

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

(Financial Highlights)

Turnover:	RMB16,145,951,496.09
Profit attributable to equity holders of the Company:	RMB48,067,553.44
Earnings per share attributable to equity holders of the Company:	RMB0.0340

The board (the “**Board**”) of directors (the “**Directors**”) of CSSC Offshore & Marine Engineering (Group) Company Limited (the “**Company**”) hereby announces the audited results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2023 (the “**Reporting Period**” or the “**Year**”) which were prepared in accordance with the Accounting Standards for Business Enterprises of the People’s Republic of China (the “**PRC**”), together with comparative figures for the same period in 2022, as follows:

DIVIDENDS

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

(I) Profit distribution principle

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

(II) Ways of profit distribution

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

(III) Conditions and proportion of dividend distribution

1. On the premise of satisfying the criteria for distribution of cash dividends, in principle, the Company shall distribute dividends in cash on a yearly basis. The Board of the Company can recommend to the Company to declare interim dividends based on the Company's profits and capital needs;
2. On the premise of satisfying the criteria for distribution of cash dividends, in principle, the Company shall distribute cash dividends based on a fixed proportion of distributable profits annually. The cumulative profit distribution in cash for the last three years shall not be less than 30% of the average distributable profit for the last three years;
3. The Company can increase the distribution of scrip dividend as an additional means for profit distribution, and the sum of cash dividends and scrip dividends shall not be less than 50% of the distributable profits for the year. In determining the specific amount for distributing profits in the form of scrip dividend, the Company should give due regard to whether the total share capital after profit distribution in scrip form corresponds to the Company's current scale of operation and profit growth rate, and consider the impact on the debt financing cost in future, so as to ensure that the profit distribution plan is in line with the overall interests and long-term interests of shareholders as a whole.
4. In principle, in distributing cash dividends, the Company shall at the same time satisfy the following conditions:
 - (1) The Company has made a profit for that year, and after making up for losses in previous years and providing for provident fund reserves according to law, the cumulative undistributed profits shall be positive, and earnings per share shall not be less than RMB0.05;
 - (2) Auditors issue a standard audit report with unqualified opinion for the Company's financial report for the Year;
 - (3) The Company's gearing ratio shall not exceed 70%;
 - (4) The Company does not have material investment plan or material cash expenditures for the year.

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

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

The Company intends to distribute a cash dividend of RMB0.11 (tax inclusive) for every 10 shares to all its shareholders (the “**Shareholders**”), calculated according to the total share capital of 1,413,506,378 shares as at 31 December 2023, and the total cash dividends to be distributed will be RMB15,548,570.16 (tax inclusive), representing 32.35% of the net profit attributable to shareholders of the Company for the Year. The remaining undistributed profits of RMB981,956,533.44 will be carried forward for distribution in future years. The Company did not convert capital reserve into share capital for 2023. If the total share capital of the Company changes before the last registration date for the implementation of dividend distribution, the Company shall maintain the distribution ratio per share unchanged and adjust the total distribution accordingly. This profit distribution proposal is subject to approval at the 2023 annual general meeting of the Company (the “**2023 Annual General Meeting**”). The Company will make announcements and notifications as to the 2023 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 Shanghai Stock Exchange and the Rules (the “**Hong Kong Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”).

OPERATION’S DISCUSSION AND ANALYSIS

(I) Basic information on the shipbuilding industry

In 2023, the global new shipbuilding market transitioned from recovery to stable development, with records high new ship prices, balanced development of main ship types and continuous advancement of green transformation, showcasing a sound development trend in the shipbuilding industry.

The shipbuilding market generally improved. In terms of new orders, the volume of global orders for new ships was 43.01 million CGT and 106.91 million DWT in 2023, representing a year-on-year increase of 0.5% and 27.9%, respectively. In terms of completed and delivered ships, the volume of globally delivered ships was 34.85 million CGT and 84.25 million DWT, representing a year-on-year increase of 16.2% and 5.2%, respectively. In terms of orders on hand, the volume of global orders on hand was 121 million CGT and 254 million DWT, representing a year-on-year increase of 14.3% and 17.6%, respectively.

The price of new ships hit new highs. In 2023, due to factors such as substantial increase in global inflation, rapid rise in labor costs, increasing construction costs of green and environment-friendly ships and sufficient orders held by shipyards, the price of new ships maintained an upward trend. As at December 2023, the Clarkson new ship price index was 178 points, representing a year-on-year increase of 10.2%, hitting the highest ship price index since December 2008.

The transaction volume of main ship types maintained a balanced trend. In 2023, the transaction volume of main ship types maintained a balanced market share. In terms of compensated gross ton, the new ship orders for oil tankers, bulk carriers, container ships and liquefied gas carriers accounted for 23%, 24%, 18% and 20% respectively. In particular, the transaction volume of oil tankers and bulk carriers rebounded sharply year-on-year, representing a year-on-year increase of 244.8% and 60.3% respectively, while the transaction volume of container ships and liquefied gas carriers declined year-on-year, representing a year-on-year decrease of 34.1% and 46.7% respectively.

The orders of green ships fluctuated. In 2023, the orders of ships using alternative fuels accounted for 34.4% (in terms of shipping capacity) and 27.1% (in terms of number of ships), showcasing some extent of decline compared with 2022. LNG-powered ships continued to dominate in new ship orders, and the orders of methanol-powered ships witnessed a notable increase. Meantime, the orders for new ships using power reserve technology increased significantly, and the orders for ships using new energy-saving technologies, such as air lubrication, windsurf and heat recovery management, recorded a notable growth. In 2023, approximately 25% of new ship orders adopted one or more of the above energy-saving technologies.

China took the lead in terms of market share. In 2023, China's completion volume, volume of new orders and volume of on-hand orders accounted for 50.2%, 66.6% and 55% of global total volume in terms of deadweight tonnage, representing an increase of 2.9, 16.8 and 6 percentage points respectively compared with 2022, exceeding 50% of global total volume for the first time. South Korea's completion volume, volume of new orders and volume of on-hand orders accounted for 27.2%, 18.5% and 26.3% of global total volume in terms of deadweight tonnage, while Japan's completion volume, volume of new orders and volume of on-hand orders accounted for 18.4%, 11.9% and 13.9% of global total volume in terms of deadweight tonnage.

(II) Basic information on the offshore engineering market

The offshore engineering market experienced a decrease in transaction volume but a rise in price. In terms of transaction volume, a total of 122 sets/ships of offshore engineering equipment were traded worldwide in 2023, with a total transaction value of US\$12.5 billion, representing a year-on-year decrease of 40% in terms of quantity and a year-on-year decrease of 54% in terms of value. In terms of price, the price of offshore engineering equipment continued to rise in 2023, among which the shipbuilding price index of mobile drilling platforms closed at 109.2, representing a year-on-year increase of 14%, and the price index of offshore engineering support vessels closed at 85.9 at the end of the year, representing a year-on-year increase of 4.5%.

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

(III) Operation of the Group

In 2023, amidst the backdrop of a steady development of the global new shipbuilding market and a sustained improvement in medium- and long-term shipbuilding demand, the Group focused on its main responsibilities and main businesses to capture market opportunities, and prioritized innovation-driven approaches to enhance quality and efficiency, thereby achieving notable progress in its production and operations and further fortifying its foundation for high-quality development.

Operating performance gradually improved. In 2023, the Group achieved operating income of RMB16.146 billion representing a year-on-year increase of 26.19%. The net profit attributable to the shareholders of the Company after deducting non-recurring gains and losses was RMB-1.7639 million, representing a year-on-year loss reduction of RMB77.5490 million. During the Reporting Period, the Group continued to promote key tasks such high-quality production, construction of integrated information platform, management enhancement and cost control, thus achieving steady improvement in shipbuilding efficiency and constantly optimizing operational quality and effectiveness. In 2023, the Group completed and delivered 46 ships, with a total of 1,083,100 DWT, including a number of key defense equipment products of several types, mass production of 1,900TEU and 2,700TEU container ships, 85,000DWT bulk carriers and other main ship types, and key products such as offshore wind turbine jacket.

We recorded an improvement in receiving orders. In 2023, the Group achieved operating orders of RMB18.3 billion, representing a year-on-year increase of 27.5%, and undertook a total of 44 new shipbuilding orders for 12 types, exceeding the annual business plan. In terms of military products, the Group fulfilled its primary responsibility of ensuring military supply and building a strong military, actively responded to new requirements for the manufacturing of naval equipment, and steadily expanded its footprint in the defense equipment market. In terms of civilian products, the Group undertook a batch of main ship types including feeder containerships, bulk carriers and heavy lift vessels, as well as the first order for medium-sized LPG gas ships, large deep-sea intelligent aquaculture vessels and new 10,000-ton offshore floating experimental platform. Among new orders, the proportion of main ship types and mid-to-high end ship types increased significantly year-on-year.

As at the end of the Reporting Period, the Group held orders with the total contract value of approximately RMB55.76 billion, of which the total contract value of shipbuilding orders was approximately RMB53.73 billion, including 110 ship products and 2 offshore equipment with a total of 3,498,700 DWT.

OPERATIONAL REVIEW

During the Reporting Period, the Group completed and delivered 46 ships, a total of 1,083,100 DWT, and realised operating income of RMB16.146 billion, representing a year-on-year increase of 26.19%. Net profit attributable to the shareholders of the Company was RMB48.0676 million, representing a year-on-year decrease of RMB640 million or a decrease by 93.02%. Net profit attributable to shareholders of the Company after deduction of non-recurring gains and losses was RMB-1.7639 million, representing a year-on-year decrease in loss by RMB77.5490 million.

FINANCIAL REVIEW

For the year ended 31 December 2023, the operating income of the Group prepared under the Accounting Standards for Business Enterprises of the PRC amounted to RMB16.146 billion, representing a year-on-year increase of 26.19%. The audited net profit attributable to the Shareholders of the Company for the year amounted to RMB48.0676 million, earnings per share was RMB0.0340 and earnings per share after deduction of non-recurring gains and losses was RMB-0.0012.

Key financial indicators	2023	2022		Change compared to same period last year (%)	2021	
		Before adjustment	After adjustment		Before adjustment	After adjustment
Basic earnings per share (RMB/share)	0.0340	0.4871	0.4870	-93.02	0.0565	0.0562
Diluted earnings per share (RMB/share)	0.0340	0.4871	0.4870	-93.02	0.0565	0.0562
Basic earnings per share after deduction of non-recurring gains and losses (RMB/share)	-0.0012	-0.0561	-0.0562	Not applicable	-0.0360	-0.0364
Weighted average return on equity (%)	0.30	4.66	4.65	Decrease of 4.36 percentage points	0.53	0.53
Weighted average return on equity after deduction of non-recurring gains and losses (%)	-0.01	-0.54	-0.54	Increase of 0.53 percentage point	-0.34	-0.34

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	16,145,951,496.09	12,795,124,917.87	26.19
Operating cost	15,075,780,206.04	11,916,904,737.86	26.51
Selling expenses	119,711,516.25	108,768,268.48	10.06
Administrative expenses	663,299,147.12	547,623,575.01	21.12
Finance expenses	-348,850,220.75	-449,418,514.31	Not applicable
R&D expenses	658,533,832.96	576,251,544.72	14.28
Net cash flows from operating activities	3,311,968,278.35	2,015,033,189.11	64.36
Net cash flows from investing activities	-3,100,461,904.03	3,471,984,760.39	-189.30
Net cash flows from financing activities	-1,623,204,032.12	121,856,764.32	-1,432.06
Taxes and surcharges	26,834,138.50	20,370,240.77	31.73
Investment income	23,663,491.61	618,382,016.39	-96.17
Gains from changes of fair value	-102,689,973.84	-23,368,731.75	Not applicable
Loss on impairment of credit (loss expressed with “-”)	1,286,945.50	20,637,396.96	-93.76
Loss on impairment of assets (loss expressed with “-”)	-4,090,488.06	-123,040,789.01	Not applicable
Gain on disposal of assets	50,345,748.28	-1,904,345.08	Not applicable
Income tax expenses	-113,634.50	-10,039,802.84	Not applicable

Reason for change in operating income: mainly due to the Group fully intensifying the management of the whole production process and giving play to its advantages in the batch construction of main ship types during the Reporting Period, which led to the steady increase in production efficiency and the substantial year-on-year increase in the number of delivered ship products in the year.

Reason for change in operating costs: due to the increase in operating income leading to a corresponding increase of the operating cost.

Reason for change in selling expenses: mainly due to the impact of the year-on-year increase in the accrued warranty fees during the Reporting Period.

Reason for change in administrative expenses: mainly due to the impact of the year-on-year increase in the insurance premium and depreciation charge during the Reporting Period.

