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

H Stock Code: 00317 A Stock Code: 600685

2025 ANNUAL REPORT

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IMPORTANT NOTICE

I. The Board and the Directors, senior management of the Company confirm that information contained in this annual report is true, accurate, and complete without any false and misleading statements or material omissions, and severally and jointly accept legal responsibility for the above.

II. All Directors of the Company attended the meeting of the Board.

III. ShineWing Certified Public Accountants LLP has issued standard auditors' report without qualifying opinions for the Company.

IV. Weng Hongbing, the person in charge of the Company, Li Qiang, the person in charge of accounting, and Zhao Na, the head of accounting department (accountant in charge), have declared that they guarantee the truthfulness, accuracy and completeness of the financial statements contained in this annual report.

V. Profit distribution proposal or proposal for capitalisation of capital reserves of the Company for the Reporting Period considered and passed by the Board

The Company intends to distribute a cash dividend of RMB1.35 (tax inclusive) for every 10 shares to all shareholders. Calculated based on the total share capital of 1,413,506,378 shares as at 31 December 2025, the total proposed cash dividends to be distributed amounts to RMB190,823,361.03 (tax inclusive). The total cash dividend of the Company for the Year (including cash dividend distributed for the interim period) amounts to RMB303,903,871.27 (tax inclusive), representing 30.14% of the net profit attributable to shareholders of the Company for the Year. The remaining undistributed profits of RMB1,655,047,324.36 will be carried forward for distribution in future periods. The Company did not convert capital reserve into share capital for 2025. If the total share capital of the Company changes before the record date for the implementation of dividend distribution, the Company shall maintain the distribution ratio per share unchanged and adjust the total distribution amount accordingly, and a separate announcement will be made to specify the adjustment.

This profit distribution proposal is subject to approval at the 2025 annual general meeting of the Company. The Company expects to complete the payment of cash dividend on or before 16 July 2026.

VI. This annual report contains forward-looking statements that involve future plans and development strategies which do not constitute a commitment by the Company to its investors. Investors should be aware of the investment risks.

VII. The Company was not subject to any appropriation of funds by the controlling shareholder or other related parties for non-operating purposes.

VIII. The Company was not involved in any provision of external guarantees in violation of the applicable decision-making procedures.

IX. The Company was not in a situation where more than half of the Directors were unable to guarantee the authenticity, accuracy and completeness of the annual report disclosed by the Company.

X. The relevant risks which might exist have been described in this report in details. Please refer to Section III – Report of the Board for the risks that the Company might face.

XI. This report is prepared in both Chinese and English. In case of any inconsistency, the Chinese version shall prevail.

I. DEFINITIONS

Unless otherwise stated in context, the following terms shall have the following meanings in this report:

Definitions of frequently used terms

Articles of Association	the Articles of Association of the Company
DWT (deadweight tonnage)	deadweight capacity with tonne as unit
CSSC	China State Shipbuilding Corporation Limited, the controlling shareholder of the Company
China Shipbuilding Group	China Shipbuilding Group Co., Ltd., the controlling shareholder of CSSC
Company	CSSC Offshore & Marine Engineering (Group) Company Limited
Group	CSSC Offshore & Marine Engineering (Group) Company Limited and its subsidiaries
CSSC Holdings	China CSSC Holdings Limited, a listed company controlled by CSSC
CSSC Finance	CSSC Finance Company Limited, a non-banking financial institution controlled by China Shipbuilding Group
Huangpu Wenchong	CSSC Huangpu Wenchong Shipbuilding Company Limited, a 54.5371%-owned subsidiary of the Company
GSI	Guangzhou Shipyard International Company Limited, a company in which the Company owns a 41.0248% equity interest
Wenchong Shipyard	Guangzhou Wenchong Shipyard Co., Ltd, a wholly-owned subsidiary of Huangpu Wenchong
Huangchuan Ocean Engineering	Guangzhou Huangchuan Ocean Engineering Co., Ltd., a wholly-owned subsidiary of Huangpu Wenchong
Wenchuan Heavy Industrial	Guangzhou Wenchuan Heavy Industrial Co., Ltd., a wholly-owned subsidiary of Huangpu Wenchong
BDO	BDO China Shu Lun Pan Certified Public Accountants LLP
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Reporting Period or Year	for the year ended 31 December 2025
CSRC	China Securities Regulatory Commission
RMB	Renminbi, the lawful currency of the PRC
CG Code	the Corporate Governance Code as set out in Appendix C1 to the Stock Exchange Listing Rules
ShineWing	ShineWing Certified Public Accountants LLP

SECTION II COMPANY OVERVIEW AND MAJOR FINANCIAL INDICATORS

I. INFORMATION OF THE COMPANY

Chinese name of the Company	中船海洋與防務裝備股份有限公司
Chinese abbreviation of the Company	中船防務
English name of the Company	CSSC OFFSHORE & MARINE ENGINEERING (GROUP) COMPANY LIMITED
English abbreviation of the Company	COMEC
Legal representative of the Company	Luo Bing

II. CONTACT PERSONS AND CONTACT METHOD

	Secretary to the Board	Authorised Securities Representative
Name	Li Zhidong	Qiu Zhilin
Contact address	No. 10, Jibaosha North Road, Nansha District, Guangzhou City, the People's Republic of China	No. 10, Jibaosha North Road, Nansha District, Guangzhou City, the People's Republic of China
Telephone	020-36666912	020-36666912
Fax	020-36666925	020-36666925
E-mail	lizd@comec.cssc.net.cn	qiuzl@comec.cssc.net.cn

III. GENERAL INFORMATION

Registered address of the Company	15th Floor, Marine Tower, No.137 Gexin Road, Haizhu District, Guangzhou City, the People's Republic of China
Historical changes to the Company's registered address	On 2 April 2020, the registered address of the Company was changed from "40 South Fangcun Main Road, Liwan District, Guangzhou City, the People's Republic of China" to "15th Floor, Marine Tower, No.137 Gexin Road, Haizhu District, Guangzhou City, the People's Republic of China"
Office address of the Company	No. 10, Jibaosha North Road, Nansha District, Guangzhou City, the People's Republic of China
Postal code of the office address of the Company	511464
Website of the Company	comec.cssc.net.cn
E-mail	comec@comec.cssc.net.cn

IV. INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

Name and website of the media in which the Company's annual report is disclosed	China Securities Journal (www.cs.com.cn) Securities Daily (www.zqrb. cn) Securities Times (www.stcn.com) Shanghai Securities News (www. cnstock.com)
Website of the stock exchange where the Company's annual report is disclosed	www.sse.com.cn, www.hkexnews.hk
Place for inspection of the annual report of the Company	Office of the Board

V. INFORMATION ON THE COMPANY'S SHARES

Information On The Company's Shares				
Class of shares	Stock exchange on which the shares are listed	Stock abbreviation	Stock code	Stock abbreviation before change
A Shares	Shanghai Stock Exchange	COMEC	600685	GSI
H Shares	The Stock Exchange of Hong Kong Limited	COMEC	00317	GUANGZHOU SHIP

VI. OTHER RELATED INFORMATION

Accounting firm engaged by the Company (domestic)	Name	ShineWing Certified Public Accountants LLP
	Office address	8th Floor, Tower A, Fuhua Building, No. 8 Chaoyangmen North Street, Dongcheng District, Beijing
	Names of signing accountant	Deng Dengfeng,Liu Lihong
Accounting firm engaged by the Company (overseas)	Name	ShineWing Certified Public Accountants LLP
	Office address	8th Floor, Tower A, Fuhua Building, No. 8 Chaoyangmen North Street, Dongcheng District, Beijing
	Names of signing accountant	Deng Dengfeng,Liu Lihong
Legal adviser appointed by the Company (domestic)	Name	Beijing Yingke Law Firm Guangzhou Office
	Office address	8/F to 9/F, Kaihua International Center, No.5 Xiancun Road, Zhujiang New Town, Tianhe District, Guangzhou, Guangdong/53rd Floor, Guangzhou CTF Finance Centre, No. 6 Zhujiang East Road, Tianhe District, Guangzhou
Legal adviser appointed by the Company (overseas)	Name	Haiwen & Partners LLP
	Office address	Units 601-602 & 610-616, 6/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.
Share registrar and transfer office	A Shares	China Securities Depository and Clearing Corporation Limited Shanghai Branch
	Office address	188 Yanggao South Road, China (Shanghai) Pilot Free Trade Zone
	H Shares	Computershare Hong Kong Investor Services Limited
	Office address	17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

VII. MAJOR ACCOUNTING INFORMATION AND FINANCIAL INDICATORS FOR THE PAST THREE YEARS

(I) Key accounting data

Unit: Yuan Currency: RMB

Key accounting data	2025	2024	Change compared to same period last year (%)	2023
Operating income	**20,547,052,116.16**	19,402,390,859.63	5.90	16,145,951,496.09
Total profit	**1,183,209,602.99**	393,198,912.51	200.92	73,094,349.16
Net profit attributable to shareholders of the Company	**1,008,262,651.35**	377,262,684.20	167.26	48,067,553.44
Net profit attributable to shareholders of the Company after deduction of non-recurring gains and losses	**916,713,852.08**	335,608,224.67	173.15	-1,763,916.12
Net cash flows from operating activities	**-322,225,535.26**	-2,195,628,947.67	Not applicable	3,311,968,278.35

	End of 2025	End of 2024	Change compared to same period last year (%)	End of 2023
Net assets attributable to shareholders of the Company	**18,234,508,366.97**	17,824,706,200.68	2.30	16,417,569,534.93
Total assets	**56,021,547,706.53**	53,596,113,615.25	4.53	50,862,502,007.57

(II) Key financial indicators

Key financial indicators	2025	2024	Change compared to same period last year (%)	2023
Basic earnings per share (RMB/share)	**0.7133**	0.2669	167.25	0.0340
Diluted earnings per share (RMB/share)	**0.7133**	0.2669	167.25	0.0340
Basic earnings per share after deduction of non-recurring gains and losses (RMB/share)	**0.6485**	0.2374	173.17	-0.0012
Weighted average return on equity (%)	**5.76**	2.20	Increase of 3.56 percentage points	0.30
Weighted average return on equity after deduction of non-recurring gains and losses (%)	**5.23**	1.96	Increase of 3.27 percentage points	-0.01

Explanation on the major accounting information and financial indicators of the Company for the past three years as at the end of the Reporting Period

1. During the Reporting Period, focusing on its annual targets and tasks, seizing the opportunity presented by abundant orders on hand and leveraging the advantages of series construction of its main vessel types, the Group continuously deepened its lean management, strengthened full-process production control, and steadily increased its production efficiency, achieving a cumulative operating revenue of RMB20,547 million, representing a year-on-year increase of 5.90%.

2. During the Reporting Period, the Group achieved a cumulative net profit attributable to shareholders of the Company of RMB1,008 million, representing a year-on-year increase of 167.26%; a net profit attributable to shareholders of the Company after deduction of non-recurring gain or loss of RMB917 million, representing a year-on-year increase of 173.15%. It was mainly attributable to: (1) the further improvement of lean production and cost engineering, and the year-on-year increase in the gross profit of products, as the Group continuously reduced the key cycles of main vessel types, steadily improved production efficiency, and achieved results in refined management and cost control during the Reporting Period; (2) the significant year-on-year increase in recognized investment income, as a result of the significant improvement of operating results of the Company's associates, and the increase in dividend amounts from its investee companies during the Reporting Period.

3. During the Reporting Period, the Group's earnings per share was RMB0.7133, representing a year-on-year increase of 167.25%; and the earnings per share after deduction of non-recurring gains and losses was RMB0.6485, representing a year-on-year increase of 173.17%; the weighted average return on equity was 5.76%, representing a year-on-year increase of 3.56 percentage points; and the weighted average return on equity after deduction of non-recurring gains and losses was 5.23%, representing a year-on-year increase of 3.27 percentage points.This was mainly due to the impact of the increase in net income during the Reporting Period.

4. During the Reporting Period, the net cash flows from operating activities of the Group amounted to RMB-0.322 billion as compared to RMB-2.196 billion in the corresponding period last year, mainly due to the year-on-year increase in milestone payments received for the construction of vessel products during the Reporting Period.

5. At the end of the Reporting Period, the balance of exclusively state-owned capital reserve was RMB568 million, which was mainly the state funds allocated to the infrastructure projects, which should be exclusively owned by the State as capital investment by the State in the Company or subsidiaries after the completion and acceptance of the projects. In accordance with relevant regulations such as the "Interim Measures for the Administration of the Restructuring and Reorganization of Military Enterprises and Institutions and the Review of Military Operations on Capital Operations after Listing" issued by the State Administration of Defense Science and Technology, the capital reserve formed by state-allocated funds shall be owned by the representative of the investor of state-owned assets, i.e. CSSC, and shall be converted into state-owned shares after fulfilling the necessary procedures in accordance with relevant regulations. The impact of exclusively state-owned capital reserve was excluded when calculating the weighted average return on net assets.

VIII. MAJOR FINANCIAL INFORMATION FOR 2025 BY QUARTER

Unit: Yuan Currency: RMB

	First quarter (From January to March)	Second quarter (From April to June)	Third quarter (From July to September)	Fourth quarter (From October to December)
Operating income	**3,641,442,907.15**	6,531,193,833.96	4,142,484,558.85	6,231,930,816.20
Net profit attributable to shareholders of the Company	**184,464,019.76**	341,922,336.13	128,736,226.65	353,140,068.81
Net profit attributable to shareholders of the Company after deduction of non-recurring gains and losses	**177,951,301.87**	313,048,179.68	114,111,885.28	311,602,485.25
Net cash flows from operating activities	**359,469,340.17**	1,171,429,288.88	-1,594,250,984.75	–258,873,179.56

Description:

1. In terms of operating income: During the Reporting Period, quarterly income fluctuated due to factors such as product delivery progress and revenue recognition milestones. Less operating income was recognized in the first quarter as affected by the Spring Festival holiday; in the second quarter, the Company's production gradually ramped up and its operating income increased accordingly; in the fourth quarter, the Company entered the golden season for shipbuilding, and the significant increase in production volume and product deliveries drove operating income to grow significantly quarter-on-quarter.

2. In terms of net profit and net profit after deduction of non-recurring gain or loss: During the Reporting Period, net profit attributable to shareholders of the Company in the first and third quarters was relatively low, mainly due to the recognition of less operating income; in the second and fourth quarters, owing to the growth of operating income, as well as the impact of the significant improvement of operating results of associates and dividends from investees, net profit attributable to shareholders of the Company increased significantly quarter-on-quarter.

3. In terms of net cash flows from operating activities: The uneven distribution of product payment milestones and procurement time points during the Reporting Period was the main reason for the differences between quarters.

IX. EXTRAORDINARY ITEMS AND THEIR AMOUNTS

Unit: Yuan Currency: RMB

Extraordinary items	Amount for 2025	Note (where applicable)	Amount for 2024	Amount for 2023
Gain or loss on disposal of non-current assets (including the write-off of the asset impairment provision)	**6,046,909.35**		-29,094,978.82	48,463,945.09
Government grants included in current profit or loss, other than those that are closely related to the Company's normal operation, in line with national policies and in accordance with defined criteria, and have a sustained impact on the Company's profit or loss	**81,400,871.82**		85,903,690.88	96,121,948.46
Gain or loss on changes in fair value of financial assets and financial liabilities held by non-financial entities and gain or loss on disposal of financial assets and financial liabilities, except for effective hedging transactions that are related to the Company's normal operation	**59,935,031.70**		-24,950,389.46	-46,829,254.75
Capital occupation fee received from non-financial entities included in current profit or loss	–		–	–
Gain or loss on entrusted investments or assets under management	–		–	–
Gains or losses from entrusted loans	–		–	–
Losses on assets due to force majeure events, such as natural disasters	–		–	–
Reversal of the provision for impairment of receivables which are tested individually for impairment	–		–	–
Gain from the excess of the fair value of the identifiable net assets of investee companies on acquisition of the investment over the cost of investment in the Company's subsidiaries, associates and joint ventures	–		–	–
Net gains or losses of subsidiaries for the current period from the beginning of the period to the date of combination arising from business combination under common control	–		–	–
Gain or loss on exchange of non-monetary assets	–		–	–
Gain or loss on debt restructuring	–		–	–
One-off costs incurred as a result of the discontinuation of relevant operating activities, e.g. staff settlement expenses	–		–	–
One-off effect on current profit or loss due to adjustments to tax and accounting laws and regulations	–		–	–
One-off share-based payments recognized for cancellation and modification of equity incentive plans	–		–	–
For cash-settled share-based payments, gain or loss arising from changes in fair value of employee benefits payable after the vesting date	–		–	–
Gain or loss arising from changes in fair value of investment properties under fair value model on subsequent measurement	–		–	–
Gain from transactions with obviously unfair transaction price	–		–	–
Gain or loss on contingencies which are not related to the Company's normal operation	–		–	–
Entrusted fee income from entrusted operations	–		–	–
Other non-operating income and expenses apart from the aforesaid items	**8,117,127.06**		1,797,522.69	2,804,191.45
Other gain or loss items meeting the definition of non recurring gains or losses	**25,697,705.35**	Note	30,276,921.48	463,742.43
Less: Effect of income tax	**27,125,939.39**		12,207,959.84	8,942,500.55
Effect of non-controlling interests (after tax)	**62,522,906.62**		10,070,347.40	42,250,602.57
Total	**91,548,799.27**		41,654,459.53	49,831,469.56

Note: Other profit or loss items that comply with the definition of non-recurring profit or loss mainly include non-recurring profit and loss items of associates recognized on the basis of percentage of shareholding.

X. ITEMS MEASURED AT FAIR VALUE

Unit: Yuan Currency: RMB

Name of item	Beginning balance	Ending balance	Change	Amount of impact on profit for the current period
Financial assets held-for-trading	**1,171,434.07**	15,904,587.81	14,733,153.74	
Financial liability held-for-trading	**-94,183,471.96**	–	94,183,471.96	30,998,801.70
Hedging instruments	**96,872,353.05**	102,489,557.04	5,617,203.99	
Hedged items	**-96,872,353.05**	-102,489,557.04	-5,617,203.99	
Receivable financing	**236,548,075.95**	74,059,204.31	-162,488,871.64	–
Investments in other equity instruments	**7,859,909,518.36**	7,245,893,772.98	-614,015,745.38	55,984,108.56
Total	**8,003,445,556.42**	7,335,857,565.10	-667,587,991.32	86,982,910.26

Description:

1. "Financial liability held-for-trading" and "Hedged items"are liabilities, and thus they are listed as negative figure.

2. "Amount of impact on profit for the current period" includes gain or loss from change in fair value and investment income.

I. BUSINESS ENGAGED IN BY THE COMPANY DURING THE REPORTING PERIOD

(i) Principal activities

COMEC is engaged in its principal activities in three major sectors: defense industry, shipbuilding industry and emerging industries, and its main products include defense equipment products including military ships, marine police equipment and public service ships, shipbuilding and marine products including feeder containerships, bulk carriers, small and medium-sized gas carriers, dredgers, offshore engineering platforms and wind power installation platforms, and emerging business products represented by energy equipment and industrial internet platforms. During the Reporting Period, there was no material change in the Group's principal activities.

(ii) Business model

As a holding company, COMEC focuses on asset operation and investment management. Huangpu Wenchong, the holding subsidiary of the Company, is engaged in manufacturing and providing customers with high-quality products through research and development of ships, seeking orders and implementing customised order production, and have built up a modern shipbuilding model highlighting general assembly process, refined management and information integration in the shipbuilding operation. The Group is mainly engaged in assembly and construction in the shipbuilding and offshore engineering industrial chain. It has extended to shipbuilding and offshore supporting products at the front end of the industrial chain and whole-life support at the back end of the industrial chain.

(iii) Industry overview

The shipbuilding industry in which the Group operates is highly cyclical and is mainly subject to factors including the global economic and trading trend, cyclical fluctuation in the shipping market and the international maritime conventions, and the development and transformation of new technologies. For details of the shipbuilding industry during the Reporting Period, please refer to part II of this section.

The Group is a large-scale backbone shipbuilding enterprise and a national core military production enterprise under China Shipbuilding Group, its controlling subsidiary, Huangpu Wenchong, was founded in 1851, with a history of 175 years since its establishment and 150 years of military production history, and its development history spans three centuries. It is the significant construction base for military ships, special engineering ships and public service ships in China. It is also a world-leading manufacturer of feeder containerships and the strongest dredging equipment manufacturing enterprise in Asia, and the largest construction base for high-end maritime engineering equipment and offshore wind power infrastructure products in South China.

(iv) Analysis of factors driving change in business revenue

During the Reporting Period, the Group achieved an operating income of RMB20.547 billion, representing a year-on-year increase of 5.90%, mainly due to the fact that the Group focused on its annual targets and tasks, seizing the opportunity presented by abundant orders on hand, continuously deepening lean management, leveraging the advantages of series construction of its main vessel types, strengthening production process control, and achieving sustained improvements in production efficiency during the Reporting Period.

II. INDUSTRY IN WHICH THE COMPANY OPERATED DURING THE REPORTING PERIOD

(i) Basic information on the shipbuilding industry

In 2025, impacted by the relatively sluggish global economy and disruptions from international political events, the market demand in the global shipbuilding industry slowed down, the volume of new vessel transactions experienced a correction, and the price of new vessels softened from their high levels. Nevertheless, the Chinese shipbuilding industry demonstrated strong resilience and continued to maintain its global leading position.

The three major shipbuilding indicators recorded one decrease and two increases. In 2025, according to Clarkson's data statistics, the global new shipbuilding market received new orders for vessels of 151.9902 million DWT and 57.2825 million CGT, representing a year-on-year decreases of 23.58% and 26.37%, respectively; shipbuilding completion volume stood at 97.3629 million DWT and 56.892 million CGT, representing a year-on-year increases of 8.82% and 6.07%, respectively; and the orders on hand as at the end of the year was 447.7656 million DWT and 180.7358 million CGT, representing a year-on-year increases of 21.67% and 14.73%, respectively. In 2025, due to the mismatch between high new vessel prices and relatively low freight rates, compounded by factors such as the US Section 301 investigation into the maritime sector, frequent adjustments to trade policies, tense global geopolitical landscapes, and uncertainties in technological pathways for green development, the wait-and-see sentiment among shipowners intensified. Consequently, orders in the new shipbuilding market slowed down and experienced a year-on-year decline, although it still remained at the second-highest level during the "14th Five-Year Plan" period.

Significant divergence was observed in the contracted volumes across specific vessel segments. In terms of major vessel types, the contracted volume of containerships for the full year reached 54.234 million DWT, representing a year-on-year increase of 4.8%; the contracted volumes of bulk carriers, oil tankers and liquefied gas carriers were 43.451 million DWT, 43.025 million DWT and 5.403 million DWT, representing a year-on-year decreases of 30.4%, 29.3% and 64.1%, respectively. As the only vessel type to record growth, containerships remained highly active in 2025. The ordering demand for large containerships from major liner companies remained robust, while the market's attention to feeder containerships also increased significantly, driving a strong release of new shipbuilding orders.

The price of new vessels retreated slightly from their highs. In December 2025, the newbuilding price index closed at 184.65 points, representing a decrease of 2.6% from the beginning of the year and a year-on-year decrease of 2.4%. By vessel type, the newbuilding price indices for containerships, bulk carriers, liquefied gas carriers and oil tankers in December closed at 114.91 points, 168.33 points, 198.06 points and 213.21 points, respectively, representing a year-on-year decreases of 3.05%, 3.46%, 4.34% and 4.43%, respectively. Currently, newbuilding prices have softened somewhat due to a contraction in transaction volumes. However, driven by positive factors on both the supply and demand sides, such as the scrapping of obsolete vessels, the release of renewal demand for green vessels, and the difficulty in significantly expanding premium shipbuilding capacity in the short term, abundant orderbooks and capacity bottlenecks continue to sustain prices at high levels.

LNG remained the mainstream alternative marine fuel. In 2025, the global shipbuilding market continued to be guided by the overarching theme of green and low-carbon development, with newbuilding orders for alternative-fuel vessels for the full year reaching approximately 31.24 million CGT, accounting for 34.4% of the total newbuilding orders. Among which, LNG served as the primary alternative fuel and its share continued to increase, rising from 58.5% in 2024 to 83.7% in 2025, while methanol-fueled vessels accounted for 14.2%. By vessel type, the application of alternative fuels was relatively concentrated in containerships and LNG carriers, whereas its application in oil tankers and bulk carriers was relatively limited. Against the backdrop of uncertain technological pathways for marine fuels, a number of shipowners adopted "fuel-ready" designs, with methanol and ammonia emerging as the mainstream alternative options.

China's shipbuilding industry maintained its global leading position. In 2025, in the face of a complex international landscape and competition from Japan and South Korea, China's shipbuilding industry withstood severe challenges and continued to consolidate its global leading position. According to data from the China Association of the National Shipbuilding Industry, in terms of DWT, China's shipbuilding completions increased by 11.4% year-on-year, accounting for 56.1% of the global total; the volume of new orders received decreased by 4.6% year-on-year, accounting for 69.0%; and the volume of orders on hand increased by 31.5% year-on-year, accounting for 66.8%. The international market shares of these three major indicators have ranked first globally for 16 consecutive years. By vessel type, the market share of new orders for bulk carriers exceeded 80% for the first time, containerships secured approximately two-thirds of global orders, and oil tankers secured batch orders at year-end, thereby surpassing South Korea. Furthermore, gas carriers maintained an abundant orderbook and a stable market share, reflecting a continuous enhancement in comprehensive competitiveness.

The offshore engineering market witnessed overall stable development. In 2025, newbuild demand in the global offshore engineering equipment market moderated somewhat, yet the overall performance remained above the average level over the past decade. For the full year, a total of 179 units of various types of offshore engineering equipment were contracted globally, representing a contract value of US$22.97 billion, a year-on-year decrease of 15.6%, while market prices for such equipment were sustained at high levels. China ranked first globally in terms of new orders received for offshore engineering equipment. In 2025, China secured orders for a cumulative total of 109 units of offshore engineering equipment with a contract value of US$7.45 billion, accounting for a global market share of 32.4% by contract value; South Korea and the United Arab Emirates ranked second and third with market shares of 19.6% and 16.0%, respectively.

(ii) The development of industry-related policies and regulations

In terms of international maritime rules and regulations, the International Maritime Organization (IMO) approved mid-term measures to reduce greenhouse gas emissions at the MEPC83 meeting in 2025, launching the world's first mandatory emission limitation and net-zero framework for greenhouse gas emissions covering the entire shipping industry, setting annual baseline targets for carbon intensity reduction and direct compliance targets, and imposing carbon emission fees on vessels exceeding the prescribed limit. In October of the same year, the IMO Special Committee decided to postpone the implementation of the net-zero framework for greenhouse gas emissions. The European Commission released the Clean Industrial Deal State Aid Framework (CISAF) in June 2025, providing a maximum subsidy of 45% for green hydrogen, ammonia and methanol projects (with an upper limit of 200 million euros for a single project), and requiring projects to use 100% renewable electricity, meet ISO14067 certification requirements for carbon footprint and prioritize supporting demonstration scenarios such as the Rotterdam-Singapore liquid ammonia fuel refueling route. The Council of the European Union officially implemented the Alternative Fuels Infrastructure Regulation (AFIR) in 2025, specifying that TEN-T seaports shall be equipped with shore power facilities that comply with the IEC80005-1 standard for containerships and passenger ships by the end of 2029.

In terms of China's industrial policies, in 2025, a number of special supporting policies for the shipbuilding industry were introduced at the national level, which provide systematic guidance around the industry's green and low-carbon transformation and response to external challenges. The Ministry of Transport issued relevant notices to further clarify the applicable requirements for scrap and renewal subsidy of old operating ships and to increase efforts in updating ship equipment, and in collaboration with multiple departments, issued guidance on the integrated development of transportation and energy and the high-quality development of inland waterway transportation, vigorously promoting the green and low-carbon substitution of ship power and the application of new and clean energy. The Maritime Safety Administration issued the "Interim Rules for Technology and Inspection of Methanol-fueled Ships (2025)" and the "Interim Rules for Technology and Inspection of Pure Battery-powered Ships (2025)", improving relevant technical standard systems and ensuring the safe operation of new clean energy ships. The State Council revised the "Regulations of the People's Republic of China on International Maritime Transportation", authorizing corresponding countermeasures to be taken in response to international treaty disputes and foreign discriminatory measures; the Ministry of Transport issued the Announcement on the Collection of Special Port Service Fees from US-Related Vessels and its implementation measures, safeguarding the legitimate rights and interests of Chinese industries and enterprises in accordance with the law and ensuring fair competition in international shipping.

(Source: China Shipbuilding Group Economic Research Centre and China Association of the National Shipbuilding Industry, etc.)

III. OPERATION'S DISCUSSION AND ANALYSIS

In 2025, the Company focused on its primary responsibilities and principal businesses, proactively addressed various complex changes and uncertainties, adhered to innovation-led development, and strengthened lean empowerment, thereby successfully accomplishing its annual tasks and the closing targets of the "14th Five-Year Plan". Its value creation capability was continuously enhanced, and high-quality development was steadily advanced. The Company recorded an operating revenue of RMB20.547 billion, representing a year-on-year increase of 5.90%, and a net profit attributable to shareholders of the listed company of RMB1.008 billion, representing a year-on-year increase of 167.26%.

The Company deepened lean management, achieving steady improvements in operational quality and efficiency. In 2025, the Company focused on its annual targets and tasks, seized the development opportunities presented by an ample order book, and further advanced lean production and the enhancement of whole-process management. By optimising production processes, improving construction technologies, strengthening production planning, and promoting the synergy between cost engineering and resource allocation, the Company significantly shortened the critical construction cycles for its main ship types. This led to a simultaneous enhancement in shipbuilding efficiency, quality, and cost control, enabling the Company to accomplish its annual delivery targets ahead of schedule and achieve successive deliveries of key products. For the full year, a total of 39 vessels aggregating 1.1153 million DWT were delivered, encompassing key products such as defence equipment, feeder containerships, and scientific research vessels. The Company made remarkable progress in the construction of green vessels and smart vessels, successfully delivering the first batch of the 1250TEU methanol dual-fuel container ship series, the China's first intelligent ocean-class research vessel "Tongji", and the world's first series of self-propelled enclosed salmon farming vessels; in the emerging industries segment, projects including the first large-scale overseas monopile project and the overseas wind power transition piece project were all delivered on schedule with high quality.

The Company strengthened scientific and technological innovation and optimised its product portfolio. For the Year, the total value of new contracts secured amounted to RMB23.46 billion, representing 134% of the annual target. The Company secured orders for a total of 53 newbuild vessels across 10 types, including containerships, special ships, and gas carriers. The Company firmly fulfilled its primary responsibility of strengthening the armed forces, continued to deeply engage in the defence industry, enhanced its supply capability for new-quality and new-domain equipment, and proactively undertook equipment construction missions. In terms of civilian products, the Company accurately seized the structural opportunities in the global shipbuilding market. Driven by brand and technology, the Company focused on expanding the spectrum of its main ship types and promoted the continuous optimisation of its product mix. It maintained its leading position in the global feeder container ship market and successfully expanded into the market for 9200TEU large container ships, yielding remarkable results in product competitiveness and spectrum development. Concurrently, the Company vigorously advanced the development of its independently developed products. The "Honghu" series of container ships secured multiple batches of volume orders, and the order for the 5300TEU medium-sized container ship was successfully landed, marking the official expansion of its independently developed products from the feeder ship segment to the medium-sized container ship segment, thereby achieving a key breakthrough in its product line.

As at the end of 2025, the Company held orders with the total contract value of approximately RMB60.6 billion, of which the total contract value of shipbuilding orders was approximately RMB59.1 billion, including 137 ship products and 2 offshore engineering equipment with a total of 4,527,400 DWT.

IV. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

(i) **Product advantages.** The Group has mastered the capability of regional general assembly shipbuilding mode and simultaneous construction of multiple vessel types, and it is in leading position in the technical indicators of military vessels, civil vessels and offshore engineering business in China. The Group has developed a range of distinctive products for domestic and international markets, including marine police equipment, public service equipment, feeder containerships, dredging vessels, etc. The Group will continue to optimise and innovate ship models and enhance product performance, and extend its product lines based on its existing strengths to form a diversified product portfolio to better meet customer needs.

(ii) **Technological advantages.** The Group has 13 science and technology innovation platforms at or above the provincial and ministerial level, such as national enterprise technology center, postdoctoral research station, national engineering laboratory for marine engineering R&D and design, Guangdong engineering technology research center, etc. It is one of the most capable ship product development and design centers in South China and the first demonstration base of technological innovation for military-civilian combination in Guangdong Province. The Group holds independent intellectual property rights in high technology and high value-added products such as feeder containerships, public service ships, scientific exploration ships, wind power installation platforms, high value-added products and special vessels. Adhering to an innovation-driven and technology-led strategy, the Group tackled difficulties in cutting-edge technologies and focused on strengthening the research and development of new green, energy-saving and environment-friendly ship types and high-tech and high value-added ship types.

(iii) **Brand advantages.** In the field of marine defense equipment, the Group is an important production and support facility for military ships of the Chinese Navy in South China, and an important public service ship manufacturer in China. In the field of shipbuilding and offshore engineering equipment, the Group has established a strong market reputation and holds a leading position in the construction of multifunctional deep-sea survey ships, feeder containerships and dredging vessels. In the field of emerging industries, the Group has a good reputation in the industry and has undertaken the construction of major steel structures for national landmark infrastructure projects such as the Shenzhen-Zhongshan Channel and the Hong Kong-Zhuhai-Macao Bridge, and its offshore wind power equipment has also entered into the international market.

(iv) **Market advantages.** The Group's principal business and products have a high market share in domestic and overseas markets. In particular, the Group holds a leading position globally in the markets for feeder containerships and dredgers and maintains a leading position in the PRC in the markets for military ships, public service ships and dredgers.

The above advantages have contributed to the sustainable development of the Group. In addition, amid the backdrop of green transformation and industry upgrading in the shipbuilding industry, the Group will focus on continuously strengthening its core competitiveness including research and development capability and building technologies, exploring new growth drivers, improving profitability and providing higher returns to shareholders.

V. PRINCIPAL OPERATION DURING THE REPORTING PERIOD

During the Reporting Period, the Group completed and delivered 39 ships, a total of 1,115,300 DWT, and realised operating income of RMB20.547 billion, representing a year-on-year increase of 5.90%. Net profit attributable to the shareholders of the Company was RMB1,008 million, representing a year-on-year increase of RMB631 million or an increase of 167.26%. Net profit attributable to shareholders of the Company after deduction of non-recurring gains and losses was RMB917 million. At the end of the Reporting Period, the Group's total assets amounted to RMB56.022 billion, representing a year-on-year increase of 4.53%; total liabilities amounted to RMB34.331 billion, representing a year-on-year increase of 5.88%; and total owners' equity amounted to RMB21.691 billion, representing a year-on year increase of 2.46%, of which, owner's equity attributable to shareholders of the parent company amounted to RMB18.235 billion, representing a year-on-year increase of 2.30%.

(i) Analysis of principal business

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

Unit: Yuan Currency: RMB

Item	Current year	Last year	Percentage of change (%)
Operating income	**20,547,052,116.16**	19,402,390,859.63	5.90
Operating cost	**18,479,056,455.35**	17,897,013,361.84	3.25
Selling expenses	**84,060,693.30**	48,543,062.10	73.17
Administrative expenses	**782,675,938.57**	663,201,198.86	18.01
Finance cost	**-197,638,340.79**	-280,853,098.26	Not applicable
Research and development expenses	**903,313,371.82**	888,463,342.28	1.67
Net cash flows from operating activities	**-322,225,535.26**	-2,195,628,947.67	Not applicable
Net cash flows from investing activities	**2,491,061,927.58**	-427,996,707.41	Not applicable
Net cash flows from financing activities	**-777,658,666.12**	807,697,796.22	-196.28
Taxes and surcharges	**73,492,607.20**	34,932,883.22	110.38
Investment income	**835,427,272.43**	283,506,266.21	194.68
Gain from change in fair value	**43,920,735.75**	-98,734,638.44	Not applicable
Loss on impairment of credit (loss expressed with "–")	**-32,090,840.09**	-13,046,115.60	Not applicable
Loss on impairment of assets (loss expressed with "–")	**-263,431,609.73**	-50,949,140.70	Not applicable
Gain on disposal of assets	**-224,545.57**	-29,166,698.27	Not applicable
Non-operating revenue	**12,146,765.15**	4,511,567.04	169.24
Non-operating expenses	**5,284,736.34**	1,660,001.62	218.36
Income tax expenses	**44,964,415.27**	-77,492,908.07	Not applicable

Reason for change in operating income: mainly due to the concentrated focus on its annual targets and tasks, seizing the opportunity presented by abundant orders on hand, continuously deepening lean management, leveraging the advantages of series construction of its main vessel types, strengthening production process control, and achieving sustained improvements in production efficiency during the Reporting Period.

Reason for change in operating cost: mainly due to the year-on-year increase in operating income, which drove a corresponding rise in operating cost during the Reporting Period.

Reason for change in selling expenses: mainly due to the year-on-year increase in insurance premiums during the Reporting Period.

Reason for change in finance cost: mainly due to the combined effect of net foreign exchange losses arising from exchange rate fluctuations during the Reporting Period, whereas a foreign exchange gain was recorded in the corresponding period of the last year.

Reason for change in net cash flow from operating activities: mainly attributable to the year-on-year increase in cash received from ship product construction milestones during the Reporting Period.

Reason for change in net cash flow from investing activities: mainly due to the combined effect of the year-on-year increase in net deposits from the maturity of time deposits with maturity of over three months, and the year-on-year decrease in net cash received from the disposal of fixed assets during the Reporting Period.

Reason for change in net cash flow from financing activities: mainly due to the effect of the year-on-year decrease of the net borrowings during the Reporting Period in accordance with the needs of production and operations and a year-on-year increase in dividends distributed.

Reasons for change in taxes and surcharges: mainly due to the year-on-year increase in property and land taxes; the year-on-year increase in stamp duty driven by growth in the value of newly signed contracts; and an increase in VAT payments, as well as the corresponding year-on-year increase in urban construction tax and education surcharge during the Reporting Period.

Reason for change in investment income: mainly due to the year-on-year increase in the investment income and stock dividend income of associates during the Reporting Period.

Reason for change in gain from change in fair value: mainly due to the changes in carrying fair value of financial derivatives in hand during the Reporting Period.

Reason for change in credit impairment loss: mainly due to the year-on-year increase in provision for bad debts of accounts receivable made based on expected credit losses during the Reporting Period.

Reason for change in asset impairment loss: mainly due to the year-on-year increase in provision for impairment of fixed assets and provision for inventory write-downs during the Reporting Period.

Reason for change in gain on disposal of assets: mainly due to the year-on-year decrease in the loss from disposal of fixed assets during the Reporting Period.

Reason for change in non-operating income: mainly due to the year-on-year increase in insurance claims income during the Reporting Period.

Reason for change in non-operating expenses: mainly due to the year-on-year increase in overdue payment penalties during the Reporting Period.

Reason for change in income tax expense: mainly due to the impact of the year-on-year change in the deferred income tax expense where certain subsidiaries generated profits during the Reporting Period, resulting in the reversal of deferred income tax assets recognized in prior years due to carryforward losses. In contrast, during the same period last year, deferred income tax assets were recognized in proportion to the increase in estimated liabilities.

2. Analysis of income and cost

(1). Information on principal business by industry, product, region and sales model

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 cost over last year (%)	Increase/decrease in gross profit margin over last year (%)
Shipbuilding industry	20,286,937,597.90	18,265,749,587.83	9.96	5.84	3.16	Increase of 2.34 percentage points

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 cost over last year (%)	Increase/decrease in gross profit margin over last year (%)
(I) Shipbuilding products	18,472,252,867.63	16,574,802,656.96	10.27	10.44	0.09	Increase of 0.95 percentage point
1. Bulk carriers	530,135,613.23	466,538,020.52	12.00	-73.89	-0.74	Decrease of 0.21 percentage point
2. Container ships	5,585,815,429.93	4,092,943,605.50	26.73	7.63	0.04	Increase of 2.77 percentage points
3. Special ships and others	12,356,301,824.47	12,015,321,030.94	2.76	29.98	0.27	Increase of 2.04 percentage points
(II) Offshore engineering products	12,621,467.44	54,616,076.95	-332.72	-98.19	-0.94	Decrease of 311.72 percentage points
(III) Steel structure engineering	1,037,572,925.13	841,442,507.54	18.90	25.55	0.15	Increase of 7.76 percentage points
(IV) Maintenance and modification on ships	554,280,968.84	625,620,303.59	-12.87	-26.93	-0.26	Decrease of 1.17 percentage points
(V) Electro-mechanical products and others	210,209,368.86	169,268,042.79	19.48	33.53	0.49	Decrease of 8.52 percentage points

Principal business by region

By region	Operating income	Operating cost	Gross profit margin (%)	Increase/ decrease in operating income over last year (%)	Increase/ decrease in operating cost over last year (%)	Increase/decrease in gross profit margin over last year (%)
China (including Hong Kong, Macau and Taiwan)	11,562,399,117.92	10,861,182,410.24	6.06	-11.46	-11.15	Decrease of 0.33 percentage point
Other regions in Asia	4,434,281,947.51	3,721,361,749.80	16.08	9.25	3.08	Increase of 5.02 percentage points
Europe	2,935,837,999.84	2,487,808,474.85	15.26	67,875.17	60,459.30	Increase of 10.38 percentage points
Oceania	42,877,907.66	26,351,353.64	38.54	-97.74	-98.48	Increase of 29.93 percentage points
North America	33,128,076.23	29,738,201.48	10.23	-23.57	-24.71	Increase of 1.36 percentage points
Africa	1,278,412,548.74	1,139,307,397.82	10.88	1,107.51	1,077.76	Increase of 2.25 percentage points

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 cost over last year (%)	Increase/decrease in gross profit margin over last year (%)
Direct sales	20,286,937,597.90	18,265,749,587.83	9.96	5.84	3.16	Increase of 2.34 percentage points

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 total income from its principal business amounted to RMB20.287 billion, representing a year-on-year increase of 5.84%, mainly due to the concentrated focus on its annual targets and tasks, seizing the opportunity presented by abundant orders on hand, continuously deepening lean management, leveraging the advantages of series construction of its main vessel types, strengthening production process control, and achieving sustained improvements in production efficiency during the Reporting Period. The gross profit of its principal business amounted to RMB2.021 billion, representing a year-on-year increase of RMB560 million, with gross profit margin at 9.96%, increasing 2.34 percentage points year-on-year, primarily contributed by the gross profit from the shipbuilding and steel structure engineering segments.

In terms of product mix, the proportion of income from each segment showed year-on-year fluctuations during the Reporting Period, with a year-on-year increase in the proportion of income from shipbuilding, while proportion of income from offshore engineering products, ship repair and refit segments showed year-on-year decrease, and the proportion of income from other segments remaining largely flat compared with the last year. Among them, the proportion of income from shipbuilding products segments accounted for 91.06%, representing a year-on-year increase of 3.79 percentage points; the proportion of income from offshore engineering products accounted for 0.06%, representing a year-on-year decrease of 3.58 percentage points; the proportion of income from maintenance and modification on ships business accounted for 2.73%, representing a year-on-year decrease of 1.23 percentage points; the proportion of income from steel structure engineering business accounted for 5.11%, and the proportion of income from electro-mechanical products and other business accounted for 1.04%. During the Reporting Period, the income and gross profit of each business segment are as follows:

1) Shipbuilding business

   Income from the shipbuilding business was RMB18.472 billion, representing a year-on-year increase of 10.44%, and the gross profit margin was 10.27%, representing a year-on-year increase of 0.95 percentage point. The increase in income and gross profit was mainly attributable to the sustained improvement in production efficiency driven by the advantages of abundant orders on hand and series construction of its main vessel types, as well as the effectiveness of cost control efforts under the deepening cost engineering initiative during the Reporting Period.

2) Offshore engineering business

   Income from the offshore engineering business was RMB13 million, representing a year-on-year decrease of 98.19%, and the gross profit margin was -332.72%, representing a year-on-year decrease of 311.72 percentage points. No new offshore engineering construction projects were commenced during the Reporting Period, and only incidental close-out and technical support work was carried out for offshore engineering products initiated in prior years. The construction technology and key performance requirements of such products are demanding, and the Group invested significant resources, resulting in a relatively high level of costs incurred.

3) Steel structure engineering business

   Income from steel structure engineering business was RMB1,038 million, representing a year-on-year increase of 25.55%, and the gross profit margin was 18.90%, representing a year-on-year increase of 7.76 percentage points. The increase in income and gross profit was primarily due to the delivery of steel structure orders from overseas during the Reporting Period, with the delivered products carrying a relatively high gross margin, and the favourable US dollar settlement exchange rate.

4) Maintenance and modification on ships business

   Income from the maintenance and modification on ships business was RMB554 million, representing a year-on-year decrease of 26.93%, and the gross profit margin was -12.87%, representing a year-on-year decrease of 1.17 percentage points. The decrease in income and gross profit was primarily due to the fact that certain domestic ship maintenance projects had not yet been settled during the Reporting Period, and the final settlement prices for certain projects that were settled were lowered, resulting in negative gross margins for the relevant business.

5) Electro-mechanical products and other business

Income from electro-mechanical products and other business was RMB210 million, representing a year-on-year increase of 33.53%, and the gross profit margin was 19.48%, representing a year-on-year decrease of 8.52 percentage points. This business segment is relatively small in scale, with project types and sizes varying from year to year. The increase in income was primarily due to the delivery of pressure vessels and other projects during the Reporting Period. The decrease in gross profit margin was mainly attributable to the impact of variations in gross profit margins across different product lines.

By geographic region, during the Reporting Period, operating income from products sold to the PRC market (including Hong Kong, Macau and Taiwan) decreased by RMB1.497 billion year-on-year, representing a year-on-year decrease of 11.46%, and operating income from products sold to foreign markets increased by RMB2.617 billion year-on-year, representing a year-on-year increase of 42.86%, mainly due to the differences in the geographical distribution of customers for the orders on hand during the Reporting Period. The gross profit margin of products sold to the PRC (including Hong Kong, Macau and Taiwan) was 6.06%, with the gross profit level basically flat as compared with that of the previous year. The gross profit margin of products sold to foreign markets was 15.13%, representing a year-on-year increase of 4.89 percentage points, mainly because the majority of exported vessel products delivered during the Reporting Period were primarily series ships, which facilitated cost control and resulted in a favourable gross profit situation.

(2). Analysis of production and sales volume

Principal product	Unit	Production volume	Sales volume	Inventory volume	Increase/ decrease in production volume over last year (%)	Increase/ decrease in sales volume over last year (%)	Increase/ decrease in inventory volume over last year (%)
Shipbuilding products	Ten thousand DWT	111.5301	111.5301	0	2.8%	2.8%	–
	ship	39	39	0	5.4%	5.4%	–
Steel structure engineering	Ten thousand tons	7.9876	7.9876	0	-49.1%	-49.1%	–

Description of production and sales volume

1) The Group's shipbuilding and steel structure engineering business practiced order-based production, which did not involve inventory balances, and the production and sales data were based on the actual delivery volume.

2) During the Reporting Period, the production volume of shipbuilding products increased year-on-year mainly due to the Group's continuous implementation of lean management improvement, strengthened management of the entire production process, leverage on the advantages of series construction of its main vessel types, and continuous improvement in production efficiency, leading to a slight year-on-year increase in the number of vessels delivered for the full year.

3) During the Reporting Period, steel structure business was mainly dominated by overseas orders with high product standards and technical content, and the delivery tonnage decreased year-on-year.

(3). Analytical statement of cost

Unit: RMB in ten thousand

By industry

By industry	Cost composition	Amount of current period	Proportion of total cost this period (%)	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	**1,373,364.22**	75.19	1,237,747.00	69.90	10.96	
	Processing costs	**455,979.55**	24.96	530,740.69	29.98	-14.09	
	Impairment loss	**-2,768.81**	-0.15	2,117.96	0.12	-230.73	
	Total	**1,826,574.96**	100.00	1,770,605.65	100.00	3.16	

By product

By product	Cost composition	Amount of current period	Proportion of total cost this period (%)	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	1,282,404.27	77.37	1,110,486.07	73.21	15.48	
	Processing costs	377,844.80	22.80	403,666.81	26.62	-6.40	
	Impairment loss	-2,768.81	-0.17	2,509.65	0.17	-210.33	(1)
	Sub-total	1,657,480.27	100.00	1,516,662.53	100.00	9.28	
Offshore engineering products	Direct materials	1,546.61	28.32	60,100.95	71.17	-97.43	(2)
	Processing costs	3,915.00	71.68	24,729.27	29.29	-84.17	(2)
	Impairment loss	–	–	-391.69	-0.46	Not applicable	
	Sub-total	5,461.61	100.00	84,438.53	100.00	-93.53	
Steel structure engineering	Direct materials	59,602.63	70.83	42,473.17	57.84	40.33	(3)
	Processing costs	24,541.62	29.17	30,957.89	42.16	-20.73	
	Impairment loss	–	–	–	–	Not applicable	
	Sub-total	84,144.25	100.00	73,431.06	100.00	14.59	
Maintenance and modification on ships	Direct materials	20,535.27	32.82	19,046.04	22.48	7.82	
	Processing costs	42,026.76	67.18	65,692.58	77.52	-36.03	(4)
	Impairment loss	–	–	–	–	Not applicable	
	Sub-total	62,562.03	100.00	84,738.62	100.00	-26.17	
Electro-mechanical products and others	Direct materials	9,275.43	54.80	5,640.77	49.76	64.44	(5)
	Processing costs	7,651.37	45.20	5,694.14	50.24	34.37	(5)
	Impairment loss	–	–	–	–	Not applicable	
	Sub-total	16,926.80	100.00	11,334.91	100.00	49.33	

Note: The above table analyses and fills out the cost components according to the Group's principal business by product, and the analysis is focused on the cost of principal business only.

Other explanations of cost analysis

1) During the Reporting Period, impairment losses in shipbuilding products business segment amounted to RMB-28 million, compared with RMB25 million in the corresponding period of the previous year, mainly due to the impact of reversal of impairment provision for products completed for sale during the Reporting Period.

2) During the Reporting Period, the direct material and processing costs of the offshore engineering products business segment decreased by 97.43% and 84.17% year-on-year respectively, which was mainly attributable to the fact that there was no new offshore engineering products construction business during the Reporting Period, leading to a significant decrease in overall investment compared to the previous year.

3) During the Reporting Period, direct materials of the steel structure engineering business segment increased by 40.33% year-on-year, which was mainly due to the relatively high proportion of materials used in overseas steel structure projects delivered during the Reporting Period.

4) During the Reporting Period, the processing costs for the maintenance and modification on ships business segment decreased by 36.03% year-on-year, mainly due to the difference in project structure as the proportion of processing fees for overseas ship maintenance settled during the Reporting Period was relatively low.

5) During the Reporting Period, direct materials and the processing costs for the electromechanical products and other business segments increased by 64.44% and 34.37% year-on-year respectively, which was mainly due to the year-on-year increase in revenue during this Reporting Period, which led to a corresponding increase in cost investments.

(4). Information on major customers and suppliers

Explanation on the presentation of the following customer and supplier information on a combined basis under the same control: China Shipbuilding Group and its subsidiary companies under its control are presented on a combined basis under the same control.

A. Information on major customers and major suppliers

Sales to the five largest customers amounted to RMB16,020.9159 million, representing 78.97% of total annual sales, of which sales to related parties amounted to RMB0, representing 0% of total annual sales.

Procurement from five largest suppliers amounted to RMB11,378.8140 million, representing 62.30% of total annual procurement, of which procurement from related parties was RMB10,464.6802 million, representing 57.29% of total annual procurement.

B. Sales to individual customers accounted for over 50% of total sales, top five customers include new customers or concentration on a few customers during the Reporting Period

Unit: RMB in ten thousand

No.	Customer	Sales amount	Percentage to annual total sales amount (%)
1	Customer 3	110,008.08	5.42
2	Customer 4	100,159.31	4.94
3	Customer 5	69,091.16	3.41

Note: The above customers are the new customers of top five customers during the Reporting Period.

Purchase from individual suppliers accounted for over 50% of total purchase, top five suppliers include new suppliers or concentration on a few suppliers during the Reporting Period

Unit: RMB in ten thousand

No.	Supplier	Purchase amount	Percentage to annual total purchase amount (%)
1	Supplier 1	1,046,468.02	57.29
2	Supplier 3	19,919.35	1.09

Note: Supplier 1 accounts for more than 50% of the total procurement amount; Supplier 3 is a new supplier included in the top five suppliers for the Reporting Period.

3. *Expenses*

During the Reporting Period, the total expenses of the Group amounted to RMB1,572 million, representing a year-on-year increase of 19.18%, details are as follows:

Unit: Yuan Currency: RMB

Item	Current year	Last year	Amount of change	Percentage of change (%)
Selling expenses	**84,060,693.30**	48,543,062.10	35,517,631.20	73.17
Administrative expenses	**782,675,938.57**	663,201,198.86	119,474,739.71	18.01
R&D expenses	**903,313,371.82**	888,463,342.28	14,850,029.54	1.67
Finance expenses	**-197,638,340.79**	-280,853,098.26	83,214,757.47	Not applicable

Description:

(1) The cumulative selling expenses amounted to RMB84 million, representing a year-on-year increase of 73.17%, mainly due to the impact of a year-on-year increase in insurance premiums during the Reporting Period.

(2) The cumulative financial expenses amounted to RMB-198 million, representing a year-on-year increase of RMB83 million, mainly due to the net exchange loss arising from exchange rate changes during the Reporting Period, whereas exchange gains were recorded in the same period last year.

4. *Research and development expenses*

(1). Information of R&D expenses

Unit: Yuan Currency: RMB

R&D expenses recorded as expenses during the current period	903,313,371.82
Capitalised R&D expenses for the current period	–
Total R&D expenses	903,313,371.82
Percentage of total R&D expenses over operating income (%)	4.40
Percentage of capitalised R&D expenses (%)	–

(2). Information of R&D staff

Number of R&D staff of the Company	1,355
Number of R&D staff over total number of staff of the Company (%)	28.72%

Education background of R&D staff

Education background	Number of R&D staff
PhD candidate	2
Postgraduate	88
Undergraduate	1,165
Specialties	93
High school and below	7

Age structure of R&D staff

Age category	Number of R&D staff
Under 30 years old (excluding 30)	277
30-40 years old (including 30, excluding 40)	526
40-50 years old (including 40, excluding 50)	433
50-60 years old (including 50, excluding 60)	116
60 years old and above	3

(3). Explanation

In 2025, the Group adhered to the innovation-driven development, continued to improve and optimise the mechanism of scientific and technological innovation, and actively promoted the construction of innovation capability, resulting in a continuous improvement in its technological level. Firstly, the Group completed the design and upgrading of several types of independently developed products. Throughout the year, the Group carried out design and development tasks for a range of independently developed and upgraded products, forming a series of proprietary ship design solutions covering container ships, gas carriers, bulk carriers and other sectors, thereby significantly enhancing the design product pipeline and market responsiveness. Secondly, the Group enhanced research into smart manufacturing and advanced processes, focusing on the research and application of advanced technologies such as digital machining of internal components, small-part polishing, robotic welding for assembly, centralised control systems for sheet metal cutting, and digital handover systems for pallets, with a view to significantly improving production and construction efficiency. Thirdly, the Group strengthened scientific research management. The Company completed 375 patent applications, including 370 invention patents, and obtained 216 patent grants for the year, which has continuously strengthened its technological reserves.

5. Cash Flows

During the Reporting Period, the Group's net increase in cash and cash equivalents amounted to RMB1,342 million, representing a year-on-year increase of RMB3,130 million. The composition of cash flows from operating activities, investing activities and financing activities is detailed as follows:

Unit: Yuan Currency: RMB

Item	Current period	Corresponding period of last year	Change	Change (%)
Net cash flows from operating activities	**-322,225,535.26**	-2,195,628,947.67	1,873,403,412.41	Not applicable
Net cash flows from investing activities	**2,491,061,927.58**	-427,996,707.41	2,919,058,634.99	Not applicable
Net cash flows from financing activities	**-777,658,666.12**	807,697,796.22	-1,585,356,462.34	-196.28

Description:

(1) Net cash flows from operating activities amounted to RMB-322 million, representing a year-on-year increase of RMB1,873 million, mainly attributable to the year-on-year increase in cash inflow from ship product construction milestones during the Reporting Period.

(2) Net cash flows from investing activities amounted to RMB2,491 million, representing a year-on-year increase of RMB2,919 million, mainly due to the combined effect of the year-on-year increase in net deposits from the maturity of time deposits with maturity of over three months, and the year-on-year decrease in net cash received from the disposal of fixed assets during the Reporting Period.

(3) Net cash flows from financing activities amounted to RMB-778 million, representing a year-on-year decrease of RMB1,585 million, mainly due to the combined effect of the year-on-year decrease of the net borrowings during the Reporting Period in accordance with the needs of production and operations and a year-on-year increase in dividends distributed.

(II) Explanation on significant changes in profits arising from non-principal businesses

During the Reporting Period, the Group recognised investment income of RMB835 million, representing a year-on-year increase of RMB552 million, mainly due to the recognition of investment income of RMB785 million from joint ventures using the equity method during the Reporting Period, representing a year-on-year increase of RMB574 million.

Of which, the Company recognised investment income of RMB793 million from GSI, a joint venture, in accordance with its shareholding proportion, representing a year-on-year increase of RMB585 million.

(III) Analytical statement of assets and liabilities

1. *Assets and liabilities*

Unit: Yuan Currency: RMB

Item	Amount at the end of current period	Proportion of total assets at the end of current period (%)	Amount at the end of last period	Proportion of total assets at the end of last period (%)	Change of amount at the end of current period compared with that of the end of last period (%)	Description
Cash at bank and on hand	**13,855,425,043.73**	24.73	15,260,594,444.32	28.47	-9.21	
Financial assets held-for-trading	**15,904,587.81**	0.03	1,171,434.07	–	1,257.70	Change in fair value of certain financial derivatives held at the end of the Reporting Period.
Notes receivable	**17,541,153.59**	0.03	56,102,457.89	0.10	-68.73	Due collection of certain notes during the Reporting Period.
Accounts receivable	**1,342,703,815.71**	2.40	1,326,920,478.98	2.48	1.19	
Receivable financing	**74,059,204.31**	0.13	236,548,075.95	0.44	-68.69	Due collection of certain supply chain platform notes during the Reporting Period.
Inventories	**8,528,125,730.47**	15.22	5,905,684,446.80	11.02	44.41	The increase in work-in-progress for which performance obligations are discharged at a particular point in time but revenue recognition criteria have not yet been met during the Reporting Period.
Contract assets	**2,618,828,424.43**	4.67	2,388,466,443.95	4.46	9.64	
Other current assets	**727,661,002.13**	1.30	423,717,919.05	0.79	71.73	Increase in input value-added tax at the end of the Reporting Period.
Long-term receivables	**358,289,181.81**	0.64	715,985,528.68	1.34	-49.96	Normal collection of long-term receivables upon maturity during the Reporting Period.
Long-term equity investments	**6,188,015,607.50**	11.05	5,403,984,842.40	10.08	14.51	
Investment properties	**116,574,356.46**	0.21	123,111,781.50	0.23	-5.31	
Fixed assets	**4,553,386,574.97**	8.13	4,830,830,141.14	9.01	-5.74	
Construction in progress	**310,601,023.91**	0.55	164,266,268.87	0.31	89.08	The increase in fixed asset investments that did not meet the criteria for transfer to fixed assets at the end of the Reporting Period.
Right-of-use asset	**158,374,401.95**	0.28	223,699,680.67	0.42	-29.20	
Long-term deferred expenses	**275,787,306.01**	0.49	79,792,669.10	0.15	245.63	The increase in improvements and upgrades to fixed assets and production facilities during the Reporting Period.
Short-term borrowings	**2,557,989,477.75**	4.57	598,343,912.50	1.12	327.51	The increase in policy loans at the end of the Reporting Period.
Financial liabilities held-for-trading	**–**	–	94,183,471.96	0.18	-100.00	Change in fair value of certain financial derivatives held at the end of the Reporting Period.
Notes payable	**711,762,388.12**	1.27	1,874,172,036.86	3.50	-62.02	The increase in notes payable due at the end of the Reporting Period.
Contract liabilities	**15,264,016,233.63**	27.25	13,291,127,772.51	24.80	14.84	
Employee compensation payable	**242,991.84**	–	1,367,643.45	–	-82.23	The decrease in the balance of accrued labour union funds at the end of the Reporting Period.
Taxes payable	**58,467,947.36**	0.10	40,654,851.89	0.08	43.82	The increase in value-added tax and individual income tax payable at the end of the Reporting Period.
Other current liabilities	**1,708,605,517.29**	3.05	220,041,281.42	0.41	676.49	The increase in notes endorsed but not yet due or derecognised at the end of the Reporting Period.
Long-term borrowings	**2,218,200,000.00**	3.96	4,048,900,000.00	7.55	-45.21	Increase in long-term borrowings due within one year at the end of the Reporting Period.
Lease liabilities	**103,010,005.14**	0.18	152,585,672.14	0.28	-32.49	Increase in lease liabilities due within one year and the early termination of certain lease contracts at the end of the Reporting Period.
Estimated liabilities	**137,257,797.91**	0.25	264,667,686.67	0.49	-48.14	Increase in warranty expenses due within one year at the end of the Reporting Period.

2. Overseas Assets

Overseas assets amounted to 165,707,021.31 (Unit: Yuan, Currency: RMB), accounting for 0.30% of total assets.

3. Major restricted assets at the end of the Reporting Period

Unit: Yuan Currency: RMB

Item	Carrying value	Reason for restriction
Cash at bank and on hand	4,601,057,851.05	Fixed deposits with maturity of over 3 months, security deposit, etc.
Notes receivable	14,691,153.59	Notes receivable endorsed or discounted and not derecognised
Accounts receivable	13,169,996.90	Debt certificates of accounts receivable endorsed but not derecognised
Total	4,628,919,001.54	/

(IV) Analysis of investments

General analysis of external equity investments

The Company is an investment holding company, and details of its external investments are set out in the notes to the financial statements. As at the end of the Reporting Period, the balance of the Group's long-term equity investments was RMB6,188.0156 million, representing an increase of 14.51% from RMB5,403.9848 million as at the beginning of the Year, mainly due to the impact of the increase in net income of associates during the Reporting Period.

1. Material equity investments

There were no material equity investments during the Reporting Period.

2. Material non-equity investments

There were no material non-equity investments during the Reporting Period.

3. *Financial assets measured at fair value*

Unit: RMB in ten thousand

Category of assets	Opening number	Gain or loss from change in fair value for the current period	Cumulative fair value change accounted for in equity	Impairment accrued for the current period	Amount purchased for the current period	Amount sold/ redeemed for the current period	Other changes	Ending number
Shares	785,550.90	28.03	437,563.17	–	–	3,394.51	–	724,272.01
Derivatives	-9,316.66	4,364.04	–	–	–	–	6,499.59	1,546.97
Others	–	–	–	–	–	–	–	–
Including: Receivable financing	23,654.81	–	–	–	–	–	-16,248.89	7,405.92
Investments in other equity instruments of unlisted companies	455.51	–	112.21	–	–	–	–	360.86
Total	800,344.56	4,392.07	437,675.38	–	–	3,394.51	-9,749.30	733,585.76

Equity Investment

Unit: RMB in ten thousand

Type of security	Stock Code	Abbreviation of stock name	Initial investment cost	Source of funding	Opening carrying value	Gain or loss from change in fair value for the current period	Cumulative fair value change accounted for in equity	Amount purchased for the current period	Amount sold for the current period	Investment gain or loss for the current period	Ending carrying value	Accounting accounts
Shares	600150	CSSC Holdings	285,788.32	Equity exchange	782,111.72	–	437,599.77	–	–	5,437.37	723,388.09	Investment in other equity instruments
Shares	HK00206	CMIC Ocean Holding	4,271.54	Debt exchange	3,423.73	–	-36.60	–	3,394.51	138.08	840.43	Investment in other equity instruments
Shares	HK00620	DTXS	230.73	Debt exchange	15.46	28.03	–	–	–	–	43.49	Financial assets held-for-trading
Total	/	/	290,290.59	/	785,550.90	28.03	437,563.17	–	3,394.51	5,575.45	724,272.01	/

Derivatives Investment

The tenth meeting of the eleventh session of the Board of Directors and the 2024 annual general meeting of the Company have considered and approved the "Proposal on Conducting Foreign Exchange Derivatives Trading in 2025", agreeing that the Company and its subsidiaries shall conduct foreign exchange derivative trading business, with a balance of foreign exchange derivatives of no more than US$5.761 billion (including equivalent foreign currency) at any time point. The authorization shall be valid from the date of the resolution adopted at the 2024 annual general meeting until a new resolution or amendment is adopted at the 2025 annual general meeting. For details of the above content, please refer to the "Announcement of COMEC on Conducting Foreign Exchange Derivatives Trading in 2025" and "Announcement of COMEC on Resolutions of the 2024 Annual General Meeting" published by the Company on the website of the SSE (www.sse.com.cn) and the website of the Stock Exchange (www.hkexnews.hk) dated 28 March 2025 and 27 May 2025, respectively.

As at 31 December 2025, the balance of foreign exchange derivative trading business conducted by the Company and its subsidiaries totalled to US$3,234 million. The balance of foreign exchange derivatives of the Company and its subsidiaries at any time point in 2025 did not exceed the amount authorized by the general meeting for the Company's foreign exchange derivative transactions in 2025.

Details of which are as follows:

(1). Derivative financial instruments for hedging purpose during the Reporting Period

Unit: RMB in ten thousand

Derivatives investment type	Initial investment amount	Opening carrying amount	Gain or loss from change in fair value for the current period	Cumulative fair value change accounted for in equity	Amount purchased for the Reporting Period	Amount sold for the Reporting Period	Other changes	Ending carrying amount	Proportion of ending carrying amount to ending net assets of the Company (%)
Derivatives	/	-9,316.66	4,364.04	–	–	–	6,499.59	1,546.97	0.07
Total	/	-9,316.66	4,364.04	–	–	–	6,499.59	1,546.97	0.07

The accounting policies and specific financial accounting principles of the hedging business during the Reporting Period, and descriptions of whether there are significant changes compared to the previous reporting period	During the Reporting Period, the Group conducted corresponding accounting and presentation of foreign exchange derivative trading business in accordance with relevant regulations and guidelines of the "Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments", "Accounting Standards for Business Enterprises No. 24 – Hedge Accounting", "Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments", "Accounting Standards for Business Enterprises No. 39 – Fair Value Measurement", and there was no material change compared to the previous reporting period.
A description of actual profit or loss during the Reporting Period	During the Reporting Period, the Group's foreign exchange derivative trading business resulted in a gain of RMB30,718.5 thousand, including gains from changes in fair value of RMB43,640.4 thousand, investment income and net exchange gains of RMB-12,921.9 thousand.
A description of hedging effects	During the Reporting Period, based on production and operation, the Group conducted foreign exchange derivative transactions, and utilized foreign exchange derivatives such as forward contracts to hedge the risks of exchange rate fluctuations in expected receipt and payment under import and export contracts and foreign currency funds on hand. Foreign exchange derivatives such as forward contracts were hedging instruments and expected receipt and payment under import and export contracts and foreign currency funds on hand were hedged items. The hedging instruments and the hedged items satisfied the effectiveness of hedge in terms of the economic relationship, hedge ratio and time, and were not dominated by credit risks. Changes in the fair value or cash flows of the hedging instruments could offset the changes in fair value or cash flows of the hedged items caused by the hedged risks, and thus the Group basically achieved the expected risk management objectives.
Sources of funds for derivative investments	The Group uses its own funds for foreign exchange derivative transactions, and does not use credit funds or raised funds for such transactions.
A description of risk analysis and control measures of derivative positions during the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	1. Risk analysis (1) Market risk. The foreign exchange derivatives trading to be entered into by the Company are mainly hedging activities related to the principal business, which involves market risk of loss arising from changes in the prices of financial derivatives caused by exchange rate fluctuation. (2) Liquidity risk. Sufficient fund is required for settlement on completion, or the derivatives shall be alternately settled on a net basis to reduce the requirement for cash flow at maturity. (3) Performance risks. The counterparties to the Company's derivative investments are banks and related finance companies with sound credit ratings and long-standing business relationships with the Company, which basically give rise to no risk in terms of contract performance. (4) Other risks. During operation, failure of the personnel in charge to operate the derivative investments in accordance with the stipulated procedures or fully understand the information regarding the derivatives may result in operational risks in actual operation. Obscure terms in the trade contracts may result in legal risks.

2.	Risk management measures (1) The objective of entering into foreign exchange derivatives trading is to mitigate the impact of foreign exchange fluctuation on the Company. Financial derivatives with simple structure, high liquidity and identifiable risks shall be selected to conduct hedging business, and any speculative activities are prohibited. The amount of foreign exchange derivatives trading shall not exceed the authorised limit approved by the Company. (2) The Company has formulated the Management Measures for Financial Derivative Activities, which establishes clear regulations on operation principles, authority for approval, management and internal operation procedures, internal risk reporting system and risk handling procedures of foreign exchange derivatives trading activities. (3) Counterparty management is strengthened. Only those foreign exchange derivatives that are closely related to the Company's principal business shall be selected, and the derivatives shall be matched with the business in terms of the types, scales, directions and durations. The Company shall enter into contracts with clear terms with the counterparties and strictly implement the risk management system so as to prevent legal risks. (4) The finance department of the Company shall be responsible for monitoring the changes in the open market price or the fair value of the derivatives, and assessing the changes in the risk exposure of the invested derivatives on a timely basis. It shall promptly report any major changes in the market or significant unrealised losses to the Company's management and the Board, which shall establish an emergency mechanism to actively respond and properly deal with the situation. (5) The audit department of the Company, acting as the supervision department of the Company's financial derivatives trading, shall be responsible for supervising and inspecting the compliance of the decision-making, management and execution of the financial derivatives trading of the Company.
Changes in market price or fair value of invested derivatives during the Reporting Period, and the specific methods used, relevant assumptions and parameters disclosed for the analysis of the fair value of derivatives	During the Reporting Period, the Group recognized gains from changes in fair value of RMB43,640.4 thousand for its foreign exchange derivative trading business. An analysis of the fair value of foreign exchange derivatives: for forward exchange contracts, at measurement date, the public prices of 3 banks before adjustment are obtained. According to prudence principle, one price is chosen to be input value. The prevailing benchmark loan interest rate for the corresponding period promulgated by the People's Bank of China is chosen to be discount rate. The fair value is calculated according to the formula as follows: As for forward foreign exchange settlement contract, choose the highest price to be input value, fair value = exchange price x (contract rate – quoted price)/ discount rate$^{\text{Number of years}}$. As for forward foreign exchange purchase contract, choose the lowest quoted price to be input value, fair value = exchange price x (quoted price – contract rate)/discount rate$^{\text{Number of years}}$.
Involvement in litigation (if applicable)	Not applicable
The disclosure date of the Board of Directors' announcement on the review and approval for derivative investments (if any)	29 March 2025
The disclosure date of the Board of Shareholders' announcement on the review and approval of derivative investments (if any)	28 May 2025

Note: The "Opening carrying amount" and "Ending carrying amount" in the above table are based on the fair value of foreign exchange derivatives and exclude the amount of derivative investment contracts. The amount of derivative investment contracts at the beginning of the period was US$2,461 million, equivalent to RMB17,688 million; the amount of derivative investment contracts at the end of the Reporting Period was US$3,234 million, equivalent to RMB22,328 million.

(2). During the Reporting Period, the Company has no derivative investments for speculative purposes.

(V) Significant assets and equity sales

There were no significant assets and equity sales during the Reporting Period.

(VI) Analysis of major subsidiaries and associates

Major subsidiaries and investee companies accounting for over 10% of the net profit of the Company

Unit: RMB in ten thousand

Name of entity	Type of entity	Principal businesses	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
CSSC Huangpu Wenchong Shipbuilding Company Limited	Subsidiary	Manufacturing of equipment for railways, ships, aerospace and other transportation facilities	361,918.32	4,118,802.27	797,419.02	2,053,241.51	31,642.01	28,148.29
Guangzhou Shipyard International Company Limited	Investee company	Manufacturing of equipment for railways, ships, aerospace and other transportation facilities	1,001,112.88	4,916,791.64	1,180,454.99	2,018,789.90	206,654.27	200,052.91

Description:The relevant financial data of Huangpu Wenchong and Guangzhou Shipyard International in this section represent consolidated financial data. For details of the Company's indirectly controlled subsidiaries, please refer to the notes to the financial statements.

Other Explanations

Unit: RMB in ten thousand

Name of entity	Income from principal business	Profit from principal operations	Net profit Current period	Net profit Corresponding period of last year	Change (%)
CSSC Huangpu Wenchong Shipbuilding Company Limited	2,028,696.46	202,118.80	28,148.29	20,393.35	38.03
Guangzhou Shipyard International Company Limited	1,991,405.51	343,345.04	200,052.91	58,639.58	241.16

During the Reporting Period, Huangpu Wenchong recorded a significant period-on-period increase in net profit, which was primarily attributable to the ongoing deepening of lean management and advancement of cost engineering, the continuous reduction of key cycles of main vessel types, steady improvement in production efficiency, and effective implementation of refined management and cost control, resulting in a year-on-year increase in gross profit of the products.

During the Reporting Period, the significant year-on-year increase in net profit of GSI, an associate of the Company, was mainly attributable to the increase in the number of ships delivered, significant improvement in production volume and production efficiency, and effective control of construction costs during the Reporting Period, which further enhanced profitability.

VI. DISCUSSION AND ANALYSIS OF THE COMPANY CONCERNING THE FUTURE DEVELOPMENT OF THE COMPANY

(I) Industry landscape and trends

The defense industry is navigating a period of a strategic opportunity window. Against the backdrop of continued tensions in the global geopolitical situation and prolonged geopolitical conflicts, there persists an enduring necessity to strengthen the nation's defense capabilities. Achieving the centennial goal of military establishment by 2027 as scheduled is a key node in the process of advancing the modernisation of national defense and the military. The subversive role of emerging technologies has put forward new requirements for the PRC's defense and military manufacturing industry, such as "new domain and new quality", "intelligence", "combat-oriented military training" and "border, maritime and air defense construction", leading the subsequent development direction of defense and military enterprises. The deep integration of artificial intelligence, big data, and new materials technology with the shipbuilding industry is reshaping the form and capabilities of law enforcement equipment.

The shipbuilding industry as a whole remained highly prosperous. The global shipbuilding industry is currently at a critical development stage characterised by the superposition of the "dual cycles" of the renewal of aging vessels and the green and low-carbon transformation of fleets. In terms of demand for vessel renewal, as of the end of December 2025, the size of global shipping capacity with a vessel age of 20 years and above reached 450 million DWT, which was substantially on par with the size of the order book held by global shipyards; the shipping capacity with a vessel age of 15 to 19 years exceeded 550 million DWT,it is expected that the phase-out will be progressively completed over the next decade, generating substantial demand for fleet renewal within the industry. In terms of demand for incremental capacity, maritime trade is set to slow to an annual growth rate of 1 to 2% amid subdued global economic expansion. Nevertheless, adjustments in the pattern of international trade and persistently low fleet operating efficiency are still expected to support a steady rise in maritime throughput, providing effective underpinning for additional capacity. At the same time, under the influence of factors such as weak global economic recovery, trade policy volatility, an uncertain pathway for green, low-carbon technologies, as well as wide swings in freight rates and high newbuilding prices, the market is exposed to short term cyclical adjustment pressure. In 2026, global shipbuilding capacity is likely to remain tight, shipyards' orderbooks will stay full, and the industry is expected to exhibit a "stable volume, high price" profile overall, presenting a mix of opportunities and challenges.

Emerging industries are showing a clear incremental growth trajectory. According to the Global Wind Energy Council (GWEC), the global offshore wind power industry is projected to continue expanding, with a CAGR in new installations worldwide of around 20.6% between 2025 and 2030. Driven by nearshore resource saturation, policy incentives steering development further offshore, and the maturation of large scale turbines and floating technology, the focus of offshore wind power development will shift towards deeper waters and more distant sites.

(Source of relevant data: China Shipbuilding Group Economic Research Centre, etc.)

(II) The Company's development strategy

With the aim of strengthening the military, serving the nation, and deepening the cultivation in the marine sector, the Group is committed to building high-quality marine equipment and aims to become a world-class listed marine defense equipment company with a rational industrial structure, leading core technologies, excellent quality and services and strong international competitiveness.

Facing the new development landscape of the shipbuilding market, the Company 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 of marine defense equipment, ship and offshore engineering equipment and marine science and technology innovation equipment. The Company fully aligns with major strategies such as the "Belt and Road" Initiative, military-civilian integration development, the building of a strong manufacturing country and the building of a strong maritime country, while promoting the expansion and extension of the traditional manufacturing industry in a more valuable direction, strengthening and optimising the main business, vigorously expanding emerging industries, driving transformation and upgrading into advanced manufacturing and service industries, and achieving high-quality development.

(III) Business plan

In 2025, the Group recorded an operating income of RMB20.547 billion, representing a year-on-year increase of 5.90%; and secured orders with contract value of RMB23.455 billion, which was 134.41% of the annual target.

In 2026, the Group plans to realise operating income of RMB21.218 billion and to secure orders with contract value of RMB16.424 billion. The Group will focus on its main ship types, strengthen the development of independently developed ship types and spectrum expansion, consolidate its market share in the medium-sized container ship market, step up efforts in market expansion, persist in leading the market with brand and technology, and enhance its core market competitiveness; improve the production and technical preparation system, deepen the production management and control mechanism, and optimise the construction paths, key cycles and supporting capabilities for main ship types to drive the improvement of production efficiency; deepen the efficacy of digital and intelligent leadership, improve the establishment of a lean management system, further advance cost management and control, and enhance its value creation capability. Through the above measures, the Group will ensure the implementation of the 2026 business plan.

The aforementioned business plan does not constitute a performance commitment by the Company to investors. Investors are advised to pay attention to investment risks.

(iv) Potential Risks

1. **Macro-market risk:** The industry faces rising uncertainties. Significant shifts in the external environment, such as regional protectionism, geopolitical conflict, or policy changes in countries affecting China's shipbuilding sector, could dampen international shipping and fleet renewal demand, intensify market competition, and place pressure on the Company's market expansion and order intake. The Group will continuously monitor industry trends and changes in external environment, proactively respond to market and policy adjustments, pursue innovation-led growth, increase investment in green ship R&D, and steadily enhance its core competitiveness.

2. **Construction-schedule risk:** As the shipbuilding industry is currently in an upcycle, the Company has a sufficient backlog of orders on hand and full production commitments. External factors, including geopolitical developments, create uncertainties in the supply chain and procurement security, resulting in the risk of delayed supply of key equipment and materials. At the same time, a higher proportion of technologically sophisticated vessels increases construction complexity and heightens safety and quality management requirements, challenging project schedule control. The Group will strengthen supply-chain coordination and procurement management, secure critical resources in advance, optimise production organisation and technical applications, enforce strict safety and quality controls, with a view to ensuring orderly construction progress.

3. **Customer Performance Risk:** As a result of changes in the global economy, geopolitics, and shipping trade, ship owners may experience difficulties in financing and tight funds, resulting in default in shipbuilding payment, deferred recognition of delivery, amendment of contracts or even abandonment of ships, which will subject the Company's orders on hand to default risk. The Group will further strengthen the management of contract performance, enhance the creditworthiness investigation of ship owners and project process management, improve the risk early warning mechanism, and ensure the smooth delivery of orders on hand.

4. **Cost Control Risk:** Given the Group's order-based production and long construction cycle for shipbuilding business, and fluctuations in the prices of raw materials such as steel coupled with the increase in labour costs, may lead to a passive increase in the costs of the Company's products under construction, which will have a certain impact on the Company's operating results. The Group will continue to improve efficiency and reduce costs across the entire industrial chain and optimise the product structure by promoting the mass production of main construction products and increasing the proportion of high value-added products to minimise the impact of cost fluctuations on the Company.

5. **Exchange-rate volatility risk:** The Group's exchange rate risk arises from the possibility of the increase or decrease in the value of assets (or creditor's rights) and liabilities (or debts) denominated in foreign currencies due to exchange rate fluctuations. It is mainly concentrated on export shipbuilding orders denominated in United States dollars. The Group will continue to adhere to the aim of risk prevention, base its approach on the exchange rates applicable to its operating orders, strengthen the analysis of exchange rate trend and formulate exchange rate risk prevention plans by using financial tools such as forward exchange contracts and options to protect against exchange rate risk.

VII. OTHERS

1. Management contracts

There were no contracts entered into by the Company in relation to the management or administration of all or any major business, nor did such contracts exist at any time in 2025.

2. Environmental policies and performance

The Group is committed to maintaining the sustainability of the environment and community in which it operates. By adhering to an attitude to protect the environment, the Group strives to comply with the laws and regulations relating to environmental protection and has adopted effective measures to realise efficient utilisation of resources, save energy and reduce emission of wastes.

