

Company Code: 600583

Abbreviated Company Name: COOEC

# **Offshore Oil Engineering Co., Ltd Semiannual Report 2022 (First Half)**

## Important Notice

**I. The Company's Board of Directors, Board of Supervisors, directors, supervisors and senior managers guarantee that this Semiannual Report is true, accurate and complete and contains no false statements, misleading presentations or material omissions and assume joint and several legal liability arising therefrom.**

**II. Absence of the Company's directors from the board meeting**

Position of director(s) absent from the boarding meeting	Name of director(s) absent from the boarding meeting	Reason for absence	Name of authorized agent
Independent director	Zheng Zhongliang	Illness	Qiu Xiaohua

**III. This Report has not been audited.**

**IV.** Yu Yi, the responsible person of the Company, Li Peng, the person in charge of accounting, and Yao Baoqin, the principal of the accounting agency (accountant in charge), declare and warrant that all financial statements in this Report are true, accurate and complete.

**V. Plan for profit distribution or plan for conversion of reserves into share capital in the current reporting period deliberated and adopted by the Board of Directors**

None.

**VI. Risk statement for forward-looking statements**

Applicable  Not applicable

The forward-looking information in Section III of this Report, such as business plans, business goals, and development strategy, does not constitute, in any manner whatsoever, a substantial commitment of the Company to investors. Investors should be aware of the investment risks.

**VII. Is there any occupation of non-operating capital by the controlling shareholder and its related parties?**

No.

**VIII. Has the Company provided any external guarantee in violation of the established decision-making processes?**

No.

**IX. Are there over half of directors who cannot guarantee the truthfulness, accuracy and completeness of the information disclosed in this Report?**

No.

**X. Major risks**

This Report analyzes the risks that the Company may face. Investors are advised to pay attention to these risks. For details, see “V(I) Potential Risks” in “Section III Management’s Discussion and Analysis”.

**XI. Other matters**

Applicable  Not applicable

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	Semiannual Report bearing the signature of the Chairman of the Board of Directors (COB)
Reference documents	Financial statements bearing the signatures and seals of the responsible persons of the Company, the person in charge accounting, and the principal of the accounting agency
	All documents published by the Company on the website of Shanghai Stock Exchange (SSE) and other journals or newspapers designated by the China Securities Regulatory Commission (CSRC) in the reporting period

## Section I Definitions

Unless otherwise defined, for the purpose of the Report, the following terms and abbreviations shall have the meanings assigned below.

Definitions of common terms and abbreviations		
CCS	means	carbon capture and storage.
CCUS	means	carbon capture, utilization and storage.
EPCI	means	engineering design, procurement, construction and installation.
EPCM	means	engineering design, procurement, construction and management.
FEED	means	front-end engineering design.
FPSO	means	floating production, storage and offloading units.
LNG	means	liquefied natural gas.
ROV	means	remotely operated vehicle.
Three New Items and Three Upgrades	means	new technologies, new materials, and new processes; standardization, simplification, and localization.
The Company's "1832" top-down design for digital transformation		"1" refers to the vision and goal of developing digital capabilities for building a first-class international energy engineering company with Chinese characteristics. The ultimate goal is to build a "digital COOEC" by 2025 and an "intelligent COOEC" by 2035. "8" stands for the eight subject matters of digital transformation, including digital market development, digital project management, intelligent design, digital procurement, digital construction, digital installation, digital maintenance, and digital functional management. To ensure the implementation of these eight subject matters, the Company has broken down the subject matters, designed 14 scenarios of digital transformation, and determined the application systems to be improved and the new technical applications to be developed. "3" refers to the Company's three-level technology architecture based on the big data platform, technological development platform, and cloud-based platform. "2" refers to the two supporting systems, namely, IT governance system and network security system, which provide safe and reliable technical supports for the Company's digital transformation.

## Section II Company Profile and Main Financial Indicators

### I. Company information

Chinese name of the Company	海洋石油工程股份有限公司
Abbreviation of the Company's Chinese name	海油工程
English name of the Company	OFFSHORE OIL ENGINEERING CO., LTD
Abbreviation of the Company's English name	COOEC
Legal representative of the Company	Yu Yi

### II. Point of contact and contact information

	Secretary of the Board of Directors
Name	Li Peng
Address	No. 199, Haibin 15 Road, Tianjin Port Free Trade Zone
Tel	022-59898808
Fax	022-59898800
E-mail	tijing@cooec.com.cn

### III. Basic information and changes

Registered address	Apartment 202-F105, 2/F, Skirt Building, Ligang Plaza, No. 82, West Road 2, Tianjin Pilot Free Trade Zone (Tianjin Airport Economic Zone)
Changes in the Company's registered address	When the Company was founded in April 20, 2000, its registered address was No. 248, Zhongjike Park, Huayuan Industrial Park, Tianjin New Technology Industrial Zone. The registered address was changed to No. 4-396, Hebei Road, Tanggu District, Tianjin on October 27, 2004, No. 1078, Danjiang Road, Tanggu District, Tianjin on September 6, 2007, No. 199, Haibin 15 Road, Tianjin Port Free Trade Zone on December 31, 2009, apartment 202-F105, 2/F, Skirt Building, Ligang Plaza, No. 82, West Road 2, Tianjin Airport Economic Zone on August 10, 2011, and apartment 202-F105, 2/F, Skirt Building, Ligang Plaza, No. 82, West Road 2, Tianjin Pilot Free Trade Zone (Tianjin Airport Economic Zone) on January 10, 2018.
Registered office	No. 199, Haibin 15 Road, Tianjin Port Free Trade Zone
Zip code of the registered office	300461
Company's website	<a href="https://www.cnoocengineering.com">https://www.cnoocengineering.com</a>
E-mail address	tijing@cooec.com.cn
Index for query on changes in the reporting period	Not applicable

### IV. Information disclosure and location changes

Journals/newspapers chosen by the Company for information disclosure	<i>China Securities Journal, Shanghai Securities News</i>
Website for publishing the Company's semiannual reports	<a href="http://www.sse.com.cn">www.sse.com.cn</a>
Location where the Company's semiannual reports are stored	COOEC Financial Management Department

Index for query on changes in the reporting period	Not applicable
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**V. Brief description of the Company's stock**

Class of stock	Stock exchange	Stock short name	Stock symbol
Class A	Shanghai Stock Exchange	COOEC	600583

**VI. Other related information**

Applicable  Not applicable

**VII. Main accounting data and financial indicators****(I) Main accounting data**

Unit: 10,000 Yuan      Currency: RMB

Main accounting data	Current reporting period (January-June)	Same period of the previous year	Increase/decrease compared to the same period last year (%)
Operating income	1,173,403.72	747,093.56	57.06
Net profit attributable to shareholders of the (listed) Company	48,113.57	39,970.08	20.37
Net profit attributable to shareholders of the (listed) Company after the deduction of non-recurring gains and losses	35,143.85	26,472.34	32.76%
Net cash flow from operating activities	274,623.30	85,259.84	222.10
	End of the current period	End of the same period last year	Increase/decrease as of the end of the current period compared to the end of the same period last year (%)
Net assets attributable to shareholders of the (listed) Company	2,276,862.82	2,274,207.10	0.12
Total assets	3,666,104.60	3,465,426.38	5.79

**(II) Main financial indicators**

Main financial indicators	Current reporting period (January-June)	Same period of the previous year	Increase/decrease compared to the same period last year (%)
Basic earnings per share (EPS) (Yuan/share)	0.11	0.09	22.22
Diluted EPS (Yuan/share)	0.11	0.09	22.22
Basic earnings per share after the deduction of non-recurring gains and losses (Yuan/share)	0.08	0.06	33.33
Weighted average return on net assets (%)	2.13	1.77	0.36%
Weighted average return on net assets after the deduction of non-recurring gains and losses (%)	1.55	1.17	0.38%

Notes to the Company's main accounting data and financial indicators

Applicable  Not applicable

### VIII. Differences in accounting data under domestic and foreign accounting standards

Applicable  Not applicable

### IX. Non-recurring items and amounts

Applicable  Not applicable

Unit: 10,000 Yuan Currency: RMB

Non-recurring item	Amount	Remarks (if applicable)
Gains or losses on the proposal of non-current assets	40.01	
Unauthorized examination and approval, or absence of official approval documents, or occasional tax return and abatement;		
Government grants included in the current profit and loss account, except for those that are closely related to the Company's normal operating activities, comply with relevant national policies and regulations, and the Company is entitled to receive according to certain standard quotas or fixed amounts	667.61	
Fees for possession of funds charged from non-financial corporations and included in the current profit and loss account		
Gains generated when the investment cost of acquiring subsidiaries, joint ventures and associates is lower than the fair value of net identifiable assets of the invested/acquired entities at the time of investment/acquisition		
Gains from exchanges of nonmonetary assets		
Gains or losses from entrusted investment or asset management	9,267.14	Mainly including gains from structured deposits and large-denomination certificates of deposit
Provisions for impairment of assets made due to force majeure events such as natural disasters		
Gains or losses from debt restructuring		
Corporate restructuring expenses, such as expenses for the settlement of employees and reorganization expenses		
Gains or losses exceeding the fair value arising from any transaction whose price is obviously unfair		
Net profit or loss from business merger of subsidiaries under common control from the beginning to the date of merger		
Gains or losses from items irrelevant or relevant to the Company's normal operating activities		
Gain or losses arising from changes in the fair value of financial assets and liabilities held for trading and financial derivatives (assets and liabilities), and gains or losses from the disposal of financial assets and liabilities held for trading, financial derivatives, and other creditor's rights investments, except effective hedging instruments related to the Company's normal operating activities	3,005.16	
Reversed accounts receivable tested for impairment separately and provisions for impairment of contract assets		



Gains or losses from external entrusted loans		
Gains or losses from changes in the fair value of investment properties that are subsequently measured using the fair value model		
Impact of any one-time adjustment made to the current profit and loss in accordance with tax, accounting and other applicable laws and regulations on the current profit and loss		
Trustee fees collected from entrusted operations		
Non-operating income and expenses other than the aforesaid items	795.64	
Other items meeting the definition of non-recurring gains and losses	1,762.56	
Minus: affected income tax	2,525.46	
Affected minority interest (after-tax)	42.94	
Total	12,969.72	

Note: Other items meeting the definition of non-recurring gains and losses mainly include the unrealized gains and losses from internal transactions with the joint venture COOEC-Fluor Heavy Industries Co., Ltd amounting to RMB 17,625,600.

Details of cases in which any gains and losses listed in the *Explanatory Announcement No. 1 on Information Disclosure by Companies Issuing Public Securities-Extraordinary Gains and Losses* are defined as recurring items of gains and losses

Applicable  Not applicable

**X. Others**

Applicable  Not applicable

## Section III Management's Discussion and Analysis

### I. Industry and main business of the Company in the reporting period

#### (I) Main business

The Company is the only large-scale EPCI contractor in China undertaking offshore oil and gas projects and LNG projects and one of the largest EPCI (engineering, procurement, construction and installation) contractors in the offshore oil and gas industry. Its main business includes a wide variety of professional engineering and technical services for offshore oil and gas development projects, including design, onshore construction, and offshore installation, commissioning and maintenance services.

The Company's headquarters is located in Binhai New Area, Tianjin. The Company has nearly 8,000 employees and experienced, multi-level, wide-range professional teams that enable it to undertake various projects as an EPCI contractor. It has established a complete set of operation procedures and management standards that are well aligned with international practices and standards. It owns an offshore structure construction base with a total area of over 1.20 million square meters in Qingdao, an intelligent offshore equipment manufacturing base with a total area of 575 thousand square meters in Lingang Industrial Zone, Binhai New Area, Tianjin, and an offshore equipment manufacturing base with a total area of 2.07 million square meters in Zhuhai, Guangdong Province possessed by the joint venture COOEC-Fluor Heavy Industries Co., Ltd (the Company (COOEC) holds 51% of the joint venture's shares). These bases form a pattern characterized by a wide span from the south to the north, complementary functions, and capabilities to provide services in both shallow and deep waters in domestic and international markets. The Company has a professional offshore operation fleet consisting of 19 vessels, including DP3 deepwater pipelay vessels, 7500 T crane ships, and vessels for underwater operations. It takes a leading position in terms of offshore installation and pipelaying capabilities in Asia.

Through over 40 years' endeavor and development, the Company has established an overall development strategy with a goal of "building a first-class international energy engineering company with Chinese characteristics", focusing on building EPCI capabilities represented by engineering design, relying on the operation management capability and technological leadership as the two fundamental capabilities, considering internationalization, deepwater service, and new industries as the three major directions of development, and taking talent, market, cost, risk control, and informatization as the five footholds. It has developed nine major capabilities, including offshore engineering and design, construction of offshore structures, installation of offshore structures, maintenance of offshore oil and gas fields, underwater inspection and installation, manufacturing of high-end skid-mounted units, quality inspection of offshore structures, general contracting and management of offshore projects, and construction of LNG projects. It has a complete set of core technologies for undertaking the design,

construction and installation of 30,000 T super-large offshore platforms, underwater inspection and maintenance of subsea systems operating in 300 m-deep waters, the repair of subsea pipelines, and the dismantling of offshore platforms. In addition, the Company is capable of laying submarine pipelines in 1,500 m-deep waters and undertaking the construction of high-end offshore oil/gas production equipment such as 30,000 T super-large offshore platforms, 100,000 T deepwater semisubmersible production and storage platforms, and 30,000 T deepwater FPSO units as the general contractor.

In recent years, while improving and enhancing its capabilities in the traditional areas of offshore engineering, the Company has seized the opportunities brought about by the development trend of global oil and gas industry, accelerated the process of its transformation and upgrading towards green, low-carbon, and high value-added products, expanded the scope of integrated services in the energy industry, and developed a variety of industries and capabilities for LNG projects (including the construction of LNG plant modules, LNG terminals, and liquefaction plants), deepwater projects, and FPSO projects. The Company has been continuously improving its comprehensive capability and expanding the space for its development.

## **(II) Operation mode**

The Company undertakes offshore oil and gas projects, LNG projects, FPSO projects, and offshore wind farm projects as the EPCI contractor or subcontractor and delivers “turnkey” projects to its customers. It has offered premium products and services to a large number of domestic and foreign customers, including CNOOC Limited, ConocoPhillips, Shell, Husky, Kerr-McGee, Technip, MODEC, Aker Solutions, and FLUOR, and made its mark in more than 20 countries and regions.

## **(III) Development of the industry in which the Company specializes**

In the reporting period, the offshore oil and gas industry underwent positive changes in general, the domestic market remained in a positive trend of growth, and the overseas market recovered to a certain extent.

The domestic offshore oil and gas industry benefited from the effective implementation of the *Seven-year Action Plan* for increasing oil and gas reserves and production and exhibited a positive trend of growth. According to the strategic outlook disclosed by CNOOC Limited, its capital expenditure for 2022 is RMB 90-100 billion, representing an increase compared to the capital expenditure of RMB 87.6 billion in 2021. CNOOC Limited has been successively initiating a number of offshore oilfield/gas field development projects in various sea areas of China, such as the South China Sea and the Bohai Sea, creating great demands for energy projects and good opportunities for the Company’s business development. In the first half of 2022, the value of contracts for domestic offshore oil and gas projects undertaken by the Company increased significantly, and the Company signed the contract for Lingshui 25-1 gas field development project, the second 1,000 m deepwater gas field project undertaken by the

Company after Lingshui 17-2 gas field development project. The continued implementation of CNOOC's *Seven-year Action Plan* is expected to provide strong support for the Company's involvement in domestic offshore oil and gas projects in the "14<sup>th</sup> Five-Year Plan" period.

The global offshore oil and gas industry is gradually recovering because of increased capital expenditures of oil companies under the background of high oil prices, and the number of contracts and orders for offshore oil and gas projects is increasing. As predicted by third party consultants, the global capital expenditure for offshore hydrocarbon exploration and production will reach USD 110 billion in 2022 and USD 130 billion in 2023, marking certain increases compared with the capital expenditure of USD 97 billion in 2021. In the second half of 2022, oil demand is expected to be restored to the original level before the outbreak of the COVID-19 epidemic, and the tendering for projects in some regions such as the Asia-Pacific region, Middle East, Africa, and America will become more active, leading to further improvement in the industry.

## II. Analysis of the Company's core competencies in the reporting period

Applicable  Not applicable

### Significant changes in the Company's core competencies in the reporting period:

**1. "Haiji-1", Asia's heaviest deepwater jacket platform independently designed and constructed by the Company, was mechanically completed.** The Company successfully completed the EPCI of the 300 m deep-sea jacket platform for the first time in China and reset the record in terms of the weight of a single offshore oil production platform in China. The successful completion of this project marks the Company's complete mastery of core technologies for the construction and installation of super-large jacket platforms.

**2. China's first "intelligent plant" for manufacturing offshore oil/gas production equipment—COOEC Tianjin Intelligent Manufacturing Base was put into operation.** COOEC Tianjin Intelligent Manufacturing Base employs many advanced technologies, including the 5G, industrial big data, and artificial intelligence technologies, and provides a duplicable and extendable mode of digital and intelligent operation in the offshore oil/gas equipment manufacturing industry. The operation of this base marks a significant breakthrough in the intelligent transformation of China's offshore oil/gas equipment manufacturing industry.

**3. The Company delivered the first multi-functional subsea manifold system independently designed, constructed and commissioned by it.** This system is a subsea manifold provided with a control system, which is independently designed by the Company and operates in 500 m-deep waters, marking a significant breakthrough in the technologies for the independent development, design, manufacturing, and testing of subsea oil/gas production equipment in China.

**4. The Company completed the manufacturing and installation of all equipment for China's first offshore carbon capture and storage demonstration project.** On June 15,

2022, the manufacturing and installation of all equipment for China's first offshore carbon capture and storage demonstration project were completed in COOEC Qingdao Yard. The equipment will serve and operate in Enping 15-1 oilfield. The estimated amount of carbon dioxide captured and stored per annum is 0.30 million tons, and the estimated cumulative amount of carbon dioxide captured and stored is more than 1.46 million tons.

**Analysis of the Company's overall core competence:**

The Company's strong EPCI capability represented by engineering design is its core competency that supports its existence and distinguishes it from most foreign contractors of offshore oil and gas projects. The strong EPCI capability is the most fundamental capability that enables the Company to participate and excel in international competition. Through over 40 years' development and accumulation, the Company has developed a complete set of proven technologies, equipment and capabilities for the design, construction, installation and maintenance of offshore oil and gas fields and can deliver turnkey projects to its customers in an efficient manner. With a focus on main business in the offshore oil and gas industry, the Company has been continuously diversifying and expanding its EPCI contracting and subcontracting service portfolio to include FPSO and LNG projects and improving its overall core competence.

**1. Technology systems**

Offshore oil/gas development is a typical high-tech industry. The Company has been adhering to the leading role of engineering design and has developed ten major technology systems, namely, the technology systems for the "design, construction, installation and commissioning of deepwater floating production facilities", "design, construction and installation of super-large offshore structures and modules", "float-over installation of offshore oil/gas production platforms", "full containment LNG storage tanks", "design, construction, installation and commissioning of 1,500 m submarine pipelines and subsea production systems", "design, construction and installation of 300m deepwater jackets", "standardized serial design, construction, installation and commissioning of fixed offshore platforms", "intelligent manufacturing of offshore oil/gas production equipment and simulation of offshore operations", "digital monitoring, inspection and evaluation of offshore structures throughout the whole lifecycle", and "IMR (inspection, maintenance and repair) of in-service facilities of offshore oil and gas fields". These technology systems represent the core strength for the Company's development.

**2. Equipment systems**

Offshore oil/gas production equipment is critical for offshore oil/gas development and represents the core of global competition in the field of high-end offshore oil/gas equipment. The Company has planned and prepared in advance and has developed ten major equipment systems, including "multi-purpose offshore vessels and flexible pipeline laying equipment", "crane vessels, pipelay vessels, and submarine pipeline welding equipment", "construction

yards and equipment”, “trenchers and seabed treatment and trenching equipment”, “world-leading ROVs”, “large launch barges”, “offshore operation simulation equipment”, “deepwater subsea facility emergency repair center and equipment series”, “subsea product R & D center and testing equipment”, and “offshore structure NDT equipment”. These equipment systems are the core systems supporting the Company’s development.

**List of the Company’s vessels**

No.	Type	Vessel name	Obtained by	Year of construction	Year of purchase	Investment (10,000 Yuan)	Capacity
1	Crane vessel	BIN HAI 108	Purchase	1979	1979	7,567	Rated lifting capacity: 900 T
2	Pipelay crane vessel	BIN HAI 109	Purchase	1976	1987	6,272	Rated lifting capacity: 318 T; pipe diameter: 6-60"; tensioner: 67.5 T
3	Pipelay crane vessel	LAN JIANG	Investment in construction	2001	-	105,734	Rated lifting capacity: 3,800 T; pipe diameter: 4.5-48"; tensioner: 72.5 T×2
4	Crane vessel	LAN JING	Purchase	2009	2009	150,538	Rated lifting capacity: 7,500 T
5	Pipelay crane vessel	HAI YANG SHI YOU 201	Investment in construction	2012	-	296,115	Rated lifting capacity: 4,000 T; pipe diameter: 6-60"; tensioner: 200 T×2
6	Pipelay crane vessel	HAI YANG SHI YOU 202	Investment in construction	2009	-	102,502	Rated lifting capacity: 1,200 T; pipe diameter: 4-60"; tensioner: 100 T×2
7	Offshore support vessel	HAI YANG SHI YOU 221	Investment in construction	2004	-	9,555	Load carrying capacity: 29,000 T
8	Offshore support vessel	HAI YANG SHI YOU 228	Investment in construction	2013	-	28,078	Load carrying capacity: 57,784 T
9	Offshore support vessel	HAI YANG SHI YOU 229	Investment in construction	2008	-	58,508	Load carrying capacity: 89,000 T
10	Offshore support	HAI YANG SHI YOU	Investment in	2012	-	84,212	Load carrying capacity:

	vessel	278	constructi on				53,500 T
11	Offshore support vessel	HAI YANG SHI YOU 225	Purchase	2009	2009	23,976	Load carrying capacity: 17,289 T
12	Offshore support vessel	HAI YANG SHI YOU 226	Purchase	2009	2009	24,177	Load carrying capacity: 16,800 T
13	Offshore support vessel	HAI YANG SHI YOU 698	Purchase	2009	2009	25,633	Load carrying capacity: 2,940 T; maximum speed: 14.5 Knots; cruising range: 12,000 nautical miles
14	Underwater operations vessel	HAI YANG SHI YOU 289	Purchase	2014	2014	95,654	Working moon pool: 7.2m×7.2m; ROV moon pool: 4.8×5.5 m; rated lifting capacity: 250 T
15	Underwater operations vessel	HAI YANG SHI YOU 286	Investment in construction	2014	-	104,108	Rated lifting capacity of main crane: 400 T (active heave compensation; operating depth: 3,000 m); equipped with two 3,000 m operating ROVs, one moon pool, capable of supporting deepwater hoisting, umbilical cable/hose/power cable laying, and saturation diving/ROV/IMR supporting operations.
16	Underwater operations vessel	HAI YANG SHI YOU 291	Purchase	2015	2015	111,116	Rated lifting capacity of main crane: 250 T (active heave compensation; bollard pull: 361 T); working moon pool: 7 m×7 m); equipped with two 150

							HP operating ROVs; three-reel mooring winches.
17	Underwater operations vessel	HAI YANG SHI YOU 285	Purchase	2016	2017	51,475	Rated lifting capacity of main crane: 250 T (active heave compensation; moon pool: 7.2 m×7.2 m;
18	Underwater operations vessel	HAI YANG SHI YOU 287	Purchase	2016	2017	51,484	Rated lifting capacity of main crane: 250 T (active heave compensation; moon pool: 7.2 m×7.2 m
19	Underwater operations vessel	HAI YANG SHI YOU 295	Investment in construction	2017	-	31,447	Rated lifting capacity of main crane: 100 T (active heave compensation; bollard pull: 90 T); lifting capacity of gantry crane: 100 T; maximum speed: 14 Knots; cruising range: 12,000 nautical miles



### 3. Capacity systems

**Engineering design capacity:** The Company has more than one thousand designers to provide a wide variety of professional services including feasibility study, conceptual design, FEED, detailed design, shop design (fabrication drawings), and installation design. It has proven capabilities to design various oil and gas fields in conventional waters and in waters not more than 300 m deep. Meanwhile, it has been actively building its capability to design oil and gas fields in waters more than 300 m deep, developing key technologies necessary for the design of floating units, subsea pipelines and risers, and other subsea system and products for deepwater service, and improving its deepwater design capability for deepwater applications continuously.

**Land construction capacity:** The Company has built offshore structure construction bases in Qingdao, Zhuhai, Tianjin Lingang Industrial Zone, Huizhou and other places, with a yard area of nearly 3.5 million m<sup>2</sup>, and has the offshore platform construction capacity of 30,000-ton super-large jackets and modules. In recent years, the Company has been actively expanding its presence in the modular construction market relying on its strong onshore construction capability and abundant onshore construction resources. It has undertaken the construction of large LNG plant modules for the Yamal LNG Project in Russia and the Gorgon and Ichthys LNG projects in Australia. The contract price for the construction of modules for the Yamal LNG Project reaches RMB ten billion. The Company has completed and delivered this construction project on schedule with guaranteed quality, which has laid a solid foundation for the Company's status in global modular construction market. At present, the Company is constructing modules for Shell's LNG project in North America. The contract price is about RMB 5 billion. The Company will deliver high quality projects and continually improve its competitiveness in modular construction.

**Offshore installation capacity:** The Company has 30,000-ton module float-over installation and 30,000-ton jacket slide launching capabilities, which can greatly improve the efficiency of offshore oil and gas development and accelerate the process of offshore oil and gas development in China. In the last two years, the Company has vigorously strengthened research on deepwater technologies and capability building with a focus on

a number of domestic deepwater oil and gas projects, such as Lingshui 17-2, Liuhua 16-2, and Liuhua 29-1. The Company has developed the preliminary capability to undertake oil and gas projects in waters at depth of 1,500 m. The Company attaches great importance to independent innovation and continuously increases investments in science and technology for FPSO projects. It has undertaken a number of large domestic and foreign FPSO projects, including Petrobras FPSO P67/P70 project, Shell's Penguin FPSO project, and Liuhua 16-2 FPSO project, and become a general contractor of FPSO projects and a participant in the global FPSO market.

**Project management capability:** The Company has over 40 years' experience in the construction of offshore oil and gas fields and rich experience in the construction and management of projects in domestic conventional sea areas. In recent years, the Company has provided services for many international projects of its customers in Russia, Australia, Saudi Arabia, Myanmar, Brunei, Malaysia, and other countries and accumulated some experience in the management of international projects.

### **III. Discussion and analysis of operations**

During the first half of 2022, the Company's quantity of work increased continuously as it undertook more oil and gas projects. In the face of challenging production tasks requiring its operation at full capacity, the Company focused on lean management, scientifically and efficiently allocated various resources to ensure the smooth and orderly operation of all engineering projects on the basis of ensuring work safety. Simultaneously, the Company continued to enhance its low-carbon development capabilities, made important progress in key technologies of "bottlenecks", made substantial progress in intelligent digitalization, and gradually established a value management indicator system by making overall efforts for market development, technological innovation, cost reduction and efficiency enhancement. As a result, the development quality of the Company has been significantly improved.

During the reporting period, the operating revenue of the Company reached RMB 11.734 billion, with a year-on-year increase of 57.06%, including net profit of RMB 481 million attributable to shareholders of the listed company, with a year-on-year increase of 20.37%. By the end of June 2022, the Company had the total assets of RMB 36.661 billion,

including net assets of RMB 22.769 billion attributable to shareholders of listed company, with asset-liability ratio of 37.86%. The Company maintained a good trend of development.

### **Main works completed by the Company in the first half of 2022**

#### **(I) Projects were carried out in an orderly manner, and breakthroughs were made in many areas**

During the reporting period, the Company operated a total of 48 projects, completed the steel processing capacity of 186,600 structural tons, with a year-on-year increase of 102%, and input 11,400 vessel-days, with a year-on-year increase of 10%. The Company constructed 15 jackets and 7 modules onshore, installed 6 jackets and 6 modules offshore, and laid 172 km submarine pipelines and 162 km submarine cables.

**The cumulative progresses of key projects (as of the end of the reporting period, expressed in percentage) are listed in the table below.**

No	Project	Cumulative progress
1	Construction of modules for Shell's LNG project in North America	85.11%
2	Hong Kong Offshore LNG Terminal Project	96.03%
3	Tianjin LNG Terminal Project-Phase II	62.26%
4	Tangshan LNG Terminal Project-Phase I	84.18%
5	Tangshan LNG Terminal Project-Phase II	28.88%
6	Guangdong Zhuhai LNG Plant Expansion Project-Phase II Project	28.32%
7	Fujian Zhangzhou LNG Terminal and Storage Tanks Project	95.57%
8	Longkou Nanshan LNG Terminal Project-Phase I	50.30%
9	Bozhong 29-6 Oilfield Development Project	46.40%
10	Bozhong 19-6 Gas Condensate Field Development Project-Phase I	18.29%
11	Bozhong-Kenli Oilfield Group Shore Power Application Project	42.91%
12	Lingshui 25-1 Gas Field Development Project	1.10%
13	Liuhua 11-1/4-1 Oilfield Secondary Development Project	29.93%
14	Enping Oilfields Regional Joint Development Project	61.49%
15	Kenli 6-1 Oilfield Blocks KL5-1, 5-2 and 6-1 Development Project	54.72%
16	Kenli 6-1 Oilfield North Block 10-1 Development Project	88.69%
17	Lufeng Oilfield Cluster Regional Development Project	95.36%
18	Kenli 6-1 Oilfield Block 4-1 Development Project	100.00%
19	CNOOC Petroleum North America ULC K1A Pipeline Reconstruction Project	68.02%
20	Saudi Aramco Marjan P1 Gosp-4 Project	4.91%
21	Uganda Kingfisher Project	4.82%
22	Penguin FPSO Project	99.39%
23	Petrobras P79 FPSO Project	0.07%
24	Petrobras P70 FPSO Project	99.56%
25	NFA Project in Qatar	99.97%

**Domestic projects achieved many firsts.** “Haiji-1” of Lufeng Oilfield Cluster Regional Development Project, Asia’s heaviest deepwater jacket platform, was mechanically completed. The Company successfully completed the EPCI of the 300 m deepwater super-large jacket platform for the first time in China and reset the record in terms of the weight of a single offshore oil production platform in China. The successful completion of this project marks the COOEC’s complete mastery of core technologies for the construction and installation of deepwater super-large jacket platforms. The construction of FPSO of Liuhua 11-1/4-1 Oilfield Secondary Development Project, Asia’s first cylindrical FPSO (Floating Production Storage and Offloading), was officially started in Qingdao Yard, which will help the Company make new breakthroughs in the field of FPSO in terms of independent design, construction and integration capabilities of deepwater super-large offshore oil and gas equipment. The jacket of Enping 15-1 Central Platform in China’s first offshore carbon capture and storage demonstration project, was successfully launched via slide and accurately positioned in the eastern South China Sea. In the first half of the year, the Company simultaneously operated 10 large LNG projects in Tianjin, Tangshan and Longkou, and 27 storage tanks with a capacity of 160,000 m<sup>3</sup> or more were under construction. The EPCM capacity of LNG projects continued to improve.

**Overseas projects were accelerated.** The construction of modules for Shell’s LNG project in North America entered the peak period, with 10 modules successfully delivered, and capping of all module structures achieved. The prefabrication of Saudi Aramco Marjan Project was carried out in an all-round way. Penguin Project is steadily advancing the mechanical completion and is expected to be ready for delivery at the end of October. Petrobras P79 FPSO Topside Project and Uganda Kingfisher Project started smoothly.

**(II) The market contracting amount was RMB 14.916 billion, with a year-on-year increase of 118%.**

The Company actively developed the market according to the established development strategy and market development strategy. In the first half of the year, the amount of newly signed contracts was RMB 14.916 billion, with an increase of 118% compared with RMB 6.84 billion in the first half of 2021, including about RMB 13.076 billion in China and about RMB 1.84 billion in overseas, which laid a solid foundation for the completion of this

year's market target and provided strong support for the quantity of work in the next 1-2 years.

**Domestic market:** With the continuous promotion of the Seven-year Action Plan for Reserve and Production Increase of CNOOC, large-scale domestic projects in Bohai Sea area were constantly emerging, and deepwater projects in South China Sea area continued. During the reporting period, the newly signed domestic large-scale projects were offshore installation and commissioning EPCM of Lingshui 25-1 Gas Field Development Project, Bozhong 19-6 Gas Condensate Field Development Project, and Kenli 6-1 Oilfield Blocks 5-1, 5-2 and 6-1 Development Project. Lingshui 25-1 Gas Field Development Project is the second kilometer-level deepwater project after the Company undertook the Lingshui 17-2 Gas Field Development Project.

**Overseas market:** The Company maintained its international development strength and continued to strengthen market development. During the reporting period, the newly signed overseas major projects were Uganda Kingfisher Oilfield Surface Engineering and Petrobras P79 FPSO Module Construction Project.

**New energy market:** During the reporting period, the Company made a breakthrough in the new energy business market, with a cumulative contracting amount of RMB 706 million, with a year-on-year increase of 384.8%. The Company has undertaken the Development and Localization Application Project of Deep-sea Floating Offshore Wind Power, the construction, transportation and installation of Offshore Booster Station of Three Gorges Yangjiang Qingzhou Phase VI Offshore Wind Power Project, and the detailed design of Research and Demonstration Project of Floating Offshore Wind Power and Aquaculture Integration.

**(III) The Company built a strong safety defense line to ensure its intrinsic safety.**

Under the situation of increasing production pressure and rapidly rising safety risks caused by the continuous increase of quantity of work, the Company comprehensively strengthened work safety control based on high-quality implementation of the "Three-year Action Plan for Special Remediation of Work Safety". The Company formulated the implementation plan to specifically implement the 15 measures of the national work safety teleconference, and actively promoted the consolidation and improvement of the special rectification of work safety and the major inspection of work safety. The Company vigorously carried out safety training, continuously strengthened safety management in

project operation, contractors, leased vessels, field operation, etc., actively promoted the improvement of the working environment of contractors' construction personnel, promoted the Company's high-quality development with high-standard QHSE, and firmly adhered to the bottom line of "zero occurrence" of major work safety accidents. In the first half of the year, the accumulated man-hours were 41.35 million, up by 33% year-on-year, and the lost time injury frequency was 0.005, down by 30.9% year-on-year. The safety performance maintained a good level.

Meanwhile, the Company's prevention and control of COVID-19 pandemic was solid and effective. The Company overcame the practical difficulties such as many operation points, wide coverage, many contractors and large personnel mobility. It actively and reasonably organized vaccination, large screening of all personnel, environmental testing and disinfection and sterilization of materials, which ensured the safety of personnel and working environment and provided safety guarantee for the smooth operation of production and operation.

**(IV) The Company strengthened its business awareness and established a value management system.**

During the reporting period, the Company, by taking the goal of "two profits (net profit and total profit) and four rates (operating profit rate, asset-liability ratio, intensity of R&D project input, and overall labor productivity)" as the foothold, continuously improved its awareness of independent management, enhanced its sense of responsibility for maintaining and increasing the value of assets, strengthened the rigidity of budget management, and deeply built the orientation of industry and finance integration that strengthened value guidance. It systematically established a value management indicator system covering three levels of company strategy, operation and operation, taking into account two dimensions of organization and project, and covering 12 management topics such as market development, efficiency management, general contracting coordination and cost optimization, and formed a management and control mechanism oriented by "indicator management". The Company gradually released the efficiency of version 2.0 of cost reduction and quality and efficiency improvement campaign. On the basis of continuously grasping the decrease in "four major fees" (subcontracting fee, leased vessel fee, engineering material fee and oil fee), the Company simultaneously opened up three paths of "design optimization, procurement capital saving and resource efficiency improvement and cost reduction", and promoted the cost reduction goal from ensuring business performance to improving core competence of the Company. In the first half of the year, the Company saved RMB 419 million in terms of cost reduction and quality and efficiency improvement, and its lean management capacity was steadily improved.

**(V) The Company strengthened independent innovation and promoted technical breakthrough and digital transformation.**

**1. The Company strengthened technical breakthrough and application of achievements to improve its technical strength.**

During the reporting period, the Company actively implemented the innovation-driven strategy and carried out 114 scientific research projects in terms of deepwater jacket, deepwater floating body and subsea system. The conclusion of the research on key technologies of engineering design of tower single-point mooring system marked a breakthrough in the key technologies such as hydrodynamic analysis technology of single-point mooring FPSO, load analysis technology of mooring system, liquid slip ring, optical fiber electric slip ring, etc. The conclusion of the research on Lingshui semi-submersible production platform marked a breakthrough in the key technologies of design, construction, installation and commissioning of 1,500 m deep-water semi-submersible platform, a mastery of the key technologies of design, manufacture and installation of polyester cable mooring system and steel catenary riser system, and realizing the leap of independent development capacity of China's deep-water oil and gas fields in waters at depth of 300 m to 1,500 m. The special project of demonstration application innovation of subsea oil and gas production system overcame the detailed design of multi-functional subsea manifold products which operate in 500 m-deep waters and the integrated testing technology of subsea connection system and control system, and the related achievements have been applied in practical projects. The complete set of key technologies for design, construction and installation of deepwater super-large jacket platform was successfully applied to the construction of "Haiji-1", which marked a major breakthrough in the exploration of the Company's fixed platform technology into deepwater, and filled a number of technical gaps in design, construction and installation of domestic deepwater super-large jacket. The R&D and successful application of key construction technologies of cylindrical FPSO marked that the Company preliminarily mastered the key construction technologies of cylindrical FPSO products, such as detailed design, sectional construction, integration of hull and modules, precision control, hull undocking, quay mooring, etc., which enhanced the Company's competitiveness in FPSO construction.

**2. The Company increased the research and development of new energy and low-carbon technologies and achieved important results.**

During the reporting period, the Company developed the integral self-installation technology of self-elevating offshore wind turbine, which accumulated technology for the subsequent development of offshore wind turbines to large-scale and deep-water characteristics. The first domestic deep-sea floating offshore wind power project independently researched and designed by the Company started construction in Qingdao Yard in the first half of the year, which marked an important step for the Company in the layout of new energy field.

Relying on Enping 15-1 Oilfields Development Project, the Company formed the design and preparation capacity of CO<sub>2</sub> reinjection implementation scheme, the localization and integration capacity of supercritical CO<sub>2</sub> compressor and the demonstration application capacity of domestic first offshore CCS project with CO<sub>2</sub> storage capacity of more than one million tons, filling the domestic technical gap and providing reference and guidance for subsequent CCS/CCUS.

**3. The Company actively promoted the implementation of projects with “Three New Items and Three Upgrades” and created economic benefits.**

During the reporting period, the Company operated 139 projects with “Three New Items and Three Upgrades”, with a benefit of RMB 139 million, in which many technical achievements such as optimization of buried depth of submarine pipelines and detailed design optimization of jacket structure were popularized and applied.

**4. The Company’s “intelligent plant” was put into operation to promote work efficiency.**

During the reporting period, Intelligent Manufacturing Base in Tianjin Lingang Industrial Zone was officially put into operation, which promoted the deep integration of industrialization and informatization: The Company completed the construction of network infrastructure represented by 5G and other new generation technologies, achieving seamless coverage of the whole plant network; implemented a plane segmented production line cutting workshop, process pipeline production line and automatic three-dimensional warehouse based on discrete heavy steel structure processing, achieving the automation upgrading of the main production links of the base; built a digital control system based on a single data source and an integrated platform, achieving the whole chain digital collaborative management of engineering construction management; built an energy management information system, achieving the automatic collection and processing of data of energy such as wind, water, electricity and gas, and achieving the lean upgrading of energy management and control.

By building an integrated intelligent manufacturing scheme covering hardware and software, the base realized the construction of digital collaborative engineering, and the promoting effect of cost reduction and efficiency improvement was initially shown. Based on the operation conditions of Bozhong 29-6, the first project undertaken by the base, the work efficiency of each link of prefabrication was improved by more than 10%-20%, the work efficiency of inspection was improved by 24%, and the final assembly cycle was shortened by about 50%. With the subsequent improvement of stability of software and hardware, the optimization of the whole process and the mature application of new technology, the effect of cost reduction and quality and efficiency improvement will be further demonstrated, which will form a demonstration effect, drive the improvement and



breakthrough of the Company's intelligent manufacturing level of offshore engineering, and strongly promote the leap from "traditional plant" to "intelligent plant".

**5. The Company explored digital twin and digital simulation technology to reduce engineering risks.**

During the reporting period, the Company actively promoted the digital delivery relying on digital twin, took Lufeng 15-1DPP jacket as a pilot to monitor offshore engineering facilities, and built a digital twin system based on the digital basic model. It successfully realized the real-time monitoring of platform state and the simulation of future operation state by building a digital twin system, and made timely warning. The simulation center carried out the application of three projects including Lufeng 15-1 Jacket Slide Launching, and realized the training of operators, simulation preview and evaluation, etc. The whole process was autonomous and controllable. The operation risk was effectively reduced through digital simulation.

**Outlook for business in the second half of the year**

In the second half of 2022, the Company is still faced with large quantity of work. Nine projects are planned to be completed and put into operation. It is estimated that the processed structural steels in terms of construction may exceed 200,000 tons, and more than 12,000 vessels will be input per day. The Company will focus on capacity building, enhance project operation control, strengthen lean management, scientifically and rationally allocate and use resources, and efficiently complete all production and construction tasks; focus on value creation, vigorously seek new markets, provide impetus for healthy and sustainable development, continuously reduce cost and improve quality and efficiency, strive to reduce production cost, improve development quality and efficiency, and continuously create value for shareholders; focus on risk prevention and control, build three lines of defense: work safety, compliance management, and prevention and control of the COVID-19 epidemic, pay close attention to all risk prevention and control work, and ensure the intrinsic safety of the Company.

**Significant changes in the business operations in the reporting period, and events that have caused significant impact on the Company's operations in the reporting period or are expected to have great impact on the Company's operations in the future**

Applicable  Not applicable

**IV. Information of main business in the reporting period****(I) Analysis of main business****1 Analysis of changes of items relating to financial statements**

Unit: 10,000 Yuan Currency: RMB

Item	Amount in the reporting period	Amount in the same period last year	Change ratio (%)
Operating income	1,173,403.72	747,093.56	57.06
Operating expenses	1,081,238.01	652,817.09	65.63
Selling expenses	962.95	984.01	-2.14
Administrative expenses	9,368.04	9,238.36	1.40
Financial expenses	-3,901.31	2,100.66	-285.72
R&D expenses	23,090.13	32,889.18	-29.79
Net cash flow from operating activities	274,623.3	85,259.84	222.10
Net cash flow from investment activities	-91,383.06	-56,076.74	Not applicable
Net cash flow from financing activities	-43,939.1	-57,632.28	Not applicable
Taxes and surcharges	4,841.36	3,139.19	54.22
Other income	837.65	4,043.76	-79.29
Investment income	7,264.88	2,043.97	255.43
Income from changes in fair value	3,005.16	-510.03	
Credit impairment loss	-9,039.75	-3,168.55	
Non-operating income	1,088.88	470.39	131.48
Income tax expense	12,826.37	9,265.62	38.43
Net profit attributable to owners of the parent company	48,113.57	39,970.08	20.37
Net of tax of other comprehensive income	-9,124.03	1,094.12	-933.91

Reasons for the change in operating income: In the reporting period, the Company's operating income was RMB 11.734 billion, which increased by RMB 4.263 billion or 57.06% over the same period last year. The main reason is that with the progress of domestic and overseas projects, the total quantity of work completed by the Company increased continuously, and in particular, the quantity of onshore construction work increased significantly. Therefore, the operating income increased significantly.

Reasons for the change in operating expenses: In the reporting period, the total amount of

operating expenses was RMB 10.812 billion, which increased by RMB 4.284 billion or 65.63% over the same period last year. The main reason is that the scale of operating expenses became larger as the quantity of work increased. Due to the delay of offshore construction and the increase of standby cost of vessels, the rate of increase in operating expenses was higher than that in operating income.

Reasons for the change in selling expenses: In the reporting period, the total amount of selling expenses was RMB 9,629,500, which decreased by RMB 210,600 or 2.14% over the same period last year. The main reason is that the Company strengthened cost reduction and efficiency improvement.

Reasons for the change in administrative expenses: In the reporting period, the total amount of administrative expenses was RMB 93,680,400, which increased by RMB 1,296,800 or 1.40% over the same period last year. The main reason is that the dismissal benefits increased due to the cancellation of COTEC this year.

Reasons for the change in financial expenses: In the reporting period, the total amount of financial expenses was RMB -39,013,100, which decreased by RMB 60,019,700 over the same period last year. There are three main reasons for such change. (1) Due to the fluctuation of exchange rate, the US dollar appreciated by 5.26% in the current period and depreciated by 0.99% in the same period last year, and the net exchange income increased by RMB 56,153,000 over the same period last year. (2) Interest expense increased by RMB 2,315,600 over the same period last year. (3) Interest income increased by RMB 1,753,000 over the same period last year.

Reasons for the change in R&D expenses: In the reporting period, the total amount of R&D expenses was RMB 231 million, which decreased by RMB 98 million or 29.79% over the same period last year. The main reason is that the Company's major R&D projects such as Lingshui semi-submersible production platform were input and concluded in the same period last year. In the first half of 2022, some of the Company's major R&D projects were in the process of continuation, and related R&D activities of the Company's large-scale R&D projects in the direction of intelligent manufacturing and major technical equipment in the field of offshore engineering had just started in the reporting period. Therefore, the R&D expenses decreased over the same period last year.

Reasons for the change in net cash flow from operating activities: In the reporting period, the net cash flow from operating activities was about RMB 2.746 billion, which increased by RMB 1.894 billion or 222.10% over the same period last year. The main reason is that the Company did a good job in tracking and managing the cash flows of various projects, and received more amounts from Enping, Lufeng, Hong Kong LNG and other projects.

Reasons for the change in net cash flow from investment activities: In the reporting period, the net cash flow from investment activities was RMB -914 million, which increased by RMB 353 million over the same period last year. There are two main reasons for such change. (1) The construction of the offshore structure construction base in Tianjin Lingang Industrial Zone entered the peak period in the same period last year and entered the final stage this year, and the net investment expenditure decreased by RMB 317 million over the same period last year. (2) The financing scale in the current period increased by RMB 770 million and decreased by RMB 53 million in the same period last year, which increased by RMB 823 million over the same period last year.

Reasons for the change in net cash flow from financing activities: In the reporting period, the net cash flow from financing activities was -RMB 439 million, which decreased by RMB 137 million over the same period last year. There are three main reasons for such change. (1) The Company repaid a loan of RMB 64 million to Bank of China this year, and a loan of RMB 230 million to China Development Bank in the same period last year. (2) The total amount of dividends distributed increased by RMB 45 million over the same period last year; (3) Some lease contracts expired this year, and the expenditure for paying off the lease liabilities decreased by RMB 11 million over the same period last year.