Reason for change in finance expenses: mainly due to the impact of the year-on-year decrease in the net interest receipt and exchange income arising from the exchange rate changes during the Reporting Period.

Reason for change in R&D expenses: mainly due to the impact of the year-on-year increase in the new scientific research projects and investment in some scientific research projects during the Reporting Period.

Reason for change in net cash flows from operating activities: mainly due to the impact of the year-on-year increase in the progress payments received for ships during the Reporting Period.

Reason for change in net cash flows from investing activities: mainly due to the year-on-year increase in the net amount of three-month term time deposits during the Reporting Period, as well as the significant withdrawal amount of entrusted financial management products due during the previous year.

Reason for change in net cash flow from financing activities: mainly due to the impact of the year-on-year decrease in the net borrowings as a result of the due repayment of borrowings from financial institutions during the Reporting Period.

Reason for change in taxes and surcharges: mainly due to the impact of the year-on-year increase in property tax, urban maintenance and construction tax and educational surcharge during the Reporting Period.

Reason for change in investment income: mainly due to the impact of the year-on-year decrease in the investment income of associates during the Reporting Period.

Reason for change in gains from changes of fair value: mainly due to the impact of the changes of fair value of financial derivatives held-for-trading during the Reporting Period.

Reason for change in loss on impairment of credit: mainly due to the impact of the year-on-year increase in bad debt reserves for accounts receivable accrued by the aging analysis method during the Reporting Period.

Reason for change in asset impairment loss: mainly due to the impact of the year-on-year decrease in provision for impairment of inventories during the Reporting Period.

Reason for change in gain on disposal of assets: mainly due to the impact of gains on disposal of fixed assets during the Reporting Period.

Reason for change in income tax expenses: mainly due to the impact of the year-on-year differences in recognised deferred income tax expenses as a result of the difference (temporary difference) of assets and liabilities between the taxation basis and the book value, as well as the significant decrease in deferred income tax liabilities included in profit or loss.

Analytical statement of assets and liabilities

Unit: Yuan Currency: RMB

Item	Amount at the end of current period	Proportion among total assets at the end of current period (%)	Amount at the end of last period	Proportion among 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 in bank and on hand	16,422,805,149.57	32.29	14,813,771,761.29	31.85	10.86	
Financial assets held-for-trading	9,127,869.19	0.02	29,872,972.39	0.06	-69.44	Due to settlement of certain financial derivatives during the Reporting Period and the decrease in fair value of certain financial derivatives held at the end of the Reporting Period.
Accounts receivable	2,124,485,140.45	4.18	1,154,073,770.27	2.48	84.09	
Including: Notes receivable	20,392,000.00	0.04	86,019,898.33	0.18	-76.29	Due to collection of notes receivable at the end of the Reporting Period.
Accounts receivable	2,104,093,140.45	4.14	1,068,053,871.94	2.30	97.00	Increase in the amount of payments that have not reached the collection time at the end of the Reporting Period.
Receivable financing	276,203,451.85	0.54	111,888,545.80	0.24	146.86	Increase in electronic debt certificates of accounts receivables reclassified to this item according to the management business model at the end of the Reporting Period.
Inventories	5,434,769,275.19	10.69	4,353,610,820.41	9.36	24.83	

Item	Amount at the end of current period	Proportion among total assets at the end of current period (%)	Amount at the end of last period	Proportion among 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
Contract assets	2,312,935,460.77	4.55	2,294,261,099.29	4.93	0.81	
Non-current assets due within one year	297,245,486.79	0.58	-	-	Not applicable	Increase in long-term receivables due within one year at the end of the Reporting Period.
Long-term equity investments	5,205,831,705.50	10.24	5,576,276,499.57	11.99	-6.64	
Other equity instrument investments	6,447,078,173.90	12.68	4,911,318,677.22	10.56	31.27	Due to the impact of the increase in the fair value of the China CSSC Holdings Limited (“CSSC Holdings”) shares held by the Company at the end of the Reporting Period.
Investment properties	129,649,206.54	0.25	136,186,631.58	0.29	-4.80	
Fixed assets	5,171,674,516.34	10.17	5,354,647,353.76	11.51	-3.42	
Construction in progress	340,768,631.96	0.67	277,015,334.55	0.60	23.01	
Right-of-use asset	177,197,989.59	0.35	183,901,510.27	0.40	-3.65	
Short-term borrowings	780,514,316.67	1.53	2,881,008,138.92	6.19	-72.91	Due to repayment of borrowings from financial institutions during the Reporting Period.
Financial liabilities held-for-trading	24,854,342.66	0.05	5,919,716.73	0.01	319.86	Decrease in the fair value of certain financial derivatives held at the end of the Reporting Period.
Notes payable	3,882,643,617.93	7.63	2,984,392,901.64	6.42	30.10	Increase in the balance of supplies purchase payables settled by commercial acceptance bills at the end of the Reporting Period.

Item	Amount at the end of current period	Proportion among total assets at the end of current period (%)	Amount at the end of last period	Proportion among 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
Contract liabilities	15,373,560,027.69	30.23	11,979,592,304.12	25.76	28.33	
Long-term borrowings	3,314,314,701.47	6.52	2,230,247,510.00	4.80	48.61	Increase in policy loans obtained during the Reporting Period.
Lease liabilities	121,112,313.78	0.24	114,585,384.56	0.25	5.70	
Estimated liabilities	188,929,029.21	0.37	136,750,611.11	0.29	38.16	Increase in the balance of warranty expenses provided for at the end of the Reporting Period.
Deferred income	39,427,582.86	0.08	87,673,373.52	0.19	-55.03	Decrease in government subsidies not carried forward at the end of the Reporting Period.
Deferred tax liabilities	914,322,691.53	1.80	530,873,731.81	1.14	72.23	Due to the impact of the increase in the fair value of the CSSC Holdings shares held by the Company at the end of the Reporting Period.
Other non-current liabilities	78,892,468.71	0.16	166,058,913.54	0.36	-52.49	Decrease in the carrying amounts of hedged items at the end of the Reporting Period.
Other comprehensive income	2,607,526,251.42	5.13	1,450,554,845.16	3.12	79.76	Due to the impact of the increase in the fair value of the CSSC Holdings shares held by the Company at the end of the Reporting Period.

Information on principal business by industry, product and region

Unit: Yuan Currency: RMB

Principal business by industry						
By Industry	Operating income	Operating cost	Gross profit margin (%)	Increase/ decrease in operating income over last year (%)	Increase/ decrease in operating costs over last year (%)	Increase/decrease in gross profit margin over last year (%)
Shipbuilding industry	15,941,256,203.17	14,940,086,224.22	6.28	26.69	27.00	-0.23
Principal business by product						
By product	Operating income	Operating cost	Gross profit margin (%)	Increase/ decrease in operating income over last year (%)	Increase/ decrease in operating costs over last year (%)	Increase/decrease in gross profit margin over last year (%)
(I) Shipbuilding products	13,234,152,359.60	12,420,837,841.08	6.15	67.95	70.64	Decrease of 1.47 percentage points
1. Bulk carriers	909,282,245.40	900,781,057.81	0.93	34.70	29.77	Increase of 3.77 percentage points
2. Container ships	4,289,763,073.55	3,707,393,859.05	13.58	83.62	77.37	Increase of 3.05 percentage points
3. Special ships and others	8,035,107,040.65	7,812,662,924.22	2.77	65.03	73.82	Decrease of 4.91 percentage points
(II) Offshore engineering products	422,974,955.66	475,528,511.62	-12.42	-60.66	-50.70	Decrease of 22.70 percentage points
(III) Steel structure engineering	1,342,258,685.97	1,182,538,673.06	11.90	-12.54	-19.10	Increase of 7.15 percentage points
(IV) Maintenance and modification on ships	744,012,163.26	714,935,607.20	3.91	-60.70	-62.03	Increase of 3.38 percentage points
(V) Electro-mechanical products and others	197,858,038.68	146,245,591.26	26.09	-1.37	-16.75	Increase of 13.66 percentage points

Principal business by region						
By region	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease in operating income over last year (%)	Increase/decrease in operating costs over last year (%)	Increase/decrease in gross profit margin over last year (%)
China (including Hong Kong, Macau and Taiwan)	15,012,360,605.65	14,059,519,021.71	6.35	33.17	34.30	Decrease of 0.78 percentage point
Other regions in Asia	113,381,363.81	80,103,958.42	29.35	229.46	211.16	Increase of 4.16 percentage points
Europe	5,608,493.55	3,573,871.92	36.28	Not applicable	Not applicable	Not applicable
Oceania	357,463,321.84	355,664,515.95	0.50	Not applicable	Not applicable	Not applicable
North America				-100.00	-100.00	Not applicable
Africa	433,637,430.21	422,856,601.82	2.49	111.06	109.58	Increase of 0.69 percentage point
South America	18,804,988.11	18,368,254.40	2.32	Not applicable	Not applicable	Not applicable
Principal business by sales model						
Sales model	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease in operating income over last year (%)	Increase/decrease in operating costs over last year (%)	Increase/decrease in gross profit margin over last year (%)
Direct sales	15,941,256,203.17	14,940,086,224.22	6.28	26.69	27.00	Decrease of 0.23 percentage point

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 and by region

During the Reporting Period, the Group’s total income from its principal business amounted to RMB15.941 billion, representing a year-on-year increase of 26.69%, mainly due to the Group fully intensifying the management of the whole production process and giving play to its advantages in the mass construction of main ship types during the Reporting Period, which led to the steady increase in production efficiency and the substantial year-on-year increase in the number of delivered ship products in the year. The gross profit of its principal business amounted to RMB1.001 billion, representing a year-on-year increase of RMB182 million, and gross profit margin was 6.28%, which remained generally the same as last year.

In terms of product mix, the proportion of income from each segment recorded significant year-on-year fluctuations during the Reporting Period, with significant increase in income from shipbuilding and offshore engineering business segment and certain extent of decreases in other business segment. Among them, income from shipbuilding and offshore engineering businesses accounted for 85.67%, representing a year-on-year increase of 14.51 percentage points; income from steel structure engineering business accounted for 8.42%, representing a year-on-year decrease of 3.78 percentage points; income from maintenance and modification on ships business accounted for 4.67%, representing a year-on-year decrease of 10.38 percentage points; and income from electro-mechanical products and other business accounted for 1.24%, representing a year-on-year decrease of 0.35 percentage point. 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 RMB13.234 billion, representing a year-on-year increase of 67.95%, and the gross profit margin was 6.15%, representing a year-on-year decrease of 1.47 percentage points. The main reason for the increase in income was that the product production cycle was gradually shortened with the mass production of a series of ships and that several ship products were delivered ahead of schedule as the Group intensified the control of production. The main reason for the decrease in gross profit was that some products completed and delivered during the Reporting Period were undertaken earlier when the steel price was low and the exchange rate was high, and the gross profit margin of these products was relatively low, as well as that the gross profit margin of some products declined due to the impact of changes in ship structure.

2) *Offshore engineering business*

Income from the offshore engineering business was RMB423 million, representing a year-on-year decrease of 60.66%, and the gross profit margin was -12.42%, representing a year-on-year decrease of 22.70 percentage points. The main reason for the decrease in income and gross profit was that the main product built during the Reporting Period was a gas hydrate drilling and production ship, the first-ever product of the Group, with relatively significant research and development (R&D) investment and construction costs.

3) *Steel structure engineering business*

Income from steel structure engineering business was RMB1.342 billion, representing a year-on-year decrease of 12.54%, and the gross profit margin was 11.90%, representing a year-on-year increase of 7.15 percentage points. The main reason for the decrease in income and the increase in gross profit margin was that the Group adjusted its industrial layout of the steel structure business during the Reporting Period, tightened the undertaking of bridge business, and expanded the undertaking in the offshore wind power steel structure market, which gradually improved the overall gross profit margin of the steel structure engineering business.

4) *Maintenance and modification on ships business*

Income from the maintenance and modification on ships business was RMB744 million, representing a year-on-year decrease of 60.70%, and the gross profit margin was 3.91%, representing a year-on-year increase of 3.38 percentage points. The main reason for the decrease in income was that the market demand for modification was relatively high during the previous year and demonstrated a stabilized trend during the Reporting Period. The main reason for the increase in gross profit margin was that the proportion of foreign ship maintenance increased with the internal segmentation adjustment of the ship maintenance segment, leading to the increase in overall gross profit margin.