3. Compliance with laws and regulations

To the best knowledge of the Board and management of the Company, the Company has complied in all material respects with the relevant laws and regulations which principally affect the business and operations of the Company. During the Year, there was no material breach or non-compliance with applicable laws and regulations by the Company.

4. Relationship with shareholders

The Company has always adhered to the concept that with great virtue one can take charge of the world. It actively delivers returns to shareholders, practices honesty towards customers, cares for employees and contributes to the community. As such, while accelerating its own development, the Company also actively participates in public service activities and contributes to the community. It attaches great importance to the harmonious and win-win development of the Group, its employees and the community.

5. Relationships with employees, customers and suppliers

During the Reporting Period, the relationships between the Group and its employees, customers and suppliers are set out in the Environmental, Social and Governance Report for 2025 published on the website of the SSE (www.sse.com.cn) and the website of the Stock Exchange (www.hkexnews.hk) on 27 March 2026 and 24 April 2026, respectively by the Company, which forms part of this report of the Board.

6. Auditors

The Company's auditors, BDO stepped down as auditors of the Company's financial statements at the Company's second extraordinary general meeting of 2025. Upon resolution by the shareholders, ShineWing was appointed as the Company's auditors of the financial statements.

7. Events after the Reporting Period

As at the date of this report, the Group had no significant events after the Reporting Period which need to be disclosed.

8. Others

Other matters as required by the Hong Kong Companies Ordinance can be found in Section VI "Significant Events". Such discussion forms part of this report of the Board.

I. INFORMATION ON CORPORATE GOVERNANCE

(I) Corporate culture, mission and objectives

Corporate Culture

The core of our corporate culture is "innovation, efficiency, cooperation and win-win", among which, "innovation" means the Company insists on innovation-driven development focusing on key tasks, and constantly creates a new situation; "efficiency" means the Company achieves the goal of high quality and high efficiency through the unity and collaboration of all the employees and innovative development; "collaboration" means all employees of the Company collaborate to form a resultant force around the Company's strategic positioning and based on their positions; and "win-win" means insisting on people-oriented, sharing development achievements to achieve the common growth of employees and the Company.

Corporate mission

The corporate mission of the Company is to fulfill the duty of strengthening the military and serving the nation, support the construction of a maritime power, and drive the value creation as a central enterprise.

The Company fulfills the duty of strengthening the military and serving the nation by making the development of the military equipment and the military industry as a major political responsibility and the primary mission, and provides impetus and guarantee for the construction of a first-class military central enterprise group by making full use of the Company's capital market status as a listed company in Shanghai and Hong Kong.

The Company supports the construction of a maritime power by giving full play to its role and advantages as an A+H listed central enterprise, and vigorously promotes the progress of the construction of a maritime power by relying on national regional strategies such as the construction of Guangdong, Hong Kong, Macao and the Greater Bay Area.

The Company is committed to achieving the value creation as a central enterprise, continues to strengthen its core competitiveness, mainly provides capital and innovation strength for the development of the Group, serves the Group's high-quality development with dual drivers, and promote the value creation of central enterprises.

Strategic objectives

The strategic objectives of the Company are to build high-quality marine equipment, strengthen the military and serve the nation, and become a world-class listed marine equipment company with reasonable industrial structure, leading core technology, excellent quality and service and strong international competitiveness by focusing on the marine industry and developing harmoniously.

Adhering to the development philosophy of "innovation, coordination, green, openness and sharing", the Company actively responds to the Group's high quality development strategy, constructs scientific and reasonable industrial layouts, fully aligns with major strategies such as "Belt and Road", military-civilian integration development for the building of a strong manufacturing country and a strong maritime country, focusing on "optimizing structure, deepening reform, capital-driven and innovative development", promoting the expansion and extension of the traditional manufacturing industry in a direction towards higher value, so as to strengthen and optimize its main business, vigorously expand emerging industries, accelerate the Company's transformation and upgrading, and achieve high-quality development.

(II) Corporate governance

The Company always strictly conforms to the Company Law of the PRC, the Securities Law of the PRC, relevant regulations issued by the CSRC and the listing rules of the SSE and 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 and relevant regulations issued by the CSRC. The Company has adopted the Corporate Governance Code and Corporate Governance Report("Corporate Governance Code") as set out in Appendix C1 to the Stock Exchange Listing Rules as the corporate governance code of the Company. Save as disclosed below, during the Reporting Period, the Company has been in strict compliance with the principles of good corporate governance, the code provisions on a "comply or explain" basis and certain recommended best practices as set out in the CG Code.

On 22 May 2024, Mr. Xiang Huiming, the then chairman of the Company, resigned from his positions as chairman and Director of the eleventh session of the Board and the chairman of the strategy committee of the Board, due to retirement. On 21 August 2025, the Company held the fifteenth meeting of the eleventh session of the Board to elect Mr. Luo Bing as the chairman of the eleventh session of the Board of the Company and would assume the duties of the chairman of the strategy committee of the eleventh session of the Board, with a term up to the formal commencement of the following session of the Board. Therefore, from the beginning of the Reporting Period to 21 August 2025, the Company could not completely comply with the requirements of principles C.2 of the CG Code and the code provisions applicable to the chairman.

In accordance with code provision C.1.6 of the CG Code, in general, independent non-executive directors and other non-executive directors shall attend the general meeting to obtain a comprehensive and impartial understanding of the views of the Company's Shareholders. Mr. Yin Lu, being a non executive Director of the Company, was unable to attend the 2025 first extraordinary general meeting of the Company held on 3 March 2025 for work reasons; Mr. Gu Yuan, being a non-executive Director, was unable to attend the 2024 annual general meeting of the Company held on 27 May 2025 for work reasons; Mr. Gu Yuan, being a non-executive Director, and Mr. Nie Wei, being an independent non-executive Director, were unable to attend the 2025 second extraordinary general meeting of the Company held on 11 July 2025 for work reasons; Mr. Gu Yuan, being a non-executive Director, was unable to attend the 2025 third extraordinary general meeting of the Company held on 21 August 2025 for work reasons; and Mr. Gu Yuan and Mr. Yin Lu, being non-executive Directors, were unable to attend the 2025 fourth extraordinary general meeting of the Company held on 30 December 2025 for work reasons.

During the Reporting Period, the Company has been in compliance with Rule 3.10(1) of the Listing Rules of the Stock Exchange 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 shall comprise independent non-executive Directors. The Company confirms that all independent non-executive directors have complied with the independence requirement under Rule 3.13 of the Listing Rules of the Stock Exchange as at the end of the Reporting Period.

Board of Directors

The Board comprised nine Directors, including one executive Director, four non-executive Directors and four independent non-executive Directors at the end of the Reporting Period. Members of the Board have diverse industry backgrounds and have professional expertise in areas such as corporate governance, finance and accounting, investment strategies, maritime engineering and equipment and legal affairs. Details of the members of the Board are set out in the section headed "Directors, Senior Management and Employees" in the Report.

On the diversity of Board members, the Company fully understands the benefits of diversity of Board members to its development and has adopted a Board diversity policy. The Board members reflects differentiation and diversification in various aspects such as expertise, industry experience, age, qualification and background, and gender.

The Board is accountable to the shareholders' general meetings, fully represents the interests of shareholders and formulates the Company's development strategies in strict compliance with the "Rules of the Proceedings of the Board of the Directors" within its terms of reference as stipulated in the Articles of Association. The Board also monitors the implementation of the Group's operation management and its financial performance, makes recommendations on the appointment of Directors, and decides on important contracts and trading, as well as other important policies and financial matters. The Board has delegated daily responsibilities to executive Directors and senior management. The management is responsible for handling the Company's daily operation and management affairs. The positions of chairman and general manager of the Company are occupied by different persons in order to ensure the independence of the decision-making of the Board. The chairman of the Company was Mr.Luo Bing, who was mainly responsible for leading the Board in the development of overall development strategies of the Company and ensuring that the Board operating effectively in performing its duties, establishing sound corporate governance system and practices and that the Board acting in the best interests of the Company and its shareholders as a whole.During the Reporting Period and up to 5 September 2025, Mr. Chen Liping is the general manager of the Company and is mainly responsible for administrative affairs of the Company, including implementing the resolutions passed by the Board, establishing basic management rules and making decisions in respect of daily operation of the Company.

In 2025, the Company held a total of 10 Board meetings, including 7 on-site meetings and 3 meetings held by communication equipment, issued 4 regular reports and 53 extraordinary announcements, conveyed related information to the market such as operational conditions, market conditions, important resolutions passed at meetings, significant personnel changes and related transaction in a timely manner. All resolutions considered at the Board meetings during the Year had been submitted to the party organisation and the general manager office meeting of the Company for consideration and decision-making before they were submitted to the Board for discussion, and the relevant opinions were carefully listened. No fault has been made in respect of the announcements disclosed in respect of resolutions considered and approved at the Board meetings during the Year. The decision-making procedures and the relevant decisions are in compliance with the listing rules of the Stock Exchange and the SSE, the Articles of Association and the requirements of applicable laws and regulations, and the resolutions passed are legal and valid.

The dates of regular Board meetings each year are determined in advance, and the notice of periodic meetings is given 10 days prior to the meeting, while the notice of extraordinary meetings is given at least 8 hours prior to the meeting through telephone, post or facsimile, so that more Directors can attend the meeting. The secretary to the Board assists the chairman in preparing agenda of meetings and ensuring the observance of all applicable rules and regulations. The agenda and attached documents relating to the resolution to be proposed by the Board are generally sent to all Directors at least 7 days before the periodic Board meetings (if feasible, it is also applicable to other Board meetings). The secretary to the Board is responsible for recording and maintaining the minutes and related meeting documents of the Board and committees thereunder, which are available for the Directors' inspection at any time. Minutes reflects the information of review and voting, and Directors' opinions at the meeting objectively and in detail, and is confirmed by each attending Director by signing. When considering connected transactions, the connected Directors shall abstain from voting.

Each Director has the right to inspect the documents of the Board and related data, and to seek opinions and services from the secretary to the Board. The Board and each Director may contact the Company's senior management individually and independently.

The Board reviews internal control once annually in order to ensure the effectiveness of its internal control system.

Directors

The executive Directors are appointed for a term of three years, and may offer themselves for re-election after the terms expired. Term of service for non-executive Directors (including independent non-executive Directors) is three years and is renewable. Independent non-executive Directors are eligible for re-election subject to a cumulative tenure not exceeding six years. There is no relationship among Board members, including financial, operational, family or other relevant material relations.

Through the secretary to the Board, all Directors can obtain timely information and updates relating to statutory, regulatory and other ongoing obligations that Directors of a listed company must comply with, ensuring the Directors' understanding of their duties and duly implementation of procedures for the Board in compliance with applicable laws and regulations.

The Company has strictly complied with the relevant restrictive provisions imposed by Hong Kong and PRC regulatory organizations in relation to securities transactions by Directors, senior management. The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix C3 to the Stock Exchange Listing Rules as the code of conduct for the securities trading of shares by the Company's Directors. The Company has made specific inquiries of all Directors and Supervisors and they have confirmed that they have fully complied with the Model Code, and have not traded in the shares of the Company during the period before the publication of price-sensitive information such as periodic reports, announcements, profit warning, and other significant events announcements in 2025.

The Directors have confirmed that they have the responsibility to prepare the annual financial statements for the year ended 31 December 2025 in order to give a true and fair view of the Company and the Group's financial position and results of operations.

The Company encourages Directors, senior management to take part in the overall and professional development and learning on related listing rules and code on corporate governance practices organized by the CSRC, the SSE, the Stock Exchange and The Hong Kong Chartered Secretaries Association, arranged Directors, senior management to receive rotation training organized by CSRC Guangdong Bureau. Through Monthly Board Reports, important areas of securities regulation are conveyed to Directors, senior management to continue to expand the professional qualities of Directors and senior management.

During the Reporting Period, Mr. Li Zhidong, company secretary of the Company, had duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules and satisfied the requirement of not less than 15 hours of relevant professional training per annum.

In addition, during the Reporting Period, there was a change in members of the Board, details of which are set out below. The Company has received annual confirmation of independence from each of the independent non-executive Director, namely Lin Bin, Nie Wei, Li Zhijian and Xie Xin, in accordance with Rule 3.13 of the Listing Rules, and considered them independent as at the end of the Reporting Period. As such, the Company considers that all independent non-executive Directors have complied with the independence requirement under the Listing Rules.

During the Reporting Period, the current and resigned Directors of the Company are as follows:

Name of Director	Annual appointment status
Luo Bing	Appointed on 21 August 2025
Chen Liping	Resigned on 5 September 2025
Gu Yuan	Serving
Yin Lu	Serving
Ren Kaijiang	Serving
Nie Lijun	Appointed on 13 November 2025
Lin Bin	Serving
Nie Wei	Serving
Li Zhijian	Serving
Xie Xin	Serving

Mr. Luo Bing was appointed as Chairman of the Company on 21 August 2025. He has obtained the legal opinion pursuant to Rule 3.09D of the Listing Rules on 21 August 2025, and confirmed that he understood his responsibilities as a Director. Mr. Nie Lijun was appointed as an employee representative director of the Company on 13 November 2025. He has obtained the legal opinion pursuant to Rule 3.09D of the Listing Rules on 13 November 2025 and confirmed that he understood his responsibilities as a Director.

Mechanism of Independent Views

The Board and committee structure	• As at the end of the Reporting Period, the Board consisted of 9 members, including four independent non-executive Directors, which complies with the requirement of the Listing Rules of the Stock Exchange regarding independent non-executive Directors representing at least one-third of the Board and not less than three.
Term of office of independent non-executive Directors	• In accordance with the Articles of Association, independent non-executive Directors shall be appointed for a term of three years and shall be eligible for re-election, but the total term shall not exceed six years.
Remuneration of independent non-executive Directors	• Independent non-executive Directors receive a fixed fee for their positions in the Board and Board committees, where appropriate. The Company does not have a share-related incentive scheme.
Appointment of independent non-executive Directors	• The Nomination Committee may conduct extensive searches for qualified independent non-executive Directors in the employment market, etc., collect information on the occupation, education, title, detailed work experience and all part-time positions of the candidates, prepare written materials, and convene a meeting of the Nomination Committee to examine the qualifications of the candidates in accordance with the terms of their appointment. • In assessing the suitability of candidates, the Nomination Committee will review the biographical details of the candidates concerned (including their qualifications and available time commitment), taking into account the composition of the Board, the skills and experience of the directors, the selection criteria approved by the Board and the factors set out in the Board Diversity Policy.
Annual review of the time commitment and independence of independent non-executive Directors	• The Nomination Committee reviews annually the time commitment of each Director to the Company's business. The attendance records of the Directors during the Reporting Period are set out in the sub-section headed "III. Performance of Duties By Directors – (i) Attendance of Directors at Board meetings and general meetings" in this section. • Independent non-executive Directors are subject to an independence assessment upon their appointment and thereafter annually and once again as appropriate.
Conflict of interest management	• The internal systems of the Company explicitly stipulate requirements related to the avoidance of conflict of interest, and provide guidance on actions to be taken by the Directors in relation to conflict of interest.
Professional advice	• Directors may seek advice from the Company Secretary or Office of the Board on matters related to the fulfillment of their duties and may also seek advice from external professional advisors and legal counsels at the Company's expense at any time.
Evaluation of the Board performance	• The annual evaluation of the Board's performance shall take into consideration the quality and efficiency of the Board meetings.

During the Reporting Period, independent Directors of the Company have strictly complied with the relevant laws, regulations, regulatory documents and the relevant provisions of the Articles of Association, actively performed their duties as independent Directors, expressed their independent opinions on important matters of the Company by fully utilizing their professional expertise, fulfilled the duty of supervision and advice as independent Directors, ensured the standardized operation of the Board of the Company, and safeguarded the overall interests of the Company and the legitimate interests of shareholders, especially the minority shareholders. They have fulfilled their obligations of loyalty, diligence and responsibility. For details of the work of independent Directors during the Year, please refer to the "2025 Work Report of Independent Directors" published by the Company on 27 March 2026.

Based on the above, the Board considers that the implementation of the aforesaid mechanisms are able to effectively ensure that the Board is provided with independent views and opinions.

Diversity of Board members

In accordance with the requirements of the Listing Rules of the Stock Exchange, the Board has formulated and adopted the Board Diversity Policy. This policy emphasizes that the Company will, when determining the composition of the Board members, consider the diversity of Board members from various aspects. All appointments of the Board shall be based on the principle of meritocracy, and candidates will be considered based on objective conditions, having due regard for the benefits of diversity of Board members, as well as factors including gender, age, cultural and educational background, professional experience, skills, knowledge and service tenure. The Company will consider its own business model and specific needs from time to time, and ultimately make decisions based on the strengths of the candidates and the contributions they can make to the Board.

Pursuant to the abovementioned policy, the Nomination Committee has reviewed the composition of the Board and management members of the Company in accordance with the requirements of the Listing Rules, taking into account:

- Age: Currently, the members of the Board and senior management cover a wide range of age groups, and the diversity in age groups helps to bring diversified thinking to Board members;

- Education background and professional knowledge: Board members come from different educational backgrounds, covering professions such as ship engineering, water transportation engineering, precision instrument, physics, business administration, international finance, economics, accounting and law. All Directors have obtained master's and doctoral degrees, professor's qualifications and other professional recognition qualifications, including researcher-level senior engineer, researcher-level senior accountant, senior economist, senior certificated accountant in Australia, American Certified Management Accountant, senior accountant, senior management accountant, etc. This also reflects that the marine defense equipment industry, ship and offshore engineering equipment Industry, marine science and technology innovation and application industry and other businesses of the Group involve various different professional fields. The educational backgrounds of Board members help to ensure the professionalism of the Group's businesses; and

- Industry experience: Board members have relatively sufficient industry experience in their respective fields, including involvement in various domestic businesses in terms of project operations such as ship engineering, defense equipment configuration, heavy industry, financial management and others, bringing foresight to the Company's business development as well as on a macro perspective.

As at the date of the Report, the Board of the Company has one female member, which was introduced by the Company to increase the proportion of female representation in the Board during the re-election of the Board, and female Board member has served as a member of the Emolument and Examination Committee and the Nomination Committee of the Board, the diversity goal set by the Company has been achieved.

Based on the above, the Directors believe that the Company has complied with the requirements of the Board Diversity Policy and the Listing Rules of the Stock Exchange for diversity of Board members in terms of gender, age, educational background, industry experience, region, length of service and other aspects. The Board possesses skills, experience and diversified backgrounds that are relevant to the strategy, governance and business of the Group, and each member has his/her own strengths and cooperates appropriately, which enable the Board to achieve the effectiveness and improve the efficiency. The information about the composition of the current Board members (including Directors' skills and experience) is set out in the sub-section headed "II. Directors and Senior Management – (1) Change in shareholding and remuneration of current and resigned Directors and Senior Management during the Reporting Period" in this section.

The Group is committed to creating a diversified and inclusive corporate culture, establishing a fair and just employment mechanism, continuously improving a scientific talent retention, promotion and development system, designing compensation, benefits and care policies that run through the full life cycle of employees' career, comprehensively ensuring the career development and workplace experience of employees, and enhancing their sense of happiness and belonging. During the Reporting Period, the Company followed the principles of "openness, equality, competition and meritocracy" to publicly recruit and cultivate employees. As at the end of the Reporting Period, the Group had a total of 4,462 employees, of which 634 were female employees, accounting for 14.20% of all employees, which was due to the fact that the Group actively built up three major industrial layouts of "marine defense equipment industry", "ship and offshore engineering equipment Industry" and "marine science and technology innovation and application industry", and the Group's businesses mainly focused on shipbuilding and offshore engineering manufacturing, which laid a relatively high demand for employees' labour and physical strength, resulting in more male employees responsible for certain types of works in the actual implementation of work. Among all employees, 666 (accounting for approximately 14.93% of all employees) fell within the age group of under 30 years old, while 3,222 (accounting for approximately 72.21% of all employees) fell within the age group of 30 to 50 years old. This precisely reflected the Group's active inclusion of young talents and the cultivation of suitable talents in all age groups, providing promotion opportunities, and striving to continuously improve the diversity of employees, senior management and Directors of the Group in terms of personal abilities, professional backgrounds and gender. At the same time, the Group upheld the philosophy of inclusive talent, promoted workplace inclusion, created a diversified and high-quality talent echelon and built a career platform with equality. The Company treated employees fairly and equally. The Company paid attention to promoting employment for local residents, women, ethnic minorities and college students, and strove to increase employment opportunities in local communities. The Company publicly recruited from society without setting restrictions on race, gender, religious beliefs and other conditions. Based on the above, the Company believed that the diversity among employees had been achieved and it was committed to gradually enhancing the diversity of gender, age group, educational and professional background in future Board re-election and staff training and promotion.

(III) Specialised committees under the Board

The Board has set up four specialised committees. The Board selects and appoints members of each committee based on the professional skills and experience of each Director so that each committee can carry out its functions with high efficiency. Each committee has established a work team, consisting of employees of the relevant functional departments of the Company, to assist the committee's work.

The Company's Directors and specialised committees under the Board have the right to appoint an independent professional institution to provide services for them at the expense of the Company, in order to facilitate their performance of functions and duties in view of business needs.

1. Audit Committee

The Audit Committee is primarily responsible for assisting the Board in reviewing the Company's financial reporting procedures and the effectiveness of the internal control and risk management system independently, supervising the audit process, making formal and transparent arrangements on maintaining appropriate relations with the Company's audit institution, exercising the functions of the supervisory board under the Company Law, as well as communicating independently with the internal audit department and the external auditor.As at the end of the Reporting Period, members of the Audit Committee under the eleventh session of the Board were Lin Bin (chairman), Nie Wei and Li Zhijian, all independent non-executive Directors.

In 2025, the Audit Committee of the Board held 8 meetings to hear the reports of the management, working group and accounting firm on the annual report for 2024, the financial reports for the first quarter of 2025, the half-year of 2025, the third quarter of 2025, the financial position and the self-assessment report on internal control, and made resolutions on these matters after thorough discussions. The resolutions were reported to the Board in a timely manner and all members of the Audit Committee have attended the above meetings.

In addition, in accordance with the Implementation Rules and Regulations of Audit Committee, during the course of the audit of the annual financial report, the Audit Committee has communicated with the auditors in a timely order, reviewed the financial statements of the Company and formed a written opinion before and after the auditors on-site visits of the Company, as well as upon completion of the audit report.

2. Nomination Committee

The Nomination Committee is mainly responsible for formulating the selection criteria and procedures for Directors and senior management of the Company, and selecting candidates for Directors and senior management and making recommendations thereon.As at the end of the Reporting Period, members of the Nomination Committee under the eleventh session of the Board were Nie Wei (chairman), Xie Xin, both independent non-executive Directors, and Gu Yuan, a non-executive Director.

In 2025, the Nomination Committee of the Board held 3 meetings to consider and approve the resolutions on appointing the Deputy General Manager and Chief Accountant (Financial Officer) of the Company, and the amendment of the Implementation Rules of the Nomination Committee of the Company. All members of the Nomination Committee attended the aforesaid meetings.

3. Emolument and Examination Committee

The Emolument and Examination Committee is mainly responsible for formulating and evaluating the assessment standards for Directors and senior management and making recommendations thereon, as well as formulating and reviewing the remuneration policies and proposals of Directors and senior management. As at the end of the Reporting Period, members of the Emolument and Examination Committee under the eleventh session of the Board were Li Zhijian (chairman), Lin Bin and Xie Xin, all independent non-executive Directors.

In 2025, the Emolument and Examination Committee of the Board held 3 meetings to consider and approve the resolutions on the Management Members' Accountability for Business Performance in 2025 and 2025-2027 term, and the amendment of the Implementation Rules and Regulations of the Emolument and Examination Committee. All members of the Emolument and Examination Committee have attended the aforesaid meetings.

4. Strategy Committee

The Strategy Committee is mainly responsible for reviewing and examining the Company's strategic development direction, formulating the Company's strategic plans, monitoring the implementation of strategic plans, and timely adjusting the Company's strategies and governance structure. As at the end of the Reporting Period, members of the Strategy Committee under the eleventh session of the Board included Luo Bing, an executive Director, and Gu Yuan,Yin Lu, Ren Kaijiang and Nie Lijun, non-executive Directors.

In 2025, the Strategy Committee held 2 meetings to consider and approve the resolutions such as the amendment of the Implementation Rules and Regulations of the Strategy Committee of the Company. All members of the Strategy Committee have attended the aforesaid meetings.

(IV) Corporate governance function

The Board is responsible for corporate governance functions collectively, including:

- Formulating, considering and reviewing the Company's corporate governance policy, principle, convention, practice and process, comparing them with the regulations of all guidelines (the "Guidelines") formulated by all competent regulatory bodies from time to time, and making recommendations on improvement;
- Suggesting necessary changes to the Board in order to respond to and meet the requirements of the Guidelines;
- Reviewing and monitoring the Company's policies and practices for compliance with laws and regulatory requirements;
- Reviewing the Company's internal policies annually;
- Examining and monitoring the training and sustained professional development of Directors and senior management;
- Developing, examining and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors;
- Reviewing the Company's compliance with applicable laws and rules for corporate governance, including but not limited to the new CG Code, as well as the requirements of the CSRC on corporate governance, and the Company's disclosure on the corporate governance in its annual reports and the corporate governance in its interim reports.

(V) Shareholders and general meetings

The Board endeavors to maintain on-going communication with shareholders and considers general meetings as a major opportunity to keep contact with shareholders. All shareholders holding shares of the Company are entitled to attend general meetings.

The Company shall give a notice of a general meeting twenty-one days prior to the annual general meeting and a notice of an extraordinary general meeting at least ten business days (being the day on which trading of securities commences on the Stock Exchange) or fifteen days (whichever is longer) prior to the extraordinary general meeting, and publish an announcement and distribute a circular in accordance with the relevant rules, setting out in detail the matters to be considered at the meeting and the procedures for voting thereat. Separate resolutions are proposed at the general meeting and voted on by way of poll on each separate issue, including the election of individual Directors. The voting method and procedures at general meetings are set out in the Articles of Association and the Rules for Proceedings of General Meetings of the Shareholders, contained in the shareholders' circular and explained at the meeting. For information of Directors' attendance at general meetings, please refer to the sub-section headed "Attendance of Directors at Board meetings and general meetings" in this section.

1. *Policy on Communication with Shareholders*

The Company has established the following channels to maintain continuing communication with shareholders:

(1) The Company's corporate communications published in printed form and available for inspection at the HKEXnews website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (comec.cssc.net.cn), such as annual report, interim report and circular;

(2) Announcement made periodically through the Stock Exchange, and published at the websites of the Stock Exchange and the Company, respectively;

(3) The Company's information and the Articles of Association are available at the Company's website;

(4) Board members (in particular the chairmen or their representatives of each specialised committee under the Board), proper administration personnel and external auditors will attend the annual general meeting and answer shareholders' questions;

(5) In case of any doubt about the shares held by them, shareholders may bring forward such questions to the Company's share registrar (H Shares) or securities business department (A Shares) making transaction rules.

2. *Communication with Investors and Investor Relations*

The management of the Company attaches great importance to investor relations management and therefore has established regulations and systems such as the Information Disclosure Management Policy and the Investor Relations Management Policy to standardize and optimize the investor relations management of the Company.

The Company has implemented the Investor Relations Management Policy, which enhances the understanding and recognition of investors and shareholders towards the Company through reasonable information disclosure and exchange. At the same time, transparent information disclosure helps to improve the level of corporate governance, maximize the overall interests of the Company, and protect the legitimate rights and interests of investors and shareholders.

The Investor Relations Management Policy is summarized as follows:

The Purpose of Investor Relations Management	• The Company aims to strengthen the communication with investors and potential investors by facilitating the shareholders' exercise of their rights, information disclosure, interactive communication and the disposal of demands, so as to enhance investors' understanding and acceptance of the Company and improve governance level and overall corporate value of the Company, thus achieving the goal of respecting, bringing return to and protecting investors.
Basic Principles of Investor Relations Management	• The Company insists on the following principles for investor relationship management: (i) The principle of compliance: investor relations management of the Company shall be conducted on the basis of performing the information disclosure obligation and subject to relevant laws, regulations, rules and normative documents, industry norms and self-discipline rules, the Company's internal rules, and industry-wide ethics and code of conduct. (ii) The principle of equality: in the course of investor relations management, the Company should treat all investors equally, particularly creating opportunities and facilitation for minority shareholders to participate in relevant activities. (iii) The principle of proactiveness: the Company should take the initiative to promote investor relations management, receive advice and suggestions from investors, and respond to investors' requests in a timely manner. (iv) The principle of honesty and commitment: in the course of investor relations management, the Company should be honest, adhering to the compliance thresholds, standardize its operations, and assume responsibilities and make contribution to building a healthy and favorable market ecosystem.

Main Responsibilities for Investor Relations Management	• The Company shall bear the main responsibilities for investor relations management, which include: (i) Developing a system and establishing a working mechanism for investor relations management; (ii) Organizing investor relations management activities for communication with investors; (iii) Organizing the timely and proper handling of investors' inquiries, complaints, suggestions and other appeals, and providing regular reports to the Board and management of the Company; (iv) Managing, operating and maintaining relevant channels and platforms of investor relations management; (v) Safeguarding the investors' statutory entitlement to exercise the rights as shareholders; (vi) Cooperating with and assist investor protection institutions in safeguarding the legitimate rights and interests of investors; (vii) Statistically analysing the number, composition and changes of the Company's investors; and (viii) Promoting other activities that improve investor relations.
Parties within the Scope of Investor Relations Management:	• Parties within the scope of the Company's investor relations management include the followings: (i) Investors; (ii) Financial media, industry media and other media; and (iii) Other institutions and channels.
Means and Methods of Investor Relations Management	• The Company should promote investor relations management through multiple channels and platforms and in various manner. Communications and interacts with investors can be made through: channels such as websites of the Company and SSE, SSE e-Interactive Platform (上證e互動平台), new media platform, hotline, facsimile, e-mail, investor education base; network infrastructure platforms, including www. investor.org.cn (中國投資者網) and those of the stock exchanges and the securities depository and clearing institutions; and by means of shareholders' meetings, investor briefings, roadshows, investor research, analyst meetings, acceptance of visit, exchange meetings, etc.. The Company should offer facilitation to investors to participate in the communication, and should identify and remove obstacles that inhibit the communication in a timely manner. • The Company should disclose its website and consultation hotline in its periodic reports to ensure smooth external communication channels (such as telephone, fax, and e-mail). Personnel who have expertise in this respect should be designated to be responsible for the relevant works, friendly receive and accept inquires in real earnest, and provide feedback to investors in an effective way. • The Company may arrange for investors, fund managers and analysts to visit the Company and hold discussion sessions. The Company may communicate the corporate situation, respond to questions and take relevant opinions and suggestions through road shows, analyst meetings, etc. • The Company should fully consider the time, venue and means of convening shareholders' meetings, and provide facilitation to shareholders, especially minority shareholders, to attend the meetings and offer adequate time for investors to speak, raise questions and communicate with the Company's Directors, Supervisors and senior management. Shareholders' meetings should offer channels for voting online.

- The Company shall regularly summarize and release records of investor relations activities such as investor briefings, research of securities analyst and road shows under the "Company Release" (「公司發佈」) column of the SSE e-Interactive Platform. Records of investor relations activities should include at least the followings:

  (i) Participants, time, place and format;

  (ii) Content of exchanges and records of specific questions and answers;

  (iii) Clarification on whether the activity involves any material information that should be disclosed;

  (iv) Presentations used, documents and other attachments (if any) provided during the activities; and

  (v) Other contents required by the stock exchange.

During the Reporting Period, while earnestly performing statutory information disclosure obligations, the Company launched investor relation activities in various forms to provide investors with information that they were interested in, to promote the transparency of the Company's operation, and to build mutual understanding and trust. Meanwhile, the Company carefully listened to advice provided by investors in the course of information delivery and collected feedback from investors to boost the mutually beneficial interactions between the Company and the investors.

When the Company conducts its investor relations work, the Office of the Board of the Company undertakes the specific responsibility for investor relations management mainly through: the investor hotline and e-mail, responding to investors' inquiries in a timely manner; meeting with investors and institutions engaged in securities analysis for field research; participating in investor presentations; hosting roadshow; publishing information related to the Company's situation, information disclosure and corporate governance on the Company's website, etc.

The Company receives inquiries from investment institution and industry stakeholders regarding business development of the Group, industry prospects, and financing plans on a regular basis. Subject to compliance with applicable laws and regulations, the Company will strengthen communication with all parties in accordance with the methods formulated in the aforementioned Investor Relations Management Policy. In order to enhance the transparency of information disclosure of the Company, the Company will continue, subject to compliance with relevant laws and regulations, to provide relevant information on a regular basis and as and when appropriate. In summary, based on the multiple existing communication channels with shareholders and investors and their feedbacks, the Company believes that its communication policy with investors has been effectively implemented during the Reporting Period.

The Board is grateful to shareholders and other stakeholders for their continued support to the Group and welcomes their views as well as any inquiries they may have about the management and governance of the Company.

3. Shareholders' Rights

Ways for shareholders to convene extraordinary general meeting

Shareholders separately or aggregately holding over 10% of shares of the Company shall be entitled to request and demand the Board to convene extraordinary general meetings and shall make written request to the Board. The Board shall reply in writing regarding the acceptance or refusal to convene the extraordinary general meeting within 10 days upon receiving the request in accordance with the requirements of the laws, administrative regulations and the Articles of Association.

If the Board agrees to convene the extraordinary general meeting, notice convening the meeting shall be issued within 5 days upon making the Board resolutions. Should there be amendments to the original requests in the notice, consent has to be obtained from the relevant shareholders. If the Board does not agree to convene the extraordinary general meeting or does not reply within 10 days upon receiving the request, shareholders separately or aggregately holding over 10% of shares of the Company shall be entitled to request the Audit Committee to convene the extraordinary general meeting, and shall make request to the Audit Committee in writing.

If the Audit Committee agrees to convene the extraordinary general meeting, notice convening the meeting shall be issued within 5 days upon receiving the request. Should there be amendments to the original requests in the notice, consent has to be obtained from the relevant shareholders. If the Audit Committee fails to issue a notice of the general meeting within a specified period, it shall be deemed that the Audit Committee shall not convene and preside over the general meeting, the shareholder(s) separately or aggregately holding above 10% of the shares of the Company for 90 consecutive days or more may convene and preside over the meeting by himself/herself/themselves.

Shareholder(s), if decided to convene general meetings on their own, shall inform the Board in writing and make filing with the stock exchange for record.

The Company will bear all the necessary costs for the general meeting convened by the shareholder(s).

Procedures for shareholders to raise inquiry to the Board and related information

The shareholders of the Company shall be entitled to the right to inspect and make copy of the Articles of Association, the register of shareholders, the Company's bond counterfoil, minutes of shareholders' general meetings, Board meeting and financial accounting reports. If a shareholder who separately or collectively holds above 3% of the shares of the Company for 180 consecutive days or more requests to inspect the accounting books and certificates of the Company, he shall submit a written request to the Company stating the purpose. Shareholders may entrust intermediary organisations such as an accounting firm, a law firm or other intermediary to inspect the materials specified in the preceding paragraph. The shareholder and the engaged accounting firm, law firm or other intermediary shall comply with the provisions of laws and administrative regulations relating to the protection of state secrets, commercial secrets, personal privacy and personal information when they inspect the materials and make copy thereof.

Shareholder(s) request to inspect the aforesaid information or obtain material shall submit their inquiries through the Company's address in domestic (No. 10, Jibaosha North Road, Nansha District, Guangzhou) or Hong Kong (17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong), and provide the Company with written documents evidencing the class and number of shares of the Company held by them. After checking and verifying shareholders' identity, the Company will provide related information or documents.

Procedures for putting forward proposals at general meeting

Shareholders separately or collectively holding more than 1% of the shares of the Company, may propose extraordinary motions to the convener in writing within 10 days before the convening of such general meeting. The convener shall issue supplementary notice of the general meeting to announce the content of the extraordinary motions within 2 days after receiving the proposed motions.

4. The Company's Independence from the Controlling Shareholder

During the Reporting Period, the controlling shareholder of the Company had never been involved in any acts of bypassing the general meeting or interfering, whether directly or indirectly, with the Company's decision-making or operation. The Company and China Shipbuilding Group are independent of each other in terms of personnel, assets, finance, organization and business.

The connected transactions between the Company and CSSC were carried out in strict compliance with the listing rules of the relevant stock exchanges in Shanghai and Hong Kong with the prior approval of independent non-executive Directors and were reviewed by the Audit Committee. For material connected transactions, independent financial advisors had been appointed to express their opinions. It is the policy of the Company and China Shipbuilding Group to conduct monthly monitoring of continuing connected transactions and report to the Board on a monthly basis and to Directors on the safety of connected deposits on an annual basis. During the Reporting Period, the total value of continuing connected transactions did not exceed the annual caps approved at the shareholders' meeting.

Controlling shareholder, actual controller and other units under its control engaged in business which is the same as or similar to the Company's business, impact on the Company of horizontal competition or significant change in horizontal competition, and resolving measures taken, its progress and follow-up plans

On 24 January 2025, the Company received the "Letter on the Request to Revise the Content of Letter of Undertaking Issued by China Shipbuilding Group on Avoiding Horizontal Competition with COMEC" from China Shipbuilding Group which requested the revision of the time limit for the resolution of the issue of horizontal competition as set out in the undertaking issued by China Shipbuilding Group on 30 June 2021, and issued the "Letter of Undertaking Issued by China Shipbuilding Group Co., Ltd. on Avoiding Horizontal Competition" in lieu of the original undertaking. It undertakes to resolve the problem of horizontal competition within five years by comprehensively using various methods such as asset reorganisation, equity exchange/transfer, entrusted management, business adjustment or other legal means, based on the principle of facilitating the development of the listed company and safeguarding the interests of shareholders, minority shareholders in particular.The aforesaid change of undertakings has been considered and approved by the ninth meeting of the eleventh session of the Board and the tenth meeting of the eleventh session of the Supervisory Committee of the Company held on 24 January 2025 and the first extraordinary general meeting of 2025 held on 3 March 2025 (for details, please refer to the "Announcement on the Controlling Shareholder's Request to Revise the Undertaking to Avoid Horizontal Competition" and the "Announcement on the Resolution of the First Extraordinary General Meeting of 2025" published by the Company on 24 January 2025 and 3 March 2025, respectively on the websites of the SSE and the Stock Exchange).

II. DIRECTORS AND SENIOR MANAGEMENT

(I) Change in shareholding and remuneration of current and resigned Directors Senior Management during the Reporting Period

Unit: share

Name	Position	Gender	Age	Date of appointment	Date of termination of office	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Change in the number of shares held in the year	Reason for change	Total remuneration before tax received from the Company during the Reporting Period (RMB in ten thousand)	Whether receiving compensation from related parties of the Company or not
Luo Bing	Chairman, Executive Director	Male	57	2025-8-21	2026-3-19	0	0	0	–	81.91	No
Gu Yuan	Non-executive Director	Male	57	2020-10-23	2027-2-2	0	0	0	–	0	Yes
Yin Lu	Non-executive Director	Male	53	2023-5-24	2027-2-2	0	0	0	–	0	Yes
Ren Kaijiang	Non-executive Director	Male	59	2021-12-22	2027-2-2	0	0	0	–	28.93	No
Nie Lijun	Employee Representative Director	Male	56	2025-11-13	2027-2-2	0	0	0	–	76.63	No
Lin Bin	Independent non-executive Director	Male	64	2020-10-23	2027-2-2	0	0	0	–	20	No
Nie Wei	Independent non-executive Director	Male	56	2020-10-23	2027-2-2	0	0	0	–	20	No
Li Zhijian	Independent non-executive Director	Male	56	2020-10-23	2027-2-2	0	0	0	–	20	No
Xie Xin	Independent non-executive Director	Female	47	2024-2-2	2027-2-2	0	0	0	–	20	No
Li Kai	Deputy general managers	Male	46	2025-8-21	2027-2-2	0	0	0	–	75.28	No
Han Jianbing	Deputy general managers	Male	52	2025-8-21	2027-2-2	0	0	0	–	77.77	No
Xu Qing	Deputy general managers	Male	51	2025-8-21	2027-2-2	0	0	0	–	43.67	No
Li Qiang	Chief financial officer	Male	39	2025-8-21	2027-2-2	0	0	0	–	28.45	No
Li Zhidong	Secretary to the Board	Male	60	2016-10-14	2027-2-2	0	0	0	–	127.67	No
Chen Liping (Resigned)	Executive Director, General Manager	Male	59	2016-8-10	2025-9-5	0	0	0	–	119.35	No
Hou Zengquan (Resigned)	Chief financial officer	Male	56	2017-11-10	2025-8-21	0	0	0	–	81.88	No
Total	/	/	/	/	/	0	0	0	/	821.52	/

Name	Main work experiences
Luo Bing	Male, born in January 1969, a member of the Communist Party of China. He graduated from Wuhan School of Shipbuilding Industry (武漢船舶工業學校) with a major in vessel internal combustion engine in July 1989, and completed the postgraduate course in economic management at Guangdong Academy of Social Sciences (廣東省社會科學院) in August 2002. Mr. Luo served as the deputy director and director of the shipbuilding electromechanical workshop, the head of the shipbuilding production department, and the manager of the shipbuilding business department of Huangpu Shipyard (黃埔造船廠); the assistant general manager, deputy general manager, deputy secretary of the party committee, secretary of the discipline committee and chairman of the labour union of CSSC Guangzhou Huangpu Shipbuilding Co., Ltd. (廣州中船黃埔造船有限公司); the chairman and secretary of the party committee of CSSC Xijiang Shipbuilding Co., Ltd. (中船西江造船有限公司); the chairman and secretary of the party committee of CSSC Guijiang Co., Ltd. (中船桂江有限公司); the vice chairman, deputy secretary of the party committee, general manager, chairman and secretary of the party committee of CSSC Guangxi Ships and Maritime Engineering Co., Ltd. (中船廣西船舶及海洋工程有限公司); and the general manager and deputy secretary of the party committee of CSSC Huangpu Wenchong Shipbuilding Company Limited (中船黃埔文沖船舶有限公司). During the Reporting Period, Mr. Luo served as the chairman and secretary of the party committee of CSSC Huangpu Wenchong Shipbuilding Company Limited (中船黃埔文沖船舶有限公司); and an executive Director and chairman of the Company.
Gu Yuan	Male, born in October 1969, a senior economist. He graduated from the Beijing Institution of Economics and started working at the China Academy of Launch Vehicle Technology in 1992. He obtained a master's degree in Business Administration from Beijing Institution of Technology in 2001. He successively served as the deputy head and head of the General Office, Finance Office, Economic Management Office of the Civil Products Corporation of China Academy of Launch Vehicle Technology, assistant to the president of China Energine International (Holdings) Limited (中國航天萬源國際(集團)有限公司) and general manager of Beijing Wanyuan Industrial Company (北京萬源工業有限公司), deputy head of the Department of Operation and Investment of the Institute, executive vice president, chief party secretary of China Changzheng Rocket Co., Ltd.(中國長征火箭有限公司), deputy director of the Department of Operation and Management of China State Shipbuilding Corporation Limited, and director of CSSC Science & Technology Co., Ltd. (中船科技股份有限公司). He is currently a deputy director of the Asset Management Department of China Shipbuilding Group; a director of China State Shipbuilding Industrial Holding Corporation Limited (中國船舶集團實業控股有限公司); and a Director of the Company.
Yin Lu	Male, born in December 1973, a researcher-level senior engineer with a bachelor's degree. He graduated from the Harbin Engineering University (哈爾濱工程大學) with a bachelor's degree in production process automation in 1996. He then graduated from the Harbin Engineering University with a master's degree in vessel and ocean engineering in 2007. He successively served as the manager of the quality department of Dalian Shipbuilding New Factory (大連造船新廠); the officer-in-charge of the inspection unit of the master assembly and manufacturing division II of the quality department, and the deputy chief and chief of the general management division of the quality department of Dalian New Shipbuilding Heavy Industry Co., Ltd. (大連新船重工有限責任公司); the deputy head of the quality management division II, the deputy head and the head of the quality department of Dalian Shipbuilding Industry Co., Ltd. (大連船舶重工集團有限公司); the deputy officer-in-charge of the quality, safety and environmental protection department of China Shipbuilding Industry Corporation (中國船舶重工集團有限公司); deputy officer-in-charge of the quality, safety and environmental protection department of China Shipbuilding Group; and the deputy secretary general of the science and technology committee of China Shipbuilding Group Co., Ltd.. He is currently the deputy officer-in-charge of the quality, safety and environmental protection department of China Shipbuilding Group and a Director of the Company.
Ren Kaijiang	Male, born in March 1967, senior engineer (researcher level) and holder of a master's degree in business administration. He successively served as the deputy director and the director of the sales department of the steel machinery division of Jiangnan Shipyard (Group) Co., Ltd. (江南造船(集團)有限責任公司); the director of the sales department, assistant to the general manager and the deputy general manager of CSSC Jiangnan Heavy Industry Company Limited (中船江南重工股份有限公司); the deputy general manager of CSSC Steel Structure Engineering Co., Ltd. (中船鋼構工程股份有限公司) the deputy general manager of CSSC Science & Technology Company Limited (中船科技股份有限公司); and a supervisor of CSSC Ninth Design and Research Institute Engineering Co., Ltd. (中船第九設計研究院工程有限公司). He is currently a director of Chongqing Chuandong Shipbuilding Heavy Industry Company Limited (重慶川東船舶重工有限責任公司); a director of CSSC Science & Technology Co., Ltd. (中船科技股份有限公司); a director of CSSC Huangpu Wenchong Shipbuilding Company Limited (中船黃埔文沖船舶有限公司) and a Director of the Company.

Name	Main work experiences
Nie Lijun	Male, born in January 1970, a research-level senior engineer. He graduated from Wuhan School of Shipbuilding Industry (武漢船舶工業學校) with a major in vessel internal combustion engine in July 1990, and graduated from Guangdong Academy of Social Sciences (廣東省社會科學院) as a postgraduate, with a major in economic management in August 2002. Mr. Nie successively served as the construction surveyor and deputy head of the construction survey division of the production department of the shipbuilding factory, deputy director and director of the production department of the shipbuilding factory of Guangzhou Huangpu Shipyard (廣州黃埔造船廠), assistant to the president of Guangzhou Huangpu Shipyard (廣州黃埔造船廠), deputy general manager of CSSC Guangzhou Huangpu Shipbuilding Co., Ltd. (廣州中船黃埔造船有限公司), deputy general manager of Guangzhou Wenchong Shipyard Co., Ltd. (廣州文沖船廠有限責任公司), and deputy general manager of CSSC Huangpu Wenchong Shipbuilding Company Limited (中船黃埔文沖船舶有限公司). He is currently the deputy secretary of the Party committee and the chairman of the labour union of CSSC Huangpu Wenchong Shipbuilding Company Limited (中船黃埔文沖船舶有限公司); and employee representative Director of the Company.
Lin Bin	Male, born in September 1962, an accounting professor and senior certificated accountant in Australia. He graduated from Jiangxi University of Finance and Economics in 1984, with a bachelor's degree in accounting, and from Xiamen University in 1997, with a PhD in accounting. He successively served as a teacher in the Department of Economics and Management of East China Jiaotong University, head of the Department of Accounting in the School of Business, head of the MPAcc Centre of Sun Yat-sen University, and an independent director of Guangzhou Metro Design and Research Institute Co., Ltd. (廣州地鐵設計研究院股份有限公司). He is currently a professor in the School of Business, Sun Yat-sen University, an independent director of Great Wall Securities Co., Ltd. (長城證券股份有限公司), an independent director of Shenzhen Aisidi Co., Ltd. (深圳愛施德股份有限公司), and an independent non-executive Director of the Company.
Nie Wei	Male, born in December 1970, he graduated from the School of Law of Wuhan University in 1994, with a bachelor's degree in Law. He successively served as officer of the Discipline Inspection Team and Legal Department of the People's Bank of China Guangzhou Branch, deputy general manager of Asset Preservation and officer of Legal Affairs Centre of China Everbright Bank Limited Guangzhou Branch, lawyer and partner at the Chuang Jie Law Firm (創傑律師事務所) and independent director of Zhuhai Rural Commercial Bank Company Limited. He is currently a lawyer and partner at D&S Law Firm, an independent director of Jiangmen Rural Commercial Bank Company Limited, and an independent non-executive Director of the Company.
Li Zhijian	Male, born in May 1970, a doctorate at The Hong Kong Polytechnic University. He served as a clerk at Guangdong Province Tobacco Company. He is currently the general manager of Guangzhou Shangdao Consulting Co., Ltd. (廣州市商道諮詢有限公司), chairman of Guangdong Asia-Pacific Institute of Innovation Economy (廣東亞太創新經濟研究院), and an executive director of Guangzhou Junheng Digital Technology Co., Ltd. (廣州均衡數字科技有限公司). He is also an independent director of Wanlian Securities Co., Ltd. (萬聯證券股份有限公司), expert of the National Development and Reform Commission Service Industry Expert Advisory Committee, vice president of the British Branch of the European and American Alumni Association, standing committee member of the 13th session of Guangdong Provincial Committee of Chinese People's Political Consultative Conference, vice chairman (part time) of Association of the Social and Scientistic Sectors of Guangdong, expert of the Fourth Decision-making Consultation of Guangzhou Municipal People's Government, representative of Guangzhou Municipal People's Congress, and an independent non-executive Director of the Company.
Xie Xin	Female, born in June 1979, she holds a bachelor's degree in law from Harbin Engineering University and a master's degree in law from South China University of Technology. She successively served as director of the Legal Department and the Risk Management Department of Guangzhou Shipyard International Company Limited (廣州廣船國際股份有限公司); director of legal affairs of Forgame Holdings Limited (雲遊控股有限公司), and lawyer and partner of ETR Law Firm (廣東廣信君達律師事務所). She is currently a partner of ETR Law Firm; a member of the Securities Law Professional Committee of Guangzhou Lawyers Association; a member of the Corporate Law Professional Committee of Guangdong Lawyers Association; a member of the Low-Altitude Economy Committee of Guangdong Lawyers Association;a member of the New Talent Pool of Lawyers Specializing in Foreign-related Matters in Guangdong Province; a member of the Intellectual Property Research Committee of the Guangdong Province Law Society; a vice president of the Guangdong Province Alumni Association of Harbin Engineering University; a deputy director of the Investment and Financing Department of ETR Law Firm; a deputy director of the Professionalization Construction Committee of ETR Law Firm; and an independent non-executive Director of the Company.

Name	Main work experiences
Han Jianbing	Male, born in April 1974, a research-level senior engineer. He graduated from Wuhan University of Technology with a bachelor's degree in engineering in July 1997, majoring in thermal engine. He successively served as the deputy manager of the production management department and director of the project management office, and the deputy manager of the marketing department of Guangzhou Wenchong Shipyard Co., Ltd.; the deputy general manager, secretary of the Party Branch and general manager of the operation department of CSSC Huangpu Wenchong Shipbuilding Company Limited, and concurrently served as the director of the contract management department of Guangzhou Wenchong Shipyard Co., Ltd.; and the assistant general manager and general manager of the operation department of CSSC Huangpu Wenchong Shipbuilding Company Limited. He is currently the deputy general manager of CSSC Huangpu Wenchong Shipbuilding Company Limited; a director of China Shipbuilding Group Guangzhou Ship Industrial Company Limited; and the deputy general manager of the Company.
Li Kai	Male, born in March 1980, a senior engineer. He graduated from Zhengzhou University with a bachelor's degree in engineering in July 2001, majoring in computer science and technology, and graduated from Tsinghua University with a master's degree in July 2006, majoring in software engineering. He successively served as the deputy director and director of the ship division of ship and marine engineering department of China State Shipbuilding Corporation Limited; secretary of the Party Branch, deputy director, director and assistant general manager of the enterprise management and planning department of CSSC Huangpu Wenchong Shipbuilding Company Limited; and the employee supervisor of CSSC Offshore & Marine Engineering (Group) Company Limited. He is currently the deputy general manager, chief legal counsel and chief compliance officer of CSSC Huangpu Wenchong Shipbuilding Company Limited; and the deputy general manager of the Company.
Xu Qing	Male, born in May 1975, a researcher-level senior engineer. He graduated from Wuhan University of Technology with a bachelor's degree in engineering in June 1997, majoring in ship and ocean engineering; and graduated from Jiangsu University of Science and Technology with a master's degree in engineering in April 2008, majoring in industrial engineering. He successively served as the director of the internal affairs division of the shipbuilding engineering department and assistant to the director of the production management department of Guangzhou Wenchong Shipyard Co., Ltd.; director of the manufacturing engineering department of CSSC Guangzhou Longxue Shipbuilding Co., Ltd.; general manager of Guangzhou Shipyard International Marine Engineering Co., Ltd.; deputy manager and manager of the shipbuilding division of Guangzhou Wenchong Shipyard Co., Ltd.; assistant general manager, deputy general manager, general manager and secretary of the Party Committee of Guangzhou Wenchong Shipyard Co., Ltd.; deputy secretary of the Party Committee and manager of the ship and marine division of CSSC Huangpu Wenchong Shipbuilding Company Limited, and general manager of Guangzhou Huangchuan Ocean Engineering Co., Ltd.; and assistant general manager of CSSC Huangpu Wenchong Shipbuilding Company Limited. He is currently the deputy general manager of CSSC Huangpu Wenchong Shipbuilding Company Limited; and the deputy general manager of the Company.
Li Qiang	Male, born in December 1987, a senior accountant. He graduated from University of Science and Technology Beijing with a bachelor's degree in July 2010, majoring in accounting; and graduated from University of Science and Technology Beijing with a master's degree in July 2012, majoring in accounting. He successively served as the senior business supervisor and deputy director of the finance and asset income division of the finance department of China State Shipbuilding Corporation Limited; deputy director of the finance and asset income division, deputy director of the budget and cost management division, and director of the budget and cost assessment division of the finance department of China Shipbuilding Group Co., Ltd. He is currently the chief accountant of CSSC Huangpu Wenchong Shipbuilding Company Limited; and the chief financial officer and chief accountant of the Company.
Li Zhidong	Male, born in April 1966, a senior engineer. He graduated from Shanghai Jiaotong University with a bachelor's degree, majored in ship engineering, in engineering in July 1987 and obtained an MBA degree from CEIBS of Shanghai Jiaotong University in November 1997. He served as head of general office, chief legal advisor, assistant to general manager, board secretary and company secretary in Hong Kong of Guangzhou Shipyard International Company Limited (廣州廣船國際股份有限公司). He is currently secretary to the Board and company secretary in Hong Kong of the Company.

Name	Main work experiences
Chen Liping (Resigned)	Male, born in November 1967, a researcher-level senior accountant and a senior economist. He graduated from Harbin Institute of Technology, majoring in precision instrument, with a bachelor's degree in engineering in July 1989, and graduated from South China University of Technology (華南理工大學), majoring in business administration, with a master' degree in 2002. He successively served as deputy manager of the finance department, deputy chief accountant and chief accountant of Guangzhou Wenchong Shipyard Co. Ltd. (廣州文沖船廠有限責任公司); chief accountant, secretary to the Board, and director of Guangzhou Shipyard International Company Limited (廣州廣船國際股份有限公司); deputy director of the audit department of China State Shipbuilding Corporation Limited (中國船舶工業集團有限公司); and chief accountant of Guangzhou Shipyard International Company Limited (廣船國際有限公司). As at 5 September 2025, he served as a director of CSSC Huangpu Wenchong Shipbuilding Company Limited (中船黃埔文沖船舶有限公司); a director of Guangzhou Shipyard International Company Limited (廣船國際有限公司); and a Director and general manager of the Company.
Hou Zengquan (Resigned)	Male, born in May 1970, a senior accountant (a researcher level), certified public accountant, certified management accountant and certified internal auditor. He graduated from Jiujiang Ship Industry School (九江船舶工業學校) in July 1989, major in industrial accounting. He graduated from Jinan University (暨南大學) in December 1992, majoring in accounting and successively served as assistant to director and director of the finance centre of Guangzhou Shipyard International Company Limited (廣州廣船國際股份有限公司), as well as deputy chief accountant of Guangzhou Shipyard International Company Limited (廣船國際有限公司).As of 21 August 2025, he serves as the deputy chief accountant and chief financial officer of the Company.

Other explanations

Mr. Luo Bing resigned from the Company on 19 March 2026 from the positions of Chairman and a Director of the eleventh session of the Board and member of the Strategy Committee of the Board of the Company due to work arrangements.

On 27 March 2026, the Company convened the nineteenth meeting of the eleventh session of the Board, appointed Mr. Weng Hongbing as general manager of the Company and nominated Mr. Weng Hongbing as a candidate for executive Director of the Company.

(II) Positions of current and resigned Directors and senior management during the Reporting Period

1. Positions held at shareholders

Name	Name of shareholder	Positions held at shareholders	Date of appointment	Date of termination of office
Gu Yuan	China Shipbuilding Group Co., Ltd.	Deputy director of the Asset Management Department	2019.10	Not applicable
Gu Yuan	China State Shipbuilding Industrial Holding Corporation Limited	Director	2022.09	Not applicable
Yin Lu	China Shipbuilding Group Co., Ltd.	Deputy officer-in-charge of the quality, safety and environmental protection department	2023.12	Not applicable
Ren Kaijiang	CSSC Science & Technology Co., Ltd.	Director	2021.11	Not applicable
Ren Kaijiang	Chongqing Chuandong Shipbuilding Heavy Industry Company Limited	Director	2021.10	Not applicable
Han Jianbing	China Shipbuilding Group Guangzhou Ship Industrial Co., Ltd.	Director	2023.06	Not applicable
Chen Liping	Guangzhou Shipyard International Company Limited	Director	2016.04	Not applicable

2. *Positions held at other entities*

Name	Name of other entities	Positions held at other entities	Date of appointment	Date of termination of office
Lin Bin	School of Business, Sun Yat-sen University	Tutor to doctoral students and professor	1998.11	Not applicable
Lin Bin	Great Wall Securities Co., Ltd.	Independent director	2024.06	Not applicable
Lin Bin	Shenzhen Aisidi Co., Ltd.	Independent director	2025.10	Not applicable
Nie Wei	D&S Law Firm	Lawyer and partner	2011.07	Not applicable
Nie Wei	Jiangmen Rural Commercial Bank Company Limited	Independent director	2018.08	Not applicable
Li Zhijian	Guangzhou Shangdao Consulting Co., Ltd.	General manager	2002.11	Not applicable
Li Zhijian	Guangdong Asia-Pacific Institute of Innovation Economy	Chairman	2013.11	Not applicable
Li Zhijian	Guangzhou Junheng Digital Technology Co., Ltd.	Executive director	2022.05	Not applicable
Li Zhijian	Wanlian Securities Co., Ltd.	Independent director	2022.12	Not applicable
Xie Xin	ETR Law Firm	Lawyer and partner	2015.06	Not applicable

(III) Remuneration of Directors and Senior Management

Decision-making process of remuneration of Directors and Senior Management	1. The Company has formulated the Remuneration Management Plan for the Eleventh Session of Directors, Supervisors and Senior Management of COMEC, of which the Remuneration Management System for the Eleventh Session of Directors, Supervisors and Senior Management of COMEC has been implemented after being considered and approved at the twenty-fifth meeting of the tenth session of the Board and the first extraordinary general meeting of 2024. 2. According to the resolution of the general meeting, the remuneration for an independent Director is RMB200,000/year (inclusive of tax); the remuneration has been determined by the Emolument and Examination Committee in accordance with the Proposal for Remuneration for the Eleventh Session of Directors, Supervisors and Senior Management.
Whether the Director abstained himself/herself from the Board's discussion of his/her remuneration	Yes
Details on recommendations made by the Emolument and Examination Committee or at the special meeting of Independent Directors in relation to the Remuneration for the Directors and Senior Management	The remuneration for 2025 was calculated and determined in accordance with the Proposal for Remuneration for the Eleventh Session of Directors, Supervisors and Senior Management, the results of the assessment of the operating performance for 2025, and the relevant process were in compliance with the Company's remuneration management rules. The remuneration level was in line with the Company's actual operational performance for 2025.
Basis for determination of remuneration of Directors and Senior Management	As at the end of the Reporting Period, the remuneration of Directors and senior management of the Company in office during the Reporting Period has been determined based on the Proposal for Remuneration for the Eleventh Session of Directors, Supervisors and Senior Management.
Actual payment for the remuneration of Directors and Senior Management	For details, please refer to the section headed "Changes in the shareholding and remuneration of the Directors and Senior Management" in this chapter
Total actual remuneration of all Directors and Senior Management at the end of the Reporting Period	For details, please refer to the section headed "Changes in the shareholding and remuneration of the Directors and Senior Management" in this chapter
Basis for assessment and fulfilment of actual payment for the remuneration of all Directors and Senior Management at the end of the Reporting Period	On 23 March 2026, in accordance with the Remuneration Management Plan for the Eleventh Session of Directors, Supervisors and Senior Management of COMEC, the Resolution on the Assessment Results and Remuneration of the Directors and Senior Management of the Company for 2025 was reviewed and approved at the first meeting in 2026 of the Emolument and Examination Committee of the eleventh session of the Board.
Deferred payment arrangements for actual remuneration of all Directors and Senior Management at the end of the Reporting Period	–
Suspension and clawback of actual remuneration of all Directors and Senior Management at the end of the Reporting Period	–

(IV) Changes in Directors, senior management

Name	Position	Change	Reason for change
Luo Bing	Chairman of the Board, Director	Elected	–
Nie Lijun	Director	Elected	–
Li Kai	deputy general manager	Appointed	–
Han Jianbing	deputy general manager	Appointed	–
Xu Qing	deputy general manager	Appointed	–
Li Qiang	chief financial officer, chief accountant	Appointed	–
Chen Liping	Director, general manager	Resigned	work reallocation
Hou Zengquan	chief financial officer, deputy chief accountant	Resigned	work reallocation

III. PERFORMANCE OF DUTIES BY DIRECTORS

(i) Attendance of Directors at Board meetings and general meetings

		Attendance at Board meetings						Attendance at general meetings
Name of Directors	Independent or not	Required attendance during the Year	Attendance in person	Attendance via telecommunication	Attendance by proxy	Number of absence	Whether absent from two consecutive meetings	Attendance at general meetings
Luo Bing	No	4	3	1	0	0	No	1
Gu Yuan	No	10	3	4	3	0	No	1
Yin Lu	No	10	2	8	0	0	No	3
Ren Kaijiang	No	10	6	4	0	0	No	5
Nie Lijun	No	1	0	1	0	0	No	1
Lin Bin	Yes	10	6	4	0	0	No	5
Nie Wei	Yes	10	4	5	1	0	No	4
Li Zhijian	Yes	10	6	4	0	0	No	5
Xie Xin	Yes	10	6	3	1	0	No	5

Number of Board meetings during the Year	10
Including: Number of on-site meetings	1
Number of meetings convened via telecommunication	3
Number of meetings both on-site and via telecommunication	6

(ii) No Directors raised any objection to matters of the Company.

IV. CONTINUING DEVELOPMENT FOR DIRECTORS

Pursuant to code provision C.1.4 of Part II of the CG Code, all directors should participate in continuing professional development to develop and refresh their knowledge and skills, so as to ensure that their contribution to the Board remains informed and relevant.

The Company makes arrangements and provides funding for all Directors to participate in continuing professional development in the form of internal training, seminars or other appropriate courses to enable them to update their knowledge, skills and understanding of the Group and its business, or to update their skills and knowledge on the latest developments or changes in relevant regulations, the Listing Rules and the CG Code and practices. During the Reporting Period, the Company also arranged for its Hong Kong legal advisor to provide training to all Directors (including independent non-executive Directors). The training sessions covered a wide range of relevant topics including directors' duties and responsibilities, corporate governance and requirements under the Listing Rules. The Company also issues circulars or guidelines to the Directors and senior management, where appropriate, to ensure that they are aware of the relevant regulations and rules and recommended best practices.

During the Reporting Period, the training received by the Directors was as follows:

Director	Category of participation in continuing professional development training
Executive Director	
Mr. Luo Bing	A and B
Non-executive Directors	
Mr. Gu Yuan	A and B
Mr. Yin Lu	A and B
Mr. Ren Kaijiang	A and B
Mr. Nie Lijun	A and B
Independent Non-executive Directors	
Mr. Lin Bin	A and B
Mr. Nie Wei	A and B
Mr. Li Zhijian	A and B
Ms. Xie Xin	A and B

Notes:

A: Participation in training courses, seminars and conferences arranged by the Company or external organisations.

B: Perusing materials provided by the Company or external parties, such as materials relating to the Company's business updates, directors' duties and responsibilities, corporate governance and regulatory updates, and other applicable regulatory requirements.

V. SPECIALISED COMMITTEES UNDER THE BOARD OF DIRECTORS

(i) Members of the specialised committees under the Board of Directors

Specialised committee	Name of members
Audit Committee	Chairman: Lin Bin; Members: Nie Wei, Li Zhijian
Nomination Committee	Chairman: Nie Wei; Members: Xie Xin, Gu Yuan
Emolument and Examination Committee	Chairman: Li Zhijian; Members: Lin Bin, Xie Xin
Strategy Committee	Chairman: Luo Bing; Members: Gu Yuan, Yin Lu, Ren Kaijiang, Nie Lijun

(ii) Eight meetings of the Audit Committee held during the Reporting Period

Date of meeting	Details of meeting	Important opinions and recommendations	Performance of other duties
2025.3.28	Considered eleven resolutions, including among others, the Resolution on Provision for Asset Impairment, the Annual Report 2024 and Its Summary (including the financial statements for 2024), the Profit Distribution Proposal for 2024, Proposal on Arrangements for the 2025 Interim Profit Distribution, the Internal Control Evaluation Report 2024, the Environmental, Social and Governance Report 2024, the Plan on the Framework for the Guarantee Proposed to be Provided by Subsidiaries and the Quota for 2025, the Plan on Carrying Out Foreign Exchange Derivative Transactions in 2025, the Report on the Assessment of the Performance of Accounting Firms for 2024, the Report on the Performance of the Audit Committee of the Board for 2024, and the Report of the Audit Committee of the Board on the Performance of Supervisory Duties by Accounting Firms for 2024	The resolutions were unanimously approved	–
2025.4.29	Considered one resolution, namely the First Quarterly Report of 2025	The resolution was unanimously approved	–
2025.5.19	Considered one resolution, namely the Selection and Appointment Plan for Audit Institution of CSSC Offshore & Marine Engineering (Group) Company Limited in 2025	The resolution was unanimously approved	–
2025.6.23	Considered one resolution, namely the Resolution on Appointment of the Company's Financial Statements and Internal Control Audit Institution for 2025	The resolution was unanimously approved	–
2025.8.21	Considered one resolution, namely the Resolution on Appointment of the Company's chief accountant (chief financial officer)	The resolution was unanimously approved	–
2025.8.28	Considered two resolutions, namely the Interim Report 2025 and Its Summary, and the Profit Distribution Proposal for the First Half-Year of 2025	The resolutions were unanimously approved	–
2025.10.30	Considered two resolutions, namely the Resolution on Provision for Asset Impairment, and the Third Quarterly Report of 2025	The resolutions were unanimously approved	–
2025.12.29	Considered three resolutions, namely the Resolution on the Amendment to the Implementation Rules of the Audit Committee of the Company, the Resolution on the Amendment to the Company's Internal Audit Charter, and the Resolution on the Amendment to the Company's Internal Control Management Regulations	The resolutions were unanimously approved	–

(iii) Three meetings of the Nomination Committee held during the Reporting Period

Date of meeting	Details of meeting	Important opinions and recommendations	Performance of other duties
2025.7.10	Considered one resolution, namely the Resolution on Nomination of the Candidate for Executive Director of Eleventh Session of the Board of the Company	The resolution was unanimously approved	–
2025.8.21	Considered two resolutions, namely the Resolution on the Appointment of Deputy General Managers of the Company and the Resolution on the Appointment of the Chief Accountant (Chief Financial Officer) of the Company	The resolution was unanimously approved	–
2025.12.29	Considered two resolutions, namely the Resolution on Nomination of the Candidate for Non-executive Director of Eleventh Session of the Board of the Company and the Resolution on the Amendment to the Implementation Rules of the Nomination Committee of the Company	The resolution was unanimously approved	–

(iv) Three meetings of the Emolument and Examination Committee held during the Reporting Period

Date of meeting	Details of meeting	Important opinions and recommendations	Performance of other duties
2025.3.25	Considered one resolution, namely the Resolution on the Assessment Results and Remuneration of the Directors, Supervisors and Senior Management of the Company for 2024	The resolution was unanimously approved	–
2025.8.26	Considered one resolution, namely COMEC's Management Members' Accountability for Business Performance in 2025 and for the 2025-2027 term	The resolution was unanimously approved	–
2025.12.29	Considered one resolution, namely the Resolution on the Amendment to the Implementation Rules of the Emolument and Examination Committee of the Company	The resolution was unanimously approved	–

(v) Two meetings of the Strategy Committee held during the Reporting Period

Date of meeting	Details of meeting	Important opinions and recommendations	Performance of other duties
2025.12.29	Considered one resolution, namely the Resolution on the Amendment to the Implementation Rules of the Strategy Committee of the Company	The resolution was unanimously approved	–
2025.12.30	Considered matters relating to the priorities of the Company's recent plans and developments	The resolution was unanimously approved	–

(vi) Particulars of the existence of any disagreement

Each member of the specialised committees had no objection to matters during the Reporting Period.

VI. AUDIT COMMITTEE'S DESCRIPTION ON RISKS IDENTIFIED IN THE COMPANY

The Audit Committee had no objections to the supervised matters during the Reporting Period.

VII. DETAILS OF STAFF OF THE COMPANY AND ITS MAJOR SUBSIDIARIES AT THE END OF THE REPORTING PERIOD

(i) Details of staff

Number of existing employees of the Parent Company	12
Number of existing employees of major subsidiaries	4,450
Total number of existing employees	4,462
Number of retired staff who incurred expenses of the Parent Company and major subsidiaries	113

Functions

Type of functions	Number of employees (persons)
Production staff	1,321
Sales staff	65
Technical staff	2,320
Finance staff	56
Administrative staff	700
Total	4,462

Educational Background

Educational background	Number of employees (persons)
Postgraduate and above	160
Undergraduate	2,630
Specialties	769
High school and below	903
Total	4,462

(ii) Remuneration policies

The remuneration of the employees of the Company and its subsidiaries includes salary, reward, and other welfare programs regulated by the PRC government. The Company adopts a position and performance-based remuneration system based on employees' positions and performance pursuant to the relevant laws and regulations of the PRC. The Company pays attention to aligning wages with performance, encourages staff reduction to improve efficiency, implements a policy of streamlining workforce without compromising performance, and promotes joint creation and sharing of value. In order to allocate resources in a science-based and targeted manner, the Company intends to favour core personnel and key front-line positions. There was no change during the Reporting Period.

(iii) Training plans

The Company and its subsidiaries, in accordance with the "14th Five-Year" talent development plan and closely focusing on the Company's annual theme of "Strategic Planning, Lean Enhancement and Risk Mitigation", have steadily advanced various talent training and development initiatives. Focusing on the construction of various talent echelons, the Group has undertaken systematic planning and implemented targeted strategies. Through arranging all staffs to participate in learning all kinds of business knowledge and comprehensively improve their overall quality and job competency, human resources have been provided to support effective operation of the Company. There was no change during the Reporting Period.

(iv) Labour outsourcing

Total working hours for labour outsourcing	35.4679 million hours
Total remuneration paid for labour outsourcing (RMB in ten thousand)	RMB2,061.8813 million

VIII. PROFIT DISTRIBUTION PLAN OR PLAN TO CONVERT CAPITAL RESERVES INTO SHARE CAPITAL

(i) Formulation, implementation of cash dividend policy

During the Reporting Period, the Company strictly complied with the "Guidelines on the Bylaws of Listed Companies" and the "Regulatory Guidelines for Listed Companies No. 3 – Distribution of Cash Dividends of Listed Companies" published by the CSRC, and the relevant provisions in the Company's Articles of Association, actively implementing its cash dividend policy to create reasonable return for investors.

(ii) 2025 interim profit distribution proposal

Pursuant to authorisation granted by the Company's 2024 annual general meeting, and as considered and passed at the sixteenth meeting of the eleventh session of the Board within the scope of authorisation, the Company implemented the interest distribution for the first half of 2025 on 23 October 2025, and distributed a cash dividend of RMB0.80 (tax inclusive) for every 10 shares to all shareholders, which amounted to a total cash dividend of RMB113,080,510.24 (tax inclusive). The cash dividend of the Company represented 21.48% of the net profit attributable to shareholders of the Company for the period from January to June 2025, and the remaining undistributed profit of RMB1,468,170,857.41 will be carried forward for distribution in future periods. The Company did not convert any capital reserve into share capital for the first half of 2025.

(iii) 2025 profit distribution proposal

As considered and approved at the nineteenth meeting of the eleventh session of the Board, the 2025 profit distribution proposal of the Company is set out below:

The Company intends to distribute a cash dividend of RMB1.35 (tax inclusive) for every 10 shares to all shareholders. Calculated based on the total share capital of 1,413,506,378 shares as at 31 December 2025, the total proposed cash dividends to be distributed amounts to RMB190,823,361.03 (tax inclusive). The total cash dividend of the Company for the Year (including cash dividend distributed for the interim period) amounts to RMB303,903,871.27 (tax inclusive), representing 30.14% of the net profit attributable to shareholders of the Company for the Year. The remaining undistributed profits of RMB1,655,047,324.36 will be carried forward for distribution in future periods. The Company did not convert capital reserve into share capital for 2025. If the total share capital of the Company changes before the record date for the implementation of dividend distribution, the Company shall maintain the distribution ratio per share unchanged and adjust the total distribution amount accordingly. The specific details of the adjustments will be announced separately.

This profit distribution proposal is subject to approval at the 2025 annual general meeting of the Company, the Company expects to complete the payment of cash dividend on or before 16 July 2026.

(iv) Authorisation of 2026 interim profit distribution proposal

The Company proposes to formulate the 2026 interim profit distribution proposal of the Company based on the interim results for the six months ended 30 June 2026 as reviewed by the accounting firm, and on the premise of satisfying the relevant cash dividend conditions set out in the Articles of Association, and taking into account the Company's profitability, business development and reasonable returns to shareholders, etc. The total amount of interim cash dividend for 2026 shall not exceed 30% of the net profit attributable to shareholders of the Company realised in the first half of 2026.

In order to improve the efficiency of decision-making, the Company proposes to submit a proposal to the 2025 annual general meeting for consideration and approval to authorise the Board to formulate a specific plan for the distribution of interim profit for 2026 and to handle matters relating to the distribution of interim profit.

The Company will make announcements and notifications as to the 2025 annual general meeting and other relevant arrangements in accordance with the requirements of applicable laws and regulations, including but not limited to the Listing Rules of the Stock Exchange.

(v) Explanation on cash dividend policy

In accordance with Article 171 of the Articles of Association, the Company's profit distribution policy shall be:

1. Profit distribution principle

The Company shall implement 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 reasonable and stable investment return for its shareholders and bases on the Company's long-term and sustainable development. In principle, the Company shall distribute its distributable profit on a yearly basis and the Company can also declare interim dividend.

2. Ways of profit distribution

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

3. Conditions of dividend distribution and the proportion of dividend distribution

(1) In the premise of satisfying 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 propose to the Company to declare interim dividend based on the Company's profits and capital needs;

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

(3) The Company can use share dividends as an additional means for profit distribution, and the sum of cash dividends and share dividends shall not be less than 50% of the distributable profits for the year. In determining the specific amount for distributing profits by means of shares, the Company should adequately consider whether the total share capital after profit distribution by means of shares corresponds to the Company's current scale of operations and profit growth rate, and consider the impact on the finance cost of future loans, 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 criteria:

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

(ii) Auditing firm issues a standard with no qualified opinion audit report for the Company's financial report for the Year;

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

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

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 a cumulative expenditure reaching or over 10% of its latest audited net assets and exceeding RMB500,000,000.

(v) If the Board of the Company does not propose to distribute profit in cash in the year when the Company is profitable, it shall state the reason why the profit is not distributed in its annual report for the year and plan of use in respect of the undistributed capital reserved. If the Company does not propose to distribute profit in cash when it is profitable during the Reporting Period, it shall provide online voting platforms to its shareholders other than on-site meeting when it holds the general meeting.

(vi) Withholding and payment of corporate income tax for non-resident enterprise shareholders

According to the Law on Corporate Income Tax of the People's Republic of China 《(中華人民共和國企業所得税法》) and the relevant implementing rules which came into effect on 1 January 2008, the Company is required to withhold and pay corporate income tax at the rate of 10% before distributing dividends to non-resident enterprise shareholders whose names appear on the register of H shareholders of the Company. Any H Shares registered in the name of non-individual H shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations will be treated as being held by non-resident enterprise shareholders and therefore the dividends will be subject to the withholding and payment of corporate income tax. Should any H shareholder wish to change its shareholder status, please consult your agent or trust institution over the relevant procedure. The Company will withhold payment of the corporate income tax strictly in accordance with the relevant laws or requirements of the relevant governmental departments and strictly based on what has been registered on the Company's register of H shareholders on the record date.

(vii) Withholding and payment of individual income tax for individual foreign shareholders

According to the regulation promulgated by the State Administration of Taxation of the People's Republic of China (Guo Shui Han [2011] No. 348), the Company is required to withhold and pay the individual income tax for its individual H shareholders (the "**Individual H Shareholder(s)**") and the Individual H Shareholders are entitled to the relevant tax preferential treatments according to the tax agreements between those countries where the Individual H Shareholders are residents and the PRC and the provisions in respect of tax arrangements between mainland China and Hong Kong (Macau). The Company would withhold and pay the individual income tax at the tax rate of 10% on behalf of the Individual H Shareholders who are Hong Kong residents, Macau residents or residents of those countries having agreements with the PRC for individual income tax rate in respect of dividends of 10%. For Individual H Shareholders who are residents of those countries having agreements with the PRC for individual income tax rates lower than 10% in respect of a dividend, the Company would make applications on their behalf to seek entitlement of the relevant agreed preferential treatments under Tax Treaties in accordance with the Administrative Measures on Entitlement of Non-residents to Treatment under Tax Treaties (Announcement No. 35 of the State Taxation Administration (2019)) 《(非居民納税人享受税收協議待遇管理辦法》(國家税務總局公告2019年第35號)) if such shareholders claim refund of the amount in excess of the individual income tax payable under the tax agreements, provided that the relevant shareholders shall submit the relevant documents and data in accordance with the requirements of the relevant tax agreements in a timely manner and provide supplemental information on their entitlements of treatments under the relevant agreements. The Company would assist with the refund of the paid amount in excess of the tax payable under the tax agreements subject to approval of the competent tax authority. For Individual H Shareholders who are residents of those countries having agreements with the PRC for individual income tax rates in respect of a dividend higher than 10% but lower than 20%, the Company would withhold the individual income tax at the agreed effective tax rate. For Individual H Shareholders who are residents of those countries without any taxation agreements with the PRC or having agreements with the PRC for individual income tax in respect of a dividend of 20% and other circumstances, the Company would withhold the individual income tax at the tax rate of 20%.

The Company will determine the country of domicile of an Individual H Shareholder based on the registered address as recorded in the register of members of the Company and will accordingly withhold and pay the individual income tax. The Company will not entertain any claims arising from or assume no liability whatsoever in respect of any delay in, or inaccurate determination of, the status of the shareholders or any disputes over the withholding and payment of tax.

(viii) Profit distribution proposal and proposal for capitalisation of capital reserves for the Reporting Period

Unit: Yuan Currency: RMB

Number of shares to be distributed for every ten shares (share)	–
Amount to be distributed for every ten shares (RMB) (inclusive of tax)	2.15
Number of shares to be converted into share capital for every ten shares (share)	–
Amount of cash dividend (inclusive of tax)	303,903,871.27
Net profit attributable to ordinary shareholders of the Company in the consolidated financial statements	1,008,262,651.35
Percentage of cash dividend to the net profit attributable to ordinary shareholders of the Company in the consolidated financial statements (%)	30.14
Repurchase of shares through cash offer included in the amount of cash dividend	–
Total amount of dividend (inclusive of tax)	303,903,871.27
Percentage of the total dividend amount to the net profit attributable to ordinary shareholders of the Company in the consolidated financial statements (%)	30.14

(ix) Cash dividends for the last three fiscal years

Unit: Yuan Currency: RMB

Amount of cumulative cash dividend (tax included) in the last three fiscal years (1)	435,359,964.43
Cumulative repurchase and cancellation amount in the last three fiscal years (2)	–
Cumulative cash dividend and repurchase and cancellation amount in the last three fiscal years (3) = (1) + (2)	435,359,964.43
Average net profit amount in the last three fiscal years (4)	477,864,296.33
Ratio of cash dividend in the last three fiscal years (%) (5) = (3)/(4)	91.11
Net profit attributable to common shareholders of the listed company in the consolidated financial statements of the last fiscal year	1,008,262,651.35
Retained earnings at the end of the parent company's financial statements for the most recent fiscal year	1,845,870,685.39

IX. ESTABLISHMENT AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

The Company has established an effective internal control system in accordance with the provisions of the supporting guidelines of the SSE and the requirements of the Listing Rules of the Stock Exchange. The Board of Directors evaluates the effectiveness of the operation of the internal control system once a year. During the Reporting Period, the Company has completed the internal control assessment report for 2025. The Board of Directors has assessed the Group's risk management and internal control systems and reviewed their effectiveness, and no violation of laws, regulations and rules, major deficiencies in compliance monitoring and risk management, or any major mistakes were found. The Board of Directors considered that the Group's internal control system is effective.