Reasons for the change in taxes and surcharges: In the reporting period, the total amount of taxes and surcharges was RMB 48,413,600, which increased by RMB 17,021,700 or 54.22% over the same period last year. The main reason is that the offshore structure construction base was put into use, the signing amount of income and expenditure contracts increased, and the property tax and stamp duty increased over the same period last year.

Reasons for the change in other income: In the reporting period, other income was RMB 8,376,500, which decreased by RMB 32,061,100 or 79.29% over the same period last

year. The main reason is the timing difference on the declaration of consumption tax refund.

Reasons for the change in investment income: In the reporting period, the investment income was RMB 72,648,800, which increased by RMB 52,209,100 or 255.43% over the same period last year. There are two main reasons for such change. (1) The quantity of work of Zhuhai site increased, the site utilization rate increased, and the loss of COOEC-Fluor decreased by RMB 45 million. (2) Due to the timing difference, this year, the Company received a dividend of RMB 8 million from CNOOC Finance Corporation Ltd. in advance over the same period last year.

Reasons for the change in income from changes in fair value: In the reporting period, the income from changes in fair value was RMB 30,051,600, which increased by RMB 35,151,900 over the same period last year. The main reason is that the lean management of fund position and scale effect of fund pool were realized and the financing income increased.

Reasons for the change in credit impairment loss: In the reporting period, the total amount of accrued credit impairment loss was RMB 90,397,500, which increased by RMB 58,712,000 over the same period last year. The main reason is that the accrued bad debt reserves for accounts receivable of projects increased.

Reasons for the change in non-operating income: In the reporting period, the non-operating income was RMB 10,888,800, which increased by RMB 6,184,900 or 131.48% over the same period last year. The main reason is that the amercement income confirmed due to supplier's late arrival of goods according to the contracts increased over the same period last year.

Reasons for the change in income tax expenses: In the reporting period, the total amount of income tax expenses was RMB 128,263,700, which increased by RMB 35,607,500 or 38.43% over the same period last year. The main reasons include earnings growth, timing difference of R&D additional deduction, overseas impairment and withholding tax of overseas projects.

Reasons for the change in net profit attributable to owners of the parent company: In the reporting period, the net profit attributable to owners of the parent company was RMB 481

million, which increased by RMB 81 million or 20.37% over the same period last year. The main reason is that, during the reporting period, the Company's quantity of work increased continuously, the Company ensured the smooth progress of projects as planned through good project management, and improved the overall profitability of the Company through effective cost reduction and quality and efficiency improvement.

Reasons for the change in net of tax of other comprehensive income: In the reporting period, the net of tax of other comprehensive income was RMB -91,240,300, which decreased by RMB 102,181,500 or 933.91% over the same period last year. The main reasons include the reduction of shares of Lanpec Technologies and the difference on translation of foreign currency statements.

## 2 Detailed description of significant changes in the Company's type of business, structure of profits or source of profits in the reporting period

Applicable  Not applicable

### (II) Description of significant changes in profits resulting from operating activities other than the Company's main business

Applicable  Not applicable

### (III) Analysis of assets and liabilities

Applicable  Not applicable

#### 1. Assets and liabilities

Unit: 10,000 Yuan

Item	Amount at the end of the current period	Ratio of the amount to total assets at the end of the current period (%)	Amount at the end of the last period	Ratio of the amount to total assets at the end of the last period (%)	Difference between the amount at the end of the current period and that at the end of the last period (%)
<b>Monetary funds</b>	257,843.39	7.03	117,078.06	3.38	120.23
<b>Receivables</b>	415,043.34	11.32	565,721.97	16.32	-26.63

<b>Advance payment</b>	87,944.76	2.40	63,428.24	1.83	38.65
<b>Other receivables</b>	3,021.02	0.08	1,790.19	0.05	68.75
<b>Inventory</b>	132,058.33	3.60	115,109.66	3.32	14.72
<b>Contract assets</b>	434,216.79	11.84	291,266.84	8.40	49.08
<b>Other current assets</b>	15,085.74	0.41	24,821.26	0.72	-39.22
<b>Long-term equity investment</b>	150,101.58	4.09	152,908.21	4.41	-1.84
<b>Other equity instruments investment</b>	11,008.34	0.30	16,302.34	0.47	-32.47
<b>Fixed assets</b>	1,046,734.42	28.55	1,071,041.58	30.91	-2.27
<b>Projects under construction</b>	85,857.95	2.34	93,920.99	2.71	-8.58
<b>Right-of-use assets</b>	7,239.71	0.20	9,509.82	0.27	-23.87
<b>Bills payable</b>	39,253.31	1.07	18,267.37	0.53	114.88
<b>Contract liabilities</b>	239,445.74	6.53	98,447.47	2.84	143.22
<b>Long-term loans</b>	42,152.34	1.15	47,505.75	1.37	-11.27
<b>Lease liabilities</b>	2,405.67	0.07	3,965.89	0.11	-39.34
<b>Deferred income tax liabilities</b>	4,350.40	0.12	3,255.61	0.09	33.63
<b>Other comprehensive income</b>	5,027.76	0.14	14,178.07	0.41	-64.54
<b>Total assets</b>	3,666,104.60	100.00	3,465,426.38	100.00	5.79
<b>Total liabilities</b>	1,388,022.10	37.86	1,189,596.92	34.33	16.68
<b>Owners' equity attributable to the parent company</b>	2,276,862.82	62.11	2,274,207.10	65.63	0.12

## Notes on changes in assets and liabilities

In the reporting period, the total amount of monetary funds was RMB 2.578 billion, which increased by RMB 1.408 billion or 120.23% over the last period. The main reason is that

during the reporting period, the Company strengthened the management of cash flows of various projects, and the receivables were received well this year. Therefore, the monetary funds increased compared with the beginning of the year.

In the reporting period, the total amount of accounts receivable was RMB 4.15 billion, which decreased by RMB 1.507 billion or 26.63% over the last period. The main reason is that the Company continuously optimized the tracking and management of cash flows of various projects and received more project payments.

In the reporting period, the total amount of advance payment was RMB 879 million, which increased by RMB 245 million or 38.65% over the last period. The main reason is that the price of bulk materials rose. Therefore, during the reporting period, the Company's advance payment for materials increased compared with the beginning of the year.

In the reporting period, the total amount of other receivables was RMB 30 million, which increased by RMB 12 million or 68.75% over the last period. The main reason is that a tax of RMB 13 million was refunded to Qing Dao Subsidiary after final settlement.

In the reporting period, the total amount of inventory was RMB 1.321 billion, which increased by RMB 169 million or 14.72% over the last period. There are two main reasons. (1) The scale of raw materials became larger as the quantity of work increased and there were more projects under construction. (2) Materials were purchased for some projects in advance as the price of bulk materials rose.

In the reporting period, the total amount of contract assets was RMB 4.342 billion, which increased by RMB 1.429 billion or 49.08% over the last period. The main reason is that the quantity of work increased this year, and the payments made for the portions that had been completed but the payments had not been settled previously increased with the progress of projects under construction.

In the reporting period, the total amount of other current assets was RMB 151 million, which decreased by RMB 97 million or 39.22% over the last period. The main reason is that the reclassified amount of value-added tax decreased compared with the beginning of the year.

In the reporting period, the total amount of long-term equity investment was RMB 1.501 billion, which decreased by RMB 28 million or 1.84% over the last period. The main reason is that COOEC-Fluor suffered losses in the current period and the long-term equity investment decreased according to the equity method.

In the reporting period, the total amount of other equity instruments investment was RMB 110 million, which decreased by RMB 53 million or 32.47% over the last period. The main reasons include changes in the share price of and reduction of shares of Lanpec Technologies.



In the reporting period, the total amount of fixed assets was RMB 10.467 billion, which decreased by RMB 243 million or 2.27% over the last period. The main reason is that depreciation was accrued on schedule.

In the reporting period, the total amount of projects under construction was RMB 859 million, which decreased by RMB 81 million or 8.58% over the last period. The main reason is that some projects under construction were converted to fixed assets after reaching the intended use status.

In the reporting period, the total amount of right-of-use assets was RMB 72 million, which decreased by RMB 23 million or 23.87% over the last period. The main reason is that depreciation was accrued on schedule.

In the reporting period, the total amount of bills payable was RMB 393 million, which increased by RMB 210 million or 114.88% over the last period. The main reason is that the quantity of work for LNG projects increased and the settlement with subcontractors increased.

In the reporting period, the total amount of contract liabilities was RMB 2.394 billion, which increased by RMB 1.410 billion or 143.22% over the last period. The main reason is that the advance payment for some projects increased.

In the reporting period, the total amount of long-term loans was RMB 422 million, which decreased by RMB 54 million or 11.27% over the last period. The main reason is that the Company paid back some loans from Bank of China in the current period.

In the reporting period, the total amount of lease liabilities was RMB 24 million, which decreased by RMB 16 million or 39.34% over the last period. The main reason is that the lease payments were made on schedule.

In the reporting period, the total amount of deferred income tax liabilities was RMB 44 million, which increased by RMB 11 million or 33.63% over the last period. The main reason is that the fair value of financial assets held for trading changed and the temporary differences in recognition of investment income of large-denomination certificates of deposit increased.

In the reporting period, other comprehensive income was RMB 50 million, which decreased by RMB 92 million or 64.54% over the last period. The main reasons include the reduction of shares of Lanpec Technologies and the difference on translation of foreign currency statements.

In the reporting period, the amount of total assets was RMB 36.661 billion, which increased by RMB 2.007 billion or 5.79% over the last period. The main reason is that the amount of contract assets increased as the quantity of work increased and the settlement with owners increased. As the accounts receivable were received, monetary funds and financial products increased compared with the beginning of the year.

In the reporting period, the amount of total liabilities was RMB 13.88 billion, which increased by RMB 1.984 billion or 16.68% over the last period. The main reason is that the amount of contract liabilities increased as the quantity of work increased and the settlement with owners increased.

## **2. Information of overseas assets**

Applicable  Not applicable

### **(1) Asset size**

The amount of overseas assets is 1.358 (unit: billion; currency: RMB), accounting for 3.7% of total assets.

### **(2) Relevant description for relatively high proportion of overseas assets**

Applicable  Not applicable

## **3. Main restrictions on assets as of the end of the reporting period**

Applicable  Not applicable

## **4. Other notes**

Applicable  Not applicable

## **(IV) Investment analysis**

### **1. General analysis of foreign equity investments**

Applicable  Not applicable

#### **(1) Significant equity investments**

Applicable  Not applicable

#### **(2) Significant non-equity investments**

Applicable  Not applicable

The proposal for the construction of an offshore structure construction base in Lingang Industrial Zone, Tianjin Port Free Trade Zone, Binhai New Area, Tianjin (Tianjin Offshore Structure Construction Base) was deliberated and adopted at the 7th meeting of the 6th Session of the Board of Directors convened on March 27, 2018. The total planned area of this base is about 575,000 m<sup>2</sup> (about 965 m long and 600 m wide), the total length of the quay is 1,631 m, and the total investment is about RMB 3.989 billion. (for details, see the *Public Announcement on the Construction of an Offshore Structure Construction Base in*

*Lingang Industrial Zone, Tianjin Port Free Trade Zone* issued by the Company on March 20, 2018 (Announcement No.: 2018-011)).

By the end of June 2022, phase I project has been completed, with a total investment of RMB 2.495 billion. This base consists of main production facilities, including intelligent steel structure manufacturing center, mechanical, piping, electrical and instrument fabrication center, intelligent storage center, painting workshop, final assembly yard and quay, and supporting facilities such as R&D, power, and environmental facilities. Phase I project can basically meet the needs of construction of primary offshore facilities and equipment.

The preliminary design and budget estimate making are being carried out for phase II project, and phase II project is currently in the stage of review and approval.

### (3) Financial assets measured at fair value

Applicable  Not applicable

As of the end of the reporting period, the Company held 5.9 million shares of Lanpec Technologies Limited (stock short name: Lanpec Technologies), which accounted for 1.66% of the total number of shares. The number of shares of Lanpec Technologies Limited held by the Company decreased by 4.5 million in the reporting period.

Unit: 10,000 Yuan

Stock symbol	Stock short name	Initial investment	Shareholding ratio at the beginning of the reporting period (%)	Shareholding ratio at the end of the reporting period (%)	Book value at the end of the reporting period	Gains or losses in the reporting period	Changes in fair value in the reporting period	Accounting item	Source of shares
601798	Lanpec Technologies	3,668.41	2.93	1.66	3,941.20	0	-289.10	Other equity instruments investment	Investment in original issue shares

Total	3,668. 41	2.93	1.66	3,94 1.20	0	-289. 10	/	/
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Financial assets measured at fair value related to non-equity investment are mainly reflected in two items: financial assets held for trading and other equity instruments investment, specifically including structured deposits and financial products with non-principal-guaranteed floating income purchased by the Company. See the relevant analysis in the notes to financial statements for details.

#### (V) Significant asset and equity offering

Applicable  Not applicable

#### (VI) Analysis of main companies with shares held by the Company as a controlling or non-controlling shareholder in the reporting period

Applicable  Not applicable

##### 1. Basic information of the Company's subsidiaries in the consolidated financial statements for the reporting period

Unit: 10,000 Yuan Currency: RMB

No.	Subsidiary	Paid-in capital	Main business and products	Total assets	Net assets	Net profit	Shareholding ratio
1	COOEC Subsea Technologies Co., Ltd.	228,561 .47	Subsea technical services, maintenance of subsea pipelines	657,718 .76	485,811 .24	23,804. 87	100%
2	Offshore Oil Engineering (Qing Dao) Co., Ltd.	300,000 .00	Construction, installation, design, and maintenance of offshore oil and gas projects	582,392 .44	366,058 .39	8,947.8 0	100%

3	Offshore Oil Engineering (Zhuhai) Co., Ltd.	395,000.00	Construction, installation, design, and maintenance of offshore oil and gas projects	305,128.50	304,068.30	-2,792.26	100%
4	COOEC International Engineering Co., Ltd.	6000.00	General construction contracting, professional contracting	16,566.55	6,240.17	1,459.09	100%
5	PT. COOEC Indonesia	195.21	Development and maintenance of oil and gas fields	8,497.87	3,126.52	122.63	100%
6	COOEC Nigeria Limited	54.88	Contracting, design, installation, maintenance and associated services for offshore oil and gas projects	139.84	85.85	2.17	100%
7	COOEC NIGERIA FZE	0	Established for the purpose	29,448.53	-63,279.84	-5,826.58	100%

			of executing the Dangote Refinery Project in Nigeria				
8	A.E.S. DESTRUCTIVE AND NON-DESTRUCTIVE TESTING LIMITED	114.57	NDT, weld testing	2,166.15	1,802.06	0.60	90%
9	Lanhai International Limited	669.81	Engineering, procurement, construction and installation (EPCI) of offshore oil projects	657.84	657.84	0	100%
10	COTEC INC. (USA)	956.87	Engineering, procurement, construction and installation (EPCI) of offshore oil projects	2,072.74	1,310.63	-97.42	70%
11	COTEC INC. (Beijing)	500.00	Deepwater engineering & technology	4,677.42	2,215.44	-1,332.66	70%

			consulting services				
12	COOEC International Co., Limited	669.11	General contracting of projects, design, construction and installation of oil and gas projects	138,009.60	57,669.31	1,544.53	100%
13	COOEC CANADA COMPANY LTD	2,067.66	Engineering, procurement, construction and installation (EPCI) of oil and gas projects	48,545.41	8,858.98	1,224.33	100%
14	COOEC (Thailand) Co., Ltd.	283.04	Project contracting	2,811.98	2,536.63	132.07	100%
15	COOEC Brazil Offshore Ltd.	314.30	Project contracting	265.63	214.40	23.84	100%

**(1) Analysis of cases in which a single subsidiary's net profit accounts for more than 10% of the Company's consolidated net profit:**

The operating income earned by COOEC Subsea Technologies Co., Ltd. in the first half of 2022 was RMB 1.158 billion, and its net profit was RMB 238 million, which was significantly higher than that of RMB 84 million in the same period last year. The main reason is that the quantity of offshore installation work increased, and active measures

were taken to improve the utilization rate of vessels and reduce the standby cost of vessels.

The operating income earned by Offshore Oil Engineering (Qing Dao) Co., Ltd. in the first half of 2022 was RMB 2.246 billion, and its net profit was RMB 89 million, which was significantly higher than that of RMB 7 million in the same period last year. The main reason is that the quantity of onshore construction work increased and the cost reduction and quality and efficiency improvement were carried out orderly.

The net profit of COOEC NIGERIA FZE in the first half of 2022 was RMB -58 million, which was significantly lower than that of RMB -2 million in the same period last year. The main reason is that the bad debt reserves of RMB 58 million were accrued for accounts receivable of Dangote Refinery Project.

**(2) Analysis of great fluctuations in the performance of a single subsidiary having significant impact on the Company's net profit:**

Analysis of fluctuations in the performance of COOEC Subsea Technologies Co., Ltd.: the same as above.

Analysis of fluctuations in the performance of Offshore Oil Engineering (Qing Dao) Co., Ltd.: the same as above.

Analysis of fluctuations in the performance of COOEC NIGERIA FZE: the same as above.

**(3) Acquisition or disposal of important subsidiaries in the reporting period**

Not applicable.

**2. Basic information of main enterprises with shares held by the Company as a non-controlling shareholder in the reporting period**

Company name	Registered capital (10,000 Yuan)	Time of registration	Scope of business	Contributed capital (10,000 Yuan)	Shareholding ratio
CNOOC Finance Corporation Ltd.	400,000	June 2002	Deposits, loans, financing and lease services for its	7,067.14	1.77%



			members		
Lanpec Technologies Limited	35,453	December 2008	Well drilling and oil production machinery, petrochemical equipment, offshore and desert oil production equipment and projects, refining and chemicals	1,217.99	1.66%

### 3. Information of key joint ventures

COOEC-Fluor Heavy Industries Co., Ltd. is a key joint venture with shares held by Offshore Oil Engineering (Zhuhai) Co., Ltd. (a wholly owned subsidiary of the Company). For the details of this joint venture, refer to the information contained in “Note IX: Interests in Other Entities” of this Report.

#### (VII) Structured entities controlled by the Company

Applicable  Not applicable

#### V. Other matters to be disclosed

##### (I) Potential risks

Applicable  Not applicable

##### 1. Risks associated with the execution of projects

The Company has developed the capability to undertake oil and gas projects in waters deeper than 300 m or even with a depth of 1,500 m. Such projects are more difficult to execute, and the technical requirements are more stringent. Risks in construction may arise from the Company’s relative weakness in technology, management and construction experiences for deepwater oil and gas projects.

Countermeasures: The Company will strengthen the building of safety and quality management systems, increase the reserve of deepwater technologies, speed up the

development of deepwater equipment, accumulate more experiences in the operation of deepwater oil and gas projects, continuously improve the technical levels of deepwater oil and gas projects, and accumulate management and construction experiences to reduce risks in construction.

## **2. Risks arising from operations in international markets**

The Company has entered international markets for a short time. There is a lack of international talents, and the Company's ability to operate international projects and control associated risks is not strong enough. Geopolitical factors, the policies of different countries and regions, marine environment, and long-distance resource allocation might pose risks to the operation of overseas projects.

Countermeasures: The Company will (1) do a good job in planning its international development strategy, determine scientific development ideas and paths, promote its development steadily at the project level, and work closely with its major customers in international development; (2) strengthen the building of its basic capabilities, speed up the training of international talents, and improve its service capabilities in the areas of international business, legal matters, procurement, technology and management, identify and analyze the risks in the operation of overseas projects in a scientific and all-round manner, and take targeted measures to control risks effectively; (3) further improve the structure of its overseas organization, strengthen resource allocation and core competency, and continuously improve its overseas project management system.

## **3. Risks posed by natural factors such as natural disasters and inclement weather**

Unforeseeable natural disasters or inclement weather conditions, such as typhoons, may pose significant adverse impacts and unpredictable risks to the Company's production and operations, especially offshore installation activities.

Countermeasures: the Company will prioritize safety management, closely monitor and deal with inclement weathers such as typhoons, prepare in advance to prevent emergencies, closely follow up with any emergency, report any emergency in a timely manner, initiate the corresponding emergency response procedure at the opportune time, and take effective measures to minimize the losses caused by any emergency.

## **4. Risks arising from fluctuations in exchange rates**

The accounting currency for the Company's books and records is RMB. With the expansion of the Company's overseas business and the increase in its income in foreign currencies, the fluctuations in exchange rates may have certain impact on its gains and losses.

Countermeasures: The Company will include exchange rate risks into the scope of cost control when preparing quotations, consider hedging import and export risks and using financial instruments such as forward foreign exchange settlement, and continuously improve its ability to address exchange rate risks during daily fund management.

## **5. Other risks**

Besides the risks mentioned above, the Company may face some common risks during its development and operations, including the periodic fluctuations in offshore oil and gas industry caused by strong fluctuations in international oil prices, the impact of renewable energy resources on traditional oil industry, safety risks, and talent loss. The Company will use its best efforts to address and mitigate these risks effectively depending on the specific conditions.

### **(II) Other matters to be disclosed**

Applicable  Not applicable

**Green and low-carbon development ideas of the Company** (which do not constitute an actual commitment to investors)

#### **(I) General idea**

Focus on main offshore oil and gas projects, accelerate the transformation and upgrading of traditional industries, form new economic growth points for new industries and new businesses, and form a diversified industrial structure system with strong risk resistance. Accelerate the transformation and upgrading from traditional projects to high-end services, from fossil energy projects to green energy projects, from offshore projects to onshore projects, and from offshore oil projects to offshore projects. Adhere to the principle of following the strategy of China National Offshore Oil Corporation and focusing on the advantages of the Company to develop new energy and new industries.

#### **(II) Planning and deployment**

1. Strengthen the whole LNG industry chain and adhere to EPCM development mode

Focus on the EPCM business of LNG terminal and storage tank project, form the EPCM capacity of natural gas liquefaction plant, expand high-end businesses such as floating storage and regasification unit (FSRU) and floating liquefied natural gas unit (FLNG). Adhere to EPCM development mode, promote the integration of internal and external resources, and master the core technologies; strengthen engineering and procurement, strengthen project management, and improve project management ability; promote the construction of “intelligent construction site” by means of informatization and digitization and become a first-class general contractor of LNG terminal in China.

2. Cultivate whole industry chain ability for EPCI of offshore wind power projects

Relying on offshore engineering experiences and giving play to the comparative advantages, seek high-quality development against the European offshore wind power development mode and accelerate the development of offshore wind power industry; focusing on the development of deepwater wind power, large booster station and converter station, preliminarily establish the EPCI full-service chain with offshore wind power design as the core business and construction and installation as the business extension; starting from design optimization, modular manufacturing, intelligent manufacturing, digital delivery and offshore installation method innovation, explore and promote the life cycle cost reduction for offshore wind power industry. It plans to basically determine the dominant position in domestic deepwater floating offshore wind power project industry till 2025.

3. Cultivate whole industry chain ability for EPCI of shore power projects

Accelerate the acquisition of power design qualifications and lead the promotion of shore power EPCI ability based on design; establish the whole business chain with design as the core business and offshore transformer station construction and installation, submarine cable laying and repair as the business extension; give priority to guaranteeing the reserve and production increase of Bohai area and speed up cultivating the markets of other areas.

4. Explore and develop emerging projects

Closely follow up the “carbon peaking and carbon neutrality” goals of China and the new energy business layout of CNOOC, to explore and development emerging projects. It has the technical ability and the capacity of contracting marine ranching, undersea mining and other marine works; accelerate project promotion and application and expand offshore carbon capture, utilization and storage engineering market by virtue of the engineering design capability formed by the new technology of CO<sub>2</sub> capture and reinjection and storage independently researched by the Company; to cope with the industry requirements, take an active part in the research of relevant cutting-edge technologies for combustible ice and ocean energy development as well applied researches, and participate in demonstration project; explore the new mode for integrated development of marine economy with its own characteristics (e.g.: offshore floating wind power + marine ranching + hydrogen energy engineering mode, marine ranching + ocean energy +digital ocean mode, etc.).

## Section IV Corporate Governance

### I. Brief introduction to the general meeting of shareholders

Session	Date	Index of query on specified website where the resolution is published	Disclosure date of published resolution	Resolution at the meeting
General Meeting of Shareholders in 2021	May 20, 2022	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a>	May 23, 2022	<p><i>2021 Work Report of the Board of Directors of the Company</i> was approved upon deliberation;</p> <p><i>2021 Work Report of the Board of Supervisors of the Company</i> was approved upon deliberation;</p> <p><i>2021 Financial Final Account Report of the Company</i> was approved upon deliberation;</p> <p><i>2021 Plan for Profit Distribution of the Company</i> was approved upon deliberation;</p> <p><i>2021 Annual Report and Summary of the Company</i> was approved upon deliberation;</p> <p><i>Proposal on Further Employing Financial and Internal Control Audit Organization for the Company in 2022</i> was approved upon deliberation;</p> <p><i>Proposal on Revising Articles of Association and Authorizing the Board of Directors to Complete Business Registration</i> was approved upon deliberation;</p> <p><i>Proposal on Revising the Rule of Procedure of General Meeting of Shareholders</i> was approved upon deliberation;</p> <p><i>Proposal on Revising the Rules of Debate for Board of Directors</i> was approved upon deliberation;</p> <p><i>Proposal on Revising the</i></p>

				<p><i>Management and Utilization Methods of Raised Fund of the Company</i> was approved upon deliberation;</p> <p><i>Proposal on Revising the Working System of Independent Directors</i> was approved upon deliberation;</p> <p><i>Proposal on Electing Peng Lei as the Director of the Company</i> was approved upon deliberation.</p>
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**Extraordinary general meeting held on request from preferred shareholders with voting right recovered**

Applicable  Not applicable

Description on the general meeting of shareholders

Applicable  Not applicable

**II. Turnover of Directors, Supervisors and Senior Officers**

Applicable  Not applicable

Name	Post	Change
Peng Lei	Director and Deputy Secretary of the Party Committee	Elected
Li Peng	Secretary of the Board of Directors	Engaged
Liu Lianju	Former Secretary of the Board of Directors	Former
Yu Changsheng	Former Vice President	Former

Description on turnover of directors, supervisors and senior officers

Applicable  Not applicable

**III. Plan for profit distribution or capitalizing of capital reserves**

**The proposed semi-annual plan for profit distribution and the plan for converting capital reserves into share capital**

Whether shared or transferred	No
No. of presented bonus every 10 shares (shares)	0
No. of dividend every 10 shares (including tax)	0
Capitalizing No. every 10 shares (shares)	0
Detailed explanations of plan for profit distribution or transferring public accumulation fund to capital stock	

The Company neither made profit distribution nor converted capital reserve into share capital in the reporting period.

**IV. Condition and impact of company equity incentive plan, employee stock ownership plan or other employee incentive measures**

**(i) Equity incentives disclosed in the interim announcement without subsequent implementation progress or change**

Applicable     Not applicable

**(ii) Incentives not disclosed in the interim announcement or with subsequent progress**

IV. Equity incentive

Applicable     Not applicable

Other descriptions

Applicable     Not applicable

Employee stock ownership plan

Applicable     Not applicable

Other incentive measures

Applicable     Not applicable



## Section V Environmental and Social Responsibilities

### I. Environmental information

#### (i) Environmental protection of companies and their major subsidiaries listed as main pollution discharging companies by national department of environmental protection

Applicable    Not applicable

##### 1. Pollution discharge information

Applicable    Not applicable

The wholly-owned subsidiary Offshore Oil Engineering (Qingdao) Co., Ltd. (hereinafter referred to as “Qingdao Subsidiary”) was determined as the key pollution discharge unit of Qingdao, Shandong in 2022. The supervision items involve water environment, atmospheric environment and soil environment. The main pollutants of Qingdao Subsidiary include domestic sewage of plant area, organic waste gas generated by coating work and dangerous waste generated in production.

(1) The process and reason of pollutants forming:

① Wastewater refers to domestic sewage of Qingdao Subsidiary with no production wastewater. Domestic sewage mainly contains the following pollutants: COD (chemical oxygen demand), ammonia nitrogen, suspended matter, etc. The reason why Qingdao Subsidiary is listed as key pollution discharge unit of water environment is that Qingdao Site is 1.2 million m<sup>2</sup> with numerous production personnel, and high water consumption leads to high drainage. The discharge concentration of ammonia nitrogen, COD and other pollutants in the wastewater meets the standard and relevant provisions, but the discharge of ammonia nitrogen and COD is high, thus listed as the key unit under supervision.

② Pollutants in waste gas mainly include benzene, toluene, xylene, non-methane hydrocarbon (NMHC) and particulate matters. It is mainly due to the welding fume during construction, grinding dust, the particulate matter dust during sand blasting, and organic waste gas generated during painting and drying. Although the emission concentration meets the standard and relevant provisions, the large annual paint application amount leads to high waste gas emission, so Qingdao Subsidiary is listed as the key unit under supervision.

③ Soil pollutants mainly refer to the waste possible of causing soil pollution and generated during offshore engineering construction in Qingdao Site, including waste paint bucket, waste paint slag, waste mineral oil, paint-stained rubbish, waste paint, waste thinner, waste antifreeze, etc. These wastes may cause leakage and pollute the soil during collection and temporary storage, so Qingdao Subsidiary is listed as the key soil

unit by local environment protection department. However, Qingdao Subsidiary attaches high importance to waste management and is free from soil pollution due to waste leakage till now.

(2) Mode of pollutant discharge:

① The domestic sewage generated by Qingdao Subsidiary is pretreated by the integrated sewage treatment equipment in the plant area to meet the Class B standard of *Wastewater Quality Standards for Discharge to Municipal Sewers* (GB/T31962-2015), and then discharged into the municipal sewage pipeline and later into Nibuwan Sewage Treatment Plant. Online sewage monitoring system is installed in the plant area of Qingdao Subsidiary and interconnected with local environmental protection bureau for 24 hours a day.

② Welding fume and grinding dust generated during the production of Qingdao Subsidiary is filtered and dedusted by mobile welding purification unit with flue gas collection arm and dust removal device with self-circulating filter cartridge. Metallic oxide dust generated during shot blasting shall be treated by secondary dedusting with cyclone filter cartridge, and then discharged by exhaust funnel of 25 m high after it reaches the standard. After the painting dust generated is absorbed and purified by zeolite roller adsorption plant, the organic waste dust enters into the regenerative catalytic oxidizer (RCO) for treatment and the purified waste gas is discharged by exhaust funnel of 25 m high. Online VOCs monitoring system is installed in the plant area of Qingdao Subsidiary and interconnected with local environmental protection bureau for 24 hours a day.

③ For disposal of waste possible of causing soil pollution, Qingdao Subsidiary totally entrusted the third-party unit qualified for hazardous waste disposal. Before disposal, the hazardous waste is temporarily stored in hazardous waste warehouse which has received ground anti-leakage and anti-spill treatment with spill tank and recovery tank set, so as to protect soil from pollution during temporary storage of hazardous waste.

(3) Discharge concentration and total amount:

① Organized waste gas emission:

Benzene: 0.0065 t;

Toluene: 0.022 t;

Xylene: 0.109 t;

NMHC: 2.2164 t;

Total discharge of particulate matter: 2.38 t.

The discharge concentration at each discharge outlet is lower than the specified value.

② Discharge amount of wastewater:

Water discharge: 13,400 m<sup>3</sup>;

Average COD discharge concentration: 114 mg/L, total COD discharge: 1.45 t;

Average ammonia-nitrogen discharge concentration: 6.51 mg/L; total ammonia-nitrogen discharge: 0.0776 t;

It needs special explanation that domestic sewage of Qingdao Subsidiary is discharged to sewage treatment plant through municipal pipe network. The amount of COD and ammonia-nitrogen discharged to sewage treatment plant is not that directly discharged into the environment, so it will not pollute the water environment.

(4) The total verified discharge amount: total discharge amount is not verified (local environment protection authority has no relevant requirements).

(5) Discharge beyond the standard: none.

(6) Pollutants discharge standard executed: organic waste gas emission follows relevant standards in Table 1 of *Emission Standard of Volatile Organic Compounds - Part 5: Surface Coating Industry* (DB37/2801.5-2018); organized particulate matter emission follows relevant standards in Table 1 (Limit on Emission Concentration of Air Pollutants (Phase III)) of *Integrated Emission Standard for Regional Air Pollutants of Shandong Province* (DB37/2376-2013); unorganized particulate matter emission follows relevant standards in Table 2 of *Integrated Emission Standard of Air Pollutants* (GB16297-1996); wastewater discharge follows Class B standards in *Wastewater Quality Standards for Discharge to Municipal Sewers* (GB/T31962-2015).

In the reporting period, Qingdao Subsidiary was free from environmental pollution accident or administrative punishment relating to environmental protection.

## **2. Construction and operation of facilities for pollution prevention and control**

Applicable    Not applicable

A set of integrated sewage treatment equipment with a capacity of 200 t/a is configured in the plant area of Qingdao Subsidiary, and the treated effluent meets the Class A standard of *Wastewater Quality Standards for Discharge to Municipal Sewers* (GB/T31962-2015).

All the coating workshops in the plant area are configured with organic waste gas purification and dedusting equipment. It is necessary to maintain the environmental protection equipment on regular basis and fill out corresponding maintenance records. All environmental protection facilities operate normally and organic waste gas is discharged up to standard.

## **3. Environmental impact assessment on construction project and other administrative licensing on environmental protection**

Applicable    Not applicable

(1) "Reply on Environmental Impact Report of Phase I Project on Qingdao Site of Offshore Oil Engineering (Qingdao) Co., Ltd." issued by Qingdao Environmental Protection Bureau.

(2) "Reply on Environmental Impact Report of Phase II Project on Qingdao Site of Offshore Oil Engineering (Qingdao) Co., Ltd." issued by Qingdao Environmental Protection Bureau.

(3) "Reply on Environmental Impact Report of Phase III Project on Qingdao Fabrication Base of Offshore Oil Engineering Co., Ltd." issued by Qingdao Environmental Protection Bureau.

#### **4. Emergency plan for sudden environmental incidents**

Applicable    Not applicable

Qingdao Subsidiary prepared emergency plan for sudden environmental incidents, including special emergency plan for toxic and harmful substance and special emergency plan for terminal oil spilling.

#### **5. Independent environmental monitoring plan**

Applicable    Not applicable

Qingdao Subsidiary prepares independent environmental monitoring plan and submits to the Headquarters of COOEC for approval.

#### **6. Administrative punishment due to environment issues in the reporting period**

Applicable    Not applicable

#### **7. Other environmental information that should be disclosed**

Applicable    Not applicable

#### **(ii) Environmental protection of companies other than main pollution discharging companies**

Applicable    Not applicable

##### **1. Administrative punishment due to environment issues**

Applicable    Not applicable

##### **2. Other environmental information disclosed with reference to key pollutant discharge units**

Applicable    Not applicable

(1) Offshore Structure Construction Base of Offshore Oil Engineering Co., Ltd.

1. Pollution discharge information

Offshore Structure Construction Base of Offshore Oil Engineering Co., Ltd. has obtained the pollutant discharge license (No.: 91120116722950227Y007Q), which is valid from August 27, 2021 to August 26, 2026, and obtained the license of Tianjin for discharging the municipal sewage into the drainage pipe system, which valid from August 20, 2021 to August 19, 2026 (No.: (2021) JLPXKZ No. 010)

At present, the site is in trial production run stage, during which all environmental protection management requirements shall be strictly implemented and the communication with local ecological environment department shall be strengthened, to actively promote the environmental protection completion acceptance of port-surrounding site and archiving of emergency plans for sudden environmental incidents and ensure that all environmental protection works conform to laws and regulations.

According to the *Announcement on the List of Enterprises Disclosing Environmental Information According to Laws in Tianjin 2022* released by Tianjin Ecology and Environment Bureau on April 27, 2022, the Company is not included in the List and not in the list of key pollutant discharge units in 2022 according to laws and regulations. In order to fulfill the social responsibilities and promote the green transformation development, the Company autonomously disclosed the pollutant discharge information of Offshore Structure Construction Base of Offshore Oil Engineering Co., Ltd.

The main pollutants from Offshore Structure Construction Base of Offshore Oil Engineering Co., Ltd. include domestic sewage of plant area, organic waste gas generated by coating work and dangerous waste generated in production.

The process and reason of pollutants forming:

- ① Discharged wastewater mainly refers to domestic wastewater, boiler blowdown water in winter, wastewater from deionized water purification equipment and wastewater from pipeline pressure test. The main pollutants in wastewater refer to COD (chemical oxygen demand), ammonia nitrogen, suspended solids, etc.
- ② Pollutants in waste gas mainly include xylene, non-methane hydrocarbon (NMHC), volatile organic compound (VOC) and particulate matters. It is mainly due to the welding fume during production, grinding dust, the particulate matter dust during sand blasting, and organic waste gas generated during painting and drying.

③ Soil pollution risk mainly comes from the hazardous waste during production. There may be seepage or leakage during collection and temporary storage of hazardous waste, which may lead to soil pollution if managed improperly. ③ These hazardous waste mainly includes waste paint bucket, waste paint slag, waste mineral oil, paint-stained rubbish, waste paint, waste thinner, waste antifreeze, etc.

(2) Mode of pollutant discharge:

① The wastewater discharged includes domestic sewage and industrial wastewater. Domestic sewage includes the staff's domestic sewage and boiler blowdown water, while industrial wastewater includes heavy salt water and backwashing water from deionized water preparation system, pressure test water from final assembly site, cleaning wastewater after pipeline pressure test and ground flushing water from disassembly site.

According to the drainage design, the oily sewage from staff canteen is treated in grease trap; washing wastewater generated by staff is sedimented and treated in septic-tank, cleaning wastewater is sedimented and treated in sedimentation basin, which are then discharged into the second sewage plant in port economic zone for further treatment. According to environmental assessment requirements, flowmeter is installed at the main sewage discharge outlet for flow measurement and online monitoring. At present, online sewage monitoring facilities are all installed, with commissioning, acceptance and other relevant works being carried out according to the requirements of local environmental protection agency.

② Welding fume and grinding dust generated during the production of port-surrounding site are filtered and dedusted by high negative pressure welding fume purification, central filter cartridge dedusting purification, mobile welding fume purifier and dust removal device with filter cartridge. Waste gas from pretreatment shot blasting is dedusted by "cyclone dust removal + filter cartridge", and waste gas from pretreatment painting and drying is treated by "dry filter + RTO", which are then discharged by exhaust funnel of 30 m high after they reach the standard. Waste gas from local and vacuum sand adsorption dedusting in sand blasting workshop are treated by "cyclone dust removal + filter cartridge", which are then discharged by exhaust funnel of 20 m high after they reach the standard. Waste gas from dedusting of the whole sand blasting workshop is treated by

“cyclone dust removal + filter cartridge”, which are then discharged by exhaust funnel of 20 m high after they reach the standard. After the paint and drying waste gas generated in the painting workshop is absorbed and purified by “dry filter + zeolite roller + CO adsorption plant”, the purified waste gas is discharged by exhaust funnel of 30m high.

According to environmental assessment and the requirements of local government, a total of 9 sets of online waste gas detection units are installed, including 5 sets of online VOC monitoring facilities and 4 sets of online particulate matter monitoring facilities. At present, online monitoring devices are all installed, with commissioning, acceptance and other relevant works being carried out according to the requirements of local environmental protection agency.

③ Hazardous waste possible of polluting soil are classified and collected during production, put under strict supervision and timely transferred to temporary storage warehouse that has received ground anti-leakage and anti-spill treatment according to relevant technical requirements and set with spill tank, recovery tank and other facilities, of which are finally treated by the third party qualified for hazardous waste disposal, to ensure that hazardous waste will not pollute the soil during production, collection, temporary storage and disposal.

(3) Discharge concentration and total amount:

① Organized waste gas emission:

Strictly carry out all environmental protection provisions according to trial production requirements, and ensure the concentration at all discharge outlets is lower than the specified value. After environmental protection completion acceptance is finished, make a comprehensive statistics on the organized discharge of all kinds of waste gas and record them into the annual report of pollutant discharge license, and upload the monitoring results to Tianjin pollution source monitoring data management system.

② Total waste gas emission

After the waste gas emitted receives filter, adsorption and RTO measures, the expected total pollutants finally discharged into the gas are as follows: conventional factor: particulate matter of 34.55 t/a, SO<sub>2</sub> of 0.59 t/a and NO<sub>x</sub> of 3.26 t/a; characteristic factor: dimethylbenzene of 2.64 t/a and VOCs of 6.12 t/a.

③ Discharge amount of wastewater:

Total wastewater discharged is 413 m<sup>3</sup>/d, including domestic sewage of 347.5 m<sup>3</sup>/d and industrial wastewater of 65.5 m<sup>3</sup>/d. Wastewater and pollutants discharge concentration at all places can meet Class III limit requirements in *Integrated Wastewater Discharge Standard (Tianjin) (DB12/356-2008)*.

(4) Discharge beyond the standard: no such case during trial production.

(5) Pollutant discharge standards followed:

Organic waste gas is emitted in line with relevant standards in Table 1 “Surface Coating” in *Emission Control Standard of Volatile Organic Compounds for Industrial Enterprises (DB12/524-2020)*; unorganized NMHC emission conforms to *Emission Control Standard of Volatile Organic Compounds for Industrial Enterprises (DB12/524-2020)*; fuel gas drying exhaust emission conforms to relevant requirements and standards in Table 3 of *Emission Standard of Air Pollutants for Industrial Kiln and Furnace (GB12/556-2015)* and Table 3 of *Emission Standard of Air Pollutants for Boiler (DB12/151-2020)*; odor concentration conforms to relevant requirements of *Emission Standards for Odor Pollutants (DB12-059-2018)*; organized discharge of particulate matter conforms to Class II standard in *Comprehensive Emission Standard of Air Pollutants (GB16297-1996)*, and unorganized discharge of particulate matter conforms to relevant standards in Table 2 of *Comprehensive Emission Standard of Air Pollutants (GB16297-1996)*; wastewater discharge conforms to relevant limit requirements in Class III standard of *Integrated Wastewater Discharge Standard (DB12/356-2018)*.

2. Construction and operation of facilities for pollution prevention and control

All the coating workshops in the plant area are configured with organic waste gas purification and dedusting equipment. It is necessary to maintain the environmental protection equipment on regular basis and fill out corresponding maintenance records. All environmental protection facilities operate normally and organic waste gas is discharged up to standard. At present, online monitoring devices are all installed, with commissioning and acceptance of online monitoring being comprehensively carried out according to the requirements of local environmental protection agency.



Storm-water outfall gate is set in the base, with rainfall regulative pool serving as Level II prevention and control system; 2 accident pools are set: one used by hazardous waste warehouse and petrochemical products warehouse, and the other used by painting workshop, which satisfy the demands of emergency disposal and further lower the risk of environmental pollution.

3. Environmental impact statement (report form) of construction project and the approval decision of the approval departments

(1) Environmental impact statement of Tianjin Offshore Structure Construction Base of Offshore Oil Engineering Co., Ltd. (August 2017)

(2) *Reply on Environmental Impact Statement of Tianjin Offshore Structure Construction Base of Offshore Oil Engineering Co., Ltd.* (JBLSP [2017] No. 118)

4. In the reporting period, Offshore Structure Construction Base of Offshore Oil Engineering Co., Ltd. was free from environmental pollution accident or administrative punishment relating to environmental protection.

(II) Environmental protection management of vessels

1. Environmental protection management of self-owned vessels

The Company has 19 construction vessels by the end of the reporting period. It continuously attaches importance to the environmental protection management of the vessels. In details, it focuses on the management and control of the vessels from the source, actively introduces leading ideas and ideas on environmental protection, and constantly improves its environmental protection management level by optimizing equipment structure, scientific and technological innovation and other effective management means, thereby ensuring an accord development between vessel operation in accordance with laws and regulations and environmental protection. During the reporting period, the Company was free from environmental pollution accident from vessels.

(1) Prevention and control of water pollutants from vessels

The Company strictly implements the *Discharge Standard for Water Pollutants from Ships* (GB3552-2018) and the relevant provisions of Annex IV of MARPOL73/78 "Prevention of Pollution by Sewage from Ships". Domestic sewage treatment devices were installed for

19 vessels, and sewage discharge was carried out in strict accordance with the *Discharge Standard for Water Pollutants from Ships* (GB3552-2018) and Annex IV of MARPOL73/78 "Prevention of Pollution by Sewage from Ships". The renovation project of domestic sewage tanks of nine vessels has been completed, up to the requirements of zero discharge of domestic sewage in the sea area, including HAI YANG SHI YOU 225, HAI YANG SHI YOU 226, BIN HAI 108, LAN JING, LAN JIANG, HAI YANG SHI YOU 228, HAI YANG SHI YOU 229, HAI YANG SHI YOU 221 and BIN HAI 109. All the domestic sewage collected was transported to a competent unit for disposal.

#### (2) Discharge and Control of Air Pollutants

The Company strictly implements the *International Convention for the Prevention of Pollution from Ships* (MARPOL), the *Implementation Plan for Ship Sewage Control Zones in the Pearl River Delta, Yangtze River Delta and Bohai Rim (Beijing-Tianjin-Hebei) Waters* issued by the Ministry of Transport (JHF [2015] No. 177) and the *Implementation Plan for Air Pollutant Control Area* issued by the Ministry of Transport (JHF [2018] No. 168). All clean vessels are characterized by a fuel sulfur content of less than 0.1% m/m (lower than the value required by the Convention and the Chinese government), and all dirty vessels are equipped with a high-low sulfur oil conversion equipment, and they strictly implement the high-low sulfur oil conversion procedure.

#### (3) Disposal of oily water, oily sewage and garbage from vessels

In accordance with the requirements of relevant maritime laws and regulations, the Company has established a vessel safety management system specifying requirements for the disposal of oily water, oily sewage and garbage. In accordance with the requirements of *Regulations of Lead Sealing Management of Ship Sewage Disposal Equipment in Coastal Area* (JHF [2007] No. 165), oily sewage from vessels of the Company is disposed in the principle of zero release, and transferred to a qualified pollutant treatment organization that has signed a recycling agreement with the Company for recycling. All oily sewage and garbage was transported to a professional competent company for disposal, and an acceptance certificate required by the maritime authority was provided.

#### (4) Emergency management

All vessels of the Company are provided with the *Garbage Management Plan (GMP)* and *Shipboard Oil Pollution Emergency Plan (SOPEP)* approved by the China MSA, which are mandatory for all vessel-related operations. The Company carries out exercises within the offices and vessels regularly to improve the Company and staff emergency response and on-site disposal capacity.

## 2. Environmental protection management of leased vessels

The Company regards leased vessels as the focus of pollution prevention management. In 2022, the Company set up a professional management institution for leased vessels. The agency is responsible for pre-lease inspection of vessels, and supervision of safety and pollution prevention of leased vessels during the leasing term. Besides, a *Manual for Comprehensive Management of Leased vessels* was prepared, which specifies the requirements of safety and pollution prevention management in the whole process of inspection, access, start of the leasing term, process supervision and end of the leasing term.