5) *Electro-mechanical products and other business*

Income from electro-mechanical products and other business was RMB198 million, representing a year-on-year decrease of 1.37%, and the gross profit margin was 26.09%, representing a year-on-year increase of 13.66 percentage points. The main reason for the decrease in income was that the shipbuilding market continued to improve, and some ship products for leasing were sold during the Reporting Period, leading to the decrease in income from the ship leasing business. The main reason for the increase in gross profit was that the gross profit margin of Hong Kong ship leasing business recorded a year-on-year increase due to the appreciation of United States dollar exchange rate.

By geographic region, during the Reporting Period, operating income from sales to the PRC market (including Hong Kong, Macau and Taiwan) increased by RMB3.740 billion year-on-year, representing a year-on-year increase of 33.17 percentage points, and operating income from products sold to foreign markets decreased by RMB382 million year-on-year, representing a year-on-year decrease of 29.12%, mainly because of the differences in terms of the remained geographical locations of customers of which the Company had orders on hand during the Reporting Period. The gross profit margin of products sold to the PRC (including Hong Kong, Macau and Taiwan) was 6.35%, representing a year-on-year decrease of 0.78 percentage point, mainly due to the decrease in gross profit margin of some products resulted from the impact of changes in ship structure. The gross profit margin of products sold to foreign markets was 5.20%, representing a year-on-year increase of 4.02 percentage points, mainly because the Company had completed the sales of most products undertaken earlier when the steel price was low and the exchange rate was high during the previous reporting period (that is, the year ended 31 December 2022).

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	1,026,911.61	68.74	733,418.94	62.34	40.02	
	Processing costs	476,332.42	31.88	463,958.57	39.44	2.67	
	Impairment loss	-9,235.41	-0.62	-20,979.11	-1.78	Not applicable	1)
	Total	1,494,008.62	100.00	1,176,398.40	100.00	27.00	
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	933,879.24	75.18	542,128.89	74.47	72.26	2)
	Processing costs	317,439.95	25.56	195,559.02	26.87	62.32	
	Impairment loss	-9,235.41	-0.74	-9,772.30	-1.34	Not applicable	
	Sub-total	1,242,083.78	100.00	727,915.61	100.00	70.64	
Offshore engineering products	Direct materials	28,571.04	60.08	76,237.34	79.05	-62.52	3)
	Processing costs	18,981.81	39.92	31,408.79	32.56	-39.57	
	Impairment loss			-11,193.82	-11.61	Not applicable	
	Sub-total	47,552.85	100.00	96,452.31	100.00	-50.70	
Steel structure engineering	Direct materials	49,642.81	41.98	56,169.79	38.43	-11.62	
	Processing costs	68,611.06	58.02	90,016.74	61.58	-23.78	
	Impairment loss			-12.99	-0.01	Not applicable	
	Sub-total	118,253.87	100.00	146,173.54	100.00	-19.10	
Maintenance and modification on ships	Direct materials	8,424.39	11.78	46,434.80	24.66	-81.86	3)
	Processing costs	63,069.17	88.22	141,855.20	75.34	-55.54	
	Impairment loss					Not applicable	
	Sub-total	71,493.56	100.00	188,290.00	100.00	-62.03	
Electro-mechanical products and others	Direct materials	6,394.13	43.72	12,448.11	70.86	-48.63	3)
	Processing costs	8,230.43	56.28	5,118.83	29.14	60.79	
	Impairment loss					Not applicable	
	Sub-total	14,624.56	100.00	17,566.94	100.00	-16.75	

Note: The above table analyzes 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.

Description:

- 1) The item of “impairment loss” was negative, mainly due to the asset impairment that had already been provided being written off upon completion and sale of products that fulfilled the performance obligation at a point in time during the Reporting Period and had thus reduced the principal business costs. During the Reporting Period, the impairment provision for products under construction was RMB92 million, a year-on-year decrease of RMB117 million, mainly due to the year-on-year decrease in the impairment provision for the completed and sold products during the Reporting Period had already been provided for.
- 2) During the Reporting Period, the direct material costs of the shipbuilding product business segment increased by 72.26% year-on-year, and the processing cost increased by 62.32% year-on-year, mainly due to the year-on-year increase in the income from each business segment and the corresponding increase in material consumption and processing costs during the Reporting Period.
- 3) During the Reporting Period, the costs of direct materials and processing cost for the offshore engineering products, maintenance and modification on ships, mechanical and electrical products and other segment decreased to varying degrees, mainly due to, on the one hand, the income of the aforesaid business segment decreased year-on-year during the Reporting Period, and the materials consumption and processing cost recorded a corresponding decrease; and on the other, the cost structure of products under construction in the business segment during the Reporting Period was different from that of the previous year, resulting in significant differences in materials consumption and processing cost.

Information of R&D expenses

Unit: RMB

R&D expenses recorded as expenses during the current period	658,533,832.96
Capitalised R&D expenses for the current period	0
Total R&D expenses	658,533,832.96
Percentage of total R&D expenses over operating income (%)	4.08
Percentage of capitalised R&D expenses (%)	0

Information of R&D staff

Number of R&D staff of the Company	1,321
Number of R&D staff over total number of staff of the Company (%)	18.94
Education background of R&D staff	
Education background	Number of R&D staff
PhD candidate	12
Postgraduate	92
Undergraduate	1,139
Specialties	75
High school and below	3
Age structure of R&D staff	
Age category	Number of R&D staff
Under 30 years old	186
30-39 years old	707
40-49 years old	319
50-59 years old	101
60 years old and above	8

Explanation:

During the Reporting Period, the Group adhered to an innovation-driven approach, improved and optimized the scientific and technological innovation mechanism, and made active progress in research and development design, detailed design, production design, intelligent manufacturing, advanced processes and other fields. In response to the new development trend of the shipping industry, the Group promoted the iterative upgrade of ship types and the green and intelligent transformation of products, and deepened the dual-fuel research for several main ship types to expand the reserve of ship types. In an effort to facilitate the digital and intelligent transformation, the Group promoted the construction of digital workshops and the application of middle assembling welding robots in ships. The Group completed 530 patent applications and obtained 281 patent authorisations, constantly promoting innovation capacity building, and continuously improving its science and technology level.

EXTERNAL EQUITY INVESTMENT

As at the end of the Reporting Period, the balance of the Group's long-term equity investments was RMB5,205.8317 million, representing a decrease of 6.64% from RMB5,576.2765 million as at the beginning of the Year, mainly due to the impact of other changes in equity of associates.

SIGNIFICANT MATTERS

1. Leasing

Lessor Name	Lessee Name	Leased assets	Amount of leased assets	Date of commencement of lease	Date of expiry of lease	Rental income	Basis for determination of rental income	Impact of rental income on the Company	Whether connected transaction or not	Relationship
China Shipbuilding Group Guangzhou Ship Industrial Co., Ltd. (中國船舶集團廣州船舶工業有限公司)	Huangpu Wenchong	Land, buildings and structures	-	2014.5.1	The date on which the relocation is completed and production commences at the new plant	-	-	-	Yes	Sister company of the Group
Guangzhou Wenchong Industrial Co., Ltd.	Wenchong Shipyard	Land, buildings and structures	-	2018.11.1	The date on which the relocation is completed and production commences at the new plant	-	-	-	Yes	Sister company of the Group
Guangdong Guangxin Shipbuilding Trading Company Limited (廣東廣新船舶貿易有限公司)	Guangzhou Wenchuan Heavy Industrial Co., Ltd.	Land, buildings and structures	-	2022.7.1	2024.4.30	-	-	-	No	-
Guangdong COSCO SHIPPING Heavy Industry Co., Ltd. (廣東中遠海運重工有限公司)	Guangzhou Wenchuan Heavy Industrial Co., Ltd.	Land, buildings and structures	-	2021.7.9	2026.7.8	-	-	-	No	-

Description of leases

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

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

Guangxin Shipbuilding & Heavy Industry Co., Ltd. and Guangdong Guangxin Shipbuilding Trading Company Limited entered into the Plant and Equipment Lease Contract, and leased part of the plant and site use rights in No. 32, Cuizhu Road, Cuiheng New District, Zhongshan City to Guangzhou Wenchuan Heavy Industrial Co. Ltd. (“**Wenchuan Heavy Industrial**”), a subsidiary of the Company, for operational use. The lease fee of the land use right 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 started from 1 July 2022 and ended on 30 April 2024.

Guangdong COSCO SHIPPING Heavy Industry Co., Ltd. and Wenchuan Heavy Industrial entered into the Site and Equipment Lease Contract, and leased part of the site and its ancillary equipment in Runfeng Road, Dasheng Industrial Zone, Machong Town, Dongguan City, to Wenchuan Heavy Industrial for operational use. The lease fee of the land use right 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 started from 9 July 2021 and ending on 8 July 2026.

2. Guarantees

Unit: RMB in ten thousand Currency: RMB

Total amount of guarantees provided by the Company (including those provided for its subsidiaries)	
Total amount of guarantees provided for its subsidiaries during the Reporting Period	60,815.55
Total balance of guarantees provided for its subsidiaries at the end of the Reporting Period	47,850.31
Total amount of guarantees	47,850.31
Total amount of guarantees as a percentage of the Company's net assets (%)	2.44
Amount of debt guarantees provided directly or indirectly for companies with gearing ratio over 70%	47,850.31
Note on guarantees	During the Reporting Period, the Group provided external guarantee with an accumulated amount of RMB608 million, and the content and amount of the Group's external guarantees were within the scope of limit set out in the framework for the guarantees as approved at the general meeting, and there was no overdue guarantee. At the end of the Reporting Period, the Group provided external guarantee with a total balance of RMB479 million, most of which were guarantees provided by the Company's controlling subsidiary Huangpu Wenchong to its subsidiary Wenchuan Heavy Industrial. The guarantees are bank credit guarantee and parent company guarantee, etc.

3. Provision for impairment

According to the test results, the total amount of proposed asset impairment provisions by the Company and its subsidiaries for single projects exceeding RMB5 million in the fourth quarter of 2023 was RMB14.7821 million. A sea-going ship product of Huangpu Wenchong, a subsidiary of the Company, is a first-ever product, with relatively significant R&D investment and construction costs. The full amount of such impairment provision is planned to be included in the 2023 operating results of the Company, reducing the total profit of the Company in 2023 by RMB14.7821 million.

CAPITAL LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2023, the Group had long-term borrowings of RMB3.314 billion, and cash and cash equivalents determined in accordance with the Accounting Standards for Business Enterprises of the PRC amounted to RMB9.701 billion.

CHARGES ON GROUP ASSETS

As at 31 December 2023, the Group had no fixed assets pledged for bank financing.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group had no significant contingent liabilities.

GEARING RATIO

As at 31 December 2023, the Company's gearing ratio was 61.45%.

The calculation formula of the gearing ratio: $\text{total liabilities} \div \text{total assets} \times 100\%$

EMPLOYEES, REMUNERATION AND TRAINING

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.

CHANGES IN SHARE CAPITAL

	Before the change		Increase or decrease (+, -)					After the change	
	Number	Percentage (%)	New shares issued	Bonus	Conversion from reserve	Others	Sub-total	Number	Percentage (%)
I. Listed tradable shares	1,413,506,378	100	0	-	-	-	0	1,413,506,378	100
1. Ordinary shares denominated in Renminbi	821,435,181	58.11	0	-	-	-	0	821,435,181	58.11
2. Domestic listed foreign shares	-	-	-	-	-	-	-	-	-
3. Overseas listed foreign shares	592,071,197	41.89	0	-	-	-	-	592,071,197	41.89
4. Others	-	-	-	-	-	-	-	-	-
II. Total number of ordinary shares	1,413,506,378	100	0	-	-	-	0	1,413,506,378	100

Class	Number	Percentage (%)
1. PRC listed domestic shares	821,435,181	58.11
(1) State-owned shares	481,337,700	34.05
(2) Ordinary shares denominated in Renminbi	340,097,481	24.06
2. Overseas listed foreign shares	592,071,197	41.89
Total	1,413,506,378	100

- (1) During the Reporting Period, the Company did not have any arrangement for bonus issue, share allotment or transfer and increase of share capital. As of the end of the Reporting Period, the Company had no internal staff shares.
- (2) There were no changes to the total number of ordinary shares and share structure of the Company during the Reporting Period.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SECURITIES

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

CORPORATE GOVERNANCE

The Company always strictly conforms to the Company Law of the People’s Republic of China (the “**Company Law**”) and the Securities Law of the People’s Republic of China, the relevant laws and regulations issued by the China Securities Regulatory Commission (the “**CSRC**”) and the requirements of the listing rules of the Shanghai Stock Exchange and the Hong Kong Stock Exchange by continuously improving its corporate governance structure and standardising its operations. During the Reporting Period, the Company’s governance had no material inconsistencies from the Company Law and relevant regulations issued by the CSRC. The Company has adopted all applicable principles and code provisions of the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) set out in Appendix C1 of the Hong Kong Listing Rules.