The full text of the Internal Control Assessment Report for 2025 was published on the websites of the SSE, the Hong Kong Stock Exchange and the Company on 27 March 2026.

X. MANAGEMENT AND CONTROL OVER SUBSIDIARIES DURING THE REPORTING PERIOD

During the Reporting Period, the Group managed and controlled the subsidiaries in accordance with the relevant laws, regulations and regulatory documents, including the Company Law, the Enterprise State-owned Assets Law and the Articles of Association. First, the Company established and continued to improve the relevant internal control system of the Company, and guided the subsidiaries to improve the corporate governance structure, improve the modern management system and standardised the operation in accordance with relevant laws and regulations. Second, the Company strictly monitored and supervised its subsidiaries to report in a timely manner on the related transactions, external investment, external guarantee and other major matters in accordance with the relevant requirements of the Listing Rules. Third, the Company paid attention to the operation and development of the subsidiaries, and facilitated the subsidiaries to improve quality and efficiency and create value.

XI. AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

ShineWing has conducted independent audit of the effectiveness of the Company's internal control for 2025 and issued an internal control auditors' report without qualifying opinions. For details, please refer to the internal control auditors' report of the Company disclosed on the website of the SSE and the website of the Stock Exchange on 27 March 2026.

XII. INSIDERS REGISTRATION MANAGEMENT

During the Reporting Period, no Directors, senior management or other insiders had been found to have traded shares of the Company using inside information prior to the disclosure of regular reports of the Company.

XIII. AUDITORS' REMUNERATION AND RELATED MATTERS

The Company paid audit fees of RMB1.58 million and non-audit fees of RMB nil to ShineWing in 2025. Details of the auditor's remuneration and services provided to the Company are set out in "IV. Appointment and Dismissal of Accounting Firms" in section V "Significant Events" of this report and notes to financial statements.

XIV. AMENDMENT OF ARTICLES OF ASSOCIATION

During the Reporting Period, in accordance with the Company Law of the PRC, the Guidelines on the Bylaws of Listed Companies and other laws and regulations applicable to other matters of companies listed outside the PRC, and in combination with the actual situation of the Company, the Company made amendments to the relevant provisions of the Articles of Association, which were considered and approved by the shareholders at the third extraordinary general meeting of 2025 of the Company. For details, please refer to the announcements of the Company dated 22 July and 21 August 2025 and the circular of the Company dated 31 July 2025.

XV. ENVIRONMENTAL INFORMATION ON LISTED COMPANIES AND THEIR MAJOR SUBSIDIARIES INCLUDED IN THE LIST OF ENTERPRISES SUBJECT TO LEGAL ENVIRONMENTAL INFORMATION DISCLOSURE

Number of enterprises included in the list of enterprises subject to legal environmental information disclosure 2

No.	Name of enterprise	Index for enquiry for legal environmental information disclosure report
1	Guangzhou Wenchong Shipyard Co., Ltd.	Enterprise Portal of Guangdong Environmental Information Disclosure System According to Law
2	Guangzhou Huangchuan Ocean Engineering Co., Ltd.	Enterprise Portal of Guangdong Environmental Information Disclosure System According to Law

XVI. SOCIAL RESPONSIBILITY WORKS

(I) Whether the social responsibility report, sustainability report or ESG report is disclosed separately

For details, please refer to the Company's "Environmental, Social and Governance (ESG) Report" published on the websites of the Shanghai Stock Exchange and the Stock Exchange on 27 March 2026.

(II) Specific details of social responsibility works

External donations and public welfare projects	Quantity/content	Explanation
Total investment (RMB in ten thousand)	2.9	
Including: Capital (RMB in ten thousand)	0.3	Planting tree activity
Materials converted into cash (RMB in ten thousand)	2.6	Supplies for volunteer services
Number of beneficiaries (person(s))	–	

Illustration

In 2025, the Group actively fulfils its social responsibilities, continuously enhancing its volunteer service system and enriching its volunteer service offerings. The Group proactively participated in volunteer services for provincial- and municipal-level sports events, contributing a total of 42,000 volunteer service hours. Focusing on the "Happiness for CSSC People" initiative, the Group carried out a series of volunteer activities, including "Love in Deep Blue" and "Lei Feng Month", serving more than 1,700 participants.

XVII. STATUS OF CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS IN POVERTY ALLEVIATION WORK AND RURAL REVITALISATION

Poverty alleviation and rural revitalization projects	Quantity/Content	Explanation
Total investment (RMB in ten thousand)	273.7	
Including: Funds (RMB in ten thousand)	271.7	Purchase of poverty alleviation products and external donations
Materials converted into funds (RMB in ten thousand)	2	
Beneficiaries (person)	–	
Forms of assistance (such as industrial, employment and education poverty alleviation, etc.)	3 training hours	Education poverty alleviation

Specific explanation

In 2025, the Company actively embraced the national rural revitalisation strategy through industrial support that upgrades rural industries. A total of RMB2.52 million was invested in the purchase of agricultural and sideline products, and RMB197,000 external donations was made to consolidate the achievements of rural revitalisation. At the same time, the Company placed great importance on education support by carrying out public welfare education assistance, including the organisation of science popularisation classes on shipbuilding. Through sharing stories of the construction of "The Pillars of a Great Power", the Company fostered students' sense of patriotism and aspiration, with donations of stationery supplies amounted to RMB20,000.

XVIII. CONCLUSION

The Board of the Company considers that raising the level of corporate governance is not just for applying and observing the CG Code, but also for pushing forward and developing moral and sound corporate culture. The Company will strive to constantly review and improve its practices at appropriate time by monitoring the changes and developments based on its own experience. In addition, shareholders are welcome to bring forward any opinions and recommendations in order to promote and improve the transparency of corporate governance.

I. FULFILLMENT OF UNDERTAKINGS

(I) Undertakings made by the actual controller, shareholders, connected persons, buyers and the relevant parties of the Company made or effective during the Reporting Period

Background	Type of undertaking	Undertaking party	Content of undertaking	Date of undertaking	Whether there is a deadline for performance	Duration of undertaking	Whether strictly performed in a timely manner	If not performed timely, the specific reasons should be stated	If not performed timely, the plans in the next step should be stated
Commitments made in a report of acquisition or a report on changes in equity	Others	China Shipbuilding Group	1. Independence of personnel: (1) to ensure that senior management personnel such as general manager, deputy general manager, financial controller and secretary to the Board of the listed company will not hold executive positions other than those of directors and supervisors in the Company and other affiliate entities controlled by the Company (hereinafter referred to as the "Affiliate Entities"), and will not receive salaries from the Company and the Affiliate Entities. (2) The financial officers of the listed company will not hold part-time positions with the Company and the Affiliate Entities of the Company. 2. Financial independence: (1) the listed company is guaranteed to have an independent financial accounting department and an independent financial accounting system and financial management system, and to make financial decisions independently. (2) To ensure that the listed company will remain independent in financial decision-making and that the Company and the Affiliate Entities of the Company will not interfere with the use of funds of the listed company. (3) To ensure that the listed company opens and settles bank accounts independently, and that it makes tax returns and fulfils its tax obligations independently in accordance with the law. 3. Institutional independence: (1) to ensure that the listed company and its subsidiaries establish and improve their corporate governance structure in accordance with the law and are able to operate independently and autonomously; to ensure that the offices and production and operation premises of the listed company are separate from those of the Company and the Affiliate Entities of the Company. (2) To ensure that the listed company and its subsidiaries operate independently and autonomously, and that there is no subordination relationship with the functional departments of the Company. 4. Independence of assets: (1) to ensure that the listed company has independent and complete assets. (2) To ensure that the Company and the Affiliate Entities of the Company do not misappropriate the assets, funds and other resources of the listed company. 5. Independence of business: (1) to ensure that the listed company is independent in its business and conducts its business activities independently. (2) To ensure that the listed company is independent in signing external contracts and conducting business, forming an independent and complete business system, carrying out independent accounting for operation and management, bearing responsibilities and risks independently, and having the ability to operate independently and on its own in the market.	30 June 2021	No	–	Yes	–	–
	Solving horizontal competition	China Shipbuilding Group	1. With regard to the horizontal competition between the Affiliate Entities of China Shipbuilding Group and COMEC, our company will, in accordance with the requirements of the relevant securities regulatory authorities, and on the principle of facilitating the development of the Listed Company and safeguarding the interests of Shareholders, in particular the interests of minority Shareholders, steadily push forward the resolution of the issue of horizontal competition with COMEC. Our Company also undertakes to propose to the Board of COMEC within five years from the date of issuance of this undertaking letter that it will make every reasonable effort to resolve the issue of horizontal competition with COMEC by making comprehensive use of asset restructuring, equity exchange/transfer, entrustment management, business adjustment or other lawful means on the premise of complying with the applicable laws and regulations of securities supervision, state-owned assets supervision as well as the relevant regulatory rules at that time, and shall defer to the latter as to whether to submit the proposal to the general meeting of COMEC for consideration. 2. Before the elimination of horizontal competition between COMEC and the Affiliate Entities of the Company, the Company will strictly comply with the provisions of relevant laws, regulations and regulatory documents as well as the internal management system such as the Articles of Association of COMEC, exercise the rights of shareholders through shareholding relationship in accordance with the principle that state-owned assets are owned by the State and managed in a hierarchical manner, properly handle matters involving the interests of COMEC, not make use of its control position to obtain improper benefits or engage in transfer of benefits, and not engage in any acts that are detrimental to the legitimate interests of COMEC and its small and medium-sized shareholders.	24 January 2025	Yes	Within five years of the date of the commitment	Yes	–	–

Background	Type of undertaking	Undertaking party	Content of undertaking	Date of undertaking	Whether there is a deadline for performance	Duration of undertaking	Whether strictly performed in a timely manner	If not performed timely, the specific reasons should be stated	If not performed timely, the plans in the next step should be stated
Undertaking relating to material asset reorganisation	Solving the defects on titles to lands	CSSC	Arrangements for supporting the relocation and upgrading of Huangpu Wenchong and Wenchong Shipyard. Pursuant to the overall planning of Guangzhou Municipal Government, a land parcel of Huangpu Wenchong at Changzhou Street ("Changzhou Plant") and a land parcel located at Wenchong Plant owned by Wenchong Shipyard, a subsidiary of Huangpu Wenchong, are no longer suitable for industrial use in shipbuilding in accordance with the planning for the regions in which they are located, and will be recovered as reserve by Guangzhou Municipal Government. As such, in accordance with the relevant requirements for management of state-owned assets, these two parcels of land and buildings thereon will be transferred to Guangzhou Ship Industrial Co., Ltd. under CSSC for free. As for the transfer and subsequent matters, it was agreed as follows: 1. The transfer of land and buildings thereon was due to the adjustment to urban planning which caused these assets to be no longer suitable for incorporation into the Company. As such, during the transitional period before completion of the relocation of the Changzhou Plant and Wenchong Plant, in order to maintain normal production and operation of Huangpu Wenchong and Wenchong Shipyard, it was agreed that the land of Changzhou Plant, Wenchong Plant and other relevant ancillary domestic area and buildings thereon, of which the ownership has been transferred to Guangzhou Ship Industrial Co., Ltd. under CSSC, will be leased to Huangpu Wenchong and Wenchong Shipyard for continued use, and the rent will be paid based on existing land amortisation, property depreciation and relevant taxes and expenses. In addition, CSSC will spare no efforts to facilitate Guangzhou Municipal Government in finalising the land for new plants and complete the relocation from Changzhou Plant and Wenchong Plant as soon as practicable. 2. Given certain granted land and properties in Changzhou Plant, Wenchong Plant and other relevant ancillary domestic area and buildings thereon are located on partially allocated land or are unlicensed real property, if such land or properties cannot continue to be utilised due to these arrangements and subsequently causing adverse impact to the production and operation of Huangpu Wenchong and Wenchong Shipyard, CSSC will actively coordinate in solving the issue and fully indemnify Huangpu Wenchong and Wenchong Shipyard in cash against any economic losses incurred. 3. CSSC will actively assist Huangpu Wenchong and Wenchong Shipyard in future communication with Guangzhou Municipal Government in compensation for the relocation.	31 October 2014	No	–	Yes	–	–
	Others	CSSC	1. CSSC will actively assist Huangpu Wenchong, Wenchong Shipyard in communicating with Guangzhou Municipal Government for compensation for the relocation. 2. If any expense is incurred by Huangpu Wenchong and Wenchong Shipyard due to relocation, as well as any expense incurred for some of the assets to be demolished, transported and installed, such expense shall be included in the government subsidies in accordance with the law and compensated to Huangpu Wenchong and Wenchong Shipyard. 3. If relevant government compensation is less than the expenses actually incurred by Huangpu Wenchong and Wenchong Shipyard due to the relocation and demolition of some assets, CSSC will make up the difference in cash within 90 days after relevant government compensation is in place.	3 March 2015	No	–	Yes	–	–

Background	Type of undertaking	Undertaking party	Content of undertaking	Date of undertaking	Whether there is a deadline for performance	Duration of undertaking	Whether strictly performed in a timely manner	If not performed timely, the specific reasons should be stated	If not performed timely, the plans in the next step should be stated
	Settlement of connected transactions	CSSC	1. Upon completion of the restructuring, CSSC and enterprises under control of CSSC and listed companies and subordinates will minimize and avoid related party transactions. 2. In conducting necessary and unavoidable connected transactions, it will ensure fair operation based on the principles of marketization and fair prices, and perform trading procedures and information disclosure obligations in accordance with relevant laws, regulations, rules and other normative documents and Articles of Association of COMEC, management system of connected transactions and other provisions. When voting on connected transactions at general meetings, it will abstain from voting. CSSC guarantees that it will not prejudice the legitimate rights and interests of listed companies and their shareholders through connected transactions. 3. It will exercise the rights of shareholders in accordance with relevant laws and regulations such as the Company Law of the People's Republic of China and the Articles of Association of COMEC; CSSC undertakes not to harm the legitimate interests of listed company and other shareholders with its status as a shareholder of listed company. 4. Once the letter of commitment is signed, it constitutes an effective, legal and binding commitment to CSSC. CSSC is willing to take full compensation for the economic losses caused to the listed company and its shareholders in violation of the above commitments.	7 August 2019	No	–	Yes	–	–
	Others	CSSC	Upon completion of the restructuring, CSSC, as the controlling shareholder of COMEC, will continue to exercise the rights of shareholders in accordance with laws, regulations and the Articles of Association of COMEC. CSSC will not affect the independence of COMEC by virtue of its status as a controlling shareholder and will maintain the independence of COMEC in terms of assets, personnel, finance, business and institutions.	7 August 2019	No	–	Yes	–	–

II. THERE WAS NO NON-OPERATING APPROPRIATION OF FUNDS BY THE CONTROLLING SHAREHOLDER OR OTHER RELATED PARTIES DURING THE REPORTING PERIOD.

III. NO GUARANTEES IN VIOLATION OF REGULATIONS WERE IDENTIFIED DURING THE REPORTING PERIOD.

IV. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

Unit: Yuan Currency: RMB

	Previously appointed	Currently appointed
Name of domestic accounting firm	BDO China Shu Lun Pan Certified Public Accountants LLP	ShineWing Certified Public Accountants LLP
Remuneration of domestic accounting firm	1,260,000	1,300,000
Number of years of audit by domestic accounting firm	4 years	1 year
Name of certified public accountants of domestic accounting firm	Guo Jian, Lu Li	Deng Dengfeng, Liu Lihong
Accumulated service year of certified public accountant of domestic accounting firm	4 years	1 year
Name of overseas accounting firm	BDO China Shu Lun Pan Certified Public Accountants LLP	ShineWing Certified Public Accountants LLP
Remuneration of overseas accounting firm	–	–
Number of years of audit by overseas accounting firm	4 years	1 year

	Name	Remuneration
Accounting firm for internal control audit	ShineWing Certified Public Accountants LLP	280,000
Financial consultant	–	–
Sponsor	–	–

Description of the appointment and dismissal of accounting firms

In view of the expiry of the appointment term of the former accounting firm, BDO, and upon approval at the Company's second extraordinary general meeting in 2025, ShineWing was appointed as the auditor for the financial statements of the Company for 2025, with the audit fee of RMB1.30 million (inclusive of tax); ShineWing was appointed as the Company's internal control auditor for 2025, with the audit fee of RMB0.28 million (inclusive of tax).

The Company has fully communicated with BDO regarding the change of accounting firm, BDO has noted the matter and confirmed that it has no objection.

As at 31 December 2025, ShineWing has provided audit services to the Company for a continuous period of one year. The financial statements in the Company's annual report 2025 were prepared according to the "Accounting Standards for Business Enterprises" of the PRC, and audited by ShineWing. ShineWing also carried out audit on the effectiveness of the Company's internal control and issued an audit report.

ShineWing will retire upon expiry of the appointment term and offer themselves for re-appointment.

V. MATERIAL LITIGATIONS AND ARBITRATIONS

The Company had no material litigations or arbitrations during the Reporting Period.

VI. MATERIAL RELATED TRANSACTIONS

(i) Related transactions in the ordinary course of business

1. Matters disclosed in extraordinary announcements with progress or change in the subsequent implementation

Pursuant to Chapter 14A of the Stock Exchange Listing Rules, the related party transactions in the ordinary course of business of the Company constitute its continuing connected transactions, particulars of these transactions disclosed by the Company in accordance with Rule 14A.71 of the Stock Exchange Listing Rules are set out below and in notes to financial statements.

Given the 2024 Framework Agreement which governed the continuing connected transactions between the Group and China Shipbuilding Group for the period from 1 January 2024 to 31 December 2024 expired on 31 December 2024, on 27 September 2024, the Company entered into the 2025 Framework Agreement with China Shipbuilding Group to continue to govern the continuing connected transactions between the Group and China Shipbuilding Group for the period from 1 January 2025 to 31 December 2025. The 2025 Framework Agreement and the transactions thereunder were considered and approved at the third extraordinary general meeting of 2024 of the Company held on 29 November 2024.

Given the 2024 Financial Services Framework Agreement which governed the continuing connected transactions between the Group and CSSC Finance for the period from 1 January 2024 to 31 December 2024 expired on 31 December 2024, on 27 September 2024, the Company entered into the 2025 Financial Services Framework Agreement with CSSC Finance to continue to govern the continuing connected transactions of financial services between the Group and CSSC Finance for the period from 1 January 2025 to 31 December 2025. The 2025 Financial Services Framework Agreement and the transactions thereunder were considered and approved at the third extraordinary general meeting of 2024 of the Company held on 29 November 2024.

The key transaction areas of the 2025 Framework Agreement and the 2025 Financial Services Framework Agreement are set out below:

2025 Framework Agreement

The products and services to be provided by the Group to the China Shipbuilding Group:

(a) Provision of shipping products, electrical and mechanical engineering equipment, and metallic supplies, mainly shipping products and for complete sets of supporting equipment, steel, non-ferrous metals and other materials for ship, environmental protection and heavy equipment, as well as some marine electrical equipment. The China Shipbuilding Group has the need to purchase ship products, complete sets of or auxiliary equipment while the Group has the capability of designing and manufacturing such products and could provide such products to the China Shipbuilding Group, or when the China Shipbuilding Group in face of ordering insufficient equipment and auxiliary equipment, a delivery delay by suppliers or when it is under temporary urgent needs in its production, it is necessary for the Group to provide materials and equipment in stock in an emergency, including the temporary provision of accessories by the Group to assist the China Shipbuilding Group in completing the production plan, the sale of waste materials by the Group to logistics companies under the China Shipbuilding Group, disposing fixed assets that are not in use by the Group to units under the China Shipbuilding Group; and

(b) Leasing, labour supply and technical services:

  (i) Leasing: This mainly involves the provision of certain production areas and staff quarters leasing service by the Group to the China Shipbuilding Group;

  (ii) Labour supply: This primarily involves the provision of training, shipbuilding and workforce lease. The Group can provide the China Shipbuilding Group with skills training and assessment, professional technical labour services related to the principal businesses of the Company, as well as provide labour leasing and labour service project contracting in the event of short-term surplus of labour;

  (iii) Technical services: These mainly involve technical services such as product installation, usage, maintenance and repair provided by the Group to the China Shipbuilding Group, and provision of environmental protection services such as ship products and other engineering design, scientific research projects and professional services, selfproduced software and relevant technical services.

Products and services to be provided by the China Shipbuilding Group to the Group:

(c) Provision of equipment for ship, electrical and mechanical engineering equipment, accessories, materials and supplies etc., mainly providing materials, accessories, machinery production equipment, tools and related logistics and distribution services required for the production of complete sets or supporting equipment for ships, environmental protection and heavy equipment. Such supplies and distribution services are required for the daily production and operation of the Group, and the Group can provide such materials, supplies, equipment and related services. The Group has joined the centralized procurement plan of organised by CS Materials, a member unit of the China Shipbuilding Group, and CS Materials shall provide major materials, supplies, equipment and related logistics and distribution services to reduce procurement costs and resist risks in the ship market. In addition, due to the temporary impact of production capacity or delivery time, the Group is required to purchase complete sets or ancillary equipment and parts from the China Shipbuilding Group, or during the production process of the Group, due to insufficient procurement for materials required for production, late delivery by the supplier or temporary demand for the materials, the materials will be provided by the inventory of the members of the China Shipbuilding Group; and when the Group needs to invest in fixed assets for production and operation, including the purchase of production equipment and construction of production base projects, etc. the China Shipbuilding Group can provide the Group with the required production equipment as well as products and services related to infrastructure projects such as turnkey management of engineering construction, equipment manufacturing, design, exploration and audit consulting.

(d) Leasing, labour supply and technical services, among which:

(i) Leasing: This mainly refers to the expansion of the Group's business scope by leasing the production sites, equipment and facilities of the China Shipbuilding Group and using utilities such as water and electricity to meet the needs of business development;

(ii) Labour supply: This mainly refers to the provision of outsourcing for ship segments (or steel structure components) and comprehensive services, lease of labour, etc. Among them, (a) outsourcing of ship segments (or steel structure components) refers to the Group outsourcing of ship segments (or steel structure components) to the China Shipbuilding Group for building in order to keep up with the production plan, in the event that the Group is constrained by limited production resources (such as sites, equipment or manpower); (b) lease of labour, which refers to the secondment of labour and labour engineering contracting to the China Shipbuilding Group during the peak production period of the Group; (c) comprehensive services, which represent services provided by the China Shipbuilding Group to the Group, such as advertising, exhibitions, medical, catering, conferences, nursery, training, property management and water and electricity resale;

(iii) Technical services: These mainly refer to the provision of design, scientific research project services, supporting software and related technical services for shipbuilding products or other projects, including in the event that the Group's production is constrained by design capability and time after receiving an order, the China Shipbuilding Group will provide such services in order to keep up with the production plan; the Group shall cooperate with the member units of the China Shipbuilding. Group in research and development of new products and processes.

Guarantee services to be provided by the China Shipbuilding Group to the Group:

(e) Guarantee services mean that when the Group accepts orders or borrows funds from banks, it may need a guarantor according to the regulations, and the China Shipbuilding Group can provide guarantees for such business.

Sales agency services to be provided by the China Shipbuilding Group to the Group:

(f) Sales agency services (or commission), due to the reputation of the China Shipbuilding Group in the international shipping market and its long-term relationship with shipowners, which enables the Group to rely on the assistance of the China Shipbuilding Group in addition to its own external operations.

2025 Financial Services Framework Agreement

The services to be provided by CSSC Finance to the Group:

(a) Deposit services: The Group has opened a deposit account with CSSC Finance. CSSC Finance provides the Group with various types of deposit business services, including demand deposits, call deposits, time deposits and agreement deposits;

(b) Lending services: CSSC Finance shall, to the extent as permitted by laws, regulations and policies of the State, in accordance with the requirements of the NAFR and in conjunction with its own operating principles and credit policies, fully support the Group's capital needs in its business development, design scientific and reasonable financing solutions and provide loan services for the Group. For business applications that meet the conditions for loans from CSSC Finance, the Group will be given priority under the same conditions;

(c) Other and bank credit services: CSSC Finance shall provide collection and payment services and auxiliary services related to settlement business to the Group. Based on a comprehensive evaluation of the Group's operation and management and risk profile, CSSC Finance shall approve a consolidated credit line for the Group, which guarantees made by CSSC Finance for the Group's potential liabilities for compensation and payment arising from relevant economic activities, including on-balance sheet businesses such as loans, trade finance, bill financing and various advances, and off-balance sheet businesses such as acceptance of bills, letters of guarantee and unused irrevocable loan commitments; and

(d) Foreign exchange services such as forward settlement and sale of foreign exchange: CSSC Finance shall, to the extent as permitted by laws, regulations and policies of the State, provide the Group with various types of foreign exchange business, including forward settlement and sale of foreign exchange, spot settlement and sale of foreign exchange, RMB foreign exchange swaps, foreign exchange trading and other foreign exchange related ancillary services. The Group negotiates and enters into contracts such as forward settlement and sale of foreign exchange with CSSC Finance, agreeing on the currency, amount and exchange rate of RMB against foreign exchange for future settlement and the completion deadline.

Please refer to the table below for the annual cap, actual transaction amount and pricing policies for the transactions under the agreements during the Reporting Period.

Related transactions related to daily operation for 2025

Unit: RMB in ten thousand

No.	Content and type of transaction	Cap approved at general meeting	Actual transaction amount	Proportion of total amount of transactions of the same type (%)	Pricing basis
1	**Products and services provided by the Group to China Shipbuilding Group**				
1.1	Provision of shipping products, electrical and mechanical engineering equipment and metallic materials	273,780.00	59,063.51	2.90	Market price
1.2	Leasing, labour supply and technical services	16,050.00	6,163.81	30.22	The price is no less favourable to the Group than that available from independent third parties
2	**Products and services provided by China Shipbuilding Group to the Group**				
2.1	Provision of equipment for use on ships, electromechanical equipment, accessories and materials	1,060,135.00	1,028,316.39	62.18	Market price or agreement price or the price no higher to the Group than that available from independent third parties
2.2	Leasing, labour supply, technical services, etc.	137,925.00	39,444.35	10.51	The prices no less favourable to the Group than that available from independent third parties or cost plus 10% of management fee or market price
3	**Guarantee services provided by China Shipbuilding Group to the Group**				
3.1	Maximum guarantee amount	160,000.00	17,334.40	100.00	The relevant terms are no less favourable than those available from independent third parties
3.2	Guarantee fee	640	–	Not applicable	
4	**Sales agency services provided by China Shipbuilding Group to the Group**				
4.1	Sales agency fee	6,700.00	6,063.47	31.77	Generally shall not exceed 1.5% of the contract price and be paid according to the shipbuilding progress of the vessel in question
5	**Financial services provided by CSSC Finance to the Group**				
5.1	Deposits (maximum limit)	1,870,000.00	1,491,112.53	97.71	Benchmark deposit interest rate set by the People's Bank of China; on rate no less favourable to the Group than that available from independent third parties
5.2	Deposits (interest)	33,900.00	17,737.37	49.36	
5.3	Loans (maximum limit)	180,000.00	64,000.00	10.45	No higher than benchmark loan interest rate set by the People's Bank of China; on rate no less favourable to the Group than that available from independent third parties
5.4	Loans (interest)	4,300.00	427.45	3.81	
5.5	Others and bank facilities (maximum limit)	723,600.00	333,699.21	16.98	On terms no less favourable to the Group than those available from independent third parties
5.6	Others and bank facilities (financial handling fee)	810	502.11	28.65	
5.7	Foreign exchange services such as forward settlement and sale of foreign exchange (maximum limit)	450,000.00	426,148.07	18.33	On terms no less favourable to the Group than those available from independent third parties

Note: China Shipbuilding Group referred in the table represents China Shipbuilding Group and its subsidiaries and associates.

As at the end of the Reporting Period, China Shipbuilding Group directly and indirectly held 804,128,590 shares, representing approximately 56.89% of the total number of issued shares of the Company. Therefore, China Shipbuilding Group was a controlling shareholder of the Company. Meanwhile, CSSC Finance was a subsidiary of China Shipbuilding Group. It was a connected person of the Company pursuant to the Stock Exchange Listing Rules. As a result, the transactions between the Group and China Shipbuilding Group and its subsidiaries and associates (including CSSC Finance) constituted connected transactions of the Company.

The Company confirms that the signing and execution of the specific agreements under the continuing connected transactions during the Reporting Period have complied with the pricing principles for such continuing connected transactions.

Financial report auditors and all independent non-executive Directors of the Company have reviewed the continuing connected transactions and confirm that:

Such transactions are conducted in the Company's ordinary course of business on normal commercial terms and in accordance with the relevant contractual provisions; the transaction terms are fair and reasonable, and in the interests of the Company and its shareholders as a whole; and the transactions did not exceed the annual caps for 2025, as approved in the general meeting.

The Company's auditors have issued a letter with unqualified opinions on the findings and conclusion of the Group's above-mentioned continuing connected transactions pursuant to Rule 14A.56 of the Stock Exchange Listing Rules, namely, that nothing has come to the attention of the auditors which would enable them to form an opinion that the relevant continuing connected transactions: (1) have not been approved by the Board; (2) have not been carried out in accordance with the pricing policies of the Group in all material respects when the transactions relate to the provision of products or services by the Group; (3) have not been carried out in accordance with the relevant agreement governing the transactions in all material respects; and (4) have exceeded the caps.

In accordance with Chapter 14A of the Stock Exchange Listing Rules, certain related party transactions set out in notes to the financial statements (prepared under the China Accounting Standards for Business Enterprises) also constitute connected transactions/continuing connected transactions under Chapter 14A of the Stock Exchange Listing Rules, and the Company has complied with the disclosure requirements of Chapter 14A of the Stock Exchange Listing Rules in respect of such related party transactions.

(ii) Related transactions in relation to the acquisition or disposal of assets or equity interests

During the Reporting Period, there were no material related transactions in relation to the acquisition or disposal of assets or equity interests.

(iii) Material related transactions in relation to joint external investments

During the Reporting Period, there were no material related transactions in relation to joint external investments.

(iv) Financial operations between the Company and related financial companies, financial companies controlled by the Company and related parties

1. Deposit business

Unit: RMB in ten thousand

Related party	Type of relationship	Maximum daily deposit limit	Range of deposit rates	Opening balance	Amount incurred during the period: Total amount deposited in the period	Amount incurred during the period: Total amount withdrawn in the period	Ending balance
CSSC Finance Company Limited	Controlled by the same controlling shareholder	1,870,000.00	Benchmark deposit interest rate set by the People's Bank of China; on rate no less favourable to the Group than the terms available from independent third parties	1,304,034.14	**8,573,710.14**	**8,685,762.83**	1,191,981.45
Total	/	/	/	1,304,034.14	**8,573,710.14**	**8,685,762.83**	1,191,981.45

2. Loan business

Unit: RMB in ten thousand

Related party	Type of relationship	Loan limit	Range of loan interest rate	Opening balance	Amount incurred during the period: Total amount borrowed in the period	Amount incurred during the period: Total amount repaid in the period	Ending balance
CSSC Finance Company Limited	Controlled by the same controlling shareholder	180,000.00	No more than benchmark loan interest rate set by the People's Bank of China; on rate no less favourable to the Group than the terms available from independent third parties	30,500.00	**64,000.00**	**30,500.00**	64,000.00
Total	/	/	/	30,500.00	**64,000.00**	**30,500.00**	64,000.00

3. *Facilities business or other financial business*

Unit: RMB in ten thousand

Related party	Type of relationship	Business type	Total	Actual transaction amount
CSSC Finance Company Limited	Controlled by the same controlling shareholder	Deposits (interest)	33,900.00	17,737.37
CSSC Finance Company Limited	Controlled by the same controlling shareholder	Loans (interest)	4,300.00	427.45
CSSC Finance Company Limited	Controlled by the same controlling shareholder	Others and bank facilities (maximum limit)	723,600.00	333,699.21
CSSC Finance Company Limited	Controlled by the same controlling shareholder	Others and bank facilities (handling fee)	810.00	502.11
CSSC Finance Company Limited	Controlled by the same controlling shareholder	Foreign exchange services such as forward settlement and sale of foreign exchange (maximum limit)	450,000.00	426,148.07

VII. CONTRACTS OF SIGNIFICANCE AND THEIR PERFORMANCE

(i) Trusteeship, contracting and leasing matters

1. *Leases*

Name of lessor	Name of lessee	Leased assets	Amount of lease 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
China Shipbuilding Group Guangzhou Ship Industrial Co., Ltd.	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	A fellow subsidiary within the group controlled by the Company's controlling shareholder
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	A fellow subsidiary within the group controlled by the Company's controlling shareholder
Guangdong Guangxin Shipbuilding Trading Company Limited	Wenchuan Heavy Industrial	Land, buildings and structures	–	2024.5.1	2026.4.30	–	–	–	No	–

Description of leases:

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

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

Guangdong Guangxin Shipbuilding Trading Company Limited entered into the Plant and Site Lease Contract with Wenchuan Heavy Industrial, and leased part of the plant and site use rights in No. 32, Cuizhu Road, Cuiheng New District, Zhongshan City to Wenchuan Heavy Industrial for operational use. The lease fee of the plant and equipment shall be determined in accordance with the contract, and the rent shall be paid monthly in the form of monetary funds. The lease term of the aforementioned land use rights ended on 30 April 2026.

(ii) Guarantees

Unit: RMB in ten thousand

External guarantees by the Company (excluding guarantees for its subsidiaries)

Guarantor	Relationship between guarantor and the listed company	Guaranteed	Amount of guarantee	Date of guarantee (date of signing of agreement)	Date of commencement of guarantees	Date of expiry of guarantees	Type of guarantee	Collateral (if any)	Whether fully executed	Whether guarantee is overdue	Overdue amount	Reverse guarantee	Whether provided for by related party	Relationship

Total amount of guarantees during the Reporting Period (excluding guarantees provided for its subsidiaries)	-
Total balance of guarantees at the end of the Reporting Period (A) (excluding guarantees provided for its subsidiaries)	-
Guarantees provided by the Company and its subsidiaries for its subsidiaries	
Total amount of guarantees provided for its subsidiaries during the Reporting Period	124,323.80
Total balance of guarantees provided for its subsidiaries at the end of the Reporting Period (B)	276,745.25
Total amount of guarantees provided by the Company (including those provided for its subsidiaries)	
Total amount of guarantees (A+B)	276,745.25
Total amount of guarantees as a percentage of the Company's net assets (%)	12.76
Including:	
Amount of guarantees provided for shareholders, actual controllers and related parties (C)	-
Amount of debt guarantees provided directly or indirectly for companies with gearing ratio over 70% (D)	276,745.25
Total amount of guarantees in excess of 50% of net assets (E)	-
Sum of the above three guarantees (C+D+E)	276,745.25
Description of outstanding guarantees which may incur joint and several liability	Not applicable
Note on guarantees	During the Reporting Period, the Group provided external guarantee with an accumulated amount of RMB1.243 billion, with the content and amount of the Group's external guarantees falling within the scope of limit set out in the framework for the guarantees as approved at the general meeting, and no overdue guarantee occurred. As at the end of the Reporting Period, the Group provided external guarantee with a total balance of RMB2.767 billion, which were guarantees provided by the Company's controlling subsidiary Huangpu Wenchong to its subsidiary Wenchuan Heavy Industrial. The guarantees include bank credit guarantee, parent company guarantee, advance payment guarantee and performance guarantee.

(iii) Cash assets entrusted to be managed by others

1. Entrusted wealth management

During the Reporting Period, there was no entrusted wealth management business.

2. Entrusted loans

(1). Overview of entrusted loans

Unit: RMB in ten thousand

Type	Source of funding	Amount incurred	Outstanding balance	Amount overdue unrecovered
Internal working capital loans of the Group	Self-owned funds	116,378.60	55,000.00	/
Others				

During the Reporting Period, in order to support the operation and development of its subsidiaries and supplement working capital for production and operation, the Group provided working capital loans to relevant subsidiaries with CSSC Finance as the entrusted financial institution. There was no entrusted loan business for external entities.

(2). Individual entrusted loans

Unit: RMB in ten thousand

Trustee	Type of entrusted loans	Amount of entrusted loans	Date of commencement of entrusted loans	Date of termination of entrusted loans	Source of funding	Uses	Method of determination of remuneration	Annualised rate of return	Expected Return (if any)	Actual gain or loss	Status of recovery	Whether statutory procedures have been performed	Whether there are any future plans for entrusted loan	Amount of provision made for impairment (if any)
CSSC Finance	Internal working capital loans of subsidiaries	5,000.00	2022/6/24	2025/6/23	Self-owned funds	Replenishment of working capital of Wenchuan Heavy Industrial	Payment of interest on a quarterly basis and principal upon maturity	3.20%			5,000.00	Yes	Yes	
CSSC Finance	Internal working capital loans of subsidiaries	15,000.00	2022/7/14	2025/6/23	Self-owned funds	Replenishment of working capital of Wenchuan Heavy Industrial	Payment of interest on a quarterly basis and principal upon maturity	3.20%			15,000.00	Yes	Yes	
CSSC Finance	Internal working capital loans of subsidiaries	10,000.00	2022/8/18	2025/6/23	Self-owned funds	Replenishment of working capital of Wenchuan Heavy Industrial	Payment of interest on a quarterly basis and principal upon maturity	3.20%			10,000.00	Yes	Yes	
CSSC Finance	Internal working capital loans of subsidiaries	10,000.00	2023/3/16	2025/8/19	Self-owned funds	Replenishment of working capital of Wenchuan Heavy Industrial	Payment of interest on a quarterly basis and principal upon maturity	3.20%			10,000.00	Yes	Yes	
CSSC Finance	Internal working capital loans of subsidiaries	10,000.00	2023/3/16	2025/11/24	Self-owned funds	Replenishment of working capital of Wenchuan Heavy Industrial	Payment of interest on a quarterly basis and principal upon maturity	3.20%			10,000.00	Yes	Yes	
CSSC Finance	Internal working capital loans of subsidiaries	10,000.00	2023/10/17	2025/12/29	Self-owned funds	Replenishment of working capital of Wenchuan Heavy Industrial	Payment of interest on a quarterly basis and principal upon maturity	3.00%			10,000.00	Yes	Yes	
CSSC Finance	Internal working capital loans of subsidiaries	5,000.00	2023/10/17	2026/10/17	Self-owned funds	Replenishment of working capital of Wenchuan Heavy Industrial	Payment of interest on a quarterly basis and principal upon maturity	3.00%			–	Yes	Yes	
CSSC Finance	Internal working capital loans of subsidiaries	5,000.00	2024/1/16	2026/10/17	Self-owned funds	Replenishment of working capital of Wenchuan Heavy Industrial	Payment of interest on a quarterly basis and principal upon maturity	3.00%			–	Yes	Yes	
CSSC Finance	Internal working capital loans of subsidiaries	5,000.00	2024/3/4	2027/3/4	Self-owned funds	Replenishment of working capital of Wenchuan Heavy Industrial	Payment of interest on a quarterly basis and principal upon maturity	3.00%			–	Yes	Yes	
CSSC Finance	Internal working capital loans of subsidiaries	8,000.00	2024/3/13	2027/3/4	Self-owned funds	Replenishment of working capital of Wenchuan Heavy Industrial	Payment of interest on a quarterly basis and principal upon maturity	3.00%			–	Yes	Yes	

Trustee	Type of entrusted loans	Amount of entrusted loans	Date of commencement of entrusted loans	Date of termination of entrusted loans	Source of funding	Uses	Method of determination of remuneration	Annualised rate of return	Expected Return (if any)	Actual gain or loss	Status of recovery	Whether statutory procedures have been performed	Whether there are any future plans for entrusted loan	Amount of provision made for impairment (if any)
CSSC Finance	Internal working capital loans of subsidiaries	1,308.00	2024/7/31	2025/7/31	Self-owned funds	Replenishment of working capital of Huacheng (Tianjin)	Payment of principal upon maturity	0.00%			1,308.00	Yes	Yes	
CSSC Finance	Internal working capital loans of subsidiaries	40.60	2024/8/19	2025/7/31	Self-owned funds	Replenishment of working capital of Huacheng (Tianjin)	Payment of principal upon maturity	0.00%			40.60	Yes	Yes	
CSSC Finance	Internal working capital loans of subsidiaries	30.00	2024/9/18	2025/7/31	Self-owned funds	Replenishment of working capital of Huacheng (Tianjin)	Payment of principal upon maturity	0.00%			30.00	Yes	Yes	
CSSC Finance	Internal working capital loans of subsidiaries	12,000.00	2025/3/7	2027/3/4	Self-owned funds	Replenishment of working capital of Wenchuan Heavy Industrial	Payment of interest on a quarterly basis and principal upon maturity	3.00%			–	Yes	Yes	
CSSC Finance	Internal working capital loans of subsidiaries	10,000.00	2025/5/13	2028/5/9	Self-owned funds	Replenishment of working capital of Wenchuan Heavy Industrial	Payment of interest on a quarterly basis and principal upon maturity	3.00%			–	Yes	Yes	
CSSC Finance	Internal working capital loans of subsidiaries	10,000.00	2025/6/6	2028/5/9	Self-owned funds	Replenishment of working capital of Wenchuan Heavy Industrial	Payment of interest on a quarterly basis and principal upon maturity	3.00%			–	Yes	Yes	

Others

During the Reporting Period, the Group's entrusted loans (daily maximum balance) amounted to RMB1,164 million, and additions for the year was RMB320 million, and an outstanding balance was RMB550 million, which was the entrusted loans within the consolidation scope and the gain or loss from which have been internally offset, and therefore, the "expected income" and "actual income or loss" at the consolidation level of the Group were both nil.

SECTION V SIGNIFICANT EVENTS

VIII. OTHERS

1. Reserves

Details of movement of reserves of the Company during the Year are set out in notes to financial statements, of which details of the reserves distributable to equity shareholders of the Company are set out in notes to financial statements.

2. Property, plant and equipment

For details of the Group's property, plant and equipment during the Year, please refer to notes to financial statements.

3. Bank loans and other borrowings

Details of the Company's bank loans and other borrowings as at 31 December 2025 are set out in notes to the financial statements.

4. Purchase, sale or redemption of listed securities of the Company

During the Reporting Period, none of the Company or its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

5. Gearing ratio

As at 31 December 2025, the Company's gearing ratio was 61.28%.

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

6. Pre-emptive right

Under the Articles of Association and the PRC laws, there are no requirements under which the Company is required to issue new shares to its existing shareholders in proportion to their shareholding.

7. Service contracts with Directors

Each Director has entered into a service contract with the Company. No Director has entered into any service contract with the Company which is not determinable within one year without payment of compensation (other than statutory compensation).

8. Remuneration of Directors

Details of the remuneration of Directors of the Company are set out in the notes to financial statements.

9. Directors' interest in contracts

During the financial year ended 31 December 2025, none of the Company or any of its subsidiaries has entered into any significant transaction, arrangement or contract, in which Directors or entities connected with them have direct or indirect significant interest and which is still in effect during the financial year ended 31 December 2025.

10. Directors' interest in competing business

No Directors have any interest in any competing business.

11. Management contracts

There were no contracts entered into by the Company in relation to the management or administration of all or any major business, nor did such contracts exist at any time in 2025.

12. Major customers and suppliers

For the year ended 31 December 2025, the Group's purchases from its top five suppliers (within the definition of the Listing Rules) amounted to RMB11,378.8140 million in total, representing 62.30% of the total purchases for the Year. The largest supplier of the Company is CSSC, the controlling shareholder of the Company and its subsidiaries and associates (also controlled by China Shipbuilding Group), from which the Company purchased RMB10,464.6802 million, representing approximately 57.29% of the total purchases for the Year.

For the year ended 31 December 2025, the Group's sales to top five customers amounted to RMB16,020.9159 million in total, representing 78.97% of the Group's total sales for the Year, of which sales to the largest customer amounted to RMB10,109.4836 million, representing 49.83% of the Group's total sales for the Year. During the Year, other than the largest supplier which is a connected person of the Company and so far as the Directors are aware, none of the Directors, close associates of the Directors or shareholders of the Company (which to the knowledge of the Directors own more than 5% of the issued share capital of the Company) had any interest in the five largest suppliers or customers of the Company during the Year.

13. Significant investment

Name of the investment enterprise	Principal activities	Number of shares held	Percentage of shares held	Investment cost *(RMB)*	As at the end of the Reporting Period		During the Reporting Period	
					Fair value *(RMB)*	Percentage of total company assets	Change in fair value *(RMB)*	Dividend income recognised *(RMB)*
CSSC Holdings	Invest in marine industry and diesel engine production industry, civil ship sales, manufacturing, installation and sales of special equipment for ships and electromechanical equipment, and technology development, technology transfer, technical services and technical consulting in marine technology field, and it also engages in import and export of goods and technology as well as self-owned equipment rental.	217,494,916 A shares	2.89%	285,788.32 ten thousand	723,388.09 ten thousand	12.91%	-58,723.63 ten thousand	5,437.37 ten thousand

In 2020, the Company completed a joint restructuring project with CSSC Holdings, disposing of 27.4214% of the equity interest in GSI, the Company's original holding subsidiary, and acquiring 217,494,916 A shares in a non-public issue of CSSC Holdings, subject to a restricted period of three years (from 30 March 2020 to 30 March 2023). The Company may dispose of the aforesaid A shares at an opportune time in accordance with its business development, strategic positioning and the trend of the secondary market. Through the joint restructuring project, CSSC Holdings has increased its registered capital and its market capitalisation is expected to be significantly improved, which is beneficial to the enhancement of the Company's shareholders' equity.

14. Permitted indemnity for directors

In accordance with the Articles of Association and subject to the relevant provisions therein, each Director shall be indemnified and kept indemnified against all litigation, fees, charges, losses, compensation and expenses incurred in performing its duties as a Director or Supervisor of the Company or other matters related to it by the Company with its assets and profits. The Company has arranged appropriate insurance protection for any legal actions incurred by Directors and senior management in the course of performing their duties in good faith.

15. Remuneration policies

As at 31 December 2025, the total number of employees on the payroll of the Group was 4,462. The remuneration of employees has been determined based on the complexity and responsibility of their positions and their work performance. The remuneration of Directors and senior management of the Company is determined in accordance with the Proposal for Remuneration for the Eleventh Session of Directors and Senior Management.

16. Retirement and employee benefit plans

Details of the retirement and employee benefit plans of the Company are set out in notes to financial statements.

17. Audit Committee

The Audit Committee of the Company has reviewed the Group's annual results for 2025 and the financial statements for the year ended 31 December 2025 prepared under the China Accounting Standards for Business Enterprises.

18. Profit distribution proposal

The Company intends to distribute a cash dividend of RMB1.35 (tax inclusive) for every 10 shares to all shareholders. Calculated based on the total share capital of 1,413,506,378 shares as at 31 December 2025, the total proposed cash dividends to be distributed amounts to RMB190,823,361.03 (tax inclusive). The total cash dividend of the Company for the year (including cash dividend distributed for the interim period) amounts to RMB303,903,871.27 (tax inclusive), representing 30.14% of the net profit attributable to shareholders of the Company for the Year. The remaining undistributed profits of RMB1,655,047,324.36 will be carried forward for distribution in future periods. The Company did not convert capital reserve into share capital for 2025. If the total share capital of the Company changes before the record date for the implementation of dividend distribution, the Company shall maintain the distribution ratio per share unchanged and adjust the total distribution amount accordingly, and a separate announcement will be made to specify the adjustment. This profit distribution proposal is subject to approval at the 2025 annual general meeting of the Company.

I. CHANGES IN SHARE CAPITAL

(i) Statement of changes in shares

There was no change in the total number and share capital structure of the Company during the Reporting Period.

(ii) Changes in shares subject to selling restriction

During the Reporting Period, the Company had no shares subject to selling restriction, and there was no change in shares subject to selling restriction.

II. SHAREHOLDERS AND ACTUAL CONTROLLERS

(i) Total number of shareholders

Total number of ordinary shareholders at the end of the Reporting Period	83,306
Total number of ordinary shareholders as at the end of the month preceding the date of publication of annual report	68,766
Total number of shareholders of preference shares with restored voting right at the end of the Reporting Period	–
Total number of shareholders of preference shares with restored voting right as at the end of the month preceding the date of publication of annual report	–

(ii) Shareholding of top ten shareholders, top ten shareholders of circulating shares (or holders of shares not subject to selling restriction) at end of the Reporting Period

Unit: Share

Shareholding of top ten shareholders (excluding shares lent through securities lending and refinancing)

Name of shareholder (full name)	Change during the Reporting Period	Number of shares held at the end of the period	Percentage (%)	Number of shares held subject to selling restriction	Pledged, marked or locked up		Nature of shareholder
					Share status	Number	
HKSCC NOMINEES LIMITED	57,985	589,987,392	41.74	–	None	–	Overseas legal person
China State Shipbuilding Corporation Limited	0	481,337,700	34.05	–	None	–	State-owned legal person
Agricultural Bank of China Limited – CSI 500 Trading Open-ended Index Securities Investment Fund	195,387	6,053,184	0.43	–	None	–	Others
Bank of China Limited -UBS SDIC National Security Flexible Allocation Hybrid Securities Investment Fund	-3,339,714	5,917,340	0.42	–	None	–	Others
China Construction Bank Corporation – Fullgoal China Securities Military Leader Trading Index Securities Investment Open-ended Fund	5,674,335	5,674,335	0.40	–	None	–	Others
Yangzhou Kejin Shipyard Co., Ltd.	0	4,599,086	0.33	–	Pledged	4,300,000	Domestic nonstate-owned legal person
China Construction Bank Corporation – Guotai China Securities Military Trading Index Securities Investment Open-ended Fund	-750,119	2,628,470	0.19	–	None	–	Others
Liu Chengwei	2,600,000	2,600,000	0.18	–	None	–	Domestic natural person
BARCLAYS BANK PLC	2,343,053	2,343,053	0.17	–	None	–	Overseas legal person
Bank of China Limited – E Fund Steady Yield Bond Securities Investment Fund	-1,566,100	2,337,311	0.17	–	None	–	Others

Top ten shareholders of shares not subject to selling restrictions (excluding shares lent through refinancing)

Name of shareholder	Number of circulating shares held not subject to selling restrictions	Class and number of shares	
		Class	Number
HKSCC NOMINEES LIMITED	589,987,392	Overseas listed foreign shares	589,987,392
China State Shipbuilding Corporation Limited	481,337,700	Ordinary shares denominated in RMB	481,337,700
Agricultural Bank of China Limited – CSI 500 Trading Open-ended Index Securities Investment Fund	6,053,184	Ordinary shares denominated in RMB	6,053,184
Bank of China Limited -UBS SDIC National Security Flexible Allocation Hybrid Securities Investment Fund	5,917,340	Ordinary shares denominated in RMB	5,917,340
China Construction Bank Corporation – Fullgoal China Securities Military Leader Trading Index Securities Investment Open-ended Fund	5,674,335	Ordinary shares denominated in RMB	5,674,335
Yangzhou Kejin Shipyard Co., Ltd.	4,599,086	Ordinary shares denominated in RMB	4,599,086
China Construction Bank Corporation – Guotai China Securities Military Trading Index Securities Investment Open-ended Fund	2,628,470	Ordinary shares denominated in RMB	2,628,470
Liu Chengwei	2,600,000	Ordinary shares denominated in RMB	2,600,000
BARCLAYS BANK PLC	2,343,053	Ordinary shares denominated in RMB	2,343,053
Bank of China Limited – E Fund Steady Yield Bond Securities Investment Fund	2,337,311	Ordinary shares denominated in RMB	2,337,311

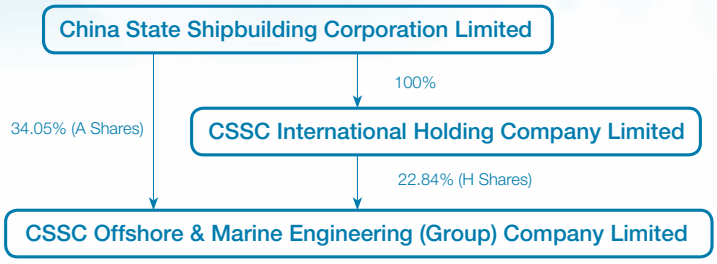
III. CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLERS

(i) Controlling shareholders

1 Legal person

Name	China State Shipbuilding Corporation Limited
The person in charge of the unit or legal representative	Yu Mingxiong
Date of establishment	29 June 1999
Principal businesses	State-owned assets investment and management, industrial investment, investment management within the scope of authorisation of the State Council; research and development, design, production, sale and maintenance services of weapon equipment and supporting systems; research and development, design, manufacture, repair, lease, management of ships, offshore engineering and marine transportation, marine development, marine protection equipment; research and development, design, manufacture, repair, lease, management of large engineering equipment, power equipment, mechanical and electrical equipment, information and control products; import and export of goods and technology, domestic trading; completed equipment warehousing logistics, exploration, development and investment management of oil and gas and mineral resources, ship leasing business, cruise industry investment and management; survey and design, project contracting, project construction, construction and installation, project supervision business. Development, transfer and consulting of military technology, civil technology and technology for both military and civil uses, technical services, investment in and management of technical training business.
Shareholdings in other domestic and overseas listed companies of which it has holding rights and joint stocks during the Reporting Period	As at 31 December 2025, the Company directly and indirectly held a total of 26.68% equity interest in China CSSC Holdings Limited, and directly and indirectly held a total of 20.25% equity interest in CSSC Science & Technology Co., Ltd., and indirectly held a total of 74.24% equity interest in CSSC (Hong Kong) Shipping Company Limited.
Notes on other matters	CSSC and CSSC International entered into the Parties Acting in Concert Agreement on 28 September 2018, in which it was agreed that CSSC International shall authorise CSSC to exercise its shareholder's rights so far as CSSC remains the controlling shareholder or actual controller of CSSC International (For details, please refer to the Announcement in relation to the Entering into the Parties Acting in Concert Agreement by Substantial Shareholders of the Company published on the websites of Shanghai Stock Exchange and the Hong Kong Stock Exchange by the Company on 28 September 2018).

2 Ownership and controlling relationship between the Company and controlling shareholders



(ii) Information on actual controllers

1 Ownership and controlling relationship between the Company and actual controllers

IV. OTHER LEGAL PERSON SHAREHOLDERS WITH MORE THAN 10% SHAREHOLDING

Unit: RMB in ten thousand Currency: RMB

Name of legal person shareholder	The person in charge of the unit or legal representative	Date of establishment	Code of organisation	Registered capital	Principal business or management activities
CSSC International Holding Company Limited	Li Hongtao	24 August 2018	–	100	Engaged in overseas financing business; providing centralized overseas fund management services for members of China Shipbuilding Group; engaged in business cooperation; other business authorized by China Shipbuilding Group; and other business permitted by the law.
Description	CSSC and CSSC International entered into the Parties Acting in Concert Agreement on 28 September 2018, in which it was agreed that CSSC International shall authorise CSSC to exercise its shareholder's rights so far as CSSC remains the controlling shareholder or actual controller of CSSC International (For details, please refer to the Announcement in relation to the Entering into the Parties Acting in Concert Agreement by Substantial Shareholders of the Company published on the websites of Shanghai Stock Exchange and the Hong Kong Stock Exchange by the Company on 28 September 2018).				

V. INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2025, the following persons (other than Directors or members of senior management of the Company) have the following interests and short positions in the shares and underlying shares of the Company that are required to be notified to the Company and the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) (the "SFO") or are required to be entered in the register to be kept by the Company under section 336 of the SFO:

Name of shareholder	Class of shares	Number of long positions held (share)	Capacity	Approximate shareholding percentage of issued H Shares (%)	Approximate shareholding percentage of issued A Shares (%)	Percentage of total issued share capital (%)
China State Shipbuilding Corporation Limited	A Shares	481,337,700 (L)	Beneficial owner	–	58.60	34.05
CSSC International Holding Company Limited	H Shares	322,790,890 (L)	Beneficial owner	54.52	–	22.84

Note: The letter "L" denotes the person's long position in the relevant shares.

Save as disclosed above, so far as the Directors are aware, there were no other persons or companies who owned any interests or short positions in the shares and underlying shares in issue of the Company that are required to be notified to the Company and the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or are required to be entered in the register to be kept by the Company under section 336 of the SFO as at 31 December 2025.

VI. DIRECTORS' INTEREST

As at 31 December 2025, none of the Directors and chief executive of the Company has any interests or short positions in the shares, underlying shares and/or debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interest and/or short position taken or deemed to be held under the relevant provisions of the SFO), or are required to be recorded in the register required to be kept under Section 352 of the SFO, or are required to be notified to the Company and the Stock Exchange under the Model Code for Securities Transactions by Directors of Listed Issuers.

VII. OTHER INFORMATION

(i) Warrants and others

During the Year, neither the Company nor its subsidiaries have issued any warrants, convertible securities, options or other securities with similar rights, nor had any person exercised any right stated above.

(ii) Public float

The public float of the Company remained to be satisfied at the level required by the Listing Rules of the Stock Exchange during the Reporting Period and up to the date of this report.

(iii) Related/connected transactions

Details of related/connected transactions of the Group for 2025 are set out in the notes to financial statements. None of these related party transactions constitutes a connected transaction required to be disclosed pursuant to the Listing Rules of the Stock Exchange except for those described in the section headed "Material Related/Connected Transactions" as set out in Section V "Significant Events", in respect of which the disclosure requirements pursuant to Chapter 14A of the Listing Rules of the Stock Exchange have been complied with.

信永中和会计师事务所

ShineWing
certified public accountants

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AUDITORS' REPORT

XYZH/2026BJAG1B0209

TO ALL SHAREHOLDERS OF CSSC OFFSHORE & MARINE ENGINEERING (GROUP) COMPANY LIMITED,

I. AUDITORS' OPINION

We have audited the financial statements of CSSC Offshore & Marine Engineering (Group) Company Limited (the "COMEC"), which comprise the consolidated and the Company's balance sheets as at 31 December 2025, the consolidated and the Company's income statements, the consolidated and the Company's cash flows statements and the consolidated and the Company's statements of changes in shareholders' equity for 2025 and the relevant notes to the financial statements

In our opinion, the accompanying financial statements present fairly, in all material respects, COMEC's consolidated and the Company's financial position as at 31 December 2025 and consolidated and the Company's financial performance and cash flows for the year 2025 in accordance with the Accounting Standards for Business Enterprises.

II. BASIS FOR AUDITORS' OPINION

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of COMEC in accordance with the independence requirements set out in China Standards on Independence for Certified Public Accountants and the China Code of Ethics for Certified Public Accountants that are applicable to audits of financial statements of public interest entities, and we have fulfilled our other independent and ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our auditors' opinion.

III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Recognition of revenue

Key Audit Matters	How the matter is addressed in auditing
For details of the relevant information disclosure, please refer to the accounting policies set out in "Item (xxx) in III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES" and "Note (xlvii) in V. NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS" in the chapter "NOTES TO THE FINANCIAL STATEMENTS". For the year, the consolidated financial statements of COMEC recorded operating revenue of RMB20,547.0521 million, which was primarily derived from contracts with customers for the construction of ships and offshore engineering equipment, offshore engineering products, steel structures, maintenance and modification on ships, electro-mechanical products and others. As revenue is one of the key performance indicators of COMEC, and given the diversity of COMEC's products and services, the appropriateness of revenue recognition has a significant impact on the Company's operating results. Accordingly, we have identified revenue recognition as a key audit matter.	In response to the recognition of operating revenue of COMEC, the audit procedures we performed mainly included: (1) Understand, evaluate and test the internal controls related to revenue recognition implemented by the management; (2) Select sales contracts with significant amounts, analyse the relevant terms of such contracts, and evaluate whether COMEC's revenue recognition policy complies with the requirements of the Accounting Standards for Business Enterprises; (3) Perform analytical procedures on revenue and costs, and evaluate the reasonableness of changes in sales revenue and fluctuations in gross profit margin; (4) Perform substantive testing on sales revenue on a sample basis, inspect corresponding sales contracts, title transfer certificates, bank receipt vouchers, invoices and other documents to verify the authenticity, completeness and accuracy of revenue; (5) Select samples to confirm current period sales revenue and accounts receivable balances by way of confirmation based on the characteristics of the transactions and the nature of customers; (6) Perform cut-off testing on sales revenue to ascertain whether revenue has been recognised in the appropriate accounting period; (7) Review the presentation and disclosure of revenue recognition in the financial statements.

2. Impairment of fixed assets

Key Audit Matters	How the matter is addressed in auditing
For details of the relevant information disclosure, please refer to the accounting policies set out in "Item (xx) in III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES" and "Note (xvi) in V. NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS" in the chapter "NOTES TO THE FINANCIAL STATEMENTS". As at 31 December 2025, the carrying amount of fixed assets and the balance of provision for impairment of fixed assets in the consolidated financial statements of COMEC amounted to RMB4,553.3866 million and RMB157.0404 million, respectively. The management assessed at the balance sheet date whether there were any indicators of impairment of fixed assets. For fixed assets with indications of impairment, the management compared the carrying amount of the assets with their recoverable amount to determine the amount of impairment loss. As the impairment assessment involved significant estimates, we have therefore identified impairment of fixed assets as a key audit matter.	The audit procedures we performed for the provision for impairment of fixed assets mainly included: (1) Understand and evaluate the design of internal controls related to fixed assets management, and test the operating effectiveness of key control processes; (2) Inspect the methods and assumptions used by COMEC in impairment test of fixed assets, and evaluate whether the asset impairment methods adopted by the management complied with the requirements of the Accounting Standards for Business Enterprises; (3) Perform supervision of counting of fixed assets to observe their storage condition and usage status; (4) Perform recalculation of the recoverable amount of fixed assets, and having the valuation experts of the certified public accountants review the valuation methods and key assumptions adopted by the external valuation institutions engaged by the management; (5) Evaluate the competence, professional qualifications and objectivity of the valuation experts engaged by the management and the valuation experts of the certified public accountants.

IV. OTHER INFORMATION

The management of COMEC (the "management") is responsible for the other information. The other information comprises the information included in the 2025 annual report of COMEC, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management is responsible for preparing of the financial statements that give a fair view in accordance with Accounting Standards for Business Enterprises, and designing, implementing and maintaining the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing COMEC's ability to continue as a going concern, disclosure of matters regarding going concern, as applicable, and using the going concern basis of accounting unless the management either intends to liquidate COMEC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing COMEC's financial reporting process.

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to affect the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with China Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(1) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(3) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

(4) conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on COMEC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause COMEC to cease to continue as a going concern.

(5) evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within COMEC to express an auditors' opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our auditors' opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and related safeguards (if applicable).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

ShineWing Certified Public Accountants LLP

Certified Public Accountant of China: Deng Dengfeng (Project Partner)

Certified Public Accountant of China: Liu Lihong

Beijing, the PRC

27 March 2026

CONSOLIDATED BALANCE SHEET

31 December 2025
Prepared by: CSSC Offshore & Marine Engineering (Group) Company Limited
Unit: RMB Yuan

Item	Notes	31 December 2025	31 December 2024
Current assets:			
Cash at bank and on hand	V. (i)	**13,855,425,043.73**	15,260,594,444.32
Settlement reserve			
Placements with banks and non-bank financial institutions			
Financial assets held-for-trading	V. (ii)	**15,904,587.81**	1,171,434.07
Derivative financial assets			
Notes receivable	V. (iii)	**17,541,153.59**	56,102,457.89
Accounts receivable	V. (iv)	**1,342,703,815.71**	1,326,920,478.98
Receivable financing	V. (v)	**74,059,204.31**	236,548,075.95
Prepayments	V. (vi)	**6,767,980,733.81**	5,547,687,998.67
Insurance premium receivable			
Reinsurance premium receivable			
Reserves for reinsurance contract receivable			
Other receivables	V. (vii)	**58,867,109.69**	63,115,009.10
Including: Interest receivable			
Dividends receivable			12,585,085.74
Financial assets purchased under agreements to resell			
Inventories	V. (viii)	**8,528,125,730.47**	5,905,684,446.80
Including: data resources			
Contract assets	V. (ix)	**2,618,828,424.43**	2,388,466,443.95
Assets held-for-sale			
Non-current assets due within one year	V. (x)	**808,775,394.83**	930,941,201.25
Other current assets	V. (xi)	**727,661,002.13**	423,717,919.05
Total current assets		**34,815,872,200.51**	32,140,949,910.03
Non-current assets:			
Loans and advances granted			
Debt investments			
Other debt investments			
Long-term receivables	V. (xii)	**358,289,181.81**	715,985,528.68
Long-term equity investments	V. (xiii)	**6,188,015,607.50**	5,403,984,842.40
Investments in other equity instruments	V. (xiv)	**7,245,893,772.98**	7,859,909,518.36
Other non-current financial assets			
Investment properties	V. (xv)	**116,574,356.46**	123,111,781.50
Fixed assets	V. (xvi)	**4,553,386,574.97**	4,830,830,141.14
Construction in progress	V. (xvii)	**310,601,023.91**	164,266,268.87
Productive biological assets			
Oil and gas assets			
Right-of-use assets	V. (xviii)	**158,374,401.95**	223,699,680.67
Intangible assets	V. (xix)	**908,623,286.42**	925,124,040.52
Including: data resources			
Development expenses			
Including: data resources			
Goodwill			
Long-term deferred expenses	V. (xx)	**275,787,306.01**	79,792,669.10
Deferred tax assets	V. (xxi)	**401,417,657.29**	451,592,466.76
Other non-current assets	V. (xxii)	**688,712,336.72**	676,866,767.22
Total non-current assets		**21,205,675,506.02**	21,455,163,705.22
Total assets		**56,021,547,706.53**	53,596,113,615.25

The notes to the accompanying financial statements are an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET

31 December 2025
Prepared by: CSSC Offshore & Marine Engineering (Group) Company Limited
Unit: RMB Yuan

Item	Notes	31 December 2025	31 December 2024
Current liabilities:			
Short-term borrowings	V. (xxiv)	**2,557,989,477.75**	598,343,912.50
Loans from central bank			
Placements from banks and other financial institutions			
Financial liabilities held-for-trading	V. (xxv)		94,183,471.96
Derivative financial liabilities			
Notes payable	V. (xxvi)	**711,762,388.12**	1,874,172,036.86
Accounts payable	V. (xxvii)	**8,791,133,678.45**	8,452,829,358.41
Accounts collected in advance			
Contract liabilities	V. (xxviii)	**15,264,016,233.63**	13,291,127,772.51
Securities sold under agreements to repurchase			
Deposits from customers and other banks			
Brokerage for securities trading			
Brokerage for underwriting securities			
Employee compensation payable	V. (xxix)	**242,991.84**	1,367,643.45
Taxes payable	V. (xxx)	**58,467,947.36**	40,654,851.89
Other payables	V. (xxxi)	**229,429,068.75**	265,576,439.57
Including: Interest payable			
Dividends payable		**771,313.61**	763,267.03
Fee and commission payable			
Reinsured accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	V. (xxxii)	**1,140,196,339.48**	1,558,093,634.54
Other current liabilities	V. (xxxiii)	**1,708,605,517.29**	220,041,281.42
Total current liabilities		**30,461,843,642.67**	26,396,390,403.11
Non-current liabilities:			
Reserves for insurance contracts			
Long-term borrowings	V. (xxxiv)	**2,218,200,000.00**	4,048,900,000.00
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities	V. (xxxv)	**103,010,005.14**	152,585,672.14
Long-term payable	V. (xxxvi)		
Long-term employee compensation payable	V. (xxxvii)	**109,560,059.23**	99,108,028.43
Estimated liabilities	V. (xxxviii)	**137,257,797.91**	264,667,686.67
Deferred income	V. (xxxix)	**69,919,025.37**	85,322,154.61
Deferred tax liabilities	V. (xxi)	**1,128,763,346.82**	1,281,810,227.37
Other non-current liabilities	V. (xl)	**102,489,557.04**	96,872,353.05
Total non-current liabilities		**3,869,199,791.51**	6,029,266,122.27
Total liabilities		**34,331,043,434.18**	32,425,656,525.38

CONSOLIDATED BALANCE SHEET

31 December 2025
Prepared by: CSSC Offshore & Marine Engineering (Group) Company Limited
Unit: RMB Yuan

Item	Notes	31 December 2025	31 December 2024
Shareholders' equity			
Share capital	*V. (xli)*	**1,413,506,378.00**	1,413,506,378.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve	*V. (xlii)*	**9,050,623,845.39**	9,003,324,664.95
Less: Treasury shares			
Other comprehensive income	*V. (xliii)*	**3,236,840,575.18**	3,669,970,450.30
Special reserve	*V. (xliv)*		
Surplus reserve	*V. (xlv)*	**1,237,804,616.41**	1,146,499,058.97
Provision for general risks			
Retained earnings	*V. (xlvi)*	**3,295,732,951.99**	2,591,405,648.46
Total equity attributable to shareholders' equity of the Parent Company		**18,234,508,366.97**	17,824,706,200.68
Non-controlling interests		**3,455,995,905.38**	3,345,750,889.19
Total shareholders' equity		**21,690,504,272.35**	21,170,457,089.87
Total liabilities and shareholders' equity		**56,021,547,706.53**	53,596,113,615.25

The notes to the accompanying financial statements are an integral part of the financial statements.

Person in charge of the Company:	Person in charge of accounting:	Head of accounting department:
Weng Hongbing	**Li Qiang**	**Zhao Na**

BALANCE SHEET OF THE PARENT COMPANY

31 December 2025
Prepared by: CSSC Offshore & Marine Engineering (Group) Company Limited
Unit: RMB Yuan

Item	Notes	31 December 2025	31 December 2024
Current assets:			
Cash at bank and on hand		**1,372,631,553.64**	1,478,825,829.58
Financial assets held-for-trading			
Derivative financial assets			
Notes receivable			
Accounts receivable	*XVIII. (i)*		
Receivable financing			
Prepayments			
Other receivables	*XVIII. (ii)*	**18,095.97**	270,158.49
Including: Interest receivable			
Dividends receivable			
Inventories			
Including: data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		**22,335,018.48**	20,448,640.03
Total current assets		**1,394,984,668.09**	1,499,544,628.10
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	*XVIII. (iii)*	**7,913,063,156.86**	7,093,483,944.51
Investments in other equity instruments		**7,233,880,906.16**	7,821,117,179.36
Other non-current financial assets			
Investment properties		**116,574,356.46**	123,111,781.50
Fixed assets		**735,590.01**	4,172,232.82
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets			
Including: data resources			
Development expenses			
Including: data resources			
Goodwill			
Long-term deferred expenses			
Deferred tax assets		**192,117.22**	192,117.22
Other non-current assets			
Total non-current assets		**15,264,446,126.71**	15,042,077,255.41
Total assets		**16,659,430,794.80**	16,541,621,883.51

The notes to the accompanying financial statements are an integral part of the financial statements.

BALANCE SHEET OF THE PARENT COMPANY

31 December 2025
Prepared by: CSSC Offshore & Marine Engineering (Group) Company Limited
Unit: RMB Yuan

Item	Notes	31 December 2025	31 December 2024
Current liabilities:			
Short-term borrowings			
Financial liabilities held-for-trading			
Derivative financial liabilities			
Notes payable			
Accounts payable		**5,511,207.11**	1,285,801.45
Accounts collected in advance			
Contract liabilities			
Employee benefits payable			
Taxes payable		**630,809.94**	538,585.22
Other payables		**17,074,363.27**	17,168,778.53
Including: Interest payable			
Dividends payable		**771,313.61**	763,267.03
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		**23,216,380.32**	18,993,165.20
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Lease liabilities			
Long-term payable			
Long-term employee benefits payable			
Estimated liabilities			
Deferred income			
Deferred tax liabilities		**1,093,999,426.54**	1,240,808,494.84
Other non-current liabilities			
Total non-current liabilities		**1,093,999,426.54**	1,240,808,494.84
Total liabilities		**1,117,215,806.86**	1,259,801,660.04
Shareholders' equity			
Share capital		**1,413,506,378.00**	1,413,506,378.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve		**8,247,355,508.47**	8,247,235,699.82
Less: Treasury shares			
Other comprehensive income		**3,281,155,999.64**	3,721,910,661.56
Special reserve			
Surplus reserve		**754,326,416.44**	663,020,859.00
Retained earnings		**1,845,870,685.39**	1,236,146,625.09
Total shareholders' equity		**15,542,214,987.94**	15,281,820,223.47
Total liabilities and shareholders' equity		**16,659,430,794.80**	16,541,621,883.51

The notes to the accompanying financial statements are an integral part of the financial statements.

Person in charge of the Company:	Person in charge of accounting:	Head of accounting department:
Weng Hongbing	**Li Qiang**	**Zhao Na**

CONSOLIDATED INCOME STATEMENT

2025
Prepared by: CSSC Offshore & Marine Engineering (Group) Company Limited
Unit: RMB Yuan

Item		Notes	2025	2024
I.	**Total operating income**		**20,547,052,116.16**	19,402,390,859.63
	Including: Operating income	*V. (xlvii)*	**20,547,052,116.16**	19,402,390,859.63
	Interest income			
	Premium earned			
	Fee and commission income			
II.	**Total operating costs**		**20,124,960,725.45**	19,251,300,750.04
	Including: Operating cost	*V. (xlvii)*	**18,479,056,455.35**	17,897,013,361.84
	Interest expense			
	Fee and commission expenses			
	Surrender value			
	Net amount of compensation payout			
	Net increase in insurance contracts reserve			
	Policy dividend payment			
	Amortized reinsurance expenditures			
	Taxes and surcharges	*V. (xlviii)*	**73,492,607.20**	34,932,883.22
	Selling expenses	*V. (xlix)*	**84,060,693.30**	48,543,062.10
	Administrative expenses	*V. (l)*	**782,675,938.57**	663,201,198.86
	Research and development expenses	*V. (li)*	**903,313,371.82**	888,463,342.28
	Financing cost	*V. (lii)*	**-197,638,340.79**	-280,853,098.26
	Including: Interest expenses		**112,256,527.42**	113,748,961.92
	Interest income		**359,370,489.25**	360,121,768.64
	Add: Other income	*V. (liii)*	**170,655,170.68**	147,647,564.30
	Investment income (loss expressed with "-")	*V. (liv)*	**835,427,272.43**	283,506,266.21
	Including: Income from investment in associates and joint ventures		**784,839,012.20**	211,178,827.91
	Derecognition income of financial assets measured at amortised cost			
	Exchange gain (loss expressed with "-")			
	Net gain from exposure hedging (loss expressed with "-")			
	Gain from change in fair value (loss expressed with "-")	*V. (lv)*	**43,920,735.75**	-98,734,638.44
	Loss on impairment of credit (loss expressed with "-")	*V. (lvi)*	**-32,090,840.09**	-13,046,115.60
	Loss on impairment of assets (loss expressed with "-")	*V. (lvii)*	**-263,431,609.73**	-50,949,140.70
	Gains from disposal of assets (loss expressed with "-")	*V. (lviii)*	**-224,545.57**	-29,166,698.27
III.	**Operating profit (loss expressed with "-")**		**1,176,347,574.18**	390,347,347.09
	Add: Non-operating revenue	*V. (lix)*	**12,146,765.15**	4,511,567.04
	Less: Non-operating expenses	*V. (lx)*	**5,284,736.34**	1,660,001.62
IV.	**Total profit (total loss expressed with "-")**		**1,183,209,602.99**	393,198,912.51
	Less: Income tax expense	*V. (lxi)*	**44,964,415.27**	-77,492,908.07
V.	**Net profit (net loss expressed with "-")**		**1,138,245,187.72**	470,691,820.58
	(i) By continuity of operations			
	1. Net profit from continuing operations (net loss expressed with "-")		**1,138,245,187.72**	470,691,820.58
	2. Net profit from discontinued operations (net loss expressed with "-")			
	(ii) By ownership			
	1. Net profit attributable to shareholders of the Parent Company (net loss expressed with "-")		**1,008,262,651.35**	377,262,684.20
	2. Gain or loss attributable to non-controlling interests (net loss expressed with "-")		**129,982,536.37**	93,429,136.38

CONSOLIDATED INCOME STATEMENT

2025

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

Unit: RMB Yuan

Item			Notes	2025	2024
VI.	**Net other comprehensive income after tax**			**-427,896,529.91**	1,061,327,613.52
	Net other comprehensive income after tax attributable to owners of the Parent Company			**-433,733,708.80**	1,062,476,483.07
	(i)	Other comprehensive income that may not be subsequently reclassified to profit and loss		**-432,852,799.93**	1,061,443,925.50
		1. Change in re-measurement of defined benefit plans		**5,149,880.95**	
		2. Other comprehensive income that may not be reclassified to profit or loss under equity method		**-327,457.02**	320,786.29
		3. Change in fair value of investments in other equity instruments		**-437,675,223.86**	1,061,123,139.21
		4. Change in fair value of own credit risk			
	(ii)	Other comprehensive income will be subsequently reclassified to profit or loss		**-880,908.87**	1,032,557.57
		1. Other comprehensive income that may be reclassified to profit or loss under equity method			
		2. Change in fair value of other debt investments			
		3. Amount included in other comprehensive income on reclassification of financial assets			
		4. Provision for credit impairment of other debt investments			
		5. Cash flow hedges reserve (Effective portion of cash flow hedge gains or losses)			
		6. Exchange differences arising from translation of foreign currency financial statements		**-880,908.87**	1,032,557.57
		7. Others			
	Net other comprehensive income after tax attributable to non-controlling interests			**5,837,178.89**	-1,148,869.55
VII.	**Total comprehensive income**			**710,348,657.81**	1,532,019,434.10
	Total comprehensive income attributable to owners of the Parent Company			**574,528,942.55**	1,439,739,167.27
	Total comprehensive income attributable to non-controlling interests			**135,819,715.26**	92,280,266.83
VIII.	**Earnings per share:**				
	(i)	Basic earnings per share (RMB/share)		**0.7133**	0.2669
	(ii)	Diluted earnings per share (RMB/share)		**0.7133**	0.2669

The notes to the accompanying financial statements are an integral part of the financial statements.

Person in charge of the Company:	Person in charge of accounting:	Head of accounting department:
Weng Hongbing	**Li Qiang**	**Zhao Na**

INCOME STATEMENT OF THE PARENT COMPANY

2025
Prepared by: CSSC Offshore & Marine Engineering (Group) Company Limited
Unit: RMB Yuan

Item		Notes	2025	2024
I.	**Operating income**	*XVIII. (iv)*	**14,664,000.00**	13,093,200.00
	Less: Operating costs	*XVIII. (iv)*	**6,537,425.04**	6,537,425.04
	Taxes and surcharges		**100,391.87**	120,751.04
	Selling expenses			
	Administrative expenses		**29,942,443.96**	22,726,666.33
	Research and development expenses			
	Financing cost		**-34,655,996.17**	-36,090,399.74
	Including: Interest expenses		**35,697.83**	
	Interest income		**34,810,277.47**	36,411,884.21
	Add: Other income		**50,050.51**	22,846.07
	Investment income (loss expressed with "-")	*XVIII. (v)*	**903,997,837.13**	286,509,556.37
	Including: Income from investment in associates and joint ventures		**819,786,860.72**	240,098,695.66
	Derecognition income of financial assets measured at amortised cost			
	Net gain from exposure hedging (loss expressed with "-")			
	Gain from change in fair value (loss expressed with "-")			
	Loss on impairment of credit (loss expressed with "-")			19,178.36
	Loss on impairment of assets (loss expressed with "-")			
	Gains from disposal of assets (loss expressed with "-")		**-566,806.60**	
II.	**Operating profit (loss expressed with "-")**		**916,220,816.34**	306,350,338.13
	Add: Non-operating revenue		**22,150.33**	633.86
	Less: Non-operating expenses		**102,099.23**	6,000.00
III.	**Total profit (total loss expressed with "-")**		**916,140,867.44**	306,344,971.99
	Less: Income tax expense		**3,085,293.00**	5,064,785.11
IV.	**Net profit (net loss expressed with "-")**		**913,055,574.44**	301,280,186.88
	(i) Net profit from continuing operations (net loss expressed with "-")		**913,055,574.44**	301,280,186.88
	(ii) Net profit from discontinued operations (net loss expressed with "-")			
V.	**Net other comprehensive income after tax**		**-440,754,661.92**	1,063,870,925.53
	(i) Other comprehensive income that may not be subsequently reclassified to profit and loss		**-440,754,661.92**	1,063,870,925.53
	1. Change in re-measurement of defined benefit plans			
	2. Other comprehensive income that may not be reclassified to profit or loss under equity method		**-327,457.02**	320,786.29
	3. Change in fair value of investments in other equity instruments		**-440,427,204.90**	1,063,550,139.24
	4. Change in fair value of own credit risk			
	(ii) Other comprehensive income 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 investments			
	3. Amount included in other comprehensive income on reclassification of financial assets			
	4. Provision for credit impairment of other debt investments			
	5. Cash flow hedges reserve (Effective portion of cash flow hedge gains or losses)			
	6. Exchange differences arising from translation of foreign currency financial statements			
	7. Others			
VI.	**Total comprehensive income**		**472,300,912.52**	1,365,151,112.41
VII.	**Earnings per share**			

The notes to the accompanying financial statements are an integral part of the financial statements.