In strict accordance with the requirements of pollution prevention conventions, laws and regulations, the pre-lease inspection of vessel includes major environmental protection items such as the validity of pollution prevention-related statutory certificates, the operation records and maintenance of pollution prevention equipment and facilities, the lead seal of sewage equipment, the integrity of oil product records / garbage records, and the acceptance documents of sewage / oily water and garbage disposal. All the problems found shall be rectified in time, and vessels may be leased only upon completion of rectification, which ensures the Company's legal compliance of leased vessels in respect of pollution prevention.

The Company strengthened the supervision of vessels in the leasing term, and made clear the responsibility interface and management requirements of safety and pollution prevention by signing the on-site work safety management agreement. According to the Company's *Implementation Plan for Three-Year Consolidation and Promotion Action of Special Rectification of Work Safety*, the Company carried out strict supervision and monitoring of the leased vessels, irregular supervision and inspection, and provided warning education and training for crew and shore-based management personnel of the

leased vessels on a regular basis, so as to enhance their awareness of environmental protection and the management ability of pollution prevention.

In the first half of 2022, the Company leased more than 40 vessels, and no environmental pollution accident occurred.

### **3. Reasons for non-disclosure of other environmental information**

Applicable     Not applicable

#### **(III) Subsequent progress and changes of environmental information disclosed during the reporting period**

Applicable     Not applicable

#### **(IV) Relevant information that is conducive to ecology protection, pollution prevention, and fulfillment of environmental responsibilities**

Applicable     Not applicable

During the reporting period, the Company adopted advanced technology to protect the marine environment and life during the execution of projects.

During the execution of Hong Kong Offshore LNG Terminal Project, the Company strictly abode by local environmental laws and regulations in Hong Kong, fulfilled its responsibility in environmental protection, and tried its best to minimize the impact of production activities on surrounding environment and marine life. For example, because the offshore construction process involves underwater jet grouting, the Company adopted the method of silt curtain, specifically, with jet grouting machine worked in silt curtain, so as to ensure that the sea mud generated in jet grouting is trapped in the silt curtain instead of being carried into the sea water nearby to harm the quality of sea water. At the same time, the Company conducted the monitoring of water quality impact at least three times a week, to ensure that the water quality impact meets the environmental protection requirements.

The Company conducted environmental impact assessment for this project. In order to protect marine mammals, a marine mammal control area with a radius of not less than 500 m was set up around the piling operation area, and experienced marine mammal observers were appointed. Piling works were carried out only after observers confirmed that no marine mammal had been seen in the control area in 30 min. Once a marine

mammal entered the control area, the engineering works were stopped immediately under safe conditions to minimize the impact of the engineering works on marine mammals.

**(V) Measures taken to reduce carbon emissions during the reporting period and effects**

Applicable    Not applicable

Realizing “peak carbon dioxide emissions, carbon neutrality” is the inherent requirement of implementing the new development concept, constructing a new development pattern and promoting high-quality development, and it is also a major national strategic decision. The Company attaches great importance to the “peak carbon dioxide emissions, carbon neutrality” strategy, deeply understands its great significance and role, accelerates the pace of green and low-carbon development according to its own business characteristics, and promotes its green transformation while focusing on energy conservation and carbon reduction, so as to achieve better development in the green transformation, and make positive achievements. In the first half of 2022, a total of 1,739 tons of standard coal was saved by the implementation of 112 energy conservation and enhancement measures, and 96.6% of the annual target was achieved; a total of 5,102 tons of carbon dioxide equivalent was reduced, and 48.6% of the annual target was achieved. Tianjin Offshore Structure Construction Base of the Company was applied for the national green factory.

Main works completed during the reporting period are as follows:

1. Carried out the design of Peak carbon dioxide emissions, carbon neutrality

The Company set up a leading group of “peak carbon dioxide emissions, carbon neutrality” headed by the Chairman of the Board of Directors, compiled and published the *Working Points of Peak Carbon Dioxide Emissions, Carbon Neutrality of COOEC 2022*, and made key arrangements for low-carbon work in 2022.

2. Established a target decomposition and assessment guarantee mechanism

Effectively decomposed the implementation plan of the green low-carbon strategy, incorporated it into the annual target responsibility letter and the assessment plan for tenure of leadership teams, and promoted the implementation of the plans. Strengthened the awareness of environmental protection “red line” of all employees, actively promoted

the synergy of pollution reduction and carbon reduction, and fully implemented “source reduction, process control and end treatment”. Organized to prepare and implement the annual environmental protection work plan, signed the environmental protection management responsibility letter level by level, implemented the assessment of environmental protection constraint indicators, carried out environmental protection monitoring, supervision and inspection continuously and strictly, as well as discharge of waste water and waste gas and disposal of solid wastes and hazardous wastes according to laws and regulations, and fulfilled environmental protection responsibilities earnestly.

### 3. Strengthened exchanges and cooperation with professional institutions

Carried out communication and exchanges with Carbon Neutrality Institute, Binhai New Area Environmental Innovation Research Institute and Shell (China) Limited and other professional institutions in aspect of “peak carbon dioxide emissions, carbon neutrality”, and explored ways of cooperation actively.

### 4. Built green and intelligent factories, and popularized energy management system initially.

The kinetic energy monitoring system (energy management system) of Tianjin Offshore Structure Construction Base of the Company has passed the evaluation and been launched preliminarily. The intelligent instrument and monitoring coverage of the system covers the electricity system, power system and water supply and drainage system of the site, which improves the site ability to track energy consumption, helps identify energy waste points, provides direction and basis for production scheduling and energy-saving transformation, and promotes the construction of intelligent green factories further.

### 5. Manufactured the first carbon dioxide storage module to promote China’s first offshore carbon dioxide demonstration project

The Company carried out the research on the first set of key equipment technology of offshore CO<sub>2</sub> compression and reinjection project, tackled the technical difficulties of CO<sub>2</sub> compression process simulation design, CO<sub>2</sub> phase control and supercritical CO<sub>2</sub> release, and completed the manufacture and installation of China’s first offshore carbon dioxide storage module on June 15. The carbon dioxide storage module weighs about 750 tons, and is an important device on the central platform of Enping 15-1 Oilfield Group. It is

estimated that the module can store about 300,000 tons of CO<sub>2</sub> every year, with a cumulative capacity of 1.46 million tons of CO<sub>2</sub>, nearly 14 million trees equivalent. It will help the green construction of Enping 15-1 Project.

## **II. Consolidated and enhanced the achievements in poverty alleviation and rural revitalization**

Applicable    Not applicable

The Company attaches great importance to consolidating and enhancing the achievements in poverty alleviation and rural revitalization, and has fulfilled its social responsibility as a central enterprise based on business practices, carried out works in poverty alleviation, charity and voluntary service actively, and conveyed corporate love, established a good corporate image and made positive contributions to promoting social harmony.

I. Consolidated and enhanced the achievements of poverty alleviation continuously  
According to the requirements of relevant policies, the Company carried out poverty workers assistance activity continuously. Besides, the Company also carried out the Spring Festival special assistance activity of “Visit Underprivileged Families of Workers”, education assistance activity of children of poverty workers, and assistance activities of workers with major diseases or severe illness respectively according to the situation of worker families, with an amount of assistance RMB 1.13 million. Actively carried out counterpart area consumption assistance activity of CNOOC, with an amount of consumption assistance about RMB 3.18 million.

II. Carried out rural revitalization earnestly  
Earnestly implemented the *Opinions on Continuously Appointing the First Secretary and Working Groups in Key Villages* printed and issued by the General Office of the CPC Central Committee. Last year, the Company appointed three first secretaries and working groups in key villages in Tianjin. During the reporting period, the Company assisted the village cadres in expanding the sales channels of agricultural products, and promoted the sales of agricultural products of about RMB 280,000. Organized the “Blue Force” youth volunteer service team of the Company to carry out spring ploughing assistance, environmental improvement and ecological

classroom activities in counterpart villages, and made great contributions to the rural revitalization.



## Section VI Important Matters

### I. Performance of the commitment

#### (I) Commitments of the Company, shareholders, actual controller, purchaser or other related parties during the reporting period or continued to reporting period

Applicable    Not applicable

Commitment background	Commitment Type	Committed by	Commitment Contents	Date and duration of commitment	With implementation duration or not	Implemented timely and strictly or not
Commitment related to initial public offering	Solve horizontal competition	China National Offshore Oil Corporation	During existence of the Company, CNOOC and controlled legal person thereof shall not conduct any business the same as or similar to business scope of the Company now or in the future and shall not hold activities in any way which might reduce the Company's benefits.	Date of commitment: August 15, 2001, duration: existence of the Company.	No	Yes

#### II. Situation relating to non-business funds occupation by the controlling shareholders and their related parties during the reporting period

Applicable    Not applicable

#### III. Illegal guarantee

Applicable    Not applicable

#### IV. Audit of semi-annual report

Applicable    Not applicable

#### V. Changes and handling of matters involved in non-standard audit opinions in the annual report of last year

Applicable    Not applicable

**VI. Bankruptcy and reorganization matters**

Applicable     Not applicable

**VII. Major lawsuit or arbitration**

There's significant litigation or arbitration occurred to the Company in the reporting period.  
 There's no significant litigation or arbitration occurred to the Company in the reporting period.

**VIII. Suspected violation of laws, punishment and rectification to listed company and its director, supervisor, senior officer, controlling shareholder, and actual controller**

Applicable     Not applicable

**IX. Honesty condition of the Company and its controlling shareholder and actual controller during the reporting period**

Applicable     Not applicable

No bad faith record issued by supervision organization.

**X. Significant connected transaction**

**(I) Transaction related to daily operation**

**1. Matters disclosed in the interim announcement without subsequent implementation progress or change**

Applicable     Not applicable

**2. Matters disclosed in the interim announcement with subsequent implementation progress or change**

Applicable     Not applicable

**3. Matters not disclosed in interim announcement**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Party of related party transaction	Correlation	Type of connected transactions	Contents of connected transactions	Pricing principle for connected transaction	Price of connected transaction	Amount of connected transaction	Proportion to the total amount of same transactions (%)	Settlement method of connected transactions
CNOOC Energy Technology & Services Limited	Holding subsidiary of parent company	Accepting labor service	Provide the Company with following services: engineering subcontracting, material procurement, transportation, fuel, estate management, etc.	Determine contract price by tendering based on market principle.	77,163.44	77,163.44	7.14	Normal clearing according to the contract agreement
COOEC-Fluor Heavy Industries Co., Ltd.	Joint venture	Accepting labor service	Provide the Company with engineering subcontracting	Determine contract price by tendering based on market principle.	27,570.4	27,570.4	2.55	Normal clearing according to the contract agreement
China National Offshore Oil Corporation	Controlling shareholder	Accepting labor service	Provide staff insurance, software use and other services for the Company	Determine contract price by tendering based on market principle.	0.56	0.56	0.0001	Normal clearing according to the contract agreement
CNOOC Bohai Corporation	Wholly owned subsidiary of parent company	Expenses for water, electricity, gas and other utilities (purchase)	Provide water, electricity and staff physical examination for the Company	Determine contract price by tendering based on market principle.	1,304.62	1,304.62	0.12	Normal clearing according to the contract agreement

China Offshore Oil Service (Hong Kong) Co., Ltd.	Wholly owned subsidiary of parent company	Purchasing commodities	Provide material purchase for the Company	Determine contract price by tendering based on market principle.	7,242.36	7,242.36	0.67	Normal clearing according to the contract agreement
China Oilfield Services Ltd.	Holding subsidiary of parent company	Accepting labor service	Provide the Company with following services: transportation, vessel, etc.	Determine contract price by tendering based on market principle.	148.79	148.79	0.01	Normal clearing according to the contract agreement
CNOOC Industrial Co., Ltd.	Wholly owned subsidiary of parent company	Expenses for water, electricity, gas and other utilities (purchase)	Provide the Company with following services: real estate, engineering subcontracting, fuel, water & power, etc.	Determine contract price by tendering based on market principle.	601.87	601.87	0.06	Normal clearing according to the contract agreement
CNOOC Nanhai East Corporation	Wholly owned subsidiary of parent company	Accepting labor service	Provide the Company with engineering subcontracting	Determine contract price by tendering based on market principle.	29.89	29.89	0.003	Normal clearing according to the contract agreement
CNOOC Oil & Petrochemicals Co., Ltd.	Wholly owned subsidiary of parent company	Accepting labor service	Provide the Company with engineering subcontracting	Determine contract price by tendering based on market principle.	-233.49	-233.49	-0.02	Normal clearing according to the contract agreement
CNOOC Gas & Power Group	Wholly owned subsidiary of parent company	Accepting labor service	Provide the Company with engineering subcontracting	Determine contract price by tendering based on market principle.	2,204.24	2,204.24	0.20	Normal clearing according to the contract agreement
CNOOC	Wholly owned	Accepting labor	Provide estate	Determine	6.21	6.21	0.001	Normal

Nanhai West Corporation	subsidiary of parent company	service	management for the Company	contract price by tendering based on market principle.				clearing according to the contract agreement
China National Offshore Oil Corporation	Holding subsidiary of parent company	Accepting labor service	Provide the Company with wharf service	Determine contract price by tendering based on market principle.	1,638.97	1,638.97	0.15	Normal clearing according to the contract agreement
Joint venture or associated enterprise established by other members of the Group to which the Company belongs	Other related parties	Accepting labor service	Provide the Company with engineering subcontracting	Determine contract price by tendering based on market principle.	50,860.59	50,860.59	4.70	Normal clearing according to the contract agreement
China National Offshore Oil Corporation	Holding subsidiary of parent company	Provide labor service	The Company provides specialized services such as design, installation, construction, etc.	Determine contract price by tendering based on market principle.	786,678.72	786,678.72	67.04	Normal clearing according to the contract agreement
CNOOC Gas & Power Group	Wholly owned subsidiary of parent company	Provide labor service	The Company provides specialized services such as design, installation, construction, etc.	Determine contract price by tendering based on market principle.	37,229.43	37,229.43	3.17	Normal clearing according to the contract agreement
CNOOC Energy	Holding subsidiary of	Provide labor service	The Company provides	Determine contract price by	924.28	924.28	0.08	Normal clearing

Technology & Services Limited	parent company		specialized services such as design, installation, construction, etc.	tendering based on market principle.				according to the contract agreement
COOEC-Fluor Heavy Industries Co., Ltd.	Joint venture	Provide labor service	The Company provides personnel sent abroad, material sales and detection	Determine contract price by tendering based on market principle.	303.25	303.25	0.03	Normal clearing according to the contract agreement
China National Offshore Oil Corporation	Controlling shareholder	Other inflows	Cost of scientific research	Determine contract price by tendering based on market principle.	62.52	62.52	0.01	Normal clearing according to the contract agreement
China Offshore Oil Service (Hong Kong) Co., Ltd.	Wholly owned subsidiary of parent company	Sales of commodities	Equipment sales	Determine contract price by tendering based on market principle.	20.28	20.28	0.002	Normal clearing according to the contract agreement
CNOOC Oil & Petrochemicals Co., Ltd.	Wholly owned subsidiary of parent company	Provide labor service	The Company provides specialized services such as design, installation, construction, etc.	Determine contract price by tendering based on market principle.	19.47	19.47	0.002	Normal clearing according to the contract agreement
CNOOC Petrochemicals Import & Export Co., Ltd.	Wholly owned subsidiary of parent company	Provide labor service	The Company provides specialized services such as design, installation,	Determine contract price by tendering based on market principle.	80.64	80.64	0.007	Normal clearing according to the contract agreement

			construction, etc.					
Total				/	/	993,857.04	85.92	/
Details of large sales returns					None			
Description of connected transactions					<p>(1) Main content of connected transactions The Company is one of the largest EPCI contract companies of Offshore Oil Engineering in Asia. It mainly provides professional technical service for the oil exploitation of China Sea area. There are comparatively many connected transactions in offshore engineering services between the Company and related parties such as CNOOC Limited. For instance, the Company provides EPCI overall contract professional service for connected company, and the connected company provides engineering subcontract transportation, vessel, fuel, water and electricity for the Company.</p> <p>(2) Price and fairness of connected transactions The connected transaction provides long-term stable market for the Company serves as an integrated part of the Company's development. The contract price for connected transaction is determined by public tender. The contract price for connected transaction is determined by public tender. In addition, the Company signed long-term service agreement with related parties, so as to ensure the fairness of connected transaction price, reflecting principles of equity, fairness, and openness, which helps develop major business of the Company and maximize the interests of shareholders.</p> <p>(3) Continuity of connected transactions It is proved by facts that these connected transactions are necessary, and in the foreseeable future, connected transactions between the Company and connected companies will continue with the rapid development of CNOOC industry.</p>			

**(II) Connected transaction from asset or equity acquisition and sale****1. Matters disclosed in the interim announcement without subsequent implementation progress or change**

Applicable     Not applicable

**2. Matters disclosed in the interim announcement with subsequent implementation progress or change**

Applicable     Not applicable

**3. Matters not disclosed in interim announcement**

Applicable     Not applicable

**4. Performance fulfillment during the reporting period to be disclosed in case of performance agreement involved**

Applicable     Not applicable

**(III) Significant connected transaction of joint external investment****1. Matters disclosed in the interim announcement without subsequent implementation progress or change**

Applicable     Not applicable

**2. Matters disclosed in the interim announcement with subsequent implementation progress or change**

Applicable     Not applicable

**3. Matters not disclosed in interim announcement**

Applicable     Not applicable

**(IV) Related credits and debts****1. Matters disclosed in the interim announcement without subsequent implementation progress or change**

Applicable     Not applicable

**2. Matters disclosed in the interim announcement with subsequent implementation progress or change**

Applicable     Not applicable

**3. Matters not disclosed in interim announcement**

Applicable     Not applicable

**(V) Financial business between the Company and connected financial companies, holding financial companies and related parties**

Applicable     Not applicable

**1. Deposit business**

Applicable     Not applicable

Unit: 10,000 Yuan    Currency: RMB

Related parties	Correlation	Maximum daily deposit limit	Range of deposit interest rate	Opening balance	Amount incurred in the current period		Closing balance
					Total deposit amount in	Total withdrawal	



					the current period	amount in the current period	
CNOOC Finance Corporation Ltd.	Financial companies with affiliated relationship	58,539.03	0.35%-1.15%	76,795.74	3,256,434.27	3,274,962.00	58,268.01
Total	/	/	/	76,795.74	3,256,434.27	3,274,962.00	58,268.01

Remarks:

1. The maximum daily deposit limit will take effect upon audit of the 2021 annual financial statement of the Company by the accounting firm.

2. The range of deposit interest rate is between 0.35%-1.15%; 0.35% refers to current deposit interest rate and 1.15% refers to agreed deposit interest rate. The deposit interest rate of the Company in CNOOC Finance Corporation Ltd. is comparable to that of commercial banks.

## 2. Loan business

Applicable  Not applicable

## 3. Credit business or other financial business

Applicable  Not applicable

Unit: 10,000 Yuan

Currency: RMB

Related parties	Correlation	Business type	Total amount	Actual amount occurred
CNOOC Finance Corporation Ltd.	Financial companies with affiliated relationship	Credit business	520,000.00	228,351.08

Remarks: "Actual amount incurred" refers to the remaining balance of the credit line of the financial company used by the Company at the end of the reporting period. The business requiring the application of credit line is guarantee business.

## 4. Other descriptions

Applicable  Not applicable

## (VI) Other significant related transaction

Applicable  Not applicable

## (VII) Miscellaneous

Applicable  Not applicable

For receivables and payables of the Company and related parties, entrusted research subjects and the Company's related party deposits and interest income, investment income, etc. in CNOOC Finance Corporation Ltd. during the reporting period, please refer to note "XII. Related Parties and Connected Transactions" to Section X Financial Statements in the Report.

**XI. Significant contracts and corresponding performances**

**1. Trusteeship, contracting and leasing**

Applicable     Not applicable

**2. Major guarantees performed and outstanding during the reporting period**

√Applicable    □Not applicable

Unit: 100 million Yuan, Currency: USD

External security ( excluding guarantee for subsidiaries)	
Total guarantee accrual in the reporting period (excluding guarantee to subsidiaries)	0
Total guarantee balance at the end of the reporting period (A) (excluding guarantee to subsidiaries)	0
The Company's guarantee to its subsidiaries	
Total guarantee accrual to subsidiaries in the reporting period	0.72
Total guarantee balance to subsidiaries at the end of the reporting period (B)	6.56
Total guarantee amount of the Company (including guarantee to subsidiary company)	
Total guarantee amount (A + B)	6.56
Proportion (%) of total guarantee amount net asset of the Company	19.34
Including:	
Total guaranteed amount towards shareholders, actual controllers and related parties (C)	0
Guarantee amount directly or indirectly provided to the guaranteed party whose asset liability ratio is more than 70% (D)	0.19
Amount with total guarantee amount more than 50% of net assets (E)	0
Total guarantee amount of three items above (C+D+E)	0.19
Explanation of possible joint and several liabilities for unexpired guarantee	
Guarantee	The Company provided the following 6 guarantees to subsidiaries as of the end of the reporting period: (1) Upon approval on the 9th Meeting of the 6th Board of Directors of the Company held on

May 21, 2018, the Company issued parent company guarantee for Nexen LLSW (Long Lake Southwest) EPC Project undertaken by Offshore Oil Engineering (Canada) Co., Ltd., with the guarantee amount of CAD 75 million and guarantee period from the date of issuing till December 20, 2026. The above guarantee does not have to be submitted to the general meeting of shareholders the Company for approval. (See resolution announcement and guarantee announcement of Board of Directors published on [www.sse.com.cn](http://www.sse.com.cn), website of Shanghai Stock Exchange on May 22, 2018)

(2) Upon approval on the 10th Meeting of the 6th Board of Directors of the Company held on August 17, 2018, the Company issued a performance bank guarantee and an advance payment guarantee for offshore transportation and installation project of Dangote undertaken by its subsidiary COOEC NIGERIA FZE, with the guarantee amount adjusted from USD 33.2 million to USD 38.2 million due to increase of contract price, of which the guarantee amount of performance guarantee is USD 19.1 million and the guarantee amount of advance payment guarantee is USD 19.1 million. Maximum guarantee period is extended from December 31, 2018 to June 30, 2020. Upon deliberation and approval on the 24th meeting of the 6th Board of Directors of the Company held on June 23, 2020 and the 28th meeting of the 6th Board of Directors of the Company on December 4, 2020, the guarantee was adjusted accordingly. I. The guarantee of the parent guarantee for the performance bond was extended from December 31, 2020 to April 30, 2021. In case of change in the project duration, the guarantee of the parent company will be adjusted accordingly with change in validity of bank guarantee. II. The parent company guarantee of advance payment guarantee has been reenabled, with the guarantee amount of USD 19.1 million and the guarantee period as of April 30, 2021. In case of change in the project duration, the guarantee of the parent company will be adjusted accordingly with change in validity of bank

guarantee. III. Provided warranty guarantee of the parent company. The performance guarantee is terminated upon the completion of the project, and the warranty guarantee is enabled, with the guarantee amount of USD 19.1 million. The warranty guarantee is valid for 24 months from the date when the owner issues the completion certificate (See resolution announcement and guarantee announcement of Board of Directors published on [www.sse.com.cn](http://www.sse.com.cn), website of Shanghai Stock Exchange on December 7, 2020). As of the end of the reporting period, the advance payment guarantee has been due and released, while the warranty guarantee is still being performed, with an amount of USD 19.1 million.

(3) As approved upon deliberation by the 17th Meeting of the 6th Board of Directors held on June 6, 2019, the Company issued parent company guarantee for the LNG module construction contract signed with JGC Corporation - Fluor by Qing Dao Subsidiary. The guarantee amount is RMB 2.449 billion and guarantee period is from the issue date to September 15, 2025. Commitments as above have been reviewed and approved by the 1st extraordinary general meeting of 2019 held on June 25, 2019. (See resolution announcement and guarantee announcement published on [www.sse.com.cn](http://www.sse.com.cn), website of Shanghai Stock Exchange on June 7, 2019 and resolution announcement of general meeting of shareholders on June 26 respectively)

(4) Upon approval on the 3rd Meeting of the 7th Board of Directors of the Company held on April 28, 2021, the Company provided a parent company guarantee regarding the 3-year bank loan, with a total amount no more than USD 60 million, applied at the Bank of China by COOEC International Co., Ltd., a subsidiary of the Company in Hongkong, with the guarantee amount no more than USD 64 million (principal + interest). The guarantee period is 3 years from the date of drawing money by COOEC International Engineering Co., Ltd. By the end of the reporting period, the actual balance of the guarantee is USD 52 million

	<p>after deducting partial repaid loan principal. (See resolution announcement and guarantee announcement of Board of Directors published on <a href="http://www.sse.com.cn">www.sse.com.cn</a>, website of Shanghai Stock Exchange on April 30, 2021)</p> <p>(5) Upon approval on the 7th Meeting of the 7th Board of Directors of the Company held on December 28, 2021, the Company issued the bank guarantee and letter of credit regarding the use of the Company's credit line by COOEC Subsea Technologies Co., Ltd., and Offshore Oil Engineering (Qing Dao) Co., Ltd., for purpose of daily business such as bidding, performance and payment. The guarantee limit shall not be more than RMB 500 million for COOEC Subsea Technologies Co., Ltd., RMB 100 million for Offshore Oil Engineering (Qing Dao) Co., Ltd., totally no more than RMB 600 million. The guarantee period is from the date of approval by the Board of Directors to December 31, 2023. (See resolution announcement and guarantee announcement of Board of Directors published on <a href="http://www.sse.com.cn">www.sse.com.cn</a>, website of Shanghai Stock Exchange on December 30, 2021)</p> <p>(6) Upon deliberation and approval on the 9th meeting of the 7th Board of Directors of the Company held on March 18, 2022, the Company issued parent company guarantee for Buzios VIII (FPSO P79) Module Construction Project Contract between its wholly-owned subsidiary Offshore Oil Engineering (Qing Dao) Co., Ltd., the subcontractor, and the general contractor SAIPEM SA, with the guarantee amount of USD 72 million. The guarantee period is 48 months from the date of issuing the guarantee to the date of issuing the temporary acceptance certificate of the Project by the general contractor. (See resolution announcement and guarantee announcement of Board of Directors published on <a href="http://www.sse.com.cn">www.sse.com.cn</a>, website of Shanghai Stock Exchange on March 22, 2022)</p>
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Note: On June 30, 2022, the RMB central parity rate of interbank foreign exchange market was USD 1 to RMB 6.7114 and CAD 1 to USD 0.7756.

**3. Other significant contracts**

√Applicable    □Not applicable

<b>Payer</b>	<b>Type</b>	<b>Contract amount</b>	<b>Cumulative payment amount by the end of June 2022</b>
China National Offshore Oil Corporation	Contract of domestic offshore oil engineering	RMB 35.914 billion	RMB 19.547 billion
TUPI B.V.	Brazil FPSO Project	USD 732 million	USD 703 million
JGC Fluor BC LNG Joint Venture	Construction of modules for Shell's LNG project in North America	RMB 5.02 billion	RMB 4.127 billion
Hong Kong LNG Terminal Limited; Castle Peak Power Company Limited; The Hongkong Electric Company, Limited	Hong Kong Offshore LNG Terminal Project	HKD 5.46 billion	HKD 4.31 billion
National Petroleum and Natural Gas Pipeline Network Group Co., Ltd.	Longkou Nanshan LNG Project-Phase I, Tianjin LNG Project-Phase II	RMB 8.233 billion	RMB 2.981 billion
Caofeidian Xintian LNG Co., Ltd.	Tangshan LNG Project-Phase I and Phase II	RMB 5.994 billion	RMB 1.623 billion
Guangdong Zhuhai Jinwan LNG Co., Ltd.	Guangdong Zhuhai LNG Plant Expansion Project-Phase II EPC Project	RMB 3.713 billion	RMB 943 million

Note: The contract above is a daily engineering project contract still being implemented during the reporting period, with the contract amount of more than 10% of the Company's latest audited net assets.

I.



**XII. Other significant matters**

√Applicable    □Not applicable

(I) Financing during the reporting period

## 1. Overview of financing

Type	Source of funds	Amount incurred (RMB 10,000)	Outstanding balance (RMB 10,000)	Amount not withdrawn upon expiration (RMB 10,000)
Bank financial products, money market fund products	Self-owned funds	850,000	850,000	0

Remarks: The amount incurred refers to the maximum daily balance of financial product, with the maximum balance occurred on June 30, 2022.

## 2. Single financing

The trustee	Type of entrusted financing	Amount of entrusted financing (RMB 10,000)	Entrusted financing FromDate	Entrusted financing Ending date	Source of funds	Funds investment	Remuneration determination way	Expected annual yield rate	Actual income (RMB 10,000)	Recovery of principal	Passing legal procedures or not
Tianjin Tanggu Branch, Agricultural Bank of China	Bank financial products	20,000.00	2020-12-4	2023-12-4	Self-owned funds	Certificate of large deposit	Fixed income type	3.99%	378.27	Not due at the end of the period	Yes
Tianjin Tanggu Branch, Agricultural Bank of China	Bank financial products	30,000.00	2020-12-4	2023-12-4	Self-owned funds	Certificate of large deposit	Fixed income type	3.99%	567.40	Not due at the end of the period	Yes
Tianjin Municipal Branch, Industrial and Commercial Bank of China	Bank financial products	20,000.00	2020-12-21	2023-12-21	Self-owned funds	Certificate of large deposit	Fixed income type	3.99%	378.27	Not due at the end of the period	Yes
Tianjin	Bank	20,000.00	2020-12-21	2023-12-21	Self-owned	Certificate	Fixed	3.99%	378.27	Not due at	Yes

Municipal Branch, Industrial and Commercial Bank of China	financial products				d funds	te of large deposit	income type			the end of the period	
Tianjin Municipal Branch, Industrial and Commercial Bank of China	Bank financial products	20,000.00	2020-12-30	2023-12-30	Self-owned funds	Certificate of large deposit	Fixed income type	3.99%	378.27	Not due at the end of the period	Yes
Tianjin Municipal Branch, Industrial and Commercial Bank of China	Bank financial products	10,000.00	2020-12-31	2023-12-31	Self-owned funds	Certificate of large deposit	Fixed income type	3.99%	189.13	Not due at the end of the period	Yes
Tianjin Tanggu Branch, Agricultural Bank of China	Bank financial products	30,000.00	2021-1-15	2024-1-15	Self-owned funds	Certificate of large deposit	Fixed income type	3.99%	551.73	Not due at the end of the period	Yes
Tianjin Municipal Branch, Industrial and Commercial Bank of China	Bank financial products	20,000.00	2021-7-20	2022-1-6	Self-owned funds	Structured deposits	Floating income type	3.56%	313.14	20,000.00	Yes
Tianjin Municipal Branch, Industrial and Commercial Bank of China	Bank financial products	20,000.00	2021-7-29	2022-2-14	Self-owned funds	Structured deposits	Floating income type	3.51%	362.91	20,000.00	Yes

Bank of China												
Tianjin Municipal Branch, Bank of China	Bank financial products	40,000.00	2021-7-30	2022-2-15	Self-owned funds	Bank financing	Floating income type	3.70%	810.96	40,000.00	Yes	
Tianjin Municipal Branch, China Construction Bank	Bank financial products	70,000.00	2021-8-27	2022-7-13	Self-owned funds	Bank financing	Floating income type	4.00%	-	Not due at the end of the period	Yes	
Tianjin Municipal Branch, Bank of China	Bank financial products	40,000.00	2021-9-30	2022-4-2	Self-owned funds	Structured deposits	Floating income type	3.60%	684.83	40,000.00	Yes	
Tianjin Municipal Branch, China Guangfa Bank	Bank financial products	30,000.00	2021-9-30	2022-1-7	Self-owned funds	Structured deposits	Floating income type	3.50%	268.67	30,000.00	Yes	
Tianjin Municipal Branch, Bank of China	Bank financial products	60,000.00	2021-10-29	2022-5-10	Self-owned funds	Structured deposits	Floating income type	3.60%	1,077.49	60,000.00	Yes	
Tianjin Municipal Branch, China Construction Bank	Bank financial products	30,000.00	2021-11-12	2022-3-14	Self-owned funds	Structured deposits	Floating income type	3.60%	340.55	30,000.00	Yes	
Tianjin Municipal Branch, China Guangfa Bank	Bank financial products	60,000.00	2021-11-29	2022-4-15	Self-owned funds	Structured deposits	Floating income type	2.92%	620.50	60,000.00	Yes	

Tianjin Municipal Branch, Bank of China	Bank financial products	40,000.00	2021-11-30	2022-6-10	Self-owned funds	Structured deposits	Floating income type	3.60%	714.60	40,000.00	Yes
Tianjin Municipal Branch, China Everbright Bank	Bank financial products	80,000.00	2021-12-17	2022-3-17	Self-owned funds	Structured deposits	Floating income type	3.60%	679.25	80,000.00	Yes
Tianjin Municipal Branch, China CITIC Bank	Bank financial products	60,000.00	2021-12-31	2022-8-3	Self-owned funds	Bank financing	Floating income type	3.92%	-	Not due at the end of the period	Yes
Beijing Municipal Branch, Bank of Communications	Bank financial products	20,000.00	2021-12-31	2022-1-18	Self-owned funds	Structured deposits	Floating income type	1.85%	17.21	20,000.00	Yes
Beijing Municipal Branch, Bank of Communications	Bank financial products	20,000.00	2021-12-31	2022-1-18	Self-owned funds	Structured deposits	Floating income type	3.75%	34.89	20,000.00	Yes
Tianjin Municipal Branch, China Merchants Bank	Bank financial products	20,000.00	2021-12-31	2022-1-26	Self-owned funds	Bank financing	Floating income type	2.74%	39.10	20,000.00	Yes
Tianjin Municipal Branch, Bank of China	Bank financial products	13,000.00	2021-12-31	2022-1-28	Self-owned funds	Bank financing	Floating income type	2.76%	27.54	13,000.00	Yes
Tianjin	Bank	60,000.00	2022-1-27	2022-7-6	Self-owned	Structur	Floating	3.70%	-	Not due at	Yes

Municipal Branch, Industrial and Commercial Bank of China	financial products				d funds	ed deposits	income type			the end of the period	
Tianjin Municipal Branch, China Construction Bank	Bank financial products	20,000.00	2022-1-28	2022-6-6	Self-owned funds	Structured deposits	Floating income type	3.53%	235.55	20,000.00	Yes
Tianjin Municipal Branch, China Merchants Bank	Bank financial products	8,000.00	2022-1-30	2022-4-26	Self-owned funds	Bank financing	Floating income type	2.54%	47.91	8,000.00	Yes
Tianjin Municipal Branch, Industrial and Commercial Bank of China	Bank financial products	60,000.00	2022-2-25	2022-9-6	Self-owned funds	Structured deposits	Floating income type	3.65%	-	Not due at the end of the period	Yes
Tianjin Municipal Branch, China Guangfa Bank	Bank financial products	20,000.00	2022-2-25	2022-8-23	Self-owned funds	Structured deposits	Floating income type	3.50%	-	Not due at the end of the period	Yes
Tianjin Municipal Branch, China Construction Bank	Bank financial products	30,000.00	2022-3-30	2022-10-8	Self-owned funds	Structured deposits	Floating income type	3.65%	-	Not due at the end of the period	Yes
Beijing	Bank	35,000.00	2022-3-31	2022-10-11	Self-owned	Structur	Floating	2.05%	-	Not due at	Yes

Municipal Branch, Bank of Communications	financial products				d funds	ed deposits	income type			the end of the period	
Beijing Municipal Branch, Bank of Communications	Bank financial products	35,000.00	2022-3-31	2022-10-11	Self-owned funds	Structured deposits	Floating income type	4.85%	-	Not due at the end of the period	Yes
Tianjin Municipal Branch, Bank of China	Bank financial products	28,000.00	2022-3-31	2022-4-13	Self-owned funds	Bank financing	Floating income type	2.82%	28.10	28,000.00	Yes
Tianjin Municipal Branch, China CITIC Bank	Bank financial products	50,000.00	2022-4-29	2022-11-8	Self-owned funds	Bank financing	Floating income type	3.75%	-	Not due at the end of the period	Yes
Tianjin Municipal Branch, China Merchants Bank	Bank financial products	24,000.00	2022-4-29	2022-5-27	Self-owned funds	Bank financing	Floating income type	2.21%	40.72	24,000.00	Yes
Tianjin Municipal Branch, China Guangfa Bank	Bank financial products	20,000.00	2022-5-31	2022-8-26	Self-owned funds	Structured deposits	Floating income type	3.50%	-	Not due at the end of the period	Yes
Tianjin Municipal Branch, Bank of China	Bank financial products	60,000.00	2022-5-31	2022-9-5	Self-owned funds	Structured deposits	Floating income type	3.50%	-	Not due at the end of the period	Yes
Tianjin Municipal	Bank financial	60,000.00	2022-5-31	2022-12-12	Self-owned funds	Structured	Floating income	3.55%	-	Not due at the end of	Yes

Branch, Bank of China	products					deposits	type			the period	
Tianjin Municipal Branch, China Merchants Bank	Bank financial products	40,000.00	2022-6-13	2022-7-18	Self-owned funds	Bank financing	Floating income type	2.17%	-	Not due at the end of the period	Yes
Tianjin Municipal Branch, Bank of China	Bank financial products	50,000.00	2022-6-28	2022-11-25	Self-owned funds	Structured deposits	Floating income type	3.53%	-	Not due at the end of the period	Yes
Tianjin Municipal Branch, China Guangfa Bank	Bank financial products	50,000.00	2022-6-29	2022-12-13	Self-owned funds	Structured deposits	Floating income type	3.60%	-	Not due at the end of the period	Yes
<b>Total</b>	/	<b>1,423,000.00</b>							<b>9,165.27</b>	<b>573,000.00</b>	

## Section VII Changes in Share Capital and Information of Shareholders

### I. Changes in share capital

#### (I) List of change in share

##### 1. List of change in share

During the reporting period, total shares and share capital structure of the Company have no change.

##### 2. Statement on change in share

Applicable     Not applicable

##### 3. Influence of share change during the time after the reporting period till the disclosure date of semi-annual report on financial indexes such as earnings per share and net asset value per share (if any)

Applicable     Not applicable

##### 4. Other matters considered as necessary by the Company or required to be disclosed by securities regulators

Applicable     Not applicable

#### (II) Changes in shares subject to the restrictions on sales

Applicable     Not applicable

### II. Shareholders

#### (I) Total number of shareholders:

Total number of shareholders by the end of the reporting period (nos.)	102,261
Total number of preferred shares shareholders with recovered voting right by the end of the reporting period (nos.)	0

#### (II) Table of shareholding of top ten shareholders, and top ten floating shareholders (or shareholders not subject to restriction on sales) by the end of the reporting period

Unit: share

Shareholding of Top 10 Shareholders							
Shareholder name (Full name)	Increase and decrease in the reporting period	Amount of holding shares by the end of the period	Percentage (%)	Number of held shares subject to the restrictions on sales	The situation of shares that are pledged, marked or frozen		Nature of shareholder
					Share status	Quantity	



China National Offshore Oil Corporation	0	2,138,328,954	48.36	0	None	0	Country
CNOOC Nanhai West Corporation	0	294,215,908	6.65	0	None	0	State-owned legal-person
Hong Kong Securities Clearing Company Ltd.	25,912,650	188,622,944	4.27	0	None	0	Overseas legal person
Dacheng Funds - Agricultural Bank of China - Dacheng CSF Financial Assets Management Plan	0	36,704,400	0.83	0	None	0	Unknown
Harvest Fund - Agricultural Bank of China - Harvest Fund CSF Financial Assets Management Plan	0	36,704,400	0.83	0	None	0	Unknown
Guangdong Development Fund - Agricultural Bank of China - Guangdong Development Fund CSF Financial Assets Management Plan	0	36,704,400	0.83	0	None	0	Unknown
China Southern Fund - Agricultural Bank of China - China Southern Fund CSF Financial Assets Management Plan	0	36,704,400	0.83	0	None	0	Unknown
Yinhua Fund - Agricultural Bank of China - Yinhua Fund CSF Financial Assets Management Plan	-131,266	36,573,134	0.83	0	None	0	Unknown
E Fund - Agricultural Bank of China - E Fund CSF Financial Assets Management Plan	-193,900	36,510,500	0.83	0	None	0	Unknown
Bosera Funds - Agricultural Bank of China - Bosera CSF Financial Assets Management Plan	-303,500	36,400,900	0.82	0	None	0	Unknown
ICBCCS Funds - Agricultural Bank of China - ICBCCS CSF Financial Assets Management Plan	-547,100	36,157,300	0.82	0	None	0	Unknown
Lombarda China Fund - Agricultural Bank of China - Lombarda China Fund CSF Financial Assets Management Plan	-675,000	36,029,400	0.81	0	None	0	Unknown

China Asset Management - Agricultural Bank of China - China Asset Management CSF Financial Assets Management Plan	-899,700	35,804,700	0.81	0	None	0	Unknown
Shareholding of top 10 shareholders not subject to restrictions on sales							
Shareholder name	Amount of held circulating shares not subject to restriction on sales	Types and number of shares					
		Type	Quantity				
China National Offshore Oil Corporation	2,138,328,954	RMB ordinary shares	2,138,328,954				
CNOOC Nanhai West Corporation	294,215,908	RMB ordinary shares	294,215,908				
Hong Kong Securities Clearing Company Ltd.	188,622,944	RMB ordinary shares	188,622,944				
Dacheng Funds - Agricultural Bank of China - Dacheng CSF Financial Assets Management Plan	36,704,400	RMB ordinary shares	36,704,400				
Harvest Fund - Agricultural Bank of China - Harvest Fund CSF Financial Assets Management Plan	36,704,400	RMB ordinary shares	36,704,400				
Guangdong Development Fund - Agricultural Bank of China - Guangdong Development Fund CSF Financial Assets Management Plan	36,704,400	RMB ordinary shares	36,704,400				
China Southern Fund - Agricultural Bank of China - China Southern Fund CSF Financial Assets Management Plan	36,704,400	RMB ordinary shares	36,704,400				
Yinhua Fund - Agricultural Bank of China - Yinhua Fund CSF Financial Assets Management Plan	36,573,134	RMB ordinary shares	36,573,134				
E Fund - Agricultural Bank of China - E Fund CSF Financial Assets Management Plan	36,510,500	RMB ordinary shares	36,510,500				
Bosera Funds - Agricultural Bank of China - Bosera CSF Financial Assets Management Plan	36,400,900	RMB ordinary shares	36,400,900				
ICBCCS Funds - Agricultural Bank of China - ICBCCS CSF Financial Assets Management Plan	36,157,300	RMB ordinary shares	36,157,300				
Lombarda China Fund - Agricultural Bank of China - Lombarda China Fund CSF Financial Assets Management Plan	36,029,400	RMB ordinary shares	36,029,400				

China Asset Management - Agricultural Bank of China - China Asset Management CSF Financial Assets Management Plan	35,804,700	RMB ordinary shares	35,804,700
Description of the special account for repurchase among the top ten shareholders	Not applicable.		
Description of the above shareholders' entrusted voting rights, fiduciary voting rights and waiver of voting rights	Not applicable.		
Particulars about connected relation or concerted action among the shareholders mentioned above	Among the top 10 shareholders, CNOOC Nanhai West Corporation is a wholly-owned subsidiary of and connected to CNOOC. It is unknown that whether there is connected relation or concerted action among other shareholders.		
Particulars about preferred shareholders with restored voting rights and the amount of shareholdings	Not applicable.		

Number of shares held by top 10 shareholders subject to restrictions on sales and the restrictions  
 Applicable  Not applicable

**(III) Strategic investor or ordinary legal person becomes top ten shareholders due to new shares issued**

Applicable  Not applicable

**III. Information about directors, supervisors and senior officers**

**(I) Shareholding change of incumbent or outgoing directors, supervisors and senior officers in the reporting period**

Applicable  Not applicable

Other

Applicable  Not applicable

**(II) Equity incentive awarded to the directors, supervisors and senior officers in the reporting period**

Applicable  Not applicable

**(III) Other description**

Applicable  Not applicable

**IV. Changes in controlling shareholder or actual controller**

Applicable  Not applicable

## Section VIII Particulars about Preferred Shares

Applicable     Not applicable

## Section IX Relevant Condition of Bonds

### **I. Enterprise bonds, company bonds and non-financial enterprise debt financing instruments**

Applicable     Not applicable

### **II. Convertible corporate bonds**

Applicable     Not applicable

## Section X Financial Statements

### I . Audit report

Applicable     Not applicable

### II. Financial statements

#### Consolidated Balance Sheet

June 30, 2022

Prepared by: Offshore Oil Engineering Co., Ltd.

Unit: 10,000 Yuan    Currency: RMB

Item	Notes	Closing balance	Opening balance
<b>Current assets:</b>			
Monetary funds	VII (1)	257,843.39	117,078.06
Deposit reservation for balance			
Lending funds			
Financial assets held for trading	VII (2)	705,623.06	625,617.90
Derivative financial assets			
Bills receivable			
Accounts receivable	VII (3)	415,043.34	565,721.97
Accounts receivable financing			
Advance payment	VII (4)	87,944.76	63,428.24
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	VII (5)	3,021.02	1,790.19
Including: interest receivables			
Dividends receivable			
Redemptory monetary capital for sale			
Inventory	VII (6)	132,058.33	115,109.66
Contract assets	VII (7)	434,216.79	291,266.84
Assets held for sale			
Non-current assets due within one year			
Other current assets	VII (8)	15,085.74	24,821.26
Total current assets		2,050,836.43	1,804,834.12
<b>Non-current assets:</b>			
Released loans and advances			
Debt investment	VII (9)	158,633.31	155,811.97
Other creditors' investment			
Long-term receivables			
Long-term equity investment	VII (10)	150,101.58	152,908.21
Other equity instruments investment	VII (11)	11,008.34	16,302.34
Other non-current financial assets			

Investment property			
Fixed assets	VII (12)	1,046,734.42	1,071,041.58
Construction in progress	VII (13)	85,857.95	93,920.99
Productive biological assets			
Oil and gas assets			
Right-of-use assets	VII (14)	7,239.71	9,509.82
Intangible assets	VII (15)	107,338.66	109,515.43
Development expenditure			
Goodwill	VII (16)		
Long-term prepaid expenses	VII (17)	21,475.97	19,754.09
Deferred income tax assets	VII (18)	26,878.23	31,827.83
Other non-current assets			
Total non-current assets		1,615,268.17	1,660,592.26
Total assets		3,666,104.60	3,465,426.38
<b>Current liabilities:</b>			
Short-term loan			
Loans from the central bank			
Borrowing funds			
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable	VII (19)	39,253.31	18,267.37
Accounts payable	VII (20)	876,716.15	833,710.71
Advance payment	VII (21)	14.00	154.86
Contract liabilities	VII (22)	239,445.74	98,447.47
Financial assets sold for repurchase			
Deposits from customers and interbank			
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Employee compensation payable	VII (23)	31,575.05	37,839.59
Taxes payable	VII (24)	10,058.64	14,057.34
Other payables	VII (25)	39,623.34	41,956.47
Including: interest payable			
Dividends payable		0.18	0.17
Handling charges and commission payable			
Dividends payable for reinsurance			
Liabilities held for sale			
Non-current liability due within one year	VII (26)	17,389.72	16,498.45
Other current liabilities	VII (27)	62,138.82	48,824.58
Total current liabilities		1,316,214.77	1,109,756.84
<b>Non-current liabilities:</b>			
Insurance contract reserves			
Long-term loans	VII (28)	42,152.34	47,505.75
Bonds payable			
Including: preferred shares			
Perpetual bonds			

Lease liabilities	VII (29)	2,405.67	3,965.89
Long-term payables			
Long-term employee compensation payable			
Estimated liabilities	VII (30)	6,907.23	9,106.93
Deferred income	VII (31)	15,991.69	16,005.90
Deferred income tax liabilities	VII (18)	4,350.40	3,255.61
Other non-current liabilities			
Total non-current liabilities		71,807.33	79,840.08
Total liabilities		1,388,022.10	1,189,596.92
<b>Owner's equity (or shareholders' equity):</b>			
Paid-in capital (or share capital)	VII (32)	442,135.48	442,135.48
Other equity instruments			
Including: preferred shares			
Perpetual bonds			
Capital reserves	VII (33)	424,802.17	424,802.17
Minus: treasury stock			
Other comprehensive income	VII (34)	5,027.76	14,178.07
Special reserve	VII (35)	20,773.62	24,035.68
Surplus reserve	VII (36)	178,315.85	178,083.31
General risk reserves			
Undistributed profit	VII (37)	1,205,807.94	1,190,972.39
Total owners' equity (or shareholders' equity) attributable to the parent company		2,276,862.82	2,274,207.10
Minority interests		1,219.68	1,622.36
Total owner's equity (or shareholders' equity)		2,278,082.50	2,275,829.46
Total liabilities and owners' equity (or shareholders' equity)		3,666,104.60	3,465,426.38

Company principal: Yu Yi                      Person in charge of accounting affairs: Li Peng  
Person in charge of accounting department: Yao Baoqin

### Balance Sheet of Parent Company

June 30, 2022

Prepared by Offshore Oil Engineering Co., Ltd.