On 2 August 2022, Mr. Han Guangde, the former chairman of the Company, resigned from the positions of the Chairman and a Director of the tenth session of the Board of Directors and the chairman of the strategy committee of the Company due to his retirement. On 30 October 2023, the Company held the twenty-fourth meeting of the tenth session of the Board of Directors to elect Mr. Xiang Huiming as the Chairman of the tenth session of the Board of Directors and the chairman of the strategy committee of the tenth session of the Board of Directors, with a term up to the formal commencement of the following session of the Board of Directors. Therefore, from the beginning of the Reporting Period to 30 October 2023, the Company could not comply with the requirements of principle C.2 of the CG Code and the code provisions applicable to the chairman.

In addition, in accordance with code provision B.2.2 of the CG Code, each Director (including Directors with a specified term) shall retire by rotation at least every three years. The term of the tenth session of the Board of Directors has expired on 23 October 2023. In view of the fact that the nomination of the candidates for the Directors of the eleventh session of the Board of Directors had yet to be completed at that time, in order to maintain the continuity of the work of the Board of Directors, the election of the next session of the Board of Directors was postponed. On 29 December 2023, the Company held the twenty-fifth meeting of the tenth session of the Board of Directors to nominate director candidates for the eleventh session of the Board of Directors; and on 2 February 2024, the Company held the first extraordinary general meeting of 2024 to elect the eleventh session of the Board of Directors. For details, please refer to the announcements of the Company dated 23 October 2023, 29 December 2023 and 2 February 2024, and the circular dated 15 January 2024. Therefore, from 23 October 2023 to the end of the Reporting Period, the Company could not comply with the requirements of code provision B.2.2 of the CG Code. Save as disclosed above, during the Reporting Period, the Company complied with the applicable code provisions set out in Part II of the CG Code.

During the Reporting Period, the Company has been in compliance with Rule 3.10(1) of the Hong Kong Listing Rules which prescribes that there shall be at least three independent non-executive Directors, and Rule 3.10A of the Hong Kong Listing Rules which prescribes that at least one-third of the Board of Directors shall comprise independent non-executive Directors. In addition, the Company confirms that all independent non-executive directors have complied with the independence requirement under Rule 3.13 of the Hong Kong Listing Rules.

The Board comprised 10 Directors, including 2 executive Directors, 4 non-executive Directors and 4 independent non-executive Directors at the end of the Reporting Period. On 2 February 2024, the Company held the first extraordinary general meeting of 2024 and completed the election of the Board of Directors. The eleventh session of the Board of Directors comprises 11 directors, including 3 executive directors, 4 non-executive directors and 4 independent non-executive directors. Members of the Board have different industry backgrounds and expertise in corporate governance, finance and accounting, investment strategies, maritime engineering and equipment and legal affairs. Details of the members of the Board will be set out in the section headed “Directors, Supervisors, Senior Management and Employees” in the 2023 annual report.

AUDIT COMMITTEE

The audit committee of the Board of the Company has reviewed and confirmed the annual results of the Group for the year ended 31 December 2023 and the financial accounting report for 2023 of the Company.

OUTLOOK

1. INDUSTRY LANDSCAPE AND TRENDS

The policy environment provides favorable conditions. The National Central Economic Work Conference noted that the Chinese economy will face numerous opportunities in 2024, and the basic trend of economic recovery and long-term improvement remains unchanged. China proposed a number of national policies and measures to stabilize the economic fundamentals, such as “developing new productive forces” and “implementing high-quality development actions for key manufacturing industry chains”, and issued special implementation plans focusing on technological innovation, safe and stable supply chain, marine engineering equipment, cruise ships and yachts, deep-sea aquaculture equipment, and green and intelligent development of inland river ships. Local governments have made specific arrangements aimed at “building strong manufacturing provinces” and “building strong manufacturing cities”, which will create a favorable environment for the sustained growth and leap-forward development of the Group.

The fundamentals of the defense industry show a long-term improvement trend. Amidst the complexities of the international landscape, characterized by heightened instability and uncertainty, it is imperative for China to fortify its national defense capabilities in the long term. National defense construction serves as the core driving force for the development of the national defense industry. The year 2024 marks the latter journey of the “14th Five-Year Plan” period. With the continuous development of equipment technology, unmanned equipment has brought about major changes in the way of combat, and new combat fields and models drive the continuous equipment upgrades and the constant development of emerging equipment, which will create conducive conditions for the development of the defense industry.

The shipbuilding industry market continues to display potential for further expansion. In 2024, it is expected that the world will be in a cycle of high inflation and high interest rates in the short term. Meantime, relatively tight shipbuilding resources bolster the negotiating power of shipyards, and the demand for upgrading supporting equipment coupled with labor shortages leads to higher costs, so that ship prices face significant upward pressure with limited room for downward adjustments. In addition, current shipowners retain considerable enthusiasm for building liquefied gas ships. At the same time, the MEPC 80 session of the International Maritime Organization has delineated specific timelines and relevant requirements for achieving net zero emissions, and the European Union Carbon Emissions Trading System (EU-ETS) has been officially extended to the shipping industry. Therefore, the increased investment in alternative fuels and green technologies as well as reduced-speed navigation may lead to an increase in shipping costs, exerting upward pressure on freight rates.

The application industry is experiencing rapid development. In 2023, offshore wind power projects underwent centralized approval for sea use rights, and a batch of approved projects will pave the way for unleashing the offshore wind power demand in 2024. According to the forecast of the Global Wind Energy Council (GWEC), the global newly installed capacity of offshore wind power will reach 18GW in 2024, and further increase to 26GW in 2025 and 32GW in 2026. The development of offshore wind power in China is expected to accelerate in 2024, and the compound growth rate of installed offshore wind power capacity in China is expected to exceed 40% in the next three years. The industrial Internet industry will sustain rapid development, and the ongoing evolution and application of 5G technology will further improve the scope and depth of the industrial Internet.

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

2. The Company’s development strategy

The Group is committed to building high-quality marine equipment to strengthen the military and serve the nation, by focusing on the marine industry and developing harmoniously to become a world-class listed marine defense equipment company with reasonable industrial structure, leading core technologies, excellent services and strong international competitiveness.

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

BUSINESS PLAN FOR 2024

In 2023, the Company recorded an operating income of RMB16.146 billion, completed 117% of the annual target; and secured orders with contract value of RMB18.3 billion, which was 113% of the annual target.

In 2024, the Company plans to realize operating income of RMB17.6 billion and to secure orders with contract value of RMB15.1 billion. The Group will continue to benchmark against advanced standards, deeply tap potential and enhance efficiency, and achieve steady growth in production and volume as well as in efficiency indicators. The Group will deepen high-quality production, management enhancement and cost control, so as to constantly enhance profitability. Moreover, the Group will intensify the planning and schedule management of main ship types to meet the delivery timetable of key ship types, and practice rigorous risk prevention and control measures to ensure the successful completion of the business plan for 2024.

The business objectives above do not represent the profit forecast of the Group for 2024, nor do they constitute commitments to investors in respect of the performance of the Company. Actual business performance of the Company is subject to various internal and external factors and involves uncertainties. Investors are reminded of investment risks.

EVENTS AFTER THE REPORTING PERIOD

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

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This final results announcement has been published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company’s website (comec.cssc.net.cn). The Company’s annual report for the year ended 31 December 2023 containing all the information required by the Hong Kong Listing Rules will be dispatched to the Shareholders and will be published on the websites above in due course.

PUBLICATION OF SOCIAL RESPONSIBILITY REPORT

The environmental, social and governance report of the Company for 2023 has been published on the website of the Company (comec.cssc.net.cn) on 27 March 2024 and versions in traditional Chinese and English will be published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) in due course.

ACKNOWLEDGEMENT

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

By order of the Board
**CSSC Offshore & Marine Engineering
(Group) Company Limited**
Xiang Huiming
Chairman

Guangzhou, 27 March 2024

As at the date of this announcement, the Board comprises eleven Directors, namely executive Directors Mr. Xiang Huiming, Mr. Chen Liping and Mr. Zhang Junxiong; non-executive Directors Mr. Chen Ji, Mr. Gu Yuan, Mr. Ren Kaijiang and Mr. Yin Lu; and independent non-executive Directors Mr. Lin Bin, Mr. Nie Wei, Mr. Li Zhijian and Ms. Xie Xin.

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

(Amounts denominated in RMB unless otherwise specified)

CONSOLIDATED BALANCE SHEET

31 December 2023

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

Unit: RMB

Item	31 December 2023	31 December 2022
Current assets:		
Cash at bank and on hand	16,422,805,149.57	14,813,771,761.29
Settlement reserve		
Placements with banks and non-bank financial institutions		
Financial assets held-for-trading	9,127,869.19	29,872,972.39
Derivative financial assets		
Notes receivable	20,392,000.00	86,019,898.33
Accounts receivable	2,104,093,140.45	1,068,053,871.94
Receivable financing	276,203,451.85	111,888,545.80
Prepayments	2,737,289,683.04	2,892,088,396.57
Insurance premium receivable		
Reinsurance premium receivable		
Reserves for reinsurance contract receivable		
Other receivables	63,332,234.35	60,834,609.19
Financial assets purchased under agreements to resell		
Inventories	5,434,769,275.19	4,353,610,820.41
Contract assets	2,312,935,460.77	2,294,261,099.29
Assets held for sale		
Non-current assets due within one year	297,245,486.79	
Other current assets	148,416,094.87	134,733,999.65
Total current assets	29,826,609,846.07	25,845,135,974.86

CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2023

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

Unit: RMB

Item	31 December 2023	31 December 2022
Non-current assets:		
Loans and advances granted		
Debt investments		
Other debt investments		
Long-term receivables	1,667,410,982.91	2,152,535,952.28
Long-term equity investments	5,205,831,705.50	5,576,276,499.57
Investments in other equity instruments	6,447,078,173.90	4,911,318,677.22
Other non-current financial assets		
Investment properties	129,649,206.54	136,186,631.58
Fixed assets	5,171,674,516.34	5,354,647,353.76
Construction in progress	340,768,631.96	277,015,334.55
Productive biological assets		
Oil and gas assets		
Right-of-use asset	177,197,989.59	183,901,510.27
Intangible assets	886,447,990.87	910,432,718.07
Development expenses		
Goodwill		
Long-term deferred expenses	43,976,595.97	49,583,618.68
Deferred income tax assets	369,371,383.86	374,959,504.28
Other non-current assets	596,484,984.06	736,372,873.26
Total non-current assets	21,035,892,161.50	20,663,230,673.52
Total assets	50,862,502,007.57	46,508,366,648.38

CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2023

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

Unit: RMB

Item	31 December 2023	31 December 2022
Current liabilities:		
Short-term borrowings	780,514,316.67	2,881,008,138.92
Loans from central bank		
Placements from banks and other financial institutions		
Financial liabilities held-for-trading	24,854,342.66	5,919,716.73
Derivative financial liabilities		
Notes payable	3,882,643,617.93	2,984,392,901.64
Accounts payable	4,869,983,355.45	4,541,444,942.07
Advances from customers		
Contract liabilities	15,373,560,027.69	11,979,592,304.12
Securities sold under agreements to repurchase		
Deposits from customers and other banks		
Brokerage for securities trading		
Brokerage for underwriting securities		
Employee benefits payable	1,383,377.31	1,179,807.93
Taxes payable	72,738,615.78	76,728,304.39
Other payables	249,017,410.64	273,196,896.59
Fees and commission payable		
Reinsured accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	1,063,803,392.87	1,459,215,392.42
Other current liabilities	167,102,591.27	158,671,658.76
Total current liabilities	26,485,601,048.27	24,361,350,063.57

CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2023

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

Unit: RMB

Item	31 December 2023	31 December 2022
Non-current liabilities:		
Reserves for insurance contracts		
Long-term borrowings	3,314,314,701.47	2,230,247,510.00
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	121,112,313.78	114,585,384.56
Long-term payable		
Long-term employee benefits payable	112,864,448.12	129,074,455.73
Estimated liabilities	188,929,029.21	136,750,611.11
Deferred income	39,427,582.86	87,673,373.52
Deferred tax liabilities	914,322,691.53	530,873,731.81
Other non-current liabilities	78,892,468.71	166,058,913.54
Total non-current liabilities	4,769,863,235.68	3,395,263,980.27
Total liabilities	31,255,464,283.95	27,756,614,043.84
Owners' equity (or shareholders' equity):		
Share capital	1,413,506,378.00	1,413,506,378.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	9,003,416,519.77	9,375,981,708.49
Less: Treasury shares		
Other comprehensive income	2,607,526,251.42	1,450,554,845.16
Special reserve		
Surplus reserve	1,116,371,040.28	1,111,646,419.34
Provision for general risks		
Retained earnings	2,276,749,345.46	2,236,913,341.23
Total equity attributable to owners (or shareholders) of the Company	16,417,569,534.93	15,588,602,692.22
Non-controlling interests	3,189,468,188.69	3,163,149,912.32
Total owners' equity (or shareholders' equity)	19,607,037,723.62	18,751,752,604.54
Total liabilities and owners' equity (or shareholders' equity)	50,862,502,007.57	46,508,366,648.38

