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(A joint stock limited liability company incorporated in the People's Republic of China)

(H Shares Stock Code: 00317)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

(Financial Highlights)

Turnover:	RMB19,402,390,859.63
Profit attributable to equity holders of the Company:	RMB377,262,684.20
Earnings per share attributable to equity holders of the Company:	RMB0.2669

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 2024 (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 2023, as follows:

DIVIDENDS

In accordance with Article 178 of the Articles of Association of CSSC Offshore & Marine Engineering (Group) Company Limited (the “**Articles of Association**”), the Company’s profit distribution policy shall be:

(I) Profit distribution principle

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

(II) Ways of profit distribution

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

(III) Conditions of dividend distribution and the proportion of dividend distribution

1. In the premise of satisfying criteria for distribution of cash dividends, in principle, the Company shall distribute dividends in cash on a yearly basis. The Board of the Company can propose to the Company to declare interim dividend based on the Company's profits and capital needs;
2. In the premise of satisfying the criteria for distribution of cash dividends, in principle, the Company shall distribute cash dividends based on a fixed proportion of distributable profits achieved in a year. The cumulative profit distribution in cash for the last three years shall not be less than 30% of the average annual distributable profit for the last three years;
3. The Company can use share dividends as an additional means for profit distribution, and the sum of cash dividends and share dividends shall not be less than 50% of the distributable profits for the year. In determining the specific amount for distributing profits by means of shares, the Company should adequately consider whether the total share capital after profit distribution by means of shares corresponds to the Company's current scale of operations and profit growth rate, and consider the impact on the finance cost of future loans, to ensure that the profit distribution plan is in line with the overall interests and long-term interests of shareholders as a whole;
4. In principle, in distributing cash dividends, the Company shall at the same time satisfy the following criteria:
 - (1) The Company has made a profit for that year, and after compensating for losses in previous years and withdrawing reserves according to law, the cumulative undistributed profits is positive, and the earnings per share shall not be less than RMB0.05;

- (2) Auditing firm issues a standard with no qualified opinion audit report for the Company's financial report for the Year;
- (3) The Company's asset-liability ratio shall not exceed 70%;
- (4) The Company does not have material investment plan or material cash expenditures.

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

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

(IV) 2024 profit distribution proposal

As considered and approved at the tenth meeting of the eleventh session of the Board, the 2024 profit distribution proposal of the Company is set out below:

The Company intends to distribute a cash dividend of RMB0.70 (tax inclusive) for every 10 shares to all its shareholders (the "**Shareholders**"). Calculated based on the total share capital of 1,413,506,378 shares as at 31 December 2024, the total proposed cash dividends to be distributed amounts to RMB98,945,446.46 (tax inclusive). The total cash dividend for the year (including cash dividend distributed for the interim period) amounts to RMB115,907,523.00 (tax inclusive), representing 30.72% of the net profit attributable to shareholders of the Company for the Year. The remaining undistributed profits of RMB1,137,201,178.63 will be carried forward for distribution in future periods. The Company did not convert capital reserve into share capital for 2024. If the total share capital of the Company changes before the record date for the implementation of dividend distribution, the Company shall maintain the distribution ratio per share unchanged and adjust the total distribution amount accordingly.

This profit distribution proposal is subject to approval at the 2024 annual general meeting of the Company (the "**2024 Annual General Meeting**"), the Company expects to complete the payment of cash dividend on or before 18 July 2025.

(V) Authorisation of 2025 interim profit distribution proposal

The Company proposes to formulate the 2025 interim profit distribution proposal of the Company based on the interim results for the six months ended 30 June 2025 as reviewed by the accounting firm, and on the premise of satisfying the relevant cash dividend conditions set out in the Articles of Association, and taking into account the Company's profitability, business development and reasonable returns to shareholders, etc. The total amount of interim cash dividend for 2025 shall not exceed 30% of the net profit attributable to shareholders of the Company realised in the first half of 2025.

In order to improve the efficiency of decision-making, the Company proposes to submit a proposal to the 2024 Annual General Meeting for consideration and approval to authorise the Board to formulate a specific plan for the distribution of interim profit for 2025 and to handle matters relating to the distribution of interim profit.

The Company will make announcements and notifications as to the 2024 Annual General Meeting and other relevant arrangements in accordance with the requirements of applicable laws and regulations, including but not limited to the Rules Governing the Listing of Stocks on 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**").

DISCUSSION AND ANALYSIS OF OPERATIONS

(I) Basic information on the shipbuilding industry

In 2024, the global new shipbuilding market showed a prosperity beyond expectations, the volume of new vessel transactions increased significantly, the price of new vessels remained at a high level, the green transformation of vessels continued to advance, showcasing a strong development trend in the shipbuilding industry.

The shipbuilding market recorded a significant growth. In 2024, according to Clarkson's data statistics, the global new shipbuilding market received new orders for vessels of 178.035 million DWT and 70.366 million CGT, representing a year-on-year growth of 39.3% and 39.6%, respectively, and the volume of new orders in terms of CGT hit a record high since 2007. In terms of completed and delivered vessels, the world saw the delivery of 89.238 million DWT and 42.983 million CGT of new vessels, representing a year-on-year increase of 1.1% and 15.2%, respectively. In terms of orders on hand, as at the end of December, the world's orders on hand amounted to 368.009 million DWT and 156.793 million CGT, representing a year-on-year increase of 27.5% and 18.1%, respectively.

The price of new vessels stabilised at a high level. In 2024, the global economy experienced a moderate recovery, with international trade being vibrant, driving the expansion of maritime trade. The robust demand in the shipbuilding market, coupled with rapidly escalating labour costs and the increased construction costs of green and environment- friendly vessels, resulted in maintaining a high and stable level for the price of new vessels. Taking the Clarkson Ship Price Index as an example, in December 2024, the newbuilding price index closed at 189 points, representing a year-on-year increase of 6.5%, and reaching a new high since October 2008.

The main vessel types experienced two increases and one decrease. In 2024, containership orders surged, with a total of 49.454 million DWT transacted throughout the year, representing a significant year-on-year increase of 169.9%. Oil tanker orders also saw a notable uptick, with a total of 57.207 million DWT transacted throughout the year, representing a year-on-year increase of 49.9%. Bulk carrier orders remained relatively stable, with a total of 49.130 million DWT transacted throughout the year, representing a year-on-year decrease of 7.0%. The proportion of new orders for containerships, oil tankers, and bulk carriers in the total orders was 27.8%, 32.1%, and 27.6%, respectively.

China leads the global shipbuilding industry. In 2024, the three major indicators of China's shipbuilding industry continued to grow steadily, maintaining the top position globally for 15 consecutive years. The completed shipbuilding volume, new orders received, and orders on hand accounted for 52.1%, 69.0% and 66.7% of global total volume in terms of DWT, respectively, and 53.4%, 70.6% and 50.0% in terms of CGT. Notably, both new orders received and orders on hand reached historical highs. Among the 18 main vessel types globally, China secured the top position in new orders received for 14 vessel types for two consecutive years. The new orders for alternative-fueled vessels accounted for 80.5% of the international market share, and China has attained full coverage across all mainstream vessel types.

(II) Basic information on the offshore engineering market

The global offshore engineering market experienced an overall rebound. According to Clarkson's data statistics, in 2024, the global offshore engineering market saw a total of 215 sets/vessels of offshore engineering equipment orders transacted, amounting to approximately US\$27.2 billion, representing a year-on-year increase of 85% in terms of value. Owing to the rapid development of offshore oil and gas projects in emerging countries, orders for large-scale oil and gas equipment such as FPSOs and FLNGs remained substantial. The offshore wind power market has seen a rapid growth, with active transactions in offshore wind power vessels. However, there has been a notable structural shift in vessel types, with orders for crane vessels and wind power installation vessels declining significantly, while orders for cable-laying vessels and wind power operation and maintenance vessels, etc. continued to grow.

Note: The above information and data are cited from the CSSC Economic Research Centre and China Association of the National Shipbuilding Industry, etc.

(III) Operation of the Group

In 2024, the global new shipbuilding market continued to exhibit a thriving and active trend, with the transaction volume of new vessels reaching a new high since the previous peak. Amidst the backdrop of the overall positive medium- to long-term demand for shipbuilding, the Group anchored itself on the objectives of the “14th Five-Year Plan” by focusing on annual targets and tasks, grasping development opportunities, tapping into potential and enhancing efficiency, resulting in a continuous improvement in the economic indicators for the year, key products being delivered consecutively, and the value creation capability steadily improving. In 2024, the Group achieved operating income of RMB19.402 billion, representing a year-on-year increase of 20.17%. The net profit attributable to the shareholders of the Company after deduction of non-recurring gains and losses was RMB336 million, representing a year-on-year increase of RMB337 million.

Adhering to innovation and leadership, the Group achieved another record in contracted orders. In 2024, the Group achieved operating orders of RMB25 billion, fulfilling 165.56% of its annual plan. The Group’s product structure continued to be upgraded, with key vessel types being contracted in batches, totaling 56 new shipbuilding orders for 12 different types. The Group made a breakthrough in the self-designed methanol dual-fuel vessels and signed contracts for six 2400 TEU methanol dual-fuel container vessels, further expanding the influence of the “Honghu” brand of feeder containerships. The Group contracted the PRC’s first ammonia dual-fuel gas carrier and a total of 12 gas carriers during the Reporting Period, thereby further consolidating the industry position in the field of medium-sized gas carrier construction. To expand the portfolio of its main vessel types, the Group secured 16 series orders for 4300TEU containerships, making a successful entry into the medium-sized containership market. The Group’s green transformation has achieved remarkable results, with 24 new energy vessels of 7 different types contracted. In terms of emerging industries, the Group successfully signed contracts for offshore wind power monopiles and transition sections in the UK, achieving an important breakthrough in the overseas market of steel structures for offshore wind power.

Deepening lean management, the Group steadily advanced the increase in volume and quality. The Group continued to deepen lean management, and continuously strengthened the management of the whole production process through measures such as enhancing the technical preparation for production, strengthening the control of production planning, improving the product construction process and optimising the allocation of production resources, etc, achieving significant enhancements in efficiency and quality of shipbuilding, a continuous improvement in the key cycles for the main vessel types, and a continuously positive trend in efficiency indicators. During the Reporting Period, the Group delivered 37 vessels with a total of 1.0844 million DWT. These included several important defense equipment products covering multiple types, as well as a series of bulk-built main vessel types such as feeder containerships, bulk carriers, and heavy lift vessels, and other key products such as offshore wind power towers. The PRC’s first “Dream” ocean drilling vessel was commissioned, which helped enhance the PRC’s capabilities in “deep-sea access, deep-sea exploration, and deep-sea development”.

As at the end of the Reporting Period, the Group held orders with the total contract value of approximately RMB61.6 billion, of which the total contract value of shipbuilding orders was approximately RMB58.7 billion, including 130 ship products and 2 offshore engineering equipment with a total of 4,776,700 DWT.

BUSINESS REVIEW

During the Reporting Period, the Group completed and delivered 37 ships, a total of 1,084,400 DWT, and realised operating income of RMB19.402 billion, representing a year-on-year increase of 20.17%. Net profit attributable to the shareholders of the Company was RMB377 million, representing a year-on-year increase of RMB329 million or an increase by 684.86%. Net profit attributable to shareholders of the Company after deduction of non-recurring gains and losses was RMB336 million. At the end of the Reporting Period, the Group's total assets amounted to RMB53.596 billion, representing a year-on-year increase of 5.37%; total liabilities amounted to RMB32.426 billion, representing a year-on-year increase of 3.74%; and total owner's equity amounted to RMB21.17 billion, representing a year-on-year increase of 7.97%, of which, owner's equity attributable to shareholders of the parent company amounted to RMB17.825 billion, representing a year-on-year increase of 8.57%.

FINANCIAL REVIEW

As at 31 December 2024, the operating income of the Group prepared under the China Accounting Standards for Business Enterprises amounted to RMB19.402 billion, representing a year-on-year increase of 20.17%. The audited net profit attributable to the shareholders of the Company for the year amounted to RMB377 million, earnings per share was RMB0.2669 and earnings per share after deduction of non-recurring gains and losses was RMB0.2374.

Key financial indicators	2024	2023	Change compared to same period last year (%)	2022
Basic earnings per share (RMB/share)	0.2669	0.0340	685.00	0.4871
Diluted earnings per share (RMB/share)	0.2669	0.0340	685.00	0.4871
Basic earnings per share after deduction of non-recurring gains and losses (RMB/share)	0.2374	-0.0012	Not applicable	-0.0561
Weighted average return on equity (%)	2.20	0.30	Increase of 1.90 percentage points	4.66
Weighted average return on equity after deduction of non-recurring gains and losses (%)	1.96	-0.01	Increase of 1.97 percentage points	-0.54

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	19,402,390,859.63	16,145,951,496.09	20.17
Operating cost	17,897,013,361.84	15,165,684,226.23	18.01
Selling expenses	48,543,062.10	29,807,496.06	62.86
Administrative expenses	663,201,198.86	663,299,147.12	-0.01
Finance cost	-280,853,098.26	-348,850,220.75	Not applicable
Research and development expenses	888,463,342.28	658,533,832.96	34.92
Net cash flows from operating activities	-2,195,628,947.67	3,311,968,278.35	-166.29
Net cash flows from investing activities	-427,996,707.41	-3,100,461,904.03	Not applicable
Net cash flows from financing activities	807,697,796.22	-1,623,204,032.12	Not applicable
Taxes and surcharges	34,932,883.22	26,834,138.50	30.18
Investment income	283,506,266.21	23,663,491.61	1,098.07
Loss on impairment of credit (loss expressed with “-”)	-13,046,115.60	1,286,945.50	-1,113.73
Loss on impairment of assets (loss expressed with “-”)	-50,949,140.70	-4,090,488.06	Not applicable
Gain on disposal of assets	-29,166,698.27	50,345,748.28	-157.93
Non-operating expenses	1,660,001.62	3,226,288.24	-48.55
Income tax expenses	-77,492,908.07	-113,634.50	Not applicable

Reason for change in operating income: mainly due to the continuous optimisation of the order structure, sustained high production workload, steady increase in total production volume and production efficiency and the year-on-year increase in both output and price of delivered ship products during the Reporting Period.