Unit: 10,000 Yuan    Currency: RMB

Item	Notes	Closing balance	Opening balance
<b>Current assets:</b>			
Monetary funds		221,222.66	92,183.62
Financial assets held for trading		705,623.06	625,617.90
Derivative financial assets			
Bills receivable			
Accounts receivable	XVII (1)	416,741.35	571,699.34
Accounts receivable financing			
Advance payment		84,005.57	61,048.71



Other receivables	XVII (2)	36,556.25	31,985.23
Including: interest receivables			
Dividends receivable			
Inventory		82,341.95	61,178.85
Contract assets		401,375.03	319,334.25
Assets held for sale			
Non-current assets due within one year			
Other current assets		7,050.63	5,678.89
Total current assets		1,954,916.50	1,768,726.79
<b>Non-current assets:</b>			
Debt investment		158,633.31	155,811.97
Other creditors' investment			
Long-term receivables			
Long-term equity investment	XVII (3)	920,597.42	920,597.42
Other equity instruments investment		11,008.34	16,302.34
Other non-current financial assets			
Investment property			
Fixed assets		522,606.43	541,808.65
Construction in progress		70,764.33	64,883.19
Productive biological assets			
Oil and gas assets			
Right-of-use assets		52,380.52	68,146.69
Intangible assets		38,247.60	39,036.29
Development expenditure			
Goodwill			
Long-term prepaid expenses		12,302.35	9,798.44
Deferred income tax assets		10,422.28	14,476.32
Other non-current assets			
Total non-current assets		1,796,962.58	1,830,861.31
Total assets		3,751,879.08	3,599,588.10
<b>Current liabilities:</b>			
Short-term loan		332,579.41	181,029.41
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable		39,253.31	18,267.37
Accounts payable		853,896.14	1,059,360.66
Advance payment		2.79	149.70
Contract liabilities		213,282.07	87,311.13
Employee compensation payable		20,641.45	26,484.77
Taxes payable		4,247.86	8,712.77
Other payables		102,478.37	106,559.06
Including: interest payable			
Dividends payable			
Liabilities held for sale			
Non-current liability due within one year		19,058.95	29,689.27
Other current liabilities		58,461.27	46,073.81
Total current liabilities		1,643,901.62	1,563,637.95

<b>Non-current liabilities:</b>			
Long-term loans		22,002.06	22,002.95
Bonds payable			
Including: preferred shares			
Perpetual bonds			
Lease liabilities		31,712.43	38,334.60
Long-term payables			
Long-term employee compensation payable			
Estimated liabilities		3,982.35	4,975.64
Deferred income		8,133.87	8,307.82
Deferred income tax liabilities		2,546.94	1,455.92
Other non-current liabilities			
Total non-current liabilities		68,377.65	75,076.93
Total liabilities		1,712,279.27	1,638,714.88
<b>Owner's equity (or shareholders' equity):</b>			
Paid-in capital (or share capital)		442,135.48	442,135.48
Other equity instruments			
Including: preferred shares			
Perpetual bonds			
Capital reserves		424,538.80	424,538.80
Minus: treasury stock			
Other comprehensive income		1,997.52	10,966.24
Special reserve		19,591.35	22,730.29
Surplus reserve		177,351.27	177,118.73
Undistributed profit		973,985.39	883,383.68
Total owner's equity (or shareholders' equity)		2,039,599.81	1,960,873.22
Total liabilities and owners' equity (or shareholders' equity)		3,751,879.08	3,599,588.10

Company principal: Yu Yi

Person in charge of accounting affairs: Li Peng

Person in charge of accounting department: Yao Baoqin

**Consolidated Profit Statement**

January to June 2022

Unit: 10,000 Yuan

Currency: RMB

Item	Notes	Semi-annual data of 2022	Semi-annual data of 2021
I. Total operating income		1,173,403.72	747,093.56
Including: operating income	VII (38)	1,173,403.72	747,093.56
Interest income			
Earned premiums			
Income from handling charges and commissions			
II. Total operating expenses		1,115,599.18	701,168.49
Including: operating expenses	VII (38)	1,081,238.01	652,817.09
Interest expense			
Expenditure on handling charges and commissions			

Refund of insurance premiums			
Net payments for insurance claims			
Net amount of reserves for insurance liabilities			
Policy dividend expenses			
Reinsurance expenses			
Taxes and surcharges	VII (39)	4,841.36	3,139.19
Selling expenses	VII (40)	962.95	984.01
Administrative expenses	VII (41)	9,368.04	9,238.36
R&D expenses	VII (42)	23,090.13	32,889.18
Financial expenses	VII (43)	-3,901.31	2,100.66
Including: interest expenses	VII (43)	579.00	810.56
Interest income	VII (43)	906.58	731.28
Plus: other income	VII (44)	837.65	4,043.76
Investment income (loss indicated with "-")	VII (45)	7,264.88	2,043.97
Including: income from investments in associated enterprise and joint ventures	VII (45)	-2,806.62	-7,229.42
Derecognition of income for financial assets measured at amortized cost (loss indicated with "-").			
Exchange income (loss indicated with "-")			
Net exposure hedging income (loss indicated with "-")			
Income from changes in fair value (loss indicated with "-")	VII (46)	3,005.16	-510.03
Credit impairment loss (loss indicated with "-")	VII (47)	-9,039.75	-3,168.55
Asset impairment loss (loss indicated with "-")	VII (48)	-157.14	-927.09
Profit from disposal of assets (loss indicated with "-")	VII (49)		1,414.20
III. Operating income (loss indicated with "-")		59,715.34	48,821.33
Plus: non-operating income	VII (50)	1,088.88	470.39
Minus: non-operating expenses	VII (51)	293.24	10.45
IV Total profit (total loss indicated with "-")		60,510.98	49,281.27
Minus: income tax expenses	VII (52)	12,826.37	9,265.62
V. Net income (net loss indicated with "-")		47,684.61	40,015.65
(I) Classified by business continuity			
1. Net income from continuing operation (net loss indicated with "-")		47,684.61	40,015.65
2. Net income from discontinuing operation (net loss indicated with "-")			
(II) Classified by attribution of ownership			
1. Net profits attributable to shareholders of the parent company (net loss indicated with "-")		48,113.57	39,970.08
2. Profit and loss of minority shareholders (net loss indicated with "-")		-428.96	45.57
VI. Net of tax of other comprehensive income	VII (34)	-9,124.03	1,094.12
(I) Net of tax of other comprehensive income attributable to owners of parent company	VII (34)	-9,150.31	1,099.80
1. Other comprehensive income which cannot be reclassified into the profit and loss	VII (34)	-3,710.27	73.55
(1) Changes by remeasurement of defined			

benefit plans			
(2) Other comprehensive income that cannot be reclassified into the profit and loss under the equity method			
(3) Changes in fair value of other equity instruments investment	VII (34)	-3,710.27	73.55
(4) Changes in fair value of credit risk of the company			
2. Other comprehensive income which will be reclassified into the profit and loss	VII (34)	-5,440.04	1,026.25
(1) Other comprehensive income that can be reclassified into the profit or loss under the equity method			
(2) Fair value change in other creditors' investment			
(3) Amount of financial assets reclassified and included into other comprehensive income			
(4) Credit impairment reserves for other creditors' investment			
(5) Hedging reserve of cash flow			
(6) Converted difference of foreign currency financial statements	VII (34)	-5,440.04	1,026.25
(7) Others			
(II) Net of tax of other comprehensive income attributable to minority shareholders		26.28	-5.68
VII. Total comprehensive income	VII (34)	38,560.58	41,109.77
(I) Total comprehensive income attributable to owners of parent company		38,963.26	41,069.88
(II) Total comprehensive income attributable to minority shareholders		-402.68	39.89
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	VII (61)	0.11	0.09
(II) Diluted earnings per share (yuan/share)	VII (61)	0.11	0.09

Company principal: Yu Yi                      Person in charge of accounting affairs: Li Peng  
Person in charge of accounting department: Yao Baoqin

### Profit Statement of Parent Company

January to June 2022

Unit: 10,000 Yuan      Currency: RMB

Item	Notes	Semi-annual data of 2022	Semi-annual data of 2021
I. Operating income	XVII (4)	929,446.62	609,472.96
Minus: operating expenses	XVII (4)	889,917.57	541,772.28
Taxes and surcharges		3,774.80	1,486.91
Selling expenses		4.11	38.61
Administrative expenses		4,783.64	5,341.88
R&D expenses		13,212.79	23,191.70
Financial expenses		-1,339.62	3,712.30
Including: interest expenses		2,521.73	3,140.72
Interest income		813.42	690.79
Plus: other income		-66.89	2,383.92
Investment income (loss indicated with "-")	XVII (5)	109,786.08	29,073.38
Including: income from investments in associated enterprise and joint ventures			

Derecognition of income for financial assets measured at amortized cost (loss indicated with "-").			
Net exposure hedging income (loss indicated with "-")			
Income from changes in fair value (loss indicated with "-")		3,005.16	-510.03
Credit impairment loss (loss indicated with "-")		-3,047.32	-1,404.15
Asset impairment loss (loss indicated with "-")		-90.28	-110.55
Profit from disposal of assets (loss indicated with "-")			43.49
II. Operating income (loss indicated with "-")		128,680.08	63,405.34
Plus: non-operating income		951.50	301.48
Minus: non-operating expenses		215.47	4.23
III. Total profits (loss indicated with "-")		129,416.11	63,702.59
Minus: income tax expenses		5,536.38	6,529.54
IV. Net income (net loss indicated with "-")		123,879.73	57,173.05
(I) Net income from continuing operation (net loss indicated with "-")		123,879.73	57,173.05
(II) Net income from discontinuing operation (net loss indicated with "-")			
V. Other comprehensive income after tax		-8,968.72	949.57
(I) Other comprehensive income which cannot be reclassified as the profit and loss		-3,710.27	73.55
1. Changes by remeasurement of defined benefit plans			
2. Other comprehensive income that cannot be reclassified into the profit or loss under the equity method			
3. Changes in fair value of other equity instruments investment		-3,710.27	73.55
4. Changes in fair value of credit risk of the Company			
(II) Other comprehensive income which will be reclassified into the profit and loss		-5,258.45	876.02
1. Other comprehensive income that can be reclassified into the profit or loss under the equity method			
2. Changes in fair value of other creditors' investment			
3. Amount of financial assets reclassified and included into other comprehensive income			
4. Credit impairment reserves for other creditors' investment			
5. Hedging reserve of cash flow			
6. Converted difference of foreign currency financial statements		-5,258.45	876.02
7. Others			
VI. Total comprehensive income		114,911.01	58,122.62
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (yuan/share)			

Company principal: Yu Yi                      Person in charge of accounting affairs: Li Peng  
 Person in charge of accounting department: Yao Baoqin

### Consolidated Cash Flow Statement

January to June 2022

Unit: 10,000 Yuan      Currency: RMB

Item	Notes	Semi-annual data of 2022	Semi-annual data of 2021
<b>I. Cash flows from operating activities:</b>			
Cash received from sales and services		1,427,063.39	937,432.27
Net increase in deposits from customer and banks			
Net increase in borrowings from Central Bank			
Net increase in capital borrowed from other financial institutions			
Cash received from premium of original insurance contract			
Net cash received from reinsurance business			
Net increase in policyholder deposit and investment			
Cash from charged interest, fees and commissions			
Net increase in borrowed funds			
Net increase in capital from repurchase business			
Net cash received from vicariously traded securities			
Refunded taxes and fees received		20,007.99	6.01
Other cash received related to operating activities	VII (54)	9,259.25	26,362.55
Subtotal of cash inflows from operating activities		1,456,330.63	963,800.83
Cash paid for goods and services		994,155.62	709,580.46
Net increases from customer lending and advances			
Net increases from deposits in the Central Bank and deposits of the same trade or business			
Cash paid as compensation under the original insurance contract			
Net increase in capital borrowed			
Cash paid as interest, handling charges and commission			
Cash paid for policy dividend			
Cash paid to and for staff and workers		139,182.95	130,321.11
Payment of taxes and surcharges		38,736.48	19,202.88
Other cash payments relating to operating activities	VII (54)	9,632.28	19,436.54
Subtotal of cash outflows from operating activities		1,181,707.33	878,540.99
Net cash flow from operating activities	VII (55)	274,623.30	85,259.84

<b>II. Cash flows from investment activities:</b>			
Cash received from investment recovery		576,302.71	531,707.86
Cash received from investment income		7,429.33	6,781.01
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		60.59	2,101.61
Net cash received from disposal of subsidiaries and other business units			
Other cash received related to investment activities			
Subtotal of cash inflows from investment activities		583,792.63	540,590.48
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		25,175.69	70,667.22
Cash paid for investment		650,000.00	526,000.00
Net increase in pledge loan			
Net cash paid for acquiring subsidiaries and other business units			
Other cash paid relating to investment activities			
Subtotal of cash outflows for investment activities		675,175.69	596,667.22
Net cash flow from investment activities		-91,383.06	-56,076.74
<b>III. Cash flows from financing activities:</b>			
Cash received from investments by others			
Including: Cash received from minority shareholders' investment in subsidiaries			
Cash received from borrowings		9,000.00	
Other cash received relating to financing activities			
Subtotal of cash inflows from financing activities		9,000.00	
Cash paid for debt repayment		15,374.60	23,000.00
Cash paid for distribution of dividends and profits or repayment of interests		35,804.93	31,717.24
Including: Share dividends and profits paid to minority shareholders by subsidiaries			
Other cash paid relating to financing activities	VII (54)	1,759.57	2,915.04
Subtotal of cash outflows to financing activities		52,939.10	57,632.28
Net cash flow from financing activities		-43,939.10	-57,632.28
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>		1,464.19	-253.74
<b>V. Net increase in cash and cash equivalents</b>	VII (55)	140,765.33	-28,702.92
Plus: balance of cash and cash equivalents at the beginning of the period	VII (55)	117,078.06	157,197.23
<b>VI. Balance of cash and cash equivalents at the end of the period</b>	VII (55)	257,843.39	128,494.31

Company principal: Yu Yi

Person in charge of accounting affairs: Li Peng

Person in charge of accounting department: Yao Baoqin

**Cash Flow Statement of Parent Company**

January to June 2022

Unit: 10,000 Yuan

Currency: RMB

Item	Notes	Semi-annual data of 2022	Semi-annual data of 2021
<b>I. Cash flows from operating activities:</b>			
Cash received from sales and services		1,233,977.34	786,830.95
Refunded taxes and fees received		4,438.39	
Other cash received related to operating activities		19,854.32	30,625.70
Subtotal of cash inflows from operating activities		1,258,270.05	817,456.65
Cash paid for goods and services		1,096,935.73	615,551.02
Cash paid to and for staff and workers		102,641.09	92,211.75
Payment of taxes and surcharges		27,977.71	5,554.37
Other cash payments relating to operating activities		9,252.05	12,902.60
Subtotal of cash outflows from operating activities		1,236,806.58	726,219.74
Net cash flow from operating activities		21,463.47	91,236.91
<b>II. Cash flows from investment activities:</b>			
Cash received from investment recovery		576,262.34	531,707.86
Cash received from investment income		107,235.01	8,691.47
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			3.55
Net cash received from disposal of subsidiaries and other business units			
Other cash received related to investment activities			
Subtotal of cash inflows from investment activities		683,497.35	540,402.88
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		22,669.88	52,785.88
Cash paid for investment		654,767.87	531,227.04
Net cash paid for acquiring subsidiaries and other business units			
Other cash paid relating to investment activities			
Subtotal of cash outflows for investment activities		677,437.75	584,012.92
Net cash flow from investment activities		6,059.60	-43,610.04
<b>III. Cash flows from financing activities:</b>			
Cash received from investments by others			
Cash received from borrowings		9,000.00	
Other cash received relating to financing activities		430,887.47	144,300.00
Subtotal of cash inflows from financing activities		439,887.47	144,300.00
Cash paid for debt repayment		9,020.51	23,000.00
Cash paid for distribution of dividends and profits or repayment of interests		36,679.27	32,414.71



Other cashes paid relating to financing activities		293,396.55	132,329.48
Subtotal of cash outflows to financing activities		339,096.33	187,744.19
Net cash flow from financing activities		100,791.14	-43,444.19
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>		724.83	-215.30
<b>V. Net increase in cash and cash equivalents</b>		129,039.04	3,967.38
Plus: balance of cash and cash equivalents at the beginning of the period		92,183.62	89,591.60
<b>VI. Balance of cash and cash equivalents at the end of the period</b>		221,222.66	93,558.98

Company principal: Yu Yi

Person in charge of accounting affairs: Li Peng

Person in charge of accounting department: Yao Baoqin

## Consolidated Statement of Changes in Owner's Equity

January to June 2022

Unit: 10,000 Yuan Currency: RMB

Item	Semi-annual data of 2022														
	Owner's equity attributable to the parent company												Minority interests	Total of owner's equity	
	Paid-in capital (or share capital)	Other equity instruments			Capital reserves	Minus : treasury stock	V. Other comprehensive income after tax	Special reserve	Surplus reserve	General risk reserves	Undistributed profit	Others			Subtotal
	Preferr ed shares	Perpet ual bonds	Othe rs												
I. Closing balance in the last year	442,135.48				424,802.17		14,178.07	24,035.68	178,083.31		1,190,972.39		2,274,207.10	1,622.36	2,275,829.46
Plus: accounting policy changes															
Correction of errors in previous period															
Business merger under the same control															
Others															
II. Opening balance of current year	442,135.48				424,802.17		14,178.07	24,035.68	178,083.31		1,190,972.39		2,274,207.10	1,622.36	2,275,829.46
III. Increase/decrease change of the year (decrease indicated with "-")							-9,150.31	-3,262.06	232.54		14,835.55		2,655.72	-402.68	2,253.04
(I) Total comprehensive							-6,450.93				48,113.57		41,662.64	-402.68	41,259.96

e income															
(II) Contributions and decrease of capital															
1. Ordinary share invested by owner															
2. Capital paid in by holders of other equity instruments															
3. Amount of share-based payments included in owner's equity															
4. Others															
(III) Profit distribution										-35,370.84		-35,370.84		-35,370.84	
1. Surplus reserve accrued															
2. General risk reserve accrued															
3. Distribution to owners (or shareholders)										-35,370.84		-35,370.84		-35,370.84	
4. Others															
(IV) Internal transfer of owner's equity						-2,699.38		269.94		2,429.44					
1. Capital (or share capital) increased from capital															

reserve																	
2. Capital (or share capital) increased from surplus reserves																	
3. Surplus reserve offsetting losses																	
4. Retained earnings carried forward from changes in defined benefit plans																	
5. Retained earnings carried forward from other comprehensive income							-2,699.38		269.94		2,429.44						
6. Others																	
(V) Special reserve																	
1. Special reserve accrued																	
2. Special reserve used																	
(VI) Others																	
IV. Closing balance in the current period	442,135.48				424,802.17	5,027.76	20,773.62	178,315.85		1,205,807.94	2,276,862.82	1,219.68	2,278,082.50				

Item	Semi-annual data of 2021													Minority	Total of owner's
	Owner's equity attributable to the parent company														

## Semiannual Report 2022 (First Half)

	Paid-in capital (or share capital)	Other equity instruments			Capital reserves	Minus : treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserves	Undistributed profit	Others	Subtotal	interests	equity
		Preferred shares	Perpetual bonds	Others											
I. Closing balance in the last year	442,135.48				424,802.17		11,740.53	26,907.59	171,810.91		1,187,709.32		2,265,106.00	1,415.70	2,266,521.70
Plus: accounting policy changes									-20.02		-181.45		-201.47		-201.47
Correction of errors in previous period															
Business merger under the same control															
Others															
II. Opening balance of current year	442,135.48				424,802.17		11,740.53	26,907.59	171,790.89		1,187,527.87		2,264,904.53	1,415.70	2,266,320.23
III. Increase/decrease change of the year (decrease indicated with "-")							722.02	-6,880.39	26.57		9,259.74		3,127.94	39.89	3,167.83
(I) Total comprehensive income							1,099.80				39,970.08		41,069.88	39.89	41,109.77
(II) Contributions and decrease of capital															
1. Ordinary share invested by															

owner															
2. Capital paid in by holders of other equity instruments															
3. Amount of share-based payments included in owner's equity															
4. Others															
(III) Profit distribution										-30,949.48		-30,949.48			-30,949.48
1. Surplus reserve accrued															
2. General risk reserve accrued															
3. Distribution to owners (or shareholders)										-30,949.48		-30,949.48			-30,949.48
4. Others															
(IV) Internal transfer of owner's equity															
1. Capital (or share capital) increased from capital reserve															
2. Capital (or share capital) increased from surplus reserves															
3. Surplus reserve															

offsetting losses															
4. Retained earnings carried forward from changes in defined benefit plans															
5. Retained earnings carried forward from other comprehensive income							-377.78		37.78		340.00				
6. Others															
(V) Special reserve								-6,880.39					-6,880.39		-6,880.39
1. Special reserve accrued								11,787.81					11,787.81		11,787.81
2. Special reserve used								18,668.20					18,668.20		18,668.20
(VI) Others									-11.21		-100.86		-112.07		-112.07
IV. Closing balance in the current period	442,135.48				424,802.17		12,462.55	20,027.20	171,817.46		1,196,787.61		2,268,032.47	1,455.59	2,269,488.06

Company principal: Yu Yi

Person in charge of accounting affairs: Li Peng

Person in charge of accounting department: Yao Baoqin

**Statement of Changes in Owner's Equity of Parent Company**

January to June 2022

Unit: 10,000 Yuan Currency: RMB

Item	Semi-annual data of 2022										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserves	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total of owner's equity
		Preferrred shar	Perpetual bonds	Others							

		es								
I. Closing balance in the last year	442,135.48			424,538.80		10,966.24	22,730.29	177,118.73	883,383.68	1,960,873.22
Plus: accounting policy changes										
Correction of errors in previous period										
Others										
II. Opening balance of current year	442,135.48			424,538.80		10,966.24	22,730.29	177,118.73	883,383.68	1,960,873.22
III. Increase/decrease change of the year (decrease indicated with "-")						-8,968.72	-3,138.94	232.54	90,601.71	78,726.59
(I) Total comprehensive income						-6,269.34			123,879.73	117,610.39
(II) Contributions and decrease of capital										
1. Ordinary share invested by owner										
2. Capital paid in by holders of other equity instruments										
3. Amount of share-based payments included in owner's equity										
4. Others										
(III) Profit distribution									-35,370.84	-35,370.84
1. Surplus reserve accrued										
2. Distribution to owners (or shareholders)									-35,370.84	-35,370.84
3. Others										
(IV) Internal transfer of owner's equity						-2,699.38		269.94	2,429.44	
1. Capital (or share capital) increased from capital reserve										
2. Capital (or share capital) increased from surplus reserves										



Semiannual Report 2022 (First Half)

3. Surplus reserve offsetting losses										
4. Retained earnings carried forward from changes in defined benefit plans										
5. Retained earnings carried forward from other comprehensive income						-2,699.38		269.94	2,429.44	
6. Others										
(V) Special reserve							-3,138.94			-3,138.94
1. Special reserve accrued							13,941.92			13,941.92
2. Special reserve used							17,080.86			17,080.86
(VI) Others								-37.40	-336.62	-374.02
IV. Closing balance in the current period	442,135.48				424,538.80	1,997.52	19,591.35	177,351.27	973,985.39	2,039,599.81

Item	Semi-annual data of 2021										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserves	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total of owner's equity
		Pref erred shar es	Perpe tual bonds	Ot he rs							
I. Closing balance in the last year	442,135.48				424,538.80		8,451.57	25,283.41	170,846.66	857,884.47	1,929,140.39
Plus: accounting policy changes									-20.35	-183.14	-203.49
Correction of errors in previous period											
Others											
II. Opening balance of current year	442,135.48				424,538.80		8,451.57	25,283.41	170,826.31	857,701.33	1,928,936.90
III. Increase/decrease change of the year (decrease indicated with							571.79	-5,935.66	26.57	26,462.71	21,125.41

"-")											
(I) Total comprehensive income						949.57			57,173.05	58,122.62	
(II) Contributions and decrease of capital											
1. Ordinary share invested by owner											
2. Capital paid in by holders of other equity instruments											
3. Amount of share-based payments included in owner's equity											
4. Others											
(III) Profit distribution									-30,949.48	-30,949.48	
1. Surplus reserve accrued											
2. Distribution to owners (or shareholders)									-30,949.48	-30,949.48	
3. Others											
(IV) Internal transfer of owner's equity						-377.78		37.78	340.00		
1. Capital (or share capital) increased from capital reserve											
2. Capital (or share capital) increased from surplus reserves											
3. Surplus reserve offsetting losses											
4. Retained earnings carried forward from changes in defined benefit plans											
5. Retained earnings						-377.78		37.78	340.00		

carried forward from other comprehensive income											
6. Others											
(V) Special reserve								-5,935.66			-5,935.66
1. Special reserve accrued								9,829.57			9,829.57
2. Special reserve used								15,765.23			15,765.23
(VI) Others									-11.21	-100.86	-112.07
IV. Closing balance in the current period	442,135.48				424,538.80		9,023.36	19,347.75	170,852.88	884,164.04	1,950,062.31

Company principal: Yu Yi

Person in charge of accounting affairs: Li Peng

Person in charge of accounting department: Yao Baoqin

### III. Company profile

#### 1. Company profile

Applicable    Not applicable

##### (1) Establishment

Offshore Oil Engineering Co., Ltd. (hereinafter referred to as “the Company” or “Company”) established on April 20, 2000 is a joint stock company with limited liabilities jointly sponsored by CNOOC Design Company, CNOOC Platform Manufacturing Company, CNOOC Maritime Engineering Company, CNOOC Bohai Corporation and CNOOC Nanhai West Corporation. Uniform social credit code: 91120116722950227Y. The Company listed the shares on Shanghai Stock Exchange on February 5, 2002. It is mainly engaged in mining auxiliary activities. As of June 30, 2022, the Company issued share capital of 4.4213548 billion shares totally with registered capital of RMB 4.4213548 billion; registered address: Apartment 202-F105, 2/F, Skirt Building, Ligang Plaza, No. 82, West 2nd Road, Tianjin Port Free Trade Zone; headquarter address: No. 199, Haibin 15 Road, Tianjin Port Free Trade Zone, with Yu Yi as the legal representative.

##### (2) Business scope

The Company is mainly engaged in EPCI contract; design of oil and gas (offshore oil) and construction engineering, planning consultation and evaluation consultation of oil & gas engineering; construction of various offshore oil construction projects and other offshore engineering projects as well as construction of onshore petrochemical engineering projects; fabrication and installation of various steel structures and grid structure projects; design and manufacture of pressure vessel, design of pressure pipeline; R&D, manufacture and sale of electrical instrument & automation products; quality control and detection, physicochemical property, surveying and mapping and related technical services; export of self-made products and technologies; import of raw and auxiliary materials, instruments, meters, machinery, equipment, parts, accessories and technologies necessary for the production of the Company; processing of imported materials, processing of supplied materials, processing of supplied samples, assembling of supplied components and compensation trade; contracting of overseas offshore oil projects and domestic international bidding projects; contracting of the survey, consultation, design and supervision of the above overseas projects; export of equipment and materials necessary for the above overseas projects; labor service for above overseas projects; transportation of domestic coastal general cargo; general goods transportation of international route; and leasing of self-owned house; sales of steel, pipes, cables, valves, instruments, meters, hardwares and electrical equipment (projects requiring approval according to laws can be conducted upon approval of relevant departments).

##### (3) Initial offering of the company’s stock

Upon the approval (ZJFXZ [2002] No.2) of China Securities Regulatory Commission (CSRC), the Company offered 80 million social public shares on January 21, 2002, and listed the shares on Shanghai Stock Exchange on February 5, 2002 after relevant funds were paid (code: 600583). The Company completed the procedures of industrial and commercial registration alteration on July 9, 2002, with the number of the Business License for Legal Person being 1200001000326 and the registered capital being RMB two hundred and fifty million after alteration.

##### (4) Capital increases after initial public offering

1) The Company approved the *Plan of Conversion of Capital Reserves into Share Capital* at the first extraordinary general meeting in 2003, deciding to issue additional 1 share for each 10 shares with the capital reserves based on the total of 250 million shares. Upon the completion of the above plan, general share capital of the Company reached 275 million shares, including 88 million tradable shares. The Company completed the procedures of industrial and commercial registration alteration on January 12, 2004, with registered capital of RMB two hundred and seventy-five million after the alteration.

2) The Company approved the *Plan of Conversion of Capital Reserves and Undistributed Profits into Share Capital* at the general meeting of shareholders in 2003, deciding to issue 1 additional share for each 10 shares (27.5 million shares in total) to the shareholders with the capital reserves and distribute 1 dividend share for each 10 shares (27.5 million shares in total) to the shareholders based on the total of 275 million shares, which increased the share capital by 55 million shares aggregately. The Company completed the procedures of industrial and commercial registration alteration on October 27, 2004, with registered capital of RMB three hundred and thirty million after the alteration.

3) The Company approved the *2004 Profit-sharing Plan* and the *Plan of Conversion of Capital Reserves into Share Capital for 2004* at the general meeting of shareholders in 2004, deciding to distribute share dividend of 1 share for each 10 shares to the shareholders with the undistributed profit (33 million shares in total) and issue 1 additional share for each 10 shares to the shareholders with the capital reserves (33 million shares in total) based on the total of 330 million shares, which increased the share capital by 66 million shares aggregately. The Company completed the procedures of industrial and commercial registration alteration on July 15, 2005, with registered capital of RMB three hundred and ninety-six million after the alteration.

4) The Company approved the *2005 Profit-sharing Plan* and the *Plan of Conversion of Capital Reserves into Share Capital for 2005* at the general meeting of shareholders in 2005, deciding to distribute share dividend of 7 shares for each 10 shares to the shareholders with the undistributed profit (277.2 million shares in total) and issue 3 additional shares for each 10 shares to the shareholders with the capital reserves (118.8 million in total) based on the total of 396 million shares, which increased the share capital by 396 million shares aggregately. The Company finished the procedures of industrial and commercial registration alteration on January 31, 2007, with registered capital of RMB seven hundred and ninety-two million after the alteration.

5) The Company approved the *2006 Profit-sharing Plan* at the general meeting of shareholders in 2006, deciding to distribute share dividends of 2 shares for each 10 shares to the shareholders with the undistributed profit (158.4 million shares in total) based on the total of 792 million shares. The Company finished the procedures of industrial and commercial registration alteration on September 6, 2007, with registered capital of RMB nine hundred and fifty million four hundred thousand.

6) The Company approved the *2007 Profit-sharing Plan* at the general meeting of shareholders in 2007, deciding to distribute share dividends of 5 shares for each 10 shares to the shareholders with the undistributed profit (475.2 million shares in total) and issue 5 additional share for each 10 shares to the shareholders with the capital reserve (475.2 million shares in total) based on the total of 950.4 million shares, which increased the share capital by 950.40 million shares aggregately. The Company finished the procedures of industrial and commercial registration alteration on July 31, 2008, with registered capital of RMB one billion nine hundred million eight hundred thousand after the alteration.

7) As approved in CSRC Permit [2008] No.1091, the Company issued 260 million ordinary shares (A share) by means of non-public offering of stocks to 8 specific investors including China National Offshore Oil Corporation. After the raised funds were in place, the Company handled the procedures for A share registration and restrictions on sales of the shares in China Securities Depository and Clearing Co., Ltd. Shanghai Branch on December 29, 2008, and completed the industrial and commercial registration alteration on February 16, 2009. The registered capital of the Company after the alteration is RMB two billion one hundred and sixty million eight hundred thousand.

8) The Company approved the *2008 Profit-sharing Plan* at the general meeting of shareholders in 2008, deciding to distribute share dividends of 1 shares for each 10 shares to the shareholders with the undistributed profit (216.08 million shares in total) and issue 4 additional shares for each 10 shares to the shareholders with the capital reserve (864.32 million in total) based on the total of 2.16080 billion shares, which increased the share capital by 1,08040 billion shares aggregately. The Company finished the procedures of industrial and commercial

registration alteration on December 31, 2009, with registered capital of RMB three billion two hundred and forty-one million two hundred thousand after the alteration.

9) The Company approved the *2009 Plan of Increasing Share Capital with Reserves* at the general meeting of shareholders in 2009, deciding to issue 2 additional shares for each 10 shares to the shareholders with the capital reserve (648.24 million shares in total) based on the total of 3,241.20 million shares, which increased the share capital by 648.24 million shares aggregately. The registered capital of the Company is RMB three billion eight hundred and eighty-nine million four hundred and forty thousand after the alteration.

10) As approved in CSRC Permit [2013] No.1180, the Company issued 531,914,800 ordinary shares (A share) by means of non-public offering of stocks to 6 specific investors including China National Offshore Oil Corporation. After the raised funds were in place, the Company handled the procedures for A share registration and restrictions on sales of the shares in China Securities Depository and Clearing Co., Ltd. Shanghai Branch on October 9, 2013, and completed the industrial and commercial registration alteration on October 14, 2013. The registered capital of the Company is RMB four billion four hundred and twenty-one million three hundred and fifty-four thousand eight hundred after alteration.

#### **(5) Equity change to the initiators**

1) On September 28, 2003, by means of agreement, the actual controller of the Company (CNOOC) obtained shares totaling 159,233,800 shares held by Platform Construction Company, CNOOC Offshore Engineering Company and CNOOC Engineering Design Company without payment, which accounted for 57.91% of shares of the Company at that time. CNOOC became the first majority shareholder of the Company. The formality of share transfer was gone through on February 13, 2004. The 3 sponsors (CNOOC Platform Construction Company, CNOOC Offshore Engineering Company and CNOOC Engineering Design Company) no longer held the Company's shares.

2) According to the non-tradable share reform plan approved by the *Official Replies to Relevant Issues of Non-tradable Share Reform of Offshore Oil Engineering Co., Ltd.* (GZCQ [2006] No.2) issued by the State-owned Assets Supervision and Administration Commission of the State Council and approved at the meeting of shareholders on non-tradable share reform held on January 16, 2006, holders of non-tradable shares of the Company shall pay a consideration of 2.4 shares for each 10 shares to the holders of tradable shares registered with Shanghai Branch of China Securities Depository and Clearing Corporation Limited as of January 20, 2006, involving total payment of 30,412,800 shares by the holders of non-tradable shares. After the consideration was paid, China National Offshore Oil Corporation, CNOOC Bohai Corporation and CNOOC Nanhai West Corporation (holders of non-tradable shares of the Company) held 203,399,600 shares, 1,414,800 shares and 34,052,800 shares respectively in the Company, representing a ratio of 51.36%, 0.36% and 8.60% respectively. On the first trading day after the non-tradable share reform was executed, all non-tradable shares held by the holders of the Company obtained the rights of circulation.

3) As approved in CSRC Permit [2008] No.1091, the Company issued 260 million ordinary shares (A share) by means of non-public offering of stocks to 8 specific investors including China National Offshore Oil Corporation. After the raised funds were in place, the Company handled the procedures for A share registration and restrictions on sales of the shares in China Securities Depository and Clearing Co., Ltd. on December 29, 2008. After the private placement this time, CNOOC, CNOOC Nanhai West Corporation and CNOOC Bohai Corporation held 1,054,318,252 shares, 163,453,282 shares and 6,791,026 shares respectively, accounting for 48.79%, 7.56% and 0.32% respectively.

4) As approved in CSRC Permit [2013] No.1180, the Company issued 531,914,800 ordinary shares (A share) by means of non-public offering of stocks to 6 specific investors including China National Offshore Oil Corporation. After the raised funds were in place, the Company handled the procedures for A share registration and restrictions on sales of the shares in China Securities Depository and Clearing Co., Ltd. on October 9, 2013. After the private placement this time, CNOOC, CNOOC Nanhai West Corporation and CNOOC Bohai Corporation held

2,270,113,454 shares, 294,215,908 shares and 12,223,847 shares respectively, accounting for 51.34%, 6.65% and 0.28% respectively.

5) In 2015, the controlling shareholder CNOOC and persons acting in concert - CNOOC Finance Corporation Ltd. purchased 856,100 shares and 1,571,800 shares of the Company from July 9, 2015 to August 25, 2015 respectively on trading system of SSE. After buy-ins, CNOOC and CNOOC Finance Corporation Ltd. held 2,270,969,554 shares and 1,571,800 shares respectively, accounting for 51.36% and 0.04% respectively.

6) In October 2018, according to the requirements of the state, CNOOC subscribed CSI Central Enterprise Structure Adjustment ETF managed by the China Asset Management Co., Ltd., Bosera Asset Management Co., Ltd and Yinhua Fund Management Co., Ltd. with 132,640,600 shares (3% of the total shares) of COOEC. Upon completion of the subscription procedure, CNOOC holds 2,138,328,954 shares decreased from 2,270,969,554 shares, with a shareholding ratio decreased from 51.36% to 48.36%.

The parent company and the actual controller of the Company is China National Offshore Oil Corporation.

The financial statement was approved and reported by board of directors of the Company on August 19, 2022.

## 2. Scope of consolidated financial statement

Applicable Not applicable

For details of the subsidiaries of the Company, please refer to the Note "IX. Equities in Other Subjects".

For details about changes of the consolidation scope during the reporting period, see Note "VIII. Change of Consolidation Scope".

## IV. The basis for the formulation of financial statements

### 1. Basis of preparation

The financial statements are prepared with reference to *Accounting Standards for Business Enterprises - Basic Standards* issued by the Ministry of Finance, specific accounting standards, accounting standard for business enterprises application guide and interpretations, and other relevant provisions (hereinafter referred to as "Accounting Standards for Business Enterprises"), and *Information Disclosure Preparation Rules of Companies Publicly Issuing Securities, No. 15 - General Provisions of the Financial Report of CSRC*.

### 2. Continuing operation

Applicable Not applicable

The financial statement is prepared based on continuing operations.

## V. Significant accounting policy and accounting estimate

Notes to accounting policies and accounting estimate:

Applicable  Not applicable

### 1. Declaration on compliance with the accounting standards for business enterprises

The financial statements are in accordance with the requirements of the Accounting Standards for Business Enterprises released by the Ministry of Finance, which have truly and completely presented the consolidated and parent company financial position as of June 30, 2022, as well

as the consolidated and parent company operating results and cash flow from January to June of 2022.

## 2. Accounting period

The accounting year runs from January 1 to December 31 of each calendar year.

## 3. Operating cycle

Applicable   Not applicable

The operating cycle of the Company is 12 months.

## 4. Recording currency

The Company and its domestic subsidiaries - COOEC Subsea Technologies Co., Ltd., Offshore Oil Engineering (Qing Dao) Co., Ltd., COOEC International Engineering Co., Ltd., Offshore Oil Engineering (Zhuhai) Co., Ltd. and COTEC INC. (Beijing) all adopt RMB as recording currency.

The Company's overseas subsidiaries - Offshore International Engineering Co., Ltd., COOEC Nigeria Limited, COOEC Nigeria FZE, Lanhai International Limited and COTEC INC. (originally named as Ketai Co., Ltd.) adopt USD as the recording currency.

PT. COOEC Indonesia adopts IDR as the recording currency.

A.E.S. Destructive and Non-destructive Testing Limited adopts Hong Kong dollar as recording currency.

COOEC CANADA COMPANY LTD. adopts Canadian dollar as recording currency.

COOEC (Thailand) Co., Ltd. adopts Thai baht as recording currency.

COOEC Brasil Offshore Ltda. adopts BRL as recording currency.

The financial statements are presented in Renminbi (RMB).

## 5. Accounting treatment for business merger under the same or different control

Applicable   Not applicable

Merger under the same control: assets and debts obtained by the merging party in merger (including goodwill formed by the final controlling party's acquisition), is calculated based on the book value in the consolidated financial statement of the final controller based on the assets and debts of the merged party on the merger date. Share premium of capital surplus shall be adjusted according to difference between the book value of net assets obtained from combination and the payment for the book value of merger price (or total nominal value of the issued shares). In case that the share premium of capital surplus is not sufficient, adjust retained earnings.

For the business merger not under the same control, the merger cost shall be the fair value of the assets paid, the liabilities occurred or assumed, and the equity securities issued for the acquirer to obtain the control right on the acquired party on the acquisition date. The difference between the merger cost and the acquiree's fair value share in the identifiable net assets obtained is recognized in the merger as goodwill; the difference between the merger cost and the identifiable net assets fair value of the acquiree is included in the current profit and loss account. The identifiable assets, liabilities and contingent liabilities meeting the confirmation conditions of the acquiree acquired through business merger is measured at fair value on the date of purchase.



Directly related expenses generated during the business merger are included in the current profit and loss account; while transaction expenses for business merger are included into the initial confirmed amount of the equity securities or the debt securities.

## 6. Preparation methods of consolidated financial statements

Applicable    Not applicable

### (1) Consolidation scope

The consolidation scope of consolidated financial statement is determined based on control scope, including the financial statements of the Company and all its subsidiaries. Control is the right of the Company to investee. The Company can enjoy the variable returns by participating in related activities of the investee and can affect the return amount with the right to investee.

### (2) Consolidation procedures

The Company considers the Group as an accounting entity, and prepares consolidated financial statements reflecting the Group's overall financial position, operating results and cash flow according to unified accounting policies. The impact of internal transactions between the Company and the subsidiary and between subsidiaries is offset. If internal transactions indicate impairment losses of related assets, such losses shall be fully recognized. If the accounting policies and the accounting period adopted by the subsidiaries are inconsistent with that of the Company, necessary adjustment is made as per the Company's accounting policies and the accounting period in preparation of the consolidated financial statements.

Shares of minority shareholders in the ownership interest, current net gains or losses and comprehensive income are respectively listed under the owners' equity in the consolidated balance sheet and net profit item in the consolidated profit statement. Should the current profit and loss shared by the minority shareholders of the subsidiary exceed the balance of the initial owners' equity vested in the minority shareholders of this subsidiary, the minority interest is offset.

#### 1) Expanding subsidiaries or businesses

In the reporting period, in case of expanding subsidiaries or businesses due to business merger under the same control, the operating results and cash flow of the subsidiaries or businesses from the beginning of the current merger period to end of reporting period are included in the consolidated financial statement. Meanwhile, the opening balance of the consolidated financial statement and the relevant items of the comparative statement are adjusted as if the merged reporting entity has been in existence since the final controlling party began to control.

If the Company can control the investee under the same control due to additional investment, profit and loss from equity investment held before the consolidated parties are controlled, from the original equity acquiring date (or the date when the merging party and the merged party are under the same control, whichever is later) to the merger date, and other comprehensive income and the net profit change offset the original retained earnings or the current profit and loss during the financial statement comparison.

In the reporting period, in case of expanding subsidiaries or businesses due to business merger not under the same control, the operating results and cash flow are included in the consolidated financial statement from the date of acquisition on the basis of the fair values of identifiable assets, liabilities and contingent liabilities recognized on the date of acquisition.

If the investee under different control can be controlled due to additional investment, the equity owned by the acquiree prior to the date of acquisition will be re-measured at fair value of such equity on the date of acquisition. The difference between the fair value and its book value is included in the current investment income. Other comprehensive income related to the purchased party's equity held before the date of acquisition that can be reclassified into profits and losses in the future, and other changes in owners' equity calculated by using the equity method are carried forward to the current investment income on the date of acquisition.

## 2) Disposing subsidiaries

### ① General disposal method

When the control over the investee is lost due to disposal of part of equity investment or other reasons, the remaining equity investment after disposal will be re-measured at fair value on the date when its control right over the investee is lost. The balance between the sum of consideration generated from equity disposal and the fair value of the remaining equity and the sum of net assets share and goodwill of the original subsidiary enjoyed based on original stake ratio from the purchase or merger date is included in the investment income of current period when the control right is lost. Other comprehensive income related to the equity investment of the original subsidiary that can be reclassified into profits and losses in the future, and other changes in owners' equity calculated by using the equity method are carried forward to the current investment income upon the loss of control right.

### ② Disposing subsidiaries by steps

Where subsidiary equity investment is disposed by steps through multiple transactions until losing control right, if the clauses, conditions and economic impact of all transactions involving subsidiary equity investment disposal conform to one or several of the following conditions, multiple transactions are treated as package deal:

- i. These transactions are made simultaneously or under the consideration of mutual influence;
- ii. All these transactions can achieve an overall commercial result;
- iii. The occurrence of a transaction is based on the occurrence of at least one of other transactions;
- iv. A single transaction is regarded as uneconomic, while being economic when being regarded along with other transactions.

If the transaction is a "package deal", the Company would implement accounting treatment, regarding such multiple transactions as one transaction; however, the difference of net asset share balance of the subsidiary enjoyed corresponding to each disposal price and investment before loss of control is recognized as the other comprehensive incomes in the consolidated financial statement, and it is carried forward to the current profit and loss when the control right is lost.

Where various transactions are not the package deals, accounting treatment is subject to related policies for partially disposing equity investment in subsidiaries without losing control right before losing the control. Accounting treatment is subject to general disposal methods for disposing subsidiaries in case of losing control right.

## 3) Purchasing minor equity from subsidiaries

According to the difference between the long-term equities after purchasing minor equity from subsidiaries, and the net assets shares from purchasing date or merger date based on the new shareholding ratio, share premium of capital reserve in the asset balance sheet shall be adjusted. If the share premium of capital reserve is insufficient to offset, the retained earnings shall be adjusted.