Person in charge of the Company:	Person in charge of accounting:	Head of accounting department:
Weng Hongbing	**Li Qiang**	**Zhao Na**

CONSOLIDATED CASH FLOW STATEMENT

2025

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

Unit: RMB Yuan

Item		Notes	2025	2024
I.	**Cash flows from operating activities:**			
	Cash received from sale of goods or rendering of services		**26,289,835,494.33**	18,876,995,287.02
	Net increase in deposits from customers and deposits from other banks			
	Net increase in loans from central bank			
	Net increase in placements from other financial institutions			
	Cash receipts of premium for direct insurance contracts			
	Net cash received from reinsurance business			
	Net increase in deposits from insurance policy holders and investment			
	Cash receipts of interest, fees and commissions			
	Net increase in placements from banks and non-bank financial institutions			
	Net increase in sales and repurchase operations			
	Cash receipts of brokerage for securities trading			
	Cash received from tax refund		**740,567,276.91**	380,611,604.86
	Other cash receipts relating to operating activities	*V. (lxviii)*	**423,598,479.31**	606,258,717.57
	Sub-total of cash inflows from operating activities		**27,454,001,250.55**	19,863,865,609.45
	Cash paid for goods and services		**25,590,332,654.74**	19,937,301,431.05
	Net increase in loans and advances to customers			
	Net increase in central bank and interbank deposits			
	Cash paid for claims of direct insurance contracts			
	Net increase in placements with banks and non-bank financial institutions			
	Cash paid for interest, fees and commissions			
	Cash paid for dividends of insurance policies			
	Cash paid to and on behalf of employees		**1,567,847,251.62**	1,395,276,690.29
	Payments of taxes		**253,357,055.19**	139,018,724.31
	Other cash payments relating to operating activities	*V. (lxviii)*	**364,689,824.26**	587,897,711.47
	Sub-total of cash outflows from operating activities		**27,776,226,785.81**	22,059,494,557.12
	Net cash flows from operating activities		**-322,225,535.26**	-2,195,628,947.67
II.	**Cash flows from investing activities:**			
	Cash receipts from disposal of investments		**32,933,927.35**	862,647.21
	Cash receipts from investment income		**70,795,194.62**	69,616,645.06
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**1,991,362.53**	380,349,036.04
	Net cash receipts from disposal of subsidiaries and other business units			70,689.64
	Other cash receipts relating to investing activities	*V. (lxviii)*	**4,466,113,898.18**	1,332,040,887.63
	Sub-total of cash inflows from investing activities		**4,571,834,382.68**	1,782,939,905.58
	Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		**285,181,763.83**	203,194,863.43
	Cash paid for investments		**223,236,283.78**	249,895,883.98
	Net increase in pledged loans			
	Net cash paid for acquisition of subsidiaries and other business units			
	Other cash payments relating to investing activities	*V. (lxviii)*	**1,572,354,407.49**	1,757,845,865.58
	Sub-total of cash outflows from investing activities		**2,080,772,455.10**	2,210,936,612.99
	Net cash flows from investing activities		**2,491,061,927.58**	-427,996,707.41

CONSOLIDATED CASH FLOW STATEMENT

2025
Prepared by: CSSC Offshore & Marine Engineering (Group) Company Limited
Unit: RMB Yuan

Item		Notes	2025	2024
III.	**Cash flows from financing activities:**			
	Cash receipts from receiving investments			
	Including: Cash received by subsidiaries from receiving investments made by non-controlling interests			
	Cash receipts from borrowings		**3,717,000,000.00**	2,839,000,000.00
	Other cash receipts relating to financing activities	*V. (lxviii)*	**47,180,000.00**	
	Sub-total of cash inflows from financing activities		**3,764,180,000.00**	2,839,000,000.00
	Cash paid for repayment of debts		**4,102,200,000.00**	1,808,600,000.00
	Cash paid for dividends, profit distribution or interest expenses		**343,044,038.49**	139,938,273.98
	Including: Dividends and profits paid by subsidiaries to non-controlling interests		**25,574,250.21**	2,630,666.33
	Other cash payments relating to financing activities	*V. (lxviii)*	**96,594,627.63**	82,763,929.80
	Sub-total of cash outflows from financing activities		**4,541,838,666.12**	2,031,302,203.78
	Net cash flows from financing activities		**-777,658,666.12**	807,697,796.22
IV.	**Effect of change in exchange rate on cash and cash equivalents**		**-49,461,184.70**	27,418,435.20
V.	**Net increase in cash and cash equivalents**		**1,341,716,541.50**	-1,788,509,423.66
	Add: Beginning balance of cash and cash equivalents		**7,912,650,651.18**	9,701,160,074.84
VI.	**Ending balance of cash and cash equivalents**		**9,254,367,192.68**	7,912,650,651.18

The notes to the accompanying financial statements are an integral part of the financial statements.

Person in charge of the Company:	Person in charge of accounting:	Head of accounting department:
Weng Hongbing	**Li Qiang**	**Zhao Na**

CASH FLOW STATEMENT OF THE PARENT COMPANY

2025

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

Unit: RMB Yuan

Item		Notes	2025	2024
I.	**Cash flows from operating activities:**			
	Cash received from sale of goods or rendering of services		**15,983,760.00**	14,271,588.00
	Cash received from tax refund			1,182,442.76
	Other cash receipts relating to operating activities		**8,780,830.49**	21,467,587.87
	Sub-total of cash inflows from operating activities		**24,764,590.49**	36,921,618.63
	Cash paid for goods and services		**260,555.52**	201,860.47
	Cash paid to and on behalf of employees		**13,579,587.06**	11,693,733.74
	Payments of taxes		**5,499,357.13**	5,565,503.66
	Other cash payments relating to operating activities		**17,429,814.63**	16,440,787.79
	Sub-total of cash outflows from operating activities		**36,769,314.34**	33,901,885.66
	Net cash flows from operating activities		**-12,004,723.85**	3,019,732.97
II.	**Cash flows from investing activities:**			
	Cash receipts from disposal of investments			
	Cash receipts from investment income		**84,210,976.41**	46,410,860.71
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**955,478.00**	1,700.00
	Net cash receipts from disposal of subsidiaries and other business units			
	Other cash receipts relating to investing activities		**776,773,250.00**	553,361,250.00
	Sub-total of cash inflows from investing activities		**861,939,704.41**	599,773,810.71
	Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		**255,224.84**	134,006.33
	Cash paid for investments			
	Net cash paid for acquisition of subsidiaries and other business units			
	Other cash payments relating to investing activities		**220,000,000.00**	557,500,000.00
	Sub-total of cash outflows from investing activities		**220,255,224.84**	557,634,006.33
	Net cash flows from investing activities		**641,684,479.57**	42,139,804.38
III.	**Cash flows from financing activities:**			
	Cash receipts from receiving investments			
	Cash receipts from borrowings			
	Other cash receipts relating to financing activities			
	Sub-total of cash inflows from financing activities			
	Cash paid for repayment of debts			
	Cash paid for dividends, profit distribution or interest expenses		**212,923,388.30**	31,977,959.54
	Other cash payments relating to financing activities		**727,832.00**	
	Sub-total of cash outflows from financing activities		**213,651,220.30**	31,977,959.54
	Net cash flows from financing activities		**-213,651,220.30**	-31,977,959.54
IV.	**Effect of change in exchange rate on cash and cash equivalents**		**-63,587.05**	-287,881.24
V.	**Net increase in cash and cash equivalents**		**415,964,948.37**	12,893,696.57
	Add: Beginning balance of cash and cash equivalents		**63,868,935.79**	50,975,239.22
VI.	**Ending balance of cash and cash equivalents**		**479,833,884.16**	63,868,935.79

The notes to the accompanying financial statements are an integral part of the financial statements.

Person in charge of the Company:	Person in charge of accounting:	Head of accounting department:
Weng Hongbing	**Li Qiang**	**Zhao Na**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

2025

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

Unit: RMB Yuan

Item	2025													
	Equity attributable to shareholders of the Parent Company													
		Other equity instruments												
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risks	Retained earnings	Others	Sub-total	Non-controlling interests	Total equity
I. Ending balance of last year	1,413,506,378.00				9,003,324,664.95		3,669,970,450.30		1,146,499,058.97		2,591,405,648.46		17,824,706,200.68	3,345,750,889.19	21,170,457,089.87
Add: Changes in accounting policies															
Correction of previous errors															
Business combination under common control															
Others															
II. Beginning balance of the year	1,413,506,378.00				9,003,324,664.95		3,669,970,450.30		1,146,499,058.97		2,591,405,648.46		17,824,706,200.68	3,345,750,889.19	21,170,457,089.87
III. Increase/decrease for the year (decrease expressed with "-")					47,299,180.44		-433,129,875.12		91,305,557.44		704,327,303.53		409,802,166.29	110,245,016.19	520,047,182.48
(i) Total comprehensive income							-433,733,708.80				1,008,262,651.35		574,528,942.55	135,819,715.26	710,348,657.81
(ii) Capital paid in and reduced by shareholders					47,299,180.44								47,299,180.44	-523.69	47,298,656.75
1. Ordinary shares paid by shareholders															
2. Capital paid by holders of other equity instruments															
3. Amount of share-based payments recognised in shareholders' equity															
4. Others					47,299,180.44								47,299,180.44	-523.69	47,298,656.75
(iii) Profit distribution									91,305,557.44		-303,331,514.14		-212,025,956.70	-25,574,175.38	-237,600,132.08
1. Transfer to surplus reserve									91,305,557.44		-91,305,557.44				
2. Transfer to provision for general risks															
3. Distribution to shareholders											-212,025,956.70		-212,025,956.70	-25,574,175.38	-237,600,132.08
4. Others															
(iv) Transfer within shareholders' equity							603,833.68				-603,833.68				
1. Capitalization of capital reserves															
2. Capitalization of surplus reserves															
3. Loss offset by surplus reserve															
4. Transfer to retained earnings arising from change in defined benefit plans															
5. Transfer from other comprehensive income to retained earnings							603,833.68				-603,833.68				
6. Others															
(v) Special reserve								37,028,258.10					37,028,258.10	30,867,281.08	67,895,539.18
1. Transfer in the year								37,028,258.10					37,028,258.10	30,867,281.08	67,895,539.18
2. Utilisation in the year															
(vi) Others															
IV. Ending balance of the year	1,413,506,378.00				9,050,623,845.39		3,236,840,575.18		1,237,804,616.41		3,295,732,951.99		18,234,508,366.97	3,455,995,905.38	21,690,504,272.35

The notes to the accompanying financial statements are an integral part of the financial statements.

Person in charge of the Company: **Weng Hongbing**

Person in charge of accounting: **Li Qiang**

Head of accounting department: **Zhao Na**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

2025

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

Unit: RMB Yuan

Item	2024													
	Equity attributable to shareholders of the Parent Company													
		Other equity instruments												
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risks	Retained earnings	Others	Sub-total	Non-controlling interests	Total equity
I. Ending balance of last year	1,413,506,378.00				9,003,416,519.77		2,607,526,251.42		1,116,371,040.28		2,276,749,345.46		16,417,569,534.93	3,189,468,188.69	19,607,037,723.62
Add: Changes in accounting policies															
Correction of previous errors															
Business combination under common control															
Others															
II. Beginning balance of the year	1,413,506,378.00				9,003,416,519.77		2,607,526,251.42		1,116,371,040.28		2,276,749,345.46		16,417,569,534.93	3,189,468,188.69	19,607,037,723.62
III. Increase/decrease for the year (decrease expressed with "-")					-91,854.82		1,062,444,198.88		30,128,018.69		314,656,303.00		1,407,136,665.75	156,282,700.50	1,563,419,366.25
(i) Total comprehensive income							1,062,476,483.07				377,262,684.20		1,439,739,167.27	92,280,266.83	1,532,019,434.10
(ii) Capital paid in and reduced by shareholders					-91,854.82								-91,854.82	66,633,100.00	66,541,245.18
1. Ordinary shares paid by shareholders														66,633,100.00	66,633,100.00
2. Capital paid by holders of other equity instruments															
3. Amount of share-based payments recognised in shareholders' equity															
4. Others					-91,854.82								-91,854.82		-91,854.82
(iii) Profit distribution									30,128,018.69		-62,638,665.39		-32,510,646.70	-2,630,666.33	-35,141,313.03
1. Transfer to surplus reserve									30,128,018.69		-30,128,018.69				
2. Transfer to provision for general risks															
3. Distribution to shareholders											-32,510,646.70		-32,510,646.70	-2,630,666.33	-35,141,313.03
4. Others															
(iv) Transfer within shareholders' equity							-32,284.19				32,284.19				
1. Capitalization of capital reserves															
2. Capitalization of surplus reserves															
3. Loss offset by surplus reserve															
4. Transfer to retained earnings arising from change in defined benefit plans															
5. Transfer from other comprehensive income to retained earnings							-32,284.19				32,284.19				
6. Others															
(v) Special reserve															
1. Transfer in the year								30,899,211.29					30,899,211.29	25,758,020.74	56,657,232.03
2. Utilisation in the year								30,899,211.29					30,899,211.29	25,758,020.74	56,657,232.03
(vi) Others															
IV. Ending balance of the year	1,413,506,378.00				9,003,324,664.95		3,669,970,450.30		1,146,499,058.97		2,591,405,648.46		17,824,706,200.68	3,345,750,889.19	21,170,457,089.87

The notes to the accompanying financial statements are an integral part of the financial statements.

Person in charge of the Company: **Weng Hongbing**

Person in charge of accounting: **Li Qiang**

Head of accounting department: **Zhao Na**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY

2025

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

Unit: RMB Yuan

Item	2025											
		Other equity instruments										
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Others	Total equity
I. Ending balance of last year	1,413,506,378.00				8,247,235,699.82		3,721,910,661.56		663,020,859.00	1,236,146,625.09		15,281,820,223.47
Add: Changes in accounting policies												
Correction of previous errors												
Others												
II. Beginning balance of the year	1,413,506,378.00				8,247,235,699.82		3,721,910,661.56		663,020,859.00	1,236,146,625.09		15,281,820,223.47
III. Increase/decrease for the year (decrease expressed with "-")					119,808.65		-440,754,661.92		91,305,557.44	609,724,060.30		260,394,764.47
(i) Total comprehensive income							-440,754,661.92			913,055,574.44		472,300,912.52
(ii) Capital paid in and reduced by shareholders					119,808.65							119,808.65
1. Ordinary shares paid by shareholders												
2. Capital paid by holders of other equity instruments												
3. Amount of share-based payments recognised in shareholders' equity												
4. Others					119,808.65							119,808.65
(iii) Profit distribution									91,305,557.44	-303,331,514.14		-212,025,956.70
1. Transfer to surplus reserve									91,305,557.44	-91,305,557.44		
2. Distribution to shareholders										-212,025,956.70		-212,025,956.70
3. Others												
(iv) Transfer within owners' equity												
1. Capitalization of capital reserves												
2. Capitalization of surplus reserves												
3. Loss offset by surplus reserve												
4. Transfer to retained earnings arising from change in defined benefit plans												
5. Transfer from other comprehensive income to retained earnings												
6. Others												
(v) Special reserve												
1. Transfer in the year												
2. Utilisation in the year												
(vi) Others												
IV. Ending balance of the year	1,413,506,378.00				8,247,355,508.47		3,281,155,999.64		754,326,416.44	1,845,870,685.39		15,542,214,987.94

The notes to the accompanying financial statements are an integral part of the financial statements.

Person in charge of the Company: **Weng Hongbing**

Person in charge of accounting: **Li Qiang**

Head of accounting department: **Zhao Na**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY

2025

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

Unit: RMB Yuan

Item	2024											
		Other equity instruments										
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Others	Total equity
I. Ending balance of last year	1,413,506,378.00				8,247,327,554.64		2,658,039,736.03		632,892,840.31	997,505,103.60		13,949,271,612.58
Add: Changes in accounting policies												
Correction of previous errors												
Others												
II. Beginning balance of the year	1,413,506,378.00				8,247,327,554.64		2,658,039,736.03		632,892,840.31	997,505,103.60		13,949,271,612.58
III. Increase/decrease for the year (decrease expressed with "-")					-91,854.82		1,063,870,925.53		30,128,018.69	238,641,521.49		1,332,548,610.89
(i) Total comprehensive income							1,063,870,925.53			301,280,186.88		1,365,151,112.41
(ii) Capital paid in and reduced by shareholders					-91,854.82							-91,854.82
1. Ordinary shares paid by shareholders												
2. Capital paid by holders of other equity instruments												
3. Amount of share-based payments recognised in shareholders' equity												
4. Others					-91,854.82							-91,854.82
(iii) Profit distribution									30,128,018.69	-62,638,665.39		-32,510,646.70
1. Transfer to surplus reserve									30,128,018.69	-30,128,018.69		
2. Distribution to shareholders										-32,510,646.70		-32,510,646.70
3. Others												
(iv) Transfer within owners' equity												
1. Capitalization of capital reserves												
2. Capitalization of surplus reserves												
3. Loss offset by surplus reserve												
4. Transfer to retained earnings arising from change in defined benefit plans												
5. Transfer from other comprehensive income to retained earnings												
6. Others												
(v) Special reserve												
1. Transfer in the year												
2. Utilisation in the year												
(vi) Others												
IV. Ending balance of the year	1,413,506,378.00				8,247,235,699.82		3,721,910,661.56		663,020,859.00	1,236,146,625.09		15,281,820,223.47

The notes to the accompanying financial statements are an integral part of the financial statements.

Person in charge of the Company: **Weng Hongbing**

Person in charge of accounting: **Li Qiang**

Head of accounting department: **Zhao Na**

I. BASIC INFORMATION ON THE COMPANY

CSSC Offshore & Marine Engineering (Group) Company Limited (the "Company", together with its subsidiaries, the "Group"), formerly known as Guangzhou Shipyard International Company Limited, is a joint-stock company with limited liability independently established by Guangzhou Shipyard in 1993 as approved by Guo Jia Ti Gai Sheng [1993] No. 83. On 5 July 1993, it was converted into a public joint-stock company with limited liability as approved by Guo Jia Ti Gai Sheng [1993] No. 110. The Company was established on 7 June 1993, with its registered address at whole 15th Floor, Marine Tower, No. 137 Gexin Road, Haizhu District, Guangzhou and its headquarters located at No. 10, Jibaosha North Road, Nansha District, Guangzhou.

As approved by Circular (1993) No.31 issued by the China Securities Regulatory Commission, Zheng Jian Fa Shen (1993) No.26 issued by the China Securities Regulatory Commission and Circular Shang Zheng Shang (1993) No. 2076 issued by the Shanghai Stock Exchange, the Company publicly issued 337,279,600 A shares on 22 September 1993 which became listed on the Shanghai Stock Exchange on 28 October 1993, and publicly issued 157,398,000 H shares on 21 July 1993, which became listed and traded on The Stock Exchange of Hong Kong Limited on 6 August 1993. Its total share capital following public offering amounted to 494,677,600 shares.

Pursuant to the annual general meeting of 2010 and revised Articles of Association, the Company's paid up capital (share capital) transferred from capital reserves increased by RMB148,403,274, and relevant procedures of H shares and A shares were completed on 15 July 2011 and 19 July 2011, respectively. The registered capital upon change is RMB643,080,854.00.

According to the Approval for Guangzhou Shipyard International Company Limited to List Overseas for Issuing Foreign Stocks Capital (Zheng Jian Xu Ke [2014] No.117) issued by China Securities Regulatory Commission, the Company completed on 11 February 2014 the issuance of 345,940,890, 31,134,680 and 10,378,227 H Shares of RMB1 each to CSSC (Hong Kong) Shipping Company Limited ("CSSC HK"), Baosteel Resources International Co., Ltd. ("Baosteel International") and China Shipping (H. K.) Holdings Co., Ltd. ("China Shipping HK"), respectively. All issued shares are ordinary shares, and the registered capital upon change is RMB1,030,534,651.00.

According to the Replies on Approval of Issue of Shares by Guangzhou Shipyard International Company Limited to Parties Including China State Shipbuilding Corporation for Purchase of Assets and Raising of Related Financing (Zheng Jian Xu Ke [2015] No. 330) issued by the China Securities Regulatory Commission, on 8 April 2015, the Company made a non-public issuance of 272,099,300 ordinary shares of RMB1 each to China State Shipbuilding Corporation Limited ("CSSC") for purchase of CSSC's 85% equity interest in CSSC Huangpu Wenchong Shipbuilding Company Limited ("Huangpu Wenchong") and paid cash to CSSC for acquisition of 15% equity interest in Huangpu Wenchong; made a non-public issuance of 68,313,338 ordinary shares of RMB1 each to Yangzhou Kejin Shipyard Co., Ltd. for purchase of its relevant shipbuilding assets; and made a non-public issuance of 42,559,089 ordinary shares of RMB1 each to 7 specific investors. The registered capital upon change is RMB1,413,506,378.00.

On 8 May 2015, a resolution on change of the name of the Company was considered and passed at the first extraordinary general meeting of the Company for 2015, and the name of the Company was changed to "CSSC Offshore & Marine Engineering (Group) Company Limited" from "Guangzhou Shipyard International Company Limited".

On 3 September 2025, the Company received a new business license issued by Guangzhou Administration for Market Regulation (uniform social credit code: 91440101190499390U), with registered capital of RMB1,413,506,378.00.

The Company is engaged in the manufacturing of equipment for railways, ships, aerospace and other transportation facilities, and its scope of business is metal shipbuilding; marine equipment manufacturing; container manufacturing; metal structures manufacturing; metal pressure vessel manufacturing; mechanical parts processing; tempered glass manufacturing; cutting tool manufacturing; other furniture manufacturing; ship maintenance; general equipment repairs; engineering survey and design; machinery technology transfer services; interior decoration and design; water transport equipment rental services; container leasing services; machinery and equipment leasing; construction general contracting services; overseas dispatch of all kinds of labour service personnel (excluding seamen); provision of docks, barge anchorages, floats and other facilities for ships.

The Company's controlling shareholder is China State Shipbuilding Corporation Limited which is a wholly state-owned company incorporated in the PRC, while the ultimate controlling party of the Company is the State-owned Assets Supervision and Administration Commission of the State Council.

These financial statements were approved by the Board of the Company on 27 March 2026.

II. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

(i) Basis for preparation

These consolidated financial statements have been prepared in accordance with the "Accounting Standards for Business Enterprises – Basic Standards" and various specific accounting standards, the application guidelines for the Accounting Standards for Business Enterprises, the Interpretation of the Accounting Standards for Business Enterprises and other relevant requirements by the Ministry of Finance (hereinafter referred to as the "Accounting Standards for Business Enterprises"), and relevant requirements of 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 (CSRC), the Hong Kong Companies Ordinance and the Listing Rules of the Hong Kong Stock Exchange.

(ii) Going Concern

The management of the Company has assessed its ability to operate on a continuing basis for the 12 months from 31 December 2025 and is of the view that its existing financial position should be sufficient to meet the production and operation of the Group. These financial statements are prepared on a going concern basis.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group adopts accounting policies and accounting estimates based on the features of its own production and operation, which cover the recognition and measurement of provision for bad debts for receivables, measurement of inventories delivered, methods for classification and depreciation of fixed assets, amortisation of intangible assets, amortisation of long-term deferred expenses, and recognition and measurement of revenue.

(i) Statement of compliance with Accounting Standards for Business Enterprises

The financial statements have been prepared by the Company in accordance with the Accounting Standards for Business Enterprises by the Ministry of Finance, and reflect a true and fair view of the Company's consolidated financial position and the Company's financial position as at 31 December 2025, the consolidated operating results and cash flows and the Company's operating results and cash flow for the year then ended.

(ii) Accounting period

The accounting period of the Group is from 1 January to 31 December of each calendar year.

(iii) Operating cycle

The Company's operating cycle is 12 months.

(iv) Reporting currency

The Company uses RMB as its reporting currency. The Company's subsidiaries may determine their reporting currencies based on the major economic environment in which they operate their business. Wah Shun International Marine Limited, Wah Loong International Marine Limited, Wan Sheng International Marine Limited, Wan Xiang International Marine Limited, Wan Xing International Marine Limited, Wan Rui International Marine Limited and Wan Yu International Marine Limited use Hong Kong dollars as their reporting currency. The financial statements were presented in RMB.

(v) Determination Method and Selection Basis of Materiality Standards

The Group follows the principle of materiality in the preparation and disclosure of its financial statements. The matters disclosed in the notes to the financial statements that involve judgements about materiality standards and the method for determination and basis for selection of materiality standards are set out as follows:

Disclosures involving judgements about materiality standards	Disclosure sections of matters in the notes to the financial statements	Determination method and selection basis of materiality standards
Material construction in progress	V.(xvii)	Amount exceeding RMB5 million
Material accounts receivable aged over one year	V.(xxvii)	Amount exceeding RMB15 million
Material contract liabilities aged over 1 year	V.(xxviii)	Amount exceeding RMB15 million
Material other payables aged over 1 year or overdue	V.(xxxi)	Amount exceeding RMB10 million
Material non-wholly-owned subsidiary	VIII. (i). (2)	Total assets of a non-wholly owned subsidiary are greater than 20% of the Group's total assets
Material joint ventures or associates	VIII. (iii). (1)	Carrying amount of long-term equity investments in a joint venture or associate is greater than 5% of the Group's total assets

(vi) Accounting treatment methods for business combinations under and not under common control

(1) Business combinations under common control

Business combination under common control: For the assets and liabilities acquired from business combination by the combining party (including the goodwill formed by the acquisition by the final controller of the combinee), they are measured at book value of assets and liabilities in the consolidated financial statements of the final controller on the combination date. The stock premium in capital reserves is adjusted according to the difference between the book value of net assets acquired through combination and the book value of consideration paid for the combination (or total par value of shares issued). If the stock premium in capital reserves is insufficient to cover the difference, the remaining amount will be charged against retained earnings.

(2) Business combinations not under common control

Business combination not under common control: The combination costs are the fair value, on the acquisition date, of any assets acquired, any liabilities incurred or assumed, and any equity securities issued by the acquirer, in exchanges for the right of control over the acquiree. The Company shall recognize the difference of the combination costs in excess of the fair value of the identifiable net assets acquired from the acquiree as goodwill. The Company shall recognize the difference of the combination costs in short of the fair value of the identifiable net assets acquired from the acquiree in the current profit or loss. The identifiable assets, liabilities, and contingent liabilities of the acquiree that are obtained by the acquirer from combination and conform to the recognition criteria shall be measured at the fair value on the acquisition date.

Direct relevant expenses arising from the business combination are included in the current profit or loss upon occurrence. Trading expenses on issuing equity securities or debt securities for the business combination are included in the initially recognized amount of the equity securities or the debt securities.

(vii) Judgement criteria for control and methods of preparation of consolidated financial statements

The consolidation scope of consolidated financial statements is determined on the basis of control, covering the Company and all the subsidiaries. Control means the Company has the power over the investee and enjoys the variable return through participating in activities related to the investee, and has the ability to affect the Company's return by using the power over the investee.

The Company regards the entire enterprise group as an accounting entity and prepares consolidated financial statements in accordance with unified accounting policies to reflect the overall financial status, operating results and cash flow of the enterprise group. The influence of internal transactions between the Company and its subsidiaries or between subsidiaries shall be offset. If internal transactions indicate that the relevant assets have suffered impairment losses, this part of losses shall be confirmed in full. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the consolidated financial statements of the subsidiary, upon preparation, will be adjusted according to the accounting policies and accounting periods of the Company.

The share of shareholders' equity, current net profit or loss and current comprehensive income of subsidiaries attributable to minority shareholders are respectively and separately presented under the shareholders' equity in the consolidated balance sheet, the net profit in the consolidated income statement, and the total comprehensive income in the consolidated income statement. If the current loss shared by a minority shareholder of a subsidiary exceeds the balances arising from the shares enjoyed by the minority shareholder in the shareholders' equity of the subsidiary at the beginning of the period, minority equity will be written down accordingly.

(1) Increase of subsidiaries or business

During the reporting period, where the Company acquired subsidiaries or business from the business combination under common control, the operating results and cash flows of the newly acquired subsidiaries or business from the beginning of the period for business combination to the end of the reporting period are included in the consolidated financial statements; the beginning amount of the consolidated financial statements and relevant items in the comparative statements are adjusted accordingly, as if the reporting entity after the business combination exists as of the time when the ultimate controller has the control.

Where control can be exercised on the investee under the common control for additional investment or other reasons, equity investments held before the control over the combined party is obtained, the related profits or losses, other comprehensive income as well as other changes in net assets recognized from the later between the date when the original equity is obtained and the date when the acquirer and the acquiree are under common control to the combination date will respectively write down the beginning retained earnings or the current profit or loss during the period for comparing financial statements.

During the reporting period, if the Company acquired subsidiaries or business from the business combination not under common control, all identifiable assets, liabilities and contingent liabilities will be included in the consolidated financial statements from the purchase date based on their fair value determined on purchase date.

Where the Company can control the investee not under common control for additional investments, it shall re- measure equity of the acquiree held before the acquisition date at the fair value of such equity on the acquisition date and include the difference between the fair value and book value in the current investment income. Where equity of the acquiree held before the acquisition date involves in other comprehensive income that can be reclassified into profit or loss and other changes in shareholders' equity accounted for under the equity method shall be transferred to the investment income in the year which the acquisition date falls in.

(2) Disposal of subsidiaries

① General treatment methods

When the Company losses the control over the investee due to disposal of partial equity investment or other reasons, the remaining equity investment after the disposal should be re-measured by the Company at the fair value thereof on the date of losing the control. The difference of total amount of the consideration from disposal of equities plus the fair value of the remaining equities less the shares calculated at the original shareholding ratio in net assets and goodwill of the original subsidiary which are continuously calculated as of the acquisition date or combination date shall be included in the investment income of the period at the loss of control. Other comprehensive income that will be reclassified into profit or loss later associated with the equity investments of the original subsidiary, or the changes in other shareholders' equity calculated under the equity method, shall be transferred into investment income of the current period when control is lost.

② Disposal of subsidiaries by stages

If the control is lost due to disposal of the equity investments in subsidiaries through multiple transactions by stages, and the terms, conditions and economic impact of the transactions related to the disposal of equity investments in subsidiaries meet one or more of the following circumstances, it usually indicates that multiple transactions will be treated a package deal:

i. The transactions are concluded at the same time or under the consideration of mutual effect;

ii. These transactions as a whole can reach a complete business result;

iii. The occurrence of a transaction depends on that of other transaction or more;

iv. A single transaction is uneconomical but it is economical when considered together with other transactions.

Where various transactions belong to a package deal, accounting treatment shall be made by the Company on the transactions as a transaction to dispose subsidiaries and lose the control; the difference between each disposal cost and net asset share in the subsidiaries corresponding to each disposal of investments before loss of the control should be recognized as other comprehensive income in the consolidated financial statements and should be transferred into the current profit or loss at the loss of the control.

Where various transactions do not belong to a package deal, before the loss of the control, accounting treatment shall be made according to the partial disposal of equity investments in the subsidiary without losing control; at the loss of the control, accounting treatment shall be made according to general treatment methods for disposal of subsidiaries.

(3) Purchase of minority interest of subsidiaries

The share premium in the capital reserves under the consolidated balance sheet will be adjusted at the difference between the long-term equity investment acquired by the Company for the purchase of minority interest and the share of net assets calculated constantly from the acquisition date or combination date according to the newly increased shareholding ratio. If the share premium is insufficient to offset, retained earnings will be adjusted.

(4) Partial disposal of equity investments in subsidiaries without losing control

The equity premium of capital reserves in the consolidated balance sheet will be adjusted according to the difference between the disposal price and the share of net assets of subsidiaries calculated from the acquisition date or the combination date corresponding to the disposal of long-term equity investments; if the equity premium of capital reserves is insufficient, the retained earnings will be adjusted.

(viii) Classification of joint arrangement and accounting method for joint operation

Joint arrangement of the Group includes joint operation and joint venture. As for joint operation projects, the Group, as the joint venture party in the joint operation, recognises assets and liabilities that it holds and assumes individually, and the assets and liabilities that it holds or assume in proportion, and related income and fees will be recognised according to the related agreed individual or in proportion of assets and liabilities. For assets transactions that are purchased or sale under joint operation that do not constitute business, assets and liabilities are recognised only when profit or loss incurred from that transaction attributable to the other parties under the joint operation.

The Group's investments in joint ventures and associates are accounted for by the equity method, see Long-term equity investments accounted for under the equity method.

(ix) Cash and cash equivalents

Cash in the cash flow statement of the Group represents the cash on hand and the deposit in bank available for payment at any time. Cash equivalents cash flow statement are terms which are less than three months, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of value change.

(x) Foreign currency transactions and translation of foreign currency financial statements

(1) Foreign currency transaction

When the Group translates the total revenue from foreign currency contracts, the amount to be converted into RMB includes the amounts received and uncollected, of which: the foreign currency received shall be translated at the amount of the reporting currency determined at the time of collection; the foreign currency uncollected shall be translated at the spot exchange rate (mid-rate) on the date of revenue recognition translated. When the Group tests the impairment of foreign currency sales contracts, the portion of the uncollected foreign currency revenue for which the exchange rate has been locked in using hedging instruments is translated at the locked-in exchange rate, and the portion for which the exchange rate has not been locked in is translated at the bank forward quotation rate. For transactions other than those mentioned above, the Group's foreign currency transactions are translated into RMB amounts at the spot exchange rate on the date of the transaction.

At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rate at the balance sheet date. The resulting translation differences are recognized directly in profit or loss for the current period, except for exchange differences arising from special borrowings in foreign currencies for the purpose of acquiring or producing assets eligible for capitalisation, which are treated in accordance with the principle of capitalisation. Non-monetary items measured in terms of historical cost in foreign currencies continue to be measured at the amount in the functional currency of account translated at the spot rate on the date of the transaction. Non-monetary items measured at fair value in foreign currencies are translated using the spot exchange rate at the date when the fair value was determined. The difference between the translated amount in the carrying amount in the functional currency and the original amount in the functional currency is treated as a change in fair value (including exchange rate changes) and recognized in profit or loss or other comprehensive income for the current period.

(2) Translation of foreign currency financial statements

For the Group's foreign operations, the Group prepares its financial statements by translating the functional currency of accounts into RMB: assets and liabilities in the balance sheet are translated at the spot exchange rate at the balance sheet date; all items in the owner's equity category, except for "retained earnings", are translated at the spot exchange rate at the time of the transaction; income and expense items in the income statement are translated at the average of the spot exchange rates at the beginning and end of the year. The income and expense items in the income statement are translated at the average of the spot exchange rates at the beginning and end of the year. The translation differences arising from the above translation are recognized as other comprehensive income. Upon disposal of a foreign operation, the translation differences related to the foreign currency statement are transferred to profit or loss in the year of disposal, or partially disposed of in proportion to the disposal.

Cash flows in foreign currencies and cash flow items from foreign operations are translated at the average of the spot exchange rates at the beginning and end of the year. The amount of the effect of exchange rate changes on cash is presented separately in the statement of cash flows.

(xi) Financial instruments

When the Group becomes a party in the financial instrument contract, a financial asset or financial liability will be recognised.

(1) Classification of financial instruments

Based on the business model under which the Group manages assets and the characteristics of contractual cash flows of financial assets, the financial assets are divided into financial assets at amortised cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

The Group classifies financial assets that meet all of the following conditions and are not designated as financial assets at fair value through profit or loss, as financial assets at amortised cost:

–the objective of the business model is to collect contractual cash flows;

–the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group classifies financial assets that meet all of the following conditions and are not designated as financial assets at fair value through profit or loss, as financial assets at fair value through other comprehensive income (debt instruments):

–the objective of the business model is both collecting contractual cash flows and selling the financial assets;

–the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

For equity instruments not held for trading, the Group can irrevocably designate them as financial assets at fair value through other comprehensive income (debt instruments) at the time of initial recognition. The designation is made on the basis of a single investment, and the relevant investment meets the definition of an equity instrument from the issuer's perspective.

Except for the aforementioned financial assets at amortised cost and at fair value through other comprehensive income, the Group classifies all other financial assets as financial assets at fair value through profit or loss. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are classified at the time of initial recognition as: financial liabilities at fair value through profit or loss, and financial liabilities at amortised cost.

When meeting any of the following criteria, the Company may, at initial recognition, designate a financial liability as measured at fair value through current profit or loss:

1) Such designation would eliminate or significantly reduce a measurement or recognition inconsistency.

2) A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

3) The financial liabilities include embedded derivatives which can be split separately.

Under the above criteria, such financial liabilities designated by the Group consist mainly of: forward settlements.

(2) Recognition basis and measurement method of financial instruments

1) Financial assets at amortised cost

Financial assets at amortised cost, including notes receivable, accounts receivable, other receivables, long- term receivables and debt investments, are initially measured at fair value, with related transaction costs recognized in the initial recognition amount; accounts receivable that do not contain a significant financing component and those that the Group has decided not to consider a financing component not more than one year are initially measured at the contractual transaction price.

Interest calculated using the effective interest method during the holding period is recognized in the profit or loss for the current period.

During recovery or disposal, the difference between the obtained price and the carrying amount of the financial assets shall be recognized in the profit or loss for the current period.

2) Financial assets at fair value through other comprehensive income (debt instruments)

Financial assets at fair value through other comprehensive income (debt instruments), including receivables financing and other debt investments, are initially measured at fair value with related transaction costs included in the initially recognized amount. These financial assets are subsequently measured at fair value, and changes in fair value are included in other comprehensive income, except for interest, impairment losses or gains and exchange gains or losses calculated using the effective interest method.

Upon derecognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income and included in the current profit and loss.

3) Financial assets at fair value through other comprehensive income (equity instruments)

Financial assets at fair value through other comprehensive income (equity instruments), including investments in other equity instruments, are initially measured at fair value, with related transaction costs included in the initial recognition amount. These financial assets are subsequently measured at fair value, with changes in fair value included in other comprehensive income. Dividends received are included in the profit or loss for the current period.

Upon derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred to retained earnings from other comprehensive income.

4) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss, including financial assets held-for-trading, derivative financial assets and other non-current financial assets, are initially measured at fair value, with related transaction costs included in the profit or loss for the current period. These financial assets are subsequently measured at fair value, with changes in fair value included in the profit or loss for the current period.

5) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss, including financial liabilities held-for-trading and derivative financial liabilities, are initially measured at fair value, with related transaction costs included in the profit or loss for the current period. The financial liabilities are subsequently measured at fair value, with changes in fair value included in the profit or loss for the current period.

Upon derecognition, the difference between its carrying amount and the consideration paid is included in the profit or loss for the current period.

6) Financial liabilities at amortised cost

Financial liabilities at amortised cost, including short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, are initially measured at fair value, with related transaction costs included in the initial recognition amount.

Interest calculated using the effective interest method during the holding period is included in the profit or loss for the current period.

When the derecognition is implemented, the difference between the consideration paid and the carrying amount of the financial liabilities are included in the profit or loss for the current period.

(3) Recognition basis and measurement method for financial asset derecognition and financial asset transfer

The Group derecognizes financial assets when one of the following conditions is met:

– The contractual right to receive cash flows from the financial asset is terminated;

– The financial assets have been transferred, and almost all the risks and rewards in the ownership of the financial assets have been transferred to the transferee;

– The financial assets have been transferred, though the Group neither transfers nor retains almost all the risks and rewards in the ownership of the financial assets, it does not retain control over the financial assets.

If the Group and the counterparty modify or renegotiate the contract, which constitutes a substantial modification, the original financial assets will be terminated and a new financial asset will be recognized according to the modified terms.

The financial assets are not derecognized when their transfer occurs and substantially all the risks and rewards of ownership of the financial asset are retained.

In the event of determining whether the transfer of financial assets meets the derecognition conditions above, the principle of substance over form shall be adopted.

The Group divides the transfer of financial assets into overall transfer and partial transfer. Where the transfer of financial assets as a whole meets the derecognition conditions, the difference between the following two amounts is recognised in the profit or loss for the current period:

1) The carrying amount of the transferred financial assets;

2) The sum of the consideration received from the transfer, and the accumulated change amount of fair value originally recorded directly in shareholders' equity (in the case where the financial assets involved in the transfer are financial assets at fair value through other comprehensive income (debt instruments)).

Where the partial transfer of financial assets satisfies the derecognition conditions, the carrying amount of the financial assets transferred as a whole shall be apportioned between the derecognized portion and the unrecognized portion based on their respective relative fair values, and the difference between the following two amounts shall be recognized in the profit or loss for the current period:

1) The carrying amount of the derecognized portion;

2) The sum of the consideration received for the derecognized portion and the amount specific to the derecognized portion in the cumulative change amount of fair value originally recorded directly in shareholders' equity (in the case where the financial assets involved in the transfer are financial assets measured at fair value through other comprehensive income (debt instrument)).

Where the transfer of financial assets doesn't satisfy the derecognition conditions, the financial assets shall be continually recognized, and the consideration received shall be recognized as one financial liability.

(4) Derecognition of financial liabilities

A financial liability (or part of it) is derecognised when and only when the obligation specified in the contract is discharged or cancelled. An agreement between the Group and a lender to replace the existing financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the existing financial liability and the recognition of a new financial liability.

As for substantive changes made to the contract terms (whole or in part) of the existing financial liabilities, the existing financial liabilities (or part of it) will be derecognised. And financial liabilities after term revision will be recognised as a new financial liability.

Where the financial liabilities are derecognized in whole or in part, the difference between the carrying amount of financial liabilities derecognized and the consideration paid (including non-cash assets transferred or new financial liabilities assumed) shall be recognized in the profit or loss for the current period.

Where the Group repurchases part of its financial liabilities, it shall, on the repurchase date, allocate the carrying amount of financial liabilities as a whole according to the comparative fair value of the part that continues to be recognized and the derecognized part. The difference between the carrying amount allocated to the derecognized part and the considerations paid (including non-cash assets transferred and the new financial liabilities assumed) shall be recognised in the current profit or loss.

(5) Recognition methods of the fair value of financial assets and financial liabilities

As for the financial instruments for which there is an active market, the quoted prices in the active market shall be used to determine the fair values thereof. Where there is no active market for a financial instrument, the valuation techniques shall be adopted to determine its fair value. At the time of valuation, the Group adopts the valuation technique that is applicable to the current circumstance and is supported by sufficient available data and other information to select the input values consistent with the assets or liabilities characteristics that are considered by market participants in transactions of relevant assets and liabilities and shall give priority in the use of observable input values. The unobservable input values may be used only when the observable input values are unable or unpractical to be obtained.

(6) Test method and accounting treatment method of impairment of financial instruments

On the basis of expected credit losses, the Group conducts impairment accounting treatment for financial assets at amortised cost, financial assets at fair value through other comprehensive income (debt instruments), and financial guarantee contracts.

When calculating the probability-weighted present value of the difference between the contractual cash flow receivable and forecasted cash flows to be received, the Group takes reasonable and supportable information such as the past events, current conditions and forecasts of future economic conditions into consideration and uses probabilities of default as the weightings. The difference is recognised as expected credit losses.

For receivables and contract assets which arise from transactions governed by the Accounting Standards for Business Enterprises No. 14 – Revenue, their loss allowance is always measured at the amount of the expected credit losses for the lifetime.

For lease receivables which arise from transactions governed by the Accounting Standards for Business Enterprises No. 21 – Leasing, their loss allowance is always measured at the amount of the expected credit losses for the lifetime.

For other financial instruments, the Group assesses at each balance sheet date the changes in the credit risk of relevant financial instruments since initial recognition.

The Group compares financial instruments' default risk on the balance sheet date with their default risk on the date of initial recognition, to determine the relative changes in the risk of default during the expected lifetime of financial instruments, so as to assess whether the credit risk of financial instruments have increased significantly since initial recognition. The Group considers that the credit risk of a financial instrument has increased significantly if the financial instrument is overdue for more than 30 days, unless there is conclusive evidence that the credit risk has not increased significantly since initial recognition.

If the credit risk of a financial instrument is low at the balance sheet date, the Group considers that the credit risk of the financial instrument has not increased significantly since initial recognition.

If the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures its loss allowance at an amount equal to the expected credit losses over the lifetime of the financial instrument. Otherwise, the Group measures its loss allowance at an amount equal to the expected credit loss of the financial instrument over the next 12 months. The resulting increase or reversal of the loss allowance is recognized as an impairment loss or gain in the profit or loss for the current period. For financial assets at fair value through other comprehensive income (debt instruments), the Group recognises its loss allowance in other comprehensive income, includes impairment loss or gain in the profit or loss for the current period, and does not reduce the carrying amount of the financial assets shown in the balance sheet.

If there is objective evidence that a receivable is credit impaired, the Group shall provide for impairment of that receivable on an individual basis.

Except for the above-mentioned receivable with provision for bad debts made on an individual basis, the Group divides the remaining financial instruments into several portfolios according to the credit risk characteristics, and determines the expected credit losses based on portfolios.

Where the Group no longer has a reasonable expectation that the contractual cash flows from a financial asset will be fully or partially recovered, the book balance of the financial asset shall be written down directly.

(xii) Receivables

(1) Recognition method and accounting treatment method for expected credit losses of notes receivable

For details of the recognition method and accounting treatment method for expected credit losses of notes receivable, please refer to "III. (xi) (6). Test method and accounting treatment method of impairment of financial instruments" in this note.

(2) Portfolio categories and determination basis of notes receivable with provision for bad debts made according to the credit risk characteristic portfolio

Except for notes receivable with provision for bad debts made on an individual basis, the Group divides the remaining notes receivable into several portfolios according to the credit risk characteristics, and determines the expected credit loss based on portfolios. The portfolio categories and determination basis of notes receivable subject to provision of expected credit losses are as follows:

Item	Portfolio categories	Determination basis
Notes receivable	Bank acceptance bills	The drawer has a high credit rating with no historical default of bills, extremely low credit loss risk, and strong ability to perform its obligation of contractual cash flow payment within a short period of time.
	Commercial acceptance bills (including finance company acceptance bills) among related parties	Commercial acceptance bills (including finance company acceptance bills) among related parties within the scope of consolidation of the Group have similar credit risk characteristics.
	Commercial acceptance bills among non-related parties	Commercial acceptance bills with the same aging that are not within the scope of consolidation of the Group have similar credit risk characteristics.

The details of the provision method are as follows:

1) For bank acceptance bills and commercial acceptance bills (including finance company acceptance bills) among related parties that have no indication of impairment, the Group determines that no expected credit loss exists and no provision for bad debts is made.

2) For other notes receivable that are not individually tested, the Group determines the estimated default loss rate (see the table below) based on the actual credit losses in prior years and taking into account forward- looking information for the current period, and calculates the expected credit losses of notes receivable based on the estimated default loss rate and makes provision for bad debts.

Aging	Estimated default loss rate of notes receivable (%)
0 – 6 months (6 months inclusive)	0
6 months – 1 year (1 year inclusive)	0.5
1 year – 2 years (2 years inclusive)	10
2 years – 3 years (3 years inclusive)	30
3 years- 5 years (5 years inclusive)	80
Over 5 years	100

(3) Judgment criteria for individual provision in relation to notes receivable with provision for bad debts made on an individual basis

If there is objective evidence that a notes receivable is credit impaired, the Group shall provide for impairment of that notes receivable on an individual basis.

(4) Recognition method and accounting treatment method for expected credit losses of accounts receivable

For details of the recognition method and accounting treatment method for expected credit losses of accounts receivable, please refer to "III. (xi) (6). Test method and accounting treatment method of impairment of financial instruments" in this note.

(5) Portfolio categories and determination basis of accounts receivable with provision for bad debts made according to the credit risk characteristic portfolio

Except for accounts receivable with provision for bad debts made on an individual basis, the Group divides the remaining accounts receivable into several portfolios according to the credit risk characteristics, and determines the expected credit losses based on portfolios. The portfolio categories and determination basis of accounts receivable subject to provision of expected credit losses are as follows:

Item	Portfolio categories	Determination basis
Accounts receivable	Related Parties portfolio	Accounts receivable among related parties within the scope of consolidation of the Group have similar credit risk characteristics
	Portfolio of government units and public institutions	Based on the nature of businesses, accounts receivable from governmental units and public institutions have similar credit risk characteristics
	Aging portfolio	Accounts receivable with the same aging have similar credit risk characteristics

The details of the provision method are as follows:

(1) For the accounts receivable from related parties, accounts receivable from governmental units and public institutions and other accounts receivable that have no indication of impairment, the Group determines that no expected credit loss exists and no provision for bad debts is made.

(2) For the accounts receivable which have not been tested individually, based on the actual credit loss for previous years and considering forwarding information for the year, the Group determines the estimated default loss rate (see the table below), and determines the expected credit loss of accounts receivable and makes provision for bad debts based on the estimated default loss rate.

Ageing	Estimated default loss rate on accounts receivable (%)
0 – 6 months (6 months inclusive)	0
6 months – 1 year (1 year inclusive)	0.5
1 year – 2 years (2 years inclusive)	10
2 years – 3 years (3 years inclusive)	30
3 years – 5 years (5 years inclusive)	80
Over 5 years	100

(6) Judgment criteria for individual provision in relation to accounts receivable with provision for bad debts made on an individual basis

If there is objective evidence that an accounts receivable is credit impaired, the Group shall provide for impairment of that accounts receivable on an individual basis.

(xiii) Other receivables

(1) Recognition method and accounting treatment method for expected credit losses of other receivables

For details of the recognition method and accounting treatment method for expected credit losses of other receivables, please refer to "III. (xi) (6). Test method and accounting treatment method of impairment of financial instruments" in this note.

(2) Portfolio categories and determination basis of bad debt provision made according to credit risk characteristic portfolio

Except for the above-mentioned other receivables with provision for bad debts made on an individual basis, the Group divides the remaining financial instruments into several portfolios according to the credit risk characteristics, and determines the expected credit loss based on portfolios. The portfolio categories and determination basis of other receivables subject to provision of expected credit losses are as follows:

Item	Portfolio categories	Determination basis
Other receivables	Portfolio of deposit and security deposit that are not past due	Based on the nature of businesses, deposit and security deposit that are not past due have similar credit risk characteristics
	Portfolio of retained reserve and employee loans	Based on the nature of businesses, retained reserve and employee loans have similar credit risk characteristics
	Related parties portfolio within the scope of consolidation of the Group	Other receivables among related parties within the scope of consolidation of the Group have similar credit risk characteristics
	Portfolio of government units and public institutions	Based on the nature of businesses, other receivables from governmental units and public institutions have similar credit risk characteristics
	Aging portfolio	Other receivables with the same aging have similar credit risk characteristics

The details of the provision method are as follows:

(1) For other receivables from related parties, outstanding deposits and security deposits, retained reserve and employee loans, other receivables from government and institutions without indication of impairment, the Group determines that no expected credit loss exists and no provision for bad debts is made.

(2) For other receivables which have not been tested individually, based on the actual credit loss for previous years and considering forwarding information for the year, the Group determines the estimated default loss rate (see the table below), and determines the expected credit loss of other receivables and makes provision for bad debts based on the estimated default loss rate.

Ageing	Estimated default loss rate on other receivables (%)
0 – 6 months (6 months inclusive)	0
6 months – 1 year (1 year inclusive)	0.5
1 year – 2 years (2 years inclusive)	10
2 years – 3 years (3 years inclusive)	30
3 years – 5 years (5 years inclusive)	80
Over 5 years	100

(3) Judgment criteria for individual provision in relation to other receivables with provision for bad debts made on an individual basis

If there is objective evidence that an other receivable is credit impaired, the Group shall provide for impairment of that other receivable on an individual basis.

(xiv) Inventories

The inventories of the Group mainly include raw materials, work in progress, turnover material, finished goods, goods in transit and costs to fulfil a contract, etc..

Inventories are initially measured at cost, which includes the cost of purchase, processing costs and other expenses incurred in bringing the inventories to their present location and condition.

When inventories are delivered, the actual cost is determined using the weighted-average method or the first-in, first-out method. For inventories that cannot be substituted for use or purchased or manufactured specifically for a particular project, the Group uses the individual valuation method to determine the cost of inventories delivered.

The Group maintains a perpetual inventory system.

Amortization method of low-value consumables and packaging materials:

(1) Low-value consumables adopt the one-time reversal method;

(2) The packaging materials adopt the one-time reversal method.

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. In determining the net realizable value of inventories, the determination is based on conclusive evidence obtained, taking into account the purpose for which the inventories are held and the effect of post-balance sheet events.

The net realisable value of finished goods, work in process and materials for sale is determined by estimated price deducting estimated selling costs and related taxes. The net realisable value of production materials is determined by estimated price deducting estimated completion cost, sale expenses and related sales taxes. The estimated selling price should be the most reliable estimate of the selling price obtained at the balance sheet date. A provision for impairment in value of inventories is made when its net realizable value is lower than its cost.

For inventories with large quantities and low unit prices, provision for inventory value decline is made by inventory category; for inventories that are related to product lines manufactured and sold in the same region, and have the same or similar end use or purpose, and are difficult to measure separately from other items, provision for inventory value decline is made on a consolidated basis; for other inventories, provision for inventory value decline is made for the difference between the cost of individual inventory items and their net realizable value.

After the provision for impairment of inventory value is made, if the factors affecting the previous write-down of inventory value have disappeared, resulting in the net realizable value of the inventory being higher than its carrying value, the provision for impairment of inventory value is reversed within the amount originally provided for, and the reversed amount is recognized in profit or loss for the current period.

(xv) Contract assets

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between the performance obligation and the customer's payment. The right to receive consideration for goods or services that the Group has transferred to the customer (which is dependent on factors other than the passage of time) is presented as a contract asset. Contract assets and contract liabilities under the same contract are presented on a net basis. The Group's unconditional (depending only on the passage of time) right to receive consideration from the customer is presented separately as a receivable.

For details of the recognition method and accounting treatment method for expected credit losses of contract assets, please refer to "III. (xi) (6). Test method and accounting treatment method of impairment of financial instruments" in this note.

Except for contract assets with provision for bad debts made on an individual basis, the Group divides the remaining contract assets into several portfolios according to the credit risk characteristics, and determines the expected credit losses based on portfolios. The portfolio categories and determination basis of contract assets subject to provision of expected credit losses are as follows:

Item	Portfolio categories	Determination basis
Contract assets	Portfolio of completed and outstanding contract assets	Based on the nature of businesses, completed and outstanding contract assets have similar credit risk characteristics
	Portfolio of outstanding warranties	Based on the nature of businesses, outstanding warranties have similar credit risk characteristics

The details of the provision method are as follows:

For completed and outstanding contract assets, the contract assets of outstanding warranties and other contract assets that have no indication of impairment, the Group determines that no expected credit loss exists and no provision for bad debts is made.

If there is objective evidence that a contract asset is credit impaired, the Group shall provide for impairment of that contract asset on an individual basis.

(xvi) Contract costs

(1) Method of determination of amount of assets relating to contract costs

The Group's assets related to contract costs include contract acquisition costs and contract performance costs. They are presented in inventories, other current assets and other non-current assets, respectively, depending on their liquidity.

The cost incurred by the Group to perform a contract are not applicable to the scope of regulation of relevant standards such as inventory, fixed assets or intangible assets and meets all of the following conditions, and is recognised as an asset as contract performance cost:

1) the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract;

2) the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future;

3) the costs are expected to be recovered.

The incremental cost for the Group to obtain a contract is expected to be recoverable and is recognised as an asset as contract acquisition cost, unless if the amortisation period is no more than one year. Incremental cost refers to the cost which will not be incurred by the Group had no contract been acquired. Other expenses incurred by the Group to obtain contracts (other than the incremental cost which is expected to be recoverable) are included in profit or loss as incurred, save for those expressly to be borne by customers.

(2) Amortisation of assets relating to contract costs

The Group's assets relating to contract costs are amortised using the same basis as that for recognition of the revenue from goods relating to the assets, which are included in profit or loss.

(3) Impairment of assets relating to contract costs

In determining the loss on impairment of assets relating to contract costs, the Group first determines the impairment loss for other assets relating to contract costs recognised in accordance with the relevant Accounting Standards for Business Enterprises and then makes provision for impairment based on the excess of its carrying value over the sum of the remaining consideration expected to be received from transfer of the goods relating to the asset and the cost expected to be incurred for transfer of the relevant goods, which is recognised as loss on impairment of assets.

If there is any change in the factors causing impairment in the previous periods, resulting in the said difference higher than the carrying value of the asset, the provision for impairment of assets previously made is reversed and is included in profit or loss. However, the carrying value of the asset following reversal shall not exceed the carrying value of the asset as at the date of reversal, which had no provision for impairment been made.

(xvii) Long-term receivables

For the long-term receivables from sale of goods with financing nature by using deferred methods, the discount value of contract or agreement prices receivable (contract or agreement prices receivable less unrealized financing income) are taken as its initial recognised amount. At the end of the year, the Group separately carries out impairment test for long-term receivables, and credit impairment loss is recognised and provision for bad debts is made based on the difference between the present value and the book value (which is lower) of future cash flows.

(xviii) Long-term equity investments

Long-term equity investments of the Group are the investments in subsidiaries and investment in associates and investment in joint ventures.

(1) Judgement of significant influence and common control

Basis for determination in respect of common control is that all participated parties or a group of participated parties control such arrangement, and that policies of such related business of such arrangement have to obtain unanimous agreement by all parties that are control such arrangement.

When the Group directly or indirectly through its subsidiary owns 20% (inclusive) or more but less than 50% shares with voting rights in the investee, it is generally considered that the Group has significant influence on the investee. For voting rights less than 20% in the investee, the board or representative in similar authority in the investee or the implementation processes of financial or operation policies of investee have also been taken into account, or significant transaction with the investee, or management personnel sent to the investee, or significant technology information provided to the investee which have significant influence to the investee.

(2) Accounting treatment method

1) Long-term equity investments acquired through business combinations under common control

For long-term equity investments obtained through business combination under common control, proportion of carrying value of net assets obtained on the date of combination in the consolidated financial statements of the ultimate controller shall be accounted as the initial investment cost of the long-term investment. For carrying value of net assets of the acquiree which is negative on the date of combination, investment cost of long-term equity investment is calculated as zero.

For equity interests in investees under common control acquired in a series of transaction which constitute business combination, in case of a package of transactions, the Group accounts for each transaction as a transaction in which the control has been obtained. If it does not fall under a series of transactions, according to proportion of fair value of net assets of acquiree after the combination in the consolidated financial statements of the ultimate controller, and accounted as the initial investment cost of long-term equity investment on the date of combination.

2) *Long-term equity investments acquired through business combinations not under common control*

For long-term equity investment acquired through business combination not under common control, cost of combination will be treated as the initial investment cost.

For equity interests in investees not under common control acquired in a series of transaction which constitute business combination, in case of a package of transactions, the Group accounts for each transaction as a transaction in which the control has been obtained. If it does not belong to a series of transaction, initial investment cost will be the sum of the carrying value of the equity investment which it originally holds, and initial investment cost will change to cost method.

3) Apart from the long-term equity investments acquired through business combination mentioned above, the long-term equity investments acquired by cash payment is expensed as the cost of investment based on the actual amount of cash paid for the purchase. For long-term equity investments acquired by issuing equity securities, the cost of investment is the fair value of the equity securities issued. For long-term equity investments invested in the Group by the investor, the investment cost is the agreed consideration as specified in the contract or agreement.

The Company's investments in subsidiaries are accounted for in individual financial statements using cost method. When the cost method is used, long-term equity investments are measured at their initial investment cost. When making additional investment, carrying amount of the long-term equity investments will be increased according to the fair value of cost of additional investment and the related expenses incurred by related transactions. Cash dividends or profits declared by the investee are recognized as investment income for the period in accordance with the amount to which they are attributable.

The Group accounts for its investments in joint ventures and associates using the equity method. When the equity method of accounting is adopted, if the initial investment cost of a long-term equity investment is higher than the share of the fair value of the identifiable net assets of the investee at the time of investment, the carrying value of the long-term equity investment is not adjusted; if the initial investment cost of a long-term equity investment is less than the share of the fair value of the identifiable net assets of the investee at the time of investment, the difference is adjusted to the carrying value of the long-term equity investment and included in the profit or loss for current investment period.

For long-term equity investment for which the subsequent measurement is accounted for under equity method, carrying value of long-term equity investment shall be increased or decreased accordingly according to the change in the shareholders' equity of the investee during the investment period. The share of net profit or loss of the investee is recognized on the basis of the fair value of the investee's identifiable assets at the time of acquisition, in accordance with the Group's accounting policies and accounting periods, and after offsetting the portion of the unrealised gain or loss from internal transactions (which do not constitute a business) with associates and joint ventures that is attributable to the Group in proportion to the shareholding (if internal transaction losses are asset impairment losses, they shall be fully recognised), and after adjusting the net profit of the investee. The Group recognises the net loss incurred by the investee, with the book value of long-term equity investments and other long-term equity essentially constituting the net investment in the investee reduced to zero, except for the obligation of the Group to bear additional losses.

On disposal of a long-term equity investment, the difference between the carrying value and the consideration actually received is recognised as investment income for the period.

For long-term equity investments accounted for under equity method, the movements of shareholder's equity, other than the net profit or loss, of the investee company, previously recorded in the shareholder's equity of the Company are recycled proportionately to investment profit or loss for the period on disposal.

When the Group loses joint control or significant influence in the investee due to reasons such as disposal of part of the equity investment, remaining shareholding after disposal of will be accounted for recognition and measurement standard for financial instruments, difference between fair value and the carrying value on the date of loss of common control or significant influence will be included in the profit or loss for current period. Other comprehensive income recognised in the original equity investment which is accounted for using equity method, upon it will no longer be accounted for under equity method, it shall be using the same accounting basis as the investee directly disposing related assets or liabilities.

For loss of control in the investee due to partly disposed long-term equity investment, for remaining shareholding which can apply common control or impose significant influence to the investee after disposal, shall be accounted for under equity method. Difference between the carrying value of equity disposal and the disposal consideration shall be included as investment income. Such remaining shareholding shall be treated as accounting for under equity method since the shareholding is obtained and make adjustment.

The transactions from the step-by-step disposal of equity to the loss of controlling equity do not fall under a series of transactions, therefore, the Group shall separately carry out accounting treatment for each transaction. If the transaction fall under a series of transactions, each transaction is accounted for as a disposal of subsidiary with control lost. However, the difference between the consideration for each transaction before losing control and the carrying value of the long-term equity investments corresponding to the equity disposed of is recognised as other comprehensive income and transferred to profit or loss upon loss of control.

(xix) Investment properties

Investment properties are properties held to earn rentals or for capital appreciation, or both, and include buildings that have been leased out.

Investment properties are initially measured at cost. Subsequent expenditures related to investment properties are included in the cost of investment properties if it is probable that the economic benefits associated with the asset will flow and the cost can be measured reliably. Subsequent expenditures other than these are charged to the current profit or loss as incurred.

The Group uses the cost model for the subsequent measurement of investment properties. The investment properties of the Group are depreciated or amortised using the straight-line method. The estimated useful life, net residual value ratio and annual depreciation (amortisation) rate are as follows:

Type	Useful life (year)	Estimated residual value ratio (%)	Annual depreciation rate (%)
Buildings and structures	10-70	3-10	1.29-9.70

The proceeds from disposal of investment properties sold, transferred, scrapped or destroyed, net of their carrying values and related taxes, is recognized in profit or loss for the current period.

The Group converts fixed assets to investment properties at the carrying amount before conversion when there is evidence of conversion of buildings and structures for own use to rental.

The Group converts buildings and structures that would otherwise be used to earn rentals or for capital appreciation to own-use when there is evidence of conversion, and investment properties are converted to fixed assets at their carrying value before conversion.

(xx) Fixed assets

Fixed assets of the Group are tangible assets that held for production of goods or provision of services, leasing to others, or for administrative purposes; have useful life over one accounting year. Fixed assets are recognised when it is probable that the related economic benefits will flow to the Group and the costs can be reliably measured. Fixed assets are initially measured at cost.

Subsequent expenditures related to fixed assets are included in the cost of the fixed assets and the carrying amount of the replaced part is derecognized if it is probable that the economic benefits associated with the fixed assets will flow and their cost can be measured reliably. Subsequent expenditures other than these are charged to the current profit or loss as incurred.

Fixed assets of the Group comprise buildings and structures, machinery equipment, transportation equipment and other equipment.

Apart from fixed assets which have been fully depreciated and continue to be in use, the Group made provision for all the fixed assets by using straight-line method from the month after reaching the intended useable state. The useful life, estimated net residual value ratio and depreciation rate of fixed assets of the Group are classified as below:

No.	Type	Useful life (year)	Estimated residual value ratio (%)	Annual depreciation rate (%)
1	Buildings and structures	8-50	3-10	1.80-12.13
2	Machinery and equipment	5-20	3-10	4.50-19.40
3	Transportation equipment	10-15	3-10	6.00-9.70
4	Other equipment	3-50	3-10	1.80-32.33

Fixed assets are derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed assets net of its carrying amount and related taxes and expenses are recognised in profit or loss for current period.

The Group makes the assessment on the estimated useful life, estimated rate of salvage value and the depreciation method of fixed assets at each financial year-end. If any changes occur, they will be regarded as changes in accounting estimates.

For impairment testing of fixed assets, please refer to Impairment of assets other than inventories and financial assets.

(xxi) Construction in progress

The cost of construction in progress is determined on the basis of actual construction expenditures, including all construction expenditures incurred during the construction period, borrowing costs capitalized before the construction reaches its intended useable state, and other related costs.

Construction in progress is transferred to the fixed assets when the assets are ready for their intended use at an estimated amount based on the project budget, construction cost or actual cost of construction. The cost of the fixed assets is adjusted when the construction finalization procedures are completed.

For the impairment test of construction in progress, please refer to Impairment of assets other than inventories and financial assets.

Criteria and timing for carrying forward construction in progress of the Group to fixed assets are as follows:

Item	Criteria for carrying forward to fixed assets
Buildings and structures	1. Physical construction including installation work is fully completed or substantially completed; 2. The expenditures that continue to be incurred on the buildings and structures purchased and built are minimal or almost no longer incurred; 3. The buildings and structures purchased and built meet the design or contract requirements or are basically consistent with the design or contract requirements; 4. Where construction projects reach their intended serviceable condition but do not settle the final account for the completed project, they shall be carried forward to fixed assets at the estimated values based on the actual costs of the projects starting from the date they reach their intended serviceable condition.
Machinery and equipment	1. The relevant equipment and other supporting facilities have been installed; 2. The equipment can maintain normal and stable operation for a period of time after commissioning; 3. The production equipment can produce qualified products steadily for a period of time; 4. The equipment has been accepted by asset managers and users.

(xxii) Borrowing costs

Borrowing costs include interest on borrowings, amortization of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowings. Borrowing cost from fixed assets, investment properties and inventories which require construction or production activities for over one year, and can reached usable or sale condition after that. Borrowing costs incurred during assets expense is incurred, and when construction or production activities started in order to make assets to reach the expected usable or sale condition, capitalization starts; When construction or assets that fulfil the capitalization conditions, and reached the expected usable or sale condition, capitalization have to be terminated. Borrowing costs incurred afterward are included into the profit or loss for current period. If assets that fulfil capitalization conditions interrupted abnormally during construction or production progress, and such interruption occurred for more than three consecutive months, capitalization of borrowing costs have to terminate, until construction of assets or production activities resumed.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalised is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalised on such borrowings by applying a capitalisation rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalisation rate shall be calculated and determined according to the weighted average interest rate of the general borrowing.

The remaining borrowing costs are recognized as expenses in the period in which they are incurred.

(xxiii) Intangible assets

The Group's intangible assets mainly include land use right, proprietary technology, and software system etc. Intangible assets are measured at the actual costs at acquisition. For purchased intangible assets, actual paid cost and other relevant expenses are used as the actual cost. For intangible assets invested by investors, the actual cost is determined according to the values specified in the investment contract or agreement, while for the unfair agreed value in contract or agreement, the actual cost is determined at the fair value.

(1) Useful life and its basis of determination, estimation, amortization method or review procedure

The useful life of intangible assets is analyzed and judged when they are acquired.

Intangible assets with a finite useful life shall be amortized over the period when economic benefits are brought to the enterprise; intangible assets with an indefinite useful life shall not be amortized if it is not foreseeable that they will bring economic benefits to the enterprise. Useful life estimation for intangible assets with a finite useful life:

Type	Amortization method	Amortization term (year)	Determination basis
Land use rights	Straight-line method	30-70	Consistent with the use life of the certificate
Software	Straight-line method	3-10	The estimated term for providing economic benefits, the years stipulated in the contract or the years for benefits
Others	Straight-line method	3-25	

The amount amortised is charged to the cost of the related assets and to current profit or loss on the basis of the beneficiary of the assets. The estimated useful life and amortization methods of intangible assets with finite useful life are reviewed at the end of each year, and any changes are regarded as changes in accounting estimates.

In each accounting period, the Group reviews the estimated useful life of intangible assets with indefinite useful lives.

(2) Classification scope of research and development expenditures and related accounting treatment

Expenditures incurred when the Group conducts research and development include related employee compensation for personnel engaged in research and development activities, materials used, related depreciation and amortization expenses and others.

The expenditures of the Group's internal research and development projects are divided into expenditures for the research phase and expenditures for the development phase.

Research phase: The phase in which creative and planned investigation and research activities are conducted to acquire and understand new scientific or technical knowledge.

Development phase: The phase in which the research findings or other knowledge are applied to a plan or design to manufacture new or substantially improved materials, devices or products before commercial production or utilization.

Expenditure on the research phase is recognised in profit or loss for the period as incurred. Expenditure on the development phase will be recognised as intangible assets while satisfying the following conditions and expenditures in the development phase that do not meet the following conditions are charged to the current profit or loss:

1) It is technically feasible that the intangible asset can be used or sold upon completion;

2) There is intention to complete the intangible asset for use or sale;

3) There is evidence that the products produced using the intangible asset having a market or the intangible asset itself has a market, and there is evidence to prove the usefulness of intangible assets for internal use;

4) There is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset;

5) The expenses attributable to the development stage of the intangible asset can be measured reliably.

If it is not possible to distinguish between research and development expenditures, all research and development expenditures incurred are included in the profit or loss for the current period.

(xxiv) Impairment of long-term assets

The Group determines impairment of assets other than inventories, contract assets and assets related to contract costs, deferred income taxes, financial assets and assets held for sale as follows:

The Group determines at the balance sheet date whether there is an indication that an asset may be impaired. When there is an indication of impairment, the Group estimates the recoverable amount and performs an impairment test. Goodwill and intangible assets with indefinite useful lives are tested for impairment at the end of each year, regardless of whether there is an indication of impairment. Intangible assets that have not yet available for use are also tested for impairment annually.

The estimated recoverable amount of an asset is based on an individual asset. If it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group is determined using the asset group to which the asset belongs. An asset group is the smallest combination of assets that can generate cash inflows independently. The recoverable amount is the higher of the net of the fair value of an asset or group of assets, less costs of disposal, and the present value of its estimated future cash flows. If the carrying amount of an asset exceeds its recoverable amount, a provision for impairment is made for the difference and an impairment loss is included.

Goodwill is tested for impairment in conjunction with the asset group or combination of asset groups to which it relates. That is, the carrying amount of goodwill is apportioned from the date of purchase to the asset group or combination of asset groups that can benefit from the synergies of the business combination in a reasonable manner, and if the recoverable amount of the asset group or combination of asset groups that contains the apportioned goodwill is less than its carrying amount, a corresponding impairment loss is recognized. The amount of the impairment loss is first set off against the carrying amount of the goodwill apportioned to that asset group or group of asset groups, and then against the carrying amount of each asset other than goodwill in the asset group or group of asset groups on a pro-rata basis.

The above assets impairment loss once recognised cannot be reversed in the subsequent accounting period.

(xxv) Long-term prepaid expenses

Long-term prepaid expenses represent each expense that has been expensed by the Group and has an amortization period of more than one year. Long-term prepaid expenses are amortized evenly over the benefit period of the expense item. For Long-term prepaid expenses items that do not benefit subsequent accounting periods, the amortization value of the item is fully charged to the profit or loss for the current period when it is determined.

Long-term prepaid expenses are accounted for at the actual cost when incurred.

(xxvi) Contract liabilities

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between the performance obligation and the customer's payment. The Group's obligations to transfer goods or provide services to customers for consideration received or receivable are presented as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

(xxvii) Employee benefits

Employee benefits include short-term compensation, post-employment benefits, termination benefits and other long-term benefits.

Short-term compensation mainly includes wages, employee welfare expenses, medical insurance, injury insurance, maternity insurance, supplemental medical insurance, housing fund, union funds and employee education funds, and others. Short-term compensation actually incurred shall be recognised as liabilities during the accounting period which the labour provided services, and included into the profit or loss or related assets cost of the current period of beneficiary. Of these, non-monetary benefits are measured at fair value.

Post-employment benefits refer to the compensation and benefits provided, after employees' retirement and termination of employment, by the Group in order to obtain services from employees, except for the short-term compensation and termination benefits, and are classified into defined contribution plans and defined benefit plans in view of the risks and obligations borne by the Company. Save as defined benefit plans for Huangpu Wenchong and Wenchong Shipyard, being subsidiaries of the Company, the Group's post-employment benefits, which are mainly basic pension and unemployment insurance contributions for employees and enterprise annuity, are all defined contribution plans.

(1) Defined contribution plan

The Group's defined contribution plan represents the basic endowment insurance, unemployment insurance and enterprise annuity paid for its employee in accordance with the relevant provisions of the local government. During the accounting period when the staff provides service, the Group will calculate the amount payable in accordance with the local stipulated basis and proportions which will be recognised as liabilities, and the liabilities would be charged into current profit and loss or costs of assets of beneficiary.

(2) Defined benefit plan

There are defined benefit plans for Huangpu Wenchong and Wenchong Shipyard respectively, being subsidiaries of the Company. The present value of this defined benefit plan obligation is calculated annually by an independent actuary using the expected cumulative benefit unit method based on an interest rate on high quality corporate debt of similar maturity and currency to the obligation. The net liability for the present value of the defined benefit plan obligation, less the fair value of plan assets, is shown in the balance sheet under long-term employee benefits payable. Service costs associated with the plan (including current service costs, past service costs and settlement gains or losses) and net interest based on the net defined benefit plan liability and an appropriate discount rate are included in the profit or loss or the cost of related assets for the current period, and changes resulting from the remeasurement of the net defined benefit plan liability are included in other comprehensive income.

(3) Termination benefits

Termination benefits are the compensation to employees when the Group terminates the employment relationship with employee before the expiry of the employment contracts or provides compensation as an offer to encourage employee to accept voluntary redundancy. The compensation liability for the termination of employment relationship with employee are charged to the profit or loss for the year at the earlier of the following dates: ① When the Group cannot unilaterally withdraw from the termination plan or the redundancy offer. ② When the Group recognises and pays the related costs for a restructuring of termination benefits.

(xxviii) Estimated liabilities

In addition to contingent consideration and contingent liabilities assumed in business combinations that are not under common control, present obligations arising from warranty on quality of goods, loss-making contracts and litigation, or other contingent matters meet the following requirements, the Group will recognise them as liabilities:

(1) the obligation is a present obligation assumed by the Group;

(2) the fulfilment of obligations will probably to cause the outflow of economic benefit from the Group;

(3) the amount of liabilities can be measured reliably.

The initial measurement of estimated liabilities is based on the best estimate of the outflow of present obligation by considering relevant risks, uncertainties and time value of money, etc. The Group assesses the book value of estimated liabilities on each balance sheet date. If there is conclusive evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the current best estimate.

If all or part of the expenditure required to settle the estimated liability is expected to be reimbursed by a third party, the amount of reimbursement is recognized separately as an asset when it is substantially certain that it will be received, and the amount of reimbursement recognized does not exceed the carrying amount of the estimated liability.

Contingent liabilities of the acquiree acquired in a business combination that are not under common control are measured at fair value at initial recognition and subsequently measured at the higher of the amount of the expected liability recognized, and the amount initially recognized, less accumulated amortization determined in accordance with the revenue recognition principle.

(xxix) Production safety fee

According to the regulation for Notice of the Ministry of Finance and the Ministry of Emergency Management on Issuing the Administrative Measures for the Collection and Utilization of Enterprise Work Safety Funds (Cai Zi [2022] No. 136), the Group's shipbuilding companies and supporting manufacturing enterprises made provision for production safety fees, which are specifically used to improve and enhance the enterprise or project safety production conditions.

The production safety fees set aside by the Group are included in the cost of the relevant products and the special reserve item. When writing off production safety fees within specified range, depending on turning into fixed assets for separate treatment, it should directly write off specific reserves when accounted for as expenses; If capitalizing production safety fees into fixed assets, it should be pooled in work in progress and transfer to fixed assets when the projects reach intended use state, the cost of which should write off special reserves, and recognise accumulated depreciation at the same amount. Such fixed asset would not be depreciated in subsequent periods.

(xxx) Revenue recognition principle and measurement method

(1) General principles

The Group recognizes revenue when it has fulfilled its performance obligations under the contract, that is, when the customer obtains control of related goods or services. Gaining control of the relevant goods or services means being able to dominate the use of the goods or services and obtain almost total economic benefit from them.

Where there are two or more performance obligations included in a contract, the Group shall, on the commencement of the contract, apportion the transaction price to each individual performance obligation in accordance with the relative proportion of each individual selling price of the good or service promised by each individual performance obligation and recognize the revenue according to the transaction price apportioned to each individual performance obligation.

The transaction price is the amount of consideration that the Group expects to be entitled to collect for the transfer of goods or services to its customers, excluding payments collected on behalf of third parties and amounts expected to be refunded to the customer. The Group determines the transaction price in accordance with the terms of the contract and its past customary practices, and considers the impact of variable consideration, the existence of significant financing components in the contract, non-cash consideration, and consideration payable to customers in determining the transaction price. The Group determines the transaction price that includes variable consideration by an amount that does not exceed the amount for which it is highly probable that there will be no material reversal of the cumulative recognized revenue when the relevant uncertainty is removed. Where the contract contains a significant financing component, the Group determines the transaction price as the amount payable assuming that a customer would have paid in cash upon obtaining the control of the goods or services. The difference between the transaction price and the consideration of the contract is amortized using the effective interest method over the contract term.

The performance obligations are discharged over time if any of the following condition has been met, otherwise are discharged at a particular point in time:

- customers obtain and consume the economic benefits from the performance by the Group of its obligations at the time of performance.
- customers are able to control the goods under development in the process of performance by the Group of its obligations.
- the goods generated in the course of performance by the Group of its obligations has irreplaceable use and the Group has the right to receive payment for the part of obligations which have been performed during the whole contractual term.

For the contract obligations performed within a certain period of time, the Group shall recognize the revenue in accordance with the progress of the obligation performance during that time, except when the progress of performance cannot be reasonably determined. The Group considers the nature of the goods or services and adopts the output method or the input method to determine the fulfillment progress of the performance. When the performance progress cannot be reasonably determined, the incurred cost expected to be compensated is recognised by the Group as revenue, until the performance progress can be reasonably determined.

For the performance obligations to be fulfilled at a point in time, the Group recognises revenue when the customer has obtained the control over the relevant goods or services. In determining whether customers have obtained control over goods or services, the Group considers the following:

- The Group has the right to receive payment for the goods or services immediately; i. e. the customer has the obligation to make payment for the goods immediately.
- The Group has transferred the legal title of goods to the customer, i. e. the customer has possessed the legal title of the goods.
- The Group has physically transferred the goods to the customer, i. e. the customer has taken physical possession of the goods.
- The Group has transferred to the customer the principal risks and rewards of ownership of the goods, i. e., the customer has acquired the principal risks and rewards of ownership of the goods.
- The customer has accepted the goods or services, etc.

Based on whether the Group has control over the goods or services before transferring the goods or services to the customer, the Group determines whether it is the primary responsible party or the agent when engaging in transactions. If the Group is able to control the goods or services before transferring them to the customer, the Group is the primary responsible party and recognizes revenue based on the total amount of consideration received or receivable; otherwise, the Group is the agent and recognizes revenue based on the amount of the commission or service fee to which it is expected to be entitled.

(2) Specific methods

The Group's operating income is mainly derived from the revenue from shipbuilding and offshore engineering products, ship maintenance and modification, the sales of steel structures and the electromechanical products. The policies and methods for revenue recognition are as follows:

1) Revenue from shipbuilding and offshore engineering products

The Group operates shipbuilding and offshore engineering product business. It assesses contracts at their effective dates and determines whether the relevant contract performance obligations meet the condition to "performance over time".