Reason for change in operating cost: mainly due to the year-on-year increase in operating income, which drove a corresponding rise in operating cost during the Reporting Period. Since 1 January 2024, the Group has implemented the relevant provisions of “Accounting Standards for Business Enterprises Interpretation No.18” (Cai Kuai [2024] No. 24) issued by the Ministry of Finance, requiring warranty type quality assurance expenses to be recognised in operating cost instead of selling expenses. The Group has applied the retrospective adjustment method to adjust the financial statements for the comparable period.

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

Reason for change in administrative expenses: remaining generally the same as last year.

Reason for change in finance cost: mainly due to the effect of the year-on-year decrease of the net interest income/expense and exchange gains arising from the exchange rate fluctuations during the Reporting Period.

Reason for change in research and development expense: mainly due to the effect of the increase in research and development investment during the Reporting Period.

Reason for change in net cash flow from operating activities: mainly attributable to the expansion of production scale, which led to a significant year-on-year increase in orders for product construction materials during the Reporting Period.

Reason for change in net cash flow from investing activities: mainly due to the year-on-year decrease in net deposits of time deposits with maturity of over three months during the Reporting Period.

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

Reasons for change in taxes and surcharges: mainly due to the year-on-year increase in property tax, as well as the corresponding year-on-year increase in urban construction tax, education surcharge, and stamp duty in light of the increase in operating income from operating orders and domestic sales products during the Reporting Period.

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

Reason for change in credit impairment loss: mainly due to the effect of the year-on-year increase in bad debt provision made for other receivables and long-term receivables under individual testing during the Reporting Period.

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

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

Reason for change in non-operating expenses: mainly due to the effect of the year-on-year decrease in impairment losses on scrapped fixed assets during the Reporting Period.

Reason for change in income tax expense: mainly due to the year-on-year increase in the deferred income tax assets recognised on recoverable losses and estimated liabilities for the Reporting Period resulting from the effect of the year-on-year difference in the deferred income tax expense recognised based on the difference (temporary differences) between the tax basis and the book value of assets and liabilities.

Analytical statement of assets and liabilities

Unit: Yuan Currency: RMB

Item	Amount at the end of current period	Proportion of total assets at the end of current period (%)	Amount at the end of last period	Proportion of total assets at the end of last period (%)	Change of amount at the end of current period compared with that of the end of last period (%)	Description
Cash in bank and on hand	15,260,594,444.32	28.47	16,422,805,149.57	32.29	-7.08	
Financial assets held-for-trading	1,171,434.07	0.00	9,127,869.19	0.02	-87.17	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.
Notes receivable	56,102,457.89	0.10	20,392,000.00	0.04	175.12	Increase in customers settling with bills.
Accounts receivable	1,326,920,478.98	2.48	2,104,093,140.45	4.14	-36.94	Decrease in the amount of payments that have not reached the collection time at the end of the Reporting Period.
Prepayments	5,547,687,998.67	10.35	2,737,289,683.04	5.38	102.67	Increase in prepayments for materials and equipment due to the increased orders for product construction materials during the Reporting Period.
Inventories	5,905,684,446.80	11.02	5,434,769,275.19	10.69	8.66	
Contract assets	2,388,466,443.95	4.46	2,312,935,460.77	4.55	3.27	
Non-current assets due within one year	930,941,201.25	1.74	297,245,486.79	0.58	213.19	Increase in long-term receivables due within one year at the end of the Reporting Period.
Other current assets	423,717,919.05	0.79	148,416,094.87	0.29	185.49	Increase in input value-added tax at the end of the Reporting Period.
Long-term receivables	715,985,528.68	1.34	1,667,410,982.91	3.28	-57.06	Increase in long-term receivables due within one year at the end of the Reporting Period.

Item	Amount at the end of current period	Proportion of total assets at the end of current period (%)	Amount at the end of last period	Proportion of total assets at the end of last period (%)	Change of amount at the end of current period compared with that of the end of last period (%)	Description
Long-term equity investments	5,403,984,842.40	10.08	5,205,831,705.50	10.24	3.81	
Investment properties	123,111,781.50	0.23	129,649,206.54	0.25	-5.04	
Fixed assets	4,830,830,141.14	9.01	5,171,674,516.34	10.17	-6.59	
Construction in progress	164,266,268.87	0.31	340,768,631.96	0.67	-51.80	Investment projects on fixed assets were successively transferred to fixed assets during the Reporting Period.
Right-of-use asset	223,699,680.67	0.42	177,197,989.59	0.35	26.24	
Long-term deferred expenses	79,792,669.10	0.15	43,976,595.97	0.09	81.44	Improvement of the office environment for employees and upgrading of production facilities during the Reporting Period.
Short-term borrowings	598,343,912.50	1.12	780,514,316.67	1.53	-23.34	
Financial liabilities held-for-trading	94,183,471.96	0.18	24,854,342.66	0.05	278.94	The accelerated production progress during the Reporting Period, where the collection period for certain held financial derivatives preceded the closing date, leading to the termination of hedging relationships and the conversion into normal forward business, which contributed to the increase.
Notes payable	1,874,172,036.86	3.50	3,882,643,617.93	7.63	-51.73	Due payment of notes payable during the Reporting Period.
Accounts payable	8,452,829,358.41	15.77	4,869,983,355.45	9.57	73.57	The increase in material purchases payable at the end of the period due to the increased orders for product construction materials during the Reporting Period.
Contract liabilities	13,291,127,772.51	24.80	15,373,560,027.69	30.23	-13.55	

Item	Amount at the end of current period	Proportion of total assets at the end of current period (%)	Amount at the end of last period	Proportion of total assets at the end of last period (%)	Change of amount at the end of current period compared with that of the end of last period (%)	Description
Taxes payable	40,654,851.89	0.08	72,738,615.78	0.14	-44.11	Decrease in value-added tax and enterprise income tax payable at the end of the Reporting Period.
Non-current liabilities due within one year	1,558,093,634.54	2.91	1,063,803,392.87	2.09	46.46	Increase in long-term borrowings due within one year at the end of the Reporting Period.
Other current liabilities	220,041,281.42	0.41	167,102,591.27	0.33	31.68	Increase in supply chain notes that are not derecognised at the end of the Reporting Period.
Long-term borrowings	4,048,900,000.00	7.55	3,314,314,701.47	6.52	22.16	
Lease liabilities	152,585,672.14	0.28	121,112,313.78	0.24	25.99	
Estimated liabilities	264,667,686.67	0.49	188,929,029.21	0.37	40.09	The increase in finished products results in an increase in the provision for warranty expenses.
Deferred income	85,322,154.61	0.16	39,427,582.86	0.08	116.40	Increase in government subsidies not carried forward at the end of the Reporting Period.
Deferred tax liabilities	1,281,810,227.37	2.39	914,322,691.53	1.80	40.19	Due to the impact of the increase in the fair value of the shares of China CSSC Holdings Limited held by the Company at the end of the Reporting Period.
Other comprehensive income	3,669,970,450.30	6.85	2,607,526,251.42	5.13	40.75	Due to the impact of the increase in the fair value of the shares of China CSSC Holdings Limited 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 cost over last year (%)	Increase/decrease in gross profit margin over last year (%)
Shipbuilding industry	19,166,821,218.82	17,706,056,476.55	7.62	20.23	17.80	Increase of 1.90 percentage points
Principal business by product						
By product	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease in operating income over last year (%)	Increase/decrease in operating cost over last year (%)	Increase/decrease in gross profit margin over last year (%)
(I) Shipbuilding products	16,726,559,201.96	15,166,625,270.42	9.33	26.39	21.23	Increase of 3.86 percentage points
1. Bulk carriers	2,030,270,732.48	1,782,493,951.73	12.20	123.28	96.73	Increase of 11.84 percentage points
2. Container ships	5,189,781,544.94	3,946,423,722.94	23.96	20.98	5.81	Increase of 10.90 percentage points
3. Special ships and others	9,506,506,924.54	9,437,707,595.75	0.72	18.31	19.84	Decrease of 1.27 percentage points
(II) Offshore engineering products	697,802,033.90	844,385,268.57	-21.01	64.97	77.57	Decrease of 8.59 percentage points
(III) Steel structure engineering	826,437,773.69	734,310,631.48	11.15	-38.43	-37.90	Decrease of 0.75 percentage point
(IV) Maintenance and modification on ships	758,594,300.75	847,386,175.95	-11.70	1.96	18.53	Decrease of 15.61 percentage points
(V) Electro-mechanical products and others	157,427,908.52	113,349,130.13	28.00	-20.43	-22.49	Increase of 1.91 percentage points

Principal business by region						
By region	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease in operating income over last year (%)	Increase/decrease in operating cost over last year (%)	Increase/decrease in gross profit margin over last year (%)
China (including Hong Kong, Macau and Taiwan)	13,059,654,977.33	12,223,927,002.14	6.40	-13.01	-13.61	Increase of 0.65 percentage point
Other regions in Asia	4,058,862,385.68	3,610,196,735.39	11.05	3,479.83	4,406.89	Decrease of 18.30 percentage points
Europe	4,318,985.90	4,108,053.22	4.88	-22.99	14.95	Decrease of 31.40 percentage points
Oceania	1,894,769,491.57	1,731,593,626.23	8.61	430.06	386.86	Increase of 8.11 percentage points
North America	43,343,704.65	39,495,956.95	8.88	Not applicable	Not applicable	Not applicable
Africa	105,871,673.69	96,735,102.62	8.63	-75.59	-77.12	Increase of 6.14 percentage points
South America			Not applicable	-100.00	-100.00	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 cost over last year (%)	Increase/decrease in gross profit margin over last year (%)
Direct sales	19,166,821,218.82	17,706,056,476.55	7.62	20.23	17.80	Increase of 1.90 percentage points

Notes:

- the above sheet of “Principal business by region” is categorised based on the final region where the products are to be sold.
- Since 1 January 2024, the Group has implemented the relevant provisions of “Accounting Standards for Business Enterprises Interpretation No.18” (Cai Kuai [2024] No. 24) issued by the Ministry of Finance, requiring the warranty type quality assurance expenses to be recognised in operating cost instead of selling expenses. The Group has applied the retrospective adjustment method to adjust the financial statements for the comparable period.

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

During the Reporting Period, the Group's total income from its principal business amounted to RMB19.167 billion, representing a year-on-year increase of 20.23%, mainly due to the continuous optimisation of the order structure, sustained high production workload, steady increase in total production volume and production efficiency and the year-on-year increase in both output and price of delivered ship products during the Reporting Period. The gross profit of its principal business amounted to RMB1.461 billion, representing a year-on-year increase of RMB549 million, with gross profit margin at 7.62%, increasing 1.90 percentage points year-on-year, primarily contributed by the shipbuilding business segment.

In terms of product mix, the proportion of income from each segment showed year-on-year fluctuations during the Reporting Period, with a year-on-year increase in the proportion of income from shipbuilding and offshore engineering products segments and certain extent of decreases in other segments. Among them, the proportion of income from shipbuilding and offshore engineering products segments accounted for 90.91%, representing a year-on-year increase of 5.24 percentage points; the proportion of income from steel structure engineering business accounted for 4.31%, representing a year-on-year decrease of 4.11 percentage points; the proportion of income from maintenance and modification on ships business accounted for 3.96%, representing a year-on-year decrease of 0.71 percentage point; and the proportion of income from electro-mechanical products and other business accounted for 0.82%, representing a year-on-year decrease of 0.42 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 RMB16.727 billion, representing a year-on-year increase of 26.39%, and the gross profit margin was 9.33%, representing a year-on-year increase of 3.86 percentage points. The increase in income was mainly attributable to the Group's continuous deepening of lean management, coupled with tighter control over production schedules during the Reporting Period. As a result, several vessel products were delivered ahead of schedule due to the gradual reduction in production cycle. The increase in gross profit margin was mainly attributable to further control of product construction costs resulted from the improvement in production efficiency during the Reporting Period.

