XVI) Depreciation and amortization

Item	**Current year**	**Last year**
Depreciation of fixed assets	270,772,908.83	344,631,348.19
Amortization of intangible assets	28,728,148.28	31,514,174.19
Depreciation of right-of-use asset	36,245,678.10	25,989,654.54
Amortization of long-term prepaid expenses	5,011,874.02	3,308,632.44
Depreciation of investment properties	6,537,425.04	104,785.35
Total	**347,296,034.27**	**405,548,594.71**

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

Gains on disposal of investments during the year is RMB465,367.34, profit on sale of properties for the year was $0 (gains on disposal of investments during last year is 3,710,996,844.16 (gains on disposal of properties for last year is 0).

(VI) 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

(i) 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	12,279,877,068.95	1,316,094,780.44	9,218,448.01	951,091,532.72	-2,884,688,306.65	11,671,593,523.47
Including:						
Revenue from external transactions	10,039,105,607.76	1,207,205,795.19	3,263,821.58	422,018,298.94		11,671,593,523.47
Revenue from intra-segment transactions	2,240,771,461.19	108,888,985.25	5,954,626.43	529,073,233.78	-2,884,688,306.65	
Operating costs	11,326,426,902.70	1,206,130,466.97	7,084,497.29	805,844,186.36	-2,868,314,535.0	10,477,171,518.32
Period charge	1,059,089,168.40	96,153,780.75	1,050,345.21	49,218,935.74	-12,893,738.09	1,192,618,492.01
Segment total profit	56,227,906.65	24,641,497.19	1,066,040.01	63,460,027.27	-30,246,591.32	115,148,879.80
Total assets	35,880,595,996.34	2,015,488,610.17	6,902,289.89	15,222,451,585.11	-8,860,029,608.97	44,265,408,872.54
Total liabilities	27,208,714,472.01	1,742,829,955.24	232,016.20	2,297,681,287.30	-5,654,867,336.49	25,594,590,394.26
Supplementary information						
Capital Expenditure	547,343,468.55	50,000,000.00	1,050,532.50	136,397,348.28	-390,100,083.32	294,691,266.01
Impairment loss recognized during current period	131,516,563.52	3,880,803.51		552,894.81		135,950,261.84
Depreciation and amortization expense	264,738,234.63	17,146,586.59	214,595.27	51,352,292.21	13,844,325.57	347,296,034.27

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	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	330,612,861.24	5,437,575.07	9,393,645.40	55,108,094.27	4,996,418.73	405,548,594.71

(ii) Revenue from external transactions by origin of revenue

Revenue from external transactions	Current year	Last year
Revenue from external transactions derived from China	11,310,936,393.75	8,567,403,938.20
Revenue from external transactions derived from other countries	360,657,129.72	3,041,056,788.50
Total	**11,671,593,523.47**	**11,608,460,726.70**

(iii) Non-current assets by location of assets

Total non-current assets	Ending balance	Beginning balance
Non-current assets within China (excluded Hong Kong)	11,352,854,899.20	10,270,517,032.94
Hong Kong	417,695,444.50	564,100,367.58
Total	**11,770,550,343.70**	**10,834,617,400.52**

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