Person in charge of the Company: **Xiang Huiming** Person in charge of accounting: **Hou Zengquan** Head of accounting department: **Xie Weihong**

BALANCE SHEET OF THE PARENT COMPANY

31 December 2023

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

Unit: RMB

Item	31 December 2023	31 December 2022
Current assets:		
Cash at bank and on hand	1,440,736,925.94	1,431,102,333.93
Financial assets held-for-trading		
Derivative financial assets		
Notes receivable		
Accounts receivable		4,859,222.94
Receivables financing		
Prepayments		
Other receivables	365,335.44	794,605.06
Inventories		24,909,034.04
Contract assets		
Assets held-for-sale		
Non-current assets due within one year		
Other current assets	21,901,843.18	20,817,863.40
Total current assets	1,463,004,104.56	1,482,483,059.37
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	6,853,156,317.38	7,162,989,992.29
Other equity instrument investments	6,403,050,327.04	4,845,786,728.48
Other non-current financial assets		
Investment properties	129,649,206.54	136,186,631.58
Fixed assets	4,460,988.35	4,642,135.34
Construction in progress		
Productive biological assets		
Oil and gas assets		
Right-of-use asset		
Intangible assets		
Research and development expenses		
Goodwill		
Long-term amortized expenses		
Deferred tax assets	196,911.81	
Other non-current assets		
Total non-current assets	13,390,513,751.12	12,149,605,487.69
Total assets	14,853,517,855.68	13,632,088,547.06

Item	31 December 2023	31 December 2022
Current liabilities:		
Short-term borrowings		
Financial liabilities held-for-trading		
Derivative financial liabilities		
Notes payable		
Accounts payable	16,500,985.45	22,976,208.62
Advances from customers		
Contract liabilities		24,173,111.03
Employee benefits payable		
Taxes payable	563,779.89	683,214.76
Other payables	889,696.00	909,391.83
Liabilities held-for-sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	17,954,461.34	48,741,926.24
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	886,291,781.76	496,975,882.12
Other non-current liabilities		
Total non-current liabilities	886,291,781.76	496,975,882.12
Total liabilities	904,246,243.10	545,717,808.36
Owners' equity (or shareholders' equity):		
Share capital	1,413,506,378.00	1,413,506,378.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	8,247,327,554.64	8,583,595,088.21
Less: Treasury shares		
Other comprehensive income	2,658,039,736.03	1,491,982,474.20
Special reserve		
Surplus reserve	632,892,840.31	628,168,219.37
Retained earnings	997,505,103.60	969,118,578.92
Total owners' equity (or shareholders' equity)	13,949,271,612.58	13,086,370,738.70
Total liabilities and owners' equity (or shareholders' equity)	14,853,517,855.68	13,632,088,547.06

Person in charge of the Company: **Xiang Huiming** Person in charge of accounting: **Hou Zengquan** Head of accounting department: **Xie Weihong**

CONSOLIDATED INCOME STATEMENT

2023

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

Unit: RMB

Item	2023	2022
I. Total operating income	16,145,951,496.09	12,795,124,917.87
Including: Operating income	16,145,951,496.09	12,795,124,917.87
Interest income		
Premium earned		
Fee and commission income		
II. Total operating costs	16,195,308,620.12	12,720,499,852.53
Including: Operating cost	15,075,780,206.04	11,916,904,737.86
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	26,834,138.50	20,370,240.77
Selling expenses	119,711,516.25	108,768,268.48
Administrative expenses	663,299,147.12	547,623,575.01
Research and development expenses	658,533,832.96	576,251,544.72
Financing cost	-348,850,220.75	-449,418,514.31
Including: Interest expenses	114,747,863.08	153,074,603.42
Interest income	382,844,049.40	442,027,156.82
Add: Other income	151,004,136.22	129,516,534.94
Investment income (loss expressed with “-”)	23,663,491.61	618,382,016.39
Including: Income from investment in associates and joint ventures	5,486,956.40	633,032,770.34
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 “-”)	-102,689,973.84	-23,368,731.75
Loss on impairment of credit (loss expressed with “-”)	1,286,945.50	20,637,396.96
Loss on impairment of assets (loss expressed with “-”)	-4,090,488.06	-123,040,789.01
Gains from disposal of assets (loss expressed with “-”)	50,345,748.28	-1,904,345.08

Item	2023	2022
III. Operating profit (loss expressed with “-”)	70,162,735.68	694,847,147.79
Add: Non-operating income	6,157,901.72	8,275,062.68
Less: Non-operating expenses	3,226,288.24	2,974,975.19
IV. Total profit (total loss expressed with “-”)	73,094,349.16	700,147,235.28
Less: Income tax expense	-113,634.50	-10,039,802.84
V. Net profit (net loss expressed with “-”)	73,207,983.66	710,187,038.12
(1) By continuity of operations		
1. Net profit from continuing operations (net loss expressed with “-”)	73,207,983.66	710,187,038.12
2. Net profit from discontinued operations (net loss expressed with “-”)		
(2) By ownership		
1. Net profit attributable to shareholders of the Parent Company (net loss expressed with “-”)	48,067,553.44	688,459,748.15
2. Gain or loss attributable to non-controlling interests (net loss expressed with “-”)	25,140,430.22	21,727,289.97
VI. Net other comprehensive income after tax	1,168,893,867.20	-417,825,630.03
Net other comprehensive income after tax attributable to owners of the Parent Company	1,167,599,541.77	-412,472,782.29
(1) Other comprehensive income that may not be subsequently reclassified to profit and loss	1,166,843,992.86	-415,567,822.90
1. Change in re-measurement of defined benefit plans		-281,416.02
2. Other comprehensive income that may not be reclassified to profit or loss under equity method	-1,890,437.09	3,442,906.24
3. Change in fair value of investments in other equity instruments	1,168,734,429.95	-418,729,313.12
4. Change in fair value of own credit risk		
(2) Other comprehensive income will be subsequently reclassified to profit or loss	755,548.91	3,095,040.61
1. Other comprehensive income that may be reclassified to profit or loss under equity method		
2. Change in fair value of other debt investments		
3. Amount included in other comprehensive income on reclassification of financial assets		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedges reserve		
6. Exchange differences arising from translation of foreign currency financial statements	755,548.91	3,095,040.61
7. Others		

Item	2023	2022
Net other comprehensive income after tax attributable to non-controlling interests	1,294,325.43	-5,352,847.74
VII. Total comprehensive income	1,242,101,850.86	292,361,408.09
Total comprehensive income attributable to owners of the Parent Company	1,215,667,095.21	275,986,965.86
Total comprehensive income attributable to non-controlling interests	26,434,755.65	16,374,442.23
VIII. Earnings per share:		
(1) Basic earnings per share (RMB/share)	0.0340	0.4871
(2) Diluted earnings per share (RMB/share)	0.0340	0.4871

Person in charge of the Company: **Xiang Huiming** Person in charge of accounting: **Hou Zengquan** Head of accounting department: **Xie Weihong**

INCOME STATEMENT OF THE PARENT COMPANY

2023

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

Unit: RMB

Item	2023	2022
I. Operating income	37,883,508.32	13,093,200.00
Less: Operating cost	31,283,485.60	6,537,425.04
Taxes and surcharges	141,440.52	104,273.05
Selling expenses		
Administrative expenses	27,321,281.75	20,162,420.21
Research and development expenses		
Financing cost	-37,362,972.75	-24,164,900.23
Including: Interest expenses		265.23
Interest income	37,515,091.25	24,095,301.46
Add: Other income	103,521.97	142,792.31
Investment income (loss expressed with “-”)	32,674,194.07	667,386,373.71
Including: Investment income from associates and joint ventures	28,324,295.75	660,516,716.23
Derecognition income of financial assets measured at amortised cost		
Net gain on exposure hedging (loss expressed with “-”)		
Gain from change in fair value (loss expressed with “-”)		14,925,000.00
Loss on impairment of credit (loss expressed with “-”)	369,142.81	-526,672.25
Loss on impairment of assets (loss expressed with “-”)		
Gains from disposal of assets (loss expressed with “-”)		
II. Operating profit (loss expressed with “-”)	49,647,132.05	692,381,475.70
Add: Non-operating income	2,110.00	0.85
Less: Non-operating expenses	21,076.61	2,388.50
III. Total profit (total loss expressed with “-”)	49,628,165.44	692,379,088.05
Less: Income tax expense	2,381,956.04	-100,117.01
IV. Net profit (net loss expressed with “-”)	47,246,209.40	692,479,205.06
(1) Net profit from continuing operations (net loss expressed with “-”)	47,246,209.40	692,479,205.06
(2) Net profit from discontinued operations (net loss expressed with “-”)		

Item	2023	2022
V. Net other comprehensive income after tax	1,166,057,261.83	-405,991,273.13
(1) Other comprehensive income that may not be subsequently reclassified to profit and loss	1,166,057,261.83	-405,991,273.13
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	-1,890,437.09	3,442,906.24
3. Change in fair value of investments in other equity instruments	1,167,947,698.92	-409,434,179.37
4. Change in fair value of own credit risk		
(2) 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		
6. Exchange differences arising from translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	1,213,303,471.23	286,487,931.93

Person in charge of the Company: **Xiang Huiming** Person in charge of accounting: **Hou Zengquan** Head of accounting department: **Xie Weihong**

CONSOLIDATED CASH FLOW STATEMENT

2023

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

Unit: RMB

Item	2023	2022
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	19,442,982,058.63	16,379,707,572.25
Net increase in deposits from customers and deposits from other banks		
Net increase in loans from central bank		
Net increase in placements from other financial institutions		
Cash receipts of premium for direct insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits from insurance policy holders and investment		
Cash receipts of interest, fees and commissions		
Net increase in placements 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	339,614,380.28	468,023,031.78
Other cash receipts relating to operating activities	637,516,723.82	1,071,939,157.90
Sub-total of cash inflows from operating activities	20,420,113,162.73	17,919,669,761.93
Cash paid for goods and services	14,841,971,478.65	14,048,015,073.68
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	1,416,303,205.36	1,175,240,433.42
Payments of taxes	122,618,184.08	72,400,094.46
Other cash payments relating to operating activities	727,252,016.29	608,980,971.26
Sub-total of cash outflows from operating activities	17,108,144,884.38	15,904,636,572.82
Net cash flows from operating activities	3,311,968,278.35	2,015,033,189.11

II. Cash flows from investing activities:		
Cash receipts from disposal of investments	25,315,900.00	4,749,209,297.49
Cash receipts from investment income	43,244,896.21	115,140,984.44
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	332,124,611.31	140,842,385.11
Net cash receipts from disposal of subsidiaries and other business units		
Other cash receipts relating to investing activities	4,073,151,550.43	7,517,306,100.79
Sub-total of cash inflows from investing activities	4,473,836,957.95	12,522,498,767.83
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	554,296,344.64	240,729,920.18
Cash paid for investments	109,771,851.97	2,209,692,000.00
Net increase in pledged loans		
Net cash paid for acquisition of subsidiaries and other business units		
Other cash payments relating to investing activities	6,910,230,665.37	6,600,092,087.26
Sub-total of cash outflows from investing activities	7,574,298,861.98	9,050,514,007.44
Net cash flows from investing activities	-3,100,461,904.03	3,471,984,760.39
III. Cash flows from financing activities:		
Cash receipts from receiving investments		286,000.00
Including: Cash received by subsidiaries from receiving investments made by non-controlling interests		286,000.00
Cash receipts from borrowings	2,880,000,000.00	4,426,409,495.80
Other cash receipts relating to financing activities		
Sub-total of cash inflows from financing activities	2,880,000,000.00	4,426,695,495.80
Cash paid for repayment of debts	4,277,500,000.00	3,959,282,445.30
Cash paid for dividends, profit distribution or interest expenses	123,805,037.19	335,555,704.24
Including: Dividends and profits paid by subsidiaries to non-controlling interests		
Other cash payments relating to financing activities	101,898,994.93	10,000,581.94
Sub-total of cash outflows from financing activities	4,503,204,032.12	4,304,838,731.48
Net cash flows from financing activities	-1,623,204,032.12	121,856,764.32
IV. Effect of change in exchange rate on cash and cash equivalents	42,872,446.80	44,049,015.05
V. Net increase in cash and cash equivalents	-1,368,825,211.00	5,652,923,728.87
Add: Beginning balance of cash and cash equivalents	11,069,985,285.84	5,417,061,556.97
VI. Ending balance of cash and cash equivalents	9,701,160,074.84	11,069,985,285.84