2) Offshore engineering business

Income from the offshore engineering business was RMB698 million, representing a year-on-year increase of 64.97%, and the gross profit margin was -21.01%, representing a year-on-year decrease of 8.59 percentage points. The increase in income was mainly due to the fact that the offshore engineering products primarily constructed during the Reporting Period entered the late stage of equipment installation, commissioning and trial voyage of the whole vessel, leading to a significant increase in overall investment compared to the previous year. The decline in gross profit margin was primarily due to the fact that the offshore engineering products primarily constructed during the Reporting Period were research and development-oriented, resulting in relatively significant research and development (R&D) investment and construction costs.

3) Steel structure engineering business

Income from steel structure engineering business was RMB826 million, representing a year-on-year decrease of 38.43%, and the gross profit margin was 11.15%, representing a year-on-year decrease of 0.75 percentage point. The year-on-year decrease in income was mainly attributable to the delay in the undertaking of some steel structure projects during the Reporting Period as compared with the expectation, and some products under construction did not reach a state where income could be recognised. The gross profit level remained largely consistent compared to the previous year.

4) Maintenance and modification on ships business

Income from the maintenance and modification on ships business was RMB759 million, representing a year-on-year increase of 1.96%, and the gross profit margin was -11.70%, representing a year-on-year decrease of 15.61 percentage points. The income remained largely consistent compared to the previous year. The main reason for the year-on-year decrease in gross profit margin was the decrease in the proportion of foreign ship maintenance, the increase in the proportion of domestic ship maintenance and the decrease in the final settlement price of the part of the products for which settlement had been completed during the Reporting Period, resulting in an overall decrease in the gross profit margin.

5) **Electro-mechanical products and other business**

Income from electro-mechanical products and other business was RMB157 million, representing a year-on-year decrease of 20.43%, and the gross profit margin was 28.00%, representing a year-on-year increase of 1.91 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 increase in gross profit margin was mainly attributable to the difference in gross profit margin between different products.

By geographic region, during the Reporting Period, operating income from products sold to the PRC market (including Hong Kong, Macau and Taiwan) decreased by RMB1.953 billion year-on-year, representing a decrease of 13.01 percentage points, and operating income from products sold to foreign markets increased by RMB5.178 billion year-on-year, representing an increase of 557.47%, 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 6.40%, with the gross profit level basically flat as compared with that of the previous year. The gross profit margin of products sold to foreign markets was 10.23%, representing a year-on-year increase of 5.03 percentage points, mainly because the majority of exported vessel products delivered during the Reporting Period were primarily series ships, which facilitated cost control and resulted in a favourable gross profit situation.

Analytical statement of cost

Unit: RMB in ten thousand

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	1,237,747.00	69.90	1,026,911.61	68.32	20.53	
	Processing costs	530,740.69	29.98	485,322.82	32.29	9.36	
	Impairment loss	2,117.96	0.12	-9,235.41	-0.61	Not applicable	
	Total	1,770,605.65	100.00	1,502,999.02	100.00	17.80	
By product							
By product	Cost composition	Amount of current period	Proportion of total cost this period (%)	Amount for the corresponding period of last year	Proportion of total cost during the corresponding period of last year (%)	Change of amount of current period compared with that of last year (%)	Description
Shipbuilding products	Direct materials	1,110,486.07	73.21	933,879.24	74.65	18.91	
	Processing costs	403,666.81	26.62	326,430.35	26.09	23.66	
	Impairment loss	2,509.65	0.17	-9,235.41	-0.74	Not applicable	1)
	Sub-total	1,516,662.53	100.00	1,251,074.18	100.00	21.23	
Offshore engineering products	Direct materials	60,100.95	71.17	28,571.04	60.09	110.36	2)
	Processing costs	24,729.27	29.29	18,981.81	39.91	30.28	2)
	Impairment loss	-391.69	-0.46	0.00	-	Not applicable	
	Sub-total	84,438.53	100.00	47,552.85	100.00	77.57	
Steel structure engineering	Direct materials	42,473.17	57.84	49,642.81	41.98	-14.44	
	Processing costs	30,957.89	42.16	68,611.06	58.02	-54.88	3)
	Impairment loss	0.00	-	0.00	-	Not applicable	
	Sub-total	73,431.06	100.00	118,253.87	100.00	-37.90	
Maintenance and modification on ships	Direct materials	19,046.04	22.48	8,424.39	11.78	126.08	4)
	Processing costs	65,692.58	77.52	63,069.17	88.22	4.16	
	Impairment loss	0.00	-	0.00	-	Not applicable	
	Sub-total	84,738.62	100.00	71,493.56	100.00	18.53	
Electro-mechanical products and others	Direct materials	5,640.77	49.76	6,394.13	43.72	-11.78	
	Processing costs	5,694.14	50.24	8,230.43	56.28	-30.82	
	Impairment loss	0.00	-	0.00	-	Not applicable	
	Sub-total	11,334.91	100.00	14,624.56	100.00	-22.49	

Notes:

1. The above table analyses and fills out the cost components according to the Group's principal business by product, and the analysis is focused on the cost of principal business only.
2. Since 1 January 2024, the Group has implemented the relevant provisions of "Accounting Standards for Business Enterprises Interpretation No.18" (Cai Kuai [2024] No. 24) issued by the Ministry of Finance, requiring warranty type quality assurance expenses to be recognised in operating cost instead of selling expenses. The Group has applied the retrospective adjustment method to adjust the financial statements for the comparable period.

Explanation

- 1) Impairment losses in the shipbuilding products business segment amounted to RMB25 million in the Reporting Period, compared with RMB-92 million in the corresponding period of the previous year, mainly due to the combined impact of the provision for impairment of certain products during the Reporting Period, and the year-on-year decrease in the amount of reversal of impairment provision for products completed for sale.
- 2) During the Reporting Period, the direct material and processing costs of the offshore engineering products business segment increased by 110.36% and 30.28% year-on-year respectively, which was mainly attributable to the fact that the construction of offshore engineering products during the Reporting Period entered the late stage of equipment installation, commissioning and trial voyage of the whole vessel, leading to a significant increase in overall investment compared to the previous year, among which large-scale equipment was put into operation one after another, resulting in the year-on-year increase in material costs being higher than that of the increase in the processing costs.
- 3) During the Reporting Period, processing costs of the steel structure engineering business segment decreased by 54.88% year-on-year, which was mainly due to the year-on-year decrease in income of the business segment during the Reporting Period, and the corresponding decrease in cost investment, as well as the fact that the processing costs incurred were relatively small at the initial stage of material investment in some steel structure projects.
- 4) During the Reporting Period, the direct materials for the maintenance and modification on ships business segment increased by 126.08% year-on-year, while the income increased by 1.96% year-on-year, mainly due to the difference in products under construction, as well as the fact that the material costs accounted for a high proportion of total costs for some domestic ship maintenance and modification projects during the Reporting Period.

Information of R&D expenses

Unit: RMB

R&D expenses recorded as expenses during the current period	888,463,342.28
Capitalised R&D expenses for the current period	0
Total R&D expenses	888,463,342.28
Percentage of total R&D expenses over operating income (%)	4.58
Percentage of capitalised R&D expenses (%)	0

Information of R&D staff

Number of R&D staff of the Company	1,345
Number of R&D staff over total number of staff of the Company (%)	21.56%
Education background of R&D staff	
Education background	Number of R&D staff
PhD candidate	9
Postgraduate	88
Undergraduate	1,131
Specialties	105
High school and below	12
Age structure of R&D staff	
Age category	Number of R&D staff
Under 30 years old (excluding 30)	301
30-40 years old (including 30, excluding 40)	568
40-50 years old (including 40, excluding 50)	371
50-60 years old (including 50, excluding 60)	103
60 years old and above	2

Explanation:

In 2024, the Group adhered to the innovation-driven development, continued to improve and optimise the mechanism of scientific and technological innovation, and actively promoted the construction of innovation capability, resulting in a continuous improvement in its technological level. Firstly, the Group strengthened the development and expansion of proprietary products. In response to the new development trends in the shipbuilding industry, the Group promoted the iterative upgrading of vessels types and the green intelligent transformation of products, focusing on the construction of two proprietary brands, namely the “Honghu” series of feeder containerhips and the “Haijing” series of bulk carriers. The Group also expanded the reserve of independently developed vessel types such as medium-sized gas carriers, and continuously launched new vessel types with competitive advantages in the market, so as to continuously improve the spectrum of proprietary vessel types. Secondly, the Group strengthened research on intelligent manufacturing and advanced processes, taking the construction of advanced digital workshops as its main line, so as to enhance the research and application of advanced process technologies such as edge processing equipment for small parts, double-gantry panel robot welding equipment, and part coding, and striving to enhance its production and construction efficiency. Thirdly, the Group strengthened scientific research management. The Company completed 542 patent applications and obtained 167 patent grants for the year, which has continuously strengthened its technological reserves.

EXTERNAL EQUITY INVESTMENT

As at the end of the Reporting Period, the balance of the Group’s long-term equity investments was RMB5,403.9848 million, representing an increase of 3.81% from RMB5,205.8317 million as at the beginning of the Year, mainly due to the impact of the increase in net income of associates during the Reporting Period.

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 related/connected transaction or not	Related/connected 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	A fellow subsidiary within the group controlled by the Company's controlling shareholder
Guangzhou Wenchong Industrial Co., Ltd. (廣州中船文沖實業有限公司)	Wenchong Shipyards	Land, buildings and structures	-	2018.11.1	The date on which the relocation is completed and production commences at the new plant	-	-	-	Yes	A fellow subsidiary within the group controlled by the Company's controlling shareholder
Guangdong Guangxin Shipbuilding Trading Company Limited (廣東廣新船舶貿易有限公司)	Wenchuan Heavy Industrial	Land, buildings and structures	-	2024.5.1	2026.4.30	-	-	-	No	-
Guangdong COSCO SHIPPING Heavy Industry Co., Ltd. (廣東中遠海運重工有限公司)	Wenchuan Heavy Industrial	Land, buildings and structures	-	2021.7.9	2024.7.30	-	-	-	No	-

Description of leases

China Shipbuilding Group Guangzhou Ship Industrial Company Limited and CSSC Huangpu Wenchong Shipbuilding Company Limited (“**Huangpu Wenchong**”, a subsidiary of the Company) entered into the Land Use Rights Lease Agreement, pursuant to which Guangzhou Ship Industrial Company Limited shall lease its land use rights of the Changzhou Plant to Huangpu Wenchong for operational purpose. The rent for the land use rights shall be determined based on the principle of asset depreciation, amortisation, and 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 is from 1 May 2014, until Huangpu Wenchong has completed its relocation and officially commenced 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 the Land Use Rights Lease Agreement, 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 purpose. The rent for the land use rights shall be determined based on the principle of asset depreciation, amortisation, and 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 is from 1 November 2018, until Wenchong Shipyard has completed its relocation and officially commenced production at its new plant.

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

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 shall start from 9 July 2021 and end on 8 July 2026. On 30 July 2024, the parties entered into a lease termination agreement.

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	157,944.74
Total balance of guarantees provided for its subsidiaries at the end of the Reporting Period	174,982.30
Total amount of guarantees	174,982.30
Total amount of guarantees as a percentage of the Company's net assets (%)	8.27
Amount of debt guarantees provided directly or indirectly for entities with gearing ratio over 70%	174,982.30
Note on guarantees	<p>During the Reporting Period, the Group provided external guarantee with an accumulated amount of RMB1.579 billion, with the content and amount of the Group's external guarantees falling within the scope of limit set out in the framework for the guarantees as approved at the general meeting, and no overdue guarantee occurred. As at the end of the Reporting Period, the Group provided external guarantee with a total balance of RMB1.750 billion, most of which were guarantees provided by the Company's controlling subsidiary Huangpu Wenchong to its subsidiary Wenchuan Heavy Industrial. The guarantees include bank credit guarantee, parent company guarantee, advance payment guarantee and performance guarantee.</p>

3. Provision for impairment

According to the test results, the total amount of proposed asset impairment provisions by the Company and its subsidiaries for individual projects exceeding RMB5 million in the fourth quarter of 2024 was RMB63.3207 million. Among them, a provision for inventory write-downs of RMB50.9491 million was made due to the impact of the decline in the prices of raw materials and other factors; a provision for bad debts of RMB5.9606 million was made for the difference between the present value of future cash flows and the book value of some long-term receivables which were not paid according to the agreements; and a provision for bad debts of RMB6.4110 million was made for part of the equipment payment prepaid to a supplier that has been reclassified to other receivables from prepaid accounts due to the supplier's bankruptcy and inability to supply the purchased equipment.

The amount of the provision for asset impairment was fully included in the Company's operating results for the fourth quarter of 2024, reducing the total profit of the Company for the fourth quarter of 2024 by RMB63.3207 million.

CAPITAL LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2024, the Group had long-term borrowings of RMB4.049 billion, and cash and cash equivalents determined in accordance with the China Accounting Standards for Business Enterprises amounted to RMB7.913 billion.

CHARGES ON GROUP ASSETS

As at 31 December 2024, the Group had no fixed assets pledged for bank financing.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no significant contingent liabilities.

GEARING RATIO

As at 31 December 2024, the Company's gearing ratio was 60.50%.