For contracts meeting the condition to "performance over time", the Group recognises revenue and carrying costs based on the contract performance progress during such period. The Group adopts the input method to determine the appropriate progress of performance, which is determined by the total actual contract cost incurred in proportion to the total estimated contract cost. When the performance progress cannot be reasonably determined, the incurred cost expected to be compensated for is recognised as revenue, until the performance progress can be reasonably determined. If the incurred cost is expected to be unrecoverable, it is recognised as expense upon occurrence, without recognising revenue.

If the condition to "performance over time" is not met, the Group recognises one-off revenue based on the transaction price specified in the contract or ship delivery documents when the ships and offshore engineering products are completed and delivered and carries forward one-off full cost of the contract.

2) Revenue from ship maintenance and modification

The ship maintenance and modification business provided by the Group shall generally be accounted for on the basis of "performance at a certain point in time", that is, when the customer obtains the control of the relevant goods or after the completion of ship maintenance and modification and settlement procedures, the revenue shall be recognised according to the contract price and the corresponding costs shall be carried forward. For special contracts such as ship maintenance and modification businesses with a maintenance or modification cycle of more than 1 year, if it is evaluated and judged that such contracts meet the condition to "performance over time", the input method shall be used to determine the appropriate progress of performance based on the reasonably delineated performance obligations, and the revenue and costs shall be recognised in accordance with the progress of performance upon fulfillment of each individual performance obligation.

3) Revenue from the sales of steel structures

For the manufacturing and installation contracts for large steel structures provided by the Group, if they meet the condition to "performance over time", the Group recognises their revenue based on performance progress during such period. The due performance progress is determined using the input method, based on the percentage of total accumulated incurred contract target cost to total expected contract cost. For the steel structure manufacturing and delivery contracts not meeting the condition to "performance over time", the Group recognises revenue according to workload confirmation after the steel structures are completed and delivered to customers, pass inspections and are accepted by customers.

4) Revenue from the sales of electromechanical products

Revenue from electromechanical products provided by the Group is recognised upon completion and delivery.

(xxxi) Government grants

Government grants are monetary or non-monetary assets obtained from the governments, excluding the contributed capital from the government investor. The special grant of investment from government, which should be recognised as capital reserves according to related national documents, should also be capitalised in nature, and therefore shouldn't be recognised as government grants. Government grants are recognized when the conditions attached to the government grants can be met and can be received.

If a government grant is a monetary asset, it is measured at actual received or receivable amount. Government grants that are non-monetary assets are measured at fair value. If the fair value of a non-monetary asset cannot be determined in a reliable way, it is measured at its nominal amount (RMB1). Government grants that are measured at nominal amounts are recognized directly in profit or loss for the current period.

Asset-related government grants are government grants acquired by the Group for the acquisition or long-term assets formed in other ways.

Government grants related to assets are recognized as deferred income and recognized in profit or loss for the current period over the useful life of the related assets in accordance with the straight-line method. If the related assets are sold, transferred, scrapped or destroyed before the end of their useful lives, the unallocated balance of the related deferred income is transferred to profit or loss in the period when the assets are disposed of.

Revenue-related government grants are government grants other than those related to assets.

Government grants related to revenue that are used to compensate for related costs and expenses or losses in subsequent periods are recognized as deferred revenue and charged to the profit or loss in the current period in which the related costs and expenses or losses are recognized; those used to compensate for related costs and losses already incurred are charged directly to the profit or loss for the current period.

The Group classifies government grants that are difficult to distinguish as a whole as revenue-related government grants.

Government grants related to ordinary activities are recognized in other income in accordance with the substance of economic operations. Government grants that are not related to ordinary activities are included in non-operating income.

Where the Group has obtained loan interest subsidy, different accounting treatment will be applied in accordance with the following principles:

(1) Where the interest subsidy is paid to the lending bank which provides loan to the Group at a preferential interest rate, the Group recognises the loan at the actual amount of loan received and the interest expense is calculated based on the principal of the loan and the preferential interest rate.

(2) Where the interest subsidy is directly paid to the Group, the interest subsidy is utilised to offset the interest expense.

If any government grant recognised by the Group is required to be returned, the accounting treatments shall be conducted for the period of return in accordance with the following:

① if the government grant is utilised to offset the carrying value of the relevant assets at initial recognition, the carrying value of the assets shall be adjusted.

② any deferred income is utilised to offset the book balance of the relevant deferred income and any excess is included in profit or loss for the current period.

③ under any other circumstances, they are directly included in profit for loss for the current period.

(xxxii) Deferred tax assets and deferred tax liabilities

Income tax includes current income tax and deferred income tax. The Group recognizes current income tax and deferred income tax in the profit or loss for the current period, except for the income tax arising from business combinations and transactions or events directly included in owners' equity (including other comprehensive income).

Deferred tax assets and deferred tax liabilities are recognised based on the differences (temporary differences) between the tax bases and the carrying amount of assets and liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which deductible temporary differences can be utilized. For deductible losses and tax credits that can be carried forward to the next year, deferred tax assets shall be recognized to the extent that it is probable that future taxable income will be available to offset the deductible losses and tax credits.

Save for exceptions, deferred tax liabilities shall be recognized for the taxable temporary difference.

The exceptions for not recognition of deferred tax assets or liabilities include:

- the initial recognition of the goodwill;
- transactions or matters other than business combinations in which neither profit nor taxable income (or deductible loss) will be affected when transactions occur, and in which the initial recognition of assets and liabilities do not result in equal amounts of taxable temporary differences and deductible temporary difference.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, joint ventures and associates, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, joint ventures and associates will be reversed in the foreseeable future and that the taxable income will be available in the future against which the temporary differences can be utilised, the deferred tax assets are recognised.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled in accordance with the provisions of the tax laws.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed by the Group. The carrying amount of deferred tax assets is written down if it is more likely that sufficient taxable income will not be available against which the benefit of the deferred tax assets can be utilized in future periods. To the extent that it is probable that sufficient taxable income will be available, the written down amount is reversed.

When the Group has a legally enforceable right to set off and intends either to settle on a net basis or to acquire the income tax asset and settle the income tax liability simultaneously, current income tax assets and current income tax liabilities shall be presented as the net amount after offsetting.

At the balance sheet date, deferred tax assets and deferred tax liabilities are presented as net of offsetting amounts when both of the following conditions are met:

- The taxable entity has the legal right to settle current income tax assets and current income tax liabilities on a net basis;
- Deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity or on different taxable entities, but in each future period in which it is significant that the deferred tax assets and liabilities reverse, the taxable entities involved intend to settle the current income tax assets and liabilities on a net basis or acquire the assets and settle the liabilities at the same time.

(xxxiii) Leases

(1) Identification of lease

A lease is a contract in which the lessor grants the right to use an asset to the lessee for a certain period of time for consideration. At the inception date of a contract, the Group assesses whether the contract is a lease or contains a lease. A contract is a lease or contains a lease if one party to the contract cedes the right to control the use of one or more identified assets for a specified period of time in exchange for consideration.

If the contract contains multiple separate leases at the same time, the Group shall split the contract and account for them separately. If the contract contains both lease and non-lease portions, the lessee and lessor shall split the lease and non- lease portions.

(2) The Group as a lessee

1) Lease recognition

Except for short-term leases and leases of low-value assets, the Group recognises right-of-use assets and lease liabilities for leases at the commencement date of the lease term.

The right-of-use assets refer to the right to use the underlying assets in the lease term for the Group as a lessee, which are initially measured at cost. The cost includes: ① the initial measurement amount of the lease liability; ② the lease payment amount paid on or before the commencement date of the lease term, and the relevant amount of the lease incentive that has been enjoyed shall be deducted; ③ the initial direct costs incurred; ④ costs expected to be incurred by the Group to disassemble and remove the leased assets, restore the site where the leased assets are located or restore the leased assets to the agreed condition under the terms of the lease (excluding costs that are part of the costs incurred for the production of inventories). If the Group re-measures lease liability in accordance with the relevant provisions of the lease standards, the carrying amount of the right-of-use assets shall be adjusted accordingly.

The Group depreciates the right-of-use assets on a straight-line basis over the expected consumption of the economic benefits associated with the right-of-use assets. If it can reasonably determined that ownership of the leased asset will be obtained upon expiration of the lease term, depreciation shall be accrued within the remaining useful life of the leased asset; if it can not be reasonably determined that ownership of the leased asset will be obtained upon expiration of the lease term, depreciation shall be accrued within the lease term or the remaining useful life of the leased asset, whichever is shorter. The depreciation amount accrued is included in the cost of relevant asset or current profit or loss based on the use of the right-of-use asset.

The lease liability is initially measured at the present value of the outstanding lease payments at the inception of the lease term. The lease payments include: ① the fixed payment amount and the substantial fixed payment amount, net of the lease incentive amount; ② the variable lease payments depending on the index or ratio; ③ the exercise price of the purchase option, provided that the Group reasonably determines that it will exercise the option; ④ the amount payable to exercise the option to terminate a lease, provided that the lease term reflects that the Group will exercise the option to terminate the lease; and ⑤ the expected amount payable based on the residual value of the security provided by the Group.

In calculating the present value of the lease payment, the Group uses the implicit rate of the lease as the discount rate./If the implicit rate of the lease cannot be reasonably determined, the Group's incremental borrowing rate is used as the discount rate. The Group calculates the interest expenses on lease liabilities for each period of the lease term at a fixed periodic rate, which are recognized in current profit or loss or the cost of the related assets.

Subsequent to the inception of the lease term, the Group increases the carrying amount of the lease liability at the time of recognising interest on the lease liability, and decreases the carrying amount of the lease liability at the time of making lease payments. When there is a change in the substantive fixed payments, a change in the expected payable amount for the residual value of the guarantee, a change in the index or ratio used to determine the amount of lease payments, or a change in the valuation result or actual exercise of the option of purchase, renewal or termination, the Group will remeasure the lease liability based on the present value of lease payments as a result of the change.

2) Lease modification

A lease modification refers to changes in the scope of the lease, lease consideration, or lease term that are outside the original contract terms, including adding or terminating the right to use one or more leased assets, extending or shortening the lease term specified in the contract, etc. The effective date of a lease modification is the date on which both parties reach an agreement on the lease modification.

If a lease is changed and the following conditions are met, the Group will account for the lease modification as a separate lease: ① the lease modification expands the scope of the lease or extend the lease term by adding the right to use one or more leased assets; ② the increased consideration is equivalent to the separate price of the expanded portion of the lease scope or the extended portion of the lease term adjusted for the circumstances of that contract.

If a lease modification is not accounted for as a separate lease, at the effective date of the lease modification, the Group shall allocate the consideration of the modified contract in accordance with the relevant provisions of the lease standard, redetermine the modified lease term; and discount the modified lease payments at the revised discount rate to remeasure the lease liability. Regarding the impact of the above-mentioned lease liability adjustment, the Group shall account for it according to the following circumstances: ① if the lease modification results in a reduction in the scope of the lease or a shortening of the lease term, the lessee reduces the carrying value of the right-of-use asset accordingly and recognises the gain or loss related to the partial termination or complete termination of the lease in the profit or loss for the current period; ② if other lease changes result in the remeasurement of the lease liability, the lessee adjusts the carrying value of the right-of-use asset accordingly.

3) Short-term leases and leases of low-value assets

The Group has chosen not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, and the Group recognizes the related lease payments in profit or loss for the current period or the cost of the related assets on a straight-line basis over the respective periods of the lease term. Short-term leases refer to leases with a lease term of not more than 12 months at the commencement date of the lease term and do not contain a purchase option. Low-value asset leases are leases with a lower value when the individual leased asset is a brand-new asset. The lease with a value of not more than RMB40,000.00 when the single leased asset is a new asset is recognised as a low value. If the Company subleases or expects to sublease a leased asset, the original lease is not a low-value asset lease.

(3) The Group as lessor

The Group, as a lessor, classifies the lease as a financing lease if it transfers substantially all of the risks and rewards associated with ownership of a leased asset, and classifies other leases as operating leases.

1) Financing leases

At the commencement date of the lease term, the Group recognizes financial lease receivables for finance leases and derecognizes the financial lease assets. When the Group makes initial measurement of the finance lease receivables, the net lease investment is used as the entry value of the finance lease receivables.

The net investment in leases is the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the commencement date of the lease term discounted at the implicit rate of the lease. The Group calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate. Variable lease payments received by the Group that are not included in the net lease investment measurement are recognized in profit or loss when they are actually incurred.

2) Operating leases

The lease receipts derived from operating leases are recognised as rental income on a straight-line basis over the respective periods of the lease terms. The Group capitalizes the initial direct costs incurred in connection with operating leases, which are allocated to current profit and loss over the lease term on the same basis as rental income is recognized. Variable lease payments not included in the lease receipts are recognized in profit or loss for the period when they are actually incurred. If an operating lease is changed, the Company accounts for it as a new lease from the effective date of the change, and the amount of lease receipts received in advance or receivable in connection with the lease before the change is considered to be the amount of receipts for the new lease.

(4) Sale and leaseback

The Company assesses whether the transfer of assets in sale and leaseback transactions is a sale in accordance with the principles described in "III. (xxx) Revenue recognition principle and measurement method" of this note.

1) As the lessee

Where the transfer of an asset in a sale and leaseback transaction is a sale, the Company, as the lessee, measures the right-of-use asset created by the sale and leaseback at the portion of the original asset's carrying amount that relates to the right-of-use acquired by the leaseback and recognizes the related gain or loss only for the right transferred to the lessor.

If the transfer of an asset in a sale and leaseback transaction is not a sale, the Company, as the lessee, continues to recognize the transferred asset and also recognizes a financial liability equal to the transfer income. For details of the accounting treatment of financial liabilities, please refer to "III. (xi) Financial Instruments" of this note.

2) As the lessor

If the transfer of assets in a sale and leaseback transaction is a sale, the Company accounts for the purchase of the assets as a lessor and accounts for the lease of the assets in accordance with the aforementioned policy " (3) The Group as lessor". If the transfer of assets in a sale and leaseback transaction is not a sale, the Company, as the lessor, does not recognize the transferred asset, but recognizes a financial asset equal to the transfer income. For details of the accounting treatment of financial assets, please refer to "III. (xi) Financial Instruments" of this note.

(xxxiv) Hedge accounting

(1) Classification of hedging

1) Fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment (except foreign exchange risk).

2) Cash flow hedge is a hedge of the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment.

3) Hedge of a net investment in a foreign operation is a hedge of the exposure to foreign exchange risk associated with a net investment in a foreign operation. Net investment in a foreign operation is the share of interest in the net asset of the foreign operation.

(2) Designation of the hedge relationship and recognition of the effectiveness of hedging

At the inception of a hedge relationship, the Group formally designates the hedge relationship and documents the hedge relationship, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the nature and quantity of the hedging instrument, the nature and quantity of the hedged item, the nature of the risk being hedged, the type of hedging and how the Group will assess the hedging instrument's effectiveness. Hedging instrument's effectiveness means the degree of the change of fair value and cash flow of the hedging instrument in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

The hedge is assessed by the Group for effectiveness on an ongoing basis and judged whether it meets the requirements for the effectiveness of using hedge accounting throughout the accounting periods for which the hedging relationship was designated. Provided the discontent of the requirements, the application of a hedge shall be terminated.

The application of hedge accounting shall meet the following requirements on the effectiveness of the hedge:

1) There is an economic relationship between the hedged item and the hedging instrument.

2) The effect of credit risk does not dominate the value changes that result from that economic relationship.

3) The appropriate hedge ratio will not cause the imbalance of relative weight between the hedged item and the hedging instrument, thus generating accounting results inconsistent with the hedge accounting objectives. If the hedge ratio is no longer appropriate, but the hedge risk management objectives do not change, the amount of the hedged item or the hedging instrument shall be adjusted, so that the hedge ratio can re-meet the requirements on the effectiveness.

(3) Criteria for hedge accounting

1) Fair value hedges

The change in the fair value of a hedging derivative is recognized in the current profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recognized in the current profit or loss, and also adjusts the carrying amount of the hedged item.

For fair value hedges relating to financial instruments carried at amortized cost, the adjustment to carrying amount is amortized through the current profit or loss over the remaining term to maturity. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortized to the current profit or loss. Amortization may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in the current profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the current profit or loss. The changes in the fair value of the hedging instrument are also recognized in the current profit or loss.

2) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income, while the ineffective portion is recognized immediately in the current profit or loss.

Amounts taken to other comprehensive income are transferred to the current profit or loss when the hedged transaction affects the current profit or loss, such as when hedged financial income or financial expense is recognized or when a forecast sale occurs. Where the hedged item is the cost of a non- financial asset or non-financial liability, the amounts taken to other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability (or originally recognized in other comprehensive income, and transferred in the same period as the profit and loss is affected by the non-financial assets and non-financial debts, the amounts shall be included in the current profit or loss).

If the forecast transaction or firm commitment is no longer expected to occur, the amounts previously recognized in other comprehensive income are transferred to the current profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, the amounts previously recognised in other comprehensive income remain in there until the forecast transaction or firm commitment affects the current profit or loss.

3) Hedges of a net investment in a foreign operation

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in other comprehensive income while any gains or losses relating to the ineffective portion are recognized in the current profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the current profit or loss.

(xxxv) Segment reports

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments, after taking into account of the principle of materiality. In preparing segment reports, the Group measures the revenue from inter-segment transactions based on the actual transaction price. The accounting policies adopted for the preparation of segment reports are consistent with those adopted for the preparation of the Group's financial statements.

(xxxvi) Fair value measurement

The Group measures its investments in derivative financial instruments and other equity instruments at fair value at each balance sheet date. The Group measures the relevant assets or liability at fair value supposing the orderly transaction of asset selling or liability transferring incurring in a principal market of relevant assets or liabilities. In the absence of a principal market for the asset or liability, the Group assumes that the transaction take place at the most advantageous market of relevant asset or liability. A principal market (or the most advantageous market) is the transaction market that the Group can enter into at measurement date. The Group implements the hypothesis used by the market participants to realize the maximum economic benefit in assets or liabilities pricing.

For non-financial assets measured at fair value, the Group should consider the capacity of the market participants to put the assets into optimal use thus generating the economic benefit, or the capacity to sell assets to other market participants who can put the assets into optimal use and generate economic benefit.

The Group implements the valuation technique suitable for the current condition and supported by enough available data and other information, gives priority in use of relevant observable inputs, only the observable inputs cannot be obtained or impracticable before using unobservable inputs.

For the assets and liabilities measured at fair value or disclosure at financial statements, fair value hierarchies are categorized into three levels as the lowest level input that is significant to the entire fair value measurement. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities available on the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the relevant asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the relevant assets or liability.

The Group prioritizes the use of Level 1 inputs and then finally uses Level 3 inputs. The Group uses Level 1 inputs for shares of listed companies, Level 2 inputs for forward foreign exchange contracts and Level 3 inputs for investments in other equity instruments of unlisted companies to measure fair value using valuation techniques.

For assets and liabilities that are measured at fair value and recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at each balance sheet date.

(xxxvii) Other significant accounting policies and accounting estimates

When preparing financial statements, the management of the Group needs to use estimations and assumptions, which might influence accounting policy application and the amounts of assets, liabilities revenues and expenses. The effective results might differ from these estimates. The management of the Group continues to evaluate the key assumptions and uncertain factors that affect estimates. The changes on accounting estimates effects should be recognised in the current year or carry forward.

The following accounting estimates and key assumptions carry a significant risk of causing significant adjustment to the book value of assets and liabilities for next accounting year.

(1) Target contract cost

The Group reviews the target contract cost on a regular basis. The estimated cost of uncompleted part that might incur in the future would be revised constantly based on the total cost of the same type ships, which have completed, actual cost and progress of the ships in progress, changes in materials and employees and others.

(2) Income tax

The Group estimates income tax expense and deferred income tax in accordance with existing tax rules and regulations, taking into account special approvals obtained from the relevant tax authorities and tax incentives to which the Group is entitled in the places or jurisdictions in which it operates. In the normal course of business, there will be uncertainties in the ultimate tax treatment of some transactions and matters. If the final determination of these tax matters differs from the amounts initially recorded, such difference will have an impact on the amount of income tax expense and deferred income tax in the period in which such final determination is made.

Deferred tax assets are recognized for unused losses and other deductible temporary differences, such as impairment allowances for pre-tax non-deductible receivables, inventories, fixed assets and construction in progress, to the extent that it is probable that future taxable profit will be available to cover the losses or the deductible temporary differences can be reversed. The amount of recognition of deferred tax assets requires management to apply significant estimates based on the timing and amount of future taxable profit to be generated and future tax planning.

The Group believes that the appropriate current income taxes and deferred income taxes are recognised based on current tax rules and regulations and current best estimates and assumptions. If future changes in tax rules and regulations or related circumstances require adjustments to current and deferred income taxes, which will have an impact on the Group's financial position.

(3) Measurement of defined benefit plan obligations

The Group has recognized the supplementary retirement benefits of defined benefit plans as a liability. The estimated amount of such benefit expenses and liabilities shall be calculated and paid based on various assumptions. These assumptions include the discount rate, the growth rate of benefit expenses during relevant periods and other factors. Deviations arising between actual results and actuarial assumptions will affect the accuracy of relevant accounting estimates. Although the management believes that the above assumptions are reasonable, any changes in such assumptions will still affect the amount of estimated liabilities for relevant supplementary endowment insurance and other unplanned benefit plans.

(xxxviii) Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policy

There was no change in the Group's significant accounting policy during the Reporting Period.

(2) Changes in significant accounting estimates

There was no change in the Group's significant accounting estimates during the Reporting Period.

IV. TAX

(i) Main taxes and rates

Tax types	Tax basis	Tax rate
Value-added tax	The VAT payable is the difference between output tax (calculated based on sales of goods and taxable service income under the tax laws) and the deductible input tax of the period	13%, 9%, 6%
City maintenance and construction tax	Based on value-added tax paid	7%
Educational surcharge	Based on value-added tax paid	3%
Local educational surcharge	Based on value-added tax paid	2%
Enterprise income tax	Based on taxable profits	25%, 20%, 15%
Hong Kong profits tax	Taxable income	16.50%

Notes on taxpayers subject to different enterprise income tax rates:

Name of tax payer	Tax rate
The Company	25.00%
CSSC Huangpu Wenchong Shipbuilding Company Limited ("Huangpu Wenchong")	15.00%
Guangzhou Wenchong Shipyard Co., Ltd. ("Wenchong Shipyard")	15.00%
Guangzhou Huangchuan Ocean Engineering Co., Ltd. ("Huangchuan Ocean Engineering")	25.00%
Guangzhou Wenchuan Heavy Industrial Co., Ltd. ("Wenchuan Heavy Industrial")	15.00%
Guangxi Wenchuan Heavy Industrial Co., Ltd. ("Guangxi Heavy Industrial")	25.00%
CSSC Industrial Internet Co., Ltd. ("CSSC Internet")	15.00%
Zhanjiang Nanhai Ship Hi-Tech Services Co., Ltd. ("Zhanjiang Nanhai")	20.00%
Guangzhou CSSC Wenchong Bingshen Facilities Co., Ltd. ("Wenchong Bingshen")	20.00%
Wah Shun International Marine Limited ("Wah Shun")	16.50%
Wah Loong International Marine Limited ("Wah Loong")	16.50%
Guangzhou Xingji Maritime Engineering Design Co., Ltd. ("Xingji")	20.00%
HuaCheng (TianJin) Ship Leasing Co., Ltd. ("HuaCheng")	25.00%
HuaXin (TianJin) Ship Leasing Co., Ltd. ("HuaXin")	25.00%
Wan Sheng International Marine Limited ("Wan Sheng")	16.50%
Wan Xing International Marine Limited ("Wan Xing")	16.50%
Guangzhou Wenchong Ship Engineering Co., Ltd. ("Wenchong Engineering")	20.00%

Other explanations: Wah Shun, Wah Loong, Wan Sheng, Wan Xing, which are incorporated in Hong Kong, enforce Hong Kong profits tax at 16.50%.

(ii) Preferential taxation treatment

(1) Value-added tax

1) Export income: 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 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 certain subsidiaries of the Group, the portion of actual value-added tax burden in excess of 3% may be recovered upon payment in accordance with the relevant policy.

3) Some of the Group's subsidiaries are advanced manufacturing enterprises. Pursuant to the Announcement on the Policies for the Additional Deduction of VAT in Advanced Manufacturing Enterprises (Announcement of the Ministry of Finance and the State Taxation Administration No. 43 of 2023) promulgated by the Ministry of Finance and the State Taxation Administration, advanced manufacturing enterprises are allowed to deduct the VAT payable by 5% of the deductible input tax in the current period from 1 January 2023 to 31 December 2027.

(2) Enterprise income tax

1) Huangpu Wenchong obtained the Certificate of Hi-tech Enterprise (certificate no.: GR202444006517) on 28 November 2024, with a validity till 28 November 2027. The tax rebate rate is 15% for income tax of Huangpu Wenchong.

2) Wenchong Shipyard obtained the Certificate of Hi-tech Enterprise (certificate no.: GR202544005465) on 19 December 2025, with a validity till 19 December 2028. The tax rebate rate is 15% for income tax of Wenchong Shipyard.

3) Wenchuan Heavy Industrial obtained the Certificate of Hi-tech Enterprise (certificate no.: GR202444000148) on 19 November 2024, with a validity till 19 November 2027. The tax rebate rate is 15% for income tax of Wenchuan Heavy Industrial.

4) CSSC Internet obtained the Certificate of Hi-tech Enterprise (certificate no.: GR202444009625) on 11 December 2024, with a validity till 11 December 2027. The tax rebate rate is 15% for income tax of CSSC Internet.

5) Zhanjiang Nanhai, Wenchong Bingshen, Xingji and Wenchong Engineering are small low-profit enterprises, according to the Announcement of Ministry of Finance and the Tax Administration No. 12 of 2023 "Announcement on Further Supporting the Development of Relevant Tax and Fee Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households", from 1 January 2023 to 31 December 2027, the taxable income of small and low profit enterprises will be reduced to 25% of the taxable income and subject to a tax rate of 20%.

V. NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial statements data disclosed below, unless otherwise stated, "Beginning balance" refers to the balance as at 1 January 2025; and "Ending balance" refers to the balance as at 31 December 2025. "Current year" refers to the period from 1 January 2025 to 31 December 2025; and "Last year" refers to the period from 1 January 2024 to 31 December 2024. The currency unit is RMB.

(i) Cash at bank and on hand

Item	Ending balance	Beginning balance
Cash on hand	**6,607.97**	20,307.97
Bank deposits	**104,546,116.81**	192,788,988.02
Other cash at bank and on hand	**1,532,577,523.25**	1,796,066,566.02
Deposit in finance company – principal	**11,919,814,467.88**	13,040,341,355.19
Deposit in finance company – accrued interest	**298,480,327.82**	231,377,227.12
Total	**13,855,425,043.73**	15,260,594,444.32
Including: Total amount deposited overseas	**65,833,439.12**	7,842,211.88
Amounts deposited overseas and limited to remit to China		

Other explanations: For details of monetary funds not classified as cash and cash equivalents which were limited to use by mortgage, pledge, and being frozen, limited to access due to centralized management of funds, or limited to remit to China in foreign countries, please refer to "V. (lxix) (7) Monetary funds which are not cash and cash equivalents" in this note. The Group's funds deposited overseas as at the end of the year are deposits of the subsidiaries established in Hong Kong.

(ii) Financial assets held-for-trading

(1) Types of financial assets held-for-trading

Item	Ending balance	Beginning balance
Financial assets at fair value through profit or loss	**434,900.43**	154,574.60
Including: Investment in debt instruments		
Investments in equity instruments	**434,900.43**	154,574.60
Derivative financial assets		
Others		
Financial assets designated at fair value through profit or loss	**15,469,687.38**	1,016,859.47
Including: Forward exchange contracts	**15,469,687.38**	1,016,859.47
Total	**15,904,587.81**	1,171,434.07

Reasons and basis for financial assets designated at fair value through profit or loss: at the time of initial recognition, they can eliminate or significantly reduce accounting mismatches.

(2) Financial assets held-for-trading are analysed as follows

Item	Fair value at the end of the year	Fair value at the beginning of the year
Listed	**434,900.43**	154,574.60
Unlisted	**15,469,687.38**	1,016,859.47
Total	**15,904,587.81**	1,171,434.07

Other explanations: The Group's financial assets at fair value through profit or loss are equities and forward exchange contracts.

1) For stocks, the fair value is determined based on the closing price of the shares at the end of the year.

2) For forward exchange contracts, at measurement date, the public price of 3 banks before adjustment were obtained. According to prudence principle, one price is chosen to be input value. The prevailing benchmark loan interest rate promulgated by the People's Bank of China is chosen to be discount rate. The fair value is calculated according to the formula as follows:

As for forward foreign exchange settlement contract, choose the highest price to be input value, fair value = exchange price x (contract rate – quoted price)/number of years of discount rate.

As for forward foreign exchange purchase contract, choose the lowest quoted price to be input value, fair value = exchange price x (quoted price – contract rate)/number of years of discount rate.

If the fair value derived is positive, the Company discloses it under "Financial assets held-for-trading"; if negative, then discloses it under "Financial liabilities held-for-trading".

(iii) Notes receivable

(1) Types of notes receivable

Item	Ending balance	Beginning balance
Bank acceptance bills	**12,710,926.09**	45,894,339.59
Finance company acceptance bills	**4,830,227.50**	10,208,118.30
Total	**17,541,153.59**	56,102,457.89

(2) Disclosure of notes receivable by method of bad debt provision

	Ending balance				
	Book balance		Provision for bad debts		
Type	**Amount**	**Percentage (%)**	**Amount**	**Percentage of provision (%)**	**Carrying value**
Provision for bad debts made on an individual basis					
Provision for bad debts made on a collective basis	**17,541,153.59**	**100.00**			**17,541,153.59**
Total	**17,541,153.59**	**100.00**			**17,541,153.59**

	Beginning balance				
	Book balance		Provision for bad debts		
Type	Amount	Percentage (%)	Amount	Percentage of provision (%)	Carrying value
Provision for bad debts made on an individual basis					
Provision for bad debts made on a collective basis	56,102,457.89	100.00			56,102,457.89
Total	56,102,457.89	100.00			56,102,457.89

(3) Provision for bad debts made on a collective basis with credit risk features:

	Ending balance		
Name	**Notes receivable**	**Provision for bad debts**	**Percentage of provision (%)**
Bank acceptance bills	**12,710,926.09**		
Finance Company acceptance bills	**4,830,227.50**		
Total	**17,541,153.59**		

(4) Provision for bad debts made, recovered or reversed for notes receivable during the year

None.

(5) Notes receivable pledged as at the end of the year

None.

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

Item	Amount derecognised at the end of the year	Amount not derecognised at the end of the year
Bank acceptance bills		9,860,926.09
Finance company acceptance bills		4,830,227.50
Total		14,691,153.59

(7) Notes receivable actually written-off during the year

None.

(iv) Accounts receivable

(1) Ageing of accounts receivable

Item	Ending balance	Beginning balance
Within one year	**817,310,842.06**	1,087,502,662.41
1 to 2 years	**283,962,480.67**	200,773,733.85
2 to 3 years	**269,813,755.02**	42,384,569.49
3 to 4 years	**18,735,723.67**	13,407,264.43
4 to 5 years	**840,980.01**	732,670.71
Over 5 years	**10,848,878.24**	12,696,822.46
Subtotal	**1,401,512,659.67**	1,357,497,723.35
Less: Provision for bad debts	**58,808,843.96**	30,577,244.37
Total	**1,342,703,815.71**	1,326,920,478.98

(2) Credit period of accounts receivable

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

(3) Disclosure of accounts receivable by method of bad debt provision

	Ending balance				
	Book balance		Provision for bad debts		
Type	Amount	Percentage (%)	Amount	Percentage of provision (%)	Carrying value
Provision for bad debts made on an individual basis	**14,018,419.57**	**1.00**	**9,018,417.57**	**64.33**	**5,000,002.00**
Provision for bad debts made on a collective basis	**1,387,494,240.10**	**99.00**	**49,790,426.39**	**3.59**	**1,337,703,813.71**
Total	**1,401,512,659.67**	**100.00**	**58,808,843.96**	**4.20**	**1,342,703,815.71**

	Beginning balance				
	Book balance		Provision for bad debts		
Type	Amount	Percentage (%)	Amount	Percentage of provision (%)	Carrying value
Provision for bad debts made on an individual basis					
Provision for bad debts made on a collective basis	1,357,497,723.35	100.00	30,577,244.37	2.25	1,326,920,478.98
Total	1,357,497,723.35	100.00	30,577,244.37	2.25	1,326,920,478.98

(4) Provision for bad debts of accounts receivable made on an individual basis

	Beginning balance		Ending balance			
Name	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Percentage of provision (%)	Reason for provision
State-owned enterprises			**369,360.74**	**369,360.74**	**100.00**	Poor financial condition with remote possibility of recovery
Private enterprises			**13,649,058.83**	**8,649,056.83**	**63.37**	Poor financial condition with remote possibility of recovery
Total			**14,018,419.57**	**9,018,417.57**		

(5) Provision for bad debts of accounts receivable made on a collective basis

Name	Ending balance		
	Book balance	Provision for bad debts	Percentage of provision (%)
Ageing portfolio	581,455,773.87	49,790,426.39	8.56
Portfolio of government units and public institutions	709,268,697.78		
Related parties portfolio	96,769,768.45		
Total	1,387,494,240.10	49,790,426.39	3.59

The details of the ageing portfolio are as follows:

Item	Ending balance		
	Book balance	Provision for bad debts	Percentage of provision (%)
Within one year (inclusive)	313,750,693.53	353,064.70	0.11
1 to 2 years	194,006,209.98	19,400,621.00	10.00
2 to 3 years	58,558,262.51	17,567,478.76	30.00
3 to 4 years	12,515,749.60	10,012,599.68	80.00
4 to 5 years	840,980.01	672,784.01	80.00
Over 5 years	1,783,878.24	1,783,878.24	100.00
Total	581,455,773.87	49,790,426.39	8.56

(6) Provision for bad debts made, recovered or reversed for accounts receivable during the year

Type	Beginning balance	Amount of changes during the year				Ending balance
		Provision made	Recovered or reversed	Offset or written-off	Others	
Provision for bad debts of accounts receivable	30,577,244.37	28,231,599.59				58,808,843.96
Total	30,577,244.37	28,231,599.59				58,808,843.96

(7) Accounts receivable actually written-off during the year

None.

(8) Accounts receivable and contract assets of top five debtors by ending balance

Name of entity	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Percentage of total ending balance of accounts receivable and contract assets (%)	Ending balance of provision for bad debts of accounts receivable and contract assets
Entity 1	**650,657,380.27**	**643,416,360.00**	**1,294,073,740.27**	**32.19**	
Entity 2	**151,996,779.52**		**151,996,779.52**	**3.78**	
Entity 3	**73,283,519.03**	**10,161,624.73**	**83,445,143.76**	**2.08**	**6,727,001.90**
Entity 4	**47,721,992.11**	**1,770,195.31**	**49,492,187.42**	**1.23**	**4,565,614.97**
Entity 5	**45,871,955.62**	**51,405,996.85**	**97,277,952.47**	**2.42**	**107,708.56**
Total	**969,531,626.55**	**706,754,176.89**	**1,676,285,803.44**	**41.70**	**11,400,325.43**

(v) Receivable financing

(1) Receivable financing by categories

Item	Ending balance	Beginning balance
Notes receivable	**23,909,880.24**	31,066,978.56
Accounts receivable	**50,149,324.07**	205,481,097.39
Total	**74,059,204.31**	236,548,075.95

Other description: The Group discounts and endorses a portion of its bank acceptance bills more frequently for day- to-day fund management purposes. Therefore, the Group classified bank acceptance bills with higher remaining credit rating on the books as financial assets measured at fair value through other comprehensive income, and the Group believed that the bank acceptance bills held by it are not subject to significant credit risk and will not incur significant losses due to bank defaults, and therefore no bad debt provision has been recognized. The electronic debt certificates of accounts receivable obtained by the Group generating from the sale of goods and the provision of services are included in the item under the "Accounts receivable" if the mode of business management aims to collect the contract cashflow; For the purpose of collecting the contract cashflow and selling, it is included in the item under the "Receivable financing. "

(2) Receivable financing pledged as at the end of the year

None.

(3) Receivable financing which has been endorsed or discounted to other party at the end of the year but not yet expired at the balance sheet date

Item	Amount derecognised at the end of the year	Amount not derecognised at the end of the year
Notes receivable	**4,010,427.20**	
Accounts receivable		
Total	**4,010,427.20**	

(4) Receivable financing actually written-off during the year

None.

(5) Changes in receivable financing and fair value changes in the current year

Item	Ending balance of last year	Addition during the year	Derecognised during the period	Other changes	Ending balance	Accumulated loss provision recognized in other comprehensive income
Notes receivable	31,066,978.56	1,814,521,729.81	1,821,678,828.13		**23,909,880.24**	
Accounts receivable	205,481,097.39	122,643,463.90	277,975,237.22		**50,149,324.07**	
Total	236,548,075.95	1,937,165,193.71	2,099,654,065.35		**74,059,204.31**	

(6) Other explanations

None.

(vi) Prepayments

(1) Ageing of prepayments

Item	Ending balance		Beginning balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within one year	**5,628,733,630.64**	**83.17**	3,971,201,605.75	71.58
1 to 2 years	**710,592,983.58**	**10.50**	860,607,407.55	15.51
2 to 3 years	**218,006,259.58**	**3.22**	413,061,006.69	7.45
Over 3 years	**210,647,860.01**	**3.11**	302,817,978.68	5.46
Total	**6,767,980,733.81**	**100.00**	5,547,687,998.67	100.00

Significant prepayments aged over 1 year:

Name of the entity	Relationship with the Group	Ending balance	Of which aged over one year	Amount aged over 1 year as a percentage of total prepayments (%)	Ageing	Reason for unsettlement
China Shipbuilding Trading Co., Ltd.	Controlled by the same controlling shareholders and actual controllers	**455,085,527.20**	333,080,831.56	4.92	Within 1 year, 1 to 2 years, 2 to 3 years, over 3 years	Large equipment received in batches and inspected and accepted
Shanghai CSSC Mitsui Shipbuilding Diesel Engine Co., Ltd.	Controlled by the same controlling shareholders and actual controllers	**268,830,000.00**	172,200,000.00	2.54	Within 1 year, 1 to 2 years	Large equipment received in batches and inspected and accepted
Yuchai Marine Power Co., Ltd.	Unrelated party	**184,767,000.00**	117,579,000.00	1.74	Within 1 year, 1 to 2 years	Large equipment received in batches and inspected and accepted
China Shipbuilding Industry Complete Logistics (Guangzhou)Co.,Ltd.	Controlled by the same controlling shareholders and actual controllers	**48,191,051.68**	48,191,051.68	0.71	1 to 2 years, 2 to 3 years, over 3 years	Large equipment received in batches and inspected and accepted
China Electronics Technology Group Corporation No. 29 Research Institute	Unrelated party	**42,477,876.11**	42,477,876.11	0.63	1 to 2 years, 2 to 3 years	Large equipment received in batches and inspected and accepted
China State Shipbuilding Corporation Limited System Engineering Research Institute	Controlled by the same controlling shareholders and actual controllers	**153,436,814.23**	40,360,014.23	0.60	Within 1 year, 1 to 2 years	Large equipment received in batches and inspected and accepted
China Shipbuilding Group Co., Ltd. No. 715 Research Institute	Controlled by the same controlling shareholders and actual controllers	**33,982,300.89**	33,982,300.89	0.50	1 to 2 years	Large equipment received in batches and inspected and accepted
China National Shipbuilding Equipment & Materials Co., Ltd.	Controlled by the same controlling shareholders and actual controllers	**836,730,298.18**	32,277,961.70	0.48	Within 1 year, 1 to 2 years	Large equipment received in batches and inspected and accepted
MTU Asia Pte. Ltd.	Unrelated party	**30,194,305.95**	30,194,305.95	0.45	Over 5 years	Large equipment received in batches and inspected and accepted
China Shipbuilding Group Co., Ltd. No. 717 Research Institute	Controlled by the same controlling shareholders and actual controllers	**35,757,522.13**	22,683,122.13	0.34	Within 1 year, 1 to 2 years	Large equipment received in batches and inspected and accepted
China Shipbuilding Group Co., Ltd. No. 724 Research Institute	Controlled by the same controlling shareholders and actual controllers	**32,743,362.83**	20,973,362.83	0.31	Within 1 year, 1 to 2 years	Large equipment received in batches and inspected and accepted
China Shipbuilding Equipment & Materials Northeast Corporation	Controlled by the same controlling shareholders and actual controllers	**20,042,663.77**	19,222,615.39	0.28	Within 1 year, 1 to 2 years, 2 to 3 years, over 3 years	Large equipment received in batches and inspected and accepted
China First Heavy Industries Co., Ltd.	Unrelated party	**17,527,433.62**	17,527,433.62	0.26	1 to 2 years	Large equipment received in batches and inspected and accepted
Total		**2,159,766,156.59**	930,749,876.09	13.76		

(2) Top five prepayments by supplier based on ending balance

Name of the entity	Ending balance	Percentage of total ending balance of prepayments to suppliers (%)
AECC Shenyang Liming Aero Engine Co., Ltd.	**1,076,670,796.50**	15.91
China State Shipbuilding Equipment and Materials Corporation (中國船舶集團物資有限公司)	**836,730,298.18**	12.36
Hudong Heavy Machinery Co., Ltd.	**690,322,042.47**	10.20
China Shipbuilding Trading Co., Ltd.	**455,085,527.20**	6.72
Shanghai CSSC Mitsui Shipbuilding Diesel Engine Co., Ltd.	**268,830,000.00**	3.97
Total	**3,327,638,664.35**	49.16

(vii) Other receivables

Item	Ending balance	Beginning balance
Interest receivable		
Dividend receivable		12,585,085.74
Other receivables	**58,867,109.69**	50,529,923.36
Total	**58,867,109.69**	63,115,009.10

7.1 Dividend receivable

(1) Breakdown of dividend receivable

Item (or investee)	Ending balance	Beginning balance
Shi Ludwen Shipbuilding Heavy Industry (Guangzhou) Co., Ltd. (施璐德文衝重工（廣州）有限公司)		12,585,085.74
Total		12,585,085.74

7.2 Other receivables

(1) Breakdown of other receivables by nature

Nature of amount	Ending balance	Beginning balance
Refundable deposit	**20,646,802.68**	19,120,186.28
Reserve funds	**9,119,953.52**	10,888,925.29
Other current accounts	**40,299,070.32**	27,860,288.12
Total	**70,065,826.52**	57,869,399.69

(2) Breakdown of other receivables by ageing

Ageing	Ending balance	Beginning balance
Within one year (inclusive)	**34,499,617.49**	35,623,431.40
1 to 2 years	**15,704,610.97**	9,619,538.42
2 to 3 years	**7,982,000.63**	1,117,804.84
3 to 4 years	**1,065,385.84**	1,510,715.48
4 to 5 years	**1,388,991.64**	5,238,837.95
Over 5 years	**9,425,219.95**	4,759,071.60
Sub-total	**70,065,826.52**	57,869,399.69
Less: provision for bad debts	**11,198,716.83**	7,339,476.33
Total	**58,867,109.69**	50,529,923.36

(3) Types of other receivables by method of bad debt provision

	Ending balance				
	Book balance		Provision for bad debts		
Type	Amount	Percentage (%)	Amount	Percentage of provision (%)	Carrying value
Provision for bad debts made on an individual basis	**9,610,983.03**	**13.72**	**9,610,983.03**	**100.00**	
Provision for bad debts made on a collective basis	**60,454,843.49**	**86.28**	**1,587,733.80**	**2.63**	**58,867,109.69**
Total	**70,065,826.52**	**100.00**	**11,198,716.83**	**15.98**	**58,867,109.69**

	Beginning balance				
	Book balance		Provision for bad debts		
Type	Amount	Percentage (%)	Amount	Percentage of provision (%)	Carrying value
Provision for bad debts made on an individual basis	6,410,983.03	11.08	6,410,983.03	100.00	
Provision for bad debts made on a collective basis	51,458,416.66	88.92	928,493.30	1.80	50,529,923.36
Total	57,869,399.69	100.00	7,339,476.33	12.68	50,529,923.36

(4) Provision for bad debts made for other receivables using the general model of expected credit loss

Provision for bad debts	Stage 1 Expected credit losses for next 12 months	Stage 2 Expected credit losses during the whole life span (not credit impaired)	Stage 3 Expected credit losses during the whole life span (credit impaired)	Total
Balance as at 1 January 2025	115,055.90	813,437.40	6,410,983.03	7,339,476.33
Balance as at 1 January 2025 for the current year				
– Transfer to stage 2				
– Transfer to stage 3				
– Transfer back to stage 2				
– Transfer back to stage 1				
Provision made during the year	-79,081.31	738,321.81	3,200,000.00	3,859,240.50
Reversed during the year				
Offset during the year				
Written-off during the year				
Other changes				
Balance as at 31 December 2025	35,974.59	1,551,759.21	9,610,983.03	11,198,716.83

Division basis for each stage and description for the proportion of provision for bad debts:

1) Stage 1: portfolio of deposit and security deposit that are not past due, portfolio of retained reserve and employee loans, related parties portfolio within the scope of consolidation of the Group, portfolio of government units and public institutions and aging portfolio aged less than two years. For the portfolio of deposit and security deposit that are not past due, portfolio of retained reserve and employee loans, related parties portfolio within the scope of consolidation of the Group, portfolio of government units and public institutions, aging portfolio aged 0 to 6 months, no provision for bad debts is made. For the aging portfolio aged 6 months to one year, the proportion of provision for bad debts is 0.5%. For aging portfolio aged one to two years, the proportion of provision for bad debts is 10%.

2) Stage 2: aging portfolio aged over two years. For aging portfolio aged two to three years, the proportion of provision for bad debts is 30%. For aging portfolio aged three to five years, the proportion of provision for bad debts is 80%. For aging portfolio aged over five years, the proportion of provision for bad debts is 100%.

3) Stage 3: other receivables for which provision for bad debts is made on an individual basis.

Changes in book balance of other receivables are as follows:

Book balance	Stage 1 Expected credit losses for next 12 months	Stage 2 Expected credit losses during the whole life span (not credit impaired)	Stage 3 Expected credit losses during the whole life span (credit impaired)	Total
Balance as at 1 January 2025	50,046,608.08	1,411,808.58	6,410,983.03	57,869,399.69
Balance as at 1 January 2025 for the year				
– Transfer to stage 2				
– Transfer to stage 3				
– Transfer back to stage 2				
– Transfer back to stage 1				
Increased during the year	7,902,114.41	1,094,312.42	3,200,000.00	12,196,426.83
Derecognised during the year				
Other changes				
Balance as at 31 December 2025	**57,948,722.49**	**2,506,121.00**	**9,610,983.03**	**70,065,826.52**

(5) Provision for bad debts made, recovered or reversed for other receivables during the year

Type	Beginning balance	Amount of changes during the year: Provision made	Recovered or reversed	Offset or written-off	Others	Ending balance
Provision for bad debts of other receivables	7,339,476.33	3,859,240.50				**11,198,716.83**
Total	7,339,476.33	3,859,240.50				**11,198,716.83**

(6) Other receivables actually written-off during the year

None.

(7) Top five other receivables by ending balance of debtors

Name of entity	Nature of amount	Ending balance	Ageing	Percentage of ending balance of total other receivables (%)	Ending balance of provision for bad debt
China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	Advance payment	**12,224,571.68**	1 to 2 years, 2 to 3 years	17.45	6,410,983.03
Shi Ludwen Shipbuilding Heavy Industry (Guangzhou) Co., Ltd. (施璐德文衝重工(廣州)有限公司)	Equity transfer payment	**8,126,000.00**	0 to 6 months	11.60	
Guangxin Shipbuilding & Heavy Industry Co., Ltd.	Security, deposit	**8,120,000.00**	1 to 2 years, over 5 years,	11.59	
China National Shipbuilding Equipment & Materials (South China) Co., Ltd.	Advance payment	**4,936,344.80**	1 to 2 years	7.05	
Shenzhen Kwantler Technology Co., Ltd. (深圳市昆特科技有限公司)	Material costs	**3,200,000.00**	0 to 6 months	4.57	3,200,000.00
Total		**36,606,916.48**		52.26	9,610,983.03

Other explanations: A single bad debt provision of RMB3,200,000.00 was made for Shenzhen Kwantler Technology Co., Ltd. during the period due to the operational risks faced by the company, and the prepayments corresponding to the relevant contracts are expected to be unrecoverable.

(8) Presentation under other receivables due to centralized capital management

None.

(9) Borrowings receivable from employee

None.

(viii) Inventories

(1) Breakdown of inventories

Item	Ending balance		
	Book balance	Provision for impairment of inventories/provision for impairment of contract performance cost	Carrying value
Raw materials	**602,371,890.46**	**38,609,514.69**	**563,762,375.77**
Work in progress	**7,466,184,138.78**	**154,973,571.00**	**7,311,210,567.78**
Contract performance cost	**653,152,786.92**		**653,152,786.92**
Total	**8,721,708,816.16**	**193,583,085.69**	**8,528,125,730.47**

	Beginning balance		
Item	Book balance	Provision for impairment of inventories/provision for impairment of contract performance cost	Carrying value
Raw materials	725,183,450.96	6,616,714.69	718,566,736.27
Work in progress	4,372,726,990.95	82,140,552.75	4,290,586,438.20
Contract performance cost	896,531,272.33		896,531,272.33
Total	5,994,441,714.24	88,757,267.44	5,905,684,446.80

(2) Provision for impairment of inventories and provision for impairment of contract performance cost

		Increase for the year		Decrease for the year		
Item	Beginning balance	Provision made	Others	Reversal or offset	Others	Ending balance
Raw materials	6,616,714.69	31,992,800.00				**38,609,514.69**
Work in progress	82,140,552.75	77,030,245.08		4,197,226.83		**154,973,571.00**
Total	88,757,267.44	109,023,045.08		4,197,226.83		**193,583,085.69**

(3) Note on ending balance of inventories involving a capitalized amount of borrowing costs

None.

(4) Standard of provision for impairment of inventories made

Item	Provision standard	Basis for determination of net realisable value	Reason for reversal or offsetting during the year
Raw materials	Book cost higher than net realisable value	Estimated disposal proceeds less taxes	Production and reuse
Work in progress	Book cost higher than net realisable value	Estimated selling price less related costs and expenses for reaching sales status, etc.	Completed for sale
Contract performance cost	Book cost higher than net realisable value	Estimated selling price less costs and expenses upon completed contract performance, etc.	Completed performance

(5) Note on amount of amortisation of contract performance cost for the period

The amount of amortisation of contract performance cost for the year was transferred to operating cost.

(ix) Contract assets

(1) Information on contract assets

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Contract assets related to shipbuilding	**1,661,203,018.03**		**1,661,203,018.03**	999,307,953.69		999,307,953.69
Contract assets related to offshore engineering products				212,934,539.02		212,934,539.02
Contract assets related to steel structures	**223,669,602.13**		**223,669,602.13**	355,848,946.77		355,848,946.77
Outstanding warranties previously included in accounts receivable	**733,955,804.27**		**733,955,804.27**	820,375,004.47		820,375,004.47
Total	**2,618,828,424.43**		**2,618,828,424.43**	2,388,466,443.95		2,388,466,443.95

(2) Amount and reason for significant changes in carrying values during the year

Item	Amount of change	Reason for change
Contract assets related to shipbuilding	661,895,064.34	The increase in consideration receivable due to shipbuilding
Contract assets related to offshore engineering products	-212,934,539.02	The vessel has been completed for sale
Contract assets related to steel structures	-132,179,344.64	The contract is being performed and the date of recognition of contract revenue recognised based on contract performance progress is earlier or later than the date of receipt of consideration on due date
Outstanding warranties previously included in accounts receivable	-86,419,200.20	The decrease in receivables subject to restrictive conditions
Total	230,361,980.48	

(3) Contract assets actually written-off during the year

None.

(x) Non-current assets due within one year

Item	Ending balance	Beginning balance
Long-term receivables due within one year	**808,775,394.83**	930,941,201.25
Total	**808,775,394.83**	930,941,201.25

(xi) Other current assets

Item	Ending balance	Beginning balance
Value-added tax credit	**725,043,554.84**	423,680,907.43
Prepaid enterprise income tax	**2,617,447.29**	37,011.62
Total	**727,661,002.13**	423,717,919.05

(xii) Long-term receivables

(1) Information on long-term receivables

	Ending balance			Beginning balance			
Item	Book balance	Provision for bad debts	Carrying value	Book balance	Provision for bad debts	Carrying value	Range of discount rate (%)
Finance lease payments	**97,381,272.45**		**97,381,272.45**	292,668,857.86		292,668,857.86	2.42
Including: Unrealized financing income	**2,084,736.55**		**2,084,736.55**	7,590,778.09		7,590,778.09	
Receipt in instalments for sales of goods	**1,115,300,736.23**	**45,617,432.04**	**1,069,683,304.19**	1,399,875,304.11	45,617,432.04	1,354,257,872.07	2-6
Sub-total	**1,212,682,008.68**	**45,617,432.04**	**1,167,064,576.64**	1,692,544,161.97	45,617,432.04	1,646,926,729.93	
Less: Current portion due within one year	**808,775,394.83**		**808,775,394.83**	930,941,201.25		930,941,201.25	
Total	**403,906,613.85**	**45,617,432.04**	**358,289,181.81**	761,602,960.72	45,617,432.04	715,985,528.68	

(2) Long-term receivables disclosed by the method using which the provision for bad debts is made

	Ending balance				
	Book balance		Provision for bad debts		
Type	Amount	Percentage (%)	Amount	Percentage of provision (%)	Carrying value
Provision for bad debts made on an individual basis	403,906,613.85	100.00	45,617,432.04	11.29	358,289,181.81
Including: Finance lease payments	85,944,618.94	21.28			85,944,618.94
Receipt in instalments for sale of goods	317,961,994.91	78.72	45,617,432.04	14.35	272,344,562.87
Total	403,906,613.85	100.00	45,617,432.04		358,289,181.81

	Beginning balance				
	Book balance		Provision for bad debts		
Type	Amount	Percentage (%)	Amount	Percentage of provision (%)	Carrying value
Provision for bad debts made on an individual basis	761,602,960.72	100.00	45,617,432.04	5.99	715,985,528.68
Including: Finance lease payments	236,229,417.61	31.02			236,229,417.61
Receipt in instalments for sale of goods	525,373,543.11	68.98	45,617,432.04	8.68	479,756,111.07
Total	761,602,960.72	100.00	45,617,432.04		715,985,528.68

Other explanations: Long-term receivables recognized its credit impairment loss and made provision for bad debts based on the difference from the present value of future cash flows lower than its book value.

(3) Provision for bad debts made, recovered or reversed for long-term receivables during the year

		Change in the year				
Type	Beginning balance	Provision made	Recovered or reversed	Offset or written-off	Others	Ending balance
Provision for bad debts made for long-term receivables	45,617,432.04					45,617,432.04
Total	45,617,432.04					45,617,432.04

(4) Long-term receivables actually written-off during the year

None.

(xiii) Long-term equity investments

(1) Information on long-term equity investments

Investee	Beginning balance (Carrying value)	Beginning balance of provision for impairment	Change for the year: Increase in investment	Decrease in investment	Investment gain or loss recognised using equity method	Adjustment to other comprehensive income	Other changes in equity	Declaration and payment of cash dividend or profit	Provision for impairment made	Others	Ending balance (Carrying value)	Ending balance of provision for impairment
I. Associates												
Guangzhou Shipyard International Company Limited	5,384,734,804.83				792,538,022.75	-327,457.02	119,808.65				6,177,065,179.21	
CSSC Huangpu Zhengli Offshore Engineering Co., Ltd.	12,230,789.90				-1,280,361.61						10,950,428.29	
Shi Ludwen Shipbuilding Heavy Industry (Guangzhou) Co., Ltd. (施騭德文衝重工（廣州）有限公司)	7,019,247.67			599,446.83	-6,418,648.94		-1,151.90					
Total	5,403,984,842.40			599,446.83	784,839,012.20	-327,457.02	118,656.75				6,188,015,607.50	

Other explanations: Other changes in equity are that there is a change in the capital reserves and special reserves of GSI, an associate of the Company, and the resulting impact is included in the capital reserves as other changes in the owners' equity of joint ventures.

(2) Analysis of long-term equity investments

Item	Ending balance	Beginning balance
Listed		
Unlisted	**6,188,015,607.50**	5,403,984,842.40
Total	**6,188,015,607.50**	5,403,984,842.40

(xiv) Investments in other equity instruments

(1) *Information on investments in other equity instruments*

Item	Beginning balance	Change for the year					Ending balance	Dividend income recognized during the year	Gain accumulated in other comprehensive income at the end of the year	Loss accumulated in other comprehensive income at the end of the year	Reason for designation as at fair value through other comprehensive income
		Increase in investment	Decrease in investment	Gain included in other comprehensive income	Loss included in other comprehensive income	Others					
Sub-total of listed	7,855,354,449.59		33,945,072.29	7,004,910.10	587,236,273.20	-1,107,198.00	**7,242,285,212.20**	55,754,545.33	4,375,997,706.16	365,983.30	
China State Shipbuilding Corporation Limited	7,821,117,179.36				587,236,273.20		**7,233,880,906.16**	54,373,729.00	4,375,997,706.16		Investments not held for trading
CMIC OCEAN EW TECH HOLDING CO., LTD	34,237,270.23		33,945,072.29	7,004,910.10		-1,107,198.00	**8,404,306.04**	1,380,816.33		365,983.30	Investments not held for trading
Sub-total of unlisted	4,555,068.77			34,890.81	981,398.80		**3,608,560.78**	229,563.23	1,922,095.32	800,000.00	
Huangpu Hongshan Community Health Service Center	2,681,429.29			29,814.87			**2,711,244.16**		1,511,244.16		Investments not held for trading
Guangzhou Wenchuan Industrial Co., Ltd.	839,698.51				110,142.64		**729,555.87**	202,688.23	349,515.41		Investments not held for trading
Guangzhou Xinzhou Service Co., Ltd.	162,684.81			5,075.94			**167,760.75**	26,875.00	61,335.75		Investments not held for trading
China Shipbuilding IT Co., Ltd.	871,256.16				871,256.16					800,000.00	Investments not held for trading
Total	7,859,909,518.36		33,945,072.29	7,039,800.91	588,217,672.00	-1,107,198.00	**7,245,893,772.98**	55,984,108.56	4,377,919,801.48	1,165,983.30	

Other explanations: Other represents changes in carrying value of investments in other equity instruments as a result of the disposal of shares in CMIC OCEAN EW TECH HOLDING CO., LTD during the current period.

(2) *Analysis of other equity instruments*

Item	Ending balance	Beginning balance
Listed	**7,242,285,212.20**	7,855,354,449.59
Including: China (except Hong Kong)	**7,233,880,906.16**	7,821,117,179.36
Unlisted	**3,608,560.78**	4,555,068.77
Total	**7,245,893,772.98**	7,859,909,518.36

(3) *Explanation on derecognition in this year*

None.

(xv) Investment properties

(1) Investment properties measured at cost

Item	Buildings and structures	Total
i. Original carrying amount		
1. Beginning balance	**157,433,262.96**	157,433,262.96
2. Increase for the year		
3. Decrease for the year		
4. Ending balance	**157,433,262.96**	157,433,262.96
ii. Accumulated depreciation and amortisation		
1. Beginning balance	**34,321,481.46**	34,321,481.46
2. Increase for the year	**6,537,425.04**	6,537,425.04
(1) Provision made or amortisation	**6,537,425.04**	6,537,425.04
3. Decrease for the year		
4. Ending balance	**40,858,906.50**	40,858,906.50
iii. Provision for impairment		
1. Beginning balance		
2. Increase for the year		
3. Decrease for the year		
4. Ending balance		
iv. Carrying value		
1. Carrying value at the end of the year	**116,574,356.46**	116,574,356.46
2. Carrying value at the beginning of the year	**123,111,781.50**	123,111,781.50

Other description:

1) The depreciation and amortisation of investment properties recognised in profit or loss during the period is RMB6,537,425.04 (last period: RMB6,537,425.04).

2) The provision for impairment of investment properties made for the period is RMB0 (last period: RMB0).

(2) Investment properties analysed by region and ageing

Item	Ending balance	Beginning balance
Within China	**116,574,356.46**	123,111,781.50
Medium term (10-50 years)	**116,574,356.46**	123,111,781.50
Total	**116,574,356.46**	123,111,781.50

(3) Investment properties without property ownership certificates

As at the end of the Reporting Period, included in investment properties were properties with carrying amount of RMB116,574,356.46 for which the property ownership certificates were being applied for. Given the aforesaid properties were in compliance with the relevant legal procedures, the Board of the Group believes that the transfer of its title will not meet any substantial obstacle or affect their normal use by the Group and will have no material impact on the normal operation of the Group. As such, no provision for impairment is required for investment properties and there will be no additional material costs.

Item	Carrying value	Reason for failure to obtain property ownership certificates
Hull joint workshop	63,433,015.05	In the process of obtaining ownership certificate
Component welding workshop	50,775,408.27	In the process of obtaining ownership certificate
Sanding and coating workshop	2,365,933.14	In the process of obtaining ownership certificate
Total	116,574,356.46	

(xvi) Fixed assets

Item	Ending balance	Beginning balance
Fixed assets	**4,553,386,574.97**	4,830,830,141.14
Disposal of fixed assets		
Total	**4,553,386,574.97**	4,830,830,141.14

16.1 Fixed assets

(1) Information on fixed assets

Item		Buildings and structure	Machinery and equipment	Transportation equipment	Other equipment	Total
i.	Original carrying amount					
	1. Beginning balance	3,830,377,145.98	2,655,138,144.01	1,618,307,048.27	254,336,255.62	8,358,158,593.88
	2. Increase for the year	178,331,739.75	35,398,088.50	15,284,688.06	9,870,439.44	238,884,955.75
	(1) Additions		107,256.63	1,786,245.57	3,190,289.33	5,083,791.53
	(2) Transfer from construction in progress	178,331,739.75	35,290,831.87	13,498,442.49	6,680,150.11	233,801,164.22
	3. Decrease for the year	4,272,909.88	33,180,180.78	12,564,888.50	6,410,416.10	56,428,395.26
	(1) Disposal or retirement		33,180,180.78	12,564,888.50	6,410,416.10	52,155,485.38
	(2) Sales	4,272,909.88				4,272,909.88
	4. Ending balance	4,004,435,975.85	2,657,356,051.73	1,621,026,847.83	257,796,278.96	8,540,615,154.37
ii.	Accumulated depreciation					
	1. Beginning balance	1,430,836,730.79	1,574,463,232.79	317,616,413.06	201,737,834.37	3,524,654,211.01
	2. Increase for the year	166,957,860.56	118,570,869.78	51,350,983.12	18,924,480.83	355,804,194.29
	(1) Provision made	166,957,860.56	118,570,869.78	51,350,983.12	18,924,480.83	355,804,194.29
	3. Decrease for the year	1,050,569.53	31,495,803.71	11,885,390.15	5,838,467.99	50,270,231.38
	(1) Disposal or retirement		31,495,803.71	11,885,390.15	5,838,467.99	49,219,661.85
	(2) Sales	1,050,569.53				1,050,569.53
	4. Ending balance	1,596,744,021.82	1,661,538,298.86	357,082,006.03	214,823,847.21	3,830,188,173.92
iii.	Provision for impairment					
	1. Beginning balance		2,605,017.33		69,224.40	2,674,241.73
	2. Increase for the year		1,184,918.13	153,223,646.52		154,408,564.65
	(1) Provision made		1,184,918.13	153,223,646.52		154,408,564.65
	3. Decrease for the year		12,664.44		29,736.46	42,400.90
	(1) Disposal or retirement					
	(2) Sales		12,664.44		29,736.46	42,400.90
	4. Ending balance		3,777,271.02	153,223,646.52	39,487.94	157,040,405.48
iv.	Carrying value					
	1. Carrying value at the end of the year	2,407,691,954.03	992,040,481.85	1,110,721,195.28	42,932,943.81	4,553,386,574.97
	2. Carrying value at the beginning of the year	2,399,540,415.19	1,078,069,893.89	1,300,690,635.21	52,529,196.85	4,830,830,141.14

Other description:

The depreciation of fixed assets recognised in profit or loss during the year is RMB355,804,194.29 (last year: RMB355,092,356.69);

Included in fixed assets added during the year is transfer from construction in progress of RMB233,801,164.22.

(2) Temporarily idle fixed assets

None.

(3) Fixed assets leased out through operating leases

Item	Carrying value at the end of the year
Buildings and structures	113,736,625.08
Machinery and equipment	52,829,237.27
Transportation equipment	1,055,251,656.41
Others	2,126,722.77
Total	1,223,944,241.53

(4) Buildings and structures analysed by region and ageing

Item	Ending balance	Beginning balance
Within China	**2,407,691,954.03**	2,399,540,415.19
Including: Medium term (10-50 years)	**2,386,425,555.30**	2,363,897,039.87
Short term (within 10 years)	**21,266,398.73**	35,643,375.32
Total	**2,407,691,954.03**	2,399,540,415.19

(5) Fixed assets without property ownership certificates

Item	Carrying value	Reasons for failing to obtain property certificate
Buildings and structures	**85,384,425.18**	In progress

(6) Impairment test of fixed assets

Item	Carrying value (RMB10,000)	Recoverable amount (RMB10,000)	Impairment amount (RMB10,000)	Determination method for fair value and disposal costs	Determination basis of key parameters
Offshore platforms	63,377.21	48,054.85	15,322.36	Fair Value: The fair value is determined by collecting actual transaction cases of similar platforms as references. By analyzing the relevant differentiating factors between the reference objects and the subject being assessed, adjustments are made to account for these differences. The adjusted value is taken as the fair value of the assessed object. After deducting disposal costs, the recoverable amount of the assessed object is obtained. Disposal Costs: According to accounting standards, disposal costs include legal fees related to the disposal of assets, applicable taxes, transportation fees, and any direct costs incurred to make the assets ready for sale.	Fair Value: Obtaining quotes from buyers, and the appraisers adopt the quotes received in the open market as the fair value of the assessed object Disposal Costs: The transaction fees are determined by referring to the charging measures for state-owned assets transactions issued by Tianjin Property Rights Trading Center Co., Ltd.
Total	**63,377.21**	**48,054.85**	**15,322.36**		

16.2 Disposal of fixed assets

None.

(xvii) Construction in progress

Item	Ending balance	Beginning balance
Construction in progress Construction materials	**310,601,023.91**	164,266,268.87
Total	**310,601,023.91**	164,266,268.87

17.1 Construction in progress

(1) Information on construction in progress

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Adaptive transformation project for sewerage facilities supporting transit facilities, etc.	**74,255,679.51**		**74,255,679.51**	5,257,413.98		5,257,413.98
Production auxiliary housing project	**69,367,989.18**		**69,367,989.18**	24,103,075.75		24,103,075.75
Project implementation in advance	**54,033,886.15**		**54,033,886.15**	18,992,215.22		18,992,215.22
Residential project	**35,805,659.15**		**35,805,659.15**	35,805,659.15		35,805,659.15
Ship outfitting wharf construction project	**23,420,320.28**		**23,420,320.28**			
Technology reform project	**21,266,878.34**		**21,266,878.34**	11,120,342.36		11,120,342.36
Tugboat construction project	**10,758,263.85**		**10,758,263.85**			
Project implementation in advance (batch II)	**8,090,810.55**		**8,090,810.55**			
Improvement and upgrading project of volatile organic compounds (VOCs) treatment process	**7,231,273.00**		**7,231,273.00**	5,936,783.05		5,936,783.05
Production process technology improvement project for hull and component welding workshop	**3,056,057.10**		**3,056,057.10**	11,770.38		11,770.38
Other projects	**1,888,309.91**		**1,888,309.91**	3,181,137.16		3,181,137.16
Security facility renovation project	**1,425,896.89**		**1,425,896.89**			
Southern wing Phase II of offshore wind power equipment				34,473,027.65		34,473,027.65
Shift dormitory project				21,686,264.12		21,686,264.12
Southern wing Phase I of offshore wind power equipment				3,698,580.05		3,698,580.05
Total	**310,601,023.91**		**310,601,023.91**	164,266,268.87		164,266,268.87

(2) Changes in material construction in progress during the year

Name of project	Beginning balance	Increase for the year	Decrease for the year: Transfer to fixed assets	Decrease for the year: Other decrease	**Ending balance**
Adaptive transformation project for sewerage facilities supporting transit facilities, etc.	5,257,413.98	69,129,309.36	131,043.83		**74,255,679.51**
Production auxiliary housing project	24,103,075.75	48,601,299.26	3,336,385.83		**69,367,989.18**
Project implementation in advance	18,992,215.22	35,041,670.93			**54,033,886.15**
Ship outfitting wharf construction project		23,420,320.28			**23,420,320.28**
Technology reform project	11,120,342.36	67,117,072.69	49,779,996.42	7,190,540.29	**21,266,878.34**
Southern wing Phase I of offshore wind power equipment	3,698,580.05	50,532,782.39	54,231,362.44		
Southern wing Phase II of offshore wind power equipment	34,473,027.65	58,313,953.16	92,786,980.81		
Shift dormitory project	21,686,264.12	5,298,241.84	26,984,505.96		
Total	119,330,919.13	357,454,649.91	227,250,275.29	7,190,540.29	**242,344,753.46**

Name of project	Budget	Ratio of accumulated contribution to the construction to budget (%)	Progress of construction	Accumulated amount of capitalised interest	Including: capitalised amount of interest in the year	Rate of capitalisation of interest in the year (%)	Source of funding
Adaptive transformation project for sewerage facilities supporting transit facilities, etc.	148,000,000.00	50.00	80.00				Self-financed
Production auxiliary housing project	145,000,000.00	50.00	80.00				Self-financed
Project implementation in advance	289,000,000.00	70.00	80.00				Self-financed
Ship outfitting wharf construction project	270,000,000.00	8.00	5.00				Self-financed
Technology reform project	426,900,000.00	52.00	90.00				Self-financed
Southern wing Phase I of offshore wind power equipment	252,259,439.80	80.00	80.00				Self-financed
Southern wing Phase II of offshore wind power equipment	103,000,000.00	50.00	50.00				Self-financed
Shift dormitory project	28,500,000.00	75.00	75.00				Self-financed
Total	1,662,659,439.80						

(3) Provision for impairment of construction in progress for the year

None.

(4) Impairment test of construction in progress

None.

(xviii) Right-of-use assets

(1) Details of right-of-use assets

Item		Land	Buildings and structures	Machinery and transportation equipment	Total
i.	Original carrying amount				
	1. Beginning balance	26,397,693.00	246,776,552.74	77,255,068.74	350,429,314.48
	2. Increase for the year		3,994,358.41	35,155,453.39	39,149,811.80
	(1) Increase in leases		3,994,358.41	35,155,453.39	39,149,811.80
	3. Decrease for the year		33,569,807.35	666,633.46	34,236,440.81
	(1) Maturity of leases		33,569,807.35	666,633.46	34,236,440.81
	4. Ending balance	26,397,693.00	217,201,103.80	111,743,888.67	355,342,685.47
ii.	Accumulated depreciation				
	1. Beginning balance	13,198,846.56	108,040,547.00	5,490,240.25	126,729,633.81
	2. Increase for the year	6,599,423.28	61,009,015.08	21,824,340.65	89,432,779.01
	(1) Provision made	6,599,423.28	61,009,015.08	21,824,340.65	89,432,779.01
	3. Decrease for the year		18,598,232.08	595,897.22	19,194,129.30
	(1) Early termination or maturity of leases		18,598,232.08	595,897.22	19,194,129.30
	4. Ending balance	19,798,269.84	150,451,330.00	26,718,683.68	196,968,283.52
iii.	Provision for impairment				
	1. Beginning balance				
	2. Increase for the year				
	3. Decrease for the year				
	4. Ending balance				
iv.	Carrying value				
	1. Carrying value at the end of the year	6,599,423.16	66,749,773.80	85,025,204.99	158,374,401.95
	2. Carrying value at the beginning of the year	13,198,846.44	138,736,005.74	71,764,828.49	223,699,680.67

Other explanations: The depreciation of right-of-use assets recognized in the profit or loss during the year is RMB89,432,779.01 (last year: RMB83,885,032.19).

(xix) Intangible assets

(1) Breakdown of intangible assets

Item		Land use rights	Software	Others	Total
i.	Original carrying amount				
	1. Beginning balance	1,083,023,223.46	148,423,202.37	1,063,675.00	1,232,510,100.83
	2. Increase for the year		16,683,079.76		16,683,079.76
	(1) Transfer from construction in progress		16,683,079.76		16,683,079.76
	3. Decrease for the year		25,977,388.12		25,977,388.12
	(1) Others		25,977,388.12		25,977,388.12
	4. Ending balance	1,083,023,223.46	139,128,894.01	1,063,675.00	1,223,215,792.47
ii.	Accumulated amortisation				
	1. Beginning balance	222,282,812.46	84,039,572.85	1,063,675.00	307,386,060.31
	2. Increase for the year	21,750,157.02	11,357,741.55		33,107,898.57
	(1) Provision made	21,750,157.02	11,357,741.55		33,107,898.57
	3. Decrease for the year		25,901,452.83		25,901,452.83
	(1) Others		25,901,452.83		25,901,452.83
	4. Ending balance	244,032,969.48	69,495,861.57	1,063,675.00	314,592,506.05
iii.	Provision for impairment				
	1. Beginning balance				
	2. Increase for the year				
	3. Decrease for the year				
	4. Ending balance				
iv.	Carrying value				
	1. Carrying value at the end of the year	838,990,253.98	69,633,032.44		908,623,286.42
	2. Carrying value at the beginning of the year	860,740,411.00	64,383,629.52		925,124,040.52

Other explanations:

1) There were no intangible assets arising from internal research and development of the Company during the year.

2) The amortisation of intangible assets recognised in profit or loss during the year is RMB33,107,898.57 (last year: RMB32,845,930.59).

3) Land use rights analysed by region and term

Item	Ending balance	Beginning balance
Within China	**838,990,253.98**	860,740,411.00
Including: Medium term (10-50 years)	**838,990,253.98**	860,740,411.00
Total	**838,990,253.98**	860,740,411.00

(2) Intellectual property rights with uncertain service life

None.

(3) Single intellectual property rights with significant impact

None.

(4) Intellectual property rights with restricted ownership or use right

None.

(5) Land use rights without real estate certificates

None.

(xx) Long-term deferred expenses

Item	Beginning balance	Increase for the year	Amortisation for the year	Other decreases for the year	Ending balance
Temporary painting workshop		69,207,814.41	1,643,685.59		**67,564,128.82**
General tooling	26,156,650.57	16,174,622.89	7,654,286.86	1,140,413.28	**33,536,573.32**
Moving shelter		31,685,444.93	668,914.95		**31,016,529.98**
Two-bay workshop floor		26,440,227.81	558,182.59		**25,882,045.22**
General assembly site yard		20,309,189.23	696,718.02		**19,612,471.21**
Workers' cubicles in Nansha	16,185,450.20	6,384,778.47	4,728,506.06		**17,841,722.61**
Temporary office building/canteen		10,400,047.78	172,990.11		**10,227,057.67**
Integrated digital platform		11,168,269.07	1,237,816.49		**9,930,452.58**
Site grading cost for 180 mu of land		9,251,880.98	317,390.92		**8,934,490.06**
Product storage area		8,405,863.09	221,821.37		**8,184,041.72**
Collective dormitory renovation project	7,847,682.06		1,162,619.64		**6,685,062.42**
Maintenance and renovation of old TVU dormitory	5,819,611.34		607,263.84		**5,212,347.50**
High span roof restoration works	5,428,797.88		804,266.28		**4,624,531.60**
Canteen upgrading project	5,330,828.18		775,250.04		**4,555,578.14**
Outdoor field road		3,927,063.52	113,993.93		**3,813,069.59**
Temporary warehouse	3,835,338.61		68,797.74		**3,766,540.87**
Temporary dormitory	3,602,755.66		127,470.37		**3,475,285.29**
Outdoor pipeline network		3,676,732.80	640,364.30		**3,036,368.50**
Finished product display section		2,982,956.52	141,690.45		**2,841,266.07**
13-metre beam of Shipyard Division	2,444,817.98		862,876.92		**1,581,941.06**
Abandoned cubicles in the camp of Shenzhen – Zhongshan bridge project	1,769,911.47		221,238.96		**1,548,672.51**
Remodeling of temporary canteen	1,014,949.19		135,326.64		**879,622.55**
Shift dormitory soft furnishings		767,837.16	24,314.84		**743,522.32**
Other projects	355,875.96		61,891.56		**293,984.40**
Total	79,792,669.10	220,782,728.66	23,647,678.47	1,140,413.28	**275,787,306.01**

Other explanations: Other decreases represent disposal of general tooling by Wenchuan Heavy Industrial.

(xxi) Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets not offset

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for impairment of credit	**113,510,494.08**	**17,103,958.95**	82,596,667.89	12,569,453.34
Provision for impairment of assets	**197,399,844.65**	**29,609,976.71**	91,431,509.17	13,714,726.38
Valuation of financial instruments held-for-trading and derivative financial instruments	**1,872,424.97**	**280,863.75**	96,336,222.76	14,450,433.41
Change in fair value of other financial assets included in other comprehensive income	**1,165,983.30**	**174,897.50**	8,386,203.60	1,257,930.54
Lease liabilities	**167,211,500.74**	**34,125,900.25**	231,691,368.60	42,184,512.62
Deductible tax loss	**1,753,315,352.69**	**263,370,749.41**	2,022,164,878.64	304,069,456.03
Payroll for retiring employees	**101,280,000.00**	**15,254,000.00**	120,600,000.00	18,159,000.00
Estimated liabilities	**252,977,286.52**	**41,497,310.72**	264,667,686.67	45,186,954.44
Total	**2,588,732,886.95**	**401,417,657.29**	2,917,874,537.33	451,592,466.76

(2) Deferred tax liabilities not offset

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Change in fair value of investments in other equity instruments	**4,377,919,801.48**	**1,094,287,740.83**	4,965,210,694.78	1,241,105,002.15
Right-of use assets	**158,195,657.51**	**32,214,793.44**	223,699,680.67	40,552,696.29
Change in fair value of financial instruments held-for-trading	**15,072,083.65**	**2,260,812.55**	1,016,859.53	152,528.93
Total	**4,551,187,542.64**	**1,128,763,346.82**	5,189,927,234.98	1,281,810,227.37

(3) Breakdown of unrecognised deferred tax assets

Item	Ending balance	Beginning balance
Deductible tax loss	**624,083,159.17**	409,957,773.24
Deductible temporary difference	**1,154,098.69**	937,484.85
Total	**625,237,257.86**	410,895,258.09

(4) Deductible loss for which no deferred tax assets are recognised will become due in the following years

Year	Ending balance	Beginning balance	Notes
2026	**7,791,491.78**	6,900,789.50	
2027	**13,905,827.74**	15,826,410.23	
2028	**26,886,198.56**	33,418,494.47	
2029	**11,831,334.49**	11,632,365.42	
2030	**174,481,866.73**	13,267,150.80	
2031	**6,617,822.18**	7,508,524.46	
2032	**2,060,555.02**	4,822,000.98	
2033	**85,450,587.76**	86,040,795.48	
2034	**229,520,745.13**	230,541,241.90	
2035	**65,536,729.78**		
Total	**624,083,159.17**	409,957,773.24	

(xxii) Other non-current assets

	Ending balance			Beginning balance		
Item	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Relocation expenses to be written-off	**540,312,351.89**		**540,312,351.89**	531,717,141.46		531,717,141.46
Advances for non-current assets	**45,910,427.79**		**45,910,427.79**	48,277,272.71		48,277,272.71
Hedge instruments	**102,489,557.04**		**102,489,557.04**	96,872,353.05		96,872,353.05
Total	**688,712,336.72**		**688,712,336.72**	676,866,767.22		676,866,767.22

Other explanations: Relocation expenses to be written-off represented the assets disposal expense and labour costs incurred as a result of the relocation of plant of Wenchong Shipyard due to the shutdown of some docks, which are transferred to profit or loss when the assets are disposed of and derecognized.