## 4) Partially disposing subsidiary equity investment without losing control right

For the balance between disposal price and net asset shares continuously calculated of the subsidiary generated from disposal of some long-term equity investment from the acquisition or merger date, share premium of capital reserve in the consolidated asset balance sheet shall be adjusted. If the share premium of capital reserve is insufficient to offset, the retained earnings shall be adjusted.

## 7. Joint venture classification and joint operation accounting methods

Applicable    Not applicable

The joint venture arrangements are divided into joint operation and joint venture.

The joint operation refers to the joint venture arrangement in which the parties own the assets and bear liabilities related to such operation.

The Company recognizes the following items related to the share of interest in the joint operation:

- (1) Acknowledge the assets separately held by the Company and the assets jointly held based on the share of the Company;
- (2) Acknowledge the liabilities separately undertaken by the Company and the liabilities jointly undertaken based on the share of the Company;
- (3) Income from selling the outputs by shares of the joint operation;
- (4) Acknowledge income from selling the outputs generated from joint operation based on the share of the Company;
- (5) Separately incurred expense and the expense generated from joint operation based on the share of the Company.

The Company's investment in joint venture is calculated by using the equity method as set forth in "V. 21. Long-term equity investment" in the notes.

## **8. Criteria for determining cash and cash equivalents**

The cash refers to cash on hand and deposits that are available for payment at any time. The cash equivalent refers to the cash and investment held by the Company with short term, strong liquidity and low risk of changes in value that is readily convertible to cash of known amount.

## **9. Foreign currency transaction and conversion of foreign currency statement**

Applicable    Not applicable

### **(1) Foreign currency transactions**

The foreign currency amount is converted into RMB at the exchange rate released by the People's Bank of China on the last working day of last month when the transaction takes place.

On the balance sheet date, the balances of foreign currency monetary items are converted at the spot exchange rate on the balance sheet date, and exchange differences arising thereof, except for exchange differences related to the acquisition, construction or production and other eligible assets for capitalization, are included in the current profit and loss account based on the principle of borrowing cost capitalization.

### **(2) Conversion of foreign currency financial statement**

The assets and liabilities in the balance sheets shall be converted at the spot exchange rate on the balance sheet date. In the owner's equity items, except the ones as "undistributed profits", others shall be converted at the spot exchange rate at the date of incurring. The income and expense items in profit statement shall be converted using the arithmetic mean of the market exchange rate released by the People's Bank of China on the first working day and last working day of the month when the transaction occurs.

Where an enterprise disposes oversea operation, it shall shift the differences, which is presented under the items of the owner's equities in the balance sheet and which arises from the conversion of foreign currency financial statements relating to this overseas operation, into the disposal profit and loss of the current period.

## **10. Financial instruments**

Applicable    Not applicable

When the Company becomes a party to a financial instrument, it shall recognize a financial asset, financial liability, or equity instrument.

### **(1) Classification of financial instruments**

According to the business mode adopted for financial assets management by the Company and the contract cash flow characteristics of financial assets, the financial assets are classified as follows at the time of initial recognition: financial assets measured at amortized cost, financial asset measured at fair value with their changes included in other comprehensive income, and financial asset measured at fair value with their changes included in the current profit and loss account.

As to the financial assets that meet the following conditions and are not designated as financial assets measured at fair value with changes included in the current profit and loss account, the Company regards them as financial assets measured at amortized cost:

- The business model is to collect contract cash flow;
- The contract cash flow is only the payment for principal and interest based on the amount of outstanding principal.

As to the financial assets that meet the following conditions and are not designated as financial assets measured at fair value with changes included in the current profit and loss account, the Company regards them as the financial assets (debt instruments) measured at fair value with changes included into other comprehensive income:

- The business model is to collect the contract cash flow and to sale the financial assets;
- The contract cash flow is only the payment for principal and interest based on the amount of outstanding principal.

For non-transaction equity instruments investment, the Company will irrevocably designate it as “financial asset (equity instruments) measured at fair value with their changes included in other comprehensive income” during initial recognition. The designation is made on the basis of individual investment, and the related investment conforms to the definition of equity instruments from the issuer's point of view.

All other financial assets except for the above-mentioned financial assets measured at amortized cost and financial assets other than those measured at fair value with the changes included in other comprehensive income are classified as financial assets measured at fair value with the changes included in the current profit and loss account. During initial recognition, if accounting mismatching can be eliminated or significantly reduced, the Company can irrevocably designate the financial assets that should have been classified into the financial assets measured at amortized cost or fair value with changes included into the other comprehensive income as financial assets that are measured at fair value with changes included in the current profit and loss account.

During initial recognition, financial liabilities are classified as “financial liabilities measured at fair value with their changes included in the current profit and loss account” and “financial liabilities measured at amortized cost”.

Financial liabilities satisfying one of the following requirements can be designated as financial liabilities measured at fair value with their changes included in the current profit and loss account during initial measurement:

- 1) Such designation can eliminate or remarkably reduce the accounting mismatching.
- 2) According to the enterprise risk management or investment strategies clearly stated in formal written document, the management and performance evaluation of financial liabilities portfolio or financial assets and liabilities portfolio shall be done based on the fair value, and then reported to key management personnel within the enterprise on such a basis.
- 3) Such financial liabilities include embedded derivatives requiring separate splitting.

### **(2) Recognition basis and measurement method of financial instruments**

1) Financial assets measured at amortized cost

Financial assets measured at amortized cost include bills receivable, accounts receivable, other receivables, long-term receivables, creditors' investment, etc., and are initially measured based on the fair value, with relevant transaction expenses included in initially recognized amount; accounts receivable excluding significant financing and accounts receivable without consideration of the financing for up to one year of the Company shall be initially measured at the contract transaction price.

The interest calculated with effective interest method in the holding period is included in the current profit and loss account.

During pay-back or disposal, the difference between the obtained amount and the book value of the financial assets shall be included in the current profit and loss account.

2) Financial assets (debt instruments) measured at fair value with their changes included in other comprehensive income

Financial assets (debt instruments) measured at fair value with their changes included in other comprehensive income include accounts receivable financing, other creditors' investment, etc., and are initially measured based on the fair value, with relevant transaction expenses included in initially recognized amount. Such financial assets are subsequently measured based on the fair value, with the changes in fair value included in other comprehensive income except the interest, impairment loss or gains and profit or loss on exchange calculated with effective interest method.

In the process of derecognition, the cumulative gains or losses previously included into other comprehensive income are included in the current profit and loss account.

3) Financial assets (equity instruments) measured at fair value with their changes included in other comprehensive income

Financial assets (equity instruments) measured at fair value with their changes included in other comprehensive income include other equity instruments investment, and are initially measured at fair value, with relevant transaction expenses included in initially recognized amount. Such financial assets are subsequently measured based on the fair value, with the changes in fair value included in other comprehensive income. The dividend obtained is included in the current profit and loss account.

Upon derecognition, the cumulative gains or losses previously included in other comprehensive income are included in the retained profit and loss account.

4) Financial asset measured at fair value with their changes included in the current profit and loss account

Financial assets measured at fair value with their changes included in the current profit and loss account include financial assets held for trading, derivative financial assets and other non-current financial assets, and are initially measured at fair value, with relevant transaction expenses included in the current profit and loss account. Such financial assets are subsequently measured based on the fair value, with the changes in fair value included in the current profit and loss account.

5) Financial liabilities which are measured at fair value with the changes included in the current profit and loss account

Financial liabilities measured at fair value with the changes included in the current profit and loss account include financial liabilities held for trading and derivative financial liabilities, and are initially measured at fair value, with relevant transaction expenses included in the current profit and loss account. Such financial liabilities are subsequently measured based on the fair value, with the changes in fair value included in the current profit and loss account.

Upon derecognition, the difference between the book value and the considerations paid is included in the current profit and loss account.

#### 6) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost include short-term loan, bills payable, accounts payable, other payables, long-term loan, bonds payable, and long-term payables, and are initially measured at fair value, with relevant transaction expenses included in the initially recognized amount.

The interest calculated with effective interest method in the holding period is included in the current profit and loss account.

In the process of derecognition, the difference between the paid consideration and the book value of the financial liabilities is included in the current profit and loss account.

### **(3) Derecognition and transfer of financial assets**

When one of the following conditions is met, the Company derecognizes the financial assets:

- The contractual right to receive cash flow from financial assets is terminated;
- The financial assets have been transferred, and almost all risks and rewards on the ownership of the financial assets have been transferred to the transfer-in;
- The financial assets have been transferred. Although the Company has neither transferred nor retained almost all the risks and rewards on the ownership of the financial assets, the Company has not retained the control on the financial assets.

In case of transfer of financial assets, the financial assets shall not be derecognized if almost all risks and rewards in the ownership of the financial assets have been kept.

In judgment whether the transfer of the financial assets meets the above-mentioned derecognition conditions of financial assets, the "Substance Over Form" principle is adopted.

The Company divides the transfer of financial assets into overall transfer and partial transfer. If the overall transfer meets the derecognition conditions, the difference between the following two amounts will be included in the current profit and loss account:

- 1) Book value of the transferred financial assets;
- 2) The sum of the consideration received due to the transfer and the cumulative amount of changes in the fair value which is initially included in the owners' equity (in case the financial asset (debt instruments) related to the transfer is measured at fair value with their changes included in other comprehensive income).

In case the partial transfer of the financial asset meets the derecognition conditions, the entire book value of the transferred financial asset shall be respectively amortized at the relative fair values of the part derecognized and the part not derecognized, and the difference between the following two items shall be included in the current profit and loss account:

- 1) The book value of the part derecognized;
- 2) The sum of consideration of the part derecognized, and the part derecognized, which is corresponding to cumulative amount of changes in the fair value originally included in the owner's equities (in case the financial asset (debt instruments) related to the transfer is measured at fair value with their changes included in other comprehensive income).

If the transfer of the financial assets does not meet the derecognition conditions, such financial assets will be recognized, and the received consideration will be recognized as a financial liability.

### **(4) Derecognition of financial liabilities**

If the current obligations of the financial liabilities have been relieved in whole or part, then recognition of such financial liabilities or part thereof is terminated. If the Company has signed an agreement with the creditor, the existing financial liabilities are substituted with new financial liabilities. If the new financial liabilities are substantially inconsistent with the contract terms and conditions of the existing financial liabilities, then recognition on the existing financial liabilities is terminated. Meanwhile, the new financial liabilities are recognized.

If the contract terms and conditions of the existing financial liabilities are modified in whole or part substantially, the existing financial liabilities or part thereof will be derecognized. Meanwhile, the financial liabilities after the modification of the terms and conditions will be recognized as a new financial liability.

When the financial liabilities are derecognized in whole or part, the difference between the book value of the financial liabilities for that derecognized and the payment consideration (including the transferred non-cash assets or the new financial liabilities) is included in the current profit and loss account.

If the Company repurchases part of the financial liabilities, the entire book value of such financial liabilities will be allocated at the relative fair value between the liabilities for which recognition continues and the liabilities for which derecognition is done on the date of repurchase. The difference between the book value which is distributed to the part derecognized and the considerations paid (including the non-cash assets transferred out and new financial liabilities assumed) is included in the current profit and loss account.

#### **(5) Recognition methods for fair value of financial assets and financial liabilities**

The fair value of financial instruments with active market is determined by its quoted price. Valuation techniques are adopted to determine the fair values of financial instruments without active market. During valuation, the Company uses valuation technique with enough available data and other information support, which is applicable to the current situation, selects the input values with consistent characteristics of assets and liabilities concerned by the participants in the asset or liabilities transaction, and uses observable input values preferably. The unobservable input values can be used only when the observable input values are unavailable or impractical.

#### **(6) Test method and accounting method of financial asset (excluding receivables) impairment**

The Company estimates the expected credit impairment loss withdrawn for “financial assets measured at amortized cost” and “financial asset (debt instruments) measured at fair value with their changes included in other comprehensive income” and financial guarantee contracts in single or combined manner.

Considering the reasonable and well-founded information about past events, current situation and forecast of future economic situation, the Company calculated the probability-weighted amount of the present value of the difference between the receivable contract cash flow and the expected cash flow and recognized the expected credit loss, weighted by the risk of default.

If the credit risk of this financial instrument has increased obviously since initial recognition, the Company will measure the loss reserves according to the expected credit loss amount of such financial instrument in the whole duration; if the credit risk of this financial instrument hasn't increased obviously since initial recognition, the Company will measure the loss reserves according to the expected credit loss amount of such financial instrument in the next 12 months. The increased or reversed amount due to such loss reserves is included in the current profit and loss account as the impairment loss or gains.

The Company compares the default risk of financial instruments on the balance sheet date with the default risk on the initial recognition date, so as to determine the relative changes in the default risk of financial instruments in the expected duration and assess whether the credit risk of financial instruments has increased significantly since initial recognition. Generally, in case of overdue for more than 30 days, the Company will consider that the credit risk of such financial instrument has increased obviously, unless conclusive evidence is available to prove that the credit risk of such financial instrument hasn't obviously increased since the initial recognition.

If the financial instrument shows a low credit risk on the balance sheet date, the Company will consider that the credit risk of such financial instrument hasn't increased obviously.

If objective evidences indicate that some financial assets are depreciated, the Company could accrue impairment reserves of the financial assets on a single basis.

For accounts receivable and contract assets from transactions regulated by the *Accounting Standards for Enterprises No. 14 - Income (2017)*, regardless of whether there is any significant financing component, the Company always measures its loss reserves according to the amount equivalent to the expected credit loss in the whole duration.

For lease receivables, the Company measures the loss reserves according to the estimated amount of credit loss in the whole duration all the time.

If the Company no longer reasonably predicts part of the contract cash flow of financial assets that can be fully or partially recovered, it directly writes down the book balance of such financial assets.

#### **11. Bills receivable**

**The determination method and accounting treatment method for expected credit loss of bills receivable**

Applicable     Not applicable

#### **12. Accounts receivable**

**The determination method and accounting treatment method for expected credit loss of accounts receivable**

Applicable     Not applicable

#### **13. Accounts receivable financing**

Applicable     Not applicable

#### **14. Other receivables**

**The determination method and accounting treatment method for expected credit loss of other accounts receivable**

Applicable     Not applicable

Refer to "12. Accounts receivable" in this section.

#### **15. Inventory**

Applicable     Not applicable

##### **(1) Classification and cost of inventory**

The inventory is classified as the contract performance cost with an amortization period no more than one year or one normal operating cycle during engineering material preparation and initial recognition.

The inventory is initially measured at the costs, which consist of purchase cost, processing cost and other costs incurred to bring inventory to the current location and state.

##### **(2) Valuation method of inventory under delivery**

The weighted average method is used when issuing the inventory.

##### **(3) Determination basis for net realizable value of different inventories**

On the balance sheet date, an inventory is measured by the lower of cost and net realizable value. If the inventory cost is higher than its net realizable value, the inventory falling price



reserves shall be calculated and accrued. Net realizable value refers to the value that the estimated selling expense of inventory deducting the costs to occur at estimated time of completion, estimated cost of sales, as well as the amount after relevant tax.

For the finished goods, commodity stock, materials for sales and other merchandise inventories directly used for sales, in the normal production and operation process, the net realizable value thereof shall be determined according to the amount after deducting the estimated sales expenses and related taxes from the estimated selling price of inventory; for the material inventories needing to be processed, in the normal production and operation process, the net realizable value thereof shall be determined according to the amount after deducting the cost to be incurred upon estimation until its completion and the estimated sales expenses and related taxes from the estimated selling price of finished goods; for the inventories held for performing the sales contracts or the labor contracts, the net realizable value thereof shall be calculated on the basis of contract price, but if the quantity of inventories held is more than the specified quantity of the sales contract, the net realizable value of the excess part shall be calculated on the basis of general selling price.

After accruing the inventory falling price reserves, if the influencing factors of the previous write-down of inventory value have disappeared, resulting in the net realizable value of inventory being higher than its book value, it will be reversed within the originally accrued inventory falling price reserves, and the reversed amount will be included in the current profit and loss account.

#### **(4) Inventory system**

The perpetual inventory system shall be adopted.

#### **(5) Amortization of low-value consumables and packing materials**

- 1) Low-value consumables are amortized with one-time charge-off method.
- 2) Packages are amortized with one-time charge-off method.

### **16. Contract assets**

#### **(1). Methods and standards for the recognition of contract assets**

Applicable    Not applicable

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Company's right to receive consideration for goods or services transferred to customers (and the right depends on factors other than the elapse of time) is listed as contract assets. Contract assets and contract liabilities under the same contract are listed as net amount. The right of the Company to collect consideration from customers unconditionally (only depending on the elapse of time) is listed separately as receivables.

#### **(2). The determination method and accounting treatment method for expected credit loss of contract assets**

Applicable    Not applicable

The determination method and accounting treatment method of the expected credit loss for the contract assets are stated in "V. 10 (6) Test method and accounting treatment method of financial asset impairment" in the notes.

### **17. Assets held for sale**

Applicable    Not applicable

The assets are classified as assets held for sale primarily by selling (including non-monetary asset exchange with a business nature) rather than continuously using a non-current asset or disposal group to recover its book value.

Non-current assets or disposal groups meeting the following requirements at the same time are regarded as assets held for sale by the Company:

(1) According to the practice in similar transaction selling such assets or disposal groups, it can be immediately sold out under the present situation;

(2) Selling is rather likely to happen, that is, the Company has made resolution on one selling plan with ascertained purchase commitment, and the selling is to be finished in one year. Those to be sold after approval of relevant authority of the Company or supervision department have been approved.

If the book value of the non-current assets (excluding financial assets, deferred income tax assets, assets formed by employee compensation) or disposal groups classified as those held for sale is higher than the net amount after the fair value minus the selling cost, the book value will be written down to the net amount after the fair value minus the selling cost, the written-down amount will be recognized as the asset impairment loss and included in the current profit and loss account, and the asset impairment reserve held for sale will be accrued.

## 18. Debt investment

### The determination method and accounting treatment method for expected credit loss of debt investment

Applicable     Not applicable

## 19. Other creditors' investment

### The determination method and accounting treatment method for expected credit loss of other debt investment

Applicable     Not applicable

## 20. Long-term receivables

### The determination method and accounting treatment method for expected credit loss of long-term receivables

Applicable     Not applicable

## 21. Long-term equity investment

Applicable     Not applicable

### (1) Judgment basis on joint control and significant impact

Joint control refers to the joint control over certain arrangement based on relevant agreement. Decisions on the activities of the arrangement can be made only upon consent from parties sharing the control right. Where the Company and other parties jointly control the investee and have right over net assets of the investee, such investee is a joint venture of the Company.

Significant impacts refer to the right to make decision about the finance and business decisions of the investee; however, the formulation of these policies cannot be controlled separately or jointly with other parties. Where the Company is able to have significant influences on an investee, the investee shall be associated enterprise of the Company.

### (2) Determination of initial investment cost

1) Long-term equity investment formed under merger

The long-term equity investment for subsidiaries acquired by business merger under the same control is regarded as the initial investment cost of long-term equity investment according to the share of the owners' equity of the merged party in the book value in the consolidated financial statement of the final controlling party. For the difference between the initial investment cost of long-term equity investment and the book value of consideration paid, the share premium in the capital reserve shall be adjusted; if the share premium in capital reserve is insufficient to write down, the retained incomes shall be adjusted. Where the investee under the same control can be controlled due to additional investment, it is necessary to adjust the share premium based on the balance between the original investment cost of long-term equity investment confirmed according to the above principles and the sum of long-term equity investment book value before merger date and the compensatory payment rate book value of newly gained shares at the merger date. If the share premium is insufficient to offset, the retained earnings shall be offset.

For long-term equity investment for subsidiaries formed due to corporate merger under different control, the merger cost determined on the date of acquisition is regarded as the initial investment cost of the long-term equity investment. Where the invested units not under the same control can be controlled due to additional investment or other reasons, the sum of the book value of the equity investment originally held and the newly added investment cost shall be taken as the initial investment cost.

## 2) Long-term equity investment gained in other forms than business merger

The initial cost of a long-term equity investment obtained by making payment in cash shall be the purchase cost which is actually paid.

The initial cost of a long-term equity investment obtained on the basis of issuing equity securities shall be the fair value of the equity securities issued.

## **(3) Subsequent measurement and recognition method of gains or losses**

### 1) Investment of long-term equity measured with cost method

The Company's long-term equity investment in subsidiaries is calculated by using the cost method unless the investment meets the conditions of holding for sale. The Company recognizes the current investment income based on the cash dividends or profits that the Company is entitled to and that are announced to be released by the investee, except for the price actually paid in acquisition of investment, or the consideration that are included in the cash dividends or profits that have been announced but have not been released.

### 2) Long-term equity investment accounted with equity method

The equity method is used to calculate the long-term equity investment of associated enterprises and joint ventures. When the initial investment cost exceeds the share difference of the fair value of net assets which can be identified by the investee, it shall not be adjusted; if the initial investment cost is less than the share of the fair value of net assets, the difference is included in the current profit and loss account, meanwhile the cost of long-term equity investment shall be adjusted.

The Company measures the investment income and other comprehensive income based on the ratio of net gains or losses and other comprehensive income fulfilled by the investee that is to be enjoyed or shared, and adjusts book value of long-term equity investment. The Company calculates the deserved part based on the profits and cash announced by the investee, and reduces the book value of long-term equity investment. For change of the owners' equity except for net gains or losses, other comprehensive income and profit-sharing of the investee (hereinafter referred to as "other changes in owners' equity"), it is required to adjust book value of long-term equity investment and include the value in the owners' equity.

When recognizing the ratio of attributable net gains or losses in the investee, other comprehensive income and other changes in the owners' equity, the net profits of the investee and other comprehensive income shall be adjusted and recognized based on the fair value of identifiable net assets of the investee for obtaining the investment, the Company's accounting policies and accounting period.

For unfulfilled profits or losses in the internal transaction between the Company, associated enterprises and joint ventures, it is necessary to calculate and offset the part attributable to the Company based on ratio, and recognize the investment income on this basis, except for assets invested or sold that constitute a business. Losses generated from the unrealized internal transaction with the investee are asset impairment loss and fully recognized by the Company.

In case of net loss incurred by the Company to the associated enterprises or joint ventures, the Company shall be responsible for additional losses, and the book value of the long-term equity investment, as well as other long-term rights and interests that substantially constitute the net investment to the associated enterprise or joint venture shall be reduced until zero limits. If the joint venture or associated enterprise realizes any net profits later, the Company will, after its income share makes up for the unrecognized loss share, resume to recognition of its share of profits.

### 3) Disposal of long-term equity investment

During disposal of long-term equity investments, the difference between book value and the actual price is included in the current profit and loss account.

If, during disposal of partial long-term equity investment calculated by using the equity method, the remaining equity is still calculated by using the equity method, other comprehensive income recognized by using the equity method for original calculation will be carried forward in proportion on the same basis as the investee's direct disposal of related assets or liabilities, and other changes in owners' equity will be carried forward to the current profit and loss account in proportion.

If the joint control right over or significant impact on the investee is lost due to disposal of equity investment or for other reasons, other comprehensive income of the original equity investment recognized by using the equity method for calculation will be subject to accounting treatment on the same basis as the investee's direct disposal of related assets or liabilities when the calculation by using the equity method is terminated, and other changes in owners' equity will be carried forward to the current profit and loss account when the calculation by using the equity method is terminated.

If the control right over the investee is lost due to disposal of partial equity investment or for other reasons, and if the remaining equity can exert joint control over or significant impact on the investee during preparation of individual financial statements, the remaining equity will be calculated by using the equity method, and adjusted as if it was calculated by using the equity method from the time of acquisition, other comprehensive income recognized before the control right over the investee is acquired will be carried forward in proportion on the same basis as the investee's direct disposal of related assets or liabilities, and other changes in owners' equity recognized by using the equity method for calculation will be carried forward to the current profit and loss account in proportion. If the remaining equity cannot exert joint control over or significant impact on the investee, such equity will be recognized as a financial asset, the difference between the fair value and book value of such equity at the date of loss of control right will be included in the current profit and loss account, and other comprehensive income and other changes in owners' equity recognized before the control right over the investee is acquired will be carried forward.

The Company disposes the equity investment of the subsidiary step by step through multiple transactions until it loses the control right. If the aforesaid transaction belongs to a package deal, each transaction shall be treated as a transaction of disposing the equity investment of the subsidiary and losing the control right. Before the loss of control right, the difference between each disposal price and the book value of the long-term equity investment corresponding to the disposed equity is recognized as other comprehensive income in some financial statement, and then carried forward to the current profit and loss account when the control right is lost. If the aforesaid transactions do not belong to the package deal, each transaction will be subject to accounting treatment separately.

**22. Investment property****(1). If the cost measurement model is adopted**

Depreciation or amortization methods

Investment properties refer to real estate held for rent earning and/or increase in capital, including rented land use right, land use right held for transfer after increase in capital, and rented buildings (including buildings to be rented after self-construction or development activities are completed, and buildings to be rented in the future in the process of construction or development).

Subsequent expenditures related to investment property are included in the cost of investment property when relevant economic benefits are likely to flow and its costs can be measured reliably; otherwise, it shall be included in the current profit and loss account.

The Company uses the cost method to measure existing investment property. For the investment property measured with cost method, the buildings used to rent are measured with the same depreciation policy as for the fixed assets of the Company, and the rented land use rights are measured with the same amortization policy as for the intangible assets.

**23. Fixed assets****(1). Recognition conditions**

Applicable    Not applicable

The fixed assets refer to tangible assets which are held for producing commodity, providing labor, lease or operation and management and whose service life is more than a fiscal year. When all the following conditions are met, an asset can be recognized as the fixed asset:

- 1) It is highly possible that the economic benefits related to the fixed assets flow into the enterprise;
- 2) Cost for the fixed assets can be reliably calculated.

Fixed assets are initially measured at cost (with consideration to the impact of expected disposal expenses).

Subsequent expenditures related to fixed assets are included in the cost of fixed assets when relevant economic benefits are likely to flow into the Company and its costs can be measured reliably; the book value of the substituted part will be derecognized; all other subsequent expenditures incurred will be included in the current profit and loss account.

**(2). Depreciation method**

Applicable    Not applicable

Category	Depreciation method	Depreciation period (year)	Residual rate	Annual depreciation rate
House buildings	Straight-line depreciation	20-30	5%-10%	3%-4.75%
Machinery and equipment	Straight-line depreciation	5-10	5%-10%	9%-19%
Transportation equipment	Straight-line depreciation	5-20	5%-10%	4.5%-19%
Electronic	Straight-line	5-10	5%-10%	9%-19%

equipment	depreciation			
Office equipment	Straight-line depreciation	2-5	5%-10%	18%-47.5%

The fixed asset depreciation is withdrawn with the average service life method, and the depreciation rate shall be determined according to the types of fixed assets, the predicted service life, and the predicted net residual value rate. For fixed assets with accrued impairment reserves, its depreciation amount can be calculated according to book value after deducting impairment reserves and service life in future. If the service life of each part of the fixed assets is different or the economic benefits are provided for enterprises in different ways, the different depreciation rates or depreciation methods shall be selected for depreciation respectively.

The depreciation method, depreciation life, residual value rate and annual depreciation rate of various fixed assets are shown in the table above.

### **(3). Recognition basis and valuation and depreciation methods for fixed assets under financial lease**

Applicable     Not applicable

### **24. Construction in progress**

Applicable     Not applicable

The construction in progress shall be measured at the actual cost. The actual cost includes the construction cost, installation cost, borrowing costs that meet the capitalization conditions and other necessary expenditures incurred to bring the construction in progress to estimated service conditions. When the construction in progress has achieved the estimated service conditions, it is transferred to the fixed assets, and depreciation will be accrued from the next month.

### **25. Borrowing costs**

Applicable     Not applicable

#### **(1) Recognition principle for borrowing costs capitalization**

Borrowing costs occurred by the Company that may be directly attributable to the acquisition, construction or production of assets eligible for capitalization are capitalized and accounted in the cost of relevant assets; while other borrowing costs are recognized as expenses and included in the current profit and loss account whenever occurred.

The assets complying with the capitalization condition refer to the fixed assets, investment property, inventories and other assets which need long-term acquisition, construction or production activities to reach the usable or salable status.

#### **(2) Borrowing cost capitalization period**

Capitalization period refers to the period from the beginning of borrowing cost capitalization to the end of capitalization, excluding the period of suspension of capitalization of borrowing costs.

Borrowing costs can be capitalized initially when the following conditions are met simultaneously:

- 1) The asset expenditure has been incurred, which includes the cash paid to acquire, construct or produce the assets in line with the capitalization conditions and expenditures incurred to transfer the non-monetary assets or bear the debts with interest;
- 2) The borrowing costs have been incurred;

3) Acquisition, construction or production activities required for the assets to reach the anticipated usable or salable status have begun.

When the acquired and constructed or produced assets eligible for capitalization reach the intended usable or salable status, the capitalization of borrowing costs shall be terminated.

### **(3) Capitalization suspension period**

If the asset eligible for capitalization conditions occurring in the acquisition, construction or production process is interrupted abnormally and the interruption lasts for more than three months, the capitalization of borrowing costs shall be suspended; if the interruption is necessary for the asset eligible for capitalization conditions to reach the usable or salable status, the borrowing costs can still be capitalized. Borrowing costs incurred during the interruption shall be recognized as current profits or losses, and can only be capitalized after the acquisition, construction or production of the asset is re-started.

### **(4) Calculation method of borrowing cost capitalization rate and amount**

As for special borrowing for the acquisition, construction or production of assets eligible for capitalization, the capitalization amount of borrowing cost shall be determined in light of the actual cost incurred of the specially borrowed loan at the present period minus the income of interests earned on the unused borrowing loans as a deposit in the bank or as a temporary investment.

For general borrowings for the acquisition, construction or production of assets eligible for capitalization, weighted average of asset expenditure exceedance over special borrowings is multiplied by capitalization rate of occupied general borrowing, to obtain general borrowing cost to be capitalized. The capitalization rate shall be calculated and determined in light of the weighted average effective interest rate of the general borrowing.

During the capitalization, the exchange differences for principal and interests of special foreign currency borrowing shall be capitalized and included in the cost of assets eligible for capitalization. The exchange differences for principal and interests of foreign currency borrowing other than special foreign currency borrowing shall be included in the current profit and loss account.

## **26. Right-of-use assets**

Applicable    Not applicable

See "40. Lease (3) Determination method and accounting treatment method of lease under the new lease standards" in the section.

## **27. Intangible assets**

### **(1). Valuation method, service life and impairment test**

Applicable    Not applicable

#### **1) Valuation method of intangible assets**

① Intangible asset acquired by the Company is measured initially upon the cost;

The cost of outsourced intangible asset includes purchase price, related taxes and other expenses used to make such asset reach intended usable status.

② Subsequent measurement

The service life of intangible assets shall be analyzed and determined upon acquisition.

Intangible assets with limited service life are amortized in the term bringing economic benefits for the enterprise. It is impossible to foresee that the intangible assets will bring economic benefits to the enterprise, so it is regarded as an intangible asset with uncertain service life, which will not be amortized.

2) Estimation on service life of the intangible assets with limited service life

The land use right is amortized averagely according to transfer term from transfer date. Other intangible assets are amortized averagely by stages based on the shortest period among the expected use term, the beneficial years provided by the contract and the validity stipulated by law. Amortized amount is included in the cost of relevant assets and current profit and loss account based on the beneficiaries.

3) Judgment basis on intangible assets with uncertain service life and re-check procedures of service life

The Company cannot foresee the duration of the assets to bring profits to the Company, or intangible assets whose service life is uncertain are recognized as the intangible assets with uncertain service life.

Judgment basis for assets with uncertain service life:

- ① Service life depends on contract rights or other legal rights, but contracts or other legal provisions do not expressly define service life;
- ② The duration of the intangible assets to bring profits to the Company cannot be determined based on peer feedback and expert argumentation.

At the end of each year, the intangible assets with uncertain service life shall be rechecked with the bottom-up approach. The relevant department using such intangible assets shall perform the basic recheck of the assets to determine whether to change the judgment basis for assets with uncertain service life.

**(2). Internal research and development expenditures accounting policies**

Applicable    Not applicable

1) Specific criteria for dividing of research and development stages

Expenditures of the Company for research and development are divided into expenditures in research stage and expenditures in development stage.

Research stage: a stage to carry out the creative and planned investigation and research activities in order to obtain and understand the new scientific or technological knowledge.

Development stage: a stage to apply the research achievements or other knowledge in some plans or designs in order to produce new and substantially improved materials, devices, and products prior to commercial production or use.

2) Specific conditions for expenditure capitalization in development stage

The research expenditure shall be included in the current profit and loss account when incurred. The development expenditure that simultaneously meets the following conditions shall be recognized as intangible assets. The development expenditure that fails to meet the following conditions shall be included in the current profit and loss account:

- ① It is technically feasible to complete the intangible assets so that they can be used or sold;
- ② It is intended to complete, use or sell the intangible assets;
- ③ The ways for intangible assets to generate economic benefits can prove that there is a market for the products produced by using the intangible assets or there is a market for the intangible assets themselves; if the intangible assets will be used internally, their usefulness can be proved;
- ④ There are enough technical and financial resources and other resources support in order to finish the development of such intangible asset, and the Company is able to use or sell such intangible asset;



⑤ The expenditure attributable to the development stage of the intangible assets can be measured reliably.

If it is impossible to distinguish the research and development expenditures, all the research and development expenditures incurred shall be included in the current profit and loss account.

## 28. Long-term asset impairment

Applicable   Not applicable

The Company will perform the impairment test when the impairment evidence exists for the long-term assets such as long-term equity investment, investment property measured with cost model, fixed assets, projects under construction, right-of-use assets, intangible assets identified by expected service life and oil and gas assets on each balance sheet date. If impairment test result shows that recoverable amount of assets is lower than their book value, the impairment reserves shall be accrued on the basis of the difference and included in the impairment loss account. The recoverable amount is the net of the fair value of the asset minus disposal expenses or the present value of the estimated future cash flow of the asset (whichever is higher). The asset impairment reserves are calculated and recognized based on single asset; if it is difficult to estimate the recoverable amount of single asset, recoverable amount of related asset group shall be determined. An asset group is the smallest portfolio that can generate cash inflows independently.

No matter whether there is any sign of possible assets impairment, goodwill formed by business merger, intangible assets that have uncertain service life and intangible assets that have not yet met the serviceable conditions shall be subject to impairment test at the end of each year.

When the Company makes an impairment test of goodwill, it shall, as of the purchasing day, apportion the book value of the goodwill formed by business merger to the relevant asset groups with a reasonable method. Where it is difficult to do so, it shall be apportioned to the relevant combination of asset groups. The related asset groups or combination of asset groups shall be the asset groups or combination of asset groups that can benefit from the synergy effect of business merger.

When making an impairment test on the relevant asset groups or combination of asset groups containing goodwill, if any evidence shows that the impairment of asset groups or combination of asset groups is possible, the Company shall first make an impairment test on the asset groups or combination of asset groups not containing goodwill, calculate the recoverable amount, compare it with the relevant book value and recognize the corresponding impairment loss. The Company shall make an impairment test of the asset groups or combination of asset groups containing goodwill, and compare the book value and recoverable amount. Where the recoverable amount is less than the book value thereof, the amount of impairment loss shall first offset the book value of goodwill allocated to asset groups or combination of asset groups, and offset the book value of other assets other than goodwill in the asset groups or combination of asset groups as per their proportions. Once recognized, the above-mentioned asset impairment loss will not be reversed in later accounting period.

## 29. Long-term prepaid expenses

Applicable   Not applicable

Long-term prepaid expenses refer to all expenses which are already incurred but shall be borne during the current period and the following periods and with amortization duration over one year.

## 30. Contract liabilities

### Methods for recognition of contract liabilities

Applicable   Not applicable

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Company's obligation to transfer commodities or services to customers for consideration received or receivable by the

Company is listed as contract liability. Contract assets and contract liabilities under the same contract are listed as net amount.

### **31. Employee compensation**

#### **(1). Accounting treatment methods for short-term compensation**

Applicable    Not applicable

During the accounting period when employees provide services for the Company, the actual short-term compensation is recognized as liability and included in the current profit and loss account or relevant asset costs.

The Company calculates and determines employee compensation based on social insurance charges and housing fund, labor union expenditure, and personnel education fund afforded by the Company during the accounting period when employees provide service for the Company, and specified accrual base and proportion.

The Company will record the actual amount of its employee services and benefits in the current profits and losses or relevant asset costs when actually incurred, and the non-monetary benefits will be measured at fair value.

#### **(2). Accounting treatment method for resignation welfare**

Applicable    Not applicable

##### **1) Defined contribution plan**

The Company shall pay basic endowment insurance and unemployment insurance for employees according to the relevant regulations of local government. During the accounting period that employees provide service to the Company, the payable amount shall be calculated according to the payment base and proportion specified locally and recognized as liabilities and included in the current profits and losses or relevant asset costs. In addition, the Company has also participated in the enterprise annuity plan/supplementary endowment insurance fund approved by relevant national departments. The Company pays to the annuity plan/local social insurance agencies according to a certain proportion of the total wages of employees, and the corresponding expenditures are included in the current profits and losses or relevant asset costs.

##### **2) Defined benefit plans**

The Company counts the welfare obligations generated from defined benefit plans during the period when employees provide service based on the formula determined with expected cumulative welfare unit method, and includes them in current profits and losses or related asset costs.

The deficit or surplus formed by deducting the fair value of asset in the defined benefit plan from the present value of defined benefit obligation shall be confirmed as a net liability or net asset of defined benefit plan. Where surplus is generated from the defined benefit plan, the Company defines the lower item between the asset upper limit and the surplus as the net asset of the defined benefit plan.

All defined benefit obligations, including the obligation expected to be paid within twelve months after the end of annual reporting period that employees provide service, shall be discounted according to the national debt matched with the term and currency of defined benefit obligation on the balance sheet date or the market return of high-quality corporate bonds that are active in the market.

Service cost and net interest of the net liabilities or asset generated from the defined benefit plan are included in the current profits and losses or related asset costs. The changes generated from rechecking net liabilities or asset of the defined benefit plan are included in other comprehensive income, and will not be included in the profit or loss account in the

following accounting period. The parts included in other comprehensive income shall be carried forward to undistributed profit when the defined benefit plan terminates within the equity scope.

During the settlement of the defined benefit plan, gains or losses shall be confirmed based on the difference between the present value of the defined benefit obligation and the settlement price measured at settlement date.

### **(3). Accounting treatment method of dismissal welfare**

Applicable    Not applicable

When the Company offers dismissal welfare to employees, the Company recognizes the liabilities of employee compensation arising from the dismissal welfare and includes it in the current profit and loss account when the Company cannot unilaterally withdraw the labor relation termination plan or dismissal welfare specified in the downsizing suggestions or when the Company confirms the relevant restructuring expenses or costs for payment of dismissal welfare (whichever is earlier).

### **(4). Accounting treatment method for other long-term employee welfare**

Applicable    Not applicable

## **32. Lease liabilities**

Applicable    Not applicable

See “40. Lease (3) Determination method and accounting treatment method of lease under the new lease standards” in the section.

## **33. Estimated liabilities**

Applicable    Not applicable

Where the obligations related to the contingencies meet the following conditions simultaneously, the Company shall confirm them as estimated liabilities:

- (1) This obligation is a current obligation undertaken by the Company;
- (2) It is probable that an outflow of economic benefits from the Company will appear to fulfill the obligation;
- (3) The amount of this obligation can be reliably measured.

The estimated liabilities are initially measured based on the best estimates of expenses required by fulfillment of the relevant current obligations.

When determining the best estimates, the Company comprehensively considers the contingent matters related risks, uncertainty, time value of money and other factors. If the time value of money is of great significance, the best estimate shall be determined after discounting relevant future outflow of cash.

There is a continuous expenditure in which possibilities for various outcomes are the same, and the best estimate shall be determined according to the intermediate value of that range; in other cases, the best estimate shall be treated as follows:

- If the contingencies relate to a single item, it shall be determined by the most probable amount.
- If the contingencies relate to multiple items, it shall be determined in accordance with various possible results and calculations for related probabilities.

Where all or partial expected expenditures required in paying off estimated liability are compensated by the third party, the amount of compensation as the asset shall be confirmed independently when being basically confirmed to be received, and the confirmed amount of compensation shall not exceed the book value of estimated liability.

At the balance sheet date, the Company will recheck the book value of estimated liabilities. If there is any conclusive evidence indicating that the book value cannot reflect the current best estimate, the book value is adjusted in accordance with the current best estimate.

### **34. Share-based payment**

Applicable    Not applicable

Share-based payment of the Company refers to the transaction of granting the equity instrument or undertaking the liabilities determined based on the equity instruments in order to obtain the service provided by employees or other parties. The Company's share-based payment includes equity-settled share-based payment and cash-settled share-based payment.

#### **(1) Equity-settled share-based payment and equity instrument**

The equity-settled share-based payment in return for employee services shall be measured at fair value of the equity instruments granted to employees. Share-based payment transactions that can be exercised immediately after grant shall be included in relevant costs or expenses based on the fair value of equity instruments on the grant date, and the capital reserve shall be increased accordingly. For the share-based payment transactions that can only be exercised after completing the services in the waiting period or meeting the specified performance conditions after grant, on each balance sheet date in the waiting period, the Company will include the services obtained in the current period in relevant costs or expenses according to the best estimate of the number of exercisable equity instruments and the fair value on the grant date, and increase the capital reserve accordingly.

If provision of share-based payment with equity-settled is modified, service is recognized at least based on the provision before it is modified. In addition, any modification increasing fair value of equity instruments or modification beneficial to employees at the modification date is recognized as service increase.

During the waiting period, if the equity instruments granted are canceled, the Company will treat the granted equity instruments canceled as accelerated exercise, include the remaining amount to be recognized in the waiting period in the current profit and loss account immediately, and recognize the capital reserves. But if a new equity instrument is granted and it is recognized to replace the canceled equity instrument, the replaced instrument is treated with the same method on provisions of original equity instrument as that on the modified conditions.

#### **(2) Cash-settled share-based payment and equity instrument**

The cash-settled share-based payment will be measured at fair value of the liabilities determined based on the share or other equity instruments undertaken by the Company. The Company shall include the share-based payment transactions that can be exercised immediately after grant in relevant costs or expenses based on the fair value of the liabilities on the grant date, and increase the liabilities accordingly. For the share-based payment transactions that can only be exercised after completing the services in the waiting period or meeting the specified performance conditions after grant, on each balance sheet date in the waiting period, the Company will include the services obtained in the current period in relevant costs or expenses according to the best estimate of the exercisable right and the fair value of the liabilities undertaken by the Company on the grant date, and include them in the liabilities accordingly. On each balance sheet date and settlement date prior to the settlement of relevant liabilities, the fair value of the liabilities will be re-measured, with the change included in the current profit and loss account.

**35. Preferred shares, perpetual bond and other financial instruments**

Applicable     Not applicable

**36. Income****(1). Accounting policies adopted for income recognition and measurement**

Applicable     Not applicable

The Company shall recognize the income after performance obligations in the Contract are fulfilled, namely, when the customer has obtained the control right over relevant commodities or services. Acquiring the control right over relevant commodities or services refers to the ability of dominating the use of such commodities or services and obtaining almost all economic benefits therefrom.

If the contract contains two or more performance obligations, the Company will allocate the transaction price to each individual performance obligation on the commencement date of the contract according to relative proportion of the separate selling price of the commodities or services promised by each individual performance obligation. The Company measures the income at the transaction price allocated to each individual performance obligation.

The transaction price is the amount of consideration that the Company is expected to be entitled to receive for the transfer of commodities or services to customers, excluding payments received on behalf of third parties and payments expected to be returned to customers. The Company determines the transaction price according to the terms of the contract and its previous regular practices, and at the time of determination of transaction price, takes into account the impact of variable consideration, significant financing components in the contract, non-cash consideration, consideration payable to the customer and other factors. The Company determines the transaction price with variable consideration at an amount that does not exceed the amount of the accumulated recognized income that is unlikely to be significantly reversed when relevant uncertainty is eliminated. In case of contract with significant financing, the Company shall determine the transaction price according to the amount paid by the customer in cash when it has acquired the control right over the commodities or services, and amortize the difference between the transaction price and the contract consideration by using the effective interest rate method during the contract period.

When one of the following conditions is met, the Company shall fulfill its performance obligations within a certain period; otherwise, it shall fulfill its performance obligations at a specific time:

- At the time of the Company's performance of the contract, the customer obtains and consumes the economic benefits brought by the Company's performance;
- The customer can control the goods under construction during the performance of the Company.
- The commodities produced by the Company during the performance of the contract are irreplaceable, and the Company has the right to collect payment for the accumulated part performed so far in the whole contract period.

Income from project contracting: For the project contract performance business fulfilled within a certain period, the Company recognizes the income according to the performance progress. When the performance schedule can be reasonably determined, the contract income of the current period shall be recognized by multiplying the total contract income by the performance schedule and deducting the accumulated amount of recognized income of the previous accounting period on the balance sheet date. The performance progress is measured according to the expenditure or investment incurred by the Company in fulfilling its performance obligations, and determined based on the proportion of the accumulated cost under each contract as of the balance sheet date to the estimated total cost. If the performance schedule cannot be reasonably determined, and the cost incurred is expected to be compensated, the

income shall be recognized according to the cost amount incurred until the performance schedule can be reasonably determined.

**(2). Discrepancies in accounting policies on income recognition due to different business modes for similar businesses**

Applicable     Not applicable

**37. Contract cost**

Applicable     Not applicable

Contract cost is divided into contract performance cost and contract acquisition cost.

If the cost incurred by the Company in performing the contract is not designated in relevant standards and specifications of inventories, fixed assets or intangible assets, it shall be recognized as an asset as the contract performance cost when the following conditions are met:

- (1) The cost is directly related to the current or expected contract.
- (2) The cost increases the Company's future resources for fulfilling its performance obligations.
- (3) The cost is expected to be recovered.

If the incremental cost incurred by the Company to obtain the Contract is expected to be recovered, it shall be recognized as an asset as the contract acquisition cost.

The assets related to the contract cost shall be amortized on the same basis as the revenue from commodities or services related to the assets; however, if the amortization period of the contract acquisition cost is less than one year, the Company shall include it in the current profit and loss account when it occurs.

If the book value of the assets related to the contract cost is higher than the difference between the following two items, the Company shall accrue impairment reserve for the excess part and recognize it as the asset impairment loss:

- (1) The remaining consideration expected to be obtained due to the transfer of commodities or services related to the asset;
- (2) The estimated cost to be incurred for the transfer of relevant commodities or services.

If the aforementioned difference is higher than the book value of the asset due to subsequent change in the factors resulting in impairment in the previous period, the Company shall reverse the original accrued impairment reserve and include it in the current profit and loss account; however, the book value of the asset reversed shall not be more than the book value of the asset on the date of reversal under the assumption that no impairment reserve will be accrued.

**38. Government grants**

Applicable     Not applicable

**(1) Type**

Government grants mean the monetary or non-monetary assets obtained by the Company from the government for free, including the government grants related to assets and government grants related to income.

Asset-related government grants refer to the grants obtained by the Company and used for acquisition and construction of long-term assets or formation by other ways. Income-related government grants refer to all the government grants except those pertinent to assets.