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

EMPLOYEES, REMUNERATION AND TRAINING

The remuneration of employees of the Company and its subsidiaries comprises salaries, incentives, and other statutory welfare plans stipulated by the state. 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 while improving efficiency, implements a policy of streamlining workforce without compromising performance, thereby promoting 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	Capitalisation of reserves	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

Categories of share capital structure	Number	Percentage (%)
1. Domestic 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 number of shares	1,413,506,378	100

- (1) During the Reporting Period, the Company did not arrange for bonus issue, rights issue or capitalisation of reserves. As at the end of the Reporting Period, the Company had no internal staff shares.
- (2) There were no changes to the total number of ordinary shares and share structure of the Company during the Reporting Period.

PURCHASE, SALE 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 (including sales of treasury shares) during the Reporting Period. As at 31 December 2024, the Company did not hold any treasury shares.

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 to the Hong Kong Listing Rules.

The term of the tenth session of the Board 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 was pending completion at that time, in order to maintain the continuity of the work of the Board, the election of the new session of the Board was postponed. On 29 December 2023, the Company held the twenty-fifth meeting of the tenth session of the Board to nominate Director candidates for the eleventh session of the Board; and on 2 February 2024, the Company held the first extraordinary general meeting of 2024 to elect the eleventh session of the Board. Therefore, from the beginning of the Reporting Period to 2 February 2024, the Company could not fully comply with the requirements of code provision B.2.2 of the CG Code.

On 21 May 2024, Mr. Xiang Huiming, the then Chairman of the Company, resigned from his positions as Chairman and Director of the eleventh session of the Board, as well as the chairman of the Strategy Committee of the Board, due to retirement. Following the resignation of Mr. Xiang Huiming, and as at the date of this announcement, the Company has not yet elected a new Director to fill the vacancies of the Chairman of the Company and the chairman of the Strategy Committee of the Board left by Mr. Xiang Huiming. Therefore, from 21 May 2024 to the end of the Reporting Period, the Company was unable to fully comply with the requirements of principle C.2 of the CG Code as well as its code provisions applicable to the chairman. Mr. Xiang Huiming's resignation did not affect the normal operation of the Board. The Company will elect a new Chairman as soon as possible in accordance with relevant laws and regulations and the Articles of Association, so as to ensure full compliance with the requirements of the aforementioned requirements under the CG Code and to continue to better fulfill corporate governance responsibilities.

During the Reporting Period, Mr. Yu Shiyou, being the former independent non-executive Director of the Company, was unable to attend the 2024 first extraordinary general meeting held on 2 February 2024 for work reasons; and Mr. Chen Ji, Mr. Gu Yuan and Mr. Yin Lu, all being non-executive Directors, Mr. Lin Bin and Mr. Nie Wei, both being independent non-executive Directors, were unable to attend the 2023 annual general meeting, the 2024 first A Shares class meeting and the 2024 first H Shares class meeting held on 30 May 2024 for work reasons; Mr. Gu Yuan and Mr. Yin Lu, both being non-executive Directors, were unable to attend the 2024 second extraordinary general meeting held on 27 September 2024 for work reasons; and Mr. Yin Lu, being a non-executive Director, Mr. Nie Wei and Ms. Xie Xin, both being independent non-executive Directors, were unable to attend the 2024 third extraordinary general meeting held on 29 November 2024 for work reasons.

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 shall comprise independent non-executive Directors. In addition, the Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Hong Kong Listing Rules. Accordingly, the Company is of the view that all independent non-executive Directors comply with the independence requirement set out in the Hong Kong Listing Rules.

The Board comprised 8 Directors, including 1 executive Director, 3 non-executive Directors and 4 independent non-executive Directors at the end of the Reporting Period. Members of the Board have diverse industry backgrounds and have professional expertise in areas such as corporate governance, finance and accounting, investment strategies, maritime engineering and equipment and legal affairs. Details of the members of the Board will be set out in the section headed “Directors, Supervisors, Senior Management and Employees” in the 2024 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 2024 and the financial accounting report for 2024 of the Company.

OUTLOOK

1. Industry landscape and trends

The macroeconomic environment remains fundamentally stable. It is anticipated that the global economy will maintain a modest growth rate in 2025. However, uncertain factors such as geopolitical tensions and trade protectionism are projected to disrupt the global economic and trade order. As 2025 marks the conclusion of the 14th Five-Year Plan, the domestic economy is expected to continue its steady yet progressive trend. Proactive fiscal policies and accommodative monetary policies will provide a favourable monetary and financial environment for economic growth. Emerging industries such as digital economy, green economy, and high-end manufacturing are poised for a rapid development. Nevertheless, it remains imperative to monitor the ripple effects stemming from uncertainties including international monetary policies and restructuring of global industrial and supply chains.

The defense industry is navigating a strategic opportunity window. Against the backdrop of continued tensions in the global geopolitical situation and prolonged geopolitical conflicts, there persists an enduring necessity to strengthen the nation's defense capabilities. Achieving the centennial goal of military establishment by 2027 as scheduled is a key node in the process of advancing the modernisation of national defense and the military. The subversive role of emerging technologies has put forward new requirements for the PRC's defense and military manufacturing industry, such as "new domain and new quality", "intelligence", "combat-oriented military training" and "border, maritime and air defense construction", leading the subsequent development direction of defense and military enterprises. Increasingly diversified forms of maritime conflict will further increase the market for official law enforcement equipment, especially in high-performance large boats, ships equipped with advanced automation systems, equipment for fisheries law enforcement, etc. The green and low-carbon development path will bring long-term demand for the renewal and replacement of official law enforcement boats.

The shipbuilding industry maintains a high level of prosperity. The global shipbuilding industry is at a new historical juncture with the overlapping of the “dual cycles” of the renewal of ageing vessels and the green transformation of the fleet. From the perspective of renewal demand, the current global capacity of vessels aged 20 years and above exceeds 374 million DWT, which is 8.1% higher than the 346 million DWT of orders held by global shipyards during the same period. There is still room for orders to be released, while the capacity of vessels aged 15-19 years exceeds 440 million DWT, with strong potential demand for ordering. From the perspective of green development, the EU Marine Fuel Regulation and other major rules and norms come into force and implementation, which is beneficial to the new shipbuilding market to a certain extent. It is expected that in 2025, the global shipbuilding market will continue to show the development trend of “positive demand and tight supply”.

Emerging industries present both opportunities and challenges. According to the Global Wind Energy Council (GWEC), the global offshore wind power industry is poised for continued growth. Between 2023 and 2033, the installed capacity of offshore wind power worldwide is expected to increase from 10.9GW to 66.2GW, with a CAGR of 19.8%. The domestic market will rebound during the final phase of the 14th Five-Year Plan, and the overseas market will grow significantly in the next few years. However, with the rapid expansion of domestic production capacity and intensifying market competition, manufacturers will face challenges in securing orders and maintaining profitability.

Note: The above information and data are cited from CSSC Economic Research Centre, etc.

2. The Company’s development strategy

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

Facing the new development landscape of the shipbuilding market, the Company adheres to the enterprise spirit of “innovation, efficiency, cooperation and win-win”, follows the development concept of “devoting to both manufacturing and service”, and actively builds up three major industrial layouts of marine defense equipment, ship and offshore engineering equipment and marine science and technology innovation equipment. The Company fully aligns with major strategies such as the “Belt and Road” Initiative, military-civilian integration development, the building of a strong manufacturing country and the building of a strong maritime country, while promoting the expansion and extension of the traditional manufacturing industry in a more valuable direction, strengthening and optimising the main business, vigorously expanding emerging industries, driving transformation and upgrading into advanced manufacturing and service industries, and achieving high-quality development.

BUSINESS PLAN FOR 2025

In 2024, the Group recorded an operating income of RMB19.402 billion, completed 110.24% of the annual target; and secured orders with contract value of RMB25.0 billion, which was 165.56% of the annual target.

In 2025, the Group plans to realise operating income of RMB20.0 billion and to secure orders with contract value of RMB17.45 billion. The Group will continue to strengthen the research and development of vessel models, promote product upgrading while strengthening market development, increasing the promotion of main vessel types, and focusing on high-quality and high-efficiency orders; strengthen the management of the production process, improve the efficiency of production, promote the continuous reduction of key cycles of main vessel types, break through the bottlenecks in production and construction, and achieve the improvement in production capacity; continue to carry out cost engineering, improve the level of refined management, enhance the scientific and technological empowerment to explore potential and improve efficiency, and continue to improve the profitability. The above measures will ensure the completion of the 2025 business plan.

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

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 2024 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 2024 has been published on the website of the Company (comec.cssc.net.cn) on 28 March 2025 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
Chen Liping
Executive Director

Guangzhou, 28 March 2025

As at the date of this announcement, the Board comprises eight Directors, namely an executive Director Mr. Chen Liping; non-executive Directors 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.

CONSOLIDATED BALANCE SHEET

31 December 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	31 December 2024	31 December 2023
Current assets:		
Cash at bank and on hand	15,260,594,444.32	16,422,805,149.57
Settlement reserve		
Placements with banks and non-bank financial institutions		
Financial assets held-for-trading	1,171,434.07	9,127,869.19
Derivative financial assets		
Notes receivable	56,102,457.89	20,392,000.00
Accounts receivable	1,326,920,478.98	2,104,093,140.45
Receivable financing	236,548,075.95	276,203,451.85
Prepayments	5,547,687,998.67	2,737,289,683.04
Insurance premium receivable		
Reinsurance premium receivable		
Reserves for reinsurance contract receivable		
Other receivables	63,115,009.10	63,332,234.35
Financial assets purchased under agreements to resell		
Inventories	5,905,684,446.80	5,434,769,275.19
Including: data resources		
Contract assets	2,388,466,443.95	2,312,935,460.77
Assets held for sale		
Non-current assets due within one year	930,941,201.25	297,245,486.79
Other current assets	423,717,919.05	148,416,094.87
Total current assets	32,140,949,910.03	29,826,609,846.07

Item	31 December 2024	31 December 2023
Non-current assets:		
Loans and advances granted		
Debt investments		
Other debt investments		
Long-term receivables	715,985,528.68	1,667,410,982.91
Long-term equity investments	5,403,984,842.40	5,205,831,705.50
Investments in other equity instruments	7,859,909,518.36	6,447,078,173.90
Other non-current financial assets		
Investment properties	123,111,781.50	129,649,206.54
Fixed assets	4,830,830,141.14	5,171,674,516.34
Construction in progress	164,266,268.87	340,768,631.96
Productive biological assets		
Oil and gas assets		
Right-of-use asset	223,699,680.67	177,197,989.59
Intangible assets	925,124,040.52	886,447,990.87
Including: data resources		
Development expenses		
Including: data resources		
Goodwill		
Long-term deferred expenses	79,792,669.10	43,976,595.97
Deferred income tax assets	451,592,466.76	369,371,383.86
Other non-current assets	676,866,767.22	596,484,984.06
Total non-current assets	21,455,163,705.22	21,035,892,161.50
Total assets	53,596,113,615.25	50,862,502,007.57

Person in charge
of the Company:
Chen Liping

Person in charge of
accounting:
Hou Zengquan

Head of accounting
department:
Hou Zengquan

CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	31 December 2024	31 December 2023
Current liabilities:		
Short-term borrowings	598,343,912.50	780,514,316.67
Loans from central bank		
Placements from banks and other financial institutions		
Financial liabilities held-for-trading	94,183,471.96	24,854,342.66
Derivative financial liabilities		
Notes payable	1,874,172,036.86	3,882,643,617.93
Accounts payable	8,452,829,358.41	4,869,983,355.45
Advances from customers		
Contract liabilities	13,291,127,772.51	15,373,560,027.69
Securities sold under agreements to repurchase		
Deposits from customers and other banks		
Brokerage for securities trading		
Brokerage for underwriting securities		
Employee benefits payable	1,367,643.45	1,383,377.31
Taxes payable	40,654,851.89	72,738,615.78
Other payables	265,576,439.57	249,017,410.64
Fees and commission payable		
Reinsured accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	1,558,093,634.54	1,063,803,392.87
Other current liabilities	220,041,281.42	167,102,591.27
Total current liabilities	26,396,390,403.11	26,485,601,048.27

Item	31 December 2024	31 December 2023
Non-current liabilities:		
Reserves for insurance contracts		
Long-term borrowings	4,048,900,000.00	3,314,314,701.47
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	152,585,672.14	121,112,313.78
Long-term payable		
Long-term employee benefits payable	99,108,028.43	112,864,448.12
Estimated liabilities	264,667,686.67	188,929,029.21
Deferred income	85,322,154.61	39,427,582.86
Deferred tax liabilities	1,281,810,227.37	914,322,691.53
Other non-current liabilities	96,872,353.05	78,892,468.71
Total non-current liabilities	6,029,266,122.27	4,769,863,235.68
Total liabilities	32,425,656,525.38	31,255,464,283.95

Item	31 December 2024	31 December 2023
Owners' equity (or shareholders' equity):		
Paid-in capital (or share capital)	1,413,506,378.00	1,413,506,378.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	9,003,324,664.95	9,003,416,519.77
Less: Treasury shares		
Other comprehensive income	3,669,970,450.30	2,607,526,251.42
Special reserve		
Surplus reserve	1,146,499,058.97	1,116,371,040.28
Provision for general risks		
Retained earnings	2,591,405,648.46	2,276,749,345.46
Total equity attributable to owners (or shareholders) of the Company	17,824,706,200.68	16,417,569,534.93
Non-controlling interests	3,345,750,889.19	3,189,468,188.69
Total owners' equity (or shareholders' equity)	21,170,457,089.87	19,607,037,723.62
Total liabilities and owners' equity (or shareholders' equity)	53,596,113,615.25	50,862,502,007.57