(xxiii) Assets subject to restrictions in ownership or use right

	At the end of the year			
Item	**Book balance**	**Carrying value**	**Restrictions type**	**Restriction information**
Cash at bank and on hand	**4,601,057,851.05**	**4,601,057,851.05**	**Restricted use**	**Fixed deposits with maturity of over 3 months, security deposit, etc.**
Notes receivable	**14,691,153.59**	**14,691,153.59**	**Others**	**Notes receivable that is endorsed or discounted and not derecognised**
Accounts receivable	**13,169,996.90**	**13,169,996.90**	**Others**	**Debt certificates of accounts receivable that is endorsed and not derecognised**
Total	**4,628,919,001.54**	**4,628,919,001.54**		

	At the beginning of the year			
Item	Book balance	Carrying value	Restrictions type	Restriction information
Cash at bank and on hand	7,347,943,793.14	7,347,943,793.14	Restricted use	Fixed deposits with maturity of over 3 months, security deposit, etc.
Notes receivable	13,410,000.00	13,410,000.00	Pledge	Notes receivable pledged
Notes receivable	18,217,312.50	18,217,312.50	Others	Notes receivable that is endorsed or discounted and not derecognised
Accounts receivable	116,518,204.76	116,518,204.76	Others	Debt certificates of accounts receivable that is endorsed and not derecognised
Total	7,496,089,310.40	7,496,089,310.40		

(xxiv) Short-term borrowings

(1) Breakdown of short-term borrowings

Type of borrowings	**Ending balance**	**Beginning balance**
Pledged borrowings		34,028,050.00
Secured borrowings		
Guaranteed borrowings		
Credit loans	**2,557,989,477.75**	564,315,862.50
Total	**2,557,989,477.75**	598,343,912.50

(2) Outstanding overdue short-term borrowings

None.

(3) Weighted average annual interest rate of short-term borrowings

As at the end of the year, the weighted average annual interest rate of short-term borrowings was 1.9072%.

(xxv) Financial liabilities held-for-trading

Item	Ending balance	Beginning balance
Financial liabilities held-for-trading		
Financial liabilities designated at fair value through profit or loss		94,183,471.96
Total		94,183,471.96

Reasons and basis for financial liabilities designated at fair value through profit or loss: at the time of initial recognition, they can eliminate or significantly reduce accounting mismatches.

(xxvi) Notes payable

Type of notes	Ending balance	Beginning balance
Finance company acceptance bills	**706,145,289.79**	510,322,494.34
Bank acceptance bills	**5,617,098.33**	1,363,849,542.52
Commercial acceptance bills		
Total	**711,762,388.12**	1,874,172,036.86

Other explanations:

Total notes payable due and unpaid as at the end of the year amounted to RMB0 (RMB0 as at the beginning of the year).

Among the above notes payable of the Group, RMB711,762,388.12 had an ageing of less than 180 days, and RMB0 had an ageing of 181- 360 days.

(xxvii) Accounts payable

(1) List of accounts payable

Item	Ending balance	Beginning balance
Materials purchased	**7,238,466,080.97**	6,662,652,885.92
Payment for projects under construction	**109,807,084.42**	437,953,360.82
Retention money	**765,164,792.48**	736,359,820.62
Other construction and labour services	**677,695,720.58**	615,863,291.05
Total	**8,791,133,678.45**	8,452,829,358.41

(2) Significant accounts payable aged over one year or overdue

Name of entity	Ending balance	Including: Amount aged over one year	Reason for unsettlement or carrying forward
Guangzhou Wenchong Industrial Co., Ltd.	**144,950,866.48**	130,604,806.24	Tentative estimation of arrears and deposit
China Shipbuilding Group Co., Ltd. No. 703 Research Institute	**66,614,870.28**	22,122,605.48	Tentative estimation of arrears and deposit
China Shipbuilding Group Guangzhou Ship Industrial Company Limited	**47,164,560.38**	28,976,357.61	Tentative estimation of arrears and deposit
CASIC Group No. 3 Research Institute	**25,554,600.00**	25,554,600.00	Tentative estimation of arrears and deposit
AECC Shenyang Liming Aero Engine Co., Ltd.	**25,089,516.30**	24,793,876.30	Tentative estimation of arrears and deposit
CNR (Dalian) Diesel & Special Equipment Co., Ltd. (北車（大連）柴油及特種裝備有限公司)	**17,306,666.67**	17,306,666.67	Tentative estimation of arrears and deposit
Total	**326,681,080.11**	249,358,912.30	

(3) Ageing of accounts payable

Ageing	Ending balance	Beginning balance
Within one year	**7,798,683,358.66**	6,153,217,058.00
1 to 2 years	**397,168,559.59**	958,967,492.46
2 to 3 years	**109,106,970.12**	374,870,763.74
Over 3 years	**486,174,790.08**	965,774,044.21
Total	**8,791,133,678.45**	8,452,829,358.41

(xxviii) Contract liabilities

(1) Information on contract liabilities

Item	Ending balance	Beginning balance
Contract liabilities for shipbuilding products	**13,936,244,259.90**	12,729,580,707.64
Contract liabilities for offshore engineering products	**28,374,483.66**	17,181,843.67
Contract liabilities for ship maintenance and modification	**544,116,512.37**	410,853,143.73
Contract liabilities for steel structures	**733,905,572.89**	109,616,835.02
Contract liabilities for electro-mechanical products and others	**21,375,404.81**	23,895,242.45
Total	**15,264,016,233.63**	13,291,127,772.51

(2) Significant contract liabilities aged over one year

Name of entity	Ending balance	Including: Amount aged over one year	Reason for unsettlement or carrying forward
Entity 1	**386,361,342.84**	228,568,525.12	Incomplete contract performance
Entity 2	**432,414,535.60**	14,937,717.07	Incomplete contract performance
Entity 3	**16,635,641.51**	711,698.11	Incomplete contract performance
Entity 4	**516,623,116.00**	516,623,116.00	Incomplete contract performance
Entity 5	**565,047,335.23**	484,418,798.00	Incomplete contract performance
Entity 6	**448,408,418.40**	448,408,418.40	Incomplete contract performance
Entity 7	**367,790,954.00**	315,721,174.50	Incomplete contract performance
Entity 8	**371,197,408.00**	248,355,072.00	Incomplete contract performance
Entity 9	**472,436,538.01**	239,570,160.16	Incomplete contract performance
Entity 10	**265,145,220.91**	216,626,895.91	Incomplete contract performance
Entity 11	**409,467,096.00**	206,230,464.00	Incomplete contract performance
Entity 12	**263,390,249.68**	186,465,181.68	Incomplete contract performance
Entity 13	**348,709,563.50**	175,021,317.10	Incomplete contract performance
Entity 14	**161,026,647.60**	161,026,647.60	Incomplete contract performance
Entity 15	**236,196,812.95**	120,756,041.25	Incomplete contract performance
Entity 16	**254,074,615.60**	102,523,147.20	Incomplete contract performance
Entity 17	**92,475,000.00**	92,475,000.00	Incomplete contract performance
Entity 18	**344,511,560.00**	86,576,796.00	Incomplete contract performance
Entity 19	**79,835,836.86**	79,835,836.86	Incomplete contract performance
Entity 20	**74,595,811.99**	74,595,811.99	Incomplete contract performance
Entity 21	**115,412,411.57**	69,241,988.91	Incomplete contract performance
Entity 22	**272,888,990.98**	69,140,415.63	Incomplete contract performance
Entity 23	**183,016,026.25**	69,109,375.63	Incomplete contract performance
Entity 24	**110,129,760.00**	55,545,360.00	Incomplete contract performance
Entity 25	**109,850,910.00**	55,387,800.00	Incomplete contract performance
Entity 26	**82,220,970.00**	55,363,620.00	Incomplete contract performance
Entity 27	**80,938,792.00**	54,484,224.00	Incomplete contract performance
Entity 28	**97,713,186.22**	49,195,350.00	Incomplete contract performance
Entity 29	**93,190,418.00**	40,600,638.00	Incomplete contract performance
Entity 30	**67,346,714.50**	40,561,618.50	Incomplete contract performance
Entity 31	**93,725,202.50**	40,561,618.50	Incomplete contract performance
Entity 32	**67,291,295.50**	40,561,618.50	Incomplete contract performance
Entity 33	**120,279,183.50**	40,561,618.50	Incomplete contract performance
Entity 34	**66,447,181.50**	40,561,618.50	Incomplete contract performance
Entity 35	**222,474,884.00**	37,010,928.00	Incomplete contract performance
Entity 36	**37,010,928.00**	37,010,928.00	Incomplete contract performance
Entity 37	**26,668,674.69**	24,574,441.41	Incomplete contract performance
Total	**7,952,949,233.89**	4,818,920,981.03	

(3) Significant changes in carrying values for the year

Item	Amount of change	Reason for change
Contract liabilities for shipbuilding products	**1,206,663,552.26**	When revenue is recognized using point-in-time method, there is a difference between the point of receipt of contract payments in advance and the point of acceptance. When revenue is recognised using time phasing method, there is a difference between the progress of collection and the progress of performance.
Contract liabilities for offshore engineering products	**11,192,639.99**	
Contract liabilities for ship maintenance and modification	**133,263,368.64**	
Contract liabilities for steel structures	**624,288,737.87**	
Contract liabilities for electro-mechanical products and others	**-2,519,837.64**	
Total	**1,972,888,461.12**	

(xxix) Employee benefits payable

(1) Breakdown of employee benefits payable

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance
Short-term remuneration	1,367,643.45	1,444,171,161.95	1,445,295,813.56	**242,991.84**
Post-employment benefits – defined contribution plans		224,234,656.19	224,234,656.19	
Termination benefits		20,511,340.40	20,511,340.40	
Total	1,367,643.45	1,688,917,158.54	1,690,041,810.15	**242,991.84**

(2) Short-term remuneration

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance
Salaries, bonuses, allowances and subsidies		1,121,797,142.07	1,121,797,142.07	
Employee benefits		36,017,227.00	36,017,227.00	
Social insurance contribution		56,209,428.08	56,209,428.08	
Including: Medical and maternity insurance contribution		48,841,056.01	48,841,056.01	
Work-related injury insurance contribution		7,368,372.07	7,368,372.07	
Housing provident fund		111,250,433.00	111,250,433.00	
Labour union & employee education funds	1,367,643.45	26,321,344.76	27,445,996.37	**242,991.84**
Others		92,575,587.04	92,575,587.04	
Total	1,367,643.45	1,444,171,161.95	1,445,295,813.56	**242,991.84**

(3) Defined contribution plans

As required, the Group participates in the social insurance plans established by the government authorities. The Group makes contributions to these plans as required by local governments. The Group's employer contributions vest fully with the employees when contributed in the social security scheme. The Group has no forfeiture of pension scheme contributions (i.e. contributions processed by the employer on behalf of the employee who has exited the scheme prior to vesting of such contributions). The Group has no further payment obligations other than the contributions. The relevant expenses are included in current profit or loss or as the cost of the relevant assets when incurred.

The pension, annuity and unemployment plan contributions made by the Group during the year were as follows:

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance
Basic pension insurance		143,260,914.18	143,260,914.18	
Unemployment insurance contribution		7,425,398.59	7,425,398.59	
Annuity		73,548,343.42	73,548,343.42	
Total		224,234,656.19	224,234,656.19	

Other notes: The defined benefit plan contributions payable by the Group for the year amounted to RMB224,234,656.19 (last year: RMB187,069,820.73). As at the end of the year, contribution payable of the Group had been paid, and there were no forfeited contributions under the social security scheme available for deduction against contributions payable in future years.

(xxx) Taxes payable

Item	Ending balance	Beginning balance
Individual income tax	**40,026,656.24**	23,359,085.21
Value-added tax	**15,108,211.31**	14,038,231.14
City maintenance and construction tax	**1,034,555.68**	855,932.22
Educational surcharge	**738,968.35**	611,380.15
Property tax	**639,814.00**	540,143.17
Stamp duty	**613,550.22**	1,130,802.36
Enterprise income tax	**288,667.27**	74,436.15
Environmental protection tax	**13,758.75**	40,136.08
Land use tax	**88.07**	1,007.99
Other taxes	**3,677.47**	3,697.42
Total	**58,467,947.36**	40,654,851.89

(xxxi) Other payables

Item	Ending balance	Beginning balance
Interest payable		
Dividends payable	**771,313.61**	763,267.03
Other payables	**228,657,755.14**	264,813,172.54
Total	**229,429,068.75**	265,576,439.57

31.2 Dividends payable

Item	Ending balance	Beginning balance
Dividends for ordinary shares	**771,313.61**	763,267.03
Including: Dividends payable for A shares	**92,211.04**	84,164.46
Dividends payable for H shares	**679,102.57**	679,102.57
Total	**771,313.61**	763,267.03

31.3 Other payables

(1) Other payables by nature

Nature of amount	Ending balance	Beginning balance
Deposits received	**83,451,165.34**	137,240,085.93
Payables for temporary receipts	**145,206,589.80**	127,573,086.61
Total	**228,657,755.14**	264,813,172.54

(2) Significant other payables aged over one year or overdue

Name of entity	Ending balance	Of which aged over one year	Reason for unsettlement or carrying forward
Hong Kong Dexin International Shipping Limited	**24,600,813.46**	24,600,813.46	Lease deposit

(xxxii) Non-current liabilities due within one year

Item	Ending balance	Beginning balance
Long-term borrowings due within one year	**963,929,013.36**	1,478,987,938.08
Lease liabilities due within one year	**64,320,736.18**	79,105,696.46
Estimated liabilities due within one year	**111,946,589.94**	
Total	**1,140,196,339.48**	1,558,093,634.54

(xxxiii) Other current liabilities

(1) Breakdown of other current liabilities

Item	Ending balance	Beginning balance
Output value-added tax payable	**60,289,625.53**	67,604,819.79
Notes receivable endorsed but not expired or derecognised at the end of the period	**1,617,444,950.49**	18,217,312.50
Supply chain notes that are not derecognised at the end of the period	**13,169,996.90**	116,518,204.76
Advances from customers for shipbuilding orders cancelled	**17,700,944.37**	17,700,944.37
Factoring business that is not derecognised		
Total	**1,708,605,517.29**	220,041,281.42

(xxxiv) Long-term borrowings

(1) Classification of long-term borrowings

Type of borrowings	Ending balance	Beginning balance
Guaranteed borrowings		
Credit loans	**3,182,129,013.36**	5,527,887,938.08
Total	**3,182,129,013.36**	5,527,887,938.08
The carrying amount of the above borrowings shall be repaid:		
Within one year	**963,929,013.36**	1,478,987,938.08
Over one year but less than two years after balance sheet date	**1,070,000,000.00**	2,872,700,000.00
Over two years but less than five years after balance sheet date	**98,200,000.00**	
Over five years after balance sheet date	**1,050,000,000.00**	1,176,200,000.00
Less: Amount due within one year, as shown under current liabilities	**963,929,013.36**	1,478,987,938.08
Amount shown under non-current liabilities	**2,218,200,000.00**	4,048,900,000.00

Other notes:

Details of guarantee: As at the end of the year, there was no guaranteed borrowings.

Details of interest rates: Long-term borrowing interest rates mainly fluctuate in the range of 1.08%-3.00%. As at the end of the year, weighted average annual interest rate of long-term borrowings was 1.6348%.

(xxxv) Lease liabilities

Item	Ending balance	Beginning balance
Lease payment amount	**178,503,624.96**	248,988,468.42
Less: Unrecognized financing cost	**11,172,883.64**	17,297,099.82
Less: Lease liability due within one year	**64,320,736.18**	79,105,696.46
Total	**103,010,005.14**	152,585,672.14

(xxxvi) Long-term payable

(1) Special-purpose payables

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance	Cause
A project		47,180,000.00	47,180,000.00		Funds transferred in for state-allocated projects
Total		47,180,000.00	47,180,000.00		

(xxxvii) Long-term employee benefits payable

(1) Breakdown of long-term employee benefits payable

Item	Ending balance	Beginning balance
I. Post-employment benefits – net liabilities for defined benefit plans	**101,280,000.00**	90,827,969.20
II. Dismissal benefits		
III. Other long-term benefits		
IV. Financial assistance for property purchase	**8,280,059.23**	8,280,059.23
Total	**109,560,059.23**	99,108,028.43

Other notes: The Group's defined benefit plans as at the end of the year represent the expenses of "three kinds of persons" (being retired cadres, retired and retreated employees) recognised by Huangpu Wenchong, Wenchong Shipyard, Huangchuan Ocean Engineering and Wenchuan Heavy Industrial, in accordance with the relevant requirements of the State-owned Assets Supervision and Administration Commission.

(2) Changes in defined benefit plans---present value of obligations under defined benefit plans

Item	Amount for the year	Amount for last year
1. Ending balance for last year	**90,827,969.20**	104,528,746.89
2. Cost of defined benefits included in profit or loss for the year	**30,740,654.24**	3,597,809.28
(1) Service cost for current year	**27,790,000.00**	
(2) Service cost for previous year		
(3) Gains on settlement (loss expressed with "-")		
(4) Net interest	**2,950,654.24**	3,597,809.28
3. Cost of defined benefits included in other comprehensive income	**11,283,990.87**	
(1) Actuarial gains (loss expressed with "-")	**11,283,990.87**	
4. Other changes	**-9,004,632.57**	-17,298,586.97
(1) Consideration paid upon settlement		
(2) Benefits paid	**-9,004,632.57**	-17,298,586.97
5. Ending balance	**101,280,000.00**	90,827,969.20

(3) Changes in defined benefit plans---net liabilities (net assets) under defined benefit plans

Item	Amount for the year	Amount for last year
1. Ending balance for last year	**90,827,969.20**	104,528,746.89
2. Cost of defined benefits included in profit or loss for the year	**30,740,654.24**	3,597,809.28
3. Cost of defined benefits included in other comprehensive income	**11,283,990.87**	
4. Other changes	**-9,004,632.57**	-17,298,586.97
5. Ending balance	**101,280,000.00**	90,827,969.20

(4) Post-employment benefits actuarial assumptions and sensitivity analysis

1) The actuarial evaluation report was issued by Towers Watson Management Consulting (Shenzhen) Co. Ltd. on 31 December 2025. Actuary: Wu Haichuan, a member of Society of Actuaries, an Actuary of China, and a Chartered Enterprise Risk Analyst.

2) Actuarial calculation method: projected unit credit method.

3) Actuarial assumption

Discount rate: 1.75%, by reference to the China Treasury Bond yield rate.

Mortality rate: China insurance experience lifespan statement (2010-2013) -Elderly care business statement for men/women

The annual growth rate of complementary medical benefits of existing departing staff and existing retirees: 6.50%

The annual growth rate in cost of living of existing internal retirees: 4.50%

The annual growth rate in social insurance fees and housing provident funds of existing internal retirees: 4.50%.

(5) Sensitivity analysis of actuarial assumption

Sensitivity analysis of discount rate	Change in present value of obligations under defined benefit plan (RMB in ten thousand)
Increase by 0.25 percentage point	-184.00
Decrease by 0.25 percentage point	192.00

(xxxviii) Estimated liabilities

Item	Ending balance	Beginning balance	Causes
Product quality warranty	**137,257,797.91**	232,408,600.75	Product warranty charges accrued
Pending onerous contract		32,259,085.92	Provision for impairment in relation to contract costs
Total	**137,257,797.91**	264,667,686.67	

Other explanations, including explanations on important assumptions and estimates related to significant estimated liabilities:

Note 1: For businesses such as ship and offshore engineering construction, supporting facilities and ships trading, product warranty charges shall be accrued based on the contract and expected amount to be incurred upon completion and delivery, and shall be included in the cost of principal operations and estimated liabilities. If there is an agreement on the amount or provision ratio of warranty charges in the contract, the provision shall be made according to the contract; if there is no agreement in the contract, the provision is generally based on 0.5%-1% of the contract revenue, with the provision ratio for special orders such as lead ships being 0.5%-1.5%.

Note 2: The obligations to perform a loss-making contract in the Group's estimated liabilities were mainly due to the fact that some of the shipbuilding contracts entered into by the Group's shipbuilding enterprises might become loss-making contracts, and the corresponding loss-making contractual obligations were recognised in accordance with the provisions of the accounting policies mentioned in Note III. (xxviii) to these financial statements.

(xxxix) Deferred income

(1) Breakdown of deferred income

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance	Causes
Government grants	85,322,154.61	82,755,166.74	98,158,295.98	**69,919,025.37**	Relating to assets/income
Total	85,322,154.61	82,755,166.74	98,158,295.98	**69,919,025.37**	

(xl) Other non-current liabilities

Item	Ending balance	Beginning balance
Hedged item	**102,489,557.04**	96,872,353.05
Total	**102,489,557.04**	96,872,353.05

(xli) Share capital

Current period

	Beginning balance		Increase or decrease (+, -) during the year					Ending balance	
Item	Amount	Percentage (%)	Issue of new shares	Bonus issue	Conversion from reserve	Others	Sub-total	Amount	Percentage (%)
Shares not subject to selling restriction:									
Ordinary shares denominated in RMB	821,435,181.00	58.11						**821,435,181.00**	**58.11**
Overseas listed foreign shares	592,071,197.00	41.89						**592,071,197.00**	**41.89**
Shares subject to selling restriction:									
Ordinary shares denominated in RMB									
Shares held by foreign investors									
Total number of shares	1,413,506,378.00	100.00						**1,413,506,378.00**	**100.00**

Last period

	Beginning balance		Increase or decrease (+, -) during the year					Ending balance	
Item	Amount	Percentage (%)	Issue of new shares	Bonus issue	Conversion from reserve	Others	Sub-total	Amount	Percentage (%)
Shares not subject to selling restriction:									
Ordinary shares denominated in RMB	821,435,181.00	58.11						**821,435,181.00**	**58.11**
Overseas listed foreign shares	592,071,197.00	41.89						**592,071,197.00**	**41.89**
Shares subject to selling restriction:									
Ordinary shares denominated in RMB									
Shares held by foreign investors									
Total number of shares	1,413,506,378.00	100.00						**1,413,506,378.00**	**100.00**

Other note: All the shares in the Company are ordinary shares with nominal value of RMB1 each.

(xlii) Capital reserve

Current year

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance
Share premium	9,308,196,115.28	47,180,000.00		**9,355,376,115.28**
Other capital reserve	-323,132,329.12	119,808.65	628.21	**-323,013,148.68**
Capital reserves transferred from the original system	18,260,878.79			**18,260,878.79**
Total	9,003,324,664.95	47,299,808.65	628.21	**9,050,623,845.39**

Other explanations: ①Increase in share premium for the year was due to the receipt of state-allocated funds, resulting in the recognition of an exclusively state-owned capital reserve; ② The change in other capital reserves during the year was due to the impact arising from the change in capital reserves recognised in respect of changes in capital reserves and special reserves of GSI, an associate of the Company, and the recovery of the investment in Shi Ludwen Shipbuilding Heavy Industry (Guangzhou) Co., Ltd.

Last year

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance
Share premium	9,308,196,115.28			**9,308,196,115.28**
Other capital reserve	-323,040,474.30		91,854.82	**-323,132,329.12**
Capital reserves transferred from the original system	18,260,878.79			**18,260,878.79**
Total	9,003,416,519.77		91,854.82	**9,003,324,664.95**

Other explanations: The decrease in other capital reserves in the previous year was due to the change in capital reserves recognised in respect of changes in capital reserves and special reserves of GSI, an associate of the Company.

(xliii) Other comprehensive income

Current year

Item	Beginning balance	Amount for the year: Amount incurred for the year before income tax	Amount for the year: Less: Amount previously included in other comprehensive income and transferred to profit or loss for the period	Amount for the year: Less: Amount previously included in other comprehensive income and transferred to retained earnings for the period	Amount for the year: Less: Income tax expense	Amount for the year: Amount attributable to the Company after tax	Amount for the year: Amount attributable to non- controlling interests after tax	Ending balance
I. Other comprehensive income that may not be subsequently reclassified to profit or loss	3,668,599,714.23	-570,221,337.24		-603,833.68	-143,955,641.53	-432,852,799.93	6,587,104.22	**3,236,350,747.98**
Including: Changes in the re-measurement of defined benefit plans	-67,382,471.26	11,283,990.87			1,841,096.13	5,149,880.95	4,293,013.79	**-62,232,590.31**
Other comprehensive income that cannot be transferred to profit or loss under the equity method	1,594,595.10	-327,457.02				-327,457.02		**1,267,138.08**
Change in fair value of investments in other equity instruments	3,734,387,590.39	-581,177,871.09		-603,833.68	-145,796,737.66	-437,675,223.86	2,294,090.43	**3,297,316,200.21**
II. Other comprehensive income that will be subsequently reclassified to profit or loss	1,370,736.07	-1,631,301.65	-467.45			-880,908.87	-749,925.33	**489,827.20**
Exchange differences arising from translation of foreign currency financial statements	1,370,736.07	-1,631,301.65	-467.45			-880,908.87	-749,925.33	**489,827.20**
Total other comprehensive income	3,669,970,450.30	-571,852,638.89	-467.45	-603,833.68	-143,955,641.53	-433,733,708.80	5,837,178.89	**3,236,840,575.18**

Last year

Item	Beginning balance	Amount for last year: Amount incurred for the year before income tax	Amount for last year: Less: Amount previously included in other comprehensive income and transferred to profit or loss for the period	Amount for last year: Less: Amount previously included in other comprehensive income and transferred to retained earnings for the period	Amount for last year: Less: Income tax expense	Amount for last year: Amount attributable to the Company after tax	Amount for last year: Amount attributable to non- controlling interests after tax	Ending balance
I. Other comprehensive income that may not be subsequently reclassified to profit or loss	2,607,188,072.92	1,413,152,130.75		32,284.19	353,731,386.89	1,061,443,925.50	-2,023,181.64	**3,668,599,714.23**
Including: Changes in the re-measurement of defined benefit plans	-67,382,471.26							**-67,382,471.26**
Other comprehensive income that cannot be transferred to profit or loss under the equity method	1,273,808.81	320,786.29				320,786.29		**1,594,595.10**
Change in fair value of investments in other equity instruments	2,673,296,735.37	1,412,831,344.46		32,284.19	353,731,386.89	1,061,123,139.21	-2,023,181.64	**3,734,387,590.39**
II. Other comprehensive income that will be subsequently reclassified to profit or loss	338,178.50	1,906,869.66				1,032,557.57	874,312.09	**1,370,736.07**
Exchange differences arising from translation of foreign currency financial statements	338,178.50	1,906,869.66				1,032,557.57	874,312.09	**1,370,736.07**
Total other comprehensive income	2,607,526,251.42	1,415,059,000.41		32,284.19	353,731,386.89	1,062,476,483.07	-1,148,869.55	**3,669,970,450.30**

(xliv) Special reserve

Current year

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance
Production safety fee		37,028,258.10	37,028,258.10	
Total		37,028,258.10	37,028,258.10	

Last year

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance
Production safety fee		30,899,211.29	30,899,211.29	
Total		30,899,211.29	30,899,211.29	

(xlv) Surplus reserve

Current year

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance
Statutory surplus reserve	1,126,578,288.74	91,305,557.44		**1,217,883,846.18**
Discretionary surplus reserve	19,920,770.23			**19,920,770.23**
Total	1,146,499,058.97	91,305,557.44		**1,237,804,616.41**

Other note: The increase in statutory surplus reserve during the current year was due to the provision of 10% of the net profit of the Company after making up the losses in accordance with the provisions of the Articles of Association.

Last year

Item	Beginning balance	Increase for the year	Decrease for the year	Ending balance
Statutory surplus reserve	1,096,450,270.05	30,128,018.69		**1,126,578,288.74**
Discretionary surplus reserve	19,920,770.23			**19,920,770.23**
Total	1,116,371,040.28	30,128,018.69		**1,146,499,058.97**

Other note: The increase in statutory surplus reserve during the current year was due to the provision of 10% of the net profit of the Company after making up the losses in accordance with the provisions of the Articles of Association.

(xlvi) Retained Earnings

Item	Current year	Last year
Retained earnings as at the end of last year before adjustment	**2,591,405,648.46**	2,276,749,345.46
Beginning adjustment to retained earnings (increase +, decrease -)		
Retained earnings as at the beginning of the year after adjustment	**2,591,405,648.46**	2,276,749,345.46
Add: Net profit attributable to owners of the Parent Company for the year	**1,008,262,651.35**	377,262,684.20
Transfer from other comprehensive income to retained earnings	**-603,833.68**	32,284.19
Less: Statutory surplus reserve set aside	**91,305,557.44**	30,128,018.69
Dividends payable for ordinary shares	**212,025,956.70**	32,510,646.70
Balance as at the end of the year	**3,295,732,951.99**	2,591,405,648.46

(xlvii) Operating income and operating costs

(1) Information on operating income and operating cost

	Current year		Last year	
Item	Income	Cost	Income	Cost
Principal business	**20,286,937,597.90**	**18,265,749,587.83**	19,166,821,218.82	17,706,056,476.55
Other business	**260,114,518.26**	**213,306,867.52**	235,569,640.81	190,956,885.29
Total	**20,547,052,116.16**	**18,479,056,455.35**	19,402,390,859.63	17,897,013,361.84

1) Gross profit from principal business

Item	Current year	Last year
Income from principal business	**20,286,937,597.90**	19,166,821,218.82
Cost of principal business	**18,265,749,587.83**	17,706,056,476.55
Gross profit	**2,021,188,010.07**	1,460,764,742.27

2) Principal business–by product

Product name	Current year	Last year
Income from principal business		
Ship products	**18,472,252,867.63**	16,726,559,201.96
Including:		
Bulk carriers	**530,135,613.23**	2,030,270,732.48
Containerships	**5,585,815,429.93**	5,189,781,544.94
Special ships and others	**12,356,301,824.47**	9,506,506,924.54
Offshore engineering products	**12,621,467.44**	697,802,033.90
Steel structure	**1,037,572,925.13**	826,437,773.69
Ship maintenance and modification	**554,280,968.84**	758,594,300.75
Electromechanical products and others	**210,209,368.86**	157,427,908.52
Total	**20,286,937,597.90**	19,166,821,218.82
Cost of principal business		
Ship products	**16,574,802,656.96**	15,166,625,270.42
Including:		
Bulk carriers	**466,538,020.52**	1,782,493,951.73
Containerships	**4,092,943,605.50**	3,946,423,722.94
Special ships and others	**12,015,321,030.94**	9,437,707,595.75
Offshore engineering products	**54,616,076.95**	844,385,268.57
Steel structure	**841,442,507.54**	734,310,631.48
Ship maintenance and modification	**625,620,303.59**	847,386,175.95
Electromechanical products and others	**169,268,042.79**	113,349,130.13
Total	**18,265,749,587.83**	17,706,056,476.55

3) Principal business–by region

Region	Current year	Last year
Income from principal business		
China (including Hong Kong, Macau and Taiwan)	**11,562,399,117.92**	13,059,654,977.33
Other Asia regions	**4,434,281,947.51**	4,058,862,385.68
Europe	**2,935,837,999.84**	4,318,985.90
Oceania	**42,877,907.66**	1,894,769,491.57
North America	**33,128,076.23**	43,343,704.65
Africa	**1,278,412,548.74**	105,871,673.69
South America		
Total	**20,286,937,597.90**	19,166,821,218.82
Cost of principal business		
China (including Hong Kong, Macau and Taiwan)	**10,861,182,410.24**	12,223,927,002.14
Other Asia regions	**3,721,361,749.80**	3,610,196,735.39
Europe	**2,487,808,474.85**	4,108,053.22
Oceania	**26,351,353.64**	1,731,593,626.23
North America	**29,738,201.48**	39,495,956.95
Africa	**1,139,307,397.82**	96,735,102.62
South America		
Total	**18,265,749,587.83**	17,706,056,476.55

4) Income from and cost of other business

Item	Current year	Last year
Income from other business		
Sale of materials	**214,527,054.75**	131,635,229.07
Lease	**38,313,218.49**	53,963,687.00
Provision of energy	**1,262,433.93**	21,162,813.30
Others	**6,011,811.09**	28,807,911.44
Total	**260,114,518.26**	235,569,640.81
Costs of other business		
Sale of materials	**186,088,238.20**	123,394,195.21
Lease	**12,184,939.13**	18,891,074.25
Provision of energy	**3,628,720.30**	23,432,073.91
Others	**11,404,969.89**	25,239,541.92
Total	**213,306,867.52**	190,956,885.29

(2) Deductions of operating income

Item	Current year	Specific deductions	Last year	Specific deductions
Amount of operating income	**20,547,052,116.16**		19,402,390,859.63	
Total amount of deductions	**260,114,518.26**		235,569,640.81	
Proportion of total amount of deductions in operating income (%)	**1.27**		1.21	
I. Business income not related to the principal operations				
Income from operations other than daily operations	**260,114,518.26**	Income from sale of materials and lease, etc.	235,569,640.81	Income from sale of materials and lease, etc.
Subtotal of business income not related to the principal operations	**260,114,518.26**		235,569,640.81	
II. Commercially non-substantial income				
Subtotal of commercially non-substantial income				
III. Other income not related to the principal operations or without commercial substance				
Amount of operating income after deductions	**20,286,937,597.90**		19,166,821,218.82	

(3) Segment information of operating income and operating cost

	Shipbuilding and related business segment		Steel structure business segment		Ship maintenance and related business segment		Other segments		Inter-segment elimination		Total	
Contract type	Operating income	Operating cost	Operating income	Operating cost	Operating income	Operating cost	Operating income	Operating cost	Operating income	Operating cost	Operating income	Operating cost
By product type:												
Ship products	24,759,332,786.89	22,861,882,576.22							-6,287,079,919.26	-6,287,079,919.26	18,472,252,867.63	16,574,802,656.96
Offshore engineering products	342,930,355.93	369,065,192.38							-330,308,888.49	-314,449,115.43	12,621,467.44	54,616,076.95
Steel structure			1,803,421,143.03	1,588,055,163.11					-765,848,217.90	-746,612,655.57	1,037,572,925.13	841,442,507.54
Ship maintenance and modification					575,564,635.09	646,903,969.84			-21,283,666.25	-21,283,666.25	554,280,968.84	625,620,303.59
Electromechanical products and others							629,452,178.42	588,392,044.03	-419,242,809.56	-419,124,001.24	210,209,368.86	169,268,042.79
Other business							645,352,167.06	599,294,521.84	-385,237,648.80	-385,987,654.32	260,114,518.26	213,306,867.52
Total	25,102,263,142.82	23,230,947,768.60	1,803,421,143.03	1,588,055,163.11	575,564,635.09	646,903,969.84	1,274,804,345.48	1,187,686,565.87	-8,209,001,150.26	-8,174,537,012.07	20,547,052,116.16	18,479,056,455.35
Sub-total by region of operation:												
Domestic	17,571,147,977.91	16,830,313,309.61	801,828,039.51	753,151,625.61	269,236,856.22	391,516,759.00	1,250,234,471.43	1,164,520,453.62	-8,209,001,150.26	-8,174,537,012.07	11,683,446,194.81	10,964,965,135.77
Overseas	7,531,115,164.91	6,400,634,458.99	1,001,593,103.52	834,903,537.50	306,327,778.87	255,387,210.84	24,569,874.05	23,166,112.25			8,863,605,921.35	7,514,091,319.58
Total	25,102,263,142.82	23,230,947,768.60	1,803,421,143.03	1,588,055,163.11	575,564,635.09	646,903,969.84	1,274,804,345.48	1,187,686,565.87	-8,209,001,150.26	-8,174,537,012.07	20,547,052,116.16	18,479,056,455.35
By type of market or customer:												
State-owned enterprises	17,128,844,172.60	16,414,828,090.18	785,035,989.24	712,843,553.43	235,549,653.67	341,372,245.57	1,037,272,779.57	1,033,372,909.94	-8,209,001,150.26	-8,174,537,012.07	10,977,700,444.82	10,327,879,787.05
Private enterprises	442,303,805.31	415,833,396.72	16,792,050.27	40,101,500.24	33,686,202.55	32,291,285.97	211,675,077.66	129,955,228.14			704,459,135.79	618,181,411.07
Foreign enterprises	7,531,115,164.91	6,400,286,281.70	1,001,593,103.52	835,110,109.44	306,327,778.87	273,240,438.30	25,856,488.25	24,358,427.79			8,864,892,535.55	7,532,995,257.23
Total	25,102,263,142.82	23,230,947,768.60	1,803,421,143.03	1,588,055,163.11	575,564,635.09	646,903,969.84	1,274,804,345.48	1,187,686,565.87	-8,209,001,150.26	-8,174,537,012.07	20,547,052,116.16	18,479,056,455.35
By type of contracts:												
Fixed price contract	25,102,263,142.82	23,230,947,768.60	1,803,421,143.03	1,588,055,163.11	575,564,635.09	646,903,969.84	1,274,804,345.48	1,187,686,565.87	-8,209,001,150.26	-8,174,537,012.07	20,547,052,116.16	18,479,056,455.35
Mark up pricing contract												
Total	25,102,263,142.82	23,230,947,768.60	1,803,421,143.03	1,588,055,163.11	575,564,635.09	646,903,969.84	1,274,804,345.48	1,187,686,565.87	-8,209,001,150.26	-8,174,537,012.07	20,547,052,116.16	18,479,056,455.35
By date of transfer of goods:												
Transfered at a point in time	13,248,149,436.91	11,556,145,110.96	1,806,957,775.60	1,565,176,598.32	557,886,437.63	629,400,802.38	1,082,338,190.88	906,442,626.88	-7,989,345,687.88	-7,970,741,322.75	8,705,986,153.14	6,686,423,815.79
Transfered within a time period	11,854,113,705.91	11,674,802,657.64	-3,536,632.57	22,878,564.79	17,678,197.46	17,503,167.46	192,466,154.60	281,243,938.99	-219,655,462.38	-203,795,689.32	11,841,065,963.02	11,792,632,639.56
Total	25,102,263,142.82	23,230,947,768.60	1,803,421,143.03	1,588,055,163.11	575,564,635.09	646,903,969.84	1,274,804,345.48	1,187,686,565.87	-8,209,001,150.26	-8,174,537,012.07	20,547,052,116.16	18,479,056,455.35
By contract term:												
Long-term contract	23,566,702,653.26	17,516,992,754.97	16,657,819.90	20,838,687.63	4,567,550.44		803,449.39		-219,655,462.38	-203,795,689.32	23,369,076,010.61	17,334,035,753.28
Short-term contract	1,535,560,489.56	5,713,955,013.63	1,786,763,323.13	1,567,216,475.48	570,997,084.65	646,903,969.84	1,274,000,896.09	1,187,686,565.87	-7,989,345,687.88	-7,970,741,322.75	-2,822,023,894.45	1,145,020,702.07
Total	25,102,263,142.82	23,230,947,768.60	1,803,421,143.03	1,588,055,163.11	575,564,635.09	646,903,969.84	1,274,804,345.48	1,187,686,565.87	-8,209,001,150.26	-8,174,537,012.07	20,547,052,116.16	18,479,056,455.35
By sales channel:												
Direct sales	25,102,263,142.82	23,230,947,768.60	1,803,421,143.03	1,588,055,163.11	575,564,635.09	646,903,969.84	1,274,804,345.48	1,187,686,565.87	-8,209,001,150.26	-8,174,537,012.07	20,547,052,116.16	18,479,056,455.35
Distribution sales												
Total	25,102,263,142.82	23,230,947,768.60	1,803,421,143.03	1,588,055,163.11	575,564,635.09	646,903,969.84	1,274,804,345.48	1,187,686,565.87	-8,209,001,150.26	-8,174,537,012.07	20,547,052,116.16	18,479,056,455.35

Information related to contract performance obligations

Item	Time of contract performance obligations	Material payment terms	Nature of goods the Company undertook to transfer	Whether the Company is the principal responsible person	Payment expected to be returned to customers born by the Company	Type of quality assurance and relevant obligations provided by the Company
Mainly the construction, delivery and maintenance of ships and ancillary products	Substantially corresponding 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	Ships and ancillary products or relevant services	Yes	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

(4) Information related to the transaction price allocated to remaining performance obligations

The transaction price corresponding to the contract performance obligations for which contracts had been entered into and which had not been performed or not yet fully performed was RMB52,126.16 million at the end of the year, of which: RMB20,308.02 million is expected to be recognized as revenue in 2026; RMB20,930.31 million is expected to be recognized as revenue in 2027.

(5) Top five customers by operating income

Customers	Relationship with the Group	Current year	Percentage of total income from principal business (%)
Customer 1	Unrelated party	**10,109,483,628.87**	49.83
Customer 2	Unrelated party	**3,118,846,670.66**	15.37
Customer 3	Unrelated party	**1,100,080,808.80**	5.42
Customer 4	Unrelated party	**1,001,593,103.52**	4.94
Customer 5	Unrelated party	**690,911,645.56**	3.41
Total		**16,020,915,857.41**	78.97

(6) Purchase amounts from top five suppliers

Suppliers	Relationship with the Group	Current year	Percentage of total costs of principal business (%)
Supplier 1	Under common control of China Shipbuilding Group	**10,464,680,205.23**	57.29
Supplier 2	Unrelated party	**401,135,000.00**	2.20
Supplier 3	Unrelated party	**199,193,475.66**	1.09
Supplier 4	Unrelated party	**189,121,040.00**	1.04
Supplier 5	Unrelated party	**124,684,250.00**	0.68
Total		**11,378,813,970.89**	62.30

(7) Information related to variable consideration in the contract

None.

(8) Significant contract changes or significant transaction price adjustments

None.

(xlviii) Taxes and surcharges

Item	Amount for the year	Amount for last year
Property tax	**28,287,208.59**	11,360,065.11
Stamp duty	**18,868,070.19**	12,399,996.27
Land use tax	**10,110,071.19**	1,856,442.07
Urban maintenance and construction tax	**9,317,939.25**	5,341,075.66
Educational surcharge	**6,655,916.93**	3,815,015.04
Vehicle and vessel tax	**197,617.69**	46,024.84
Environmental protection tax	**43,666.76**	110,692.23
Resource tax	**12,116.60**	3,572.00
Total	**73,492,607.20**	34,932,883.22

(xlix) Selling expenses

Item	Amount for the year	Amount for last year
Insurance premium	**58,612,856.60**	22,018,867.93
Employee benefits	**21,136,211.22**	22,108,606.31
Business expenditure	**810,580.71**	1,099,610.03
Advertising publicity fee	**715,254.90**	248,202.79
Exhibition fee	**385,124.13**	754,221.77
Depreciation charge	**17,147.76**	42,607.10
Others	**2,383,517.98**	2,270,946.17
Total	**84,060,693.30**	48,543,062.10

(I) Administrative expenses

Item	Amount for the year	Amount for last year
Employee benefits	**451,870,794.97**	384,429,157.37
Repairing expenses	**102,153,445.03**	98,923,363.08
Amortization of intangible assets	**28,962,379.28**	21,255,086.32
Depreciation charge	**13,085,807.66**	24,713,490.03
Intermediary fee	**6,742,727.16**	3,654,799.35
Travelling expense	**5,339,827.81**	6,576,445.84
Boarding meeting fee	**5,215,923.91**	5,968,641.82
Office expenses	**2,013,896.20**	1,696,148.73
Business entertainment fee	**1,665,453.16**	4,017,469.74
Insurance premium	**1,498,228.13**	14,869,821.70
Consulting fee	**518,460.03**	2,049,557.88
Others	**163,608,995.23**	95,047,217.00
Total	**782,675,938.57**	663,201,198.86

(Ii) Research and development expenses

Item	Amount for the year	Amount for last year
Material fee	**520,001,918.91**	475,188,372.57
Wages and labor costs	**241,031,298.08**	255,009,317.96
Project management fee	**52,119,180.52**	43,049,061.83
Outsourcing fee	**36,474,382.71**	58,236,219.60
Fixed assets usage fee	**32,691,874.44**	30,761,386.24
Dedicated fee	**12,960,762.89**	3,251,129.90
Fuel power fee	**4,559,415.12**	2,491,594.47
Travelling expense	**1,943,656.88**	3,146,033.84
Conference fee	**375,947.76**	604,645.75
Expert consultation fee	**274,724.36**	677,050.01
Test fee	**200,697.18**	296,060.00
Design fee		10,664,134.74
Equipment purchase fee		692,219.47
Others	**679,512.97**	4,396,115.90
Total	**903,313,371.82**	888,463,342.28

(lii) Finance costs

Item	Current year	Last year
Interest expenses	**112,256,527.42**	113,748,961.92
Including: Interest expenses from lease liabilities	**7,085,707.19**	6,794,811.34
Less: Interest income	**359,370,489.25**	360,121,768.64
Foreign exchange gains and losses	**31,949,685.71**	-49,073,267.58
Other expenses	**17,525,935.33**	14,592,976.04
Total	**-197,638,340.79**	-280,853,098.26

(1) Breakdown of interest expenses

Item	Current year	Last year
Interest on bank borrowings and overdraft	**103,458,040.51**	108,341,008.32
Interest on bank borrowings due within 5 years	**103,458,040.51**	108,341,008.32
Interest on bank borrowings due over 5 years		
Other borrowings	**8,798,486.91**	10,357,953.60
Interest on other borrowings due within 5 years		
Other interest expenses	**8,798,486.91**	10,357,953.60
Sub-total	**112,256,527.42**	118,698,961.92
Less: Capitalized Interest		
Less: Finance interest discount		4,950,000.00
Total	**112,256,527.42**	113,748,961.92

(2) Breakdown of interest income

Item	Current year	Last year
Interest income from bank deposits	**259,874,100.82**	335,685,558.33
Interest income from receivables	**99,496,388.43**	24,436,210.31
Total	**359,370,489.25**	360,121,768.64

(liii) Other income

Sources of other income	Current year	Last year
Government grants	**100,110,737.76**	84,165,280.70
Input tax deduction	**70,004,424.01**	63,065,751.79
Handling fees for withholding individual income tax	**540,008.91**	416,531.81
Total	**170,655,170.68**	147,647,564.30

(liv) Investment income

Item	Current year	Last year
Gain from long-term equity investments accounted under equity method	**784,839,012.20**	211,178,827.91
Investment income from disposal of long-term equity investments	**7,526,553.17**	756,086.90
Investment income from disposal of financial assets held for trading	**-12,921,934.05**	27,969,485.11
Dividend income received during the period of holding investments in other equity instruments	**55,984,108.56**	43,601,866.29
Others	**-467.45**	
Total	**835,427,272.43**	283,506,266.21

Other explanations: ①Investment income from investment in listed companies and non-listed companies for the year amounted to RMB55,754,545.33 (last year: RMB43,498,983.20) and RMB779,672,727.10 (last year: RMB240,007,283.01), respectively. ② "Others" represents the disposal of Hong Kong subsidiaries in the current period, with other comprehensive income from foreign-currency financial statement translation reclassified to profit or loss.

(lv) Gain from change in fair value

Source of gain from change in fair value	Current year	Last year
Financial assets held-for-trading	**179,910.25**	-7,956,435.12
Financial liabilities held-for-trading	**43,740,825.50**	-68,358,166.43
Hedging instruments		-22,420,036.89
Total	**43,920,735.75**	-98,734,638.44

(lvi) Credit impairment loss

Item	Amount for the year	Amount for last year
Loss on bad debts of accounts receivable	**-28,231,599.59**	5,857,769.91
Loss on bad debts of other receivables	**-3,859,240.50**	-7,319,512.74
Loss on bad debts of long-term receivables		-11,584,372.77
Total	**-32,090,840.09**	-13,046,115.60

Other explanations: Negative numbers of credit impairment losses indicate accrual during current year, and positive numbers indicate reversal during current year.

(lvii) Loss on impairment of assets

Item	Amount for the year	Amount for last year
Loss on impairment of inventories and impairment losses on contract performance costs	**-109,023,045.08**	-50,949,140.70
Impairment loss of fixed assets	**-154,408,564.65**	
Total	**-263,431,609.73**	-50,949,140.70

Other explanations: Negative numbers of asset impairment losses indicate accrual during current year, and positive numbers indicate reversal during current year.

(lviii) Gain from disposal of assets

Item	Amount for the year	Amount for last year
Gain from disposal of non-current assets	**-224,545.57**	-29,166,698.27
Including: Gain and loss from disposal of fixed assets	**-580,613.23**	-32,860,239.83
Gain and loss from disposal of right-of-use assets	**356,067.66**	3,693,541.56
Total	**-224,545.57**	-29,166,698.27

(lix) Non-operating income

(1) Breakdown of non-operating income

Item	Current year	Last year	Amount included in non-recurring gains and losses for the year
Gain from damage and disposal of non-current assets	**1,097,923.02**	498,433.21	1,097,923.02
Including: Gain from scrapped fixed assets	**1,097,923.02**	498,433.21	1,097,923.02
Government grants not relating to daily activities		1,738,410.18	
Penalty income	**870,390.77**	656,401.71	870,390.77
Insurance claims payment	**10,175,745.28**	951,533.11	10,175,745.28
Others	**2,706.08**	666,788.83	2,706.08
Total	**12,146,765.15**	4,511,567.04	12,146,765.15

Other explanations: The amount included in non-recurring gains and losses for the year was RMB12,146,765.15 (last year: RMB4,511,567.04); non-operating income for the year included profit from disposal of properties of RMB0 (last year: RMB0).

(lx) Non-operating expenses

(1) Breakdown of non-operating expenses

Item	Amount for the year	Amount for last year	Amount included in non-recurring gains and losses for the year
Losses from scrapped non-current assets	**2,353,021.27**	1,182,800.66	2,353,021.27
Including: Losses from scrapped fixed assets	**2,353,021.27**	1,182,800.66	2,353,021.27
Administrative penalty and overdue fine	**2,734,715.07**	471,200.96	2,734,715.07
Expense on donation	**197,000.00**	6,000.00	197,000.00
Total	**5,284,736.34**	1,660,001.62	5,284,736.34

Other explanations: The amount included in non-recurring gains and losses for the year was RMB5,284,736.34 (last year: RMB1,660,001.62).

(lxi) Income tax expense

(1) Income tax expense

Item	Current year	Last year
Current income tax expense	**3,940,041.57**	-9,027,974.12
(1) China	**3,937,169.64**	-9,050,708.34
(2) Hong Kong	**2,871.93**	22,734.22
Deferred income tax expense	**41,024,373.70**	-68,464,933.95
Total	**44,964,415.27**	-77,492,908.07

(2) Reconciliation of accounting profit and income tax expenses

Item	Current year
Total consolidated profit for the year	**1,183,209,602.99**
Income tax expenses calculated at statutory/applicable tax rate	**295,802,400.75**
Impact of different tax rates for subsidiaries	**-39,779,192.82**
Impact of adjustment for income tax for previous periods	**-615,064.96**
Impact of non-taxable income	**-215,347,007.80**
Impact of non-deductible costs, expenses and losses	**223,972.41**
Impact of utilisation of deductible loss for which no deferred tax assets were previously recognised	**-2,739,985.50**
Impact of deductible temporary differences or deductible losses for the year for which no deferred tax assets are recognised	**60,111,467.61**
Others (refers to additional deduction of research and development expense)	**-52,692,174.42**
Income tax expense	**44,964,415.27**

(lxii) Audit fees and auditors

The audit fees charged for 2025 are RMB1.58 million (2024: RMB1.54 million). The auditors engaged by the Company are ShineWing Certified Public Accountants LLP, which has been changed since 2025.

(lxiii) Depreciation and amortization

Item	Current year	Last year
Depreciation of fixed assets	**355,804,194.29**	355,092,356.69
Amortisation of intangible assets	**33,107,898.57**	32,845,930.59
Depreciation of right-of-use assets	**89,432,779.01**	83,885,032.19
Amortisation of long-term prepaid expenses	**23,647,678.47**	10,392,293.43
Depreciation of investment properties	**6,537,425.04**	6,537,425.04
Total	**508,529,975.38**	488,753,037.94

Other explanations: The amount of depreciation expenses included in operating costs, selling expenses, administrative expenses and research and development expenses for the year is RMB451,774,398.34 (last year: RMB445,514,813.92), and the amount of amortization expenses is RMB56,755,577.04 (last year: RMB43,238,224.02).

(lxiv) Gain (or loss) from disposal of investments or properties

Gains on disposal of investments during the year were RMB7,526,553.17. Gains on disposal of properties during the year were RMB0 (gains on disposal of investments during the previous year is RMB0, gains on disposal of properties during the previous year is RMB0).

(lxv) Operating rental expense

Operating rental expense for the year is RMB85,634,162.53 (last year: RMB120,699,053.31, of which rental expense for machinery and equipment is RMB42,909,510.50 (last year: RMB19,730,272.55).

(lxvi) Rental income

Operating rental income for the year is RMB98,680,957.70 (last year: RMB113,875,109.66), including rental income from land and buildings of RMB45,171,500.32 (last year: RMB62,378,583.41).

(lxvii) Supplementary information on income statement of expenses by nature

The operating costs, selling expenses, administrative expenses, research and development expenses and finance costs in the income statement are classified by nature and are listed as follows:

Item	Amount for the year	Amount for last year
Raw materials consumed	**13,733,642,161.80**	12,377,470,004.19
Employee compensation expenses	**3,315,744,919.72**	2,788,862,057.14
Depreciation expenses	**451,774,398.34**	445,514,813.92
Amortisation expenses	**56,755,577.04**	43,238,224.02
Fuel power fee	**263,336,903.46**	224,272,591.95
Product fee	**1,017,901,003.58**	1,030,323,531.80
Balance of product payment	**117,957,786.33**	55,971,675.33
Finance costs	**-197,638,340.79**	-280,853,098.26
Other	**1,291,993,708.77**	2,531,568,066.73
Total	**20,051,468,118.25**	19,216,367,866.82

(lxviii) Items in cash flow statement

(1) Cash relating to operating activities

1) Other cash receipts relating to operating activities

Item	Amount for the year	Amount for last year
Income from other current accounts received	**182,462,155.43**	301,287,779.16
Government grants	**61,639,487.17**	136,748,262.63
Receipt/recovery of deposit, security deposit	**56,502,043.89**	43,643,598.43
Interest income	**116,101,557.42**	123,451,634.24
Other non-operating income	**6,893,235.40**	1,127,443.11
Total	**423,598,479.31**	606,258,717.57

2) Other cash payments relating to operating activities

Item	Amount for the year	Amount for last year
Payment of other current accounts	**138,053,128.06**	300,642,833.79
Security, deposit	**33,800,076.94**	15,339,084.00
Administrative and R&D expense	**143,980,457.07**	190,672,496.63
Reserve funds	**30,489,808.95**	37,929,181.20
Non-operating expenses	**19,645.65**	477,200.96
Selling expenses	**2,174,837.12**	26,657,588.51
Bank charges	**16,171,870.47**	14,905,015.95
Warranty expenses		1,274,310.43
Total	**364,689,824.26**	587,897,711.47

(2) Cash relating to investing activities

1) Other cash receipts relating to investing activities

Item	Amount for the year	Amount for last year
Fixed deposits and restricted funds over three months	**4,292,803,902.37**	1,242,492,625.00
Fixed deposits over three months and interest income on various security deposit	**173,309,995.81**	89,548,262.63
Total	**4,466,113,898.18**	1,332,040,887.63

2) Other cash payments relating to investing activities

Item	Amount for the year	Amount for last year
Placement of fixed deposits and restricted funds over three months	**1,572,354,407.49**	1,757,845,865.58
Reclassification of net cash received from disposal of subsidiaries		
Total	**1,572,354,407.49**	1,757,845,865.58

3) Cash receipts relating to material investing activities

Item	Amount for the year	Amount for last year
Disposal of long-term assets	**1,991,362.53**	380,349,036.04
Fixed deposits, restricted funds and interest over three months received	**4,466,113,898.18**	1,332,040,887.63
Total	**4,468,105,260.71**	1,712,389,923.67

4) Cash payments relating to material investing activities

Item	Amount for the year	Amount for last year
Acquisition and construction of long-term assets	**285,181,763.83**	203,194,863.43
Forward foreign exchange settlement	**223,236,283.78**	249,895,883.98
Placement of fixed deposits and restricted funds over three months	**1,572,354,407.49**	1,757,845,865.58
Total	**2,080,772,455.10**	2,210,936,612.99

(3) Cash relating to financing activities

1) Other cash receipts relating to financing activities

Item	Amount for the year	Amount for last year
Government subsidies	**47,180,000.00**	
Total	**47,180,000.00**	

2) Other cash payments relating to financing activities

Item	Amount for the year	Amount for last year
Leased asset expense	**96,594,627.63**	82,763,929.80
Total	**96,594,627.63**	82,763,929.80

3) Changes in various liabilities arising from financing activities

		Increase for the year		Decrease for the year		
Item	Beginning balance	Cash changes	Non-cash changes	Cash changes	Non-cash changes	Ending balance
Short-term borrowings	598,343,912.50	**2,557,000,000.00**	**9,755,605.53**	607,110,040.28		**2,557,989,477.75**
Long-term borrowings	5,527,887,938.08	**1,160,000,000.00**	**89,862,501.07**	3,595,621,425.79		**3,182,129,013.36**
Lease liabilities	231,691,368.60		**45,759,321.13**	107,983,344.28	2,136,604.13	**167,330,741.32**
Dividends payable	763,267.03		**212,931,434.88**	212,923,388.30		**771,313.61**
Total	6,358,686,486.21	**3,717,000,000.00**	**358,308,862.61**	4,523,638,198.65	2,136,604.13	**5,908,220,546.04**

(4) Explanation on presentation of cash flow in net amount

None.

(5) Significant activities and financial influence that do not involve current cash receipts and payments but affect the enterprise's financial position or may affect the enterprise's cash flow in the future

None.

(lxix) Supplementary information on consolidated cash flow statement

(1) Supplementary information on consolidated cash flow statement

Item	Amount for the year	Amount for last year
1. Reconciliation of net profit and cash flows from operating activities		
Net profit:	**1,138,245,187.72**	470,691,820.58
Add: Provision for impairment of assets	**263,431,609.73**	50,949,140.70
Loss on credit impairment	**32,090,840.09**	13,046,115.60
Depreciation of fixed assets, investment properties and productive biological assets	**362,341,619.33**	361,629,781.73
Depreciation of right-of-use assets	**89,432,779.01**	83,885,032.19
Amortisation of intangible assets	**33,107,898.57**	32,845,930.59
Amortisation of long-term prepaid expenses	**23,647,678.47**	10,392,293.43
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain expressed with "-")	**224,545.57**	29,166,698.27
Loss on retirement of fixed assets (gain expressed with "-")	**1,255,098.25**	684,367.45
Loss on changes in fair value (gain expressed with "-")	**-43,920,735.75**	98,734,638.44
Finance cost (gain expressed with "-")	**62,306,393.69**	74,129,129.63
Loss on investments (gain expressed with "-")	**-835,427,272.43**	-283,506,266.21
Decrease in deferred tax assets (increase expressed with "-")	**49,091,776.43**	-81,430,052.72
Increase in deferred tax liabilities (decrease expressed with "-")	**-6,229,619.23**	12,965,118.77
Decrease in inventories (increase expressed with "-")	**-2,731,464,328.75**	-517,947,400.81
Decrease in operating receivables (increase expressed with "-")	**-1,117,311,746.88**	-2,395,882,478.05
Increase in operating payables (decrease expressed with "-")	**2,356,952,740.92**	-155,982,817.26
Others		
Net cash flows from operating activities	**-322,225,535.26**	-2,195,628,947.67
2. Significant investing and financing activities not involving cash receipts or payments:		
Conversion of debts into capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:		
Ending balance of cash	**9,254,367,192.68**	7,912,650,651.18
Less: Beginning balance of cash	**7,912,650,651.18**	9,701,160,074.84
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	**1,341,716,541.50**	-1,788,509,423.66

(2) Supplier financing arrangements

None.

(3) Net cash paid during the year for acquiring subsidiaries

None.

(4) Net cash received from the disposal of subsidiaries during the year

None.

(5) Composition of Cash and cash equivalents

Item	Ending balance	Beginning balance
I. Cash	**9,254,367,192.68**	7,912,650,651.18
Including: Cash on hand	**6,607.97**	20,307.97
Digital currency available for use on demand		
Bank deposits available for use on demand	**104,546,116.81**	192,788,988.02
Other cash at bank and on hand for use on demand		
Deposit in finance company available for use	**9,149,814,467.90**	7,719,841,355.19
II. Cash equivalents		
Including: Bond investments due within three months		
III. Ending balance of cash and cash equivalents	**9,254,367,192.68**	7,912,650,651.18
Including: Cash and cash equivalents held but not used by the parent company or subsidiaries within the Group		

(6) Presentation of items with restricted use but still belonging to cash and cash equivalents

None.

(7) Monetary funds which are not cash and cash equivalents

Item	Amount for the current year	Amount for the last year	The reason for they are not cash and cash equivalents
Fixed deposits with a term of over 3 months	**4,245,500,000.00**	7,065,500,000.00	They are expected to be held to maturity and their term is relatively long
Deposit for bank acceptance bills		24,430,668.47	Restricted for use
Deposit for letters of guarantee and letters of credit	**707,293.36**	1,127,178.00	Restricted for use
Special housing fund for employees	**18,579,965.99**	18,243,383.50	Restricted for use
Interest on deposits	**336,270,591.70**	238,642,563.17	Restricted for use
Total	**4,601,057,851.05**	7,347,943,793.14	

(lxx) Shareholder equity changes statement items

None.

(lxxi) Foreign currency monetary items

(1) Foreign currency monetary items

Item	Ending balance of foreign currency	Translation rate	Ending balance denominated in RMB
Cash at bank and on hand			1,471,043,448.50
Including: USD	198,734,962.17	7.0288	1,396,868,302.10
EUR	4,606,559.08	8.2355	37,937,317.30
HKD	40,121,599.98	0.9032	36,237,829.10
Accounts receivable			11,083,403.34
Including: USD	1,539,190.00	7.0288	10,818,658.67
HKD	293,118.55	0.9032	264,744.67
Long-term receivables due within one year			669,980,408.30
Including: USD	95,319,316.00	7.0288	669,980,408.30
Long-term receivables			86,316,475.52
Including: USD	12,280,400.00	7.0288	86,316,475.52
Accounts payables			1,947,288,760.28
Including: USD	172,601,188.53	7.0288	1,213,179,233.94
EUR	89,126,207.80	8.2355	733,998,884.34
HKD	122,500.00	0.9032	110,642.00
Other payables			24,600,800.00
Including: USD	3,500,000.00	7.0288	24,600,800.00

(2) Foreign operating entities

Significant foreign operating entities	Principal place of business overseas	Reporting currency	Basis of selection
Wah Shun International Marine Limited	Hong Kong, China	Hong Kong Dollars	Principal business operations are denominated in Hong Kong dollars
Wah Loong International Marine Limited	Hong Kong, China	Hong Kong Dollars	Principal business operations are denominated in Hong Kong dollars
Wan Sheng International Marine Limited	Hong Kong, China	Hong Kong Dollars	Principal business operations are denominated in Hong Kong dollars
Wan Xing International Marine Limited	Hong Kong, China	Hong Kong Dollars	Principal business operations are denominated in Hong Kong dollars

(lxxii) Leases

(1) The Group as lessee

Item	Amount for the current year	Amount for the last year
Interest expense of lease liabilities	**7,085,707.19**	6,794,811.34
Simplified short-term lease expenses included in the related cost of assets or current profit and loss	**33,962,692.35**	30,014,641.76
Simplified lease expenses of low value assets (excluding short-term lease expenses of low value assets) included in the related cost of assets or current profit and loss	**10,391.74**	4,568.02
Total cash outflow related to leases	**133,289,457.78**	134,973,225.71

(2) The Group as lessor

1) The Group's operating leases as lessor

Item	Amount for the current year	Amount for the last year
Income from operating leases	**98,680,957.70**	113,875,109.66
Including: Income related to variable lease payments not included in lease receipts		

The amount of undiscounted leasing receivable after the date of balance sheet:

Remaining leasing term	Amount for the current year	Amount for the last year
Within one year	**45,058,658.51**	62,467,613.87
Above one year within two years	**33,017,317.82**	62,106,511.78
Above two years within three years	**15,320,146.92**	41,003,868.50
Above three years within four years	**15,865,734.55**	35,337,992.33
Above four years within five years	**3,791,552.00**	9,844,381.08
Above five years	**2,842,606.00**	3,462,120.00
Total	**115,896,015.80**	214,222,487.56

2) The Group's finance leases as lessor

	Amount for the current year	Amount for the last year
Selling profit or loss		
Finance income on the net investment in the lease	**1,886,676.87**	5,947,279.14
Income relating to variable lease payments not included in the net investment in the lease		

Undiscounted leasing receivables and net investment in leases

Item	Amount at end of year	Amount at beginning of year
Undiscounted leasing receivables		
First year	**14,272,381.41**	61,105,419.77
Second year	**85,193,627.59**	150,040,354.32
Third year		89,113,861.86
Fourth year		
Fifth year		
Total undiscounted leasing receivable after five years		
Total undiscounted leasing receivable	**99,466,009.00**	300,259,635.95
Add: Unguaranteed residual value		
Less: Unrealized finance income	**2,084,736.55**	7,590,778.09
Net investment in the lease	**97,381,272.45**	292,668,857.86

(3) The Group recognizes gains or losses on finance lease sales in its capacity as a manufacturer or distributor

None.

(lxxiii) Non-controlling interests

Name of subsidiary	Minority shareholding percentage (%)	Ending balance	Beginning balance
Huangpu Wenchong	45.46	**3,375,649,167.72**	3,268,376,818.67
Zhanjiang Nanhai	40.00	**3,508,247.92**	3,355,123.64
Wenchong Bingshen	40.00	**3,365,459.10**	3,169,588.68
Wah Shun	1.00	**33,958.24**	34,794.22
Wah Loong	1.00	**569,799.78**	605,184.79
Xingji	62.50	**1,664,233.14**	3,520,871.19
Guangxi Heavy Industrial	28.60	**71,205,039.48**	66,688,508.00
Total		**3,455,995,905.38**	3,345,750,889.19

Other note: Guangxi Heavy Industrial's minority shareholding percentage of 28.60% was the subscription percentage as of the end of the year, and the paid-in minority shareholding percentage was 18.24%.

(lxxiv) Net current assets

Item	Ending balance	Beginning balance
Current assets	**34,815,872,200.51**	32,140,949,910.03
Less: Current liabilities	**30,461,843,642.67**	26,396,390,403.11
Net current assets	**4,354,028,557.84**	5,744,559,506.92

(lxxv) Total assets less current liabilities

Item	Ending balance	Beginning balance
Total assets	**56,021,547,706.53**	53,596,113,615.25
Less: Current liabilities	**30,461,843,642.67**	26,396,390,403.11
Total assets less current liabilities	**25,559,704,063.86**	27,199,723,212.14

(lxxvi) Borrowings

Details of the borrowings of the Group are as follows:

Item	Ending balance	Beginning balance
Short-term borrowings	**2,557,989,477.75**	598,343,912.50
Long-term borrowings due within one year	**963,929,013.36**	1,478,987,938.08
Long-term borrowings	**2,218,200,000.00**	4,048,900,000.00
Subtotal of borrowings	**5,740,118,491.11**	6,126,231,850.58
Lease liabilities due within one year	**64,320,736.18**	79,105,696.46
Lease liabilities	**103,010,005.14**	152,585,672.14
Subtotal of lease liabilities	**167,330,741.32**	231,691,368.60
Total	**5,907,449,232.43**	6,357,923,219.18

1) Analysis of borrowings:

Item	Ending balance	Beginning balance
Bank borrowings		
– Bank borrowings repayable within 5 years	**4,049,993,868.89**	4,631,078,963.08
– Bank borrowings repayable after 5 years	**1,050,000,000.00**	1,176,200,000.00
Other borrowings		
– Other borrowings repayable within 5 years	**640,124,622.22**	318,952,887.50
– Other borrowings repayable after 5 years		
Total	**5,740,118,491.11**	6,126,231,850.58

2) Analysis of maturity of borrowings:

Item	Ending balance	Beginning balance
On demand or within one year	**3,521,918,491.11**	2,077,331,850.58
1 to 2 years	**1,070,000,000.00**	2,872,700,000.00
2 to 5 years	**98,200,000.00**	
Over 5 years	**1,050,000,000.00**	1,176,200,000.00
Total	**5,740,118,491.11**	6,126,231,850.58

(lxxvii) 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 for the period after adjustment of the following factors: (1) the recognised interest expense of dilutive potential ordinary shares for the period; (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 for calculation of basic earnings per share; and (2) the weighted average number of ordinary shares after conversion of the dilutive potential ordinary shares into ordinary shares.

In calculating the weighted average number of ordinary 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	**1,008,262,651.35**	377,262,684.20
Non-recurring gains and losses attributable to shareholders of the Company	2	**91,548,799.27**	41,654,459.53
Net profit after deducting non-recurring gains and losses attributable to shareholders of the Company	3=1-2	**916,713,852.08**	335,608,224.67
Total number of shares at the beginning of the year	4	**1,413,506,378.00**	1,413,506,378.00
Shares increased due to transferring capital reserve into share capital or dividend distribution of shares (i)	5		
Shares increased due to issuance of new shares or debt for equity swap (ii)	6		
Number of months from next month to the year-end regarding the increase of shares (ii)	7		
Shares decreased due to share repurchase	8		
Number of months from the next month to the year-end regarding the decrease of shares	9		
Number of shares decreased due to capital reduction	10		
Number of months in the reporting period	11	**12.00**	12.00
Weighted average of ordinary shares outstanding	12	**1,413,506,378.00**	1,413,506,378.00
Weighted average number of ordinary shares outstanding following adjustments in relation to business combination under common control for the purposes of earnings per share after deduction of nonrecurring gains and losses	13	**1,413,506,378.00**	1,413,506,378.00
Basic earnings per share (i)	14=1÷12	**0.7133**	0.2669
Basic earnings per share (ii)	15=3÷13	**0.6485**	0.2374
Potential diluted interests of ordinary shares recognised as expense	16		
Conversion 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+(16-17)×(100%-18)]÷(12+19)	**0.7133**	0.2669
Diluted earnings per share (ii)	21=[3+(16-17)×(100%-18)]÷(13+19)	**0.6485**	0.2374

(lxxviii) Dividends

(1) Year ended 31 December 2024

1) Pursuant to a resolution of the Annual General Meeting of 2023 of the Company on 30 May 2024, the Company pays a dividend of RMB15,548,570.16 for the year 2023 and the Company does not convert capital reserve into share capital.

2) Pursuant to a resolution of the second extraordinary general meeting of 2024 of the Company on 27 September 2024, the Company pays a dividend of RMB16,962,076.54 under its 2024 semi-annual profit distribution plan and the Company does not convert capital reserve into share capital.

(2) Year ended 31 December 2025

1) Pursuant to a resolution of the Annual General Meeting of 2024 of the Company on 27 May 2025, the Company pays a dividend of RMB98,945,446.46 for the year 2024 and the Company does not convert capital reserve into share capital.

2) As considered and approved at the sixteenth meeting of the eleventh session of the Board on 28 August 2025, the Company pays a dividend of RMB113,080,510.24 for the first half of 2025 and the Company does not convert capital reserve into share capital. The 2024 annual general meeting has considered and approved the Resolution on the Interim Dividend Arrangements for 2025. This profit distribution proposal falls within the scope of the Board's authority as delegated by the general meeting and does not need to be submitted to the general meeting of the Company for further consideration.

VI. RESEARCH AND DEVELOPMENT EXPENSES

Item	Amount for the year	Amount for last year
Material fee	**520,001,918.91**	475,188,372.57
Wages and labor costs	**241,031,298.08**	255,009,317.96
Project management fee	**52,119,180.52**	43,049,061.83
Outsourcing fee	**36,474,382.71**	58,236,219.60
Fixed assets usage fee	**32,691,874.44**	30,761,386.24
Dedicated fee	**12,960,762.89**	3,251,129.90
Fuel power fee	**4,559,415.12**	2,491,594.47
Travelling expense	**1,943,656.88**	3,146,033.84
Others	**679,512.97**	4,396,115.90
Conference fee	**375,947.76**	604,645.75
Expert consultation fee	**274,724.36**	677,050.01
Test fee	**200,697.18**	296,060.00
Design fee		10,664,134.74
Equipment procurement fee		692,219.47
Total	**903,313,371.82**	888,463,342.28
Including: Expensed research and development expenditure	**903,313,371.82**	888,463,342.28
Capitalized research and development expenditure		

(i) Development expenditure on R&D projects eligible for capitalization

None.

(ii) Important purchased projects under research and development

None.

VII. CHANGES IN SCOPE OF CONSOLIDATION

(i) Business combination not under common control

None.

(ii) Business combination under common control

None.

(iii) Disposal of subsidiaries

None.

(iv) Changes in the scope of consolidation due to other reasons

Name of the Company	Change in scope of consolidation	Reason for the change
Wan Xiang International Marine Limited	Decreased in consolidation scope	Liquidation and cancellation
Wan Rui International Marine Limited	Decreased in consolidation scope	Liquidation and cancellation
Wan Yu International Marine Limited	Decreased in consolidation scope	Liquidation and cancellation

VIII. INTERESTS IN OTHER ENTITIES

(i) Interests in subsidiaries

(1) Composition of the Group

Name of subsidiary	Registered capital (RMB in ten thousand)	Place of principal operation	Place of registration	Business nature	Percentage of shareholding (%) Direct	Indirect	Acquisition method	Type of legal person
Subsidiary indirectly held through two level structures:								
Huangpu Wenchong	361,918.32	Guangzhou	Guangzhou	Ship building	54.5371		Business combination under common control	Other company with limited liability
Subsidiaries indirectly held through three level structures:								
Wenchong Shipyard	142,017.85	Guangzhou	Guangzhou	Ship building		100.00	Business combination under common control	Company with limited liability (Wholly-owned by legal person)
Huangchuan Ocean Engineering	6,800.00	Guangzhou	Guangzhou	Ship building		100.00	Business combination under common control	Company with limited liability (Wholly-owned by legal person)
Wenchuan Heavy Industrial	41,000.00	Guangzhou	Guangzhou	Equipment manufacturing		100.00	Business combination under common control	Company with limited liability (Wholly-owned by legal person)
CSSC Internet	5,000.00	Guangzhou	Guangzhou	Information electronic technology services		100.00	Establishment through investment	Company with limited liability (Wholly-owned by legal person)
Zhanjiang Nanhai	200.00	Zhanjiang	Zhanjiang	Provision of labour services		60.00	Business combination under common control	Company with limited liability (State controlled)
Wenchong Bingshen	560.00	Guangzhou	Guangzhou	Equipment manufacturing		60.00	Business combination under common control	Company with limited liability (Sino-foreign joint venture)
Wah Shun	HK$1 million	Hong Kong	Hong Kong	Other operating leases relating to machinery and equipment		99.00	Establishment through investment	Other company with limited liability (State controlled)
Wah Loong	HK$1 million	Hong Kong	Hong Kong	Other operating leases relating to machinery and equipment		99.00	Establishment through investment	Other company with limited liability (State controlled)
Xingji	500.00	Guangzhou	Guangzhou	Professional technical services		37.50	Establishment through investment	Company with limited liability (State controlled)
HuaCheng	5.00	Tianjin	Tianjin	Other operating leases relating to machinery and equipment		100.00	Establishment through investment	Company with limited liability (Wholly-owned by legal person)
HuaXin	5.00	Tianjin	Tianjin	Other operating leases relating to machinery and equipment		100.00	Establishment through investment	Company with limited liability (Wholly-owned by legal person)
Wan Sheng	HK$10,000	Hong Kong	Hong Kong	Other operating leases relating to machinery and equipment		100.00	Establishment through investment	Other company with limited liability (State controlled)
Wan Xing	HK$10,000	Hong Kong	Hong Kong	Other operating leases relating to machinery and equipment		100.00	Establishment through investment	Other company with limited liability (State controlled)
Wenchong Engineering	200.00	Guangzhou	Guangzhou	Other repair of machinery and equipment		100.00	Establishment through investment	Company with limited liability (Wholly-owned by legal person)
Subsidiaries indirectly held through four level structures:								
Guangxi Heavy Industrial	42,000.00	Qinzhou	Qinzhou	Equipment manufacturing		71.40	Establishment through investment	Other company with limited liability

Other explanations:

(1) Xingji has three shareholders and is held as to 37.50% by Huangpu Wenchong, as to 37.50% by Shanghai Merchant Ship Design & Research Institute (both under the common control of CSSC), and as to 25.00% by Youqi Environmental Engineering (Shanghai) Co., Ltd.. According to the relevant provisions of the articles of association of Xingji, Huangpu Wenchong shall appoint two directors, and each of other shareholders shall appoint one director. The chairman and general manager of Xingji shall be appointed by Huangpu Wenchong. Huangpu Wenchong can actually dominate the related activities of Xingji and is entitled to variable returns, and has the ability to use his power over Xingji to influence its amount of returns. As such, Xingji is included in the scope of consolidated statements by Huangpu Wenchong.

(2) Wenchong Bingshen is a sino-foreign joint venture.

(3) Wenchuan Heavy Industrial's shareholding in Guangxi Heavy Industrial was 71.40% based on the subscribed capital contributions and was 81.76% based on the paid-in capital contributions.

(2) Significant non-wholly-owned subsidiaries

Name of subsidiary	Minority shareholding percentage	Gain or loss attributable to minority shareholders for the year	Dividends declared to minority shareholders for the year	Ending balance of non-controlling interests
Huangpu Wenchong	45.4629%	129,982,536.37	24,872,752.59	3,455,995,905.38

(3) Major financial information on significant non-wholly-owned subsidiaries

Unit: RMB in ten thousand

	Ending balance					
Name of subsidiary	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Huangpu Wenchong	**3,342,089.24**	**776,713.03**	**4,118,802.27**	**3,043,863.21**	**277,520.04**	**3,321,383.25**

	Beginning balance					
Name of subsidiary	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Huangpu Wenchong	3,064,140.53	821,253.13	3,885,393.66	2,637,739.72	478,845.77	3,116,585.49

Name of subsidiary	Amount for the year			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Huangpu Wenchong	**2,053,241.51**	**28,148.29**	**29,434.10**	**-31,022.08**

Name of subsidiary	Amount for last year			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Huangpu Wenchong	1,938,930.03	20,393.35	20,139.02	-219,864.87

(4) Material restrictions on the use of assets of the enterprise group and settlement of debts of the enterprise group

None.

(5) Financial or other assistance provided to structured entities included in the consolidated financial statements

None.

(6) Others

None.

(ii) Transactions resulting in the change in percentage of owner's equity in subsidiaries without losing control

None.

(iii) Interests in joint ventures or associates

(1) Significant joint ventures or associates

Name of joint venture or associate	Principal place of business	Place of incorporation	Business nature	Percentage of shareholding (%)		Accounting method for investment in joint ventures or associates	Strategic to the Company's activities
				Direct	Indirect		
GSI	Guangzhou	Guangzhou	Metal shipbuilding	41.0248		Equity method	No

(2) Key financial information of significant associates

	GSI	
Item	**Ending balance/ Amount for the year**	**Beginning balance/ Amount for last year**
Current assets	**40,447,143,653.52**	29,136,474,779.66
Including: Cash and cash equivalents	**13,943,754,236.41**	6,740,998,969.53
Non-current assets	**8,720,772,722.04**	8,909,208,973.77
Total assets	**49,167,916,375.56**	38,045,683,753.43
Current liabilities	**35,226,552,868.66**	22,027,553,580.98
Non-current liabilities	**2,136,813,637.15**	6,213,766,414.84
Total liabilities	**37,363,366,505.81**	28,241,319,995.82
Total net assets	**11,804,549,869.75**	9,804,363,757.61
Including: Non-controlling interests	**41,909,952.47**	39,489,124.62
Equity attributable to shareholders of the Company	**11,762,639,917.28**	9,764,874,632.99
Share of net assets based on shareholding percentage	**4,741,597,120.30**	3,922,017,907.95
Adjustments	**1,435,468,058.91**	1,462,716,896.88
– Goodwill		
– Unrealized gains on internal transactions		
– Other		
Carrying value of equity investments in associates	**6,177,065,179.21**	5,384,734,804.83
Fair value of equity investments in joint ventures for which quoted prices are available		
Operating income	**20,187,898,963.95**	17,466,144,490.33
Finance costs	**-269,076,970.49**	-188,259,200.89
Income tax expense	**65,693,126.79**	1,889,579.10
Net profit	**2,000,529,101.04**	586,395,812.62
Net profit from discontinued operations		
Other comprehensive income	**-798,192.84**	393,741.79
Total comprehensive income	**1,999,730,908.20**	586,789,554.41
Dividends received from associates during the year		

(3) Aggregated financial information of insignificant joint ventures and associates

Item	Ending balance/ Amount for the year	Beginning balance/ Amount for last year
Joint ventures:		
Total carrying value of investments		
Amounts in aggregate in proportion to the shareholdings		
– Net profit		
– Other comprehensive income		
– Total comprehensive income		
Associates:		
Total carrying value of investments	**10,950,428.29**	19,250,037.57
Amounts in aggregate in proportion to the shareholdings		
– Net profit	**-17,618,522.78**	7,621,445.24
– Other comprehensive income		
– Total comprehensive income	**-17,618,522.78**	7,621,445.24

(4) Major restrictions on the ability of joint venture or associate to transfer funds to the Company

None.

(5) Excessive losses incurred by joint ventures or associates

None.

(6) Unrecognized commitment related to investment in joint ventures

None.

(7) Contingent liabilities related to investment in joint ventures or associates

None.

(iv) Significant joint operation

None.

(v) Interests in structured entities not included in the scope of consolidated financial statements

None.

IX. GOVERNMENT GRANTS

(i) Government grants recognized as at the end of the year based on amounts receivable

None.