The Company divides government grants into asset-related grants because the grants are government appropriation with features of asset.

The Company divides government grants into income-related grants because the grants are government appropriation other than those relating to assets.

Where the government doesn't specify granted objects, the Company divides the government grants into asset-related grant or income-related grant according to the following basis: whether the grant is used to construct or form long-term assets by other means.

## **(2) Time of recognition**

The government grants are recognized when the Company can satisfy the conditions attached and can receive such grants.

## **(3) Accounting treatment**

Government grants related to assets shall have the book value of underlying assets offset or be confirmed as deferred income. Those confirmed as deferred income shall be included in the current profit and loss account by reasonable and systematic method within service life of underlying assets (those related to daily activities of the Company are included in other income; while those irrelevant to daily activities are included in non-operating income).

If income-related government grants are used for compensating the Company's future relevant costs or losses, such grants are recognized as the deferred income and included in the current profit and loss account (those related to daily activities of the Company are included in other income; while those irrelevant to daily activities are included in non-operating income) at the time of confirming relevant cost or loss or used for offsetting relevant cost or loss; if they are used for compensating the incurred relevant costs or losses, such grants are directly included in the current profit and loss account (those related to daily activities of the Company are included in other income; while those irrelevant to daily activities are included in non-operating income) or used for offsetting relevant cost or loss.

The policy preferential loan with discounted interest obtained by the Company shall have accounting treatment by the following two cases:

- 1) If the financial department allocates discounted interest to lending bank which offers loan to the Company by policy preferential interest rate, the Company will regard the actually received loan amount as the book value of the loan and calculate relevant borrowing costs based on loan principal and such policy preferential interest rate.
- 2) If the financial department directly allocates discounted interest to the Company, the Company will offset relevant borrowing costs with discounted interest accordingly.

## **39. Deferred income tax assets/liabilities**

Applicable    Not applicable

Income tax expense includes the current income tax and deferred income tax. Except for the income tax arising from business merger and transactions or matters directly included in the owners' equity (including other comprehensive income), the Company includes the current income tax and deferred income tax in the current profit and loss account.

Deferred income tax assets and liabilities are calculated and recognized according to the difference (temporary difference) between the tax basis of assets and liabilities and its book value.

For the confirmation of deferred income tax assets for the deductible temporary difference, the taxable income that may be obtained in future and is used to offset the deductible temporary difference shall prevail. As for any deductible loss or tax deduction that can be carried forward to the next year, the corresponding deferred income tax assets shall be determined based on the amount of future taxable income to be offset by the deductible loss or tax deduction to be likely obtained.

As to taxable temporary difference, the deferred income tax liabilities are recognized except in special circumstances.

The special circumstances under which the deferred income tax assets or liabilities are not recognized are as follows:

- (1) Initial recognition of goodwill;
- (2) Transactions or matters that do not fall into the scope of business merger nor have impact on the accounting profit or taxable income (or deductible loss) when occurring.

For the taxable temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, the deferred income tax liabilities are recognized unless the Company can control the reversal time of temporary difference and the temporary difference is probably to be reversed in the foreseeable future. For the deductible temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, the deferred income tax assets are recognized when the temporary difference is probably to be reversed in the foreseeable future and probably to be obtained to deduct the taxable income that has deductible temporary difference in the future.

On the balance sheet date, according to the provisions of the tax law, the deferred income tax assets and liabilities shall be measured according to applicable tax rate during the period of taking the assets back and paying the liabilities off as predicted.

On the balance sheet date, the Company shall review the book value of deferred income tax asset. If the taxable income to be obtained in future will be possibly not enough to be used to deduct the benefit of deferred income tax asset, the book value of such deferred income tax asset shall be written down. If it is probable to obtain sufficient taxable income, the written-down amount shall be reversed.

When the Company has the legal right to settle with net amount, and intends to settle with net amount or gains assets and pays off the liabilities at the same time, the Company presents and lists the net offset amount of the current income tax assets and liabilities.

On the balance sheet date, if the following conditions are satisfied at the same time, the deferred income tax assets and liabilities shall be listed with the net amount after being offset:

- (1) The taxpayer has the legal rights to settle the current income tax assets and liabilities with the net amount.
- (2) The deferred income tax assets and liabilities are pertinent to the income tax that is levied on the same taxpayer by the same taxation authority, or the deferred income tax assets and liabilities are pertinent to different taxpayers while the involved taxpayer intends to settle the current income tax assets and liabilities with the net amount or to acquire asset and satisfy liabilities when deferred income tax assets and liabilities are reversed in future.

#### **40. Lease**

##### **(1). Accounting treatment method for operating lease**

Applicable     Not applicable

##### **(2). Accounting treatment method for financial lease**

Applicable     Not applicable

##### **(3). Determination method and accounting treatment method of lease under the new lease standard**

Applicable     Not applicable

Lease refers to a contract in which the lessor transfers the rights-of-use of assets to the lessee for consideration within a certain period of time. On the commencement date, the Company shall evaluate whether the contract is a lease contract or involves a lease. If one party of the contract transfers the right to control the use of one or more identified assets for consideration, the contract is



a lease contract or involves a lease.

If the contract involves multiple separate leases at the same time, the Company will split the contract and carry out accounting treatment for each separate lease. If the contract involves both lease and non-lease parts, the lease and non-lease parts will be separated by the lessee and the lessor.

If the rent deduction, deferred payment and other rent reductions which are directly caused by the COVID-19 pandemic and are agreed based on existing lease contract and thereafter meet all of the following conditions, the Company chooses to adopt the Simplified Method for all leases, without accessing lease change condition and re-assessing the lease classification:

- The lease consideration after concession is reduced or basically unchanged compared with that before the concession. And the lease consideration may be undiscounted or discounted at the discount rate before the concession;
- Other terms and conditions for lease are identified as free from significant changes in consideration of qualitative and quantitative factors.

### **The Company acting as the lessee**

#### 1) Right-of-use assets

On the commencement date of the lease term, the Company recognizes the right-of-use assets for leases other than short-term leases and low-value asset leases. Right-of-use asset shall be initially measured at their costs. The costs include:

- The initial measurement amount of the lease liability;
- The lease payment amount paid on or before the commencement date of the lease term; for lease incentive, the relevant amount of it shall be deducted;
- The initial direct expenses occurred in the Company;
- The estimated costs incurred by the Company for dismantling and removing the leased assets, restoring the premises where the leased assets are located, or restoring the leased assets to the state agreed in the lease terms, but excluding the costs incurred for the production of inventories.

The Company subsequently accrues depreciation of right-of-use assets with straight-line method. If it can be reasonably determined that the ownership of the leased assets can be obtained at the end of the lease term, the Company shall accrue depreciation during the remaining service life of the leased assets; otherwise, the depreciation shall be accrued during the lease term and the remaining service life of the leased assets (whichever is shorter).

The Company determines whether the right-of-use assets have been impaired according to the principles as stated in "28. Long-term asset impairment" in the Section, and carries out accounting treatment for the recognized impairment losses.

#### 2) Lease liabilities

On the commencement date of the lease term, the Company recognizes the lease liabilities other than short-term leases and low-value asset leases. Lease liabilities are initially measured at the present value of outstanding lease payments. Lease payment includes:

- Fixed payment (including the actual fixed payment); for lease incentives, the relevant amount of it shall be deducted;
- Variable lease payments that depend on the index or rate;
- The amount expected to be paid based on the guaranteed balance provided by the Company;
- The exercise price of the purchase option, provided that this option will be exercised based on the reasonable determination of the Company;
- The amount to be paid for exercising the option to terminate the lease, provided that it reflects that the Company will exercise the option to terminate the lease in the lease term.

The Company adopts the interest rate implicit in lease as the discount rate, but if the interest rate implicit in lease cannot be reasonably determined, the incremental borrowing rate of the Company will be used as the discount rate.

The Company calculates the interest expense of the lease liabilities in each period of the lease at the fixed periodic interest rate, which is included in the current profits and losses or related asset costs.

Variable lease payments that are not included in the measurement of lease liabilities are included in the current profits and losses or related asset costs when they actually occur.

From the commencement date of the lease term, the Company shall remeasure the lease liabilities and adjust the corresponding right-of-use assets in case of any of the following circumstances. If the book value of the right-of-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the difference will be included in the current profit and loss account:

- In case of changes in the evaluation results of purchase options, lease renewal options or termination options, or inconsistencies of the actual exercise of the aforementioned options with the original evaluation results, the Company will remeasure the lease liabilities at the present value which is calculated by the lease payment after change and the revised discount rate;
- In case of changes in the actual fixed payment, the amount expected to be paid based on the guaranteed balance, or the index or ratio used to determine the lease payment, the Company shall remeasure the lease liabilities at the present value which is calculated by the lease payment after change and the original discount rate. But if the change in lease payment results from the change in floating interest rate, the present value shall be calculated by the revised discount rate.

### 3) Short-term lease and low-value asset lease

For short-term leases and low-value asset leases, the Company chooses not to recognize right-of-use assets and lease liabilities. Meanwhile, the relevant lease payments shall be included in the current profits and losses or relevant asset costs according to the straight-line method in relevant lease term. Short-term lease refers to the lease that does not exceed 12 months and does not include the purchase option from the lease date. Low-value asset lease refers to the lease with a lower value when individual leased assets are brand new. If the Company subleases or expects to sublet leased assets, the original lease shall not be deemed as low-value asset lease.

### 4) Lease change

If the lease is changed and the following conditions are met at the same time, the Company shall treat the lease change as a separate lease for accounting treatment:

- The scope of lease is expanded for this lease change by increasing the rights-of-use for one or more leased asset(s);
- The increased consideration is equivalent to the amount of separate price for the expanded portion of lease scope adjusted according to the contract conditions.

If the lease change is not accounted for as a separate lease, the Company will re-allocate the contract consideration after the change, re-determine the lease term, and re-measure the lease liabilities according to the present value calculated by the lease payment after change and the revised discount rate on the effective date of the lease change.

In case of narrowed lease scope or shortened lease term due to the lease change, the Company will reduce the book value of the right-of-use assets accordingly, and include the related gains or losses related to partial or complete termination of the lease in the current profit and loss account. If the lease liabilities are remeasured due to other lease changes, the Company will adjust the book value of the right-of-use assets accordingly.

### 5) Rent reduction caused by the COVID-19

For those following the Simplified Method for Rent Reduction Caused by the COVID-19, the Company does not assess whether there is lease change and continues calculating the interest cost of lease liability according to the discount rate consistent with that before concession and includes it in the current profit and loss account, and continues accrual of depreciation on the right-of-use asset according to the method consistent with that before concession. In case of rent deduction, the Company regards the deducted rent as variable lease payment and writes down the relevant asset cost or expense based on the amount discounted at the undiscounted rate or the discount rate before concession during conclusion of concession agreement or other actions of relieving the original rent payment obligations, and adjusts the lease liability accordingly; upon delayed rent payment, the Company writes down the lease liability recognized in previous period during actual payment.

As for short-term lease and low-value asset lease, the Company continues including the rent of the original contract in relevant asset cost or expense according to the method consistent with that before concession. In case of rent deduction, the Company regards the deducted rent as variable lease payment and uses it to write down relevant asset cost or expense during deduction; upon delayed rent payment, the Company recognizes the rent payable as accounts payable in the original payment period and writes down the amount payable recognized in the previous period during actual payment.

### **The Company acting as the lessor**

The Company divides lease into financial lease and operating lease on the lease commencement day. Financial lease refers to the lease in which almost all risks and rewards related to the ownership of leased assets are actually transferred, regardless of whether the ownership is ultimately transferred or not. Operating lease refers to the leases except for financial lease. The Company, acting as the sublessor, classifies the sublease based on the right-of-use assets generated from the original lease.

#### **1) Accounting treatment for operating lease**

The operating lease payment is recognized as rental income according to the straight-line method during each lease term. The Company capitalizes the initial direct cost related to operating lease, and amortizes and includes such cost in the current profit and loss account according to the same recognition basis of the rental income during the lease term. Variable lease payment not included in the lease payment is included in the current profit and loss account when actually incurred. In case of change in operating lease, the Company will take it as a new lease for accounting treatment from the effective date of such change. The lease deposits received or lease receivables related to the lease before such change will be regarded as the new lease payment.

#### **2) Financial lease accounting treatment**

On the commencement date of the lease term, the Company recognizes the financial lease receivables and derecognizes the financial lease assets. If the Company initially measures the financial lease receivables, the net investment in the lease will be taken as the book value of the financial lease receivables. The net investment in the lease refers to the sum of the unguaranteed balance, and the present value of the lease payment (unreceived on the commencement date of the lease term) discounted at the interest rate implicit in lease.

The Company calculates and recognizes the interest income during each lease term at the fixed periodic interest rate. The derecognition and reduction of financial lease receivables are subject to accounting treatment according to “10. Financial instrument” in the Section.

Variable lease payments that are not included in the measurement of net lease investment are included in the current profit and loss account when it actually occurs.

If the financial lease is changed and the following conditions are met at the same time, the Company shall treat the change as a separate lease for accounting treatment:

- The scope of lease is expanded for this change by increasing the rights-of-use for one or more leased asset(s);
- The increased consideration is equivalent to the amount of separate price for the expanded portion of lease scope adjusted according to the contract conditions.
- If the change in financial lease is not accounted for as a separate lease, the Company will carry out accounting treatment for the lease after such change under the following circumstances:
  - If such change comes into effect on the commencement date of lease term, the lease will be classified as an operating lease. The Company will carry out accounting treatment for the lease as a new lease from the effective date of such change, and take the net investment in the lease before the effective date of such change as the book value of the leased assets;
  - If such change comes into effect on the commencement date of lease term, the lease will be classified as a financial lease. The Company will carry out accounting treatment for the lease according to the policy on contract modification or renegotiation under “10. Financial instrument” in the Section.

#### **3) Rent reduction caused by the COVID-19**

- As for operating lease following the Simplified Method for Rent Reduction Caused by the COVID-19, the Company continues recognizing the rent of the original contract as rental income according to the method consistent with that before concession; in case of rent deduction, the Company regards the deducted rent as variable lease payment and uses it to write down rental income during deduction; upon delayed rent collection, the Company recognizes the rent to be collected as accounts receivable in the original collection period and writes down the amount receivable recognized in the previous period during actual receipt.
- As for financial lease following the Simplified Method for Rent Reduction Caused by the COVID-19, the Company continues calculating the interest according to the discount rate consistent with that before concession and recognizes it as rental income. In case of rent deduction, the Company regards the deducted rent as variable lease payment and uses it to write down the originally recognized rental income based on the amount discounted at the undiscounted rate or the discount rate before concession during conclusion of concession agreement or other actions of giving up the original rent collection rights, includes the part not enough for concession in the return on investment and adjusts the financial lease receivables accordingly; upon delayed rent collection, the Company writes down the financial lease receivables recognized in the previous period during actual receipt.

### **Sale and leaseback transaction**

The Company evaluates and determines whether the asset transfer in the sale and leaseback transaction is a sale according to the principle described under “36. Income” in the Section.

#### 1) As the lessee

If the asset transfer in the sale and leaseback transaction is a sale, the Company will, acting as the lessee, measure the right-of-use assets generated from the sale and leaseback according to the part of the book value of the original assets related to the right-to-use acquired through leaseback, and will only recognize the relevant gains or losses with respect to the rights transferred to the lessor. If the asset transfer in the sale and leaseback transaction is not a sale, the Company will, acting as the lessee, continue to recognize the transferred assets and recognize a financial liability equal to the transfer income. The accounting treatment for financial liabilities is stated in “10. Financial instrument” in the section.

#### 2) As the lessor

If the asset transfer in the sale and leaseback transaction is a sale, the Company will, acting as the lessor, carry out accounting treatment for the asset purchase, and also carry out accounting treatment for the asset lease according to the aforementioned policy in “(2) the Company acting as the lessor”. If the asset transfer in the sale and leaseback transaction is not a sale, the Company will, acting as the lessor, not recognize the transferred assets, but recognize a financial asset equal to the transfer income. The accounting treatment for financial assets is stated in “10. Financial instrument” in the section.

### **41. Other significant accounting policy and accounting estimate**

Applicable    Not applicable

#### **(1) Discontinuing operation**

Discontinuing operation indicates the part that meets any of the following conditions and can be distinguished separately when it has been disposed of or been characterized as the asset held for sale.

- 1) It represents one independent major business or one independent major operation area;
- 2) It is one part of the disposal plan of one independent major business or one major operation area;
- 3) It is the subsidiary obtained only for resales.

Gains or losses from continuous operation and discontinuing operation are listed in profit statement respectively. Operating gains or losses and disposal gains and losses, such as impairment loss and reversed amount of discontinuing operation, are reported as gains or

losses of discontinuing operation. For the discontinuing operation reported in the current period, the Company will re-present the information as gains or losses of discontinuing operation reported originally as gains or losses of continuing operation in the comparable accounting period in the current financial statements.

## **(2) Hedging accounting**

### 1) Category of hedging

- ① Fair value hedging refers to hedging for risk to changes in fair values of recognized assets or liabilities and unrecognized firm commitments (except for foreign exchange risk).
- ② A cash flow hedging refers to a hedging of the risk to changes in cash flow. Such changes in cash flow are attributable to a particular risk related to a recognized asset or liability or a highly probable forecast transaction or an unrecognized firm commitment including foreign exchange risk.
- ③ Hedging of net investment in overseas operations refers to hedging for foreign exchange risk of net investment for overseas operations. Net investment in an overseas operation refers to the equity share of an enterprise in the net assets in an overseas operation.

### 2) Designation of hedging relationship and identification of hedging effectiveness

At the beginning of the hedging relationship, the Company formally designated the hedging relationship and prepared formal written documents about the hedging relationship, risk management objectives and hedging strategies. This document specifies the nature and quantity of hedging instruments, the nature and quantity of hedged items, the nature of hedged risks and the types of hedging, as well as the Company's assessment on the effectiveness of hedging instruments. Hedging effectiveness refers to the extent to which changes in fair value or cash flow of the hedging instrument can offset the changes in fair value or cash flow of the hedged item caused by the hedged risk.

The Company continuously evaluates the effectiveness of hedging and judge whether this hedging meets the requirements on effectiveness of hedge accounting in accounting period in which the hedging relationship is specified. If not, the use of hedging relationship will be terminated.

The use of hedge accounting shall meet the following requirements on effectiveness of hedge accounting:

- ① There is an economic relationship between the hedged items and the hedging instrument.
- ② The impact of credit risk is not dominant in the value changes caused by the economic relationship between hedged items and hedging instruments.
- ③ Proper hedge ratio is adopted, which will not cause the imbalance of relative weight between the hedged items and hedging instruments, thus leading to the accounting results inconsistent with the hedge accounting objectives. If the hedge ratio is not proper any longer but the hedging risk management objectives are not changed, the quantity of hedged items or hedging instruments shall be adjusted, to make the hedge ratio meet the requirements on effectiveness again.

### 3) Accounting treatment methods for hedging

#### ① Fair value hedging

Fair value changes for hedging derivatives are included in the current profit and loss account. The changes in fair value of hedged items due to hedging risk shall be included in the current profit and loss account, and the book value of hedged items shall also be adjusted.

For the fair value hedging related to financial instruments measured at amortized cost, the adjustment made for the book value of hedged items shall be amortized within the remaining period between the adjustment date and the expiry date and included in the current profit and

loss account. The amortization using actual interest rate method may begin right after the adjustment of book value and shall not be later than the termination of adjustment aiming at the change in fair value arising from hedging risk of the hedged item.

If the recognition of hedged items is terminated, the unamortized fair value shall be recognized as the current profit and loss.

If the hedged item is unrecognized firm commitment, the accumulated fair value change of such firm commitment caused by the hedged risk shall be recognized as an asset or liability, and the relevant profits or losses are included in the current profits and losses. Fair value changes for hedging derivatives are included in the current profits and losses.

## ② Cash flow hedging

The part belonging to effective hedging in the gains or losses of hedging instruments shall be directly recognized as other comprehensive incomes; the part belonging to ineffective hedging shall be included in the current profit and loss account.

If the hedged transaction affects the current profit and loss, the amount confirmed in other comprehensive incomes shall be transferred into the current profit and loss when the hedged financial incomes or financial expenses are confirmed or the expected sales occur. If the hedged item is a cost of non-financial asset or non-financial liability, the amount originally confirmed in other comprehensive incomes shall be transferred out and included in the initially recognized amount of the non-financial asset or non-financial liability (or the amount originally confirmed in other comprehensive incomes shall be transferred out in the same period in which the non-financial asset or non-financial liability affects the gains or losses and included in the current profit and loss account).

If the expected transaction or ascertained commitment is not expected to occur, the accumulated gains or losses of hedging instruments previously included in other comprehensive income will be transferred out and included in the current profit and loss. If the hedging instruments have expired, been sold, the contract has been terminated or exercised (but has not been replaced or extended), or the designation of hedging relationship has been revoked, the amount previously included in other comprehensive income will not be transferred out until the expected transaction or ascertained commitment affects the current profit and loss.

## ③ Hedging of net investment in overseas operations

Hedging of net investment in overseas operations, including hedging of monetary items as a part of net investment, is treated in the same manner as that of cash flow. The part identified as effective hedging in the gains or losses of hedging instruments shall be included into other comprehensive incomes; the part belonging to ineffective hedging shall be recognized as the current profit and loss. In disposal on oversea operation, any accumulated gains or losses included in other comprehensive incomes shall be transferred out and included in the current profit and loss.

## 42. Change of significant accounting policies and accounting estimate

### (1). Change of significant accounting policies

Applicable    Not applicable

#### 1) Subject to the *Interpretation of Accounting Standards for Enterprises No. 15*.

On December 30, 2021, the Ministry of Finance issued the *Interpretation of Accounting Standards for Enterprises No. 15* (CK [2021] No. 35) (hereinafter referred to as the "Interpretation No. 15").

#### ① Accounting treatment of trial sales

Interpretation No. 15 stipulates the accounting treatment and presentation of external sales of products or by-products produced by an enterprise before the fixed assets meet the expected conditions for use or during the R&D process, and stipulates that the net income from the trial sales revenue after offsetting the cost shall not be used to offset the fixed asset cost or R&D expenditure.

This provision will take effect as of January 1, 2022 and retroactive adjustment shall be made for trial sales occurring between the beginning of the earliest period presented in the financial statements and January 1, 2022.

The implementation of this provision has not had a significant impact on the Company's financial position and operating results.

② Judgment about loss contract

Interpretation No. 15 clarifies that the "cost of performance of the contract" considered by an enterprise in judging whether the contract constitutes a loss contract shall include both the incremental cost of performance of the contract and the apportionment amount of other costs directly related to the performance of the contract. This provision will take effect as of January 1, 2022. The enterprise shall implement this provision for contracts that have not yet fulfilled all their obligations on January 1, 2022, and implement the cumulative effect to adjust the retained earnings and other related items in financial statements at the beginning of the year on the implementation date, without adjusting the comparative financial statement data in the previous period.

The implementation of this provision has not had a significant impact on the Company's financial position and operating results.

**2) Subject to the Notice on Relevant Issues Concerning the Application of the *Regulations for Accounting Treatment of Rent Reduction Caused by the COVID-19***

On May 19, 2022, the Ministry of Finance issued the *Notice on Relevant Issues Concerning the Application of the Regulations for Accounting Treatment of Rent Reduction Caused by the COVID-19* (CK [2022] No.13), which again adjusted the application scope for simplified accounting treatment of rent reduction caused by COVID-19, and canceled the restriction that the simplified accounting treatment could be applied to the original "reduction only for lease payables before June 30, 2022". For the reduction for lease payables directly caused by the COVID-19 after June 30, 2022, the lessee and the lessor can continue to choose the simplified method specified in the *Regulations for Accounting Treatment of Rent Reduction Caused by the COVID-19* for accounting treatment. Other applicable conditions remain unchanged.

The Company has chosen the simplified method to carry out the accounting treatment for all eligible lease contracts before the adjustment of the application scope, and all eligible similar lease contracts after the adjustment of the application scope, and made retrospective adjustment for relevant lease contracts for which the lease change has been adopted to carry out the accounting treatment before issuance of this Notice, without adjustment of the comparative financial statement data in the early stage. The relevant rent reduction from January 1, 2022 to the implementation date of the Notice, for which the accounting treatment has not been carried out according to the provisions under this Notice, has been adjusted by the Company according to this Notice.

The implementation of this notice has not had a significant impact on the Company's financial position and operating results.

**(2). Change of significant accounting estimate**

Applicable     Not applicable

**43. Others**

Applicable     Not applicable

**VI. Tax item**

**1. Key taxes and tax rate**

Key taxes and tax rate

Applicable     Not applicable

Tax type	Taxation basis	Tax rate
VAT	According to the tax law, the output tax is calculated based on the income from selling commodities and taxable services. After deducting the deductible input VAT in the current period, the difference is the VAT payable.	13%, 9%, 6%, 3%
Urban maintenance and construction tax	Based on the value-added tax payable and tax amount for the exempted tax reviewed and approved by the State Taxation Administration	7%
Corporate income tax	Calculate the payments based on the taxable income	The details of taxpayers subject to different corporate income tax rates are disclosed in the table below.
Education surcharge	Based on the value-added tax payable and tax amount for the exempted tax reviewed and approved by the State Taxation Administration	3%
Local education surcharge	Based on the value-added tax payable and tax amount for the exempted tax reviewed and approved by the State Taxation Administration	2%
House property tax	70% of the original value of property / rental income of property	1.2%/12%

With regard to taxpayers with different corporate income tax rates, disclosure statement is as follows:

Applicable    Not applicable

Name of taxpayer	Income tax rate (%)
Offshore Oil Engineering Co., Ltd.	15
A.E.S. Destructive and Non-destructive Testing Limited	16.50
Offshore Oil Engineering (Qing Dao) Co., Ltd.	15
COOEC Subsea Technologies Co., Ltd.	15
PT. COOEC Indonesia	25
COOEC Nigeria Limited	30
COOEC International Co., Ltd.	25
COOEC International Engineering Co., Ltd	25
Lanhai International Limited	0
Offshore Oil Engineering (Zhuhai) Co., Ltd.	25
COOEC NIGERIA FZE	30
COTEC INC.	21
Beijing Gaotai Deep-sea Technologies Co., Ltd.	25
COOEC Canada Company Ltd.	23
COOEC (Thailand) Co., Ltd.	20
COOEC Brasil Offshore Ltda.	34

## 2. Tax preference

Applicable    Not applicable

(1) In October 2021, the Company was jointly identified as a high-tech enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau and Tianjin Municipal Tax



Service, State Taxation Administration, and obtained the *Certificate of Hi-tech Enterprise* with No. of GR202112000342, validity of 3 years and income tax rate of 15%.

(2) In November 2021, Offshore Oil Engineering (Qing Dao) Co., Ltd. was jointly identified as a high-tech enterprise by the Qingdao Municipal Science and Technology Commission, Finance Bureau of Qingdao and Qingdao Tax Service, State Taxation Administration, and obtained the *Certificate of Hi-tech Enterprise* with No. of GR202137100184, validity of 3 years and income tax rate of 15%.

(3) In December 2020, COOEC Subsea Technologies Co., Ltd. was jointly identified as a high-tech enterprise by Science and Technology Innovation Committee of Shenzhen Municipality, Financial Commission of Shenzhen Municipality, Shenzhen Tax Service, State Taxation Administration, and Shenzhen Local Taxation Bureau, and obtained the *Certificate of Hi-tech Enterprise* with No. of GR202044203585, validity of 3 years and income tax rate of 15%.

### 3. Others

Applicable    Not applicable

(1) The method of “tax exemption, offset and reimbursement” is adopted during the sales of originating offshore engineering structure products for the offshore oil and gas exploitation enterprises by the Company and its subsidiaries - Offshore Oil Engineering (Qing Dao) Co., Ltd. and Offshore Oil Engineering (Zhuhai) Co., Ltd. according to the *Notice on VAT and Consumption Tax Policies for Exported Goods and Labor Services* (CS [2012] No. 39) released by the Ministry of Finance and the State Taxation Administration. The policy of “tax exemption, offset and reimbursement” is no longer applicable to the contract of the sales of originating offshore engineering structure products to the offshore oil and gas exploitation enterprises after January 1, 2017 by the Company and its subsidiaries - Offshore Oil Engineering (Qing Dao) Co., Ltd. and Offshore Oil Engineering (Zhuhai) Co., Ltd. according to *the Notice on Specifying VAT Policies of Financial Services, Real Estate Development and Education Services* (CS [2016] No. 140) released by the Ministry of Finance and the State Taxation Administration.

(2) Upon the approval of the State Council and according to the *Notice on the Pilot Work of Levying Value-Added Tax in Lieu of Business Tax* (CS [2016] No. 36) released by the Ministry of Finance and the State Taxation Administration, the Company and domestic subsidiaries began to adopt relevant provisions of the above Notice since May 1, 2016. According to Article I in the announcement of the State Taxation Administration (2017 No.11) - *Announcement of the State Taxation Administration on Further Clarifying the Collection and Management of Replacing Business Tax with VAT*, namely “provision of construction and installation services by the taxpayer while selling such self-produced goods as portable house, machines and equipment and steel structures does not belong to mixed sale specified in Article XL of the *Measures for the Pilot Implementation of Replacing Business Tax with VAT* (CS (2016) No. 36), so the sales volume of the goods and construction services shall be separately calculated with different tax rates or charge rates applied respectively”, in the EPC contract or sub-contract signed by the Company, different tax rates or charge rates shall be adopted for the labor price of the construction industry, and price of self-produced goods and provision of VAT taxable labor service.

## VII. Notes to items of consolidated financial statement

### 1. Monetary fund

Applicable    Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Closing balance	Opening balance
Cash on hand		
Bank deposits	257,843.39	117,078.06
Total	257,843.39	117,078.06

Including: total amount of the deposit abroad	50,803.76	26,498.15
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Other notes:

At the end of this period, the Company has no monetary funds restricted in use due to mortgage, pledge or freezing, or monetary funds deposited abroad, or monetary funds with potential recovery risk.

## 2. Financial assets held for trading

Applicable    Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Closing balance	Opening balance
Financial asset measured at fair value with their changes included in the current profit and loss	705,623.06	625,617.90
Including:		
Structured deposits	481,929.50	421,270.06
Financial products with non-principal-guaranteed floating income	223,693.56	204,347.84
Total	705,623.06	625,617.90

Other notes:

Applicable    Not applicable

## 3. Accounts receivable

### (1). Disclosure by accounting age

Applicable    Not applicable

Unit: 10,000 Yuan    Currency: RMB

Accounting age	Book balance at the end of the period
Within 1 year	
Including: subentry within 1 year	
Subtotal within 1 year	395,829.98
1-2 year(s)	24,006.42
2-3 years	4,803.60
Above 3 years	5,463.76
Total	430,103.76

**(2). Classified disclosure by bad debt provision method**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Percentage (%)	Amount	Accrual proportion (%)		Amount	Percentage (%)	Amount	Accrual proportion (%)	
Accrual of bad debt reserves by single item										
Accrual of bad debt reserves by combination	430,103.76	100.00	15,060.42	3.50	415,043.34	573,124.97	100.00	7,403.00	1.29	565,721.97
Including:										
Accounting age portfolio	66,442.76	15.45	15,060.42	22.67	51,382.34	85,425.70	14.91	7,403.00	8.67	78,022.70
Portfolio of related parties	363,661.00	84.55			363,661.00	487,699.27	85.09			487,699.27
Total	430,103.76	/	15,060.42	/	415,043.34	573,124.97	/	7,403.00	/	565,721.97

Accrual of bad debt reserves by single item:

Applicable  Not applicable

Accrual of bad debt reserves by combination:

Applicable  Not applicable

Items accrued by combination: Accounting age portfolio

Unit: 10,000 Yuan Currency: RMB

Name	Closing balance		
	Accounts receivable	Bad debt reserve	Accrual proportion (%)
Accounting age portfolio	66,442.76	15,060.42	22.67
Portfolio of related parties	363,661.00		
<b>Total</b>	<b>430,103.76</b>	<b>15,060.42</b>	

Recognition standard and description for accrual of bad debt reserves by combination:

Applicable  Not applicable

For accrual of bad debt reserves according to the general model of expected credit loss, please refer to the disclosure on other receivables:

Applicable  Not applicable

### (3). Bad debt reserve

Applicable  Not applicable

Unit: 10,000 Yuan Currency: RMB

Category	Opening balance	Amount changed in the current period				Closing balance
		Accrual	Withdrawn or reversed	Charge-off or write-off	Other changes	
Bad debt reserves of accounts receivable	7,403.00	7,433.51			223.91	15,060.42
<b>Total</b>	<b>7,403.00</b>	<b>7,433.51</b>			<b>223.91</b>	<b>15,060.42</b>

Including withdrawn or reversed amount of important bad debt reserves in this period:

Applicable  Not applicable

### (4). Accounts receivable written-off actually after verification in current period

Applicable  Not applicable

### (5). Receivables gathered based on debt party with top five balances at the end of the period

Applicable  Not applicable

Unit: 10,000 Yuan Currency: RMB

Unit name	Closing balance	Proportion to the total closing balance of accounts receivable (%)	Closing balance of bad debt reserve
China National Offshore Oil Corporation	350,645.13	81.53	
DANGOTE OIL REFINING COMPANY LIMITE	19,823.05	4.61	5,946.97

CASTLE PEAK POWER COMPANY LIMITED	11,706.06	2.72	
Caofeidian Xintian LNG Co., Ltd.	11,230.52	2.61	
CNOOC Energy Technology & Services Limited	7,853.77	1.83	
Total	401,258.53	93.30	5,946.97

**(6). Accounts receivable derecognized due to the transfer of financial assets**

Applicable  Not applicable

**(7). Amount of asset and debt formed by transferring accounts receivable and constant involvement**

Applicable  Not applicable

Other notes:

Applicable  Not applicable

**4. Advance payment****(1). Advance payment listed by the accounting age**

Applicable  Not applicable

Unit: 10,000 Yuan Currency: RMB

Accounting age	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	84,253.29	95.80	61,776.21	97.40
1-2 year(s)	3,677.71	4.18	1,652.03	2.60
2-3 years	13.76	0.02		
Above 3 years				
Total	87,944.76	100.00	63,428.24	100.00

**(2). Advance payment of the top five closing balances collected by prepaid object**

Applicable  Not applicable

Unit: 10,000 Yuan Currency: RMB

Unit name	Closing balance	Proportion to the total closing balance of advance payment (%)
Tianjin TISCO Sales Co., Ltd.	10,800.08	12.28
China Offshore Oil Service (Hong Kong) Co., Ltd.	7,628.59	8.67
Jiangsu Nisco's "Ready Rolled Steel" Trading Co., Ltd.	7,231.07	8.22
Hong Kong Yafei International Co., Ltd.	5,976.02	6.80
China Baowu Echeng Steel Co., Ltd.	4,677.34	5.32
Total	36,313.10	41.29

Other descriptions

Applicable  Not applicable

**5. Other receivables****Items listed**

Applicable  Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
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Interest receivable		
Dividends receivable		
Other receivables	3,021.02	1,790.19
Total	3,021.02	1,790.19

Other notes:

 Applicable  Not applicable**Other receivables****(1). Disclosure by accounting age** Applicable  Not applicable

Unit: 10,000 Yuan Currency: RMB

Accounting age	Book balance at the end of the period
Within 1 year	
Including: subentry within 1 year	
Subtotal within 1 year	3,712.56
1-2 year(s)	392.69
2-3 years	160.01
Above 3 years	850.61
Minus: bad debt reserve	2,094.85
Total	3,021.02

**(2). Classification by nature of payment** Applicable  Not applicable

Unit: 10,000 Yuan Currency: RMB

Nature	Book balance at the end of the period	Book balance at the beginning of the period
Transaction payment	1,606.24	
Prepaid tax	1,310.73	
Deposit, imprest and margin	1,766.61	1,782.35
Advance money	432.29	492.19
Total	5,115.87	2,274.54

**(3). Accrual of bad debt reserve** Applicable  Not applicable

Unit: 10,000 Yuan Currency: RMB

Bad debt reserve	Stage I	Stage II	Stage III	Total
	Expected credit loss in the next 12 months	Expected credit loss in the whole duration (without credit impairment)	Expected credit loss in the whole duration (with credit impairment)	
Balance on January 1, 2022	18.00		466.35	484.35
Balance on January 1, 2022 in the current period				
-- Transferred into Stage II				
-- Transferred into Stage III				
-- Transferred back to Stage II				
-- Transferred				

back to Stage I				
Amount accrued in the current period			1,606.24	1,606.24
Amount reversed in the current period				
Amount charged off in the current period				
Amount written off in the current period				
Other changes			4.26	4.26
Balance on June 30, 2022	18.00		2,076.85	2,094.85

Description to the obvious changes in book balance of other accounts receivable with loss reserves change in the current period:

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Book balance	Stage I	Stage II	Stage III	Total
	Expected credit loss in the next 12 months	Expected credit loss in the whole duration (without credit impairment)	Expected credit loss in the whole duration (with credit impairment)	
Balance on January 1, 2022	1,808.19		466.35	2,274.54
Balance on January 1, 2022 in the current period				
-- Transferred into Stage II				
-- Transferred into Stage III				
-- Transferred back to Stage II				
-- Transferred back to Stage I				
Increase in the current period	1,230.83		1,606.24	2,837.07
Current derecognition				
Other changes			4.26	4.26
Closing balance	3,039.02		2,076.85	5,115.87

The basis for deciding obvious increase in the accrued amount of bad debt reserves in the current period and the credit risk of evaluating financial instrument:

Applicable  Not applicable

#### (4). Bad debt reserve

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Category	Opening	Amount changed in the current period	Closing
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	balance	Accrual	Withdrawn or reversed	Charge-off or write-off	Other changes	balance
Accrual of bad debt reserves by single item	466.35	1,606.24			4.26	2,076.85
Accrual of bad debt reserves by combination	18.00					18.00
Total	484.35	1,606.24			4.26	2,094.85

Including reversed or withdrawn amount of important bad debt reserves in the current period:

Applicable  Not applicable

**(5). Other receivables written off actually after verification in the current period**

Applicable  Not applicable

**(6). Other accounts receivable gathered based on debt party with top five balances at the end of the period**

Applicable  Not applicable

Unit: 10,000 Yuan Currency: RMB

Unit name	Nature of accounts	Closing balance	Accounting age	Proportion to the total closing balance of other receivables (%)	Bad debt reserve Closing balance
Branch of Maridive Offshore Project	Transaction payment	1,606.24	Within 1 year	31.40	1,606.24
Huangdao District Subtreasury of Central Treasury	Prepaid tax	1,310.73	Within 1 year	25.62	
Shenzhen Customs District People's Republic of China	Security	286.52	Above 3 years	5.60	
Taiyuan Rongli Trading Co. Ltd.	Advance money	215.15	Above 3 years	4.21	215.15
Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd.	Advance money	171.13	Above 3 years	3.35	171.13
Total	/	3,589.77	/	70.18	1,992.52

**(7). Accounts receivable involving government grants**

Applicable  Not applicable



**(8). Other receivables derecognized due to the transfer of financial assets**

Applicable     Not applicable

**(9). Amount of asset and debt formed by transferring other receivables and constant involvement**

Applicable     Not applicable

Other notes:

Applicable     Not applicable

Classified disclosure by bad debt provision method:

Category	Closing balance					Opening balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Percentage (%)	Amount	Accrual proportion (%)		Amount	Percentage (%)	Amount	Accrual proportion (%)	
Accrual of bad debt reserves by single item	2,076.85	40.60	2,076.85	100.00		466.35	20.50	466.35	100.00	
Accrual of bad debt reserves by combination	3,039.02	59.40	18.00	0.59	3,021.02	1,808.19	79.50	18.00	1.00	1,790.19
Including:										
Accounting age portfolio	1,350.57	26.40			1,350.57					
Combination of reserve fund and deposit	1,535.74	30.02	18.00	1.17	1,517.74	1,806.34	79.42	18.00	1.00	1,788.34
Portfolio of related parties	152.71	2.98			152.71	1.85	0.08			1.85
Total	5,115.87	100.00	2,094.85		3,021.02	2,274.54	100.00	484.35		1,790.19

Accrual of bad debt reserves by single item:

Name	Closing balance			
	Book balance	Bad debt reserve	Accrual proportion (%)	Accrual cause
Branch of Maridive Offshore Project	1,606.24	1,606.24	100.00	Uncollected upon

Name	Closing balance			
	Book balance	Bad debt reserve	Accrual proportion (%)	Accrual cause
				prediction
Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd.	171.13	171.13	100.00	Uncollected upon prediction
Taiyuan Rongli Trading Co. Ltd.	215.15	215.15	100.00	Uncollected upon prediction
Bassam Mohsen Foundations Contracto	49.25	49.25	100.00	Uncollected upon prediction
Abdullah Hashim Industrial Gases	35.08	35.08	100.00	Uncollected upon prediction
Total	2,076.85	2,076.85		

Accrual of bad debt reserves by combination:

Name	Closing balance		
	Other receivables	Bad debt reserve	Accrual proportion (%)
Accounting age portfolio	1,350.57		
Including: Within 1 year (including 1 year)	1,350.57		
1-2 years (including 2 years)			
2-3 years (including 3 years)			
Above 3 years			
Combination of reserve fund and deposit	1,535.74	18.00	1.17
Portfolio of related parties	152.71		
Total	3,039.02	18.00	

## 6. Inventory

### (1). Type of inventories

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Inventory falling price reserves / contract performance cost impairment reserves	Book value	Book balance	Inventory falling price reserves / contract performance cost impairment reserves	Book value
Raw materials						
Unfinished products						
Commodity stock						
Revolving materials						

Consumable biological assets						
Contract performance cost	2,508.80		2,508.80	1,648.47		1,648.47
Project material preparation	134,335.77	4,786.24	129,549.53	120,118.44	6,657.25	113,461.19
Total	136,844.57	4,786.24	132,058.33	121,766.91	6,657.25	115,109.66

Including: engineering material preparation detailed as follows:

Item	Closing balance			Opening balance		
	Book balance	Inventory falling price reserves / contract performance cost impairment reserves	Book value	Book balance	Inventory falling price reserves / contract performance cost impairment reserves	Book value
Project material preparation	134,335.77	4,786.24	129,549.53	120,118.44	6,657.25	113,461.19
Including:						
Common steel products	32,498.02	1,429.40	31,068.62	40,241.60	3,300.41	36,941.19
Imported material	22,392.74	918.24	21,474.50	12,645.24	918.24	11,727.00
Electrical engineering materials	4,005.74	593.30	3,412.44	4,092.54	593.30	3,499.24
Other materials	75,439.27	1,845.30	73,593.97	63,139.06	1,845.30	61,293.76
Total	134,335.77	4,786.24	129,549.53	120,118.44	6,657.25	113,461.19

**(2). Inventory falling price reserves and contract performance cost impairment reserves**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Opening balance	Increased amount in the current period		Decreased amount in the current period		Closing balance
		Accrual	Others	Reversal or charge-off	Others	
Raw materials						
Unfinished products						
Commodity stock						

Revolving materials						
Consumable biological assets						
Contract performance cost						
Project material preparation	6,657.25	0.16		1,871.17		4,786.24
Total	6,657.25	0.16		1,871.17		4,786.24

Including: engineering material preparation detailed as follows:

Item	Opening balance	Increased amount in the current period		Decreased amount in the current period		Closing balance
		Accrual	Others	Reversal or charge-off	Others	
Project material preparation	6,657.25	0.16		1,871.17		4,786.24
Including:						
Common steel products	3,300.41	0.16		1,871.17		1,429.40
Imported material	918.24					918.24
Electrical engineering materials	593.30					593.30
Other materials	1,845.30					1,845.30
Total	6,657.25	0.16		1,871.17		4,786.24

**(3). Description on inventory closing balance including capitalization of the borrowing costs**

Applicable     Not applicable

**(4). Description of amortization of contract performance cost in the current period**

Applicable     Not applicable

Other notes:

Applicable     Not applicable

**7. Contract assets**

**(1). Contract assets**

Applicable     Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment reserves	Book value	Book balance	Impairment reserves	Book value

Asset completed but not settled under construction contract	434,695.09	478.30	434,216.79	291,587.66	320.82	291,266.84
Total	434,695.09	478.30	434,216.79	291,587.66	320.82	291,266.84

**(2). Amount and causes for any significant change in book value in the reporting period**

Applicable     Not applicable

**(3). Accrual of impairment reserves for contract assets in the current period**

Applicable     Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Balance at the end of previous year	Amount accrued in the current period	Amount reversed in the current period	Amount charged-off/written-off in the current period	Others	Closing balance	Cause
Asset completed but not settled under construction contract	320.82	156.98			0.50	478.30	
Total	320.82	156.98			0.50	478.30	/

For accrual of bad debt reserves according to the general model of expected credit loss, please refer to the disclosure on other receivables:

Applicable     Not applicable

Other notes:

Applicable     Not applicable

The contract assets are classified and disclosed according to the method of accruing impairment reserves:

Category	Closing balance				
	Book balance		Impairment reserves		Book value
	Amount	Percentage (%)	Amount	Accrual proportion (%)	
Accrual of impairment reserves by combination	434,695.09	100.00	478.30	0.11	434,216.79
Including:					
Combination of credit risk characteristics	434,695.09	100.00	478.30	0.11	434,216.79
Total	434,695.09	100.00	478.30		434,216.79

Category	Closing balance				
	Book balance		Impairment reserves		Book value
	Amount	Percentage (%)	Amount	Accrual proportion (%)	
Accrual of	291,587.66	100.00	320.82	0.11	291,266.84

impairment reserves by combination					
Including:					
Combination of credit risk characteristics	291,587.66	100.00	320.82	0.11	291,266.84
Total	291,587.66	100.00	320.82		291,266.84

## 8. Other current assets

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Value-added tax reclassification	12,470.66	22,593.37
Advance payment of corporate income tax	2,150.32	1,763.52
Others	464.76	464.37
Total	15,085.74	24,821.26

Other notes:  
None

## 9. Debt investment

### (1). Debt investment

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment reserves	Book value	Book balance	Impairment reserves	Book value
Three-year negotiable certificate of deposit	158,633.31		158,633.31	155,811.97		155,811.97
Total	158,633.31		158,633.31	155,811.97		155,811.97

### (2). Important debt investment at the end of the period

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance				Opening balance			
	Face value	Coupon rate	Actual interest rate	Expiry date	Face value	Coupon rate	Actual interest rate	Expiry date
Tianjin Tanggu Branch, Agricultural Bank of China	20,000.00	3.9875%	3.9875%	2023/12/4	20,000.00	3.9875%	3.9875%	2023/12/4
Tianjin Tanggu Branch, Agricultural Bank	30,000.00	3.9875%	3.9875%	2023/12/4	30,000.00	3.9875%	3.9875%	2023/12/4

of China								
Tianjin Municipal Branch, Industrial and Commercial Bank of China	20,000.0 0	3.9875 %	3.9875 %	2023/12/ 21	20,000.0 0	3.9875 %	3.9875 %	2023/12/ 21
Tianjin Municipal Branch, Industrial and Commercial Bank of China	20,000.0 0	3.9875 %	3.9875 %	2023/12/ 21	20,000.0 0	3.9875 %	3.9875 %	2023/12/ 21
Tianjin Municipal Branch, Industrial and Commercial Bank of China	20,000.0 0	3.9875 %	3.9875 %	2023/12/ 30	20,000.0 0	3.9875 %	3.9875 %	2023/12/ 30
Tianjin Municipal Branch, Industrial and Commercial Bank of China	10,000.0 0	3.9875 %	3.9875 %	2023/12/ 31	10,000.0 0	3.9875 %	3.9875 %	2023/12/ 31
Tianjin Tanggu Branch, Agricultural Bank of China	30,000.0 0	3.9875 %	3.9875 %	2024/1/1 5	30,000.0 0	3.9875 %	3.9875 %	2024/1/1 5
Total	150,000.0 00	/	/	/	150,000.0 00	/	/	/

**(3). Accrual of impairment reserves**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Impairment reserves	Stage I	Stage II	Stage III	Total
	Expected credit loss in the next 12 months	Expected credit loss in the whole duration (without credit impairment)	Expected credit loss in the whole duration (with credit impairment)	
Balance on January 1, 2022	155,811.97			155,811.97
Balance on January 1, 2022 in the current period				
-- Transferred into Stage II				

-- Transferred into Stage III				
-- Transferred back to Stage II				
-- Transferred back to Stage I				
Amount accrued in the current period	2,821.34			2,821.34
Amount reversed in the current period				
Amount charged off in the current period				
Amount written off in the current period				
Other changes				
Balance on June 30, 2022	158,633.31			158,633.31

Description to the obvious changes in book balance of creditors' investment receivable with loss reserves change in the current period:

Applicable     Not applicable

The basis for deciding obvious increase in the accrued amount of impairment reserves in the current period and the credit risk of evaluating financial instrument:

Applicable     Not applicable



**10. Long-term equity investment**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Investee	Opening balance	Increase and decrease variation in the current period								Closing balance	Impairment reserve balance at the end of the period	
		Additional investment	Reduced investment	Recognized gains or losses on investment under equity method	Adjustment of other comprehensive income	Change in other equities	Cash dividends or benefit to be issued	Accrual of impairment reserves	Others			
I. Joint venture												
COOEC-Fluor Heavy Industries Co., Ltd.	152,908.21			-4,569.19						1,762.56	150,101.58	
Subtotal	152,908.21			-4,569.19						1,762.56	150,101.58	
II. Associated enterprise												
Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd.												
Tianjin Zhonghe Ocean Energy Engineering Co., Ltd.												
Subtotal												
<b>Total</b>	<b>152,908.21</b>			<b>-4,569.19</b>						<b>1,762.56</b>	<b>150,101.58</b>	

## Other descriptions

Note 1: Shareholding ratio of the subsidiary - Offshore Oil Engineering (Qing Dao) Co., Ltd. in Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd. in Qingdao is 40.00%, with initial investment cost of RMB 8,125,800, and adjusted gains or losses of RMB -8,125,800, and closing balance of RMB 0.00;

Note 2: Shareholding ratio of the subsidiary - Beijing Gaotai Deep-sea Technologies Co., Ltd. in Tianjin Zhonghe Ocean Energy Engineering Co., Ltd. is 33.33%, with initial investment cost of RMB 1,666,700, and adjusted gains or losses of RMB -1,666,700. The shareholding ratio of 33.33% will be fully disposed in this period.