Person in charge
of the Company:
Chen Liping

Person in charge of
accounting:
Hou Zengquan

Head of accounting
department:
Hou Zengquan

BALANCE SHEET OF THE PARENT COMPANY

31 December 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	31 December 2024	31 December 2023
Current assets:		
Cash at bank and on hand	1,478,825,829.58	1,440,736,925.94
Financial assets held-for-trading		
Derivative financial assets		
Notes receivable		
Accounts receivable		
Receivables financing		
Prepayments		
Other receivables	270,158.49	365,335.44
Inventories		
Including: data resources		
Contract assets		
Assets held-for-sale		
Non-current assets due within one year		
Other current assets	20,448,640.03	21,901,843.18
Total current assets	1,499,544,628.10	1,463,004,104.56

Item	31 December 2024	31 December 2023
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	7,093,483,944.51	6,853,156,317.38
Other equity instrument investments	7,821,117,179.36	6,403,050,327.04
Other non-current financial assets		
Investment properties	123,111,781.50	129,649,206.54
Fixed assets	4,172,232.82	4,460,988.35
Construction in progress		
Productive biological assets		
Oil and gas assets		
Right-of-use asset		
Intangible assets		
Including: data resources		
Research and development expenses		
Including: data resources		
Goodwill		
Long-term amortized expenses		
Deferred tax assets	192,117.22	196,911.81
Other non-current assets		
Total non-current assets	15,042,077,255.41	13,390,513,751.12
Total assets	16,541,621,883.51	14,853,517,855.68

Person in charge
of the Company:
Chen Liping

Person in charge of
accounting:
Hou Zengquan

Head of accounting
department:
Hou Zengquan

BALANCE SHEET OF THE PARENT COMPANY (CONTINUED)

31 December 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	31 December 2024	31 December 2023
Current liabilities:		
Short-term borrowings		
Financial liabilities held-for-trading		
Derivative financial liabilities		
Notes payable		
Accounts payable	1,285,801.45	16,500,985.45
Advances from customers		
Contract liabilities		
Employee benefits payable		
Taxes payable	538,585.22	563,779.89
Other payables	17,168,778.53	889,696.00
Liabilities held-for-sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	18,993,165.20	17,954,461.34
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities		
Long-term payable		
Long-term employee benefits payable		
Estimated liabilities		
Deferred income		
Deferred tax liabilities	1,240,808,494.84	886,291,781.76
Other non-current liabilities		
Total non-current liabilities	1,240,808,494.84	886,291,781.76
Total liabilities	1,259,801,660.04	904,246,243.10

Item	31 December 2024	31 December 2023
Owners' equity (or shareholders' equity):		
Paid-in capital (or share capital)	1,413,506,378.00	1,413,506,378.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	8,247,235,699.82	8,247,327,554.64
Less: Treasury shares		
Other comprehensive income	3,721,910,661.56	2,658,039,736.03
Special reserve		
Surplus reserve	663,020,859.00	632,892,840.31
Retained earnings	1,236,146,625.09	997,505,103.60
Total owners' equity (or shareholders' equity)	15,281,820,223.47	13,949,271,612.58
Total liabilities and owners' equity (or shareholders' equity)	16,541,621,883.51	14,853,517,855.68

Person in charge
of the Company:
Chen Liping

Person in charge of
accounting:
Hou Zengquan

Head of accounting
department:
Hou Zengquan

CONSOLIDATED INCOME STATEMENT

2024

(All amounts in RMB Yuan unless otherwise stated)

Item	2024	2023
I. Total operating income	19,402,390,859.63	16,145,951,496.09
Including: Operating income	19,402,390,859.63	16,145,951,496.09
Interest income		
Premium earned		
Fee and commission income		
II.Total operating costs	19,251,300,750.04	16,195,308,620.12
Including: Operating cost	17,897,013,361.84	15,165,684,226.23
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	34,932,883.22	26,834,138.50
Selling expenses	48,543,062.10	29,807,496.06
Administrative expenses	663,201,198.86	663,299,147.12
Research and development expenses	888,463,342.28	658,533,832.96
Financing cost	-280,853,098.26	-348,850,220.75
Including: Interest expenses	113,748,961.92	114,747,863.08
Interest income	360,121,768.64	382,844,049.40

Item	2024	2023
Add: Other income	147,647,564.30	151,004,136.22
Investment income (loss expressed with “-”)	283,506,266.21	23,663,491.61
Including: Income from investment in associates and joint ventures	211,178,827.91	5,486,956.40
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 “-”)	-98,734,638.44	-102,689,973.84
Loss on impairment of credit (loss expressed with “-”)	-13,046,115.60	1,286,945.50
Loss on impairment of assets (loss expressed with “-”)	-50,949,140.70	-4,090,488.06
Gains from disposal of assets (loss expressed with “-”)	-29,166,698.27	50,345,748.28
III.Operating profit (loss expressed with “-”)	390,347,347.09	70,162,735.68
Add: Non-operating income	4,511,567.04	6,157,901.72
Less: Non-operating expenses	1,660,001.62	3,226,288.24
IV.Total profit (total loss expressed with “-”)	393,198,912.51	73,094,349.16
Less: Income tax expense	-77,492,908.07	-113,634.50
V.Net profit (net loss expressed with “-”)	470,691,820.58	73,207,983.66
(1) By continuity of operations		
1. Net profit from continuing operations (net loss expressed with “-”)	470,691,820.58	73,207,983.66
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 “-”)	377,262,684.20	48,067,553.44
2. Gain or loss attributable to non-controlling interests (net loss expressed with “-”)	93,429,136.38	25,140,430.22

Item	2024	2023
VLNet other comprehensive income after tax	1,061,327,613.52	1,168,893,867.20
Net other comprehensive income after tax attributable to owners of the Parent Company	1,062,476,483.07	1,167,599,541.77
(1)Other comprehensive income that may not be subsequently reclassified to profit and loss	1,061,443,925.50	1,166,843,992.86
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	320,786.29	-1,890,437.09
3. Change in fair value of investments in other equity instruments	1,061,123,139.21	1,168,734,429.95
4. Change in fair value of own credit risk		
(2)Other comprehensive income will be subsequently reclassified to profit or loss	1,032,557.57	755,548.91
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	1,032,557.57	755,548.91
7. Others		
Net other comprehensive income after tax attributable to non- controlling interests	-1,148,869.55	1,294,325.43

Item	2024	2023
VII.Total comprehensive income	1,532,019,434.10	1,242,101,850.86
Total comprehensive income attributable to owners of the Parent Company	1,439,739,167.27	1,215,667,095.21
Total comprehensive income attributable to non-controlling interests	92,280,266.83	26,434,755.65
VIII.Earnings per share:		
(1) Basic earnings per share (RMB/share)	0.2669	0.0340
(2) Diluted earnings per share (RMB/share)	0.2669	0.0340

Person in charge
of the Company:
Chen Liping

Person in charge of
accounting:
Hou Zengquan

Head of accounting
department:
Hou Zengquan

INCOME STATEMENT OF THE PARENT COMPANY

2024

(All amounts in RMB Yuan unless otherwise stated)

Item	2024	2023
I. Operating income	13,093,200.00	37,883,508.32
Less: Operating cost	6,537,425.04	31,283,485.60
Taxes and surcharges	120,751.04	141,440.52
Selling expenses		
Administrative expenses	22,726,666.33	27,321,281.75
Research and development expenses		
Financing cost	-36,090,399.74	-37,362,972.75
Including: Interest expenses		
Interest income	36,411,884.21	37,515,091.25
Add: Other income	22,846.07	103,521.97
Investment income (loss expressed with “-”)	286,509,556.37	32,674,194.07
Including: Investment income from associates and joint ventures	240,098,695.66	28,324,295.75
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 “-”)		
Loss on impairment of credit (loss expressed with “-”)	19,178.36	369,142.81
Loss on impairment of assets (loss expressed with “-”)		
Gains from disposal of assets (loss expressed with “-”)		
II. Operating profit (loss expressed with “-”)	306,350,338.13	49,647,132.05
Add: Non-operating income	633.86	2,110.00
Less: Non-operating expenses	6,000.00	21,076.61
III. Total profit (total loss expressed with “-”)	306,344,971.99	49,628,165.44
Less: Income tax expense	5,064,785.11	2,381,956.04

Item	2024	2023
IV.Net profit (net loss expressed with “-”)	301,280,186.88	47,246,209.40
(1)Net profit from continuing operations (net loss expressed with “-”)	301,280,186.88	47,246,209.40
(2)Net profit from discontinued operations (net loss expressed with “-”)		
V. Net other comprehensive income after tax	1,063,870,925.53	1,166,057,261.83
(1)Other comprehensive income that may not be subsequently reclassified to profit and loss	1,063,870,925.53	1,166,057,261.83
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	320,786.29	-1,890,437.09
3. Change in fair value of investments in other equity instruments	1,063,550,139.24	1,167,947,698.92
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		

Item	2024	2023
6. Exchange differences arising from translation of foreign currency financial statements		
7. Others		
VI Total comprehensive income	1,365,151,112.41	1,213,303,471.23

Person in charge
of the Company:
Chen Liping

Person in charge of
accounting:
Hou Zengquan

Head of accounting
department:
Hou Zengquan

CONSOLIDATED CASH FLOW STATEMENT

2024

(All amounts in RMB Yuan unless otherwise stated)

Item	2024	2023
I. Cash flows from operating activities		
Cash received from sale of goods or rendering of services	18,876,995,287.02	19,442,982,058.63
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	380,611,604.86	339,614,380.28
Other cash receipts relating to operating activities	606,258,717.57	637,516,723.82
Sub-total of cash inflows from operating activities	19,863,865,609.45	20,420,113,162.73
Cash paid for goods and services	19,937,301,431.05	14,841,971,478.65
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	1,395,276,690.29	1,416,303,205.36
Payments of taxes	139,018,724.31	122,618,184.08
Other cash payments relating to operating activities	587,897,711.47	727,252,016.29
Sub-total of cash outflows from operating activities	22,059,494,557.12	17,108,144,884.38
Net cash flows from operating activities	-2,195,628,947.67	3,311,968,278.35

Item	2024	2023
II. Cash flows from investing activities		
Cash receipts from disposal of investments	862,647.21	25,315,900.00
Cash receipts from investment income	69,616,645.06	43,244,896.21
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	380,349,036.04	332,124,611.31
Net cash receipts from disposal of subsidiaries and other business units	70,689.64	
Other cash receipts relating to investing activities	1,332,040,887.63	4,073,151,550.43
Sub-total of cash inflows from investing activities	1,782,939,905.58	4,473,836,957.95
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	203,194,863.43	554,296,344.64
Cash paid for investments	249,895,883.98	109,771,851.97
Net increase in pledged loans		
Net cash paid for acquisition of subsidiaries and other business units		
Other cash payments relating to investing activities	1,757,845,865.58	6,910,230,665.37
Sub-total of cash outflows from investing activities	2,210,936,612.99	7,574,298,861.98
Net cash flows from investing activities	-427,996,707.41	-3,100,461,904.03

Item	2024	2023
III. Cash flows from financing activities		
Cash receipts from receiving investments		
Including: Cash received by subsidiaries from receiving investments made by non-controlling interests		
Cash receipts from borrowings	2,839,000,000.00	2,880,000,000.00
Other cash receipts relating to financing activities		
Sub-total of cash inflows from financing activities	2,839,000,000.00	2,880,000,000.00
Cash paid for repayment of debts	1,808,600,000.00	4,277,500,000.00
Cash paid for dividends, profit distribution or interest expenses	139,938,273.98	123,805,037.19
Including: Dividends and profits paid by subsidiaries to non- controlling interests	2,630,666.33	
Other cash payments relating to financing activities	82,763,929.80	101,898,994.93
Sub-total of cash outflows from financing activities	2,031,302,203.78	4,503,204,032.12
Net cash flows from financing activities	807,697,796.22	-1,623,204,032.12
IV. Effect of change in exchange rate on cash and cash equivalents	27,418,435.20	42,872,446.80
V. Net increase in cash and cash equivalents	-1,788,509,423.66	-1,368,825,211.00
Add: Beginning balance of cash and cash equivalents	9,701,160,074.84	11,069,985,285.84
VI. Ending balance of cash and cash equivalents	7,912,650,651.18	9,701,160,074.84

Person in charge
of the Company:
Chen Liping

Person in charge of
accounting:
Hou Zengquan

Head of accounting
department:
Hou Zengquan

CASH FLOW STATEMENT OF THE PARENT COMPANY

2024

(All amounts in RMB Yuan unless otherwise stated)