(ii) Liability items involving government grants

Accounting items	Beginning balance	New grants received during the year	Amount included in non-operating income during the year	Amount transferred to other income during the year	Other changes during the year	Ending balance	Relating to assets/ revenue
Deferred revenue	60,117,154.61	80,932,119.01		93,248,295.98		**47,800,977.64**	Related to revenue
Deferred revenue	25,205,000.00	1,823,047.73		4,910,000.00		**22,118,047.73**	Related to assets

(iii) Government grants included in profit or loss for the current period

Asset-related government grants

Items included in profit or loss for the period or written off against related costs and expenses losses	Amount of Government grants	Amounts included in profit or loss for the period or written off against related costs and expenses losses: Amount for the period	Amount for last period
Deferred revenue	27,028,047.73	4,910,000.00	
Total	27,028,047.73	4,910,000.00	

Government grants related to revenue

Items included in profit or loss for the period or written off against related costs and expenses losses	Amount of Government grants	Amounts included in profit or loss for the period or written off against related costs and expenses losses: Amount for the period	Amount for last period
Other income	100,110,737.76	100,110,737.76	84,165,280.70
Non-operating revenue			1,738,410.18
Financial expenses			4,950,000.00
Total	100,110,737.76	100,110,737.76	90,853,690.88

(iv) Return of government grants

None.

X. RISKS RELATING TO FINANCIAL INSTRUMENTS

The Group's major financial instruments include borrowings, receivables, payables, investment in equity instruments not held for trading and forward exchange contracts. For details for each financial instrument, please see Note V. The risks related to these financial instruments, and the Group's risk management policies for risk mitigation are stated as below. The management and supervision on the risk exposure by the management of the Group is to ensure that these risks mentioned above are controlled within a limited scope.

(i) Various risk management objectives and policies

The risk management objectives of the Group are to obtain an appropriate balance between risks and returns, to reduce negative effects caused by risks on the Group's operating results to a lowest level, and to maximize interest of shareholders and other equity investors. Based on these risk management objectives, the basic strategies of the Group are to confirm and analyse all risks related to the Group, to build appropriate risk tolerance bottom line, to monitor all risks timely and effectively, and to control the risks within a limited scope.

(1) Market risk

1) Foreign currency risk

The Group's foreign exchange exposure is mainly related to USD, HKD and EUR. Except that the Group is using foreign currencies including USD, HKD and EUR for sales and purchase transactions in respect of shipbuilding business, other business activities of the Company are denominated and settled in RMB. As at the end of the year, except for assets and liabilities with balances in USD, HKD and EUR set out below, all other assets and liabilities of the Group were denominated in RMB. The recognised assets and liabilities in USD and the unrecognised ship settlement in USD shown in the table below, leading to foreign currency risk, may affect the results of operation of the Group.

Item	31 December 2025	31 December 2024
Cash and cash equivalents-USD	**1,396,868,302.10**	1,300,274,388.79
Cash and cash equivalents-HKD	**36,237,829.10**	3,872,161.66
Cash and cash equivalents-EUR	**37,937,317.30**	6,337,182.76
Accounts receivable-USD	**10,818,658.67**	155,675,711.55
Accounts receivable-HKD	**264,744.67**	963,053.06
Long-term receivables due within one year-USD	**669,980,408.30**	56,439,414.92
Long-term receivables-USD	**86,316,475.52**	236,229,341.39
Accounts payable- HKD	**110,642.00**	73,617.00
Accounts payable- USD	**1,213,179,233.94**	2,090,532.93
Accounts payable- EUR	**733,998,884.34**	
Other payables-USD	**24,600,800.00**	48,421,062.40
Other payables-HKD		325,095.90

The Group pays close attention to the impact of exchange rate changes on the Group, and attaches importance to the study of exchange rate risk management policies and strategies. It adjusts the structure of foreign currency assets or liabilities in view of the trend of exchange rate changes or enters into forward exchange trading contracts (forward exchange settlement), exchange swaps, exchange option trading portfolio contracts with banks to reduce the impact of exchange rate risk.

2) Interest rate risk

The interest rate risk of the Group is generated from bank borrowings. Floating-rate financial liabilities expose the Group to cash flow interest rate risk, and fixed-rate financial liabilities expose the Group to fair value interest rate risk. The Group adjusts the relative percentage of contracts with fixed rates and floating rates in view of the then market environment. As at the end of the year, the Group's bank borrowings mainly included fixed interest rate contracts denominated in RMB with amount of RMB5,737,700,000.00 (at the beginning of the year: RMB6,122,900,000.00) and floating interest rate contracts denominated in RMB with total amount of RMB0.00 (at the beginning of the year: RMB0.00).

The risk of changes in fair value of financial instrument of the Group caused by changes in interest rate is mainly related to bank borrowings with fixed interest rate. As for the borrowings with fixed interest rate, the goal of the Group is to convert them to borrowings with floating interest rate so that the interest rates on the borrowings can be dynamically adjusted in line with the market interest rates, thereby reducing the risk of changes in fair value arising from excessive deviation of the fixed interest rates from the market interest rates due to fluctuations in the market interest rates.

The risk of changes in cash flows of financial instrument of the Group caused by changes in interest rate is mainly related to bank borrowings with floating interest rate. It is the policy of the Group to keep these borrowings with floating interest rate, in order to eliminate the risk in fair value related to changes in interest rate.

3) Price risk

The Group undertakes sales orders for shipbuilding and ship maintenance, offshore engineering products and electromechanical products at market price, and is subject to the price fluctuations.

4) Price risk of investment in equity instruments

Price risk of investment in equity instruments is the risk that fair value of equity securities is reduced due to change of stock index and value of individual stock. On 31 December 2025, the Group was exposed to price risk of investment in equity instruments arising from individual equity instrument investment classified as equity instrument investment at fair value through current profit or loss and equity instrument investment at fair value through other comprehensive income. The Group managed risk by holding a portfolio of investments with varying levels of risk.

The following table demonstrates the sensitivity of net profit or loss and net of other comprehensive income after tax to every 1% change in the fair values (based on the carrying amount on the balance sheet date) of the equity instrument investments of the Group, with all other variables held constant.

	Equity instrument investments				
Item	Carrying amount	Increase in changes	Net profit or loss Increase	Net other comprehensive income after tax Increase	Shareholders' equity Increase
Equity instrument investments					
Equity instrument investment at fair value through current profit or loss	434,900.43	4,349.00	3,696.65		3,696.65
Equity instrument investments at fair value through other comprehensive income	7,242,285,212.20	72,422,852.12		54,325,543.40	54,325,543.40

(2) Credit risk

As at the end of the year, the maximum exposure to credit risk that could give rise to financial losses for the Group is mainly from the counterparties' failure to perform their obligations leading to losses of the Group's financial assets and the financial guarantee assumed by the Group, including:

Book value of the recognised financial assets in the consolidated balance sheet; as for financial instruments measured at fair value, book value reflects their exposures to risks, but not the maximum exposure to risks which shall be changed as future changes in fair value occurs.

To reduce credit risk, a special department, responsible for confirming credit limitations, reviewing paper work related to credit and executing other supervisory procedures, has been established within the Group in order to ensure that necessary measures have been taken to retrieve expired claims. In addition, the Group reviews the collection of each single receivable at each of the balance sheet date to ensure sufficient provision for bad debts is made for unrecoverable amounts. Therefore, the management of the Group considers that credit risks facing the Group have been reduced significantly.

Apart from the deposits placed with CSSC Finance Company Limited, the Group places bank deposits and other monetary funds with financial institutions with high credit ratings, and therefore their credit risk is relatively low. Deposits placed with finance companies are reconciled with the Group on a regular basis to ensure that the funds on deposit are in proper condition.

The Group has adopted necessary policies to ensure that all clients have good credit history. The Group has no other significant concentration of credit risk except for the top five accounts receivable and long-term receivables.

Top five accounts receivable amounted to RMB969,531,626.55 (at the beginning of the year: RMB726,773,525.33) in total; long-term receivables amounted to RMB1,212,682,008.68 (at the beginning of the year: RMB1,692,544,161.97) in total.

(3) Liquidity risk

Liquidity risk refers to the risk that the Group could not meet its financial obligations at the maturity date. The method of the Group to manage liquidity risk is to ensure adequate cash flows to perform obligations at maturity, so that not to cause any unacceptable losses or damages of reputation of the Group. The analysis of liabilities structure and durations is made periodically by the Group to ensure the cash is adequate. The management of the Group monitors the usage of bank borrowings and ensures compliance with the borrowing agreements. In the meantime, the Group would make the financing negotiations with financial institutions to maintain the credit lines and reduce liquidity risks.

The sources of funding of the Group are mainly from bank borrowings.

1) The Group's financial liabilities are analysed by the maturity of the undiscounted remaining contractual obligations as follows:

As at 31 December 2025, each of the Group's financial liabilities are presented as undiscounted contractual cash flows by maturity date as follows:

Item	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	**2,557,989,477.75**				**2,557,989,477.75**
Financial liabilities held-for-trading					
Notes payable	**711,762,388.12**				**711,762,388.12**
Accounts payable	**8,791,133,678.45**				**8,791,133,678.45**
Other payables	**229,429,068.75**				**229,429,068.75**
Long-term borrowings	**963,929,013.36**	**1,070,000,000.00**	**98,200,000.00**	**1,050,000,000.00**	**3,182,129,013.36**
Lease liabilities	**65,915,652.02**	**36,788,558.14**	**64,118,881.32**	**11,680,533.48**	**178,503,624.96**
Total	**13,320,159,278.45**	**1,106,788,558.14**	**162,318,881.32**	**1,061,680,533.48**	**15,650,947,251.39**

(ii) Sensitivity analysis

The Group adopts sensitivity analysis techniques to analyze the impact that a reasonable and probable change in risk variables could have on current profit or loss or shareholders' equity. Since risk variables rarely change in isolation, the correlation between the variables can bring significant influence to the final impact amount of a change in a risk variable. The following sensitivity analysis is assumed the variation of each variable is independently carried out.

(1) Exchange rate risk sensitivity analysis

The assumption of exchange risk sensitivity analysis: all overseas net operational investment hedge and cash flow hedge are highly effective.

Based on the above assumptions, with other variables unchanged, the after-tax effect of reasonable exchange rate fluctuations on current profit or loss and equity are as follows:

		2025		2024	
Item	Change in exchange rate	Effect on net profit	Effect on shareholders' equity	Deductible temporary difference	Effect on shareholders' equity
USD	Strengthen by 5% against RMB	**9,995,031.58**	**9,995,031.58**	85,444,047.30	85,444,047.30
USD	Weaken by 5% against RMB	**-9,995,031.58**	**-9,995,031.58**	-85,444,047.30	-85,444,047.30

(2) Interest rate risk sensitivity analysis

The interest rate risk sensitivity analysis is based on the following assumptions:

Changes in market interest rate affect the interest income or expenses of floating-rate financial instruments;

For fixed-rate financial instruments measured at fair value, the changes in market interest rate affect their interest income or expenses only;

Changes in fair value of derivative financial instruments and other financial assets and liabilities are calculated using cash flow discount method and the market interest rate at the balance sheet date.

For the current period, the Group's borrowings were all at fixed interest rates, so changes in interest rates had no impact on the Group.

(iii) Hedging business

(1) The Company carried out hedging business for risk management

The Group is engaged in the manufacture of metal ships, and ship products it holds are subject to the risk of exchange rate changes in foreign currencies. Therefore, based on the trend of fluctuation in exchange rate, the Group appropriately adjusts the structure of its foreign currency assets or liabilities, or the Group and a bank enter into a forward foreign exchange transaction contract (forward foreign exchange settlement and sale), foreign exchange swaps and a foreign exchange option trading portfolio contract, so as to reduce the impact of the exchange rate risk. The foreign currency exchange rate of the Group's ship settlement funds is the same as the corresponding foreign currency exchange rate in the contract entered into with the bank, and the underlying variables of hedging instruments and hedged items are the foreign currency exchange rate set out in the contract entered into with the bank. The ineffective part of hedging instruments mainly arises from, among other things, the risk of exchange rate uncertainties generated by ship settlement funds that have not been recognized. The amount of hedge ineffectiveness recognized during the year and the previous year was not material. The Group adopts fair value hedges for such hedging.

(2) The Company conducts eligible hedging operations and applies hedge accounting

Item	Carrying value of hedged items	Related carrying value of hedging instruments	Effective hedge	Sources of hedge ineffective portion	Impact of hedge accounting on a company's financial statements
Fair value hedge					
Exchange rate risk	102,489,557.04	102,489,557.04			
Identified commitment	102,489,557.04	102,489,557.04			

(3) The Company carried out hedging business for risk management, which is expected to achieve the risk management target, but did not apply hedging accounting

None.

(iv) Transfer of financial assets

None.

XI. DISCLOSURE OF FAIR VALUE

The inputs used for fair value measurement are divided into three levels:

Level 1 input is the unadjusted quotation of the same asset or liability that is available on the measurement day in the active market.

Level 2 input is the input that can be observed directly or indirectly of the relevant asset or liability other than those in level 1.

Level 3 input is the unobservable input of the relevant asset or liability.

The level of the fair value measurement is determined by the lowest level of the input which is of great significance to the whole of the fair value measurement.

(i) Fair value of assets and liabilities measured at fair value at the end of the year

Item	Fair value at the end of the year			
	Stage 1 fair value measurement	Stage 2 fair value measurement	Stage 3 fair value measurement	Total
I. Fair value measurement on a recurring basis				
Financial assets held-for-trading	434,900.43	15,469,687.38		15,904,587.81
1. Financial assets at fair value through current profit or loss	434,900.43			434,900.43
Investments in equity instruments	434,900.43			434,900.43
2. Financial assets designated at fair value through current profit or loss		15,469,687.38		15,469,687.38
Receivable financing			74,059,204.31	74,059,204.31
Other debt investments				
Investments in other equity instruments	7,242,285,212.20		3,608,560.78	7,245,893,772.98
Other non-current financial assets – hedging instruments		102,489,557.04		102,489,557.04
Total assets measured at fair value on a recurring basis	7,242,720,112.63	117,959,244.42	77,667,765.09	7,438,347,122.14
Financial liabilities held-for-trading				
Financial liabilities designated at fair value through current profit or loss				
Other non-current financial liabilities – hedged items		102,489,557.04		102,489,557.04
Total liabilities measured at fair value on a recurring basis		102,489,557.04		102,489,557.04

(ii) Basis for determination of market price of level 1 fair value measurement items on recurring and non-recurring basis

Of the investment in equity instruments held and not held for trading measured at fair value, the fair value of the shares of listed companies held by the Group was determined based on the closing prices at 31 December 2025.

(iii) Valuation techniques and qualitative and quantitative information on significant parameters used for level 2 fair value measurement items on a recurring and a non-recurring basis

For items such as forward exchange contracts measured at fair value out of financial assets held-for-trading and financial liabilities held-for-trading, for the sake of prudence, the Company chooses quotations from one bank as inputs and recognises their fair value based on the difference between the quoted exchange rate at the balance sheet date from the bank and the contract exchange rate, using the benchmark loan interest rate for the corresponding term published by the People's Bank of China as the discount rate.

(iv) Valuation techniques and qualitative and quantitative information on significant parameters used for level 3 fair value measurement items on a recurring and a non-recurring basis

For the equity investment held by the Group in unlisted companies out of investment in equity instruments not held for trading measured at fair value, the Group determines their fair value using valuation techniques. After analysis, the fair value of the net assets of the investee approximates the net book assets of the investee and therefore the fair value is determined by multiplying the net book assets of the investee by the percentage of shareholding.

(v) Analysis on the measurement items measured at fair value of level 3 on a going concern, adjustment information between the book value as at the beginning of the year and the book value as at the end of the year and sensitivity of unobservable parameters

The measurement items of the Group measured at fair value of level 3 on a going concern, adjustment information between the book value as at the beginning of the year and the book value as at the end of the year is as follows:

				Total current profit or loss		Purchases, issuances, sales, and settlements					
Item	Beginning balance	Transfer to level 3 for this period	Transfer from level 3 for this period	Included in the profit or loss	Included in other comprehensive income	Purchases	Issuances	Sales	Settlements	Ending balance	For assets held and liabilities incurred at the end of the year current unrealized gains or changes included in profit or loss
Financial assets held-for-trading											
Receivables financing	236,548,075.95								162,488,871.64	74,059,204.31	
Investments in other equity instruments	4,555,068.77				-946,507.99					3,608,560.78	
Total	241,103,144.72				-946,507.99				162,488,871.64	77,667,765.09	
Including: Gains and losses related to financial assets											
Gains and losses related to non-financial assets											

(vi) Reasons for conversion and the policy for determining the point of conversion for ongoing fair value measurement items if conversion between levels occurred during the year

None.

(vii) Changes in valuation techniques that occurred during the year and the reasons for the changes

None.

(viii) Fair value of financial assets and financial liabilities that are not measured at fair value

None.

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(i) Relationship of related parties

(1) Parent company of the Company

Name of parent company	Place of incorporation	Business nature	Registered capital	Shareholding ratio of the parent company in the Company(%)	Voting ratio of the parent company in the Company(%)
CSSC	Shanghai	Shipbuilding	RMB32 billion	34.05	56.89

The ultimate controller of the Company is: the State-owned Assets Supervision and Administration Commission of the State Council.

1) Controlling shareholder's registered capital and its changes

Controlling shareholder	Beginning balance	Increase for the year	Decrease for the year	Ending balance
CSSC	RMB32 billion			RMB32 billion

2) Shareholding of controlling shareholder and the parties acting in concert and its changes

	Shareholding amount		Percentage of shareholding (%)		
Controlling shareholder	Ending balance	Beginning balance	Ending balance	Beginning balance	Remarks
CSSC	481,337,700.00	481,337,700.00	34.05	34.05	
CSSC International	322,790,890.00	322,790,890.00	22.84	22.84	Parties acting in concert
Total	804,128,590.00	804,128,590.00	56.89	56.89	

(2) Subsidiaries of the Company

For details of subsidiaries, please refer to Note "VIII. (i). (1) Composition of the Group" under this section.

(3) Joint ventures and associates of the Company

For details of significant joint ventures or associates of the Company, please refer to Note "VIII. (iii). (1) Significant joint ventures or associates" under this section.

Other joint ventures or associates that have related party transactions with the Company during the current year or have balance of related party transactions with the Company for the previous period are as follows:

Type of relationship	Name of related party	Content of major transactions	Unified social credit identifier	Type of company
Associate	Guangzhou Shipyard International Company Limited	Purchase of goods and receipt of services, sales of goods and provision of services	914401017889253316	Company with limited liability (Joint venture of foreign-invested enterprise and domestic enterprise)

(4) Other related parties

Type of relationship	Name of other related party	Content of major transactions	Unified social credit identifier	Type of company
Under the control of the common controlling shareholder and actual controller	Anqing Marine Electric Co., Ltd.	Sales of metallic materials and sales of waste materials	913408007711027188	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Anqing CSSC Diesel Engine Co., Ltd.	Sales of metallic materials and sales of waste materials	91340800153062770	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Beijing the Great Wall Electronic Equipment Co., Ltd.	Receipt of labour, design and technical services	911101081019079710	Company with limited liability (Wholly-owned by legal person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding IT Co., Ltd.	Receipt of design and technical services	911101088020423339	Company with limited liability (Wholly-owned by legal person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Consulting Co., Ltd.	Receipt of services	91110108660513848C	Company with limited liability (Wholly-owned by legal person)
Under the control of the common controlling shareholder and actual controller	Ship Archives (China Shipbuilding Group Co., Ltd. 76 Institute)	Procurement of electromechanical equipment, metallic materials, marine ancillary parts and marine equipment, etc.; purchase of materials; receipt of labour, design and technical services	121000004357213338	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Industry Corporation Information Research Centre (China Shipbuilding Group Co., Ltd. 714 Research Institute)	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; purchase of fixed assets; receipt of labour, design and technical services	121000004000101285	Public institution
Under the control of the common controlling shareholder and actual controller	Dalian Shipbuilding Industry Engineering Company	Supply of utilities	912102042430114845	Collective ownership
Under the control of the common controlling shareholder and actual controller	Dalian Shipbuilding Industry Engineering Company, Shipbuilding Plant	COMEC Office Computer Procurement Project; sales of metallic materials and sales of waste materials; provision of design and technical services; supply of utilities	912102831188303922	Collective ownership
Under the control of the common controlling shareholder and actual controller	Dalian Ship Valve Company Limited	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc	912102311185217926	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	CSSC Dalian Marine Propeller Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	912102001184759685	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)

Type of relationship	Name of other related party	Content of major transactions	Unified social credit identifier	Type of company
Under the control of the common controlling shareholder and actual controller	Dalian Shipbuilding Import Export Co., Ltd.	Receipt of services	91210202241265042K	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	CSSC Dalian New Consumables Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies	91210213089099384Y	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	Marinequip China Company Limited	Receipt of services; procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	#5220000#5110002XQ	Other company with limited liability (Wholly state-owned)
Under the control of the common controlling shareholder and actual controller	Guangzhou Shipyard International Company Limited	Sales of shipping products; sales of steel structure; electrical and mechanical engineering equipment; metallic materials and sales of waste materials; provision of services; design and technical services	914401017889253316	Company with limited liability (Joint venture of foreign-invested enterprise and domestic enterprise)
Under the control of the common controlling shareholder and actual controller	Guangdong GSI Elevator Machinery Equipment Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.; purchase of fixed assets; receipt of services	91440000231128917P	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Guangdong GSI Marine Science and Technology Research Institute Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	91440101MA9Y81UNXR	Company with limited liability (Wholly owned by legal person)
Under the control of the common controlling shareholder and actual controller	Guangxi Wenchuan Heavy Industrial Co., Ltd.	Sales of steel structure	91450706MABXG2747U	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	Guangzhou Marine Engineering Corporation	Provision of design and technical services	914401011904583375	Ownership by the whole people
Under the control of the common controlling shareholder and actual controller	Guangzhou Guangchuan Offshore Engineering Equipment Co., Ltd.	Receipt of services; procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	9144010168132734X6	Company with limited liability (Wholly owned by legal person of foreign-invested enterprise)
Under the control of the common controlling shareholder and actual controller	Guangzhou Hairong Construction Supervision Co., Ltd.	Provision of services	914401042312505170	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	Guangzhou Hongfan Technology Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of labour, design and technical services; purchase of fixed assets	9144010170825764 5P	Other company with limited liability

Type of relationship	Name of other related party	Content of major transactions	Unified social credit identifier	Type of company
Under the control of the common controlling shareholder and actual controller	Technician Training School of Guangzhou Huangpu Shipyard	Supply of utilities; provision of design and technical services	12440000738592911K	Public institution
Under the control of the common controlling shareholder and actual controller	Kindergarten of Guangzhou Huangpu Shipyard	Provision of design and technical services	12440000738577981F	Public institution
Under the control of the common controlling shareholder and actual controller	Guangzhou Longxue Pipe Co., Ltd.	Receipt of services	91440101696938450J	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	Guangzhou Wencheng Shipbuilding Co., Ltd.	Sales of electrical and mechanical engineering equipment; sales of steel structure; provision of services; provision of design and technical services	91440101MA5CY9PU1E	Company with limited liability (Wholly owned by legal person)
Under the control of the common controlling shareholder and actual controller	Guangzhou Shipyard Co., Ltd.	Receipt of design and technical services, receipt of services	91440101190440532F	Company with limited liability (Wholly owned by legal person)
Under the control of the common controlling shareholder and actual controller	Harbin Guanghan Power Transmission Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	91230199565412344 6	Company with limited liability (State-controlled)
Under the control of the common controlling shareholder and actual controller	Haiying Enterprises Group Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	91320214134757367 6	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Henan Diesel Engine Heavy Engineering Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.; purchase of fixed assets; receipt of services	91410300663439559 5	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Hubei Huazhou Emergency Equipment Technology Co., Ltd.	Provision of design and technical services	91421281562709249P	Company with limited liability (Wholly-owned by legal person invested or controlled by natural person)
Under the control of the common controlling shareholder and actual controller	Hudong-Zhonghua Shipbuilding (Group) Co., Ltd.	Provision of design and technical services	91310000703263357	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Hudong Heavy Machinery Co., Ltd.	Sales of metallic materials and sales of waste materials	91310115669401543C	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China United Shipbuilding Company Limited	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of design and technical services	#5220000#511000111	Other company with limited liability (Wholly state-owned)
Under the control of the common controlling shareholder and actual controller	Huazhong China Shipbuilding Trading Wuhan Co., Ltd. (華中中船貿易武漢有限公司)	Purchase of goods	91420000177609911K	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)

Type of relationship	Name of other related party	Content of major transactions	Unified social credit identifier	Type of company
Under the control of the common controlling shareholder and actual controller	Jiangnan Shipyard (Group) Co., Ltd.	Provision of design and technical services; sales of steel structure; provision of services	913100001322043124	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Jiangsu Jerry Technology Group Co., Ltd.	Sales of metallic materials and sales of waste materials	91320700678343779F	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Jiangsu Jierui Information Technology Co., Ltd.	Receipt of design and technical services; procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	91320791MA227XF730	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Jiangxi Chaoyang Machinery Co., Ltd.	Provision of design and technical services; sales of metallic materials and sales of waste materials	913604001582614892	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Jiangxi CSSC Valve Complete Equipment Co., Ltd.	Purchase of goods	91360429598860469Y	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	Jiangxi CSSC Navigation Instrument Co., Ltd.	Purchase of goods, receipt of services	913604021595005410	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Jiujiang Haitian Equipment Manufacture	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc., procurement of materials; receipt of services	913604007697567041	Company with limited liability (Wholly state-owned)
Under the control of the common controlling shareholder and actual controller	CSSC Jiujiang Fire Fighting Equipment Co., Ltd.	Procurement of materials, electrical and mechanical engineering equipment, metallic materials, marine accessories and marine equipment; receipt of services	913604007697501774	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	KSEC Intelligent Technology Co., Ltd.	Provision of design and technical services	91530100709763144A	Joint stock company (listed and state-owned)
Under the control of the common controlling shareholder and actual controller	Kunming Shipping Equipment Corporation	Provision of design and technical services	915300002165239270	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Kunming Haiwei Electromechanical Technology Research Institute (Co., Ltd.)	Provision of design and technical services	915301007535713420	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Luoyang Ship Material Research Institute (China Shipbuilding Group Co., Ltd. 725 Research Institute	Sales of metallic materials and sales of waste materials; provision of services	12100000415625424 6	Public institution
Under the control of the common controlling shareholder and actual controller	Nanfang Environment Co., Ltd.	Purchase of fixed assets; receipt of services	91440101MA59N24L26	Other company with limited liability

Type of relationship	Name of other related party	Content of major transactions	Unified social credit identifier	Type of company
Under the control of the common controlling shareholder and actual controller	Nanjing CSSC Oasis Machine Co., Ltd.	Receipt of services; procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	913201151349053822	Company with limited liability
Under the control of the common controlling shareholder and actual controller	Qingdao Shuangrui Marine Environment Engineering Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies	91370200750419038P	Other Joint Stock Company Limited (Unlisted)
Under the control of the common controlling shareholder and actual controller	Xiamen Sunrui Ship Coatings Co., Ltd.	Receipt of services; procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	91350200761709479M	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	Shanxi Pingyang Industry Machinery Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies	911400007671098291	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shaanxi Diesel Engine Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	91610000755231771E	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai Ship Engineering Quality Testing Co., Ltd.	Receipt of services	91310104795685807G	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Zhoushan Ship Engineering Research Centre of Shanghai Shipbuilding Technology Research Institute	Purchase of goods	123309000620206217	Public institution
Under the control of the common controlling shareholder and actual controller	Shanghai Merchant Ship Design & Research Institute (China Shipbuilding Group Co., Ltd. No. 604 Research Institute)	Receipt of design and technical services, receipt of services	12100000717810086K	Public institution
Under the control of the common controlling shareholder and actual controller	Shanghai Marine Diesel Engine Research Institute (China Shipbuilding Group Co., Ltd. No. 711 Research Institute)	Procurement of electrical and mechanical engineering equipment, metallic materials, marine accessories and marine equipment; receipt of services; design and technical services	12100000425008729F	Public institution
Under the control of the common controlling shareholder and actual controller	TTS Hua Hai Ships Equipment Co., Ltd.	Marine accessories	91310000607385242T	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai Dongxin Software Engineering Co., Ltd.	Sales of metallic materials and sales of waste materials; provision of design and technical services	9131000073745754XT	Company with limited liability (Wholly-owned by legal person invested or controlled by natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai Haixun Electrical Engineering Co., Ltd.	Procurement of electrical and mechanical engineering equipment, metallic materials, marine accessories and marine equipment; receipt of services, receipt of design and technical services	9131011875189605 5E	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)

Type of relationship	Name of other related party	Content of major transactions	Unified social credit identifier	Type of company
Under the control of the common controlling shareholder and actual controller	Shanghai Hunter Marine Equipment Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	91310230067816848E	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	Shanghai Hengtuo Industrial Development Co., Ltd.	Purchase of goods, receipt of services	913101046822767751	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai Hunter Hydraulic Control Technology Co., Ltd.	Sales of metallic materials and sales of waste materials	91310115062565701U	Company with limited liability (State-controlled)
Under the control of the common controlling shareholder and actual controller	Shanghai Hudong Shipyard Valve Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	9131023063114750OM	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	Shanghai Huajing Power Station Equipment Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	91310113631256379P	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai Jiangnan Measurement and Testing Station Co., Ltd.	Receipt of design and technical services	913101011325419848	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai Jiangnan Career Skills Training Centre	Receipt of labour, design and technical services	5231010142520426OL	Private non-enterprise entity
Under the control of the common controlling shareholder and actual controller	Shanghai Jiuyuan Engineering Contracting Co., Ltd.	Purchase of goods, receipt of services	913101071329233921	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai Ling Yao Ship Engineering Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	91310112055059886N	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai Starry Ship Ocean Engineering Service Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, fixed assets, etc.; receipt of design and technical services	91310000631140202F	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai Waigaoqiao Shipbuilding & Marine Engineering Design Co., Ltd. (上海外高橋造船海洋工程設計有限公司)	Purchase of goods, receipt of services	91310115742687243M	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	Shanghai Waigaoqiao Shipbuilding Co., Ltd.	Provision of services	913101156314236324	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)

Type of relationship	Name of other related party	Content of major transactions	Unified social credit identifier	Type of company
Under the control of the common controlling shareholder and actual controller	Shanghai Xincheng Huahai International Trade Development Co., Ltd.	Procurement of electrical and mechanical engineering equipment, metallic materials, marine accessories and marine equipment, material supplies, etc.; receipt of services	91310115MA7F5WHX60	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai Zhenhua Engineering Consulting Co., Ltd.	Purchase of fixed assets; receipt of labour, design and technical services	91310107631898873Q	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai CSSC Ship Design Technology and International Engineering Research Centre Co., Ltd.	Provision of services	91310101766907124E	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai CSSC Lingang Ship Equipment Co., Ltd.	Purchase of goods, receipt of services	91310115674647O974	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai CSSC Mitsui Shipbuilding Diesel Engine Co., Ltd.	Sales of metallic materials and sales of waste materials	91310000765585565P	Company with limited liability (Foreign-invested, non-wholly-owned)
Under the control of the common controlling shareholder and actual controller	Shanghai CSSC Culture Media Co., Ltd. (上海中船文化傳媒有限責任公司)	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc., procurement of materials; receipt of services	9131011577243612XH	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Shanghai Zhongyuan Electron Engineering Co., Ltd	Purchase of goods, receipt of services	91310101132508818B	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Suzhou Jianghai Communication Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc., procurement of materials; receipt of services	91320506137718398A	Company with limited liability (invested or controlled by natural person)
Under the control of the common controlling shareholder and actual controller	Tianjin Sinoocean Offshore Investment Co., Ltd. (天津國海海工投資有限公司)	Leases	91120118MA06P1F74F	Company with limited liability (Wholly owned by legal person)
Under the control of the common controlling shareholder and actual controller	Wuchang Shipbuilding Industry Group Co., Ltd.	Provision of services; provision of design and technical services	91420100177688517B	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Wuhan Shipbuilding Design and Research Institute Co., Ltd.	Purchase of goods, receipt of services	91420100751826292G	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Wuhan Marine Machinery Co., Ltd.	Sales of shipping products, electrical and mechanical engineering equipment, metallic materials and sales of waste materials, etc.	91420100758151128B	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)

Type of relationship	Name of other related party	Content of major transactions	Unified social credit identifier	Type of company
Under the control of the common controlling shareholder and actual controller	Wuhan Dahai Information System Technology Co., Ltd.	Receipt of design and technical services	91420111177685156X	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Wuhan Haiyi Science and Technology Limited Company	Procurement of electrical and mechanical engineering equipment, metallic materials, marine accessories and marine equipment; receipt of design and technical services	914201000819651028	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Wuhan Kawasaki Marine Machinery Co., Ltd.	Purchase of goods, receipt of services	914201007246755641	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	Wuhan Huazhongtianqin Defense Technology Co., Ltd.	Purchase of goods, receipt of services	914201005879749892	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Wuhan Lingan Technology Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	914201005749474475	Company with limited liability (Wholly-owned by legal person invested or controlled by natural person)
Under the control of the common controlling shareholder and actual controller	Wuhan Temo Welding Consumables Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	91420107761211961K	Joint Stock Company Limited (Unlisted, invested or controlled by natural persons)
Under the control of the common controlling shareholder and actual controller	Wuhan Heavy Industry Casting & Forging Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	9142010017768518OG	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Yichang Testing Technique Research Institute (China Shipbuilding Industry Corporation 710 Research Institute)	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies	121000007178073700	Public institution
Under the control of the common controlling shareholder and actual controller	Yichang Marine Diesel Co., Ltd.	Purchase of goods, receipt of services	9142050017916166 3U	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Yinghui South Ship building (Guangzhou Fanyu) Co., Ltd.	Sales of electrical and mechanical engineering equipment	914401136187842302	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	Yunnan KSEC Electronic Equipment Co., Ltd.	Provision of design and technical services	9153000070970444 3U	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Yunnan KSEC Machinery Manufacturing Co., Ltd.	Provision of design and technical services	9153000070970426 7Y	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Zhenjiang China Marine-Xiandai Generating Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	913211917820673134	Company with limited liability (Hong Kong, Macau, and Taiwan Investment, non-wholly-owned)

Type of relationship	Name of other related party	Content of major transactions	Unified social credit identifier	Type of company
Under the control of the common controlling shareholder and actual controller	CSSC (Beijing) Intelligent Equipment Technology Co., Ltd.	Sales of shipping products	9132070606324784 4E	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	CSSC (Guangzhou) Ship Engineering Technology Co., Ltd. (中船(广州)船舶工程技術有限公司)	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	91440101MA5AKBD904	Company with limited liability (Wholly owned by legal person)
Under the control of the common controlling shareholder and actual controller	CSSC (Shanghai) Energy Saving Technology Co., Ltd. (中船(上海)節能技術有限公司)	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	9131010324445479M	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	CSSC (Chongqing) Equipment Technology Co., Ltd. (中船(重慶)装備技術有限公司)	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of labour, design and technical services	91500116576196464R	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	CSSC Orient Wuxi Software Technology Co., Ltd.	Provision of design and technical services	91320211553815285H	Company with limited liability
Under the control of the common controlling shareholder and actual controller	CSSC Insurance Brokerage Co., Ltd.	Sales of goods	91110108MA0040MT6X	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	CSSC Finance Company Limited	Receipt of financial services	9131011510002715 5G	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	CSSC Diesel Engine Co., Ltd.	Purchase of goods, receipt of services	91110108MA7JEKCP9H	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	CSSC Chengxi Shipbuilding Co., Ltd.	Sales of metallic materials and sales of waste materials	91320281142243024W	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	CSSC Chengxi Yangzhou Shipbuilding Company Limited	Provision of design and technical services; supply of utilities	91321012323728098Y	Company with limited liability
Under the control of the common controlling shareholder and actual controller	China Shipbuilding NDRI Engineering Co., Ltd.	Supply of utilities; provision of design and technical services	9131010742501461 9A	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	CSIC Motor Technology Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	91320200784951110Y	Joint stock company with limited liability (Unlisted)
Under the control of the common controlling shareholder and actual controller	CSSC Electronic Technology (Sanya) Co., Ltd.	Receipt of design and technical services, receipt of services	91460200MA5RH1QT9X	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	CSSC Electronic Technology Co., Ltd. (中船電子科技有限公司)	Purchase of goods, receipt of services	911101151020162 9XL	Company with limited liability (State-controlled)

Type of relationship	Name of other related party	Content of major transactions	Unified social credit identifier	Type of company
Under the control of the common controlling shareholder and actual controller	China Marine Power (Group) Co., Ltd.	Provision of design and technical services	91310115MA1HBFUKX6	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	CSSC Marine Power (Zhenjiang) Co. Ltd.	Sales of metallic materials and sales of waste materials	91321100731778430 9	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Engine Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	91370211MA3DKDQ98F	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Wind Power Clean Energy Technology (Beijing) Co., Ltd.	Provision of design and technical services	91110108055627521K	Company with limited liability (Wholly owned by legal person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd	Sales of electrical and mechanical engineering equipment; metallic materials and waste materials; provision of services	91440101056586979E	Company with limited liability (Wholly owned by legal person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Industry Complete Logistics Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies	91310110051227838H	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	CSSC Guijiang Shipbuilding Co., Ltd.	Sales of electrical and mechanical engineering equipment; Discipline Inspection Management Information System Project; labour, design and technical services	91450400199125619J	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding International Trading Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	91310115703424416U	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Haifeng Aviation Technology Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.; receipt of services	91110106082890640P	Company with limited liability (Wholly owned by legal person)
Under the control of the common controlling shareholder and actual controller	CSIC Haixin Construction Engineering (Beijing) Co., Ltd.	Receipt of design and technical services	911101051017988910	Company with limited liability (Wholly owned by legal person)
Under the control of the common controlling shareholder and actual controller	CSSC Marine Services Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	91310115MA1K3M2Q92	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	CSSC Marine Equipment Innovation Park Investment Co., Ltd.	Purchase of goods, receipt of services	91110115344281467B	Company with limited liability (Wholly owned by legal person)

Type of relationship	Name of other related party	Content of major transactions	Unified social credit identifier	Type of company
Under the control of the common controlling shareholder and actual controller	CSSC HZ Wind Power Co., Ltd.	Sales of steel structure	915000007562347987	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	CSSC Hg Technologies Co., Ltd.	Receipt of design and technical services	9113040072339877XH	Joint stock company (listed and state-owned)
Under the control of the common controlling shareholder and actual controller	CSSC Marine Technology Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	9131011576723662 5B	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	CSSC Hua Hai Ships Equipment Co., Ltd.	Provision of services	9131010132203280U	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	CSSC Southern China Ship Machinery Guangzhou Co., Ltd.	Provision of services	91440101677764045H	Company with limited liability (Wholly owned by legal person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Jihai (Kunshan) High Tech Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	91320583251247307M	Company with limited liability
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Engineering Management Consulting (Beijing) Co., Ltd.	Purchase of goods, receipt of services	911101056828826013	Company with limited liability (Wholly owned by legal person)
Under the control of the common controlling shareholder and actual controller	CSSC Jiujiang Boiler Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	91360406MA388PRP8Q	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	CSSC Jiujiang Marine Equipment (Group) Co., Ltd.	Provision of design and technical services	91360400858263725E	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Industry Institute of Engineering Investigation & Design Co. Ltd.	Purchase of fixed assets; receipt of design and technical services	9131010713294352 9A	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	CSSC Ocean STAR Culture Development Co., Ltd.	Receipt of labour, design and technical services	91110105097779486L	Company with limited liability (Wholly owned by legal person)
Under the control of the common controlling shareholder and actual controller	CSSC Lanhui (Fujian) Marine Equipment Exhibition Co., Ltd. (中船藍薈(福建)海洋裝備會展有限公司)	Receipt of services	91350102MACQBYNH06	Company with limited liability (invested or controlled by natural person)
Under the control of the common controlling shareholder and actual controller	CSSC Lingjiu High-Tech (Wuhan) Co., Ltd.	Receipt of labour, design and technical services	91420100679113828E	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)

Type of relationship	Name of other related party	Content of major transactions	Unified social credit identifier	Type of company
Under the control of the common controlling shareholder and actual controller	CSSC Oasis Environmental Protection (Nanjing) Co., Ltd. (中船綠洲環保(南京)有限公司)	Procurement of materials, electrical and mechanical engineering equipment, metallic materials, marine accessories and marine equipment, etc.	91320114742362916X	Company with limited liability
Under the control of the common controlling shareholder and actual controller	CSSC Luzhou Zhenjiang Marine Auxiliary Machinery Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.; receipt of design and technical services	91321102MA1MQMDU91	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	CSSC Financial Leasing (Shanghai) Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	91310000090006392A	Company with limited liability (Wholly-owned by Hong Kong, Macau or Taiwan legal persons)
Under the control of the common controlling shareholder and actual controller	CSSC Financial Leasing (Tianjin) Co., Ltd.	Sales of goods, provision of services, Leases	91120116321621705P	Company with limited liability (Wholly-owned by Hong Kong, Macau or Taiwan legal persons)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Ruichi Feisi Engineering Consulting (Beijing) Co., Ltd.	Purchase of fixed assets; receipt of services	911101057560196l7C	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	CSSC Digital Information Technology Co., Ltd. (中船數字信息技術有限公司)	Purchase of fixed assets	913207007589793126	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	CSSC Sunrui (Luoyang) Special Equipment Co., Ltd.	Provision of services	914103007822355084	Joint stock company (unlisted and state-owned)
Under the control of the common controlling shareholder and actual controller	CSSC SDARI Energy Saving Technology (Shanghai) Company Limited	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	91310115MA7FWW3G52	Company with limited liability (Joint venture of foreign-invested enterprise and domestic enterprise)
Under the control of the common controlling shareholder and actual controller	CSSC Tianhe Ship Equipment Jiangsu Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies	913212830566715245	Company with limited liability
Under the control of the common controlling shareholder and actual controller	CSSC Culture Technology (Beijing) Co., Ltd.	Receipt of labour, design and technical services	91110108MA00BNDY07	Company with limited liability (Wholly owned by legal person)
Under the control of the common controlling shareholder and actual controller	CSSC Property (Shanghai) Co., Ltd. (中船物業(上海)有限公司)	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc., procurement of materials; receipt of labour, design and technical services	913101151337471597	Company with limited liability (State-controlled)
Under the control of the common controlling shareholder and actual controller	CSSC Changping (Chongqing) Machinery Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	91500101207901754J	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)

Type of relationship	Name of other related party	Content of major transactions	Unified social credit identifier	Type of company
Under the control of the common controlling shareholder and actual controller	CSSC Changrui Industrial (Chongqing) Co., Ltd. (中船長瑞實業(重慶)有限公司)	Supply of utilities	91500101287622092 8	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	CSSC Intelligent Technology (Shanghai) Co., Ltd.	Purchase of goods, receipt of services	91310000MA1H38RA6W	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	CSIC Haisheng Technology Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	91420500760672977G	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Industry Equipment & Materials (Shanghai Trading) Co., Ltd.	Sales of goods, provision of services	913101087970016 32L	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Industry Materials Trade Group (Mengla) Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.; receipt of design and technical services	91532823MA6N3YER81	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Industry Equipment and Materials Bayuquan Co., Ltd.	Receipt of labour, design and technical services	912108005772056 68B	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Industry Equipment and Materials Group Guangzhou Co., Ltd.	Procurement of materials, electrical and mechanical engineering equipment, metallic materials, marine accessories and marine equipment, etc.	91440101552381964L	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	CSIC Zhongnan Equipment Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	91420000757020943U	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China Ship News Agency	Receipt of labour, design and technical services	12100000E00663201G	Public institution
Under the control of the common controlling shareholder and actual controller	China Ship Power Station Equipment Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	91310115756976070P	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China State Shipbuilding Corporation Limited	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	91310000710924478P	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Trading (BVI) Co., Ltd.	Equipment, etc., procurement of materials	#5220000#511000704	Company with limited liability (State-controlled)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Trading (Shanghai) Co., Ltd	Purchase of goods	91310115132207644 1	Company with limited liability (State-controlled)

Type of relationship	Name of other related party	Content of major transactions	Unified social credit identifier	Type of company
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Trading Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	911100001000001027Q	Company with limited liability (Wholly owned by legal person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Equipment & Materials Northeast Corporation	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	91210100117660571P	Company with limited liability (Wholly-owned by legal person invested or controlled by natural person)
Under the control of the common controlling shareholder and actual controller	China National Shipbuilding Equipment & Materials (East China) Co., Ltd.	Receipt of services; purchase of fixed assets, electrical and mechanical engineering equipment, metallic materials, marine accessories and marine equipment, etc.	91310101132203213X	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China National Shipbuilding Equipment & Materials (South China) Co., Ltd.	Sales of metallic materials and sales of waste materials	91440000190332072P	Company with limited liability (Wholly owned by legal person)
Under the control of the common controlling shareholder and actual controller	China National Shipbuilding Equipment & Materials Southwest Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies	91500105202804269L	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China State Shipbuilding Equipment & Materials (Central South China) Co., Ltd. (中國船舶工業物資中南有限公司)	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	91420000177568769T	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Marine Design and Research Institute of China (China Shipbuilding Group Co., Ltd. 708 Research Institute)	Sales of shipping products; electrical and mechanical engineering equipment; metallic materials and sales of waste materials, etc.; provision of services	12100000425007603X	Public institution
Under the control of the common controlling shareholder and actual controller	CSSC (Hong Kong) Shipping Company Limited	Sales of shipping products	#5220000#51105RE3N	H Share Listed Joint Stock Company Limited (State-controlled)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Fenxi Heavy Industry Co., Ltd. (中國船舶集團汾西重工有限責任公司)	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc., procurement of materials; receipt of services	911400007701102654	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Wind Power Development Co., Ltd.	Receipt of services	91110115MA029T5253	Company with limited liability (Wholly owned by legal person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Guangxi Shipbuilding Co., Ltd.	Supply of utilities; CSSC Guangxi Psychological Testing; provision of services; design and technical services	91450700059544985W	Other company with limited liability
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Guangzhou Ship Industrial Co., Ltd.	Provision of design and technical services	91440101190506722Q	Company with limited liability (Wholly owned by legal person)
Under the control of the common controlling shareholder and actual controller	CSSC International Engineering Co., Ltd.	Purchase of fixed assets	9111010510170121XW	Other company with limited liability

Type of relationship	Name of other related party	Content of major transactions	Unified social credit identifier	Type of company
Under the control of the common controlling shareholder and actual controller	CSSC South China Marine Machinery Co., Ltd.	Provision of design and technical services	914504001991247986	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Shenzhen Marine Technology Co., Ltd.	Purchase of fixed assets; receipt of design and technical services	9144030019033924XM	Company with limited liability (Wholly owned by legal person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Investment Co., Ltd.	Sales of metallic materials and sales of waste materials	91110115MA01TYLA4B	Company with limited liability (Wholly owned by legal person)
Under the control of the common controlling shareholder and actual controller	China State Shipbuilding Equipment and Materials Corporation Limited	Sales of electrical and mechanical engineering equipment; metallic materials and sales of waste materials, etc.	91110000100009512E	Company with limited liability (Wholly owned by legal person)
Under the control of the common controlling shareholder and actual controller	China State Shipbuilding Corporation Limited	Purchase of goods	91310000MA1FL70B67	Company with limited liability (Wholly state-owned)
Under the control of the common controlling shareholder and actual controller	CSSC Beijing Ship Management College	Receipt of services, labour and technical services	1210000040000123XC	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 707 Research Institute	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.; receipt of design and technical services	81120000MC29016158	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 722 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; purchase of fixed assets; receipt of labour, design and technical services	8142000077756439OK	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 726 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies	12100000425010714W	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 723 Research Institute	Procurement of electrical and mechanical engineering equipment, metallic materials, marine accessories and marine equipment; receipt of services	1210000040000 3702G	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 724 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies	12100000426092408R	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 709 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies	12100000441623908U	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 707 Research Institute	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.; receipt of design and technical services	12100000401360031F	Public institution

Type of relationship	Name of other related party	Content of major transactions	Unified social credit identifier	Type of company
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 704 Research Institute	Receipt of design and technical services, receipt of services; procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	913101041326736107	Ownership by the whole people
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 718 Research Institute	Receipt of design and technical services, receipt of services; procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	91130400105571133 2	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 712 Research Institute	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	12100000441623967Y	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 716 Research Institute	Provision of services	12100000468047082T	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 717 Research Institute	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	814200005037429547	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 713 Research Institute	Provision of services	81410000MC40375929	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 715 Research Institute	Procurement of electrical and mechanical engineering equipment, metallic materials, marine accessories and marine equipment; receipt of services; receipt of design and technical services	12100000470029406 5	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Co., Ltd. No. 11 Research Institute	Purchase of fixed assets, electrical and mechanical engineering equipment, metallic materials, marine accessories and marine equipment, etc.	81310000783633778K	Public institution
Under the control of the common controlling shareholder and actual controller	Planning and Development Research Center of China Shipbuilding Group Co., Ltd.	Purchase of fixed assets; receipt of design and technical services	12100000MB200075XP	Public institution
Under the control of the common controlling shareholder and actual controller	CSSC Systems Engineering Research Institute	Sales of shipping products; provision of design and technical services	12100000400000675M	Public institution
Under the control of the common controlling shareholder and actual controller	CSSC Technology Institute	Sales of metallic materials and sales of waste materials	12100000400000472 1	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Group Changjiang Technology Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	91500101207902423J	Company with limited liability (invested or controlled by natural person)

Type of relationship	Name of other related party	Content of major transactions	Unified social credit identifier	Type of company
Under the control of the common controlling shareholder and actual controller	CSSC Scientific Research Centre	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc., procurement of materials; receipt of labour, design and technical services	121000004000008197	Public institution
Under the control of the common controlling shareholder and actual controller	CSIC International Trading (Hong Kong) Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	#5110000#78654532P	Company with limited liability
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Industry Group Power Co., Ltd.	Sales of metallic materials and sales of waste materials	911306007109266097	Other joint stock company with limited liability (Listed)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Industry Corporation No. 703 Research Institute	Provision of services	121000004140017838	Public institution
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Industry Corporation 705 Research Institute	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	12100000435232046K	Public institution
Under the control of the common controlling shareholder and actual controller	CSIC Heng Yuan Technology Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	91500101207901922L	Company with limited liability (invested or controlled by natural person)
Under the control of the common controlling shareholder and actual controller	China Harzone Industry Corp., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	91420000670357025U	Other joint stock company with limited liability (Listed)
Under the control of the common controlling shareholder and actual controller	China Ship Development and Design Centre	Sales of shipping products; provision of services; provision of design and technical services	121000004416239594	Public institution
Under the control of the common controlling shareholder and actual controller	China Ship Research Institute (China Shipbuilding Corporation Limited 7 Research Institute)	Receipt of design and technical services; procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	12100000400009944H	Public institution
Under the control of the common controlling shareholder and actual controller	Zhongshan GSI Marine Engineering Company Limited	Sales of steel structure	91442000684420937T	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Chongqing Gearbox Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	91500000203550723S	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Chongqing Huayu Electrical Group Limited	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	91500000202826724X	Company with limited liability (State-controlled)

Type of relationship	Name of other related party	Content of major transactions	Unified social credit identifier	Type of company
Under the control of the common controlling shareholder and actual controller	Chongqing Yuejin Machinery Plant Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	915000002028992618	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Chongqing Changzheng Heavy Industry Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc., procurement of materials; receipt of services	9150000020280308XL	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	Zibo Torch Energy Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	91370300164109846C	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	CSIC Material Trade Group Co., Ltd.	Receipt of services	91110000710934190A	Company with limited liability (Wholly owned by legal person)
Under the control of the common controlling shareholder and actual controller	Chongqing Jiangzeng Heavy Industry Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of labour, design and technical services	91500116202815785K	Company with limited liability (Wholly owned by a legal person invested or controlled by non-natural person)
Under the control of the common controlling shareholder and actual controller	China Shipbuilding Industry Corporation 760 Research Institute	Sales of metallic materials and sales of waste materials	9121020211842535 4U	Public institution
Under the control of the common controlling shareholder and actual controller	Guangzhou Shipyard HR Service Co., Ltd.	Receipt of services	91440103664021381U	Company with limited liability (Wholly owned by legal person)
Joint venture of controlling shareholder and actual controller	Guangzhou Wenchong Industrial Co., Ltd.	Leases	91440101MA5CK3CP5P	Other company with limited liability
Associate of controlling shareholder and actual controller	Wuhan Kawasaki Marine Machinery Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies	914201006164298251	Company with limited liability (Foreign-invested, non-wholly-owned)
Associate of controlling shareholder and actual controller	Zhendui Industrial Intelligent Technology Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	91440300MA5FTQL29D	Company with limited liability

Other explanations: China Shipbuilding Group Co., Ltd. (hereinafter referred to as China Shipbuilding Group) indirectly controls 804,128,590 shares of the Company through its wholly-owned subsidiary, China State Shipbuilding Corporation Limited, accounting for 56.89% of the Company's issued shares. The counterparties to the continuing related party transaction include China Shipbuilding Group, an indirect controlling shareholder of the Company, and its subsidiaries; and subsidiaries of the Company in which China Shipbuilding Group and its subsidiaries hold 10% or more equity interest (which are connected subsidiaries of the Company under Chapter 14A of the Listing Rules of the Stock Exchange and also connected persons of the Company).

(ii) Related party transactions

The Group and China Shipbuilding Group signed the 2025 Connected Continuing Transaction Framework Agreement, whereby both parties provide transactions:

1) Provision of products and services by the Group to China Shipbuilding Group, including ship products, electromechanical equipment and metal materials, etc., leasing, labour and technical services, etc.;

2) Provision of products and services by China Shipbuilding Group to the Group, including marine equipment, electromechanical equipment, ancillary parts and material supplies, etc., leasing, labour and technical services, etc.;

3) Provision of guarantee business by China Shipbuilding Group to the Group;

4) Provision of sales agency services by China Shipbuilding Group to the Group;

The Company and CSSC Finance Company Limited ("CSSC Finance") signed the 2025 Financial Services Framework Agreement, pursuant to which both parties agreed that CSSC Finance would provide financial services to the Group, including: deposit services, loan services, other and bank credit facility services, foreign exchange services such as forward exchange settlement and sale.

The pricing policy of related party transactions: these transactions shall be conducted on normal commercial terms, on an arm's-length basis and in the ordinary course of business of the Group (where if there is no or there are not enough transactions for comparison to determine whether a transaction between the parties will be conducted on normal commercial terms, the transaction will be conducted on terms no less favourable than those obtained or entitled from independent third parties by the Group (as the case maybe)), and such transactions shall be fair and reasonable to the shareholders of the Group. The parties shall enter into agreements for such transactions setting out pricing bases.

(1) Purchase of goods/receipt of services

Related party	Content of related party transaction	Amount for the year	Amount for last year
China National Shipbuilding Equipment & Materials Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of design and technical services; purchase of fixed assets	**3,331,234,875.93**	1,929,462,048.62
CSSC System Engineering Research Institute	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment; receipt of design and technical services	**882,397,029.36**	444,173,228.74
Hudong Heavy Machinery Co., Ltd.	Receipt of services; procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	**722,034,647.04**	498,761,960.94
Shanghai Marine Diesel Engine Research Institute (China Shipbuilding Group Co., Ltd. No. 711 Research Institute)	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment; receipt of services; design and technical services	**508,228,779.26**	62,367,432.80
China Ship Development and Design Center	Receipt of design and technical services; procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**371,090,134.97**	169,329,777.54
Wuhan Marine Machinery Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of services	**367,542,247.80**	236,551,699.10
China Shipbuilding Industry Corporation 704 Research Institute	Receipt of design and technical services, receipt of services; procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**366,738,377.73**	258,647,020.95

Related party	Content of related party transaction	Amount for the year	Amount for last year
China Shipbuilding Group Co., Ltd. No. 724 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies	**349,873,628.30**	78,680,000.00
Nanjing CSSC Oasis Machine Co., Ltd.	Receipt of services; procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**343,941,685.00**	7,520,072.70
China Shipbuilding Group Fenxi Heavy Industry Co., Ltd. (中國船舶集團汾西重工有限責任公司)	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc., procurement of materials; receipt of services	**238,545,721.40**	140,933,627.92
China Shipbuilding Group Co., Ltd. No. 715 Research Institute	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment; receipt of services; receipt of design and technical services	**233,018,302.69**	50,200,884.96
China Shipbuilding Engine Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**225,353,982.30**	
China Shipbuilding Group Co., Ltd. No. 709 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	**204,610,136.50**	105,150,000.00
China Shipbuilding NDRI Engineering Co., Ltd.	Purchase of goods and receipt of services; purchase of fixed assets; receipt of labour, design and technical services	**202,414,581.89**	122,744,376.20
China Shipbuilding Group Co., Ltd. No. 717 Research Institute	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**165,069,333.20**	102,480,809.83
Anqing CSSC Diesel Engine Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	**152,532,082.98**	125,230,707.94
Shaanxi Diesel Engine Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**129,194,203.80**	170,892,165.45
Chongqing Gearbox Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**123,772,705.10**	137,256,154.86
China Shipbuilding Group Co., Ltd. No. 713 Research Institute	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**117,445,108.00**	88,468,918.25
China Shipbuilding Group Co., Ltd. No. 723 Research Institute	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment; receipt of services	**113,763,821.41**	36,247,504.40
Dalian Shipbuilding Industry Engineering Company, Shipbuilding Plant	Receipt of services	**107,213,116.13**	145,296,222.10
Marine Design and Research Institute of China (China Shipbuilding Group Co., Ltd. No. 708 Research Institute)	Receipt of labour, design and technical services; procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**104,071,952.43**	15,131,814.17
China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**93,807,817.47**	47,261,365.57

Related party	Content of related party transaction	Amount for the year	Amount for last year
China Shipbuilding Group Co., Ltd. No. 707 Research Institute	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.; receipt of design and technical services	**83,554,214.31**	120,516,494.20
China Shipbuilding Group Co., Ltd. No. 716 Research Institute	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment; receipt of design and technical services	**79,701,573.81**	41,030,047.79
Shanghai Merchant Ship Design & Research Institute (China Shipbuilding Group Co., Ltd. No. 604 Research Institute)	Receipt of design and technical services, receipt of services	**66,603,621.36**	38,343,055.82
CSSC Marine Technology Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**58,708,166.16**	43,018,732.53
Haiying Enterprises Group Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	**45,498,407.08**	9,600,000.00
Luoyang Ship Material Research Institute (China Shipbuilding Group Co., Ltd. No.725 Research Institute)	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**45,212,846.80**	52,923,100.29
CSIC Material Trade Group Guangzhou Co., Ltd.	Procurement of materials, electromechanical equipment, metallic supplies, marine accessories and marine equipment, etc.	**45,165,463.24**	2,115,002.29
China National Shipbuilding Equipment & Materials (South China) Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.; receipt of design and technical services	**40,126,376.91**	5,982,103.98
China Harzone Industry Corp., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**38,918,709.74**	
China Shipbuilding Group Co., Ltd. No. 722 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; purchase of fixed assets; receipt of labour, design and technical services	**36,219,513.51**	21,065,457.64
China Shipbuilding Industry Corporation 705 Research Institute	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**35,610,187.52**	15,067,200.00
China Shipbuilding Group Co., Ltd. No. 726 Research Institute	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies	**30,831,150.44**	1,182,300.88
China Shipbuilding Equipment & Materials Northeast Corporation	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**30,783,188.51**	33,518,370.79
CSIC Haisheng Technology Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**28,125,252.22**	10,822,610.62
CSSC Marine Power (Zhenjiang) Co. Ltd.	Receipt of services, receipt of design and technical services; procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**26,781,216.33**	1,878,155.08

Related party	Content of related party transaction	Amount for the year	Amount for last year
China United Shipbuilding Company Limited	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of design and technical services	**26,318,050.69**	88,328,504.85
Guangzhou Longxue Pipe Co., Ltd.	Receipt of services	**24,474,282.82**	20,154,796.52
Shanghai CSSC Ship Design Technology and International Engineering Research Center Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of design and technical services	**24,337,339.28**	66,934,432.93
China Shipbuilding Group Guangxi Shipbuilding Co., Ltd.	Receipt of services; procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	**24,279,881.24**	11,435,265.54
China Shipbuilding Group Co., Ltd. No. 718 Research Institute	Receipt of design and technical services, receipt of services; procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**22,282,730.09**	19,364,579.65
Dalian Ship Valve Company Limited	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	**19,655,736.27**	31,440,291.01
Guangzhou Guangchuan Offshore Engineering Equipment Co., Ltd.	Receipt of services, procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**19,247,326.65**	19,070,839.84
CSSC (Guangzhou) Ship Engineering Technology Co., Ltd. (中船(廣州)船舶工程技術有限公司)	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**18,542,880.29**	12,669,455.83
Shanghai Xincheng Huahai International Trade Development Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, material supplies, etc.; receipt of services	**16,654,346.95**	16,121,911.38
China Shipbuilding Haifeng Aviation Technology Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.; receipt of services	**15,279,102.27**	358,672.57
Shanghai Haixun Electrical Engineering Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment; receipt of services, receipt of design and technical services	**15,141,952.65**	14,641,449.76
Marinequip China Company Limited	Receipt of services; procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	**15,061,033.44**	7,083,565.31
Wuhan Haiyi Science and Technology Limited Company	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment; receipt of design and technical services	**14,578,309.71**	25,783,079.65
CSSC Jiujiang Fire Fighting Equipment Co., Ltd.	Procurement of materials, electromechanical equipment, metallic supplies, marine accessories and marine equipment; receipt of services	**14,495,571.05**	27,608,430.62
CSSC Jiujiang Boiler Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**14,407,011.03**	17,630,531.05

Related party	Content of related party transaction	Amount for the year	Amount for last year
Guangzhou Shipyard International Company Limited	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of labour, design and technical services	**13,251,843.06**	1,176,604.78
China Shipbuilding Industry Corporation No. 703 Research Institute	Receipt of design and technical services, receipt of services; procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**12,796,050.42**	14,252,995.76
China Ship Research Institute (China Shipbuilding Corporation Limited 7 Research Institute)	Receipt of design and technical services; procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**12,204,615.10**	867,215.10
China Ship Power Station Equipment Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**11,309,796.45**	24,353,053.06
CSSC Guijiang Shipbuilding Co., Ltd.	Purchase of fixed assets	**10,530,973.46**	
Jiangxi Chaoyang Machinery Co., Ltd.	Receipt of services; procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	**9,984,113.91**	8,814,002.92
China Shipbuilding Group Changjiang Technology Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	**9,919,983.22**	1,088,495.58
CSIC Material Trade Group Co., Ltd.	Receipt of services	**9,749,136.46**	
CSSC SDARI Energy Saving Technology (Shanghai) Company Limited	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**9,469,026.53**	7,106,194.72
Zhenjiang Shipyard Modern Power Generation Equipment Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**8,939,309.76**	5,876,106.23
Wuhan Heavy Industry Casting & Forging Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**8,911,027.08**	20,750,145.46
CSSC South China Marine Machinery Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc, receipt of design and technical services	**8,463,622.99**	13,911,526.64
Wuhan Temo Welding Consumables Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**7,992,153.72**	23,037,057.37
China Shipbuilding International Trading Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**7,330,406.24**	
Suzhou Jianghai Communication Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc., procurement of materials; receipt of services	**7,281,188.86**	3,482,166.33
China National Shipbuilding Equipment & Materials (East China) Co., Ltd.	Receipt of services; purchase of fixed assets, electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**6,987,399.17**	14,348,419.18

Related party	Content of related party transaction	Amount for the year	Amount for last year
Shanghai Hunter Marine Equipment Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	**6,382,300.89**	3,856,460.18
Guangzhou Shipyard Co., Ltd.	Receipt of design and technical services, receipt of services	**5,722,913.31**	5,546,413.73
China Shipbuilding Industry Equipment and Materials Bayuquan Co., Ltd.	Receipt of labour, design and technical services	**5,418,346.68**	8,042,866.02
Shanghai Marine Energy Saving Technology Development Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**5,345,132.73**	3,424,778.76
CSSC Oasis Environmental Protection (Nanjing) Co., Ltd. (中船綠洲環保(南京)有限公司)	Procurement of materials, electromechanical equipment, metallic supplies, marine accessories and marine equipment, etc.	**4,303,553.95**	2,214,407.10
China Shipbuilding Industry Complete Logistics Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies	**4,253,733.80**	
Shanghai Ling Yao Ship Engineering Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**3,915,044.25**	1,790,725.66
CSSC Dalian Marine Propeller Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	**3,716,814.16**	2,654,867.26
Chongqing Huayu Electrical Group Limited	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**3,591,557.53**	3,732,093.81
Qingdao Shuangrui Marine Environment Engineering Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies	**3,371,681.41**	76,800.00
Shanghai Ship Engineering Quality Testing Co., Ltd. (上海船舶工程質量檢測有限公司)	Receipt of services	**3,305,946.35**	
Guangzhou Hairong Construction Supervision Co., Ltd.	Procurement of fixed assets; receipt of design and technical services	**3,174,428.59**	651,933.55
Wuhan Lingan Technology Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	**3,088,495.57**	1,726,141.03
Zibo Torch Energy Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**3,010,322.65**	124,109.73
CSSC Culture Technology (Beijing) Co., Ltd.	Receipt of labour, design and technical services	**2,650,045.08**	520,000.00
China Shipbuilding Group Co., Ltd. No. 11 Research Institute	Purchase of fixed assets, electromechanical equipment, metallic supplies, marine accessories and marine equipment, etc.	**2,633,371.69**	6,201,140.75
Jiujiang Haitian Equipment Manufacture Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc., procurement of materials; receipt of services	**2,322,654.86**	3,285,132.71
China Shipbuilding Trading (BVI) Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc., procurement of materials; receipt of services	**1,786,805.22**	123,346.64
CSSC Electronic Technology (Sanya) Co., Ltd.	Receipt of design and technical services, receipt of services	**1,710,630.49**	1,045,897.00

Related party	Content of related party transaction	Amount for the year	Amount for last year
China Shipbuilding Group Co., Ltd. No. 712 Research Institute	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**1,555,362.83**	5,880,389.37
Chongqing Yuejin Machinery Plant Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**1,396,460.18**	1,592.92
China Shipbuilding Ruichi Feisi Engineering Consulting (Beijing) Co., Ltd.	Purchase of fixed assets; receipt of services	**1,394,420.32**	596,585.95
CSSC Hua Hai Ships Equipment Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**1,257,787.62**	7,145,619.51
Shanghai Huajing Power Station Equipment Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	**1,185,840.71**	
China Shipbuilding Industry Institute of Engineering Investigation & Design Co. Ltd.	Purchase of fixed assets; receipt of design and technical services	**1,102,473.27**	1,349,244.07
Chongqing Changzheng Heavy Industry Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc., procurement of materials; receipt of services	**988,179.64**	803,723.27
Henan Diesel Engine Heavy Engineering Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.; purchase of fixed assets; receipt of services	**970,421.09**	2,878,818.95
Guangzhou Hongfan Technology Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of labour, design and technical services; purchase of fixed assets	**911,271.46**	1,305,000.00
Guangdong GSI Marine Science and Technology Research Institute Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**881,415.92**	
Xiamen Sunrui Ship Coatings Co., Ltd	Receipt of services; procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**853,502.53**	1,418,152.49
Nanfang Environment Co., Ltd.	Purchase of fixed assets; receipt of services	**662,009.13**	17,895,454.85
CSIC Heng Yuan Technology Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**597,252.22**	235,202.65
China Shipbuilding Industry Corporation Information Research Center (China Shipbuilding Group Co., Ltd. 714 Research Institute)	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; purchase of fixed assets; receipt of labour, design and technical services	**430,889.20**	1,233,940.66
Guangdong GSI Elevator Machinery Equipment Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.; purchase of fixed assets; receipt of services	**404,221.48**	335,922.29
CSSC International Engineering Co., Ltd.	Purchase of fixed assets	**330,188.67**	
CSIC Ocean STAR Culture Development Co., Ltd.	Receipt of labour, design and technical services	**320,000.00**	446,698.11
China Shipbuilding Group Shenzhen Marine Technology Co., Ltd.	Purchase of fixed assets; receipt of design and technical services	**303,329.20**	515,929.20

Related party	Content of related party transaction	Amount for the year	Amount for last year
CSSC Luzhou Zhenjiang Marine Auxiliary Machinery Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.; receipt of design and technical services	**293,805.31**	1,259,858.40
CSSC Changping (Chongqing) Machinery Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**271,323.90**	222,123.90
CSSC Marine Services Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies	**270,176.96**	207,389.35
China Shipbuilding Trading Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.	**266,701.64**	10,789,086.24
Guangzhou Shipyard HR Service Co., Ltd.	Receipt of services	**242,740.05**	201,555.71
CSIC Haixin Construction Engineering (Beijing) Co., Ltd. (中船海鑫建設工程(北京)有限公司)	Receipt of design and technical services	**226,667.00**	
China Marine Power (Group) Co., Ltd.	Receipt of services	**196,697.99**	
Planning and Development Research Center of China Shipbuilding Group Co., Ltd.	Purchase of fixed assets; receipt of design and technical services	**194,339.62**	28,301.89
Jiangsu Jierui Information Technology Co., Ltd.	Receipt of design and technical services; procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.	**175,321.42**	502,179.67
Shanghai Starry Ship Ocean Engineering Service Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, and fixed assets, etc.; receipt of design and technical services	**124,528.30**	2,310,000.00
Shanghai Zhenhua Engineering Consulting Co., Ltd.	Purchase of fixed assets; receipt of labour, design and technical services	**90,663.22**	22,061.32
Yichang Testing Technique Research Institute (China Shipbuilding Industry Corporation 710 Research Institute)	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies	**82,300.88**	5,840,707.96
CSSC Beijing Ship Management College	Receipt of labour, design and technical services	**80,025.44**	1,787,662.63
Chongqing Jiangzeng Heavy Industry Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of labour, design and technical services	**59,660.00**	
China Shipbuilding IT Co., Ltd.	Receipt of design and technical services	**51,038.40**	192,452.83
China Shipbuilding Group Wind Power Development Co., Ltd.	Receipt of services	**39,716.98**	
CSSC Tianhe Ship Equipment Jiangsu Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies	**30,309.73**	3,231,327.44
Beijing CSSC Engineering Consulting Co., Ltd.	Receipt of services	**26,239.78**	
CSSC Lanhui (Fujian) Marine Equipment Exhibition Co., Ltd. (中船藍薈(福建)海洋裝備會展有限公司)	Receipt of services	**24,452.83**	

Related party	Content of related party transaction	Amount for the year	Amount for last year
Shanghai CSSC Culture Media Co., Ltd. (上海中船文化傳媒有限責任公司)	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc., procurement of materials; receipt of services	**3,773.58**	23,113.29
Shanghai Jiangnan Career Skills Training Centre	Receipt of labour, design and technical services	**2,641.52**	309,902.93
China National Shipbuilding Equipment & Materials Southwest Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies	**575.22**	
China Shipbuilding Group Guangzhou Ship Industrial Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc., procurement of materials; receipt of design and technical services	**227.26**	530,368.46
Guangxi Wenchuan Heavy Industrial Co., Ltd	Receipt of services		173,248,815.62
CSSC (Chongqing) Equipment Technology Co., Ltd. (中船(重慶)裝備技術有限公司)	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of labour, design and technical services		1,973,839.83
Shanghai Hudong Shipyard Valve Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.		861,238.99
China Shipbuilding Jihai (Kunshan) High Tech Co., Ltd.	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc.		522,654.86
Beijing the Great Wall Electronic Equipment Co., Ltd.	Receipt of labour, design and technical services		4,305,663.71
CSIC Zhongnan Equipment Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.		3,716,814.15
Kindergarten of Guangzhou Huangpu Shipyard	Receipt of services; receipt of design and technical services		2,223,550.00
Zhendui Industrial Intelligent Technology Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.		1,066,991.16
CSIC Material Trade Group (Mengla) Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.; receipt of design and technical services		1,007,225.79
CSSC Digital Information Technology Co., Ltd. (中船數字信息技術有限公司)	Purchase of fixed assets		846,017.70
Wuhan Dahai Information System Technology Co., Ltd.	Receipt of design and technical services		632,075.47
CSSC Scientific Research Center	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc., procurement of materials; receipt of labour, design and technical services		411,113.20
China State Shipbuilding Equipment & Materials (Central South China) Co., Ltd. (中國船舶工業物資中南有限公司)	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.		396,447.63

Related party	Content of related party transaction	Amount for the year	Amount for last year
Shanghai Dongxin Software Engineering Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies; receipt of services; purchase of fixed assets; receipt of design and technical services		346,530.34
China Ship News Agency	Receipt of labour, design and technical services		320,047.17
Wuhan Kawasaki Marine Machinery Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies		194,690.27
CSIC International Trading (Hong Kong) Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.		141,559.26
CSSC Lingjiu High-Tech (Wuhan) Co., Ltd.	Receipt of labour, design and technical services		110,276.00
Ship Archives (China Shipbuilding Group Co., Ltd. 76 Institute)	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc., procurement of materials; receipt of labour, design and technical services		29,800.00
Technician Training School of Guangzhou Huangpu Shipyard	Receipt of labour, design and technical services		22,512.52
CSIC Motor Technology Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies, etc.		13,274.34
CSSC Technology Institute	Receipt of design and technical services		6,226.42
CSSC Property (Shanghai) Co., Ltd. (中船物業(上海)有限公司)	Procurement of electromechanical equipment, metallic materials, marine accessories and marine equipment, etc., procurement of materials; receipt of labour, design and technical services		4,924.53
Shanxi Pingyang Industry Machinery Co., Ltd.	Procurement of marine equipment, electromechanical equipment, ancillary parts and material supplies		3,773.58
Shanghai Jiangnan Measurement and Testing Station Co., Ltd.	Receipt of design and technical services		2,970.30
CSSC Hg Technologies Co., Ltd.	Receipt of design and technical services		2,247.78
Dalian Shipbuilding Import Export Co., Ltd.	Receipt of services		2,168.13
Total		**10,673,613,091.20**	6,194,471,143.58

Specific pricing method of Purchase of goods and receipt of services:

1) Provision of mechanical and electrical equipment and material supplies, etc. at market prices, not higher than those provided by independent third parties. The market prices will be determined after arm's length negotiations based on the market research conducted on the pricing of similar products and production specifications;

2) Provision of marine accessories, iron outfitting parts, etc. Due to low unit price, sporadic and complicated, and often urgent needs and short lead time, so the unit price is agreed once a year through costing, and the material department of the Group will negotiate the order price with the supplier accordingly based on the market price with reference to the publicly available information on the websites of third parties and the specifications of materials required for the production of the Group. If the price of raw materials in the market changes significantly, the Group will make appropriate adjustments according to the changes in the market;

3) Provision of marine equipment. If there is a member unit of China Shipbuilding Group in the manufacturer lists, the member unit will participate in the competition among two or more manufacturers in the manufacturer list, and the material department of the Group will negotiate the price as usual, and the Group will determine the price according to the market condition, but it will also consider the supply cycle, manufacturer qualification and service level and other factors to select the manufacturer, but the price will not be less favorable than those of the independent third-party supplier. In the event that there are two or more competing suppliers from China Shipbuilding Group, the price will be determined after arm's length negotiations with reference to historical transaction prices. If there is only one supplier of individual equipment from China Shipbuilding Group due to the limitation of technical specifications or delivery conditions (such as specialised equipment for which China Shipbuilding Group has exclusive ownership and/or development rights), which may result in only one affiliated manufacturer, the Group will negotiate the price with the supplier according to the recent contract price of the equipment (with reference to its historical transaction price) or the unit price converted according to a certain technical data, combined with the market price of raw materials and other factors, to ensure that the price is fair and reasonable;

4) Participate in the materials and related logistics and distribution services centrally procured by China Shipbuilding Group, the price of which will not be less favorable than the terms and conditions provided by the independent third-party supplier;

5) The price of leasing is based on market price or cost plus 10% management fee, with the market price referring to the property rentals in the vicinity of the leased property, and the annual cap is based on the total value of the right-to-use assets recognized by the Group and the total annual depreciation and interest costs calculated on the basis of the taxes payable for leasing production bases and staff quarters. Labour services are priced at market price, which is determined after arm's length negotiations according to the price of the labour services purchased from independent third parties, specifications of skills required, availability of labour services and the average salary standard published by the Guangzhou Bureau of Statistics; the price of comprehensive services will not be less favorable than the terms and conditions provided by independent third parties. The technical services are priced at market price, which will be determined after arm's length negotiation with reference to the skill combination required by the prevailing market standards of the shipbuilding industry, the complexity of the work involved and the particular job specifications of the industry.

(2) Sale of goods/provision of services

Related party	Content of related party transaction	Amount for the year	Amount for last year
CSSC Systems Engineering Research Institute	Sales of shipping products; provision of design and technical services	**205,919,472.98**	243,372,965.43
China Ship Development and Design Center	Sales of shipping products; provision of services; provision of design and technical services	**179,056,814.18**	2,659,292.04
China National Shipbuilding Equipment & Materials (South China) Co., Ltd.	Sales of metallic materials and sales of waste materials	**110,700,609.04**	58,889,995.84
Guangzhou Shipyard International Company Limited	Sales of shipping products; sales of steel structure; electrical and mechanical engineering equipment; metallic materials and sales of waste materials; provision of services; design and technical services	**24,382,503.02**	37,648,154.65
Marine Design and Research Institute of China (China Shipbuilding Group Co., Ltd. No. 708 Research Institute)	Sales of shipping products; electrical and mechanical; metallic materials and sales of waste materials etc; provision of services	**23,499,791.59**	1,203,539.82
China Marine Power (Group) Co., Ltd.	Provision of design and technical services	**16,481,359.55**	5,739,485.25
China National Shipbuilding Equipment & Materials Co., Ltd.	Sales of electrical and mechanical engineering equipment; metallic materials and sales of waste materials, etc.	**13,029,480.94**	5,866,144.27
Hudong-Zhonghua Shipbuilding (Group) Co., Ltd.	Provision of design and technical services	**4,069,026.54**	3,198,485.65
CSSC HZ Wind Power Co., Ltd.	Sales of steel structure	**3,322,936.88**	36,374,925.28
Hudong Heavy Machinery Co., Ltd.	Sales of metallic materials and sales of waste materials	**2,748,706.96**	
Shanghai CSSC Mitsui Shipbuilding Diesel Engine Co., Ltd.	Sales of metallic materials and sales of waste materials	**2,734,538.05**	
CSSC Chengxi Yangzhou Shipbuilding Company Limited	Provision of design and technical services; supply of utilities	**2,707,610.56**	113,207.55
CSSC (Beijing) Intelligent Equipment Technology Co., Ltd.	Sales of shipping products	**1,903,008.85**	40,574,867.26
Shanghai Dongxin Software Engineering Co., Ltd.	Sales of metallic materials and sales of waste materials; provision of design and technical services	**1,159,292.04**	1,767,490.40
Anqing Marine Electric Co., Ltd.	Sales of metallic materials and sales of waste materials	**913,537.17**	
CSSC Marine Power (Zhenjiang) Co. Ltd.	Sales of metallic materials and sales of waste materials	**557,522.12**	
CSSC Wind Power Clean Energy Technology (Beijing) Co., Ltd.	Provision of design and technical services	**532,040.01**	
China Shipbuilding Group Guangxi Shipbuilding Co., Ltd.	Supply of utilities; CSSC Guangxi Psychological Testing; provision of services; design and technical services	**479,469.03**	20,952.43

Related party	Content of related party transaction	Amount for the year	Amount for last year
Shanghai CSSC Ship Design Technology and International Engineering Research Center Co., Ltd.	Provision of services	**442,477.88**	
Wuchang Shipbuilding Industry Group Co., Ltd.	Provision of services; provision of design and technical services	**305,320.76**	767,124.94
CSSC Orient Wuxi Software Technology Co., Ltd.	Provision of design and technical services	**283,018.87**	
CSSC Guijiang Shipbuilding Co., Ltd.	Sales of electrical and mechanical engineering equipment; Discipline Inspection Management Information System Project; services; design and technical services	**222,120.34**	13,710.69
Anqing CSSC Diesel Engine Co., Ltd.	Sales of metallic materials and sales of waste materials	**189,911.50**	
Kunming Shipbuilding Equipment Co., Ltd.	Provision of design and technical services	**188,302.45**	
Zhongshan GSI Marine Engineering Company Limited	Sales of steel structure	**153,800.00**	
Technician Training School of Guangzhou Huangpu Shipyard	Supply of utilities; provision of design and technical services	**152,316.40**	238,198.72
Dalian Shipbuilding Industry Engineering Company, Shipbuilding Plant	COMEC Office Computer Procurement Project; sales of metallic materials and sales of waste materials; provision of design and technical services; supply of utilities	**142,173.11**	334,508.00
CSSC Chengxi Shipbuilding Co., Ltd.	Sales of metallic materials and sales of waste materials	**141,037.74**	
Dalian Shipbuilding Industry Engineering Company	Supply of utilities	**119,815.50**	
Wuhan Marine Machinery Co., Ltd.	Sales of shipping products, electrical and mechanical engineering equipment, metallic materials and sales of waste materials	**105,209.20**	
CSSC Hua Hai Ships Equipment Co., Ltd.	Provision of services	**92,920.35**	
Yunnan KSEC Electronic Equipment Co., Ltd.	Provision of design and technical services	**54,339.62**	
Yunnan KSEC Machinery Manufacturing Co., Ltd.	Provision of design and technical services	**50,943.40**	
Kunming Haiwei Electromechanical Technology Research Institute (Co., Ltd.)	Provision of design and technical services	**23,773.59**	
China Shipbuilding NDRI Engineering Co., Ltd.	Supply of utilities; provision of design and technical services	**22,245.01**	28,578.53
CSSC South China Marine Machinery Co., Ltd.	Provision of design and technical services	**15,849.06**	
Jiangxi Chaoyang Machinery Co., Ltd.	Provision of design and technical services; sales of metallic materials and sales of waste materials	**9,607.72**	14,714.75

Related party	Content of related party transaction	Amount for the year	Amount for last year
CSSC Changrui Industrial (Chongqing) Co., Ltd. (中船長瑞實業(重慶)有限公司)	Supply of utilities	**9,583.91**	
Shanghai Hunter Hydraulic Control Technology Co., Ltd.	Sales of metallic materials and sales of waste materials	**8,847.79**	
China Shipbuilding Group Guangzhou Ship Industrial Company Limited	Provision of design and technical services	**7,924.53**	
KSEC Intelligent Technology Co., Ltd.	Provision of design and technical services	**6,792.45**	
Guangzhou Marine Engineering Corporation	Provision of design and technical services	**5,283.02**	10,566.04
Jiangsu Jerry Technology Group Co., Ltd.	Sales of metallic materials and sales of waste materials	**3,893.81**	
China Shipbuilding Industry Group Power Co., Ltd.	Sales of metallic materials and sales of waste materials	**3,716.81**	
China Shipbuilding Industry Corporation 760 Research Institute	Sales of metallic materials and sales of waste materials	**2,920.36**	
China Institute of Marine Technology & Economy of China State Shipbuilding Corporation	Sales of metallic materials and sales of waste materials	**2,123.89**	
China Shipbuilding Group Investment Co., Ltd.	Sales of metallic materials and sales of waste materials	**1,769.91**	
Guangzhou Hairong Construction Supervision Co., Ltd.	Provision of services	**800.00**	
CSSC (Hong Kong) Shipping Company Limited	Sales of shipping products		740,069,725.06
Guangxi Wenchuan Heavy Industrial Co., Ltd.	Sales of steel structure		49,868,711.89
China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	Sales of electrical and mechanical engineering equipment; metallic materials and waste materials; provision of services		47,045,175.48
Guangzhou Wenchong Shipbuilding Co., Ltd.	Sales of electrical and mechanical engineering equipment; sales of steel structure; provision of services; provision of design and technical services		24,967,298.51
Jiangnan Shipyard (Group) Co., Ltd.	Provision of design and technical services; sales of steel structure; provision of services		6,260,802.85
China Shipbuilding Industry Corporation No. 703 Research Institute	Provision of services		858,407.08
China Shipbuilding Group Co., Ltd. No. 716 Research Institute	Provision of services		203,637.17
CSSC Jiujiang Marine Equipment (Group) Co., Ltd.	Provision of design and technical services		94,690.27
Afai Southern Shipyard (Panyu Guangzhou) Ltd.	Sales of electrical and mechanical engineering equipment		26,980.53

Related party	Content of related party transaction	Amount for the year	Amount for last year
Kindergarten of Guangzhou Huangpu Shipyard	Provision of design and technical services		17,902.12
Hubei Huazhou Emergency Equipment Technology Co., Ltd.	Provision of design and technical services		9,946.37
Shanghai Waigaoqiao Shipbuilding Co., Ltd.	Provision of services		3,773.58
Luoyang Ship Material Research Institute (China Shipbuilding Industry Corporation 725 Research Institute)	Sales of metallic materials and sales of waste materials; provision of services		1,886.79
China Shipbuilding Group Co., Ltd. No. 713 Research Institute	Provision of services		1,886.79
CSSC Sunrui (Luoyang) Special Equipment Co., Ltd.	Provision of services		1,886.79
Total		**596,966,558.49**	1,308,269,618.82

The specific pricing methods for the sale of goods and provision of services are as follows:

1) Provision of shipping products, electrical and mechanical engineering equipment and metallic materials, etc., at market price, which shall be determined after arm's length negotiation with reference to the following factors: (i) research on the prices of similar products on the market, including drawing reference from the public data of institutions such as the China Association of the National Shipbuilding Industry (中國船舶工業行業協會) (http://www.cansi.org.cn) and commissioning the China Shipbuilding Corporation Economic Research Center to collate industry price data and compile the research reports; and (ii) reference to the historical prices of similar products.