**11. Other equity instruments investment****(1). Other equity instruments investment**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Closing balance	Opening balance
Gansu Lanke Petrochemical Equipment Co., Ltd.	3,941.20	9,235.20
CNOOC Finance Corporation Ltd.	7,067.14	7,067.14
Total	11,008.34	16,302.34

**(2). Non-transaction equity instrument investment**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Dividends income recognized in the current period	Cumulated gains	Cumulated losses	Amount of other comprehensive income transferred to the retained earnings	Reasons for measurement at fair value with the changes included in other comprehensive income	Reasons for other comprehensive income transferred to the retained earnings
Gansu Lanke Petrochemical Equipment Co., Ltd.		2,723.21		2,699.38	Non-transaction equity instrument	Partial disposal
CNOOC Finance Corporation Ltd.	764.35				Non-transaction equity instrument	

Other notes:

□ Applicable    √Not applicable

**12. Fixed assets****Items listed**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Closing balance	Opening balance
Fixed assets	1,045,514.47	1,069,873.93
Liquidation of fixed assets	1,219.95	1,167.65
Total	1,046,734.42	1,071,041.58

**Fixed assets****(1). Fixed assets**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Houses and buildings	Machinery and equipment	Transportation means	Electronic equipment	Office equipment	Total
I. Original book value:						

1. Opening balance	471,085.30	365,346.06	1,314,217.14	9,888.48	15,123.26	2,175,660.24
2. Increased amount in the current period	1,095.51	20,874.99	8,858.13	64.98	1,132.90	32,026.51
(1) Purchase		2,343.39	53.55	47.29	1,129.92	3,574.15
(2) Transferred from projects under construction	1,086.40	18,499.77	196.95	7.9	2.59	19,793.61
(3) Increased from merger						
(4) Converted from foreign currency statement	9.11	31.83	8,607.63	9.79	0.39	8,658.75
3. Decreased amount in the current period		1,543.67	356.13	114.65	71.87	2,086.32
Disposal or scrapping		1,543.67	356.13	114.65	71.87	2,086.32
4. Closing balance	472,180.81	384,677.38	1,322,719.14	9,838.81	16,184.29	2,205,600.43
II. Cumulative depreciation						
1. Opening balance	183,266.04	267,977.18	620,451.88	7,998.13	9,543.54	1,089,236.77
2. Increased amount in the current period	9,355.10	6,942.16	38,299.70	811.36	745.13	56,153.45
(1) Accrual	9,349.58	6,914.88	30,939.77	803.8	744.77	48,752.80
(2) Converted from foreign currency statement	5.52	27.28	7,359.93	7.56	0.36	7,400.65
3. Decreased amount in the current period		1,365.42	320.51	103.18	64.69	1,853.80
Disposal or scrapping		1,365.42	320.51	103.18	64.69	1,853.80
4. Closing balance	192,621.14	273,553.92	658,431.07	8,706.31	10,223.98	1,143,536.42
III. Impairment reserve						
1. Opening balance	15,467.50	1,082.04				16,549.54
2. Increased amount in the current period						
Accrual						
3. Decreased amount in the current period						
Disposal or scrapping						
4. Closing balance	15,467.50	1,082.04				16,549.54
IV. Book value						
1. Closing book value	264,092.17	110,041.42	664,288.07	1,132.50	5,960.31	1,045,514.47
2. Opening book value	272,351.76	96,286.84	693,765.26	1,890.35	5,579.72	1,069,873.93

**(2). Temporarily idle fixed assets**

Applicable     Not applicable

**(3). Fixed assets rented through financial lease**

Applicable     Not applicable

**(4). Fixed assets leased through operating lease**

Applicable     Not applicable

**(5). Fixed assets without property certificate**

Applicable     Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Book value	Reasons for the property certificate failure
House buildings	24,104.60	In progress

Other notes:

 Applicable  Not applicable**Liquidation of fixed assets** Applicable  Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
House buildings	0.09	0.09
Machinery and equipment	683.71	1,015.10
Transportation equipment	64.07	2.07
Electronic equipment	460.29	150.39
Office equipment	11.79	
Total	1,219.95	1,167.65

**13. Construction in progress****Items listed** Applicable  Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Construction in progress	85,857.95	93,920.99
Engineering materials		
Total	85,857.95	93,920.99

**Construction in progress****(1). Projects under construction** Applicable  Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment reserves	Book value	Book balance	Impairment reserves	Book value
Procurement project of trenching plough and A-shaped crane				5,933.88		5,933.88
Port-surrounding base construction project	66,983.01		66,983.01	60,960.89		60,960.89
National oil and gas pipe emergency rescue project	9,618.16		9,618.16	17,509.45		17,509.45
Two 3,000 m working ROVs-LARS part	2,281.95		2,281.95	2,251.76		2,251.76
Blue Whale Hook Transformation Project	1,673.22		1,673.22	1,589.53		1,589.53
Ultra-deep pile hammer	2,542.70		2,542.70	2,871.26		2,871.26
Other items	2,758.91		2,758.91	2,804.22		2,804.22
Total	85,857.95		85,857.95	93,920.99		93,920.99

**(2). Changes in major construction projects of the current period**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Project name	Budget amount	Opening balance	Increase amount in the current period	Amount of transferred fixed assets in the current period	Other amount decreased in the current period	Closing balance	Proportion of project cumulative investment in budget (%)	Project progress	Total amount of interest capitalized	Including: amount of interest capitalized in the current period	Interest capitalization rate in the current period (%)	Source of funds
Procurement project of trenching plough and A-shaped crane	22,847.21	5,933.88	432.89	6,366.77			54.22	100.00				Self-raised funds
Port-surrounding base construction project	249,514.30	60,960.89	6,484.93	462.81		66,983.01	98.44	99.99				Self-raised funds
National oil and gas pipe emergency rescue project	22,000.00	17,509.45	3,381.06	11,272.35		9,618.16	94.96	98.00				Government appropriation
Two 3,000 m working ROVs-LARS part	2,291.37	2,251.76	30.19			2,281.95	99.59	99.00				Self-raised funds
Blue Whale Hook Transformation Project	2,505.09	1,589.53			-83.69	1,673.22	62.48	69.86				Self-raised funds

Ultra-deep pile hammer	17,262.00	2,871.26			328.56	2,542.70	14.73	16.65				Self-raised funds and government compensation
Other items		2,804.22	1,681.24	1,691.68	34.87	2,758.91						Self-raised funds
Total	316,419.97	93,920.99	12,010.31	19,793.61	279.74	85,857.95	/	/			/	/

**(3). Impairment reserve accrued for works under construction in the current period**

Applicable     Not applicable

Other descriptions

Applicable     Not applicable

**Engineering materials**

□ Applicable    √Not applicable

**14. Right-of-use assets**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Land	Sites and buildings	Ship	Machinery and equipment	Total
<b>I. Original book value</b>					
1. Opening balance	6,169.38	11,949.72		164.58	18,283.68
2. Increased amount in the current period		325.86			325.86
(1) New lease		155.01			155.01
(2) Revaluation adjustment		152.51			152.51
(3) Converted from foreign currency statement		18.34			18.34
3. Decreased amount in the current period					
(1) Transferred to fixed assets					
(2) Disposal					
4. Closing balance	6,169.38	12,275.58		164.58	18,609.54
<b>II. Cumulative depreciation</b>					
1. Opening balance	4,270.54	4,461.30		42.02	8,773.86
2. Increased amount in the current period	234.47	2,340.49		21.01	2,595.97
(1) Accrual	234.47	2,329.53		21.01	2,585.01
(2) Converted from foreign currency statement		10.96			10.96
3. Decreased amount in the current period					
(1) Disposal					
(1) Disposal					
(2) Transferred to fixed assets					
4. Closing balance	4,505.01	6,801.79		63.03	11,369.83
<b>III. Impairment reserve</b>					
1. Opening balance					
2. Increased amount in the current period					
(1) Accrual					
(1) Accrual					
(2) Converted from foreign currency statement					

3. Decreased amount in the current period					
(1) Disposal					
(2) Transferred to fixed assets					
4. Closing balance					
IV. Book value					
1. Closing book value	1,664.37	5,473.79		101.55	7,239.71
2. Opening book value	1,898.84	7,488.42		122.56	9,509.82

**15. Intangible assets****(1). Intangible assets**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Land-use right	Patent right	Total
I. Original book value			
1. Opening balance	132,065.91	21,613.66	153,679.57
2. Increased amount in the current period		10.53	10.53
(1) Purchase			
(2) Internal R&D			
(3) Increased from merger			
(4) Converted from foreign currency statement		10.53	10.53
3. Decreased amount in the current period			
(1) Disposal			
(2) Invalid and derecognized part			
(3) Others			
4. Closing balance	132,065.91	21,624.19	153,690.10
II. Cumulative amortization			
1. Opening balance	26,359.49	17,804.65	44,164.14
2. Increased amount in the current period	1,349.87	837.43	2,187.30
(1) Accrual	1,349.87	827.72	2,177.59
(2) Converted from foreign currency statement		9.71	9.71
3. Decreased amount in the current period			
(1) Disposal			
(2) Invalid and derecognized part			
(3) Others			
4. Closing balance	27,709.36	18,642.08	46,351.44
III. Impairment reserve			
1. Opening balance			



2. Increased amount in the current period			
(1) Accrual			
3. Decreased amount in the current period			
(1) Disposal			
(2) Invalid and derecognized part			
4. Closing balance			
IV. Book value			
1. Closing book value	104,356.55	2,982.11	107,338.66
2. Opening book value	105,706.42	3,809.01	109,515.43

At the end of the period, the intangible assets formed through internal R&D of the Company accounted for 0% of the rest intangible assets.

**(2). Land use right without the property certificate**

Applicable  Not applicable

Other notes:

Applicable  Not applicable

**16. Goodwill**

**(1). Goodwill original book value**

Applicable  Not applicable

Unit: 10,000 Yuan Currency: RMB

Investee name or goodwill-related matters	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Formed by business merger		Disposal		
A.E.S. Destructive and Non-destructive Testing Limited	1,307.51					1,307.51
Total	1,307.51					1,307.51

**(2). Impairment reserves for goodwill**

Applicable  Not applicable

Unit: 10,000 Yuan Currency: RMB

Investee name or goodwill-related matters	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Accrual		Disposal		
A.E.S. Destructive and Non-destructive Testing Limited	1,307.51					1,307.51
Total	1,307.51					1,307.51

**(3). Information about the asset group or combination of asset groups of goodwill**

Applicable  Not applicable

(4). Explain the process and major parameters of goodwill impairment testing (such as growth rate in the forecast period and in the stable period, profit rate, discount rate, forecast period (as applicable) in estimation of present value of expected future cash flow), as well as the method of confirming impairment loss

Applicable  Not applicable

(5). Impact of goodwill impairment testing

Applicable  Not applicable

Other notes:

Applicable  Not applicable

#### 17. Long-term prepaid expenses

Applicable  Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Opening balance	Increased amount in the current period	Current amortization amount	Other amount of decrease	Closing balance
Cost of parking space usage	5,775.92		92.66		5,683.26
Renovation expense	152.43		48.13		104.30
Charges for software	181.93		93.48		88.45
Cost of ship dock repair	4,293.56	3,492.07	1,415.99	-47.90	6,417.54
Dredging in terminal waters	8,075.78	-4.85	417.46		7,653.47
Premium	1,274.47	965.89	711.41		1,528.95
Total	19,754.09	4,453.11	2,779.13	-47.90	21,475.97

#### 18. Deferred income tax assets / liabilities

(1). Deferred income tax assets without offset

Applicable  Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax Assets	Deductible temporary difference	Deferred income tax Assets
Asset impairment reserve	22,181.57	3,327.24	22,791.51	3,418.73
Internal unrealized profit	49,957.38	12,489.34	51,719.94	12,929.98
Deductible loss	2,547.03	471.20	2,705.01	500.43
Estimated liabilities	5,297.14	794.57	7,006.03	1,050.90
Not-invoiced costs on account	49,481.97	7,422.29	77,128.06	11,569.21
Deferred income	15,823.91	2,373.59	15,723.88	2,358.58
Total	145,289.00	26,878.23	177,074.43	31,827.83

**(2). Deferred income tax liabilities without offset**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Fair value change in other equity instruments investment	2,723.21	408.48	7,088.24	1,063.24
Difference in depreciation, amortization and depletion of assets	12,023.11	1,803.46	11,997.94	1,799.69
Estimation of trading financial instruments and derivative financial instruments	14,256.37	2,138.46	2,617.9	392.68
Total	29,002.69	4,350.4	21,704.08	3,255.61

**(3). Deferred income tax assets and deferred income tax liabilities listed by the offset net amount**

□ Applicable    √Not applicable

**(4). Details of unrecognized deferred income tax assets**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Closing balance	Opening balance
Deductible temporary difference	12,410.48	5,348.70
Deductible loss	1,371.30	
Total	13,781.78	5,348.70

**(5). Deductible losses of unrecognized deferred income tax assets will expire in the following years**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Year	Amount at the end of the period	Amount at the beginning of the period	Remarks
2022			
2023			
2024			
2025			
2026	1,371.30		
Indefinite duration			
Total	1,371.30		/

Other notes:

□ Applicable    √Not applicable

**19. Bills payable**√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Type	Closing balance	Opening balance
Commercial acceptance bills	39,253.31	18,267.37
Bank acceptance		
Total	39,253.31	18,267.37

The total of bills payable due but not paid at the end of the current period is RMB 0.00.

**20. Accounts payable****(1). List of accounts payable**√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Engineering project and material collections	876,716.15	833,710.71
Total	876,716.15	833,710.71

**(2). Major accounts payable with accounting age over 1 year**√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Reasons for non-payment or carryover
China Harbour Engineering Company Ltd.	3,221.47	Unfinished settlement
MARINE PLATFORMS LIMITED	2,386.12	Unfinished settlement
Guangzhou Haiming Marine Engineering Co., Ltd.	966.62	Unfinished settlement
Total	6,574.21	/

Other notes:

Applicable Not applicable**21. Advance payment****(1). List of advance payment**√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Others	14.00	154.86
Total	14.00	154.86

**(2). Major advance payment with accounting age over 1 year**Applicable Not applicable

Other notes:

Applicable Not applicable**22. Contract liabilities****(1). Contract liabilities**√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Payment of settled and	239,445.74	98,447.47

uncompleted project in construction contract		
Total	239,445.74	98,447.47

**(2). Amount and causes for any significant change in book value in the reporting period**

Applicable     Not applicable

Other notes:

Applicable     Not applicable

**23. Payroll payable****(1). Presentation of employee compensation payable**

Applicable     Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term compensation	37,815.41	113,246.87	119,576.40	31,485.88
II. Defined contribution plans for welfare after dismissal	0.27	19,811.46	19,811.44	0.29
III. Dismissal welfare	23.91	522.56	457.59	88.88
IV. Other welfares to expire within one year				
Total	37,839.59	133,580.89	139,845.43	31,575.05

**(2). List of short-term compensation**

Applicable     Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Wages, bonuses, allowances and subsidies	28,888.55	85,167.27	92,581.31	21,474.51
II. Employee welfare		2,867.11	2,867.11	
III. Social insurance fee		12,637.28	12,637.28	
Including: medical insurance expense		11,891.55	11,891.55	
Industrial injury insurance expense		437.07	437.07	
Birth insurance expense		308.66	308.66	
IV. Housing accumulation fund		9,614.91	9,614.91	
V. Labor union expenditure and personnel education fund	8,926.86	2,911.31	1,826.80	10,011.37
VI. Short-term compensated absences				
VII. Short-term profits sharing plan				
Others		48.99	48.99	
Total	37,815.41	113,246.87	119,576.40	31,485.88

**(3). List of defined contribution plans**

Applicable     Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Primary endowment insurance	0.27	13,322.07	13,322.05	0.29
2. Unemployment insurance expense		433.85	433.85	
3. Enterprise annuity		6,055.54	6,055.54	
Total	0.27	19,811.46	19,811.44	0.29

Other notes:

 Applicable     Not applicable**24. Taxes payable** Applicable     Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Closing balance	Opening balance
VAT	2,637.98	2,359.80
Corporate income tax	4,898.37	6,142.16
Individual income tax	147.03	2,295.58
House property tax	305.70	325.04
Urban maintenance and construction tax	446.36	464.01
Stamp tax	77.48	229.46
Education surcharge	318.69	331.29
Land use tax	139.56	139.56
Others	1,087.47	1,770.44
Total	10,058.64	14,057.34

**25. Other payables****Items listed** Applicable     Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Closing balance	Opening balance
Interest payable		
Dividends payable	0.18	0.17
Other payables	39,623.16	41,956.30
Total	39,623.34	41,956.47

**Interest payable** Applicable     Not applicable**Dividends payable** Applicable     Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Closing balance	Opening balance
Common stock dividends	0.18	0.17
Preferred stock\perpetual bond dividend divided into equity instruments		
Total	0.18	0.17

**Other payables****(1). Other payables listed by nature of payment**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Closing balance	Opening balance
Suspense credits	6,681.80	7,044.17
Retention money and deposit	32,390.87	29,965.14
Cost of scientific research		
Amount withheld and remitted	550.49	4,946.99
Transaction payment		
Total	39,623.16	41,956.30

**(2). Other major payables with accounting age over 1 year**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Closing balance	Reasons for non-payment or carryover
Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd.	151.37	Undue settlement period
Total	151.37	/

Other notes:

□ Applicable    √Not applicable

**26. Non-current liability due within one year**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Closing balance	Opening balance
Long-term loans expired within one year	13,422.80	12,760.74
Bond due and payable within one year		
Long-term payables within one year		
Lease liability due within one year	3,966.92	3,737.71
Total	17,389.72	16,498.45

**27. Other current liabilities**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Closing balance	Opening balance
Short-term bond payable		
Refund payable		
Pending output taxes	62,138.82	48,824.58
Total	62,138.82	48,824.58

Increase/decrease of short-term bond payable:

□ Applicable    √Not applicable

Other notes:

□ Applicable    √Not applicable

**28. Long-term loans****(1). Long-term loan classification**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Closing balance	Opening balance
Pledge loan		
Mortgage loan		
Guaranteed loan	20,150.28	25,502.80
Credit loan	22,002.06	22,002.95
Total	42,152.34	47,505.75

Description on long-term loan classification:

Note 1: In July, 2021, the Company's subsidiary - COOEC International Co., Limited and Zhuhai Branch of Bank of China entered into a loan contract, with a loan amount of USD 60 million and a loan term of 35 months from the actual withdrawal date. The loan funds are used for payment of the loan between the subsidiary and the Company, of which RMB 134.228 million is reclassified as non-current liabilities due within one year, and the ending balance includes interest payable of RMB 160,800.

Note 2: In March 2017 and February 2018, the Company signed three-party entrusted loan contract with CNOOC and CNOOC Finance Corporation Ltd. CNOOC entrusted CNOOC Finance Corporation Ltd. to provide a loan of RMB 90 million and RMB 130 million for the Company respectively with the loan period of five years. All loan funds will be used in constructing national oil and gas pipe for emergency rescue of the South China Sea Base project. After the loan of RMB 90 million is repaid, the Company signed three-party entrusted loan contract with CNOOC and CNOOC Finance Corporation Ltd. in May of 2022. CNOOC entrusted CNOOC Finance Corporation Ltd. to provide a loan of RMB 90 million for the Company respectively with the loan period of three years. All loan funds will be used for working capital turnover (state-allocated funds). The closing balance includes an accrued interest of RMB 20,600.

Other notes, including interest rate interval:

□ Applicable    √Not applicable

**29. Lease liabilities**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Closing balance	Opening balance
Land	2,418.43	1,894.49
Sites and buildings	3,954.16	5,809.11
Ship		
Machinery and equipment		
Minus: lease liability due within one year	-3,966.92	-3,737.71
Total	2,405.67	3,965.89

**30. Estimated liabilities**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Causes



Pending litigation					
Product quality assurance	1,547.33	1,515.76	1,547.33	1,515.76	Note 1
Loss contract to be executed	7,559.60		2,168.13	5,391.47	Note 2
Total	9,106.93	1,515.76	3,715.46	6,907.23	/

Other description, including description of relevant important assumption and estimation of important estimated liabilities:

Note 1: According to the requirements of the *Accounting Standards for Enterprises No. 14 - Income* and the *Accounting Standards for Enterprises No. 13 - Contingencies*, if the purpose of quality assurance is to assure customers that the commodities sold meet established standards, and the obligations arising from the quality guarantee terms meet relevant conditions, the estimated liabilities shall be recognized for the quality guarantee.

Note 2: According to the requirements of the *Accounting Standards for Enterprises No. 14 - Income* and the *Accounting Standards for Enterprises No. 13 - Contingencies*, if the contract to be executed turns to be a loss contract, and the obligations arising from the loss contract meet the relevant conditions, the estimated liabilities shall be recognized for the loss contract. The estimated contract loss of RMB 53,914,700 is the remaining estimated loss to be incurred in completing the project with the estimated total contract cost exceeding the total contract revenue, which is recognized based on the performance progress.

### 31. Deferred income

Deferred income

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Causes
Government grants	16,005.90	3,032.02	3,046.23	15,991.69	Government appropriation
Total	16,005.90	3,032.02	3,046.23	15,991.69	/

Projects involving government grants:

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Liabilities	Opening balance	Newly-added grant amount in the current period	Amount included in non-operating income of the current period	Other income amount included in the current period	Other changes	Closing balance	Related to assets/income
Return of site supporting facilities fee	4,823.44			68.26		4,755.18	Related to assets
Deed tax return of office	379.48			17.65		361.83	Related to assets

building in bonded area							
Special fund from the central government for air pollution prevention and control	437.50			25.00		412.50	Related to assets
863 deepwater submarine pipeline laying technology	652.67			20.39		632.28	Related to assets
Financial allocation for scientific research of significant national projects	9,712.81	3,032.02		1,757.19	-1,157.74	9,829.90	Related to income
Total	16,005.90	3,032.02		1,888.49	-1,157.74	15,991.69	

Other notes:

 Applicable  Not applicable**32. Share capital** Applicable  Not applicable

Unit: 10,000 Yuan Currency: RMB

	Opening balance	Increase and decrease in this change (+, -)					Closing balance
		Newly issued shares	Donated shares	Shares transferred from additional paid-in capital	Others	Subtotal	
Total shares	442,135.48						442,135.48

**33. Capital reserves** Applicable  Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Capital	422,970.20			422,970.20

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premium (share capital premium)				
Other capital reserve	1,831.97			1,831.97
Total	424,802.17			424,802.17

**34. Other comprehensive income**

√Applicable   □Not applicable

Unit: 10,000 Yuan   Currency: RMB

Item	Opening balance	Amount incurred in the current period						Closing balance
		Amount before current income tax	Minus: amount included in other comprehensive income and then transferred into current profit and loss	Minus: amount included in other comprehensive income and then transferred into retained earnings in current period	Minus: income tax expenses	Attributable to parent company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive incomes which cannot be reclassified into the profit and loss in future	6,025.00	-1,665.65		2,699.38	-654.76	-3,710.27		2,314.73
Including: Change due to re-measurement of defined benefit plans								
Other comprehensive incomes that cannot be reclassified into the profit and loss with the equity method								
Fair value change in other equity instruments investment	6,025.00	-1,665.65		2,699.38	-654.76	-3,710.27		2,314.73
Fair value change in the credit risk of the Company								
II. Other comprehensive income which will be reclassified into the profit and loss	8,153.07	-5,413.76				-5,440.04	26.28	2,713.03
Including: Other comprehensive incomes that can be reclassified into the profit and loss with the equity method								
Fair value change in other								

creditors' investment								
Amount of financial assets reclassified and included in other comprehensive income								
Credit impairment reserves for other creditors' investment								
Hedging reserves of cash flow								
Conversion difference in the foreign currency statements	8,153.07	-5,413.76				-5,440.04	26.28	2,713.03
Other comprehensive income sum	14,178.07	-7,079.41		2,699.38	-654.76	-9,150.31	26.28	5,027.76

**35. Special reserve**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Safety production cost	24,035.68	16,452.02	19,714.08	20,773.62
Total	24,035.68	16,452.02	19,714.08	20,773.62

**36. Surplus reserve**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Legal surplus reserve	169,168.72	232.54		169,401.26
Other surplus reserve	8,914.59			8,914.59
Reserve funds				
Enterprise development fund				
Others				
Total	178,083.31	232.54		178,315.85

Note: The increase in current period refers to the retained earnings carried forward from the disposal of non-transaction equity instrument investment.

**37. Undistributed profit**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Current period	Last year
Undistributed profit at the end of previous period before adjustment	1,190,972.39	1,187,709.32
Total undistributed profit at the beginning of adjustment (increase +, decrease -)		-181.45
Undistributed profit at the end of adjustment	1,190,972.39	1,187,527.87
Plus: Net profit attributable to owners of the parent company	48,113.57	39,970.08
Minus: withdrawn legal surplus reserve		
Withdrawn optional surplus reserve		
General risk reserve accrued		
Common stock dividends payable	35,370.84	30,949.48
Common stock dividends converted into share capital		
Others	-2,092.82	-239.14
Undistributed profit at the end of the period	1,205,807.94	1,196,787.61

Details on undistributed profit at the beginning of the period:

1. Retroactive adjustment shall be made according to the *Accounting Standards for Business Enterprises* and related new regulations, and undistributed profit affected at the beginning of the previous period is RMB -1,814,500.
2. The undistributed profit affected by alteration of accounting policy at the beginning of the period is RMB 0.00.
3. The undistributed profit affected by correction of significant accounting errors at the beginning of the period is RMB 0.00.
4. The undistributed profit affected by changes in merger scope caused by the same control at the beginning of the period is RMB 0.00.
5. The undistributed profit affected by other adjustments at the beginning of the period is RMB 0.00.

### 38. Operating income and operating expenses

#### (1). Operating income and operating expenses

Applicable    Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Amount incurred in the current period		Amount incurred in last period	
	Income	Cost	Income	Cost
Main business	1,170,174.13	1,078,451.16	743,810.79	651,938.03
Other business	3,229.59	2,786.85	3,282.77	879.06
Total	1,173,403.72	1,081,238.01	747,093.56	652,817.09

#### (2). Income from contracts

Applicable    Not applicable

Unit: 10,000 Yuan    Currency: RMB

Contract category	Total
(1) Revenue from offshore engineering EPCI contract project	719,275.29
(2) Revenue from offshore engineering Non-EPCI contract project	77,024.87
Including: revenue from offshore installation and subsea pipe-laying	28,458.11
Maintenance service income	20,866.21
Revenue from onshore construction	22,407.08
Engineering design income	5,293.47
(3) Income from non-ocean engineering projects	373,873.97
Total	1,170,174.13

Description of income from contracts:

Operating income of top five customers

Customer name	Amount in the current period	Proportion to total operating income (%)
China National Offshore Oil Corporation	786,678.72	67.04
JGC Fluor BC LNG Joint Venture	106,587.25	9.08
The Hongkong Electric Company, Limited	89,771.46	7.65
National Petroleum and Natural Gas	46,011.18	3.92

Pipeline Network Group Co., Ltd.		
Caofeidian Xintian LNG Co., Ltd.	37,364.78	3.18
Total	1,066,413.39	90.87

**(3). Explanation of performance obligations**

Applicable     Not applicable

**(4). Explanation of allocation to remaining performance obligations**

Applicable     Not applicable

**39. Taxes and surcharges**

Applicable     Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
Urban maintenance and construction tax	1,100.33	714.69
House property tax	1,407.73	1,027.06
Land use tax	288.18	288.22
Education surcharge	473.78	321.24
Local education surcharge	314.83	244.48
Stamp tax	1,251.93	535.13
Vehicle and vessel use tax	0.82	5.65
Others	3.76	2.72
Total	4,841.36	3,139.19

**40. Sales cost**

Applicable     Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
Employee compensation	668.31	579.39
Amortization of long-term prepaid expenses	48.13	48.13
Office, water, electricity and communication expenses	12.77	10.58
Depreciation cost and amortization of intangible assets	56.22	60.23
Others	177.52	285.68
Total	962.95	984.01

**41. Management cost**

Applicable     Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
Employee compensation	7,318.28	6,996.25
Depreciation cost and amortization of intangible assets	788.13	878.36
Rental fees	67.15	117.59



Travel expenses	59.71	208.11
Property management and afforestation expense	331.98	344.00
Office, water, electricity and communication expenses	207.39	133.65
Transportation expense	74.88	91.15
Auditing and consulting expense	104.29	111.06
Others	416.23	358.19
Total	9,368.04	9,238.36

**42. R&D expense**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
Machinery consumables	5,728.32	11,048.49
Cost of outsourcing services	6,031.74	11,961.04
Employee compensation	8,849.00	6,690.46
Ship service cost	2,306.19	2,675.17
Travel expenses	110.62	243.72
Expert consultation expenses	11.30	50.19
Others	52.96	220.11
Total	23,090.13	32,889.18

**43. Financial cost**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
Interest expense	579.00	810.56
Including: interest expenses on lease liabilities	147.68	365.41
Minus: interest income	-906.58	-731.28
Gains or losses from exchange	-4,429.93	1,185.37
Others	856.20	836.01
Total	-3,901.31	2,100.66

**44. Other incomes**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
Consumption tax refund	-1,220.88	1,296.63
Government grants	1,888.49	2,519.86
Handling charge for withholding individual income tax	142.86	145.11
Others	27.18	82.16
Total	837.65	4,043.76

Other notes:

Government grants included in other income:

Grant items	Amount in the current period	Amount in last period	Related to assets/income

Return of land supporting facilities fee	68.26	68.26	Related to assets
Deed tax return of office building in bonded area	17.65	17.65	Related to assets
Special fund from the central government for air pollution prevention and control	25.00	25.00	Related to assets
863 deepwater submarine pipeline laying technology	20.39		Related to assets
R&D grant	1,375.58	2,298.88	Related to income
Stable job grant	43.34	4.20	Related to income
Commission allowance for processing trade guarantee		47.99	Related to income
Grant for stable growth		22.18	Related to income
Training subsidy from Human Resources and Social Security Bureau		30.00	Related to income
Talent subsidy	289.80		Related to income
Removal subsidies	47.55		Related to income
Others	0.92	5.70	Related to income
Total	1,888.49	2,519.86	—

**45. Investment income**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
Long-term equity investment income accounted by equity method	-2,806.62	-7,229.42
Investment income from the disposal of long-term equity investment	40.01	
Investment income for financial assets held for trading during the holding period	6,445.80	6,480.26
Dividends income from other equity instruments investment during the holding period	764.35	
Interests income from creditors' investment during the holding period	2,821.34	2,793.13
Interests income from other creditors' investment during the holding period		
Investment income from the disposal of financial assets held for trading		
Investment income from the disposal of other equity instruments investment		
Investment income from the disposal of creditors' investment		
Investment income from the disposal of other creditors' investment		
Gains from debt restructuring		
Total	7,264.88	2,043.97

**46. Income from changes in fair value**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Sources for income from change	Amount incurred in the	Amount incurred in last
--------------------------------	------------------------	-------------------------

in fair value	current period	period
Financial assets held for trading	3,005.16	-510.03
Including: income from changes in fair value generated by derivative financial instruments.		
Financial liabilities held for trading		
Investment property calculated based on fair value		
Total	3,005.16	-510.03

**47. Credit impairment loss**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
Bad debt loss of bills receivable		
Bad debt loss of accounts receivable	7,433.51	3,168.55
Bad debt loss of other accounts receivable	1,606.24	
Impairment loss of creditors' investment		
Impairment loss of other creditors' investment		
Bad debt loss of long-term accounts receivable		
Impairment loss of contract assets		
Total	9,039.75	3,168.55

**48. Asset impairment loss**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
I. Bad debt loss		
II. Inventory falling price loss and contract performance cost impairment loss	0.16	873.05
III. Impairment loss of contract assets	156.98	54.04
IV. Impairment loss of long-term equity investment		
V. Impairment loss of investment property		
VI. Impairment loss of fixed assets		
VII. Impairment loss of engineering materials		
VIII. Impairment losses on projects under construction		
IX. Impairment loss of productive biological asset		
X. Impairment loss of oil and gas assets		
XI. Impairment loss of intangible		

assets		
XII. Impairment loss on goodwill		
XIII. Miscellaneous		
Total	157.14	927.09

**49. Asset disposal income**

Applicable    Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
Gains or losses from the disposal of fixed assets		1,414.20
Total		1,414.20

Other notes:

Applicable    Not applicable

**50. Non-operating income**

Applicable    Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period	Amount included in the current non-recurring gains or losses
Total gains or losses from the disposal of non-current assets	33.71		33.71
Including: gains or losses from the disposal of fixed assets	33.71		33.71
Gains or losses from the disposal of intangible assets			
Gains from debt restructuring			
Gains or losses from exchange of non-monetary assets			
Donation received			
Government grants			
Breach of contract and indemnity	980.11	355.94	980.11
Payables not requiring paying	59.63	113.73	59.63
Others	15.43	0.72	15.43
Total	1,088.88	470.39	1,088.88

Government grants included in the current profit and loss

**Applicable**     **Not applicable**

Other notes:

Applicable    Not applicable

**51. Non-operating expenses**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period	Amount included in the current non-recurring gains or losses
Total losses from the disposal of non-current assets	84.36	1.08	84.36
Including: losses from the disposal of fixed assets	84.36	1.08	84.36
Losses from the disposal of intangible assets			
Loss on debt restructuring			
Losses from exchange of non-monetary assets			
External donation	150.00		150.00
Others	58.88	9.37	58.88
Total	293.24	10.45	293.24

**52. Income tax expense****(1) Table of income tax expense**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
Income tax expense for the current period	6,102.31	7,162.24
Deferred income tax expense	6,724.06	2,103.38
Total	12,826.37	9,265.62

**(2) Adjustment process of accounting profit and income tax expense**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Amount incurred in the current period
Total profit	60,510.98
Income tax expense calculated according to legal/applicable tax rate	9,076.65
Influence of different tax rate application of subsidiaries	1,155.61
Influence of income tax before adjustment	-171.67
Influence of non-taxable income	1,027.65
Influence of cost, expense and losses that cannot be deducted	63.52
Influence of deductible losses from unrecognized deferred income tax assets in the former period	
Influence of deductible temporary difference or deductible losses of unrecognized deferred income tax assets in this period	342.83
Others	1,331.78
Income tax expense	12,826.37

Other notes:

□ Applicable    √Not applicable

**53. Other comprehensive income**√Applicable Not applicable

See "34. Other comprehensive income" in this section.

**54. Items of cash flow statement****(1). Cash received relating to other operating activities**√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
R&D and government appropriation	6,588.73	18,273.28
Insurance claim payment	677.76	593.90
Interest income	906.58	731.28
Imprest, deposit and cash deposit	972.94	5,948.41
Others	113.24	815.68
Total	9,259.25	26,362.55

**(2). Cash paid relating to other operating activities**√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
Short-term and low-value lease payment	804.32	4,129.12
Imprest, deposit and cash deposit	2,981.20	7,412.24
Auditing and consulting expense	104.29	111.06
Service charge	856.20	836.01
Travel expenses	170.33	451.83
Rental fees	67.15	
Property management and afforestation expense	331.98	344.00
Others	4,316.81	6,152.28
Total	9,632.28	19,436.54

**(3). Other cash received relating to investment activities**Applicable Not applicable**(4). Other cash paid relating to investment activities**Applicable Not applicable**(5). Other cash received relating to financing activities**Applicable Not applicable**(6). Other cash paid relating to financing activities**√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
Cash paid to repay lease liabilities	1,759.57	2,915.04
Total	1,759.57	2,915.04

**55. Supplementary data of cash flow statement****(1) Supplementary data of cash flow statement**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Supplementary data	Amount in the current period	Amount in last period
<b>1. Adjustment of net profit to cash flows from business activities:</b>		
Net profit	47,684.61	40,015.65
Plus: Asset impairment reserve	157.14	927.09
Credit impairment loss	9,039.75	3,168.55
Depreciation of fixed assets, depletion of oil and gas assets as well as depreciation of productive biological assets	48,752.80	46,749.13
Amortization of right-of-use assets	2,585.01	3,758.09
Amortization of intangible assets	2,177.59	1,987.15
Amortization of long-term prepaid expenses	2,779.13	1,146.59
Losses from the disposal of fixed assets, intangible assets and other long-term assets (earnings indicated with "-")		-1,414.20
Losses from retirement of fixed assets (earnings indicated with "-")	50.65	1.08
Losses from fair value change (earnings indicated with "-")	-3,005.16	510.03
Financial expenses (earnings indicated with "-")	-3,850.93	1,995.93
Investment loss (earnings indicated with "-")	-7,264.88	-2,043.97
Decrease of deferred income tax assets (increase indicated with "-")	4,949.60	6,913.05
Increase of deferred income tax liabilities (decrease indicated with "-")	1,749.55	-183.16
Inventory decrease (increase indicated with "-")	-15,077.66	-32,498.17
Decrease of business receivables (increase indicated with "-")	137,929.86	122,337.13
Increase of business receivables (decrease indicated with "-")	49,228.30	-101,229.74
Others	-3,262.06	-6,880.39
Net cash flow from operating activities	274,623.30	85,259.84
<b>2. Major investment and financing events excluding cash deposit and withdrawal:</b>		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under financial leases		
<b>3. Net amount variations of cash and cash equivalent:</b>		

Cash balance at the end of the period	257,843.39	128,494.31
Minus: cash balance at the beginning of the period	117,078.06	157,197.23
Plus: cash equivalent balance at the end of the period		
Minus: cash equivalent balance at the beginning of the period		
Net increase in cash and cash equivalent	140,765.33	-28,702.92

**(2) Net cash paid for obtaining subsidiaries in the current period**

Applicable     Not applicable

**(3) Net cash received for disposal of subsidiaries in the current period**

Applicable     Not applicable

**(4) Composition of cash and cash equivalents**

Applicable     Not applicable

Item	Unit: 10,000 Yuan    Currency: RMB	
	Closing balance	Opening balance
I. Cash	257,843.39	117,078.06
Including: Cash on hand		
Bank deposits payable at any time	257,843.39	117,078.06
Other monetary capital payable at any time		
Fund payable in Central Bank		
Deposits in other banks		
Inter-bank borrowing		
II. Cash equivalents		
Including: bond investment maturing within three months		
III. Cash and cash equivalent balance at the end of the period	257,843.39	117,078.06
Including: Cash and cash equivalent in limited use for the parent company or subsidiaries of the Group		

Other notes:

Applicable     Not applicable

**56. Note to statement of changes in owners' equity**

Specify the name, adjustment amount and other matters of "other" items with closing balance in last year adjusted:

Applicable     Not applicable

**57. Assets with the ownership or use right limited**

Applicable     Not applicable

**58. Foreign currency monetary items****(1). Foreign currency monetary items**



√Applicable    □Not applicable

Unit: 10,000 Yuan

Item	Closing balance in foreign currency	Exchange rate for conversion	RMB converted at the end of the period Balance
Monetary fund	-	-	47,684.35
Including: USD	2,077.71	6.7114	13,944.36
HKD	25,914.21	0.8552	22,161.58
CAD	2,101.45	5.2058	10,939.70
SAR	15.35	1.7832	27.36
IDR	980,546.14	0.0005	452.19
NGN	60.53	0.0162	0.98
RMB	156.22	1.0000	156.22
UGX	1,096.88	0.0018	1.96
Accounts receivable	-	-	44,188.66
Including: USD	4,349.64	6.7114	29,192.14
EUR	36.40	7.0084	255.08
HKD	14,667.93	0.8552	12,543.87
CAD	37.52	5.2058	195.34
RMB	2,002.23	1.0000	2,002.23
Other receivables	-	-	48,427.25
Including: USD	7,215.67	6.7114	48,427.25
Accounts payable	-	-	32,569.11
Including: USD	3,208.48	6.7114	21,533.40
EUR	405.31	7.0084	2,840.57
HKD	9,150.26	0.8552	7,825.21
GBP	0.08	8.1365	0.63
RMB	365.77	1.0000	365.77
NOK	5.20	0.6786	3.53
Other payables	-	-	16,628.14
Including: USD	786.27	6.7114	5,276.97
EUR	11.01	7.0084	77.14
HKD	399.73	0.8552	341.85
CAD	2,100.00	5.2058	10,932.18

(2). Specification for business entity overseas, including the disclosure of the main business location overseas, recording currency and selection criterion for the important business entity overseas as well as the reason for the change of recording currency.

√Applicable    □Not applicable

Important overseas operation entities	Main overseas operation location	Recording currency	Selection criterion
Lanhai International Limited	British Virgin Islands	USD	The business is mainly priced and settled with the currency.
COTEC INC. (originally translated into Ketai Co., Ltd.)	Houston USA	USD	The business is mainly priced and settled with the currency.
COOEC International Co., Ltd.	Hong Kong	USD	The business is mainly priced and settled with the currency.
A.E.S. Destructive and Non-destructive Testing Limited	Hong Kong	HKD	The business is mainly priced and settled with the currency.
COOEC Nigeria Limited	Nigeria	USD	The business is mainly

			priced and settled with the currency.
PT. COOEC Indonesia	Indonesia	IDR	The business is mainly priced and settled with the currency.
COOEC NIGERIA FZE	Nigeria	USD	The business is mainly priced and settled with the currency.
COOEC Canada Company Ltd.	Canada	CAD	The business is mainly priced and settled with the currency.
COOEC (Thailand) Co., Ltd.	Thailand	THB	The business is mainly priced and settled with the currency.
COOEC Brasil Offshore Ltda.	Brazil	BRL	The business is mainly priced and settled with the currency.

**59. Hedging**

Applicable  Not applicable

**60. Government grants****1. Basic information of government grants**

Applicable  Not applicable

Unit: 10,000 Yuan Currency: RMB

Type	Amount	Items presented	Amount included in the current profit and loss
Government grants relevant to both business activities and assets	131.30	Other incomes	131.30
Government grants relevant to both business activities and income	1,757.19	Other incomes	1,757.19

**2. Return of government grants**

Applicable  Not applicable

**61. Others**

Applicable  Not applicable

**(1) Leasing****1) As the lessee**

Item	Amount in the current period (RMB 10,000)	Amount in the last period (RMB 10,000)
Interest expenses on lease liabilities	147.68	365.41
Simplified short-term rental fees included in relevant asset costs or current profits and losses	737.91	4,508.92
Simplified low-value asset rental fees included in relevant asset costs or current profits and losses (except for short-term low-value asset rental fees)		
Variable lease payment included in relevant asset costs or current profits		

and losses but not included in the measurement of lease liabilities		
Including: those generated from sale and leaseback transaction		
Income from subleasing the right-of-use assets		
Total cash outflow related to lease	2,563.89	7,044.16
Relevant gains or losses generated from sale and leaseback transaction		
Cash inflow related to sale and leaseback transaction		
Cash outflow related to sale and leaseback transaction		

## 2) As the lessor

	Amount in the current period (RMB 10,000)	Amount in the last period (RMB 10,000)
Income from operating lease	26.28	
Including: the income related to the variable lease payment that is not included in the lease payment		

## 3) Impact of implementation of the Regulations for Accounting Treatment of Rent Reduction Caused by the COVID-19

For eligible rent deduction and deferred payment of rent directly caused by the COVID-19, the Company chooses the simplified method to carry out accounting treatment according to the *Regulations for Accounting Treatment of Rent Reduction Caused by the COVID-19*. The implementation of this provision has not had a significant impact on the Company's financial position and operating results.