Item	2024	2023
I. Cash flows from operating activities		
Cash received from sale of goods or rendering of services	14,271,588.00	14,969,020.94
Cash received from tax refund	1,182,442.76	
Other cash receipts relating to operating activities	21,467,587.87	20,824,839.38
Sub-total of cash inflows from operating activities	36,921,618.63	35,793,860.32
Cash paid for goods and services	201,860.47	1,428,828.63
Cash paid to and on behalf of employees	11,693,733.74	10,450,569.79
Payments of taxes	5,565,503.66	4,250,118.68
Other cash payments relating to operating activities	16,440,787.79	31,865,788.03
Sub-total of cash outflows from operating activities	33,901,885.66	47,995,305.13
Net cash flows from operating activities	3,019,732.97	-12,201,444.81
II. Cash flows from investing activities		
Cash receipts from disposal of investments		
Cash receipts from investment income	46,410,860.71	4,349,898.32
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,700.00	
Net cash receipts from disposal of subsidiaries and other business units		
Other cash receipts relating to investing activities	553,361,250.00	625,651,050.00
Sub-total of cash inflows from investing activities	599,773,810.71	630,000,948.32
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	134,006.33	276,293.52
Cash paid for investments		
Net cash paid for acquisition of subsidiaries and other business units		
Other cash payments relating to investing activities	557,500,000.00	1,406,500,000.00
Sub-total of cash outflows from investing activities	557,634,006.33	1,406,776,293.52
Net cash flows from investing activities	42,139,804.38	-776,775,345.20

Item	2024	2023
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	31,977,959.54	14,134,526.63
Other cash payments relating to financing activities		
Sub-total of cash outflows from financing activities	31,977,959.54	14,134,526.63
Net cash flows from financing activities	-31,977,959.54	-14,134,526.63
IV. Effect of change in exchange rate on cash and cash equivalents	-287,881.24	-129,110.29
V. Net increase in cash and cash equivalents	12,893,696.57	-803,240,426.93
Add: Beginning balance of cash and cash equivalents	50,975,239.22	854,215,666.15
VI. Ending balance of cash and cash equivalents	63,868,935.79	50,975,239.22

Person in charge
of the Company:
Chen Liping

Person in charge of
accounting:
Hou Zengquan

Head of accounting
department:
Hou Zengquan

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

I. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

(I) Basis for preparation

These consolidated financial statements have been prepared in accordance with the “Accounting Standards for Business Enterprises – Basic Standards” and various specific accounting standards, the application guidelines for the Accounting Standards for Business Enterprises, the Interpretation of the Accounting Standards for Business Enterprises and other relevant requirements by the Ministry of Finance (hereinafter referred to as the “Accounting Standards for Business Enterprises”), and No. 15 of regulations on information disclosures of companies that issue public offering shares – General Rules of preparing financial reports issued by China Securities Regulatory Commission (CSRC) and the relevant requirements by Hong Kong Companies Ordinance and the Listing Rules of the Hong Kong Stock Exchange.

(II) Going concern

The management of the Group has assessed its ability to operate on a continuing basis for the 12 months from 31 December 2024 and is of the view that its existing financial position should be sufficient to meet the production and operation of the Group. These financial statements are prepared on a going-concern basis.

(III) 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

These financial statements comply with the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the consolidated and parent company’s financial position of the Company as at 31 December 2024, as well as the consolidated and parent company’s operating results and cash flows for 2024.

III. NOTES TO 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 2024; and “Ending balance” refers to the balance as at 31 December 2024. “Current year” refers to the year 2024; and “Last year” refers to the year 2023. The currency unit is RMB.

(I) Notes receivable

1. Types of notes receivable

Item	Ending balance	Beginning balance
Bank acceptance bills	45,894,339.59	2,250,000.00
Finance company acceptance bills	10,208,118.30	123,000.00
Commercial acceptance bills		18,019,000.00
Total	56,102,457.89	20,392,000.00

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 with credit risk features	56,102,457.89	100.00			56,102,457.89
Total	56,102,457.89				56,102,457.89

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 with credit risk features	20,392,000.00	100.00			20,392,000.00
Total	20,392,000.00				20,392,000.00

Provision for bad debts made on a collective basis with credit risk features:

Item:

Name	Ending balance		
	Notes receivable	Provision for bad debts	Percentage of provision (%)
Bank acceptance bills	45,894,339.59		
Finance Company acceptance bills	10,208,118.30		
Total	56,102,457.89		

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	13,410,000.00
Finance company acceptance bills	
Commercial acceptance bills	
Total	13,410,000.00

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

Item	Amount derecognised at the end of the year	Amount not derecognised at the end of the year
Bank acceptance bills		11,200,000.00
Finance company acceptance bills		7,017,312.50
Total		18,217,312.50

6. Notes receivable actually written-off during the year

None

(II) 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	1,087,502,662.41	1,831,260,862.04
1 to 2 years	200,773,733.85	232,123,477.25
2 to 3 years	42,384,569.49	50,000,426.05
3 to 4 years	13,407,264.43	14,375,512.16
4 to 5 years	732,670.71	787,068.12
Over 5 years	12,696,822.46	11,980,809.11
Subtotal	1,357,497,723.35	2,140,528,154.73
Less: Provision for bad debts	30,577,244.37	36,435,014.28
Total	1,326,920,478.98	2,104,093,140.45

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	1,357,497,723.35	100.00	30,577,244.37	2.25	1,326,920,478.98
Total	1,357,497,723.35	100.00	30,577,244.37		1,326,920,478.98

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	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

(1) *Significant accounts receivable with provision for bad debts made on an individual basis:*

None

(2) *Provision for bad debts made on a collective basis with credit risk features:*

Item:

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Ageing portfolio	714,122,226.43	30,577,244.37	4.28
Portfolio of government units and public institutions	509,791,376.81		
Related parties portfolio	133,584,120.11		
Total	1,357,497,723.35	30,577,244.37	

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)	566,071,592.15	686,827.77	0.12
1 to 2 years	101,500,084.80	10,150,008.47	10.00
2 to 3 years	36,452,791.88	10,935,837.56	30.00
3 to 4 years	5,733,264.43	4,586,611.54	80.00
4 to 5 years	732,670.71	586,136.57	80.00
Over 5 years	3,631,822.46	3,631,822.46	100.00
Total	714,122,226.43	30,577,244.37	

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	36,435,014.28	-5,857,769.91				30,577,244.37
Total	36,435,014.28	-5,857,769.91				30,577,244.37

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

None

6. *Accounts receivable and contract assets of top five debtors by ending balance*

Name of entity	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Percentage of total ending balance of accounts receivable and contract assets (%)	Ending balance of provision for bad debts of accounts receivable and impairment of contract assets
Entity 1	341,069,254.34	549,385,200.00	890,454,454.34	23.77	
Entity 2	129,517,465.22	10,137,455.38	139,654,920.60	3.73	816,281.37
Entity 3	104,439,642.89	7,095,500.87	111,535,143.76	2.98	
Entity 4	91,562,677.20	56,289,266.64	147,851,943.84	3.95	
Entity 5	60,184,485.68	13,749,240.00	73,933,725.68	1.97	
Total	726,773,525.33	636,656,662.89	1,363,430,188.22	36.40	816,281.37

(III) **Notes payable**

Type	Ending balance	Beginning balance
Bank acceptance bills	1,363,849,542.52	1,148,671,895.63
Finance company acceptance bills	510,322,494.34	1,000,753,377.78
Commercial acceptance bills		1,733,218,344.52
Total	1,874,172,036.86	3,882,643,617.93

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, RMB1,874,172,036.86 had an ageing of less than 180 days, and RMB0 had an ageing of 181-360 days.

(IV) Accounts payable

1. *List of accounts payable*

Item	Ending balance	Beginning balance
Materials purchased	6,662,652,885.92	3,495,821,088.81
Payment for projects under construction	437,953,360.82	68,578,031.65
Retention money	736,359,820.62	721,806,399.22
Other construction and labour services	615,863,291.05	583,777,835.77
Total	8,452,829,358.41	4,869,983,355.45

2. *Ageing analysis of accounts payable based on the transaction date*

Ageing	Ending balance	Beginning balance
Within one year	6,153,217,058.00	2,856,000,087.76
1 to 2 years	958,967,492.46	921,570,784.26
2 to 3 years	374,870,763.74	313,755,269.84
Over 3 years	965,774,044.21	778,657,213.59
Total	8,452,829,358.41	4,869,983,355.45

3. *Significant accounts payable aged over one year or overdue*

Item	Ending balance	Including: Amount aged over one year	Reason for unsettlement or carrying forward
CSSC System Engineering Research Institute	652,801,613.96	161,504,315.14	Tentative estimation of arrears and deposit
Aviation Technology Research Institute of China Aerospace Science and Industry	222,862,860.00	160,645,760.00	Tentative estimation of arrears and deposit
China Shipbuilding Group Co., Ltd. No. 709 Research Institute	156,042,118.68	113,865,770.00	Tentative estimation of arrears and deposit
Guangzhou Wenchong Industrial Co., Ltd.	147,051,419.07	131,735,752.89	Tentative estimation of arrears and deposit
29th Research Institute of China Electronics Technology Group Corporation	118,645,000.00	87,660,000.00	Tentative estimation of arrears and deposit
China Shipbuilding Group Co., Ltd. No. 713 Research Institute	116,579,490.97	92,359,709.54	Tentative estimation of arrears and deposit
China Shipbuilding Group Co., Ltd. No. 715 Research Institute	241,131,756.80	75,152,600.00	Tentative estimation of arrears and deposit
China Shipbuilding Group Co., Ltd. No. 724 Research Institute	152,053,600.00	53,032,600.00	Tentative estimation of arrears and deposit
China Shipbuilding Group Guangzhou Ship Industrial Company Limited	70,556,172.42	52,456,020.00	Tentative estimation of arrears and deposit
Shanghai Academy of Spaceflight Technology	275,155,300.00	46,635,300.00	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 Shipbuilding Group Co., Ltd. No. 717 Research Institute	76,733,841.44	39,513,800.00	Tentative estimation of arrears and deposit
China Shipbuilding Group Co., Ltd. No. 703 Research Institute	38,373,222.22	31,217,930.53	Tentative estimation of arrears and deposit

Item	Ending balance	Including: Amount aged over one year	Reason for unsettlement or carrying forward
China Ship Development and Design Center	190,267,883.93	30,624,204.57	Tentative estimation of arrears and deposit
China Shipbuilding Group Co., Ltd. No. 704 Research Institute (中國船舶集團公司第七〇四研究所)	198,464,782.38	26,225,359.32	Tentative estimation of arrears and deposit
AECC Shenyang Liming Aero Engine Co., Ltd.	25,351,144.62	23,305,560.00	Tentative estimation of arrears and deposit
China First Heavy Industries Co., Ltd.	94,239,771.71	21,679,181.00	Tentative estimation of arrears and deposit
China Shipbuilding Group Co., Ltd. No. 723 Research Institute	85,035,797.38	21,019,950.00	Tentative estimation of arrears and deposit
Nanjing Keruida Electronic Equipment Co., Ltd.	20,849,574.00	20,849,574.00	Tentative estimation of arrears and deposit
Shanghai Ship and Shipping Research Institute	66,850,835.93	17,865,574.87	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
CSSC Marine Technology Co., Ltd.	42,299,643.22	15,944,804.74	Tentative estimation of arrears and deposit
China Shipbuilding Group Co., Ltd. No. 726 Research Institute	16,174,437.16	15,541,725.66	Tentative estimation of arrears and deposit
Total	3,070,381,532.56	1,301,696,758.93	

(V) Retained earnings

Item	Current year	Last year
Retained earnings as at the end of last year before adjustment	2,276,749,345.46	2,236,341,205.82
Beginning adjustment to retained earnings (increase +, decrease -)		572,135.41
Retained earnings as at the beginning of the year after adjustment	2,276,749,345.46	2,236,913,341.23
Add: Net profit attributable to owners of the Parent Company for the year	377,262,684.20	48,067,553.44
Less: Statutory surplus reserve set aside	30,128,018.69	4,724,620.94
Dividends payable for ordinary shares	32,510,646.70	14,135,063.78
Add: Transfer from other comprehensive income to retained earnings	32,284.19	10,628,135.51
Retained earnings as at the end of the year	2,591,405,648.46	2,276,749,345.46

Other explanations on retained earnings: Due to changes in accounting policies for the last year, undistributed profits as at the beginning of the last year of RMB572,135.41 were affected. The retained earnings carried forward from other comprehensive income for the last year represented an internal carry-forward of the owners' equity from disposal of equity in CSSC Finance Company Limited by Wenchong Shipyard; the retained earnings carried forward from other comprehensive income for the current year represented an internal carry-forward of the owners' equity from disposal of equity in CSSC Heavy Equipment Co., Ltd. by Huangpu Wenchong.