Person in charge of the Company: **Xiang Huiming** Person in charge of accounting: **Hou Zengquan** Head of accounting department: **Xie Weihong**

CASH FLOW STATEMENT OF THE PARENT COMPANY

2023

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

Unit: RMB

Item	2023	2022
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	14,969,020.94	15,733,420.72
Cash received from tax refund		
Other cash receipts relating to operating activities	20,824,839.38	11,353,958.64
Sub-total of cash inflows from operating activities	35,793,860.32	27,087,379.36
Cash paid for goods and services	1,428,828.63	1,201,286.26
Cash paid to and on behalf of employees	10,450,569.79	10,859,668.77
Payments of taxes	4,250,118.68	498,031.21
Other cash payments relating to operating activities	31,865,788.03	19,355,454.61
Sub-total of cash outflows from operating activities	47,995,305.13	31,914,440.85
Net cash flows from operating activities	-12,201,444.81	-4,827,061.49
II. Cash flows from investing activities:		
Cash receipts from disposal of investments		640,000,000.00
Cash receipts from investment income	4,349,898.32	22,205,657.48
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,910.00
Net cash receipts from disposal of subsidiaries and other business units		
Other cash receipts relating to investing activities	625,651,050.00	915,099,930.56
Sub-total of cash inflows from investing activities	630,000,948.32	1,577,308,498.04
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	276,293.52	626,000.54
Cash paid for investments		40,000,000.00
Net cash paid for acquisition of subsidiaries and other business units		
Other cash payments relating to investing activities	1,406,500,000.00	550,000,000.00
Sub-total of cash outflows from investing activities	1,406,776,293.52	590,626,000.54
Net cash flows from investing activities	-776,775,345.20	986,682,497.50

Item	2023	2022
III. Cash flows from financing activities:		
Cash receipts from receiving investments		
Cash receipts from borrowings obtained		
Other cash receipts relating to financing activities		
Sub-total of cash inflows from financing activities		
Cash paid for repayment of debts		
Cash paid for dividends, profit distribution or interest expenses	14,134,526.63	194,615,421.05
Other cash payments relating to financing activities		90,979.00
Sub-total of cash outflows from financing activities	14,134,526.63	194,706,400.05
Net cash flows from financing activities	-14,134,526.63	-194,706,400.05
IV. Effect of change in exchange rate on cash and cash equivalents	-129,110.29	127,206.97
V. Net increase in cash and cash equivalents	-803,240,426.93	787,276,242.93
Add: Beginning balance of cash and cash equivalents	854,215,666.15	66,939,423.22
VI. Ending balance of cash and cash equivalents	50,975,239.22	854,215,666.15

Person in charge of the Company: **Xiang Huiming** Person in charge of accounting: **Hou Zengquan** Head of accounting department: **Xie Weihong**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

I. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

(1) Basis for preparation

Based on going-concern assumption and transactions and events actually occurred, the financial statements of the Group have been prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and relevant regulations (hereinafter referred to as the “Accounting Standards for Business Enterprises”), and No. 15 of Regulations on Information Disclosures of Companies that Issue Public Offering Shares – General Rules of Preparing Financial Reports (revised in 2014) issued by China Securities Regulatory Commission (CSRC), the applicable disclosures required by regulations of Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as well as the accounting policies of and estimates made by the Group.

(2) Going concern

The management of the Group has assessed its ability to operate on a continuing basis for the 12 months from 31 December 2023 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.

(3) Basis of Accounting and Principle of Measurement

The Group adopts the accrual basis as the basis of book-keeping in accounting. Except for certain financial instruments, these financial statements have been prepared on the historical cost basis. In case of any impairment of any assets, corresponding impairment provision will be made in accordance with relevant requirements.

Under historical cost measurement, assets are measured according to the amount of cash or cash equivalents paid or the fair value of the consideration paid at the time of purchase. Liabilities are measured in accordance with the amount of money or assets actually received as a result of assuming current obligations, or the contract amount for assuming current obligations, or at the amount of cash or cash equivalents expected to be paid in daily activities to repay the liabilities.

II. STATEMENT OF COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises, and reflect a true and fair view of the financial position, the operating results and cash flows of the Group.

III. 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 2023; and “Ending balance” refers to the balance as at 31 December 2023. “Current year” refers to the year 2023; and “Last year” refers to the year 2022. The currency unit is RMB.

1. Notes receivable

1) Types of notes receivable

Item	Ending balance	Beginning balance
Bank acceptance bills	2,250,000.00	13,400,688.56
Finance company acceptance bills	123,000.00	72,619,209.77
Commercial acceptance bills	18,019,000.00	
Total	20,392,000.00	86,019,898.33

2) Disclosure of notes receivable by method of bad debt provision

Type	Ending balance				Carrying value
	Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made on an individual basis					
Provision for bad debts made on a collective basis	20,392,000.00	100.00			20,392,000.00
Total	20,392,000.00				20,392,000.00

Type	Beginning balance				Carrying value
	Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made on an individual basis					
Provision for bad debts made on a collective basis	86,019,898.33	100.00			86,019,898.33
Total	86,019,898.33				86,019,898.33

Provision made on a collective basis using portfolios with similar credit risk features:

Item:

Name	Ending balance		
	Notes receivable	Provision for bad debts	Percentage of provision (%)
Bank acceptance bills	2,250,000.00		
Finance Company acceptance bills	123,000.00		
Related party commercial acceptance bills	18,019,000.00		
Total	20,392,000.00		

- 3) Provision for bad debts made, reversed or recovered during the period

None

- 4) Notes receivable pledged of the Company as at the end of the year

Item	Pledged amount as at the end of the year
Bank acceptance bills	1,000,000.00
Finance company acceptance bills	
Commercial acceptance bills	
Total	1,000,000.00

- 5) 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

None

- 6) Notes receivable actually written-off during the year

None

2. Accounts receivable

1) *The ageing analysis of accounts receivable as at the transaction date is as follows*

Ageing	Ending balance	Beginning balance
Within one year	1,831,260,862.04	872,596,133.00
1 to 2 years	232,123,477.25	125,944,161.53
2 to 3 years	50,000,426.05	88,335,853.28
3 to 4 years	14,375,512.16	2,245,358.18
4 to 5 years	787,068.12	10,822,918.40
Over 5 years	11,980,809.11	1,187,971.86
Subtotal	2,140,528,154.73	1,101,132,396.25
Less: Provision for bad debts	36,435,014.28	33,078,524.31
Total	2,104,093,140.45	1,068,053,871.94

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*

Type	Ending balance				Carrying value
	Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made on an individual basis					
Provision for bad debts made on a collective basis	2,140,528,154.73	100.00	36,435,014.28	1.70	2,104,093,140.45
Total	2,140,528,154.73	100.00	36,435,014.28		2,104,093,140.45

Type	Beginning balance				Carrying value
	Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts made on an individual basis					
Provision for bad debts made on a collective basis	1,101,132,396.25	100.00	33,078,524.31	3.00	1,068,053,871.94
Total	1,101,132,396.25	100.00	33,078,524.31		1,068,053,871.94

a) Significant accounts receivable with provision for bad debts made on an individual basis

None

b) Provision made on a collective basis using portfolios with similar credit risk features:

Item:

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Related parties portfolio	98,634,919.70		
Portfolio of government units and public institutions	1,029,613,502.91		
Ageing portfolio	1,012,279,732.12	36,435,014.28	3.60
Total	2,140,528,154.73	36,435,014.28	

The details of the ageing portfolio are as follows:

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Within one year (inclusive)	851,889,583.02	292,682.78	0.03
1 to 2 years	104,461,819.62	10,446,181.96	10.00
2 to 3 years	39,252,966.05	11,775,889.81	30.00
3 to 4 years	13,015,002.40	10,412,001.92	80.00
4 to 5 years	760,516.12	608,412.90	80.00
Over 5 years	2,899,844.91	2,899,844.91	100.00
Total	1,012,279,732.12	36,435,014.28	

Recognition criteria and description of provision for bad debts made on a collective basis:

The Group determines the accounts receivable which have not been tested individually for impairment to be the accounts receivable the credit risk of which has not significantly increased since initial recognition. Based on the actual credit loss for previous years and considering forward-looking information for the year, the Group expects the provision loss rate for accounts receivable ageing 0 to 6 months to be 0, the provision loss rate for accounts receivable ageing 6 months to 1 year to be 0.5%, the default loss rate for accounts receivable ageing 1 to 2 years to be 10%, the default loss rate for accounts receivable ageing 2 to 3 years to be 30%, the provision loss rate for accounts receivable ageing 3 to 5 years to be 80%, and the default loss rate for accounts receivable ageing over 5 years to be 100%, and bad debt provision is made on the expected credit loss of accounts receivable based on 0, 0.5%, 10%, 30%, 80% and 100% of the balance at the balance sheet date, respectively.

4) Provision for bad debts made, reversed or recovered during the year

Type	Beginning balance	Amount of changes during the period				Ending balance
		Provision	Recovered or reversed	Resold or written-off	Other changes	
Provision for bad debts of accounts receivable	33,078,524.31	3,377,257.97			-20,768.00	36,435,014.28
Total	33,078,524.31	3,377,257.97			-20,768.00	36,435,014.28

Other explanations: Other changes represented a decrease in the bad-debt provision for accounts receivable of CSSC (Guangzhou) New Energy Co., Ltd. ("CSSC New Energy") from dissolved subsidiaries.

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	Relationship with the Group	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 impairment of contract assets
Entity 1	Third party	469,118,821.19	510,933,500.00	980,052,321.19	22.01	
Entity 2	Third party	207,317,600.00	15,890,400.00	223,208,000.00	5.01	
Entity 3	Third party	173,626,000.00		173,626,000.00	3.90	
Entity 4	Third party	173,550,089.81		173,550,089.81	3.90	
Entity 5	Third party	136,370,623.34		136,370,623.34	3.06	
Total		1,159,983,134.34	526,823,900.00	1,686,807,034.34	37.88	

3. **Notes payable**

Type	Ending balance	Beginning balance
Bank acceptance bills	1,148,671,895.63	815,586,951.54
Finance company acceptance bills	1,000,753,377.78	1,532,362,702.99
Commercial acceptance bills	1,733,218,344.52	636,443,247.11
Total	3,882,643,617.93	2,984,392,901.64

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, RMB3,882,643,617.93 had an ageing of less than 180 days, and RMB0 had an ageing of 181-360 days.