2) For leasing, labour supply, technical services, etc., the pricing will be based on terms no less favourable to the Group than terms available from independent third parties. The rental of the lease shall be based on market price obtained after market research with reference to the depreciation cost and amortization of assets and other expenses and after arm's length negotiation; the salary for labour supply is based on market price obtained after market research with reference to the average salary levels published by the Guangzhou Statistic Bureau (廣州市統計局) and after arm's length negotiation; the pricing of the technical service is based on the existing market standards of the shipping industry, the complexity of the work involved and specifications for the work and after arm's length negotiation.

(3) Receipt of financial services

1) Deposits

	Balance of deposits				Interest income on deposits	
Name of related party	Ending balance – principal	Ending balance – accrued interest	Beginning balance – principal	Beginning balance – accrued interest	Current year	Last year
CSSC Finance Company Limited	**11,919,814,467.88**	298,480,327.82	13,040,341,355.19	231,377,227.12	**177,373,666.86**	189,473,248.75

Pricing principle: The interest rates on deposits with CSSC Finance are based on the benchmark deposit interest rates stipulated by the People's Bank of China with appropriate upward adjustments, and such rates should be no less favorable than the terms offered by independent third parties.

2) Loans

	Balance of loans		Interest expenses on loans	
Name of related party	Ending balance	Beginning balance	Current year	Last year
CSSC Finance Company Limited	**640,000,000.00**	305,000,000.00	**4,274,531.94**	1,510,691.66

Pricing principle: Borrowings from CSSC Finance/CSSC are at rates no higher than the lending rates stipulated the People's Bank of China, which should be no less favorable than the terms offered by independent third-party lenders.

3) Forward exchange settlement (purchase)

	Forward exchange settlement (purchase) contract		Gain or loss from on change in fair value of forward exchange settlement (purchase) contract		Investment income from forward exchange settlement (purchase)	
Name of related party	Ending balance	Beginning balance	Current year (RMB)	Last year (RMB)	Current year (RMB)	Last year (RMB)
CSSC Finance Company Limited	**US$553.14 million**	US$406.14 million	**12,152,468.14**	-43,119,897.12	**-2,913,530.22**	10,160,519.96

Pricing principle: the handling fee rates for foreign exchange business such as forward settlement and sale of foreign exchange business with CSSC Finance should not be less favourable than those charged by independent third parties.

(4) Related party entrusted management/contracting and outsourced management/outsourcing

None.

(5) Related leases

1) As lessor

Name of lessee	Type of leased assets	Rental income recognized for the year	Rental income recognized for last year
Tianjin Sinoocean Offshore Investment Co., Ltd.	Transportation equipment	**40,619,467.57**	33,116,983.01
Zhongshan GSI Marine Engineering Company Limited	Buildings and structures	**14,664,000.00**	13,093,200.00
Jiangxi Chaoyang Machinery Co., Ltd.	Buildings and structures	**23,119.27**	46,238.54
Guangzhou Shipyard International Company Limited	Buildings and structures		15,898,887.01
Guangzhou Wenchong Shipbuilding Co., Ltd.	Buildings and structures		2,190,000.00
CSSC Guijiang Shipbuilding Co., Ltd.	Buildings and structures		190,476.16
Total		**55,306,586.84**	64,535,784.72

2) As lessee

		Current year				Corresponding period last year			
Name of lessor	Type of leased assets	Rental charges for short-term leases and low-value asset leases that are simplified and variable lease payments that are not included in the measurement of lease liabilities	Rental payments	Increase in right-to-use assets	Interest expense on committed lease liabilities	Rental charges for short-term leases and low-value asset leases that are simplified and variable lease payments that are not included in the measurement of lease liabilities	Rental payments	Increase in right-to-use assets	Interest expense on committed lease liabilities
Guangzhou Wenchong Industrial Co., Ltd.	Land, buildings and structures		16,446,612.83		593,471.64				
CSSC Financial Leasing (Tianjin) Company Limited	Machinery and equipment		14,198,230.08		2,409,414.84		2,179,645.59	76,588,435.28	1,099,485.06
China Shipbuilding Group Guangzhou Ship Industrial Co., Ltd.	Land, buildings and structures		6,089,822.38		601,145.34		2,739,603.45		842,253.05
Guangzhou Shipyard International Company Limited	Buildings and structures		2,459,059.68		607,392.04		2,459,059.68		657,742.20
China National Shipbuilding Equipment & Materials (South China) Co., Ltd.	Buildings and structures	86,646.67	693,173.36		35,697.83	1,039,760.04	1,039,760.04		
Dalian Shipbuilding Industry Engineering Company	Buildings and structures					1,621,187.58	1,621,187.58		
Guangzhou Shipyard Co., Ltd.	Buildings and structures		298,854.75	1,980,511.90	36,301.42				
Total		86,646.67	40,185,753.08	1,980,511.90	4,283,423.11	2,660,947.62	10,039,256.34	76,588,435.28	2,599,480.31

Explanation of leasing of associated transactions: China Shipbuilding Group Guangzhou Ship Industrial Co., Ltd. entered into a lease agreement with Huangpu Wenchong and Wenchong Shipyard in relation to land use right, pursuant to which it leased certain land use right at Changzhou Factory owned by it to Huangpu Wenchong for operation. The rent for the land use rights shall be determined based on the principle of asset depreciation, and amortisation of taxes and fees on an annual basis. The rent shall be paid on an annual basis in the form of monetary funds. The term of lease of the land use right shall commence on 1 May 2014 and end on the date on which Huangpu Wenchong finished relocation to Changzhou Factory and commence formal production in the new factory area.

(6) Related guarantees

1) As guarantor

As at the end of the year, the Group had not provided guarantees to related parties.

2) As guaranteed party

Name of guarantor	Amount of guarantee	Date of commencement of guarantee	Date of expiry of guarantee	Whether fully executed
China State Shipbuilding Corporation Limited	1,294,224,044.99	2020/11/2	2027/6/30	No

Pricing principle: The guarantee services provided by CSSC to the Group are charged in accordance with general market practice and at a rate not higher than CSSC's external guarantee rates, and the relevant terms are no less favourable than those offered by independent third-party guarantors.

3) Guarantees provided within the scope of consolidation of the Group

Name of guarantor	Name of guaranteed party	Amount of guarantee	Date of commencement of guarantee	Date of expiry of guarantee	Whether fully executed
Huangpu Wenchong	Wenchuan Heavy Industrial	1,335,457,471.22	2024/7/23	2034/3/31	No
Huangpu Wenchong	Wenchuan Heavy Industrial	43,671,273.88	2024/12/30	2026/4/15	No
Huangpu Wenchong	Wenchuan Heavy Industrial	133,545,747.12	2024/12/30	2026/4/15	No
Huangpu Wenchong	Wenchuan Heavy Industrial	66,772,873.56	2025/3/28	2026/4/15	No
Huangpu Wenchong	Wenchuan Heavy Industrial	223,420,220.36	2025/3/28	2026/4/15	No
Huangpu Wenchong	Wenchuan Heavy Industrial	689,427,675.14	2025/4/7	2034/3/31	No
Huangpu Wenchong	Wenchuan Heavy Industrial	160,203,042.70	2025/4/16	2026/4/27	No
Huangpu Wenchong	Wenchuan Heavy Industrial	34,471,383.76	2025/4/16	2026/4/1	No
Huangpu Wenchong	Wenchuan Heavy Industrial	68,942,767.51	2025/4/16	2026/4/1	No
Huangpu Wenchong	Wenchuan Heavy Industrial	11,540,000.00	2024/11/1	2026/10/31	No

(7) Other related party transactions

Type of transaction	Name of related party	Current year	Last year
Sales agency feed	China Shipbuilding Trading Co., Ltd.	**40,307,786.24**	24,555,819.49
Sales agency feed	China Shipbuilding International Trading Co., Ltd.	**11,686,812.12**	9,098,011.67
Letters of guarantee	China Shipbuilding Trading Co., Ltd.	**8,640,069.08**	4,961,531.67
Financial institution handling fee	CSSC Finance Company Limited	**5,021,076.44**	942,384.14
Sales agency feed	China Shipbuilding Trading (Shanghai) Co., Ltd.		1,767,599.83
Total		**65,655,743.88**	41,325,346.80

Pricing principle: The sales agency fee or commission shall follow the international industry practice (i. e. the pricing shall be determined by the Group after conducting market research including by way of discussing with various independent third party shipowners on the normal sales agency fees charged and with other large corporate business owners in the industry on the agency fee rates charged by their internal sales agency entities) and in general will not exceed 1.5% of the contract price, and is payable in proportion to the progress payment per vessel. In addition, the intermediary agency fees received by the China Shipbuilding Group on behalf of foreign intermediaries shall be paid by the China Shipbuilding Group on behalf of the intermediaries. The guarantee letter fees were determined with reference to the rates charged by the banks issuing guarantee letters. Other financial and bank credit service charges shall be based on the charges stipulated by the People's Bank of China; the financial handling fee standard for bank facility to CSSC Finance shall be no less favourable than the facility terms and conditions provided by independent third party.

(8) Related party transactions and connected transactions

The related party transactions mentioned in 1 to 7 above constitute connected transaction or continuing connected transaction as defined under Chapter 14A of the Listing Rules in Hong Kong, and are disclosed in details in the Related Party Transaction section in the Director's Report as required.

(9) Borrowings from related parties

Related party	Amount of borrowings	Commencement date	Expiry date	Note
China Shipbuilding Group Co., Ltd.	10,000,000.00	2023/4/7	2025/4/7	Borrowing

(10) Asset transfers and debt restructurings among related party

None.

(11) Related party transactions between the Company and its subsidiaries

1) Purchase of goods/services received

Related Party	Content of related party transactions	Current year	Last year
CSSC Industrial Internet Co., Ltd.	Purchase of goods and receipt of services	**26,956.08**	2,641.51
Total		**26,956.08**	2,641.51

Other description: Pricing policy for purchasing goods or services from subsidiaries: according to market price if there is market price; if not, adding 8%-10% of the cost or using internal assessment settlement price for pricing.

2) Sale of goods/provision of services

None.

(iii) Outstanding receivables from and payables to related parties

(1) Receivables

Item	Related party	Ending balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Cash at bank and on hand – Principal		**11,919,814,467.88**		13,040,341,355.19	
	CSSC Finance Company Limited	**11,919,814,467.88**		13,040,341,355.19	
Cash at bank and on hand – Accrued interest		**298,480,327.82**		231,377,227.12	
	CSSC Finance Company Limited	**298,480,327.82**		231,377,227.12	
Notes receivable		**4,830,227.50**		4,017,312.50	
	China National Shipbuilding Equipment & Materials Co., Ltd.	**4,830,227.50**		4,017,312.50	
Accounts receivable		**96,769,768.45**		133,584,120.11	
	China National Shipbuilding Equipment &Materials (South China) Co., Ltd.	**20,319,912.68**		12,092,431.20	
	China State Shipbuilding Corporation Limited System Engineering Research Institute	**19,024,958.95**		60,184,485.68	
	China Shipbuilding Trading Co., Ltd.	**16,739,000.00**		16,739,000.00	
	Shanghai Merchant Ship Design & Research Institute (China Shipbuilding Group Co., Ltd. 604 Research Institute)	**6,965,645.40**			
	Jiangnan Shipyard (Group) Co., Ltd.	**6,889,625.20**			
	China Shipbuilding Trading (Shanghai) Co., Ltd.	**4,980,888.83**		5,093,987.78	
	Marine Design and Research Institute of China	**3,291,018.15**		2,660,876.30	
	China National Shipbuilding Equipment & Materials Co., Ltd.	**2,526,218.02**		52,150.52	
	CSSC HZ Wind Power Co., Ltd.	**2,242,929.21**		2,212,521.13	

Item	Related party	Ending balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	CSSC Chengxi Yangzhou Shipbuilding Company Limited	**2,145,795.47**		105,596.85	
	CSSC (Beijing) Intelligent Equipment Technology Co., Ltd.	**1,997,812.00**			
	China Marine Power (Group) Co., Ltd.	**1,690,265.49**		586,725.66	
	Nanjing CSSC Oasis Machine Co., Ltd.	**1,350,000.00**			
	Guangzhou Shipyard International Company Limited	**1,072,508.80**		18,059,287.12	
	China Ship Development and Design Center	**1,030,500.02**		81,000.00	
	Hudong Heavy Machinery Co., Ltd.	**968,288.40**			
	Hudong-Zhonghua Shipbuilding (Group) Co., Ltd.	**903,600.00**		1,270,000.00	
	CSSC Marine Power (Zhenjiang) Co. Ltd.	**557,522.12**			
	Shanghai CSSC Ship Design Technology and International Engineering Research Center Co., Ltd.	**500,000.00**			
	China Shipbuilding Group Guangxi Shipbuilding Co., Ltd.	**496,800.00**			
	China Shipbuilding Group Co., Ltd. No. 707 Research Institute	**375,723.01**			
	Shanghai Dongxin Software Engineering Co., Ltd.	**279,754.06**		212,470.52	
	CSSC Chengxi Shipbuilding Co., Ltd.	**141,037.74**			
	Luoyang Ship Material Research Institute (China Shipbuilding Industry Corporation 725 Research Institute)	**140,000.00**			
	Dalian Shipbuilding Industry Engineering Company, Shipbuilding Plant	**125,813.95**		172,823.95	
	CSSC Orient Wuxi Software Technology Co., Ltd.	**14,150.95**			
	Guangzhou Wenchong Shipbuilding Co., Ltd.			7,095,000.00	
	Shanghai Merchant Ship Design & Research Institute			6,965,645.40	
	Jiangxi Chaoyang Machinery Co., Ltd.			118.00	
Prepayments		**4,182,126,488.82**		3,850,173,367.67	
	China National Shipbuilding Equipment & Materials Co., Ltd.	**836,730,298.18**		783,315,672.67	
	Hudong Heavy Machinery Co., Ltd.	**690,322,042.47**		574,522,991.13	
	China Shipbuilding Trading Co., Ltd.	**455,085,527.20**		335,197,972.10	
	Shanghai CSSC Mitsui Shipbuilding Diesel Engine Co., Ltd.	**268,830,000.00**		172,200,000.00	
	China Shipbuilding Group Co., Ltd. No. 704 Research Institute	**212,605,469.03**		34,271,522.12	
	China Shipbuilding International Trading Co., Ltd.	**199,316,791.63**			
	China Shipbuilding Group Co., Ltd. No. 709 Research Institute	**167,926,593.94**		33,828,720.00	
	China United Shipbuilding Company Limited	**162,000,508.31**		4,934,413.50	
	China State Shipbuilding Corporation Limited System Engineering Research Institute	**153,436,814.23**		395,722,711.47	
	China Shipbuilding Engine Co., Ltd.	**143,125,000.00**		170,430,265.49	

Item	Related party	Ending balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	CSSC Marine Power (Zhenjiang) Co. Ltd.	**101,482,000.00**		17,880,000.00	
	China Shipbuilding Group Co., Ltd. No. 713 Research Institute	**70,587,249.55**		18,647,502.65	
	China Shipbuilding Industry Corporation No. 703 Research Institute	**62,463,716.86**		3,532,743.36	
	China Shipbuilding Group Co., Ltd. No. 711 Research Institute	**49,315,219.47**		182,087,090.19	
	China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	**48,191,051.68**		147,042,535.65	
	China Shipbuilding Group Co., Ltd. No. 707 Research Institute	**42,576,369.91**			
	Anqing CSSC Diesel Engine Co., Ltd.	**41,852,000.00**		78,776,958.41	
	China Shipbuilding Group Co., Ltd. No. 11 Research Institute	**39,823,008.80**			
	Harbin Guanghan Power Transmission Co., Ltd.	**39,185,840.70**			
	Shanghai CSSC Ship Design Technology and International Engineering Research Center Co., Ltd.	**38,888,495.52**		4,496,529.91	
	China Shipbuilding Group Co., Ltd. No. 717 Research Institute	**35,757,522.13**			
	China Shipbuilding Group Co., Ltd. No. 715 Research Institute	**33,982,300.89**		231,540,454.65	
	Nanjing CSSC Oasis Machine Co., Ltd.	**33,975,221.23**		2,384,000.00	
	China Shipbuilding Group Co., Ltd. No. 724 Research Institute	**32,743,362.83**		127,182,300.88	
	Shaanxi Diesel Engine Co., Ltd.	**32,350,357.01**		42,974,948.16	
	China Ship Development and Design Center	**22,291,681.41**		116,279,828.41	
	China Shipbuilding Equipment & Materials Northeast Corporation	**20,042,663.77**		30,779,253.70	
	CSSC Marine Technology Co., Ltd.	**14,755,079.58**		29,395,936.29	
	Shanghai Haixun Electrical Engineering Co., Ltd.	**12,817,407.43**		4,706,777.43	
	China State Shipbuilding Equipment & Materials (East China) Co., Ltd.	**11,909,547.04**			
	China Shipbuilding Group Co., Ltd. No. 723 Research Institute	**11,823,008.84**		16,666,800.00	
	Marine Design and Research Institute of China	**11,646,017.70**		8,637,168.10	
	China Shipbuilding Industry Corporation 710 Research Institute	**11,220,318.58**		11,220,318.58	
	CSSC Jiujiang Boiler Co., Ltd.	**8,151,400.00**		4,700,400.00	
	CSIC International Trading (Hong Kong) Co., Ltd.	**8,017,967.21**			
	China Shipbuilding Group Co., Ltd. No. 726 Research Institute	**7,079,646.02**		36,720,000.00	
	Haiying Enterprises Group Co., Ltd.	**6,796,460.18**		21,516,460.18	
	China Shipbuilding Trading (BVI) Co., Ltd.	**6,024,190.00**		46,969.30	
	China Ship Power Station Equipment Co., Ltd.	**4,052,212.38**		10,261,097.34	
	CSSC SDARI Energy Saving Technology (Shanghai) Company Limited	**3,950,000.00**		1,125,000.00	

Item	Related party	Ending balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	CSSC (Shanghai) Energy Saving Technology Co., Ltd.	**2,900,000.00**		4,640,000.00	
	Wuhan Marine Machinery Co., Ltd.	**2,865,132.74**		53,464,672.56	
	CSIC Haisheng Technology Co., Ltd.	**2,831,858.41**		16,463,716.82	
	Shanghai Starry Ship Ocean Engineering Service Co., Ltd.	**2,827,539.82**			
	CSSC Scientific Research Center	**2,826,000.00**			
	China Shipbuilding Industry Corporation No. 705 Research Institute	**2,664,000.00**			
	China Shipbuilding Group Co., Ltd. No. 718 Research Institute	**1,681,415.93**		6,230,088.48	
	China Shipbuilding Haifeng Aviation Technology Co., Ltd.	**1,476,000.04**		6,230,103.45	
	Zhenjiang China Marine-Xiandai Generating Co., Ltd.	**1,440,318.58**		1,946,991.14	
	CSIC Material Trade Group Co., Ltd.	**1,424,700.00**			
	CSSC Jiujiang Fire Fighting Equipment Co., Ltd.	**1,118,584.07**			
	Marinequip China Company Limited Procurement of marine equipment, electromechanical	**1,105,696.90**		1,105,696.90	
	CSIC Heng Yuan Technology Co., Ltd.	**1,008,849.56**		586,955.00	
	CSSC South China Marine Machinery Co., Ltd.	**849,557.52**		1,983,880.71	
	Shanghai Hudong Shipyard Valve Co., Ltd.	**470,796.46**			
	China Shipbuilding Trading (Shanghai) Co., Ltd.	**351,668.55**		351,668.55	
	Shanghai Xincheng Huahai International Trade Development Co., Ltd.	**279,172.64**			
	Shanghai Hunter Marine Equipment Co., Ltd.	**249,600.00**		4,569,600.00	
	Chongqing Yuejin Machinery Plant Co., Ltd.	**242,573.00**			
	China Shipbuilding NDRI Engineering Co., Ltd.	**124,200.00**		124,200.00	
	Shanghai Waigaoqiao Shipbuilding Co., Ltd.	**100,000.00**			
	Shanghai Huajing Power Station Equipment Co., Ltd.	**54,197.00**		54,197.00	
	Guangzhou Shipyard International Company Limited	**29,065.44**		29,065.44	
	Shanghai Ling Yao Ship Engineering Co., Ltd.	**24,064.00**		330,000.00	
	Jiangxi CSSC Navigation Instrument Co., Ltd.	**16,860.00**		16,860.00	
	Henan Diesel Engine Heavy Engineering Co., Ltd.	**16,700.20**		16,700.20	
	China National Shipbuilding Equipment &Materials (South China) Co., Ltd.	**11,158.60**		166,715.26	
	CSSC Oasis Environmental Protection Nanjing Co., Ltd.	**6,350.00**		6,350.00	
	China Shipbuilding Industry Complete Logistics Co., Ltd.	**67.65**		67.65	

		Ending balance		Beginning balance	
Item	Related party	Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Chongqing Gearbox Co., Ltd.			49,175,746.38	
	China Shipbuilding Group Co., Ltd. No. 707			13,576,162.85	
	China Shipbuilding Group Co., Ltd. No. 716			13,435,646.01	
	China Marine Power (Group) Co., Ltd.			5,056,000.00	
	China Shipbuilding Group Co., Ltd. No. 722			5,040,000.00	
	Luoyang Ship Material Research Institute (China Shipbuilding Group Co., Ltd. No. 725)			3,590,400.00	
	Chongqing Huayu Electrical Group Limited			3,168,141.60	
	China Ship Research Institute (China Shipbuilding Group Co., Ltd. 7 Research Institute)			2,566,200.00	
	Wuhan Haiyi Science and Technology Limited Company			2,076,000.00	
	Wuhan Lingan Technology Co., Ltd.			698,000.00	
	Guangdong GSI Marine Science and Technology Research Institute Co., Ltd.			448,200.00	
Other receivables		**20,396,755.74**	**6,900,008.24**	20,552,575.51	
	China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	**12,224,571.68**	**6,410,983.03**	12,224,571.68	
	Guangzhou Wenchong Industrial Co., Ltd.	**1,142,564.20**	**489,025.21**	2,068,299.05	
	China National Shipbuilding Equipment &Materials (South China) Co., Ltd.	**4,936,344.80**		4,724,185.82	
	CSSC Financial Leasing (Tianjin) Co., Ltd.	**815,345.77**		815,345.77	
	CSSC Insurance Brokers Co., Ltd.	**295,444.97**			
	CSSC Haixin Construction Engineering (Beijing) Co., Ltd.	**267,875.00**			
	CSSC Marine Equipment Innovation Park Investment Co., Ltd.	**205,343.63**		205,343.63	
	Hudong Heavy Machinery Co., Ltd.	**159,536.00**		159,536.00	
	China Institute of Marine Technology & Economy of China State Shipbuilding Corporation	**107,800.00**		93,000.00	
	Jiangnan Shipyard (Group) Co., Ltd.	**97,541.26**		7,000.00	
	China Shipbuilding Trading Co., Ltd.	**78,322.77**		78,322.77	
	Kindergarten of Guangzhou Huangpu Shipyard	**22,774.51**		21,740.84	
	Shanghai Zhenhua Engineering Consulting Co., Ltd.	**9,366.60**			
	China Shipbuilding Group Co., Ltd.	**9,193.12**		9,193.12	
	CSIC Material Trade Group Co., Ltd.	**8,000.00**			
	China Shipbuilding Group Co., Ltd. 722 Research Institute	**5,400.00**			
	Guangzhou Shipyard International Company Limited	**3,203.00**			
	China Shipbuilding Group Guangxi Shipbuilding Co., Ltd.	**2,677.53**			

Item	Related party	Ending balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	China Shipbuilding Industry Corporation Information Research Center (China Shipbuilding Group Co., Ltd. 714 Research Institute)	**1,920.00**			
	Beijing CSSC Engineering Consulting Co., Ltd.	**1,740.00**			
	China National Shipbuilding Equipment & Materials Co., Ltd.	**1,000.00**		1,235.65	
	Dalian Shipbuilding Industry Engineering Company, Shipbuilding Plant	**790.90**		2,082.24	
	Wuchang Shipbuilding Industry Group Co., Ltd.			112,718.94	
	China Shipbuilding Engineering Management Consulting (Beijing) Co., Ltd.			30,000.00	
Contract assets		**1,649,545.60**		30,757,003.17	
	China National Shipbuilding Equipment & Materials Co., Ltd.	**982,964.48**		394,364.48	
	Guangzhou Shipyard International Company Limited	**313,916.27**		1,551,447.77	
	China National Shipbuilding Equipment & Materials Southwest Co., Ltd.	**273,225.00**		273,225.00	
	Anqing Marine Electric Co., Ltd.	**49,139.85**			
	China Shipbuilding IT Co., Ltd.	**21,500.00**		21,500.00	
	CSSC Guijiang Shipbuilding Co., Ltd.	**8,800.00**			
	China State Shipbuilding Corporation Limited System Engineering Research Institute			13,749,240.00	
	Guangzhou Wenchong Shipbuilding Co., Ltd.			7,095,000.00	
	Jiangnan Shipyard (Group) Co., Ltd.			6,889,625.20	
	Zhongshan GSI Marine Engineering Company Limited			478,993.82	
	China Marine Power (Group) Co., Ltd.			230,181.90	
	Hudong-Zhonghua Shipbuilding (Group) Co., Ltd.			73,425.00	
Other non-current assets		**45,910,427.79**		48,277,272.71	
	Guangzhou Shipyard International Company Limited	**45,910,427.79**		48,277,272.71	
Total		**16,569,978,009.60**	**6,900,008.24**	17,359,080,233.98	

(2) Payables

Item	Related party	Book balance as at the end of the year	Book balance as at the beginning of the year
Notes payable		**650,118,595.46**	61,311,994.13
	China National Shipbuilding Equipment & Materials Co., Ltd.	**638,846,494.21**	53,762,440.25
	Shanghai Hunter Marine Equipment Co., Ltd.	**4,680,000.00**	
	CSSC (Guangzhou) Shipbuilding Engineering Technology Co., Ltd.	**2,702,430.12**	
	Qingdao Shuangrui Marine Environment Engineering Co., Ltd.	**2,010,000.00**	76,800.00
	Shanghai Ship Engineering Quality Testing Co., Ltd.	**1,288,200.00**	
	China National Shipbuilding Equipment &Materials (South China) Co., Ltd.	**427,471.13**	
	CSSC Luzhou Zhenjiang Marine Auxiliary Machinery Co., Ltd.	**164,000.00**	
	China State Shipbuilding Equipment & Materials (Central South China) Co., Ltd.		447,985.82
	China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.		432,122.60
	Shanghai Ling Yao Ship Engineering Co., Ltd.		1,300,000.00
	Xiamen Sunrui Ship Coatings Co., Ltd.		135,783.32
	China Shipbuilding NDRI Engineering Co., Ltd.		4,832,000.00
	Guangzhou Longxue Pipe Co., Ltd.		324,862.14
Accounts payable		**5,164,156,170.92**	4,683,579,656.98
	China Shipbuilding Group Co., Ltd. No. 715 Research Institute	**698,392,308.25**	241,131,756.80
	China State Shipbuilding Corporation Limited System Engineering Research Institute	**691,055,050.37**	652,801,613.96
	China National Shipbuilding Equipment & Materials Co., Ltd.	**418,415,056.14**	514,452,100.08
	China Shipbuilding Group Co., Ltd. No. 711 Research Institute	**282,096,092.29**	112,705,587.35
	China Shipbuilding Group Co., Ltd. No. 724 Research Institute	**250,920,387.61**	152,053,600.00
	China Shipbuilding Group Co., Ltd. No. 704 Research Institute	**239,707,505.15**	198,464,782.38
	China Shipbuilding Group Co., Ltd. No. 709 Research Institute	**236,289,743.29**	156,042,118.68
	China Ship Development and Design Center	**209,255,922.91**	190,267,883.93
	China Shipbuilding Group Co., Ltd. No. 713 Research Institute	**172,044,874.60**	116,579,490.97
	Guangzhou Wenchong Industrial Co., Ltd.	**144,950,866.48**	147,051,419.07
	Shaanxi Diesel Engine Co., Ltd.	**125,771,109.25**	99,657,675.63
	Marine Design and Research Institute of China	**121,053,036.76**	74,215,569.21
	Wuhan Marine Machinery Co., Ltd.	**118,766,282.89**	278,145,703.24
	Chongqing Gearbox Co., Ltd.	**117,807,404.28**	149,166,462.04
	China Shipbuilding Group Co., Ltd. No. 717 Research Institute	**99,006,837.36**	76,733,841.44
	China Shipbuilding Group Co., Ltd. No. 723 Research Institute	**85,725,636.87**	85,035,797.38
	China Shipbuilding NDRI Engineering Co., Ltd.	**77,194,731.86**	26,840,974.37
	China Shipbuilding Group Co., Ltd. No. 726 Research Institute	**70,163,286.72**	16,174,437.16

Item	Related party	Book balance as at the end of the year	Book balance as at the beginning of the year
	China Shipbuilding Industry Corporation No. 703 Research Institute	**66,614,870.28**	38,373,222.22
	China Shipbuilding Group Co., Ltd. No. 707 Research Institute	**63,030,617.35**	66,140,551.03
	CSIC Haisheng Technology Co., Ltd.	**62,683,429.99**	23,132,080.00
	CSSC Marine Technology Co., Ltd.	**62,544,595.72**	42,299,643.22
	China Shipbuilding Group Co., Ltd. No. 716 Research Institute	**58,287,875.84**	61,306,902.67
	China Shipbuilding Group Guangzhou Ship Industrial Company Limited	**47,164,560.38**	70,556,172.42
	Dalian Shipbuilding Industry Engineering Company, Shipbuilding Plant	**45,085,262.93**	55,115,201.70
	China National Shipbuilding Equipment &Materials (South China) Co., Ltd.	**38,681,899.17**	3,979,976.79
	Shanghai CSSC Ship Design Technology and International Engineering Research Center Co., Ltd.	**33,650,146.27**	29,805,428.60
	China Shipbuilding Industry Corporation 710 Research Institute	**31,997,000.00**	10,640,300.88
	Haiying Enterprises Group Co., Ltd.	**31,211,900.00**	25,530,907.08
	Nanjing CSSC Oasis Machine Co., Ltd.	**30,865,220.72**	203,058,252.86
	China Shipbuilding Group Co., Ltd. 722 Research Institute	**28,701,736.84**	41,763,796.60
	China Ship Power Station Equipment Co., Ltd.	**26,266,630.55**	13,253,613.72
	China Shipbuilding Group Co., Ltd. No. 11 Research Institute	**24,859,212.40**	2,545,925.92
	China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	**24,824,641.58**	78,966,640.98
	China Shipbuilding Industry Corporation No. 705 Research Institute	**24,731,189.38**	21,279,495.58
	China United Shipbuilding Company Limited	**23,247,205.95**	29,321,731.41
	China Shipbuilding Group Fenxi Heavy Industry Co., Ltd.	**20,233,003.72**	178,944,133.36
	China Shipbuilding Group Co., Ltd. No. 718 Research Institute	**18,690,787.31**	28,192,363.86
	Zhoushan Shipbuilding Engineering Research Center of STRI	**12,565,256.36**	
	Luoyang Ship Material Research Institute (China Shipbuilding Group Co., Ltd. 725 Research Institute)	**11,908,504.10**	24,325,658.81
	Wuhan Haiyi Science and Technology Limited Company	**11,814,101.70**	16,469,238.93
	China Shipbuilding Group Guangxi Shipbuilding Co., Ltd.	**10,633,516.60**	
	CSSC Jiujiang Fire Fighting Equipment Co., Ltd.	**10,035,889.58**	13,924,221.47
	CSSC South China Marine Machinery Co., Ltd.	**9,504,623.85**	8,407,262.64
	China Ship Research Institute (China Shipbuilding Group Co., Ltd. 7 Research Institute)	**8,508,488.68**	17,892,200.00
	China Shipbuilding Engine Co., Ltd.	**7,758,893.81**	56,637.17
	CSSC (Guangzhou) Shipbuilding Engineering Technology Co., Ltd.	**7,360,450.73**	13,572,736.51
	CSSC Electronics Technology Co., Ltd.	**7,267,239.14**	
	China Shipbuilding Trading (BVI) Co., Ltd.	**6,494,609.62**	1,196,638.76
	CSSC Hua Hai Ships Equipment Co., Ltd.	**6,192,970.71**	2,720,121.62

Item	Related party	Book balance as at the end of the year	Book balance as at the beginning of the year
	Chongqing Huayu Electrical Group Limited	**6,099,602.86**	2,526,000.00
	Wuhan Ship Design and Research Institute Co., Ltd.	**5,835,800.00**	
	Shanghai Haixun Electrical Engineering Co., Ltd.	**5,829,566.66**	11,031,111.20
	Shanghai Hunter Marine Equipment Co., Ltd.	**5,532,048.39**	3,886,616.97
	China Shipbuilding Equipment & Materials Northeast Corporation	**5,416,804.92**	21,121,397.58
	CSSC (Shanghai) Energy Saving Technology Co., Ltd.	**5,285,132.73**	645,000.00
	Guangzhou Shipyard International Company Limited	**4,991,044.59**	14,363,713.95
	Guangzhou Longxue Pipe Co., Ltd.	**4,990,476.71**	3,454,779.47
	CSSC Jiujiang Boiler Co., Ltd.	**4,908,684.32**	7,343,537.45
	China State Shipbuilding Equipment & Materials (East China) Co., Ltd.	**4,833,905.78**	5,392,231.97
	China Shipbuilding Haifeng Aviation Technology Co., Ltd.	**4,038,994.34**	7,173,480.99
	CSSC SDARI Energy Saving Technology (Shanghai) Company Limited	**3,814,247.76**	5,299,920.35
	Dalian Ship Valve Company Limited	**3,790,946.77**	7,146,246.55
	Anqing CSSC Diesel Engine Co., Ltd.	**3,683,154.69**	7,846,567.28
	Guangzhou Guangchuan Offshore Engineering Equipment Co., Ltd.	**3,512,478.98**	7,222,000.01
	Suzhou Jianghai Communication Co., Ltd.	**3,475,594.68**	7,724,762.48
	China Harzone Industry Corp., Ltd.	**3,382,934.00**	25,386,973.74
	Wuhan Heavy Industry Casting & Forging Co., Ltd.	**3,206,188.92**	5,864,562.29
	CSIC Material Trade Group Guangzhou Co., Ltd.	**3,186,365.53**	384,458.94
	CSSC Luzhou Zhenjiang Marine Auxiliary Machinery Co., Ltd.	**2,928,591.65**	3,282,422.75
	China Shipbuilding Trading Co., Ltd.	**2,672,392.04**	63,981,754.76
	China Shipbuilding Group Co., Ltd. No. 712 Research Institute	**2,640,950.00**	3,439,587.83
	Shanghai Hudong Shipyard Valve Co., Ltd.	**2,556,348.37**	2,086,000.53
	Wuhan Temo Welding Consumables Co., Ltd.	**2,383,336.28**	2,305,575.41
	Jiangxi Chaoyang Machinery Co., Ltd.	**2,188,160.69**	3,116,510.52
	Marinequip China Company Limited Procurement of marine equipment, electromechanical	**2,049,667.24**	957,383.67
	Qingdao Shuangrui Marine Environment Engineering Co., Ltd.	**1,818,558.00**	27,558.00
	CSSC (Chongqing) Equipment Technology Co., Ltd.	**1,768,372.47**	1,033,415.92
	CSSC Dalian Marine Propeller Co., Ltd.	**1,647,470.92**	1,913,497.99
	Shanghai Huajing Power Station Equipment Co., Ltd.	**1,395,222.64**	55,222.64
	Chongqing Changzheng Heavy Industry Co., Ltd.	**1,311,915.11**	283,929.59
	Shanghai Ship Engineering Quality Testing Co., Ltd.	**1,190,000.00**	
	Henan Diesel Engine Heavy Engineering Co., Ltd.	**1,162,440.11**	528,216.54
	CSIC Zhongnan Equipment Co., Ltd.	**1,109,557.52**	1,207,557.52
	Guangzhou Hairong Construction Supervision Co., Ltd.	**1,063,070.72**	10,273.38

Item	Related party	Book balance as at the end of the year	Book balance as at the beginning of the year
	CSSC Ruichifeisi Engineering Consulting (Beijing) Co., Ltd.	**982,689.95**	
	CSSC Marine Power (Zhenjiang) Co. Ltd.	**930,058.72**	4,244,678.63
	Harbin Guanghan Power Transmission Co., Ltd.	**910,000.00**	910,000.00
	Beijing the Great Wall Electronic Equipment Co., Ltd.	**901,823.01**	2,401,823.01
	Zhongshan GSI Marine Engineering Company Limited	**871,354.50**	871,354.50
	CSSC Oasis Environmental Protection Nanjing Co., Ltd.	**834,046.85**	485,794.11
	Guangzhou Wenchong Shipbuilding Co., Ltd.	**813,315.80**	813,315.80
	Hudong Heavy Machinery Co., Ltd.	**794,670.56**	1,475,835.35
	Jiujiang Haitian Equipment Manufacture Co., Ltd.	**697,915.04**	2,143,449.52
	China Shipbuilding Industry Equipment and Materials Bayuquan Co., Ltd.	**650,374.20**	5,710,594.59
	Shanghai Jiuyuan Engineering Contracting Co., Ltd.	**633,126.95**	633,126.95
	Wuhan Lingan Technology Co., Ltd.	**535,249.35**	535,249.35
	China Shipbuilding International Trading Co., Ltd.	**496,969.51**	
	Yichang Marine Diesel Co., Ltd.	**468,030.77**	498,475.73
	Zibo Torch Energy Co., Ltd.	**376,920.74**	1,279,428.64
	China Shipbuilding Industry Complete Logistics Co., Ltd.	**376,784.51**	376,784.51
	Wuhan Huazhongtianqin Defense Technology Co., Ltd.	**356,603.76**	356,603.76
	CSSC Intelligent Technology (Shanghai) Co., Ltd.	**351,000.00**	
	China Shipbuilding Group Shenzhen Marine Technology Co., Ltd.	**342,762.00**	583,000.00
	Shanghai Zhongyuan Electronics Technology Engineering Co., Ltd.	**307,079.65**	
	Guangdong GSI Marine Science and Technology Research Institute Co., Ltd.	**291,307.96**	
	Guangzhou Hongfan Technology Co., Ltd.	**288,533.40**	467,533.40
	Shanghai Merchant Ship Design & Research Institute(China Shipbuilding Group Co., Ltd. 604 Research Institute)	**260,058.25**	
	Shanghai Dongxin Software Engineering Co., Ltd.	**246,950.00**	652,750.00
	Shanghai Starry Ship Ocean Engineering Service Co., Ltd.	**237,000.00**	488,000.00
	CSSC Tianhe Ship Equipment Jiangsu Co., Ltd.	**216,820.00**	
	Shanghai Ling Yao Ship Engineering Co., Ltd.	**214,412.11**	117,500.00
	China Shipbuilding IT Co., Ltd.	**207,222.94**	153,122.24
	Jiangsu Jierui Information Technology Co., Ltd.	**206,000.00**	
	China Shipbuilding Industry Corporation Information Research Center (China Shipbuilding Group Co., Ltd. 714 Research Institute)	**190,225.00**	
	Technician Training School of Guangzhou Huangpu Shipyard	**138,223.86**	138,223.86
	Wuhan Kawasaki Marine Machinery Co., Ltd.	**136,000.00**	136,000.00
	Shanghai Waigaoqiao Marine & Offshore Design Co., Ltd.	**95,000.00**	
	Jiangxi CSSC Valve Complete Equipment Co., Ltd.	**93,972.77**	93,972.77

Item	Related party	Book balance as at the end of the year	Book balance as at the beginning of the year
	Shanghai SEVEN Science & Technology Engineering Co., Ltd.	**92,716.00**	
	China Shipbuilding Industry Institute of Engineering Investigation & Design Co. Ltd.	**86,927.28**	86,927.28
	CSSC Finance Company Limited	**83,000.00**	83,000.00
	Chongqing Yuejin Machinery Plant Co., Ltd.	**82,893.00**	
	CSSC Electronic Technology (Sanya) Co., Ltd.	**80,000.00**	109,146.23
	Shanghai CSSC Lingang Ship Equipment Co., Ltd.	**78,000.00**	78,000.00
	Guangzhou Shipyard Co., Ltd.	**67,211.32**	73,317.87
	CSIC International Trading (Hong Kong) Co., Ltd.	**60,862.25**	13,548,081.85
	CSSC Diesel Engine Co., Ltd	**56,637.17**	
	Zhenjiang China Marine-Xiandai Generating Co., Ltd.	**52,467.41**	2,834,706.36
	CSSC Changping (Chongqing) Machinery Co., Ltd.	**48,040.00**	200,431.15
	China Shipbuilding Jihai (Kunshan) High Tech Co., Ltd.	**46,118.85**	681,358.03
	CSIC Material Trade Group Co., Ltd.	**25,898.04**	
	Guangdong GSI Elevator Machinery Equipment Co., Ltd.	**21,400.00**	156,662.83
	Xiamen Sunrui Ship Coatings Co., Ltd.	**18,000.04**	53,000.00
	Anqing Marine Electric Co., Ltd.	**18,000.00**	18,000.00
	Shanghai Xincheng Huahai International Trade Development Co., Ltd.	**14,262.70**	
	China Marine Power (Group) Co., Ltd.	**14,240.71**	8,400.00
	CSSC Dalian New Consumables Co., Ltd.	**11,111.11**	11,111.11
	Wuchang Shipbuilding Industry Group Co., Ltd.	**6,459.82**	
	CSSC Central China Trading (Wuhan) Co., Ltd.	**4,000.00**	
	Shanghai Hengtuo Industrial Development Co., Ltd.	**1,282.05**	1,282.05
	Jiangxi CSSC Navigation Instrument Co., Ltd.	**1,000.00**	1,000.00
	China National Shipbuilding Equipment & Materials Southwest Co., Ltd.	**650.00**	
	Shanghai Qiyao Heavy Industry Co., Ltd.	**0.28**	0.28
	Shanghai CSSC Mitsui Shipbuilding Diesel Engine Co., Ltd.		771,499.89
	Shanghai Merchant Ship Design & Research Institute		480,582.52
	CSSC Marine Services Co., Ltd.		246,679.19
	China Shipbuilding Industry Equipment & Materials (Shanghai Trading) Co., Ltd.		148,639.27
	Shanghai Shenbo Information System Engineering Co., Ltd.		81,580.00
	TTS Hua Hai Ships Equipment Co., Ltd.		5,495.58
Contract liabilities		**98,691,207.21**	143,183,733.43
	China State Shipbuilding Corporation Limited System Engineering Research Institute	**47,915,044.25**	
	CSSC (Guangzhou) Shipbuilding Engineering Technology Co., Ltd.	**19,416,041.87**	
	Marine Design and Research Institute of China	**16,635,641.51**	711,698.11
	China National Shipbuilding Equipment & Materials Co., Ltd.	**9,183,951.65**	5,351,886.28

Item	Related party	Book balance as at the end of the year	Book balance as at the beginning of the year
	CSSC (Beijing) Intelligent Equipment Technology Co., Ltd.	**2,781,147.08**	
	Nanjing CSSC Oasis Machine Co., Ltd.	**1,194,690.27**	
	China Shipbuilding Group Co., Ltd. No. 709 Research Institute	**979,770.00**	
	China Ship Development and Design Center	**429,929.20**	137,008,853.99
	Guangzhou Shipyard International Company Limited	**80,660.39**	45,707.55
	China Shipbuilding Group Guangxi Shipbuilding Co., Ltd.	**50,301.60**	
	Kindergarten of Guangzhou Huangpu Shipyard	**20,229.39**	20,229.39
	Wuchang Shipbuilding Industry Group Co., Ltd.	**3,800.00**	
	Kunming Shipbuilding Equipment Co., Ltd.		27,433.58
	KSEC Intelligent Technology Co., Ltd.		15,283.02
	CSSC South China Marine Machinery Co., Ltd.		2,641.51
Other payables		**32,647,593.34**	28,686,243.97
	Zhongshan GSI Marine Engineering Company Limited	**15,983,760.00**	15,983,760.00
	China Shipbuilding Group Guangxi Shipbuilding Co., Ltd.	**5,996,979.00**	5,996,979.00
	Shaanxi Diesel Engine Co., Ltd.	**3,353,760.00**	3,353,760.00
	China National Shipbuilding Equipment &Materials (South China) Co., Ltd.	**2,284,742.77**	
	China Shipbuilding Group Co., Ltd. 717 Research Institute	**850,000.00**	850,000.00
	Dalian Shipbuilding Industry Engineering Company, Shipbuilding Plant	**702,700.00**	702,700.00
	China Shipbuilding Industry Complete Logistics (Guangzhou) Co., Ltd.	**535,511.58**	535,511.58
	China Shipbuilding Industry Corporation 710 Research Institute	**532,800.00**	
	CSSC South China Marine Machinery Co., Ltd.	**501,500.00**	501,500.00
	China Shipbuilding Group Co., Ltd. 11 Research Institute	**500,000.00**	
	Jiangxi Chaoyang Machinery Co., Ltd.	**400,000.00**	200,000.00
	China Shipbuilding Industry Corporation No. 705 Research Institute	**280,000.00**	
	China Shipbuilding Trading Co., Ltd.	**182,299.66**	9,114.22
	Technician Training School of Guangzhou Huangpu Shipyard	**154,144.00**	154,144.00
	China Shipbuilding Group Co., Ltd. 722 Research Institute	**110,000.00**	110,000.00
	China Ship Development and Design Center	**81,000.00**	
	China National Shipbuilding Equipment & Materials Co., Ltd.	**62,283.08**	2,300.00
	China Shipbuilding Group Co., Ltd. No. 726 Research Institute	**44,000.00**	44,000.00
	China Shipbuilding Group Guangzhou Ship Industrial Company Limited	**43,204.00**	43,204.00
	China Shipbuilding Group Wind Power Development Co., Ltd.	**25,500.00**	
	CSSC Jiujiang Marine Equipment (Group) Co., Ltd.	**9,191.16**	

Item	Related party	Book balance as at the end of the year	Book balance as at the beginning of the year
	China Shipbuilding Group Co., Ltd. Beijing Shipbuilding Industry Management Institute	**4,200.00**	
	Qingdao Shuangrui Marine Environment Engineering Co., Ltd.	**4,000.00**	4,000.00
	China Shipbuilding Industry Complete Logistics Co., Ltd.	**3,226.74**	3,226.74
	CSSC Financial Leasing (Shanghai) Co., Ltd.	**1,831.33**	1,831.33
	Marine Design and Research Institute of China	**960.00**	960.00
	Guangzhou Shipyard International Company Limited	**0.02**	184,253.10
	China State Shipbuilding Corporation Limited		5,000.00
Short-term borrowings		**2,357,000,000.00**	305,000,000.00
	China Shipbuilding Group Co., Ltd.	**1,817,000,000.00**	
	CSSC Finance Company Limited	**540,000,000.00**	305,000,000.00
Interests on short-term borrowings		**844,033.33**	166,887.50
	China Shipbuilding Group Co., Ltd.	**781,633.33**	
	CSSC Finance Company Limited	**62,400.00**	166,887.50
Long-term borrowings due within one year		**863,000,000.00**	637,000,000.00
	China Shipbuilding Group Co., Ltd.	**863,000,000.00**	637,000,000.00
Interests on long term borrowings due with one year		**1,360,607.11**	695,000.00
	China Shipbuilding Group Co., Ltd.	**884,205.56**	695,000.00
	China State Shipbuilding Corporation Limited	**414,179.33**	
	CSSC Finance Company Limited	**62,222.22**	
Long-term borrowings		**2,218,200,000.00**	1,949,200,000.00
	China State Shipbuilding Corporation Limited	**1,148,200,000.00**	1,176,200,000.00
	China Shipbuilding Group Co., Ltd.	**970,000,000.00**	773,000,000.00
	CSSC Finance Company Limited	**100,000,000.00**	
Interests on long-term borrowings			423,419.33
	China State Shipbuilding Corporation Limited		423,419.33
Other current liabilities		**802,753,796.90**	695,745.22
	China National Shipbuilding Equipment & Materials Co., Ltd.	**802,753,796.90**	695,745.22
Other non-current liabilities		**7,781,224.83**	11,855,072.17
	CSSC Finance Company Limited	**7,781,224.83**	11,855,072.17
Total		**12,196,553,229.10**	7,821,797,752.73

(3) Receivables of the Company from its subsidiaries

None.

(4) Payables of the Company to its subsidiaries

None.

(iv) Commitments of related party

The Group is able to fulfill its obligations under forward contracts and performance bonds in accordance with the terms of the agreements.

Except for the aforementioned commitments, as of the end of the year, the Group had no other material commitments.

(v) Remuneration of Directors, Supervisors and key management

(1) Details of the remuneration of Directors and Supervisors are as follows

Item	Fees of Directors and Supervisors	Salaries, subsidies and allowances	Bonuses	Social insurance and housing fund	Pension scheme contributions	Others	Total
Current year							
Executive Directors							
Luo Bing		270,335.00	471,605.22	35,415.63	41,706.16		819,062.01
Chen Liping		415,917.70	642,262.85	58,618.70	76,745.28		1,193,544.53
Non-executive Directors							
Gu Yuan							
Yin Lu							
Ren Kaijiang		188,334.87	32,342.33	28,836.80	39,748.34		289,262.34
Nie Lijun		84,934.00	651,184.12	14,168.64	15,969.68		766,256.44
Lin Bin	200,000.00						200,000.00
Nie Wei	200,000.00						200,000.00
Li Zhijian	200,000.00						200,000.00
Xie Xin	200,000.00						200,000.00
Supervisors							
Xu Wanxu		84,003.60	39,474.42	16,588.65	16,730.88		156,797.55
Chen Shu	76,602.74						76,602.74
Zhu Weibin	76,602.74						76,602.74
Zhang Xinglin		230,279.00	20,000.00	56,466.70	60,928.64		367,674.34
Ouyang Beijing		282,710.00		57,136.74	65,632.64		405,479.38
Total	953,205.48	1,556,514.17	1,856,868.94	267,231.86	317,461.62		4,951,282.07

Item	Fees of Directors and Supervisors	Salaries, subsidies and allowances	Bonuses	Social insurance and housing fund	Pension scheme contributions	Others	Total
Last year							
Executive Directors							
Xiang Huiming		207,669.98	69,444.44	41,415.74	45,066.27		363,596.43
Chen Liping		390,848.65	440,000.00	87,537.92	113,917.17		1,032,303.74
Zhang Junxiong		112,614.00	54,675.00	23,099.32	27,468.15		217,856.47
Non-executive Directors							
Chen Ji							
Gu Yuan							
Ren Kaijiang		199,574.64	103,950.00	34,278.66	40,626.34		378,429.64
Yin Lu							
Lin Bin	200,000.00						200,000.00
Nie Wei	200,000.00						200,000.00
Li Zhijian	200,000.00						200,000.00
Xie Xin	181,967.21						181,967.21
Yu Shiyou	18,032.79						18,032.79
Supervisors							
Xu Wanxu		72,053.58	12,150.00	15,946.40	18,368.73		118,518.71
Chen Shuofan		185,652.42	48,600.00	27,146.95	23,192.09		284,591.46
Chen Shu	120,000.00						120,000.00
Zhu Weibin	120,000.00						120,000.00
Ouyang Beijing		304,997.00	272,250.00	76,979.62	83,821.23		738,047.85
Zhang Xinglin		326,477.48	302,500.00	76,070.32	75,674.23		780,722.03
Zhang Qinghuan							
Li Kai		74,900.00	8,100.00	14,404.82	13,415.88		110,820.70
Total	1,040,000.00	1,874,787.75	1,311,669.44	396,879.75	441,550.09		5,064,887.03

Other explanations: There is no discretionary bonus distributed to Directors and Supervisors in the current or prior year. Some of the Directors are appointed by China Shipbuilding Group and their remuneration is paid by other companies.

(2) Total five of the salaries

Of the five highest paid individuals for the year, 2 are Directors (last year: 1 Director). The remuneration of Directors are set out in Note "XII. (v). (1) ". The compensation for the other 3 individuals (last year: 4) is as follows:

Item	Current year	Last year
Salaries, subsidies and allowances	**1,508,206.14**	2,023,408.78
Bonuses	**2,041,328.68**	1,164,377.00
Social insurance and housing fund	**256,698.34**	333,090.92
Pension scheme contributions	**315,160.56**	377,884.68
Others		
Total	**4,121,393.72**	3,898,761.38

Band of remuneration:

Item	Number of persons for the year	Number of persons for last year
Less than HK$1,000,000		
HK$1,000,001 to HK$1,500,000	**2**	4
HK$1,500,001 to HK$2,000,000	**1**	
HK$2,000,001 to HK$2,500,000		

Other explanations: There were no discretionary bonuses paid to the five highest paid individual in the current or prior year.

(3) During the track record period, no Director had waived or agreed to waive any remuneration.

During the track record period, no emoluments were paid by the Company to any of the Directors, Supervisors or five highest-paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

(4) Remuneration of key management

The remuneration of key management, including those paid or payable to Directors, Supervisors and senior management, is as follows:

Item	Current year	Last year
Salaries, subsidies and allowances	**4,149,463.79**	3,639,878.71
Bonuses	**3,932,652.63**	2,031,669.44
Social insurance and housing fund	**553,644.10**	568,242.37
Pension scheme contributions	**662,618.54**	644,640.43
Others		
Total	**9,298,379.06**	6,884,430.95

(vi) Amount due from Directors/affiliates of Directors

As of the end of the year, the Group had no amount due from Directors/affiliates of Directors.

(vii) Amount due from directors/affiliates of directors for which the Company has provided guarantee

As of the end of the year, the Group had no amount due from Directors/affiliates of Directors for which the Company has provided guarantee.

XIII. SHARE-BASED PAYMENTS

As of the end of the year, the Group had no share-based payments.

XIV. COMMITMENTS AND CONTINGENCIES

(i) Capital expenditure commitments

Capital expenditure commitments that have been contracted but not yet required to be listed on the balance sheet:

Type	Year-end amount
Buildings, structures, machinery and equipment	**407,901,407.70**
Intangible assets	**2,416,600.00**
Total	**410,318,007.70**

(ii) Pledge of assets

As at the end of the year, the Group did not have any pledge of assets.

(iii) Undue guarantees and letter of credit

As at the end of the year, the Group's issued but undue letters of guarantee were:

Type of letters of guarantee	RMB	USD	HKD
Letters of performance guarantee	538,748,530.83	4,254,250.00	
Letters of advancement payment guarantee	1,463,585,271.95	1,379,478,554.00	
Letters of customs duties guarantee	357,300,000.00		
Letters of warranty guarantee	112,769,280.64		
Letters of payment guarantee	793,356.00		
Letter of bid bond	200,000.00		
Total	2,473,396,439.42	1,383,732,804.00	

As at the end of the year, the Group's issued but undue letters of credit amounted to US$20,262,091.50 and EUR35,821,203.00.

(iv) Outstanding hedging businesses

The Group attaches great importance to the study of exchange rate risk management policies and strategies, and in order to prevent exchange rate risks, it entered into forward foreign exchange contracts (forward settlement and sale of foreign exchange), and foreign exchange swaps with banks. At the end of the year, there were a total of 287 undelivered forward settlements with an amount of US$3,233.79 million, which the longest delivery period is up to 23 October 2028.

(v) Fulfilment of previous commitments

The settlement of forward contracts of letters of guarantee can be done by the Group according to agreement.

Saved for the aforementioned commitments, the Group had no other major commitments as at the end of the year.

XV. EVENTS AFTER THE BALANCE SHEET DATE

(i) Significant non-adjustment items

None.

(ii) Profit distribution

According to the 19th meeting of the 11th session of the Board on 27 March 2026, the Company intends to distribute a cash dividend of RMB1.35 (tax inclusive) for every 10 shares to all shareholders. Calculated based on the total share capital of 1,413,506,378 shares as at 31 December 2025, the total proposed cash dividends to be distributed amounts to RMB190,823,361.03 (tax inclusive). The total cash dividend of the Company for the year (including cash dividend distributed for the interim period) amounts to RMB303,903,871.27 (tax inclusive), representing 30.14% of the net profit attributable to shareholders of the Company for the Year. The remaining undistributed profits of RMB1,655,047,324.36 will be carried forward for distribution in future periods. The Company did not convert capital reserve into share capital for 2025. If the total share capital of the Company changes before the record date for the implementation of dividend distribution, the Company shall maintain the distribution ratio per share unchanged and adjust the total distribution amount accordingly, and a separate announcement will be made to specify the adjustment. This profit distribution proposal is subject to approval at the 2025 annual general meeting of the Company.

XVI. CAPITAL MANAGEMENT

The main objectives of the Group's capital management are:

To ensure the Group's ability to continue as a going concern so as to continuously provide returns to shareholders and other stakeholders;

To price the products and services according to the risk level so as to provide adequate returns to shareholders.

The Group sets the capital amount in proportion to risk, manages and adjusts the capital structure based on changes in the economic environment and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or the capital returned to shareholders, issue new shares or sell assets to reduce liabilities.

The Group monitors capital based on the adjusted debt-to-capital ratio.

The adjusted debt-to-capital ratio of the Group on the balance sheet date is as follows:

Item	Ending balance	Beginning balance
Short-term borrowings	**2,557,989,477.75**	598,343,912.50
Long-term borrowings	**2,218,200,000.00**	4,048,900,000.00
Financial liabilities held-for-trading		94,183,471.96
Lease liabilities	**103,010,005.14**	152,585,672.14
Non-current liabilities due within one year	**1,140,196,339.48**	1,558,093,634.54
Less: Cash at bank and on hand	**13,855,425,043.73**	15,260,594,444.32
Financial assets held-for-trading	**15,904,587.81**	1,171,434.07
Adjusted net liabilities	**-7,851,933,809.17**	-8,809,659,187.25
Owners' equity	**21,690,504,272.35**	21,170,457,089.87
Adjusted capital	**21,690,504,272.35**	21,170,457,089.87
Adjusted debt-to-capital ratio	**-36.20%**	-41.61%

XVII. OTHER SIGNIFICANT EVENTS

(i) Correction of previous errors and impact

(1) Retrospective restatement method

During the Reporting Period, there were no corrections of previous accounting errors that adopted the retrospective restatement method.

(2) Future applicable method

During the Reporting Period, there were no corrections of previous accounting errors that adopted the future applicable method, nor any debt restructurings..

(ii) 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 business operation of the Group can be divided into 4 reportable segments based on the different types of main products. The management of the Group evaluates operating results of these segments periodically in order to make decisions concerning resource distribution and operating result assessment. The reportable segments of the Group based on the provision of main products and services are shipbuilding, steel structure engineering, ship maintenance and others.

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

(2) Financial information of reportable segments for the year

Item	Shipbuilding and related business	Steel structure engineering	Ship maintenance segment	Other segment	Inter-segment elimination	Total
Revenue from external transactions	18,484,874,335.07	1,037,572,925.13	554,280,968.84	470,323,887.12		20,547,052,116.16
Revenue from intra-segment transactions	6,617,388,807.75	765,848,217.90	21,283,666.25	804,480,458.36	-8,209,001,150.26	
Income from investments in associates and joint ventures		-7,699,010.55		819,786,860.72	-27,248,837.97	784,839,012.20
Credit impairment loss	5,174,152.21	-32,643,848.72		-4,621,143.58		-32,090,840.09
Impairment losses on assets	-110,207,963.21			-153,223,646.52		-263,431,609.73
Depreciation fee and amortization fee	368,528,249.37	98,325,304.56	921,021.91	51,245,492.61	-10,490,093.07	508,529,975.38
Total profits	764,516,619.68	27,913,976.06	690,575.30	759,024,654.07	-368,936,222.12	1,183,209,602.99
Income tax expense	48,103,648.19	-6,220,098.59	37,764.60	3,043,101.07		44,964,415.27
Net profit	716,412,971.49	34,134,074.65	652,810.70	755,981,553.00	-368,936,222.12	1,138,245,187.72
Total assets	44,381,297,388.22	3,430,976,374.85	9,031,901.29	18,079,779,446.01	-9,879,537,403.84	56,021,547,706.53
Total liabilities	35,010,824,153.47	2,470,519,561.36	261,281.49	2,639,762,357.23	-5,790,323,919.37	34,331,043,434.18
Long-term equity investments in associates and joint ventures		10,950,428.29		4,741,597,120.30	1,435,468,058.91	6,188,015,607.50
Increase in other non-current assets excluding long-term equity investments	-437,725,350.42	255,167,834.36	-1,329,624.92	-941,247,501.25	91,615,677.93	-1,033,518,964.30
Capitalized expenditure	492,944,997.48	37,164,026.73		24,970,729.60	-46,661,706.20	508,418,047.61

1) Revenue from external transactions by origin of revenue

Item	Current year	Last year
Revenue from external transactions derived from China	**11,683,446,194.81**	13,252,007,338.58
Revenue from external transactions derived from other countries	**8,863,605,921.35**	6,150,383,521.05
Total	**20,547,052,116.16**	19,402,390,859.63

2) Non-current assets by location of assets

Item	Ending balance	Beginning balance
Non-current assets in China (excluding Hong Kong)	**13,601,492,551.23**	12,330,803,838.37
Hong Kong, China		
Total	**13,601,492,551.23**	12,330,803,838.37

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

(iii) Other significant transactions and matters that have an impact on investors' decision-making

None.

XVIII. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

(i) Accounts receivable

(1) Accounts receivable by aging

Item	Ending balance	Ending balance of last year
Within one year (inclusive)		
1 to 2 years		
2 to 3 years		
3 to 4 years		
4 to 5 years		
Over 5 years	**768,468.86**	768,468.86
Subtotal	**768,468.86**	768,468.86
Less: Provision for bad debts	**768,468.86**	768,468.86
Total		

(2) Credit period of accounts receivable

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

(3) Disclosure of accounts receivable by method of bad debt provision

	Ending balance				
	Book balance		Provision for bad debts		
Type	Amount	Percentage(%)	Amount	Percentage of provision(%)	Carrying value
Provision for bad debts made on an individual basis					
Provision for bad debts made on a collective basis	**768,468.86**	**100.00**	**768,468.86**	**100.00**	
Total	**768,468.86**	**100.00**	**768,468.86**	**100.00**	

	Beginning balance				
	Book balance		Provision for bad debts		
Type	Amount	Percentage(%)	Amount	Percentage of provision(%)	Carrying value
Provision for bad debts made on an individual basis					
Provision for bad debts made on a collective basis	768,468.86	100.00	768,468.86	100.00	
Total	768,468.86	100.00	768,468.86	100.00	

1) Provision for bad debts of accounts receivable made on an individual basis

None.

2) Provision for bad debts on trade receivables based on collective basis

	Ending balance		
Name	Book balance	Provision for bad debts	Percentage of provision (%)
Ageing portfolio	**768,468.86**	**768,468.86**	**100.00**
Total	**768,468.86**	**768,468.86**	**100.00**

The details of the ageing portfolio are as follows:

	Ending balance		
Name	Book balance	Provision for bad debts	Percentage of provision (%)
Within one year (inclusive)			
1 to 2 years			
2 to 3 years			
3 to 4 years			
4 to 5 years			
Over 5 years	**768,468.86**	**768,468.86**	**100.00**
Total	**768,468.86**	**768,468.86**	**100.00**

(4) Provision for bad debts on accounts receivable made, reversed or recovered during the year

Type	Beginning balance	Amount of changes during the year				Ending balance
		Provision made	Recovered or reversed	Resold or written-off	Others	
Provision for bad debts of accounts receivable	768,468.86					**768,468.86**
Total	768,468.86					**768,468.86**

(5) Accounts receivable written-off during the year

None.

*

(6) Accounts receivable and contract assets of top five debtors by ending balance

Name of entity	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Percentage of total ending balance of accounts receivable and contract assets (%)	Ending balance of accounts receivable and provision for bad debts of contract assets
Guangzhou NO. 3 Municipal Engineering Group Co., Ltd.	**768,468.86**		**768,468.86**	**100.00**	**768,468.86**
Total	**768,468.86**		**768,468.86**	**100.00**	**768,468.86**

(ii) Other receivables

Item	Ending balance	Beginning balance
Interest receivable		
Dividends receivable		
Other receivables	**18,095.97**	270,158.49
Total	**18,095.97**	270,158.49

2.1 Other receivables

(1) Breakdown of other receivables by nature

Nature of amount	Book balance as at the end of the year	Book balance as at the beginning of the year
Refundable deposit		225,348.00
Temporary payments receivable	**15,312.48**	10,428.77
Reserve funds	**2,783.49**	34,381.72
Total	**18,095.97**	270,158.49

(2) Disclosure by ageing

Ageing	Book balance as at the end of the year	Book balance as at the beginning of the year
Within one year (inclusive)	**8,902.85**	44,810.49
1 to 2 years	**9,193.12**	
2 to 3 years		
3 to 4 years		
4 to 5 years		
Over 5 years		225,348.00
Sub-total	**18,095.97**	270,158.49
Loss: Provision for bad debts		
Total	**18,095.97**	270,158.49

(3) Changes in book balance of other receivables:

Book balance	Stage 1 Expected credit losses for next 12 months	Stage 2 Expected credit losses during the whole life span (not credit impaired)	Stage 3 Expected credit losses during the whole life span (credit impaired)	Total
Balance as at 1 January 2025	270,158.49			**270,158.49**
Balance as at 1 January 2025 for the year				
– Transfer to stage 2				
– Transfer to stage 3				
– Transfer back to stage 2				
– Transfer back to stage 1				
Increased during the year	-252,062.52			**-252,062.52**
Derecognised during the year				
Other changes				
Balance as at 31 December 2025	18,095.97			**18,095.97**

Division basis for each stage and description for the proportion of provision for bad debts:

1) Stage 1: portfolio of deposit and security deposit that are not past due, portfolio of retained reserve and employee loans, related parties portfolio within the scope of consolidation of the Group, portfolio of government units and public institutions and aging portfolio aged less than two years. For the portfolio of deposit and security deposit that are not past due, portfolio of retained reserve and employee loans, related parties portfolio within the scope of consolidation of the Group, portfolio of government units and public institutions, aging portfolio aged 0 to 6 months, no provision for bad debts is made. For the aging portfolio aged 6 months to one year, the proportion of provision for bad debts is 0.5%. For aging portfolio aged one to two years, the proportion of provision for bad debts is 10%.

2) Stage 2: aging portfolio aged over two years. For aging portfolio aged two to three years, the proportion of provision for bad debts is 30%. For aging portfolio aged three to five years, the proportion of provision for bad debts is 80%. For aging portfolio aged over five years, the proportion of provision for bad debts is 100%.

3) Stage 3: other receivables for which provision for bad debts is made on an individual basis.

(4) Provision for bad debts made, reversed or recovered during the year

None.

(5) Other receivables of top five debtors by ending balance

Name of entity	Nature of amount	Ending balance	Ageing	Percentage of ending balance of total other receivables (%)	Ending balance of provision for bad debts
China Shipbuilding Group Co., Ltd. (中國船舶集團有限公司)	Payment on behalf for Social Security	**9,193.12**	1 to 2 years	50.80	
Guangzhou Shipyard International Company Limited	Payment on behalf for Social Security	**3,203.00**	Within one year	17.70	
Sinopec Marketing Co., Ltd., Guangdong Guangzhou Petroleum Branch	Reserve funds	**2,383.04**	Within one year	13.17	
Beijing CSSC Engineering Consulting Co., Ltd.	Reserve funds	**1,740.00**	Within one year	9.62	
China People's Property Insurance Co., Ltd., Shanghai Branch	Reserve funds	**400.45**	Within one year	2.21	
Total		**16,919.61**		93.50	

(6) Receivable from employee loans

None.

(7) Other receivables actually written off during the period

None.

(8) Presentation under other receivables due to centralized capital management

None.

(iii) Long-term equity investments

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Investments in subsidiaries	**3,171,466,036.56**		**3,171,466,036.56**	3,171,466,036.56		3,171,466,036.56
Investments in associates and joint ventures	**4,741,597,120.30**		**4,741,597,120.30**	3,922,017,907.95		3,922,017,907.95
Total	**7,913,063,156.86**		**7,913,063,156.86**	7,093,483,944.51		7,093,483,944.51

(1) Investments in subsidiaries

Investee	Beginning balance (Carrying value)	Beginning balance of provision for impairment	Amount of changes during the year: Increase in investment	Decrease in investment	Provision for impairment made	Others	Ending balance (Carrying value)	Ending balance of provision for impairment
CSSC Huangpu Wenchong Shipbuilding Company Limited	3,171,466,036.56						**3,171,466,036.56**	
Total	3,171,466,036.56						**3,171,466,036.56**	

(2) Investments in associates and joint ventures

Investee	Beginning balance (Carrying value)	Beginning balance of provision for impairment	Amount of changes during the year: Increase in investment	Decrease in investment	Investment gain or loss recognised using equity method	Adjustment to other comprehensive income	Other changes in equity	Declaration and payment of cash dividend or profit	Provision for impairment made	Others	Ending balance (Carrying value)	Ending balance of provision for impairment
1. Associates												
2. Joint ventures												
Guangzhou Shipyard International Company Limited	3,922,017,907.95				819,786,860.72	-327,457.02	119,808.65				**4,741,597,120.30**	
Sub-total	3,922,017,907.95				819,786,860.72	-327,457.02	119,808.65				**4,741,597,120.30**	
Total	3,922,017,907.95				819,786,860.72	-327,457.02	119,808.65				**4,741,597,120.30**	

(3) Analysis of long-term equity investments

Item	Ending balance	Beginning balance
Unlisted	**7,913,063,156.86**	7,093,483,944.51
Total	**7,913,063,156.86**	7,093,483,944.51

(iv) Operating income and operating cost

(1) Information on operating income and operating cost

Item	Current year: Income	Current year: Cost	Last year: Income	Last year: Cost
Principal business				
Other business	**14,664,000.00**	**6,537,425.04**	13,093,200.00	6,537,425.04
Total	**14,664,000.00**	**6,537,425.04**	13,093,200.00	6,537,425.04

(2) Segment information of operating income and operating cost

	Total	
Contract type	**Operating income**	**Operating cost**
By business type:		
Electromechanical products and others		
Rental income	**14,664,000.00**	**6,537,425.04**
Total	**14,664,000.00**	**6,537,425.04**
Sub-total by region of operation:		
Domestic	**14,664,000.00**	**6,537,425.04**
Overseas		
Total	**14,664,000.00**	**6,537,425.04**
By type of market or customer:		
State-owned enterprises	**14,664,000.00**	**6,537,425.04**
Private enterprises		
Foreign enterprises		
Total	**14,664,000.00**	**6,537,425.04**
By type of contracts:		
Fixed price	**14,664,000.00**	**6,537,425.04**
Mark up pricing		
Total	**14,664,000.00**	**6,537,425.04**
By date of transfer of goods:		
Performed at a point in time	**14,664,000.00**	**6,537,425.04**
Performed within a time period		
Total	**14,664,000.00**	**6,537,425.04**
By contract term:		
Short-term	**14,664,000.00**	**6,537,425.04**
Long-term		
Total	**14,664,000.00**	**6,537,425.04**
By sales channel:		
Direct sales	**14,664,000.00**	**6,537,425.04**
Distribution sales		
Total	**14,664,000.00**	**6,537,425.04**

(3) Income from and cost of other business

Item	Amount for the year	Amount for last year
Income from other business		
Rental income	**14,664,000.00**	13,093,200.00
Total	**14,664,000.00**	13,093,200.00
Costs of other business		
Lease costs	**6,537,425.04**	6,537,425.04
Total	**6,537,425.04**	6,537,425.04

(4) Top five customers by operating income

Customers	Relationship with the Group	Current year	Percentage of total operating income (%)
Zhongshan GSI Marine Engineering Company Limited	Controlled by the same controlling shareholders and actual controllers	14,664,000.00	100.00
Total		14,664,000.00	100.00

(5) Significant contract changes or significant transaction price adjustments

None.

(v) Investment income

Item	Current year	Last year
Gain from long-term equity investments accounted under cost method	**29,837,247.41**	2,911,877.51
Gain from long-term equity investments accounted under equity method	**819,786,860.72**	240,098,695.66
Investments income received during the period of holding investments in other equity instruments	**54,373,729.00**	43,498,983.20
Total	**903,997,837.13**	286,509,556.37

Other explanations: Investment income from investment in listed companies and non-listed companies for the year amounted to RMB54,373,729.00 (last year: RMB43,498,983.20) and RMB849,624,108.13 (last year: RMB243,010,573.17), respectively.

XIX SUPPLEMENTAL INFORMATION TO THE FINANCIAL STATEMENTS

(i) Breakdown of non-recurring gains and losses for the year

Item	Current year	Explanation
Gain or loss on disposal of non-current assets (including the write-off of the asset impairment provision)	**6,046,909.35**	
Government grants included in current profit or loss, other than those that are closely related to the Company's normal operation, in line with national policies and in accordance with defined criteria, and have a sustained impact on the Company's profit or loss	**81,400,871.82**	
Gain or loss on changes in fair value of financial assets and financial liabilities held by non-financial entities and gain or loss on disposal of financial assets and financial liabilities, except for effective hedging transactions that are related to the Company's normal operation	**59,935,031.70**	
Capital occupation fee received from non-financial entities included in current profit or loss		
Gain or loss on entrusted investments or assets under management		
Gains or losses from entrusted loans		
Losses on assets due to force majeure events, such as natural disasters		
Reversal of the provision for impairment of receivables which are tested individually for impairment		
Gain from the excess of the fair value of the identifiable net assets of investee companies on acquisition of the investment over the cost of investment in the Company's subsidiaries, associates and joint ventures		
Net gains or losses of subsidiaries for the current period from the beginning of the period to the date of combination arising from business combination under common control		
Gain or loss on exchange of non-monetary assets		
Gain or loss on debt restructuring		
One-off costs incurred as a result of the discontinuation of relevant operating activities, e. g. staff settlement expenses		
One-off effect on current profit or loss due to adjustments to tax and accounting laws and regulations		
One-off share-based payments recognized for cancellation and modification of equity incentive plans		
For cash-settled share-based payments, gain or loss arising from changes in fair value of employee benefits payable after the vesting date		
Gain or loss arising from changes in fair value of investment properties under fair value model on subsequent measurement		
Gain from transactions with obviously unfair transaction price		
Gain or loss on contingencies which are not related to the Company's normal operation		
Entrusted fee income from entrusted operations		
Other non-operating income and expenses apart from the aforesaid items	**8,117,127.06**	
Other gain or loss items meeting the definition of non-recurring gains or losses	**25,697,705.35**	
Sub-total	**181,197,645.28**	
Less: Effect of income tax	**27,125,939.39**	
Effect of non-controlling interests (after tax)	**62,522,906.62**	
Total	**91,548,799.27**	

(ii) Returns on net assets and earnings per share

Profit for the Reporting Period	Weighted average return on equity (%)	Earnings per share (RMB/share) Basic earnings per share	Earnings per share (RMB/share) Diluted earnings per share
Net profit attributable to shareholders of the Parent Company	5.76	0.7133	0.7133
Net profit after deducting non-recurring gains and losses attributable to shareholders of the Parent Company	5.23	0.6485	0.6485

CSSC Offshore & Marine Engineering
(Group) Company Limited
(Stamp)
27 March 2026

SECTION VIII FIVE-YEAR FINANCIAL SUMMARY

The Group's major accounting data for the last five years based on its audited financial statements is as follows:

Unit: Yuan Currency: RMB

	2025	2024	2023	2022	2021
Net profit	**1,138,245,187.72**	470,691,820.58	73,207,983.66	710,187,038.12	104,189,291.66
Including: Net profit attributable to shareholders of the Company	**1,008,262,651.35**	377,262,684.20	48,067,553.44	688,459,748.15	79,387,401.00
Non-controlling interests	**129,982,536.37**	93,429,136.38	25,140,430.22	21,727,289.97	24,801,890.66

	2025	2024	2023	2022	2021
Total assets	**56,021,547,706.53**	53,596,113,615.25	50,862,502,007.57	46,508,366,648.38	44,265,408,872.54
Total liabilities	**34,331,043,434.18**	32,425,656,525.38	31,255,464,283.95	27,756,614,043.84	25,594,590,394.26
Net assets	**21,690,504,272.35**	21,170,457,089.87	19,607,037,723.62	18,751,752,604.54	18,670,818,478.28
Including: Net assets attributable to shareholders of the Company	**18,234,508,366.97**	17,824,706,200.68	16,417,569,534.93	15,588,602,692.22	15,524,746,801.15
Non-controlling interests	**3,455,995,905.38**	3,345,750,889.19	3,189,468,188.69	3,163,149,912.32	3,146,071,677.13