(VI) Net current assets

Item	Ending balance	Beginning balance
Current assets	32,140,949,910.03	29,826,609,846.07
Less: Current liabilities	26,396,390,403.11	26,485,601,048.27
Net current assets	5,744,559,506.92	3,341,008,797.80

(VII) Total assets less current liabilities

Item	Ending balance	Beginning balance
Total assets	53,596,113,615.25	50,862,502,007.57
Less: Current liabilities	26,396,390,403.11	26,485,601,048.27
Total assets less current liabilities	27,199,723,212.14	24,376,900,959.30

(VIII) Operating income and operating cost**1. Information on operating income and operating cost**

Item	Current year		Last year	
	Income	Cost	Income	Cost
Principal business	19,166,821,218.82	17,706,056,476.55	15,941,256,203.17	15,029,990,244.41
Other business	235,569,640.81	190,956,885.29	204,695,292.92	135,693,981.82
Total	19,402,390,859.63	17,897,013,361.84	16,145,951,496.09	15,165,684,226.23

Gross profit from principal business

Item	Current year	Last year
Income from principal business	19,166,821,218.82	15,941,256,203.17
Cost of principal business	17,706,056,476.55	15,029,990,244.41
Gross profit	1,460,764,742.27	911,265,958.76

(1) Principal business – by product

Product name	Current year	Last year
Income from principal business		
Ship products	16,726,559,201.96	13,234,152,359.60
Including:		
Bulk carriers	2,030,270,732.48	909,282,245.40
Containerships	5,189,781,544.94	4,289,763,073.55
Special ships and others	9,506,506,924.54	8,035,107,040.65
Offshore engineering products	697,802,033.90	422,974,955.66
Steel structure	826,437,773.69	1,342,258,685.97
Ship maintenance and modification	758,594,300.75	744,012,163.26
Electromechanical products and others	157,427,908.52	197,858,038.68
Total	19,166,821,218.82	15,941,256,203.17
Cost of principal business		
Ship products	15,166,625,270.42	12,510,741,861.27
Including:		
Bulk carriers	1,782,493,951.73	906,039,595.54
Containerships	3,946,423,722.94	3,729,562,089.62
Special ships and others	9,437,707,595.75	7,875,140,176.11
Offshore engineering products	844,385,268.57	475,528,511.62
Steel structure	734,310,631.48	1,182,538,673.06
Ship maintenance and modification	847,386,175.95	714,935,607.20
Electromechanical products and others	113,349,130.13	146,245,591.26
Total	17,706,056,476.55	15,029,990,244.41

(2) Principal business – by region

Region	Current year	Last year
Income from principal business		
China (including Hong Kong, Macau and Taiwan)	13,059,654,977.33	15,012,360,605.65
Other Asia regions	4,058,862,385.68	113,381,363.81
Europe	4,318,985.90	5,608,493.55
Oceania	1,894,769,491.57	357,463,321.84
North America	43,343,704.65	
Africa	105,871,673.69	433,637,430.21
South America		18,804,988.11
Total	19,166,821,218.82	15,941,256,203.17
Cost of principal business		
China (including Hong Kong, Macau and Taiwan)	12,223,927,002.14	14,149,423,041.90
Other Asia regions	3,610,196,735.39	80,103,958.42
Europe	4,108,053.22	3,573,871.92
Oceania	1,731,593,626.23	355,664,515.95
North America	39,495,956.95	
Africa	96,735,102.62	422,856,601.82
South America		18,368,254.40
Total	17,706,056,476.55	15,029,990,244.41

(3) Income from and cost of other business

Item	Current year	Last year
Income from other business		
Sale of materials	131,635,229.07	126,150,963.68
Lease	53,963,687.00	55,155,122.44
Provision of energy	21,162,813.30	1,801,460.05
Others	28,807,911.44	21,587,746.75
Total	235,569,640.81	204,695,292.92
Costs of other business		
Sale of materials	123,394,195.21	95,895,973.84
Lease	18,891,074.25	18,990,112.54
Provision of energy	23,432,073.91	1,857,760.50
Others	25,239,541.92	18,950,134.94
Total	190,956,885.29	135,693,981.82

2. *Deductions of operating income*

Item	Current year	Specific deductions	Last year	Specific deductions
Amount of operating income	19,402,390,859.63		16,145,951,496.09	
Total amount of deductions	235,569,640.81		204,695,292.92	
Proportion of total amount of deductions in operating income (%)	1.21		1.27	
I. Business income not related to the principal operations				
Income from operations other than daily operations	235,569,640.81	Sales of materials, rental income, etc.	204,695,292.92	Sales of materials, rental income, etc.
Subtotal of business income not related to the principal operations	235,569,640.81		204,695,292.92	
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	19,166,821,218.82		15,941,256,203.17	

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	23,835,578,035.04	22,275,644,103.50							-7,109,018,833.08	-7,109,018,833.08	16,726,559,201.96	15,166,625,270.42
Offshore engineering products	802,214,960.26	1,004,241,702.72							-159,856,434.15	-159,856,434.15	697,802,033.90	844,385,268.57
Steel structure			1,077,476,743.94	981,225,222.18					-246,914,590.70	-246,914,590.70	826,437,773.69	734,310,631.48
Ship maintenance and modification					765,303,906.78	854,095,781.98					758,594,300.75	847,386,175.95
Electromechanical products and others							489,211,351.91	445,912,266.61			157,427,908.52	113,349,130.13
Other business							629,924,158.74	585,311,403.22			235,569,640.81	190,956,885.29
Total	24,637,792,995.30	23,279,885,806.22	1,077,476,743.94	981,225,222.18	765,303,906.78	854,095,781.98	1,119,135,510.65	1,031,223,669.83	-8,197,318,297.04	-8,249,417,118.37	19,402,390,859.63	17,897,013,361.84
Sub-total by region of operation:												
Domestic	18,735,566,642.70	17,966,682,940.47	1,077,476,743.94	981,225,222.18	548,479,736.06	659,608,667.51	1,087,802,512.92	1,014,389,254.86	-8,197,318,297.04	-8,249,417,118.37	13,252,007,338.58	12,372,488,966.65
Overseas	5,902,226,352.60	5,313,202,865.75			216,824,170.72	194,487,114.47	31,332,997.73	16,834,414.97			6,150,383,521.05	5,524,524,395.19
Total	24,637,792,995.30	23,279,885,806.22	1,077,476,743.94	981,225,222.18	765,303,906.78	854,095,781.98	1,119,135,510.65	1,031,223,669.83	-8,197,318,297.04	-8,249,417,118.37	19,402,390,859.63	17,897,013,361.84
By type of market or customer:												
State-owned enterprises	17,824,683,525.01	17,138,232,929.39	1,038,838,656.53	959,857,073.89	498,189,702.82	612,591,126.58	992,090,103.86	944,044,073.13	-8,197,318,297.04	-8,249,417,118.37	12,156,483,671.18	11,405,308,084.62
Private enterprises	1,384,955.75	2,308,173.39	38,638,107.41	21,568,148.29	50,290,033.24	47,017,540.93	95,712,409.06	62,373,695.35			186,025,505.46	133,067,357.96
Foreign enterprises	6,811,724,514.54	6,139,344,703.44			216,824,170.72	194,487,114.47	31,332,997.73	24,805,901.35			7,059,881,682.99	6,358,637,719.26
Total	24,637,792,995.30	23,279,885,806.22	1,077,476,743.94	981,225,222.18	765,303,906.78	854,095,781.98	1,119,135,510.65	1,031,223,669.83	-8,197,318,297.04	-8,249,417,118.37	19,402,390,859.63	17,897,013,361.84

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 type of contracts:												
Fixed price	24,637,792,995.30	23,279,885,806.22	1,077,476,743.94	981,225,222.18	854,095,781.98	765,303,906.78	1,119,135,510.65	1,031,223,669.83	-8,197,318,297.04	-8,249,417,118.37	19,402,390,859.63	17,897,013,361.84
Mark up pricing												
Total	24,637,792,995.30	23,279,885,806.22	1,077,476,743.94	981,225,222.18	854,095,781.98	765,303,906.78	1,119,135,510.65	1,031,223,669.83	-8,197,318,297.04	-8,249,417,118.37	19,402,390,859.63	17,897,013,361.84
By date of transfer of goods:												
Performed at a point in time	13,560,401,015.58	12,337,824,479.05	1,111,201,888.95	901,571,650.75	854,095,781.98	765,303,906.78	1,119,135,510.65	1,034,314,583.60	-7,824,148,347.32	-7,859,931,312.43	7,731,893,974.64	6,456,461,182.95
Performed within a time period	11,077,391,979.72	10,942,061,327.17	966,274,854.99	891,067,571.43			-3,090,913.77	-3,090,913.77	-373,169,949.72	-389,485,805.94	11,670,496,884.99	11,440,552,178.89
Total	24,637,792,995.30	23,279,885,806.22	1,077,476,743.94	981,225,222.18	854,095,781.98	765,303,906.78	1,119,135,510.65	1,031,223,669.83	-8,197,318,297.04	-8,249,417,118.37	19,402,390,859.63	17,897,013,361.84
By contract term:												
Short-term	13,560,401,015.58	12,337,824,479.05	1,111,201,888.95	901,571,650.75	854,095,781.98	765,303,906.78	1,119,135,510.65	1,034,314,583.60	-7,824,148,347.32	-7,859,931,312.43	7,731,893,974.64	6,456,461,182.95
Long-term	11,077,391,979.72	10,942,061,327.17	966,274,854.99	891,067,571.43			-3,090,913.77	-3,090,913.77	-373,169,949.72	-389,485,805.94	11,670,496,884.99	11,440,552,178.89
Total	24,637,792,995.30	23,279,885,806.22	1,077,476,743.94	981,225,222.18	854,095,781.98	765,303,906.78	1,119,135,510.65	1,031,223,669.83	-8,197,318,297.04	-8,249,417,118.37	19,402,390,859.63	17,897,013,361.84
By sales channel:												
Direct sales	24,637,792,995.30	23,279,885,806.22	1,077,476,743.94	981,225,222.18	854,095,781.98	765,303,906.78	1,119,135,510.65	1,031,223,669.83	-8,197,318,297.04	-8,249,417,118.37	19,402,390,859.63	17,897,013,361.84
Distribution sales												
Total	24,637,792,995.30	23,279,885,806.22	1,077,476,743.94	981,225,222.18	854,095,781.98	765,303,906.78	1,119,135,510.65	1,031,223,669.83	-8,197,318,297.04	-8,249,417,118.37	19,402,390,859.63	17,897,013,361.84

4. *Note on contract performance obligations*

Item	Time of contract performance obligations	Material payment terms	Nature of goods the Company undertook to transfer	Whether the Company is the principal responsible person	Payment expected to be returned to customers born by the Company	Type of quality assurance and relevant obligations provided by the Company
Mainly the construction, delivery and maintenance of ships and ancillary products	Substantially corresponding to the completion schedule of the ship completion progress, mainly includes those for construction commencement, closure, docking, launching, sea trial and delivery	The time and proportion of the settlement of the progress payment are set out in the contracts between the Group and the customers	Ships and ancillary products or relevant services	Yes	The two parties shall perform the relevant obligations in accordance with the terms of the contract. If any party defaults or fails to perform the contractual obligations in a timely manner, where the responsibility lies with the Group, it shall refund customers' prepayments together with the contract assets caused thereby; in the event that it is the customer's responsibility, the Group has the right to require the customer to continue performing or to compensate for the costs and profits incurred in the contract performance	For defects caused by unintentional, navigation risks and physical damage during the warranty period of the contract, which is generally 1 year, enterprises provide repair services without any charges

5. *Transaction price allocated to remaining performance obligations*

As of 31 December 2024, the transaction price corresponding to the contract performance obligations for which contracts had been entered into and which had not been performed was RMB50,882,642,400.00, of which:

RMB18,572,665,300.00 is expected to be recognized as revenue in 2025;

RMB14,237,875,300.00 is expected to be recognized as revenue in 2026.

6. *Top five customers by operating income*

Customers	Relationship with the Group	Current year	Percentage of total income from principal business (%)
Customer 1	Unrelated party	9,572,021,768.68	49.94
Customer 2	Unrelated party	3,921,343,034.12	20.46
Customer 3	Unrelated party	1,642,082,334.43	8.57
Customer 4	Under common control of China Shipbuilding Group	1,258,400,906.93	6.57
Customer 5	Unrelated party	487,532,562.52	2.54
Total		16,881,380,606.68	88.08

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 China Shipbuilding Group	6,019,960,646.53	34.00
Supplier 2	Unrelated party	357,487,000.00	2.02
Supplier 3	Unrelated party	222,519,700.00	1.26
Supplier 4	Unrelated party	196,954,620.00	1.11
Supplier 5	Unrelated party	123,504,250.00	0.70
Total		6,920,426,216.53	39.09

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

None

(IX) Finance expenses

Item	Current year	Last year
Interest expenses	113,748,961.92	114,747,863.08
Including: Interest expenses from lease liabilities	6,794,811.34	6,698,572.00
Less: Interest income	360,121,768.64	382,844,049.40
Foreign exchange gains and losses	-49,073,267.58	-94,134,339.38
Other expenses	14,592,976.04	13,380,304.95
Total	-280,853,098.26	-348,850,220.75

1. *Breakdown of interest expenses*

Item	Current year	Last year
Interest on bank borrowings and overdraft	108,341,008.32	112,685,981.47
Interest on bank borrowings due within 5 years	108,341,008.32	112,685,981.47
Interest on bank borrowings due over 5 years		
Other borrowings	10,357,953.60	7,151,881.61
Interest on other borrowings due within 5 years		
Other interest expenses	10,357,953.60	7,151,881.61
Sub-total	118,698,961.92	119,837,863.08
Less: Capitalized Interest		
Less: Finance interest discount	4,950,000.00	5,090,000.00
Total	113,748,961.92	114,747,863.08

2. *Breakdown of interest income*

Item	Current year	Last year
Interest income from bank deposits	335,685,558.33	352,515,833.60
Interest income from receivables	24,436,210.31	30,328,215.80
Total	360,121,768.64	382,844,049.40

(X) **Investment income**

Item	Current year	Last year
Gain from long-term equity investments accounted under equity method	211,178,827.91	5,486,956.40
Investment income from disposal of long-term equity investments	756,086.90	-189,095.34
Investment income from disposal of financial assets held for trading	27,969,485.11	12,265,877.98
Dividend income received during the period of holding investments in other equity instruments	43,601,866.29	6,099,752.57
Total	283,506,266.21	23,663,491.61

Other explanations: Investment income from investment in listed companies and non-listed companies for the year amounted to RMB43,498,983.20 (last year: RMB5,957,783.47) and RMB240,007,283.01 (last year: RMB17,705,708.14), respectively.