4. Accounts payable

1) List of accounts payable

Item	Ending balance	Beginning balance
Materials purchased	3,495,821,088.81	3,363,113,360.88
Payment for projects under construction	68,578,031.65	103,896,678.80
Retention money	721,806,399.22	607,774,570.24
Other construction and labour services	583,777,835.77	466,660,332.15
Total	4,869,983,355.45	4,541,444,942.07

2) Ageing analysis of accounts payable based on the transaction date

Ageing	Ending balance	Beginning balance
Within one year	2,856,000,087.76	2,898,973,831.53
1 to 2 years	921,570,784.26	722,405,286.28
2 to 3 years	313,755,269.84	157,953,524.07
Over 3 years	778,657,213.59	762,112,300.19
Total	4,869,983,355.45	4,541,444,942.07

Of which, significant accounts payable aged over one year:

Item	Ending balance	Including: Amount aged over one year	Reason for unsettlement or carrying forward
AECC Shenyang Liming Aero Engine Co., Ltd.	211,817,565.96	82,780,688.00	Tentative estimation of arrears and deposit
Aviation Technology Research Institute of China Aerospace Science and Industry	171,332,600.00	144,615,500.00	Tentative estimation of arrears and deposit
Guangzhou Wenchong Industrial Co., Ltd.	136,075,591.38	120,436,534.06	Tentative estimation of arrears and deposit
Nanjing Keruida Electronic Equipment Co., Ltd.	101,282,774.00	101,282,774.00	Tentative estimation of arrears and deposit
China Shipbuilding Group Co., Ltd. No. 715 Research Institute	68,203,100.00	68,203,100.00	Tentative estimation of arrears and deposit
China Shipbuilding Group Guangzhou Ship Industrial Co., Ltd.	62,257,397.76	54,197,908.77	Tentative estimation of arrears and deposit
Shanghai Ship and Shipping Research Institute	48,762,486.38	16,720,097.00	Tentative estimation of arrears and deposit
CASIC Group No. 3 Research Institute	45,554,600.00	45,554,600.00	Tentative estimation of arrears and deposit
China United Shipbuilding Company Limited	26,244,902.81	26,244,902.81	Tentative estimation of arrears and deposit
Marine Design and Research Institute of China	25,257,932.08	15,844,200.00	Tentative estimation of arrears and deposit
China State Shipbuilding Corporation Limited 726 Research Institute	24,914,500.00	24,914,500.00	Tentative estimation of arrears and deposit
AVIC Chengdu Aircraft Industrial (Group) Co., Ltd.	24,126,000.00	20,640,000.00	Tentative estimation of arrears and deposit
Wenzhou Bohong Electric Co., Ltd.	19,673,429.58	19,673,429.58	Tentative estimation of arrears and deposit
CNR (Dalian) Diesel & Special Hudong Co., Ltd.	17,306,666.67	17,306,666.67	Tentative estimation of arrears and deposit
Guangzhou Shipyard International Company Limited	20,034,017.15	20,027,867.30	Outstanding warranties
Total	1,002,843,563.77	778,442,768.19	

5. Retained earnings

Item	Current year	Last year
Retained earnings as at the end of last year before adjustment	2,236,341,205.82	1,811,537,356.69
Beginning adjustment to retained earnings (increase +, decrease -)	572,135.41	503,151.95
Retained earnings as at the beginning of the year after adjustment	2,236,913,341.23	1,812,040,508.64
Add: Net profit attributable to owners of the Parent Company for the year	48,067,553.44	688,459,748.15
Add: Transfer from other comprehensive income to retained earnings	10,628,135.51	724,885.11
Less: Statutory surplus reserve set aside	4,724,620.94	69,247,920.51
Less: Dividends payable for ordinary shares	14,135,063.78	195,063,880.16
Retained earnings as at the end of the year	2,276,749,345.46	2,236,913,341.23

Other explanations: The changes in accounting policies affected RMB503,151.95, the undistributed profits as at the beginning of the previous year and RMB572,135.41, the undistributed profits at the beginning of the year. The retained earnings carried forward from other comprehensive income in the current year represented the internal carry-forward of the owner's equity from disposal of its equity interest in CSSC Finance Company Limited by Wenchong Shipyard.

6. Net current assets

Item	Ending balance	Beginning balance
Current assets	29,826,609,846.07	25,845,135,974.86
Less: Current liabilities	26,485,601,048.27	24,361,350,063.57
Net current assets	3,341,008,797.80	1,483,785,911.29

7. Total assets less current liabilities

Item	Ending balance	Beginning balance
Total assets	50,862,502,007.57	46,508,366,648.38
Less: Current liabilities	26,485,601,048.27	24,361,350,063.57
Total assets less current liabilities	24,376,900,959.30	22,147,016,584.81

8. Operating income and operating cost

1) Information on operating income and operating cost

Item	Current year		Last year	
	Income	Cost	Income	Cost
Principal business	15,941,256,203.17	14,940,086,224.22	12,583,224,796.39	11,763,984,038.35
Other business	204,695,292.92	135,693,981.82	211,900,121.48	152,920,699.51
Total	16,145,951,496.09	15,075,780,206.04	12,795,124,917.87	11,916,904,737.86

Gross profit from principal business

Item	Current year	Last year
Income from principal business	15,941,256,203.17	12,583,224,796.39
Cost of principal business	14,940,086,224.22	11,763,984,038.35
Gross profit	1,001,169,978.95	819,240,758.04

a) Principal business – by product

Product name	Current year	Last year
Income from principal business:		
Ship products	13,234,152,359.60	7,879,946,903.05
Offshore engineering products	422,974,955.66	1,075,091,736.55
Steel structure	1,342,258,685.97	1,534,669,498.95
Ship maintenance and modification	744,012,163.26	1,892,919,952.76
Electromechanical products and others	197,858,038.68	200,596,705.08
Total	15,941,256,203.17	12,583,224,796.39
Cost of principal business:		
Ship products	12,420,837,841.08	7,279,156,144.02
Offshore engineering products	475,528,511.62	964,523,063.83
Steel structure	1,182,538,673.06	1,461,735,412.47
Ship maintenance and modification	714,935,607.20	1,882,899,961.52
Electromechanical products and others	146,245,591.26	175,669,456.51
Total	14,940,086,224.22	11,763,984,038.35

b) Principal business – by region

Region	Current year	Last year
Income from principal business:		
China (including Hong Kong, Macau and Taiwan)	15,012,360,605.65	11,272,758,976.03
Other Asia regions	113,381,363.81	34,414,243.40
Europe	5,608,493.55	
Oceania	357,463,321.84	
North America		1,070,591,175.83
Africa	433,637,430.21	205,460,401.13
South America	18,804,988.11	
Total	15,941,256,203.17	12,583,224,796.39
Cost of principal business:		
China (including Hong Kong, Macau and Taiwan)	14,059,519,021.71	10,469,045,467.78
Other Asia regions	80,103,958.42	25,743,801.37
Europe	3,573,871.92	
Oceania	355,664,515.95	
North America		1,067,426,828.87
Africa	422,856,601.82	201,767,940.33
South America	18,368,254.40	
Total	14,940,086,224.22	11,763,984,038.35

c) Income from and cost of other business

Item	Current year	Last year
Income from other business		
Sale of materials	126,150,963.68	116,410,678.13
Rental income	55,155,122.44	69,630,399.54
Energy income	1,801,460.05	4,718,303.67
Others	21,587,746.75	21,140,740.14
Total	204,695,292.92	211,900,121.48
Costs of other business		
Sale of materials	95,895,973.84	106,246,805.98
Rental income	18,990,112.54	36,990,986.96
Provision of energy	1,857,760.50	3,711,877.34
Others	18,950,134.94	5,971,029.23
Total	135,693,981.82	152,920,699.51

2) *Deductions of operating income*

Item	Current year	Specific deductions	Last year	Specific deductions
Amount of operating income	16,145,951,496.09		12,795,124,917.87	
Total amount of deductions	204,695,292.92		211,900,121.48	
Proportion of total amount of deductions in operating income (%)	1.27		1.66	
I. Business income not related to the principal operations				
Income from operations other than daily operations	204,695,292.92	Sales of materials, rental income, etc.	211,900,121.48	Sales of materials, rental income, etc.
Subtotal of business income not related to the principal operations	204,695,292.92		211,900,121.48	
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	15,941,256,203.17		12,583,224,796.39	

3) Segment information of operating income and operating cost

Income generated from customer contracts during the year was as follows:

Type	Shipbuilding and related business segment		Steel structure business segment		Ship maintenance and related business segment		Other segments		Inter-segment elimination		Total	
	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	20,137,694,149.59	19,333,398,615.96							-6,903,541,789.99	-6,912,560,774.88	13,234,152,359.60	12,420,837,841.08
Offshore engineering products	581,494,200.06	624,702,781.12							-158,519,244.40	-149,174,269.50	422,974,955.66	475,528,511.62
Steel structure			1,638,472,269.57	1,481,296,916.34					-296,213,583.60	-298,758,243.28	1,342,258,685.97	1,182,538,673.06
Ship maintenance and modification					789,196,055.17	760,119,499.11			-45,183,891.91	-45,183,891.91	744,012,163.26	714,935,607.20
Electromechanical products and others							442,442,212.69	391,491,463.80	-244,584,174.01	-245,245,872.54	197,858,038.68	146,245,591.26
Other business							467,924,519.83	398,923,208.73	-263,229,226.91	-263,229,226.91	204,695,292.92	135,693,981.82
Total	20,719,188,349.65	19,958,101,397.08	1,638,472,269.57	1,481,296,916.34	789,196,055.17	760,119,499.11	910,366,732.52	790,414,672.53	-7,911,271,910.82	-7,914,152,279.02	16,145,951,496.09	15,075,780,206.04
Sub-total by region of operation:												
Domestic	19,969,493,082.93	19,220,052,651.16	1,638,472,269.57	1,481,296,916.34	689,647,500.99	671,854,674.72	825,187,139.56	737,942,979.37	-7,911,271,910.82	-7,914,152,279.02	15,211,528,082.23	14,196,994,942.57
Overseas	749,695,266.72	738,048,745.92			99,548,554.18	88,264,824.39	85,179,592.96	52,471,693.16			934,423,413.86	878,785,263.47
Total	20,719,188,349.65	19,958,101,397.08	1,638,472,269.57	1,481,296,916.34	789,196,055.17	760,119,499.11	910,366,732.52	790,414,672.53	-7,911,271,910.82	-7,914,152,279.02	16,145,951,496.09	15,075,780,206.04
By type of market or customer:												
State-owned enterprises	14,771,563,863.56	14,051,394,639.87	1,387,982,601.98	1,269,314,381.38	475,980,764.52	495,535,757.63	741,174,869.61	669,228,581.69	-7,911,271,910.82	-7,914,152,279.02	9,471,430,188.85	8,571,321,081.55
Private enterprises	543,332,062.97	524,703,347.64	250,489,667.59	211,982,534.96	212,768,028.80	166,605,112.34	84,390,997.33	68,714,397.68			1,092,980,756.69	972,005,392.62
Foreign enterprises	5,396,292,423.12	5,382,003,409.57			100,447,261.85	97,978,629.14	84,800,865.58	52,471,693.16			5,581,540,550.55	5,532,453,731.87
Total	20,719,188,349.65	19,958,101,397.08	1,638,472,269.57	1,481,296,916.34	789,196,055.17	760,119,499.11	910,366,732.52	790,414,672.53	-7,911,271,910.82	-7,914,152,279.02	16,145,951,496.09	15,075,780,206.04
By type of contracts:												
Fixed price	20,719,188,349.65	19,958,101,397.08	1,638,472,269.57	1,481,296,916.34	789,196,055.17	760,119,499.11	910,366,732.52	790,414,672.53	-7,911,271,910.82	-7,914,152,279.02	16,145,951,496.09	15,075,780,206.04
Mark up pricing												
Total	20,719,188,349.65	19,958,101,397.08	1,638,472,269.57	1,481,296,916.34	789,196,055.17	760,119,499.11	910,366,732.52	790,414,672.53	-7,911,271,910.82	-7,914,152,279.02	16,145,951,496.09	15,075,780,206.04
By date of transfer of goods:												
Performed at a point in time	12,266,451,448.45	11,648,621,859.04	187,057,671.89	153,462,755.40	789,196,055.17	760,119,499.11	910,366,732.52	790,414,672.53	-6,662,711,864.42	-6,664,812,990.41	7,490,360,043.61	6,687,805,795.67
Performed within a time period	8,452,736,901.20	8,309,479,538.04	1,451,414,597.68	1,327,834,160.94					-1,248,560,046.40	-1,249,339,288.61	8,655,591,452.48	8,387,974,410.37
Total	20,719,188,349.65	19,958,101,397.08	1,638,472,269.57	1,481,296,916.34	789,196,055.17	760,119,499.11	910,366,732.52	790,414,672.53	-7,911,271,910.82	-7,914,152,279.02	16,145,951,496.09	15,075,780,206.04
By contract term:												
Short-term	12,266,451,448.45	11,648,621,859.04	187,057,671.89	153,462,755.40	789,196,055.17	760,119,499.11	910,366,732.52	790,414,672.53	-6,662,711,864.42	-6,664,812,990.41	7,490,360,043.61	6,687,805,795.67
Long-term	8,452,736,901.20	8,309,479,538.04	1,451,414,597.68	1,327,834,160.94					-1,248,560,046.40	-1,249,339,288.61	8,655,591,452.48	8,387,974,410.37
Total	20,719,188,349.65	19,958,101,397.08	1,638,472,269.57	1,481,296,916.34	789,196,055.17	760,119,499.11	910,366,732.52	790,414,672.53	-7,911,271,910.82	-7,914,152,279.02	16,145,951,496.09	15,075,780,206.04
By sales channel:												
Direct sales	20,719,188,349.65	19,958,101,397.08	1,638,472,269.57	1,481,296,916.34	789,196,055.17	760,119,499.11	910,366,732.52	790,414,672.53	-7,911,271,910.82	-7,914,152,279.02	16,145,951,496.09	15,075,780,206.04
Distribution sales												
Total	20,719,188,349.65	19,958,101,397.08	1,638,472,269.57	1,481,296,916.34	789,196,055.17	760,119,499.11	910,366,732.52	790,414,672.53	-7,911,271,910.82	-7,914,152,279.02	16,145,951,496.09	15,075,780,206.04

4) *Note on contract performance obligations*

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

5) *Transaction price allocated to remaining performance obligations*

As of 31 December 2023, the transaction price corresponding to the contract performance obligations for which contracts had been entered into and which had not been performed was RMB47,955,108,400.00, of which:

RMB16,886,307,700.00 is expected to be recognized as revenue in 2024;

RMB16,421,263,500.00 is expected to be recognized as revenue in 2025.

6) *Top five customers by operating income*

Customers	Relationship with the Group	Current year	Percentage of total income from principal business (%)
Customer 1	Third party	6,745,407,918.14	42.31
Customer 2	Third party	1,037,423,012.93	6.51
Customer 3	Third party	909,282,245.40	5.70
Customer 4	Third party	580,820,294.62	3.64
Customer 5	Third party	538,990,070.09	3.38
Total		9,811,923,541.18	61.54

7) *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 CSSC	7,872,002,108.28	52.69
Supplier 2	Third party	365,951,600.00	2.45
Supplier 3	Third party	209,000,000.00	1.40
Supplier 4	Third party	118,308,357.55	0.79
Supplier 5	Third party	109,245,953.87	0.73
Total		8,674,508,019.70	58.06

8) *Significant contract changes or significant transaction price adjustments*

None

9. Finance expenses

1) *Breakdown of finance expenses*

Item	Current year	Last year
Interest expenses	114,747,863.08	153,074,603.42
Including: Interest expenses from lease liabilities	6,698,572.00	6,314,644.40
Less: Interest income	382,844,049.40	442,027,156.82
Exchange losses	-94,134,339.38	-186,946,211.62
Other expenses	13,380,304.95	26,480,250.71
Total	-348,850,220.75	-449,418,514.31

2) *Breakdown of interest expenses*

Item	Current year	Last year
Interest on bank borrowings and overdraft	112,685,981.47	148,876,790.28
Interest on bank borrowings due within 5 years	112,685,981.47	148,876,790.28
Interest on bank borrowings due over 5 years		
Other borrowings	7,151,881.61	9,497,813.14
Interest on other borrowings due within 5 years		
Other interest expenses	7,151,881.61	9,497,813.14
Sub-total	119,837,863.08	158,374,603.42
Less: Capitalized Interest		
Less: Finance interest discount	5,090,000.00	5,300,000.00
Total	114,747,863.08	153,074,603.42

3) *Breakdown of interest income*

Item	Current year	Last year
Interest income from bank deposits	352,515,833.60	384,820,111.54
Interest income from receivables	30,328,215.80	57,207,045.28
Total	382,844,049.40	442,027,156.82

10. Investment income

Item	Current year	Last year
Gain from long-term equity investments accounted under equity method	5,486,956.40	633,032,770.34
Investment income from disposal of long-term equity investments	-189,095.34	
Investment income from disposal of financial assets held for trading	12,265,877.98	-22,393,888.10
Dividend income received during the period of holding investments in other equity instruments	6,099,752.57	7,743,134.15
Total	23,663,491.61	618,382,016.39

Other explanations: Investment income from investment in listed companies and non-listed companies for the year amounted to RMB5,957,783.47 (last year: RMB6,718,766.94) and RMB17,705,708.14 (last year: RMB611,663,249.45), respectively.

11. Gain from change in fair value

Source of gain from change in fair value	Current year	Last year
Financial assets held-for-trading	-58,286,158.23	-17,449,015.02
Financial liabilities held-for-trading	15,665,169.00	-5,919,716.73
Hedging instruments	-60,068,984.61	
Total	-102,689,973.84	-23,368,731.75

12. 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	860,841.16	386,190.37	860,841.16
Including: Gain from damage and disposal of fixed assets	860,841.16	386,190.37	860,841.16
Government grants not relating to daily activities	1,820,129.88	1,820,129.88	1,820,129.88
Insurance claims payment	3,061,979.54	2,260,198.52	3,061,979.54
Penalty income	310,671.63	3,772,564.21	310,671.63
Others	104,279.51	35,979.70	104,279.51
Total	6,157,901.72	8,275,062.68	6,157,901.72

Other explanations: The amount included in non-recurring gains and losses for the year was RMB6,157,901.72 (last year: RMB8,275,062.68); non-operating income for the year included profit from disposal of properties of RMB0 (last year: RMB0).

13. Income tax expense

1) List of income tax expense

Item	Current year	Last year
Current income tax expense	-686,230.29	271,048.94
1. China	-687,307.80	271,048.94
2. Hong Kong	1,077.51	
Deferred income tax expense	572,595.79	-10,310,851.78
Total	-113,634.50	-10,039,802.84

2) Reconciliation of accounting profit and income tax expenses

Item	Current year
Total profit	73,094,349.16
Income tax expenses calculated at statutory/applicable tax rate	18,273,587.29
Impact of different tax rates for subsidiaries	17,895,002.49
Impact of adjustment for income tax for previous periods	-4,093,653.31
Impact of non-taxable income	-8,168,548.52
Impact of non-deductible costs, expenses and losses	1,775,936.92
Impact of utilisation of deductible loss for which no deferred tax assets were previously recognised	-11,648,874.93
Impact of deductible temporary differences or deductible losses for the period for which no deferred tax assets are recognised	21,745,812.14
Others (additional deduction of research and development expense, etc.)	-35,892,896.58
Income tax expense	-113,634.50

3) *Main types of taxes and rates*

Tax types	Tax basis	Tax rate
PRC enterprise income tax	Taxable profits	15%, 20%, 25%
Hong Kong profits tax	Taxable income	16.5%
– 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 and consumption taxes paid	7%
– Educational surcharge	Based on value-added tax and consumption taxes paid	3%
– Local educational surcharge	Based on value-added tax and consumption taxes paid	2%

Companies subject to different income tax rates are disclosed as follows:

Name of tax payer	Tax rate	Remarks
The Parent Company	25%	
CSSC Huangpu Wenchong Shipbuilding Company Limited	15%	
Guangzhou Wenchong Shipyard Co., Ltd.	15%	
Guangzhou Wenchuan Heavy Industrial Co., Ltd.	15%	
CSSC Industrial Internet Co., Ltd.	15%	
Wah Shun International Marine Limited	16.50%	Note
Wah Loong International Marine Limited	16.50%	Note
Wan Sheng International Marine Limited	16.50%	Note
Wan Xiang International Marine Limited	16.50%	Note
Wan Xing International Marine Limited	16.50%	Note
Wan Rui International Marine Limited	16.50%	Note
Wan Yu International Marine Limited	16.50%	Note
Zhanjiang Nanhai Ship Hi-Tech Services Ltd.	20%	
Guangzhou CSSC Wenchong Bingshen Facilities Co., Ltd.	20%	
Guangzhou Xingji Maritime Engineering Design Co., Ltd.	20%	
Guangzhou Wenchong Ship Engineering Co., Ltd.	20%	
Other subsidiaries	25%	

Other explanations: Wah Shun, Wah Loong, Wan Sheng, Wan Xiang, Wan Xing, Wan Rui and Wan Yu are registered in Hong Kong and subject to Hong Kong profits tax with the tax rate of 16.50%.

4) *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 Supertax and 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.: GR202144007063) on 20 December 2021, with a validity till 19 December 2024. The tax rebate rate is 15% for income tax of Huangpu Wenchong.
- (2) Wenchong Shipyard obtained the Certificate of Hi-tech Enterprise (certificate no.: GR202244010062) on 2 December 2022, with a validity till 1 December 2025. 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.: GR202144012793) on 31 December 2021, with a validity till 30 December 2024. 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.: GR202144002423) on 20 December 2021, with a validity till 19 December 2024. 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 low profit enterprises will be reduced by 25% of the taxable income and subject to a tax rate of 20%.

14. 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	48,067,553.44	688,459,748.15
Non-recurring gains and losses attributable to shareholders of the Company	2	49,831,469.56	767,772,666.93
Net profit after deducting non-recurring gains and losses attributable to shareholders of the Company	3=2-1	-1,763,916.12	-79,312,918.78
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 period-end regarding the increase of shares (II)	7		
Shares decreased due to share repurchase	8		
Number of months from the next month to the period-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

Item	No.	Current year	Last year
Weighted average number of ordinary shares outstanding following adjustments in relation to business combination under common control for the purposes of earnings per share after deduction of non-recurring gains and losses	13	1,413,506,378.00	1,413,506,378.00
Basic earnings per share (I)	14=1 ÷ 12	0.0340	0.4871
Basic earnings per share (II)	15=3 ÷ 13	-0.0012	-0.0561
Potential diluted interests of ordinary shares recognised as expense	16		
Conversion fee	17		
Income tax rate	18	0.25	0.25
Increase in 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)	0.0340	0.4871
Diluted earnings per share (II)	21=[3+(16-17) × (100%-18)] ÷ (13+19)	-0.0012	-0.0561

15. Dividends

Pursuant to a resolution of the Annual General Meeting of 2022 of the Company on 24 May 2023, the Company pays a dividend of RMB14,135,063.78 for the year 2022 and the Company does not convert capital reserve into share capital.

16. Depreciation and amortisation

Item	Current year	Last year
Depreciation of fixed assets	351,899,911.98	324,278,753.52
Amortisation of intangible assets	31,513,862.88	31,008,009.77
Depreciation of right-of-use assets	85,605,453.17	62,184,668.38
Amortisation of long-term prepaid expenses	10,458,536.61	8,423,900.43
Depreciation of investment properties	6,537,425.04	6,537,425.04
Total	486,015,189.68	432,432,757.14

17. Gains (or losses) on disposal of investments or properties

Losses on disposal of investments during the year were RMB189,095.34. 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).

IV. SEGMENT INFORMATION

1. Basis for determination of reportable segments and accounting policies

According to the Group's internal organizational structure, management requirements, and internal reporting system, the 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 repair and related business 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

Item	Shipbuilding and related business	Steel structure engineering	Ship maintenance segment	Other segment	Inter-segment elimination	Total
Revenue from external transactions	13,657,127,315.26	1,342,258,685.97	744,012,163.26	402,553,331.60		16,145,951,496.09
Revenue from intra-segment transactions	7,062,061,034.39	296,213,583.60	45,183,891.91	507,813,400.92	-7,911,271,910.82	
Income from investments in associates and joint ventures	162,222.61	7,237,941.12		28,324,295.75	-30,237,503.08	5,486,956.40
Credit impairment loss	9,182,195.40	-7,849,750.99		-45,498.91		1,286,945.50
Impairment losses on assets	-4,090,488.06	-3,600,000.00			3,600,000.00	-4,090,488.06
Depreciation fee and amortization fee	337,787,336.21	66,347,734.33	729,973.84	84,921,120.09	-3,770,974.79	486,015,189.68
Total profits	-13,574,736.87	30,873,886.62	673,395.82	62,525,283.42	-7,403,479.83	73,094,349.16
Income tax expense	-918,963.03	-1,228,186.06	42,833.56	1,990,681.03		-113,634.50
Net profit	-12,655,773.84	32,102,072.68	630,562.26	60,534,602.39	-7,403,479.83	73,207,983.66
Total assets	43,537,019,555.07	3,274,582,132.06	9,851,381.45	17,111,464,912.77	-13,070,415,973.78	50,862,502,007.57
Total liabilities	34,787,561,164.62	2,437,529,669.15	1,953,441.03	3,057,271,688.35	-9,028,851,679.20	31,255,464,283.95
Long-term equity investments in associates and joint ventures	862,647.22	28,378,728.77		3,681,690,280.82	1,494,900,048.69	5,205,831,705.50
Increase in other non-current assets excluding long-term equity investments	-944,573,316.19	-25,584,444.68	2,017,825.61	1,094,123,197.52	617,123,019.79	743,106,282.05
Capitalized expenditure	581,779,645.64	538,777,360.34	19,971.77	98,206,696.16	-554,715,477.30	664,068,196.61

1) *Revenue from external transactions by origin of revenue*

Item	Current year	Last year
Revenue from external transactions derived from China	15,217,055,898.57	11,484,659,097.51
Revenue from external transactions derived from other countries	928,895,597.52	1,310,465,820.36
Total	16,145,951,496.09	12,795,124,917.87

2) *Non-current assets by location of assets*

Item	Ending balance	Beginning balance
Non-current assets in China (excluding Hong Kong)	12,040,588,534.21	12,257,641,477.25
Hong Kong	494,604,279.60	802,286,452.1
Total	12,535,192,813.81	13,059,927,929.35

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