(XI) Gain from change in fair value

Source of gain from change in fair value	Current year	Last year
Financial assets held-for-trading	-7,956,435.12	-58,286,158.23
Financial liabilities held-for-trading	-68,358,166.43	15,665,169.00
Hedging instruments	-22,420,036.89	-60,068,984.61
Total	-98,734,638.44	-102,689,973.84

(XII) 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	498,433.21	860,841.16	498,433.21
Including: Gain from scrapped fixed assets	498,433.21	860,841.16	498,433.21
Government grants not relating to daily activities	1,738,410.18	1,820,129.88	1,738,410.18
Penalty income	656,401.71	310,671.63	656,401.71
Insurance claims payment	951,533.11	3,061,979.54	951,533.11
Others	666,788.83	104,279.51	666,788.83
Total	4,511,567.04	6,157,901.72	4,511,567.04

Other explanations: The amount included in non-recurring gains and losses for the year was RMB4,511,567.04 (last year: RMB6,157,901.72); non-operating income for the year included profit from disposal of properties of RMB0 (last year: RMB0).

(XIII) Income tax expense***I. List of income tax expense***

Item	Current year	Last year
Current income tax expense	-9,027,974.12	-686,230.29
(1) China	-9,050,708.34	-687,307.80
(2) Hong Kong	22,734.22	1,077.51
Deferred income tax expense	-68,464,933.95	572,595.79
Total	-77,492,908.07	-113,634.50

2. *Reconciliation of accounting profit and income tax expenses*

Item	Current year
Total profit	393,198,912.51
Income tax expenses calculated at statutory/applicable tax rate	98,299,728.13
Impact of different tax rates for subsidiaries	-13,554,455.62
Impact of adjustment for income tax for previous periods	-13,945,425.32
Impact of non-taxable income	-63,695,173.55
Impact of non-deductible costs, expenses and losses	-7,412,981.09
Impact of utilisation of deductible loss for which no deferred tax assets were previously recognised	-75,483,843.80
Impact of deductible temporary differences or deductible losses for the period for which no deferred tax assets are recognised	130,219,822.34
Others (refers to additional deduction of research and development expense)	-131,920,579.16
Income tax expense	-77,492,908.07

3. *Main types of taxes and rates*

Tax types	Tax basis	Tax rate
Value-added tax	The VAT payable is the difference between output tax (calculated based on sales of goods and taxable service income under the tax laws) and the deductible input tax of the period	13%, 9%, 6%
City maintenance and construction tax	Based on value-added tax paid	7%
Educational surcharge	Based on value-added tax paid	3%
Local educational surcharge	Based on value-added tax paid	2%
Enterprise income tax	Based on taxable profits	25%, 20%, 15%
Hong Kong profits tax	Taxable income	16.50%

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

Name of tax payer	Tax rate
The Company	25.00%
CSSC Huangpu Wenchong Shipbuilding Company Limited (“Huangpu Wenchong”)	15.00%
Guangzhou Wenchong Shipyard Co., Ltd. (“Wenchong Shipyard”)	15.00%
Guangzhou Huangchuan Ocean Engineering Co., Ltd. (“Huangchuan Ocean Engineering”)	25.00%
Guangzhou Wenchuan Heavy Industrial Co., Ltd. (“Wenchuan Heavy Industrial”)	15.00%
Guangxi Wenchuan Heavy Industrial Co., Ltd. (“Guangxi Heavy Industrial”)	25.00%
CSSC Industrial Internet Co., Ltd. (“CSSC Internet”)	15.00%
Zhanjiang Nanhai Ship Hi-Tech Services Co., Ltd. (“Zhanjiang Nanhai”)	20.00%
Guangzhou CSSC Wenchong Bingshen Facilities Co., Ltd. (“Wenchong Bingshen”)	20.00%
Wah Shun International Marine Limited (“Wah Shun”)	16.50%
Wah Loong International Marine Limited (“Wah Loong”)	16.50%
Guangzhou Xingji Maritime Engineering Design Co., Ltd. (“Xingji”)	20.00%
HuaCheng (TianJin) Ship Leasing Co., Ltd. (“HuaCheng”)	25.00%
HuaXin (TianJin) Ship Leasing Co., Ltd. (“HuaXin”)	25.00%
Wan Sheng International Marine Limited (“Wan Sheng”)	16.50%
Wan Xing International Marine Limited (“Wan Xing”)	16.50%
Wan Xiang International Marine Limited (“Wan Xiang”)	16.50%
Wan Rui International Marine Limited (“Wan Rui”)	16.50%
Wan Yu International Marine Limited (“Wan Yu”)	16.50%
Guangzhou Wenchong Ship Engineering Co., Ltd. (“Wenchong Engineering”)	20.00%

Other explanations: Wah Shun, Wah Loong, Wan Sheng, Wan Xing, Wan Xiang, Wan Rui and Wan Yu, which are incorporated in Hong Kong, enforce Hong Kong profits tax at 16.50%.

4. *Preferential taxation treatment*

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.

Enterprise income tax

- (1) Huangpu Wenchong obtained the Certificate of Hi-tech Enterprise (certificate no.: GR202444006517) on 28 November 2024, with a validity till 28 November 2027. The tax rebate rate is 15% for income tax of Huangpu Wenchong.
- (2) Wenchong Shipyard obtained the Certificate of Hi-tech Enterprise (certificate no.: 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.: GR202444000148) on 19 November 2024, with a validity till 19 November 2027. The tax rebate rate is 15% for income tax of Wenchuan Heavy Industrial.
- (4) CSSC Internet obtained the Certificate of Hi-tech Enterprise (certificate no.: GR202444009625) on 11 December 2024, with a validity till 11 December 2027. The tax rebate rate is 15% for income tax of CSSC Internet.
- (5) Zhanjiang Nanhai, Wenchong Bingshen, Xingji and Wenchong Engineering are small low-profit enterprises, according to the Announcement of Ministry of Finance and the Tax Administration No. 12 of 2023 "Announcement on Further Supporting the Development of Relevant Tax and Fee Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households", from 1 January 2023 to 31 December 2027, the taxable income of small low profit enterprises will be reduced by 25% of the taxable income and subject to a tax rate of 20%.

(XIV) Earnings per share

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

The numerator of the diluted earnings per share attributable to ordinary shareholders is the Company's net profit 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	377,262,684.20	48,067,553.44
Non-recurring gains and losses attributable to shareholders of the Company	2	41,654,459.53	49,831,469.56
Net profit after deducting non-recurring gains and losses attributable to shareholders of the Company	3=1-2	335,608,224.67	-1,763,916.12
Total number of shares at the beginning of the year	4	1,413,506,378.00	1,413,506,378.00
Shares increased due to transferring capital reserve into share capital or dividend distribution of shares (I)	5		
Shares increased due to issuance of new shares or debt for equity swap (II)	6		
Number of months from next month to the year-end regarding the increase of shares (II)	7		
Shares decreased due to share repurchase	8		
Number of months from the next month to the year-end regarding the decrease of shares	9		

Item	No.	Current year	Last year
Number of shares decreased due to capital reduction	10		
Number of months in the reporting period	11	12.00	12.00
Weighted average of ordinary shares outstanding	12	1,413,506,378.00	1,413,506,378.00
Weighted average number of ordinary shares outstanding following adjustments in relation to business combination under common control for the purposes of earnings per share after deduction of nonrecurring gains and losses	13	1,413,506,378.00	1,413,506,378.00
Basic earnings per share (I)	14=1÷12	0.2669	0.0340
Basic earnings per share (II)	15=3÷13	0.2374	-0.0012
Potential diluted interests of ordinary shares recognised as expense	16		
Conversion fee	17		
Income tax rate	18	0.25	0.25
Weighted average amount of ordinary shares increased due to warrant, share options, and convertible bonds, etc.	19		
Diluted earnings per share (I)	20=[1+(16-17)×(100%-18)]÷(12+19)	0.2669	0.0340
Diluted earnings per share (II)	21=[3+(16-17)×(100%-18)]÷(13+19)	0.2374	-0.0012

(XV) Dividends

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

1. Year ended 31 December 2023

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.

2. Year ended 31 December 2024

- (1) Pursuant to a resolution of the Annual General Meeting of 2023 of the Company on 30 May 2024, the Company pays a dividend of RMB15,548,570.16 for the year 2023 and the Company does not convert capital reserve into share capital.

- (2) Pursuant to a resolution of the second extraordinary general meeting of 2024 of the Company on 27 September 2024, the Company pays a dividend of RMB16,962,076.54 under its 2024 semi-annual profit distribution plan and the Company does not convert capital reserve into share capital.

According to the proposal of the Board on 28 March 2025, a final dividend of RMB0.70 (tax inclusive) per 10 ordinary shares for the year ended 31 December 2024, totaling RMB98,945,446.46, will be distributed. The Company will not convert capital reserve into share capital. This profit distribution proposal is subject to approval at the 2024 Annual General Meeting.

(XVI) Depreciation and amortisation

Item	Current year	Last year
Depreciation of fixed assets	355,092,356.69	351,899,911.98
Amortisation of intangible assets	32,845,930.59	31,513,862.88
Depreciation of right-of-use assets	83,885,032.19	85,605,453.17
Amortisation of long-term prepaid expenses	10,392,293.43	10,458,536.61
Depreciation of investment properties	6,537,425.04	6,537,425.04
Total	488,753,037.94	486,015,189.68

Other explanations: The amount of depreciation expenses included in operating costs, selling expenses, administrative expenses and research and development expenses for the year is RMB445,514,813.92 (last year: RMB339,863,192.08), and the amount of amortization expenses is RMB43,238,224.02 (last year: RMB41,972,399.49).

(XVII) Gains (or losses) on disposal of investments or properties

Losses on disposal of investments during the year were RMB0. Gains on disposal of properties during the year were RMB0 (gains on disposal of investments during the previous year is RMB189,095.34, 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 maintenance and others.

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

2. Financial information of reportable segments

Item	Shipbuilding and related business	Steel structure engineering	Ship maintenance segment	Other segment	Inter-segment elimination	Total
Revenue from external transactions	18,438,417,914.94	810,637,812.10	3,923,780.72	149,411,351.87		19,402,390,859.63
Revenue from intra-segment transactions	7,426,020,686.99	425,093,269.80	6,036,587.16	340,167,753.09	-8,197,318,297.04	
Income from investments in associates and joint ventures		3,456,394.54		240,098,695.66	-32,376,262.29	211,178,827.91
Credit impairment loss	-15,065,292.85	2,657,909.64		-638,732.39		-13,046,115.60
Impairment losses on assets	-50,949,140.70					-50,949,140.70
Depreciation fee and amortization fee	360,012,773.44	68,725,302.39	1,022,055.89	57,143,962.58	1,848,943.64	488,753,037.94
Total profits	84,049,557.32	22,351,304.09	1,042,583.94	262,140,901.92	23,614,565.24	393,198,912.51
Income tax expense	-82,882,239.02	-166,624.60	52,715.26	5,503,240.29		-77,492,908.07
Net profit	166,931,796.34	22,517,928.69	989,868.68	256,637,661.63	23,614,565.24	470,691,820.58
Total assets	42,899,898,490.66	3,532,409,612.74	9,784,204.03	18,289,444,765.23	-11,135,423,457.41	53,596,113,615.25
Total liabilities	33,993,297,745.44	2,606,206,121.14	1,396,394.93	2,945,756,105.60	-7,120,999,841.73	32,425,656,525.38
Long-term equity investments in associates and joint ventures		19,250,037.57		3,922,017,907.95	1,462,716,896.88	5,403,984,842.40
Increase in other non-current assets excluding long-term equity investments	-1,208,798,466.75	250,717,794.64	-364,854.67	845,207,898.88	334,356,034.72	221,118,406.82
Capitalized expenditure	447,223,047.55	4,348,250.64	284,231.89	434,588,144.73	-433,352,927.40	453,090,747.41

(1) Revenue from external transactions by origin of revenue

Item	Current year	Last year
Revenue from external transactions derived from China	13,252,007,338.58	15,217,055,898.57
Revenue from external transactions derived from other countries	6,150,383,521.05	928,895,597.52
Total	19,402,390,859.63	16,145,951,496.09

(2) Non-current assets by location of assets

Item	Ending balance	Beginning balance
Non-current assets in China (excluding Hong Kong)	12,330,803,838.37	12,040,588,534.21
Hong Kong, China		494,604,279.60
Total	12,330,803,838.37	12,535,192,813.81

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