## (2) Earnings per share

### 1) Basic earnings per share

Basic earnings per share are calculated by dividing the combined net profit attributable to common shareholders of the parent company by the weighted average of common shares issued by the Company:

Item	Amount in the current period (RMB 10,000)	Amount in the last period (RMB 10,000)
Combined net profit attributable to common shareholders of the parent company	48,113.57	39,970.08
Weighted average of common shares issued by the Company	442,135.48	442,135.48
Basic earnings per share (Yuan)	0.11	0.09
Including: Basic earnings per share for continuing operation	0.11	0.09
Basic earnings per share for discontinuing operation		

## 2) Diluted EPS

Diluted EPS are calculated by dividing the combined net profit (diluted) attributable to common shareholders of the parent company by the weighted average (diluted) of common shares issued by the Company:

Item	Amount in the current period (RMB 10,000)	Amount in the last period (RMB 10,000)
Combined net profit attributable to common shareholders of the parent company (diluted)	48,113.57	39,970.08
Weighted average of common shares issued by the Company (diluted) (10,000 shares)	442,135.48	442,135.48
Diluted EPS (Yuan)	0.11	0.09
Including: Diluted EPS for continuing operation	0.11	0.09
Diluted EPS for discontinuing operation		

### VIII. Change of consolidation scope

#### 1. Business merger under different control

Applicable     Not applicable

#### 2. Business merger under the same control

Applicable     Not applicable

#### 3. Counter purchase

Applicable     Not applicable

**4. Disposal of subsidiary**

Whether single disposal of subsidiary investment will lead to loss of control right

Applicable     Not applicable

Other notes:

Applicable     Not applicable

**5. Change of merger scope by other reasons**

Specify the change of merger scope and other related situation caused by other reasons (such as new establishment of subsidiaries and liquidation of subsidiaries):

Applicable     Not applicable

**6. Others**

Applicable     Not applicable

**IX. Equities in other subjects****1. Equities in subsidiaries****(1). Composition of corporate group**

√Applicable    □Not applicable

Subsidiary name	Main operation location	Registration place	Business nature	Shareholding ratio (%)		Acquisition methods
				Direct	Indirect	
A.E.S. Destructive and Non-destructive Testing Limited	Hong Kong	Hong Kong	Test	90.00		Subsidiary obtained through business merger under different control
Offshore Oil Engineering (Qing Dao) Co., Ltd.	Qingdao	Qingdao	Engineering contracting	99.00	1.00	Establishment
COOEC Subsea Technologies Co., Ltd.	Shenzhen	Shenzhen	Engineering contracting and labor service	100.00		Establishment
PT. COOEC Indonesia	Indonesia	Indonesia	Engineering contracting		100.00	Establishment
COOEC Nigeria Limited	Nigeria	Nigeria	Engineering contracting	95.00	5.00	Establishment
COOEC International Co., Ltd.	Hong Kong	Hong Kong	Engineering contracting	100.00		Establishment
COOEC International Engineering Co., Ltd	Beijing	Beijing	Engineering contracting	100.00		Establishment
Lanhai International Limited	British Virgin Islands	British Virgin Islands	Engineering contracting	100.00		Establishment
Offshore Oil Engineering (Zhuhai) Co., Ltd.	Zhuhai	Zhuhai	Engineering contracting	100.00		Establishment
COOEC NIGERIA FZE	Nigeria	Nigeria	Engineering contracting		100.00	Establishment
COTEC INC.	Houston USA	Houston USA	Engineering contracting and labor service		70.00	Establishment
Beijing Gaotai Deep-sea Technologies Co., Ltd.	Beijing	Beijing	Labor service		70.00	Establishment
COOEC Canada Company Ltd.	Canada	Canada	Engineering contracting and labor service		100.00	Establishment
COOEC Brasil Offshore Ltda.	Brazil	Brazil	Engineering contracting and labor service		100.00	Establishment
COOEC (Thailand) Co., Ltd.	Thailand	Thailand	Engineering contracting		100.00	Establishment

**(2). Important non-wholly-owned subsidiaries**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Subsidiary name	Shareholding ratio of minority shareholders (%)	Gains or losses attributable to minority shareholders in the current period	Dividends declared to distribute to minority shareholders in the current period	Balance of minority interest at the end of the period
A.E.S. Destructive and Non-destructive Testing Limited	10.00	0.06		180.21
COTEC INC. (originally translated into Ketai Co., Ltd.)	30.00	-429.02		1,039.47
Beijing Gaotai Deep-sea Technologies Co., Ltd.	30.00	-399.80		664.63

Description on proportion of shareholding of minority shareholder in subsidiaries inconsistent with proportion of votes:

□ Applicable    √Not applicable

Other notes:

□ Applicable    √Not applicable

**(3). Main financial information of important non-wholly-owned subsidiaries**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Subsidiary name	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
A.E.S. Destructive and Non-destructive Testing Limited	1,980.55	185.60	2,166.15	364.08		364.08	2,085.52	184.82	2,270.34	548.35		548.35
COTEC INC. (originally translated into Ketai Co., Ltd.)	5,945.44	352.30	6,297.74	2,665.07	167.79	2,832.86	8,505.99	558.55	9,064.54	3,913.70	316.97	4,230.67
Beijing Gaotai Deep-sea Technologies Co., Ltd.	4,335.16	342.26	4,677.42	2,294.20	167.79	2,461.99	6,561.33	543.05	7,104.38	3,239.31	316.97	3,556.28

Subsidiary name	Amount incurred in the current period				Amount incurred in last period			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
A.E.S. Destructive and Non-destructive Testing Limited	651.36	0.60	80.07	-334.19	1,625.69	228.29	212.87	249.48
COTEC INC.	649.22	-1,430.08	-1,368.98	-662.79	7,247.62	75.78	62.00	-662.50



(originally translated into Ketai Co., Ltd.)								
Beijing Gaotai Deep-sea Technologies Co., Ltd.	468.26	-1,332.66	-1,332.66	-363.01	6,914.17	177.19	177.19	-1,126.75

**(4). Major restrictions on the use of corporate group assets and the liquidation of corporate group debt:**

Applicable     Not applicable

**(5). Financial and other supports provided with structured entity included in consolidated financial statement:**

Applicable     Not applicable

Other notes:

Applicable     Not applicable

**2. Transactions causing the owners' equity share change but still controlling the subsidiary**

Applicable     Not applicable

**3. Equities in joint ventures or associated enterprises**

Applicable     Not applicable

**(1). Important joint ventures or associated enterprises**

Applicable     Not applicable

Unit: 10,000 Yuan    Currency: RMB

Name of the joint venture or associated enterprise	Main operation location	Registration place	Business nature	Shareholding ratio (%)		Accounting treatment method for investment for joint ventures or associated enterprises
				Direct	Indirect	
COOEC-Fluor Heavy Industries Co., Ltd.	Zhuhai	Zhuhai	Engineering contracting	51.00		Perform subsequent measurement based on equity method
Tianjin Zhonghe Ocean Energy Engineering Co., Ltd.	Tianjin	Tianjin	Service	33.33		Perform subsequent measurement based on equity method
Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd.	Qingdao	Qingdao	Design and technical consultation services	40.00		Perform subsequent measurement based on equity method

Description on proportion of shareholding in joint ventures or associated enterprises inconsistent with proportion of votes:

Note: The Company's subsidiary - Offshore Oil Engineering (Zhuhai) Co., Ltd. and Fluor Co., Ltd. subordinated to Fluor Corporation jointly invested to found COOEC Fluor Heavy Industry Co., Ltd. in February 2016, with 51% equity held by Offshore Oil Engineering (Zhuhai) Co., Ltd. in the form of assets and cash, and 49% equity held by Fluor Co., Ltd. The Board of Directors of the joint venture comprises of 7 directors, including 4 from Offshore Oil Engineering (Zhuhai)

Co., Ltd. and 3 from Fluor Co., Ltd. Any board meeting needs at least 5 directors to vote, including two directors from each side. According to the joint venture agreement and Articles of Association, major operation decisions shall be agreed by all directors present in the board meeting. Any party cannot individually control decisions and can prevent the counterparty controlling such decisions. Therefore, COOEC Fluor Heavy Industry Co., Ltd. is a joint venture.

**(2). Main financial information of important joint ventures**

√Applicable    □Not applicable

Organization: RMB 10,000

currency: RMB

	Closing balance/amount incurred in the current period	
	COOEC-Fluor Heavy Industries Co., Ltd.	COOEC-Fluor Heavy Industries Co., Ltd.
Current assets	220,717.89	198,342.51
Including: cash and cash equivalent	91,177.64	60,476.72
Non-current assets	412,979.39	422,568.02
Total assets	633,697.28	620,910.53
Current liabilities	241,750.78	219,963.44
Non-current liabilities	567.95	609.32
Total liabilities	242,318.73	220,572.76
Minority interests		
Shareholders' equity attributable to the parent company	391,378.56	400,337.77
Net assets share calculated based on shareholding proportion	199,603.07	204,172.26
Events to be adjusted	-49,501.49	-51,264.05
- Goodwill		
--Profit unrealized in internal transaction	-49,957.37	-51,719.94
- Others	455.88	455.89
Book value for equity investment of joint venture	150,101.58	152,908.21
Fair value for equity investment of joint ventures with public offer		
Operating income	198,687.26	124,056.18
Financial cost	-1,008.88	747.70
Income tax expense		4,766.28
Net profit	-8,959.20	-17,655.57
Net profit for discontinuing operation		
Other comprehensive income		
Total comprehensive income	-8,959.20	-17,655.57
Dividend received from joint ventures in current year		

**(3). Main financial information of important associated enterprises**

√Applicable    □Not applicable

Unit: 10,000 Yuan Currency: RMB		
	Closing balance/amount incurred in the current period	
	Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd.	Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd.
Current assets	48.96	48.96
Non-current assets		
Total assets	48.96	48.96
Current liabilities	2,602.29	2,602.29
Non-current liabilities		
Total liabilities	2,602.29	2,602.29
Minority interests		
Shareholders' equity attributable to the parent company	-2,553.33	-2,553.33
Net assets share calculated based on shareholding proportion	-1,021.33	-1,021.33
Events to be adjusted		
- Goodwill		
--Profit unrealized in internal transaction		
- Others		
Book value for equity investment of associated enterprises		
Fair value for equity investment of associated enterprises with public offer		
Operating income		
Net profit		
Net profit for discontinuing operation		
Other comprehensive income		
Total comprehensive income		
Dividend received from associated enterprises in current year		

**(4). Financial information summary of non-important joint ventures and associated enterprises**

Applicable    Not applicable

Unit: 10,000 Yuan Currency: RMB		
	Closing balance/amount incurred in the current period	Opening balance/amount incurred in last period
Joint ventures:		
Total book value of investment		
Total number of the following items calculated in proportion to the shareholding ratio		
-Net profit		
-Other comprehensive income		
-Total comprehensive income		

Associated enterprises:		
Total book value of investment		
Total number of the following items calculated in proportion to the shareholding ratio		
-Net profit		-2.59
-Other comprehensive income		
-Total comprehensive income		-2.59

**(5). Material restrictions on the ability of joint ventures or associated enterprises to transfer funds to the Company**

Applicable  Not applicable

**(6). Excess deficit incurred in joint ventures or associated enterprises**

Applicable  Not applicable

Unit: 10,000 Yuan Currency: RMB

Name of the joint venture or associated enterprise	Cumulative unrecognized loss in previous period	Unrecognized loss in the current period (or net profit shared in the current period)	Cumulative unrecognized loss at the end of the period
Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd.	1,019.62		1,019.62

**(7). Unrecognized commitment related to the investments of the joint ventures**

Applicable  Not applicable

**(8). Contingent liabilities related to the investment of the joint ventures and associated enterprises**

Applicable  Not applicable

**4. Important joint operation**

Applicable  Not applicable

Name of Joint operation	Main operation location	Registration place	Business nature	Shareholding ratio/ shares owned (%)	
				Direct	Indirect
COOEC AND CPECC JOINT VENTURE	Uganda	Uganda	Engineering contracting	50.00	

**5. Rights and interests in structured entity not included in consolidated financial statement**

Description of structured entity not included in consolidated financial statement:

Applicable  Not applicable

**6. Others**

Applicable  Not applicable

**X. Risks related to financial instruments**

Applicable    Not applicable

The Company is subject to various financial risks during the operation, such as credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risk). Financial risks mentioned above and the risk management policies adopted by the Company for reducing those risks are as follows:

The Company diversifies the financial instrument risks through appropriate diversified investment and business portfolios, and reduces the risks concentrated in a single industry, a specific region or a specific party by formulating the corresponding risk management policies.

**1. Credit risk**

Credit risk refers to the Company's financial loss risk caused by the failure of counterparty to fulfill its contractual obligations.

The Company's credit risk mainly arises from the monetary funds, bills receivable, accounts receivable, accounts receivable financing, other receivables, creditors' investment, other creditors' investment and financial guarantee contracts, as well as debt instrument investment and derivative financial assets which are not included in the scope of impairment evaluation but measured at fair value with changes included in the current profit and loss.

Monetary funds of the Company are mainly those deposited in banks and financial companies with high credit rating. Therefore, the Company believes that there is no significant credit risk and almost no significant loss caused by bank default.

In addition, for bills receivable, accounts receivable, accounts receivable financing and other accounts receivable, the Company has set relevant policies to control credit risk exposure. The Company evaluates customers' credit qualifications and sets with corresponding credit periods based on customers' financial condition, the possibility of obtaining guarantees from the third party, credit records and other factors such as current market conditions. The Company will regularly monitor the customers' credit record. For customers with bad credit record, the Company will use written reminder, shorten or cancel the credit period to ensure that the Company's overall credit risk is under control.

**2. Liquidity risk**

Liquidity risk refers to the risk of capital shortage when an enterprise fulfills its obligation to settle accounts in the form of cash or other financial assets.

The Company's policy is to ensure that sufficient cash is available to repay the matured debts. The liquidity risk is centrally controlled by the Company's financial department. By monitoring cash balances and securities available for realization at any time and rolling projection of cash flow in 12 months, the financial department ensures that the Company has sufficient funds to pay its debts under all reasonable forecasts. Moreover, it continuously monitors whether the Company meets the requirements of the loan agreement, and obtains the commitment of providing sufficient reserve funds from major financial institutions to meet the short-term and long-term capital needs.

Financial liability of the Company is listed as follows by undiscounted contract cash flow at due date:

Item	Closing balance					Total
	Immediate repayment	Within 1 year	1-2 year(s)	2-5 year(s)	Above 5 years	
Bills payable		39,253.31				39,253.31
Accounts payable		876,716.15				876,716.15
Other payables		39,623.34				39,623.34
Non-current liability due within one year		17,389.72				17,389.72
Long-term		13,001.81	20,150.28	9,000.25		42,152.34

Item	Closing balance					Total
	Immediate repayment	Within 1 year	1-2 year(s)	2-5 year(s)	Above 5 years	
loans						
Total		985,984.33	20,150.28	9,000.25		1,015,134.86

Item	Balance at the end of previous year					Total
	Immediate repayment	Within 1 year	1-2 year(s)	2-5 year(s)	Above 5 years	
Bills payable		18,267.37				18,267.37
Accounts payable		833,710.71				833,710.71
Other payables		41,956.47				41,956.47
Non-current liability due within one year		16,498.45				16,498.45
Long-term loans			34,754.35	12,751.40		47,505.75
Total		910,433.00	34,754.35	12,751.40		957,938.75

### 3. Market risk

Market risks of financial instruments indicate the fluctuation risks caused by changes of the fair value of financial instruments and future cash flow due to market price, including interest rate risk, exchange rate risk and other price risk.

#### 1) Interest rate risk

Interest rate risk indicates the fluctuation risk caused by changes of the fair value of financial instruments and future cash flow due to market interest rate change.

The interest-bearing financial instruments with fixed interest rate and floating interest rate respectively expose the Company to fair value interest rate risk and cash flow interest rate risk. The Company determines the proportion of fixed interest rate and floating interest rate instruments based on the market environment, and maintains an appropriate combination of fixed and floating rate instruments through periodic review and supervision. When necessary, the Company will hedge the interest rate risk by means of interest rate swap.

On June 30, 2022, if the loan interest rate calculated by floating interest rate increases or decreases by 100 basis points under the assumption that other variables remain constant, the Company's net profit will decrease or increase by RMB 1,308,700 (on December 31, 2021: RMB 104,800). The Management believes that 100 basis points reasonably reflect a reasonable range of possible change in interest rate over the next year.

#### 2) Exchange rate risk

Exchange rate risk means the fluctuation risk caused by changes of the fair value of financial instruments and future cash flow due to foreign exchange rate change.

The Company is responsible for continuously monitoring the foreign exchange transactions and foreign currency assets and liabilities scale to minimize foreign exchange risks. Besides, the Company may sign the forward foreign exchange contract or currency swap contract to avoid exchange rate risk. In the current and previous period, no forward foreign exchange contracts or currency swap contracts have been signed by the Company.

The exchange rate risk faced by the Company mainly arises from financial assets and financial

liabilities denominated in USD. The amount of financial assets and financial liabilities in foreign currency converted into RMB is listed as follows:

Item	Closing balance			Balance at the end of previous year		
	USD	Other foreign currency	Total	USD	Other foreign currency	Total
Monetary fund	13,944.36	33,739.99	47,684.35	18,574.30	16,330.00	34,904.30
Accounts receivable	29,192.14	14,996.52	44,188.66	7,528.07	467.23	7,995.30
Other receivables	48,427.25		48,427.25	24,011.81	118.12	24,129.93
Total assets	91,563.75	48,736.51	140,300.26	50,114.18	16,915.35	67,029.53
Accounts payable	21,533.40	11,035.71	32,569.11	34,202.40	12,663.15	46,865.55
Other payables	5,276.97	11,351.17	16,628.14	7,279.11	16,339.35	23,618.46
Total liabilities	26,810.37	22,386.88	49,197.25	41,481.51	29,002.50	70,484.01

From June 30, 2022, if RMB appreciates or depreciates by 5% against USD under the assumption that all other variables remain constant, the Company will increase or decrease the net profit by RMB 32.3767 million (from December 31, 2021: RMB 4.3163 million). The Management believes that 5% reasonably reflects a reasonable range of possible change in RMB against USD in the next year.

### 3) Other price risk

Other price risk indicates the fluctuation risk caused by changes in fair value of financial instruments or future cash flow due to change in market price other than exchange rate risk and interest rate risk.

Other price risk of the Company mainly arises from various equity instrument investments, with change risk of equity instrument price.

On June 30, 2022, if value of equity instruments increases or decreases by 5% under the assumption that all other variables remain constant, the Company will increase or decrease the other comprehensive income by RMB 1.9706 million (other comprehensive income on December 31, 2021: RMB 4.6176 million). The Management believes that 5% reasonably reflects a reasonable range of possible change in the value of equity instruments over the next year.

## XI. Disclosure of fair value

### 1. Closing fair value of assets and liabilities measured at fair value

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Closing fair value			
	Measuring of level-1 fair value	Measuring of level-2 fair value	Measuring of level-3 fair value	Total
<b>I. Measuring of continuous fair value</b>				
(I) Financial assets held for trading		705,623.06		705,623.06
1. Financial assets measured at fair value with the changes included in the current profit and loss		705,623.06		705,623.06
(1) Debt instrument				



investment				
(2) Equity instrument investment				
(3) Derivative financial assets				
(4) Financial products with non-principal-guaranteed floating income		223,693.56		223,693.56
(5) Structural deposits		481,929.50		481,929.50
2. Designated as financial assets measured at fair value with the changes included in the current profit and loss				
(1) Debt instrument investment				
(2) Equity instrument investment				
(II) Other creditors' investment				
(III) Other equity instruments investment	3,941.20		7,067.14	11,008.34
(IV) Investment property				
1. Right to use the lands for rent				
2. Buildings leased				
3. Right to use the lands held and prepared for transfer after value-adding				
(V) Biological assets				
1. Consumable biological assets				
2. Productive biological assets				
<b>Total assets measured continuously at fair value</b>	3,941.20	705,623.06	7,067.14	716,631.40
(VI) Financial liabilities held for trading				
1. Financial liabilities measured at fair value with the changes included in the current profit and loss				
Including: issued trading bond				
Derivative financial liabilities				
Others				
2. Designated as financial liabilities				

measured at fair value with changes included in the current profit and loss				
<b>Total liabilities measured continuously at fair value</b>				
<b>II. Measuring of the non-continuous fair value</b>				
(I) Assets held for sale				
<b>Total assets measured non-continuously at fair value</b>				
<b>Total liabilities measured non-continuously at fair value</b>				

The input value used for fair value measurement is divided into three levels:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.

Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The level of the fair value measurement result is determined by the lowest level of the input value which is significant to the general fair value measurement.

## **2. Basis for determining the continuous and non-continuous project market price measured at the level-1 fair value**

Applicable    Not applicable

The Company takes the quoted price in the active market as the fair value of Level 1 financial assets.

## **3. Valuation technique adopted for continuous and noncontinuous level-2 fair value measurement items, and qualitative and quantitative information of important parameters**

Applicable    Not applicable

The financial instruments listed in Level 2 are structured deposits linked to the exchange rate and net-worth financial products held by the Company. The Company determines their fair values through the discounted valuation technique of future cash flow, and main observable values used are the exchange rate and net-worth financial products.

**4. Valuation technique adopted for continuous and noncontinuous level-3 fair value measurement items, and qualitative and quantitative information of important parameters**

Applicable    Not applicable

The fair value shall be determined based on level-3 input value. If the recent information used for determining the fair value is insufficient, or the estimated amount of fair value is widely distributed and the cost represents the optimal estimation of the fair value within the scope, the cost can represent the proper estimate of the fair value within the distribution scope.

**5. Information of adjustment between opening book value and closing book value of continuous level-3 fair value measurement items, and sensitivity analysis of unobservable parameters**

Applicable    Not applicable

**6. Reason for conversion of continuous fair value measurement items among all levels in current period and the policy of determining conversion time**

Applicable    Not applicable

**7. Change of valuation technique in the current period and reasons for change**

Applicable    Not applicable

**8. Financial assets not calculated at fair value and fair value of financial assets**

Applicable    Not applicable

**9. Others**

Applicable    Not applicable

**XII. Related parties and connected transactions****1. Parent company of the Company**

Applicable    Not applicable

Unit: 10,000 Yuan    Currency: RMB

Name of parent company	Registration place	Business nature	Registered capital	Shareholding proportion of parent company to the enterprise (%)	Proportion of voting rights of parent company to the Company (%)
China National Offshore Oil Corporation	Beijing	Offshore oil and gas exploration, development, production and refining; petroleum and chemical products sales	11,380,000.00	48.36	55.33

Description of parent company

China National Offshore Oil Corporation (hereinafter referred to as CNOOC for short) holds the equity of 6.65%, 0.28% and 0.04% respectively via the wholly-owned subsidiaries CNOOC Nanhai West Corporation, CNOOC Bohai Corporation and the holding subsidiary CNOOC Finance Corporation Ltd., so the proportion for voting rights is 55.33%.

The final controlling party of the Company is China National Offshore Oil Corporation.

## 2. Subsidiaries of the Company

See notes for subsidiaries of the Company.

Applicable    Not applicable

For subsidiaries of the Company, please refer to the Note “IX. Equities in other subjects”.

## 3. Joint ventures and associated enterprises

See notes for key joint ventures and associated enterprises of the Company.

Applicable    Not applicable

For key joint ventures and associated enterprise of the Company, please refer to Note “IX. Equities in other subjects”.

Other joint ventures or associated enterprises having related transaction with us in the current period or in previous period to form balance are listed as follows.

Applicable    Not applicable

## 4. Other related parties

Applicable    Not applicable

Name of other related parties	Relationship between other related parties and the Company
CNOOC Bohai Corporation	Wholly owned subsidiary of parent company
CNOOC Nanhai West Corporation	Wholly-owned subsidiary of parent company, shareholders holding more than 5% of the shares of the Company
China National Offshore Oil Corporation	Holding subsidiary of parent company
China Oilfield Services Ltd.	Holding subsidiary of parent company
CNOOC Finance Corporation Ltd.	Holding subsidiary of parent company
CNOOC Nanhai East Corporation	Wholly owned subsidiary of parent company
CNOOC Industrial Co., Ltd.	Wholly owned subsidiary of parent company
CNOOC Gas & Power Group	Wholly owned subsidiary of parent company
CNOOC Energy Technology & Services Limited	Holding subsidiary of parent company
CNOOC Oil & Petrochemicals Co., Ltd.	Wholly owned subsidiary of parent company
China Offshore Oil Service (Hong Kong) Co., Ltd.	Wholly owned subsidiary of parent company
CNOOC Research Institutes Co., Ltd.	Wholly owned subsidiary of parent company
CNCCC International Tendering Co., Ltd.	Wholly owned subsidiary of parent company
China Blue Chemical Ltd.	Holding subsidiary of parent company
China Offshore Oil Donghai Corporation	Wholly owned subsidiary of parent company
CNOOC Petrochemicals Import & Export Co., Ltd.	Wholly owned subsidiary of parent company

**5. Connected transactions****(1). Connected transactions for purchasing and selling commodities and providing and accepting labor service**

Purchasing of commodities and accepting of labor services

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Related parties	Contents of connected transactions	Amount incurred in the current period	Amount incurred in last period
CNOOC Energy Technology & Services Limited	Engineering subcontracting, material procurement, transportation, fuel, estate management and other services	77,163.44	53,173.88
COOEC-Fluor Heavy Industries Co., Ltd.	Engineering subcontracting	27,570.40	26,410.51
China National Offshore Oil Corporation	Staff insurance, software use and other services	0.56	0.72
CNOOC Bohai Corporation	Water, electricity, staff physical examination and other services	1,304.62	543.26
China Offshore Oil Service (Hong Kong) Co., Ltd.	Material procurement	7,242.36	615.55
China Oilfield Services Ltd.	Transportation, vessel and other services	148.79	6,181.81
CNOOC Industrial Co., Ltd.	Property service, engineering subcontracting, fuel, water & power and other services	601.87	653.44
CNOOC Nanhai East Corporation	Engineering subcontracting	29.89	39.32
CNOOC Oil & Petrochemicals Co., Ltd.	Engineering subcontracting	-233.49	70.04
CNOOC Gas & Power Group	Engineering subcontracting	2,204.24	977.47
CNOOC Nanhai West Corporation	Property service	6.21	27.94
China Blue Chemical Ltd.	Engineering subcontracting		90.00
China National Offshore Oil Corporation	Wharf service	1,638.97	10.64
CNCCC International Tendering Co., Ltd.	Bidding and tendering service		-56.47
Joint venture or associated enterprise established by other members of the Group to which the Company belongs	Engineering subcontracting	50,860.59	40,105.39

Selling of Commodities/Provision of Labor Services

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Related parties	Contents of connected transactions	Amount incurred in the current period	Amount incurred in last period
China National Offshore Oil Corporation	Design, installation, construction and other professional services	786,678.72	451,909.86
CNOOC Gas & Power Group	Design, installation, construction and other professional services	37,229.43	2,064.15
CNOOC Energy Technology & Services Limited	Design, installation, construction and other professional services	924.28	7,665.07
China Oilfield Services Ltd.	Transportation and vessel services		-0.17
CNOOC Research Institutes Co., Ltd.	Design, installation, construction and other professional services		119.58
COOEC-Fluor Heavy Industries Co., Ltd.	Labor dispatching, material sales and detection	303.25	197.89
China National Offshore Oil Corporation	Cost of scientific research	62.52	342.77
China Offshore Oil Service (Hong Kong) Co., Ltd.	Equipment sales	20.28	2.68
CNOOC Oil & Petrochemicals Co., Ltd.	Design, installation, construction and other professional services	19.47	
CNOOC Petrochemicals Import & Export Co., Ltd.	Design, installation, construction and other professional services	80.64	

Description of connected transactions for purchasing and selling commodities and providing and accepting labor service

Applicable  Not applicable

**(2). Related commissioned management/contracting and entrusted management/outsourcing**

Commissioned management and contracting of the Company:

Applicable  Not applicable

Description of related commissioned management/contracting

Applicable  Not applicable

Commissioned management/outsourcing of the Company:

Applicable  Not applicable

Description of related management/outsourcing

Applicable  Not applicable

Associated trustee research

Subject client	Subject name	Subject funds	
		Closing balance	Balance at the end of previous year
China National Offshore Oil Corporation	Safety operation simulation of large-scale deepwater offshore equipment and development of training simulation equipment; integrated application and verification of tension leg platform installation	4,150.20	3,429.22

	and design technology; engineering development of deepwater semi-submersible production, storage and unloading platform.		
CNOOC Research Institutes Co., Ltd.	Engineering technology research of multifunctional underwater manifold, emergency maintenance technology research of key subsea production system equipment, deepwater semi-submersible pipe-laying crane vessel and supporting engineering technology	446.10	546.99
China National Offshore Oil Corporation	Intelligent fabrication solution and key technologies research of topsides of offshore oil & gas production platform, integration test research of underwater oil & gas production system	322.62	639.36

**(3). Related leasing**

The Company acting as the lessor:

Applicable     Not applicable

The Company acting as the lessee:

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Name of the lessor	Type of leased assets	Rental fees from simplified short-term lease and low-value asset lease (if applicable)		Variable lease payments that are not included in the measurement of lease liabilities (if applicable)		Rent paid		Interest expense on lease liabilities		Right-of-use assets increased	
		Amount incurred in the current period	Amount incurred in last period	Amount incurred in the current period	Amount incurred in last period	Amount incurred in the current period	Amount incurred in last period	Amount incurred in the current period	Amount incurred in last period	Amount incurred in the current period	Amount incurred in last period
CNOOC Bohai Corporation	Sites and buildings					28.80	49.79	2.36	5.28		272.65
CNOOC Nanhai East Corporation	Sites and buildings					72.36	126.63	0.59	99.06		264.17
CNOOC Nanhai West Corporation	Sites and buildings		27.94			16.30	32.60	0.90			
COOEC-Fluor Heavy Industries Co., Ltd.	Sites and buildings						63.77	1.04	3.26		184.35
CNOOC Industrial Co.,	Sites and buildings	8.22	124.72			1,301.17	1,551.88	85.12	117.60		6,229.30



Ltd.											
CNOOC Energy Technology & Services Limited	Sites and buildings	47.99	200.43			249.10	443.37	12.40	24.79		1,275.97

Description of related lease  
 Applicable     Not applicable

**(4). Related guarantee**

The Company acting as the guarantor

Applicable  Not applicable

The Company acting as the guaranteed party

Applicable  Not applicable

Description of related guarantee

Applicable  Not applicable

The Company's guarantee to subsidiaries is stated in "XIV. Commitments or contingencies" in this section.

**(5). Lending of funds by related parties**

Applicable  Not applicable

Unit: 10,000 Yuan Currency: RMB

Related parties	Amount borrowed	Starting date	Expiry date
Borrowed			
China National Offshore Oil Corporation	9,000.00	May 2022	March 2025
China National Offshore Oil Corporation	13,000.00	February 2018	February 2023

**(6). Asset transfer and debt restructuring of related parties**

Applicable  Not applicable

**(7). Salary of key management personnel**

Applicable  Not applicable

**(8). Other connected transaction**

Applicable  Not applicable

## 1) Interest income on deposit of related parties

Related parties	Amount in the current period	Amount in last period
CNOOC Finance Corporation Ltd.	303.09	270.74
Total	303.09	270.74

## 2) Investment income gained by related parties

Related parties	Amount in the current period	Amount in last period
CNOOC Finance Corporation Ltd.	764.35	
COOEC-Fluor Heavy Industries Co., Ltd.	-2,806.62	-7,229.42
Subtotal	-2,042.27	-7,229.42

## 3) Interest expense of related parties

Related parties	Amount in the current period	Amount in last period
China National Offshore Oil Corporation	40.47	48.52
Total	40.47	48.52

**6. Receivables and payables of related parties****(1). Receivables**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Project name	Related parties	Closing balance		Opening balance	
		Book balance	Bad debt reserve	Book balance	Bad debt reserve
Accounts receivable	CNOOC Energy Technology & Services Limited	7,853.77		17,484.49	
Accounts receivable	China National Offshore Oil Corporation	242.52		82.71	
Accounts receivable	CNOOC Gas & Power Group	4,919.58		5,807.15	
Accounts receivable	CNOOC Research Institutes Co., Ltd.			103.65	
Accounts receivable	China National Offshore Oil Corporation	350,645.13		464,221.25	
Accounts receivable	China Oilfield Services Ltd.				
Accounts receivable	COOEC-Fluor Heavy Industries Co., Ltd.	316.78		176.30	
Advance payment	CNOOC Energy Technology & Services Limited	410.75		404.86	
Advance payment	China Offshore Oil Service (Hong Kong) Co., Ltd.	7,628.59		2,999.77	
Advance payment	China National Offshore Oil Corporation	0.06			
Advance payment	CNCCC International Tendering Co., Ltd.	30.31			
Other receivables	CNOOC Energy Technology & Services Limited	1.50		1.50	
Other receivables	China National Offshore Oil Corporation	146.54		0.35	
Other receivables	Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd.	171.13	171.13	171.13	171.13
Other receivables	China National Offshore Oil Corporation	4.68			
Other receivables	COOEC-Fluor Heavy Industries Co., Ltd.	39.84			
Contract assets	CNOOC Energy Technology & Services Limited	1,372.76	1.51		
Contract assets	China National Offshore Oil Corporation	107,986.85	118.94	18,493.19	20.41

**(2). Payables**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Project name	Related parties	Book balance at the end of the period	Book balance at the beginning of the period
Accounts payable	CNOOC Bohai Corporation	1,201.80	1,914.83
Accounts payable	CNOOC Nanhai East Corporation	52.80	25.25
Accounts payable	China Offshore Oil Donghai Corporation		0.44

Accounts payable	CNOOC Energy Technology & Services Limited	76,300.74	57,088.79
Accounts payable	China National Offshore Oil Corporation	749.00	807.18
Accounts payable	China Offshore Oil Service (Hong Kong) Co., Ltd.	4,064.42	1,915.07
Accounts payable	CNOOC Oil & Petrochemicals Co., Ltd.	4.54	151.43
Accounts payable	CNOOC Gas & Power Group	2,245.31	137.08
Accounts payable	CNOOC Nanhai West Corporation	18.63	15.68
Accounts payable	China Blue Chemical Ltd.	186.79	186.79
Accounts payable	CNOOC Industrial Co., Ltd.	256.82	98.79
Accounts payable	China Oilfield Services Ltd.	936.63	788.92
Accounts payable	COOEC-Fluor Heavy Industries Co., Ltd.	32,524.48	60,444.89
Accounts payable	Joint venture or associated enterprise established by other members of the Group to which the Company belongs	46,521.71	46,597.41
Advance payment	CNOOC Oil & Petrochemicals Co., Ltd.	11.21	
Other payables	CNOOC Energy Technology & Services Limited	1,670.03	1,720.92
Other payables	China Offshore Oil Service (Hong Kong) Co., Ltd.	89.25	89.25
Other payables	CNOOC Bohai Corporation	72.52	
Other payables	China National Offshore Oil Corporation	1,220.88	
Other payables	Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd.	151.37	151.37
Other payables	Joint venture or associated enterprise established by other members of the Group to which the Company belongs	105.87	139.09
Contract liabilities	CNOOC Gas & Power Group	26,073.42	10,486.42
Contract liabilities	China National Offshore Oil Corporation	178,535.45	55,988.79
Contract liabilities	China National Offshore Oil Corporation	3,372.53	2,980.41
Contract liabilities	CNOOC Energy Technology & Services Limited	4,478.19	
Lease liability due within one year	CNOOC Bohai Corporation	69.74	93.96
Lease liability due within one year	CNOOC Nanhai East Corporation	17.23	68.33
Lease liability due within one year	CNOOC Energy Technology & Services Limited	667.29	685.94
Lease liability due within one year	CNOOC Nanhai West Corporation	39.67	35.82
Lease liability due within one year	CNOOC Industrial Co., Ltd.	2,147.78	2,167.50
Lease liability due within one year	COOEC-Fluor Heavy Industries Co., Ltd.	35.99	
Lease liabilities	CNOOC Bohai Corporation	40.86	40.13
Lease liabilities	CNOOC Nanhai West Corporation		15.37
Lease liabilities	CNOOC Industrial Co., Ltd.	921.23	1,920.68

Lease liabilities	CNOOC Energy Technology & Services Limited	12.46	
Long-term loans	China National Offshore Oil Corporation	22,002.06	22,002.95

### 7. Commitment of related parties

Applicable  Not applicable

### 8. Others

Applicable  Not applicable

#### Centralized management of funds

##### (1) The main contents of the centralized fund management that the Company participated in and implemented are as follows

The closing balance of funds collected by the Company to CNOOC Finance Corporation Ltd. is RMB 582,680,100 (the opening balance is RMB 767,957,400), which is listed as “monetary funds”. The interest income is RMB 3,030,900 in this year (RMB 2,707,400 in the previous year).

On May 11, 2020, the Company and CNOOC Finance Corporation Ltd. entered into a fund pool service agreement and opened an account for fund collection and allocation between the Company and its subsidiaries. The agreement is valid from the date of signing to May 10, 2021, and the validity period can be extended infinitely after expiration.

##### (2) Funds collected by the Company to the Group

Funds collected by the Company to CNOOC Finance Corporation Ltd.

Project name	Closing balance		Balance at the end of previous year	
	Book balance	Bad debt reserve	Book balance	Bad debt reserve
Monetary fund	58,268.01		76,795.74	
Total	58,268.01		76,795.74	
Including: funds with restricted withdraw right due to centralized management.				

##### (3) Funds borrowed by the Company from the parent company or members of the Group

Project name	Closing balance	Balance at the end of previous year
Long-term loans	22,002.06	22,002.95
Total	22,002.06	22,002.95

### XIII. Share-based payment

#### 1. Overall condition of share-based payment

Applicable  Not applicable

#### 2. Share-based payment settled by equities

Applicable  Not applicable

#### 3. Share-based payment settled by cash

Applicable  Not applicable

**4. Modification and termination of share-based payment**

Applicable     Not applicable

**5. Others**

Applicable     Not applicable

**XIV. Commitments or contingencies****1. Important commitments**

Applicable     Not applicable

**2. Contingencies****(1). Important contingencies on balance sheet date**

Applicable     Not applicable

**Guarantee for subsidiaries****Guarantee performed by the Company as of June 30, 2022:**

(1) Upon approval on the 9th Meeting of the 6th Board of Directors of the Company held on May 21, 2018, the Company issued parent company guarantee for Nexen LLSW EPC Project undertaken by its subsidiary COOEC CANADA COMPANY LTD., with the contract amount of CAD 150 million and guarantee amount of CAD 75 million. The guarantee period starts from the date of issuing to December 20, 2026. The guarantee does not have to be submitted to the general meeting of shareholders for approval. (See resolution announcement and guarantee announcement of Board of Directors published on www.sse.com.cn, website of Shanghai Stock Exchange on May 22, 2018)

(2) Upon approval on the 17th Meeting of the 6th Board of Directors of the Company held on June 6, 2019, the Company issued parent company guarantee to JGC Corporation - Fluor for LNG Module Construction Project undertaken by its subsidiary Offshore Oil Engineering (Qing Dao) Co., Ltd., with the contract amount of RMB 4.898 billion and guarantee amount of RMB 2.449 billion. The guarantee period starts from the date of issuing to September 15, 2025. Commitments as above have been reviewed and approved by the 1st extraordinary general meeting of 2019 held on June 25, 2019. (See resolution announcement and guarantee announcement published on www.sse.com.cn, website of Shanghai Stock Exchange on June 7, 2019 and resolution announcement of general meeting of shareholders on June 26 respectively)

(3) Upon approval on the 10th Meeting of the 6th Board of Directors of the Company held on August 17, 2018, the Company issued a performance bank guarantee and an advance payment guarantee for offshore transportation and installation project of Dangote undertaken by its subsidiary COOEC NIGERIA FZE, with the guarantee amount adjusted from USD 33.2 million to USD 38.2 million due to increase of contract price, of which the guarantee amount of performance guarantee is USD 19.1 million and the guarantee amount of advance payment guarantee is USD 19.1 million. Maximum guarantee period is extended from December 31, 2018 to June 30, 2020. Later, upon approval on the 24th Meeting of the 6th Board of Directors of the Company held on June 23, 2020, the maximum period for the performance guarantee was extended from June 30, 2020 to December 31, 2020, and the guarantee amount of USD 19.1 million remained unchanged. The advance payment guarantee has been due and released on June 30, 2020. (See resolution announcement and guarantee announcement of Board of Directors published on www.sse.com.cn, website of Shanghai Stock Exchange on June 24, 2020) Later, upon approval on the 28th Meeting of the 6th Board of Directors of the Company held on December 4, 2020, the maximum guarantee period for the performance bond was extended from December 31, 2020 to April 30, 2021, and the guarantee amount of USD 19.1 million remained unchanged. The advance payment guarantee has been reenabled, with the guarantee amount of USD 19.1 million and the guarantee period as of April 30, 2021. In case of change in the project duration, the guarantee of the parent company will be adjusted accordingly with change in validity of bank guarantee. On June 30, 2021, the performance guarantee was terminated upon the completion of the project, and the warranty guarantee was enabled, with the

guarantee amount of USD 19.1 million. The warranty guarantee is valid for 24 months from the date when the owner issues the completion certificate. (See resolution announcement and guarantee announcement of Board of Directors published on www.sse.com.cn, website of Shanghai Stock Exchange on December 7, 2020).

(4) Upon approval on the 3rd Meeting of the 7th Board of Directors of the Company held on April 28, 2021, the Company issued a parent company guarantee regarding the 3-year bank loan, with a total amount no more than USD 60 million, applied at the Bank of China by COOEC International Co., Ltd., a wholly owned subsidiary of the Company, with the guarantee amount no more than USD 64 million (principal + interest). The guarantee period is 3 years from the date of drawing money by COOEC International Engineering Co., Ltd. (See resolution announcement and guarantee announcement of Board of Directors published on www.sse.com.cn, website of Shanghai Stock Exchange on April 30, 2021)

(5) As approval on the 7th Meeting of the 7th Board of Directors of the Company held on December 28, 2021, the Company would provide credit guarantee for two wholly-owned subsidiaries: COOEC Subsea Technologies Co., Ltd. and Offshore Oil Engineering (Qing Dao) Co., Ltd. The guarantee limit shall not exceed RMB 500 million for COOEC Subsea Technologies Co., Ltd. and RMB 100 million for Offshore Oil Engineering (Qing Dao) Co., Ltd. The guarantee period is from the date of approval by the Board of Directors to December 31, 2023. (See resolution announcement and guarantee announcement of Board of Directors published on www.sse.com.cn, website of Shanghai Stock Exchange on December 28, 2021)

(6) Upon approval on the 9th Meeting of the 7th Board of Directors of the Company held on March 18, 2022, the Company issued parent company guarantee to the general contractor SAIPEM SA for Brazil Buzios VIII (FPSO P79) Module Construction Project undertaken by its subsidiary Offshore Oil Engineering (Qing Dao) Co., Ltd., with the contract amount of USD 119.66 million and guarantee amount of USD 71.796 million. The guarantee period is 48 months from the date of issuing the guarantee to the date of issuing the temporary acceptance certificate of the Project by the general contractor. The guarantee does not have to be submitted to the general meeting of shareholders for approval. (See resolution announcement and guarantee announcement of Board of Directors published on www.sse.com.cn, website of Shanghai Stock Exchange on March 23, 2022)

### Arbitration

On July 13, 2021, Branch of Maridive Offshore Projects Company filed an arbitration with Dubai Arbitration Center for the subcontract payment of Saudi Arabia 3648 project, requesting the Saudi branch of the Company to pay the idle time expenses and the compensation for duration change, demanding the Saudi branch of the Company to hire Pinsent Masons to defend the arbitration and file a counterclaim, demanding it to pay the losses incurred by the Saudi branch of the Company due to the termination of the project. Currently, the arbitration is in early stage. According to the lawyer comment letter of Pinsent Masons, the arbitration result is uncertain. As of the date approving the financial statement, no clear progress has been made in the arbitration.

Except the aforesaid contingencies, the Company had no other major or contingent matters as of June 30, 2022.

### (2). Important contingencies not required to be disclosed shall be explained as well:

Applicable     Not applicable

### 3. Others

Applicable     Not applicable

## XV. Events after the balance sheet date

### 1. Major non-adjusting events

Applicable     Not applicable

**2. Profit-sharing**

Applicable  Not applicable

**3. Sales return**

Applicable  Not applicable

**4. Explanation to events after the balance sheet date**

Applicable  Not applicable

**XVI. Other important matters**

**1. Correction of early accounting error**

**(1). Retrospective restatement approach**

Applicable  Not applicable

**(2). Prospective application approach**

Applicable  Not applicable

**2. Debt restructuring**

Applicable  Not applicable

**3. Assets replacement**

**(1). Non-monetary assets exchange**

Applicable  Not applicable

**(2). Other assets replacement**

Applicable  Not applicable

**4. Annuity plan**

Applicable  Not applicable

**5. Discontinuing operation**

Applicable  Not applicable

**6. Segment information**

**(1). Determination basis and accounting policy of reportable segments**

Applicable  Not applicable

**(2). Financial information of reportable segments**

Applicable  Not applicable



**(3). If there is no reportable segment or total assets or liabilities of report segments cannot be disclosed, explain the reasons.**

Applicable     Not applicable

**(4). Other descriptions**

Applicable     Not applicable

**7. Other critical transactions or matters impacting investment decision**

Applicable     Not applicable

**8. Others**

Applicable     Not applicable

## **XVII Notes to main items of financial statements of the parent company**

### **1. Accounts receivable**

**(1). Disclosure by accounting age**

Applicable     Not applicable

Unit: 10,000 Yuan    Currency: RMB

Accounting age	Book balance at the end of the period
Within 1 year	
Including: subentry within 1 year	
Subtotal within 1 year	394,682.81
1-2 year(s)	973.65
2-3 years	4,803.60
Above 3 years	19,711.79
Total	420,171.85

**(2). Classified disclosure by bad debt provision method**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Percentage (%)	Amount	Accrual proportion (%)		Amount	Percentage (%)	Amount	Accrual proportion (%)	
Accrual of bad debt reserves by single item										
Accrual of bad debt reserves by combination	420,171.85	100.00	3,430.50	0.82	416,741.35	573,677.00	100.00	1,977.66	0.34	571,699.34
Including:										
Accounting age portfolio	36,053.07	8.58	3,430.50	9.52	32,622.57	46,979.57	8.19	1,977.66	4.21	45,001.91
Portfolio of related parties	384,118.78	91.42			384,118.78	526,697.43	91.81			526,697.43
Total	420,171.85	/	3,430.50	/	416,741.35	573,677.00	/	1,977.66	/	571,699.34

Accrual of bad debt reserves by single item:

Applicable  Not applicable

Accrual of bad debt reserves by combination:

Applicable  Not applicable

Items accrued by combination: Accounting age portfolio

Unit: 10,000 Yuan Currency: RMB

Name	Closing balance		
	Accounts receivable	Bad debt reserve	Accrual proportion (%)
Accounting age portfolio	36,053.07	3,430.50	9.52
Portfolio of related parties	384,118.78		
Total	420,171.85	3,430.50	9.52

Recognition standard and description for accrual of bad debt reserves by combination:

Applicable  Not applicable

For accrual of bad debt reserves according to the general model of expected credit loss, please refer to the disclosure on other receivables:

Applicable  Not applicable

### (3). Bad debt reserve

Applicable  Not applicable

Unit: 10,000 Yuan Currency: RMB

Category	Opening balance	Amount changed in the current period				Closing balance
		Accrual	Withdrawn or reversed	Charge-off or write-off	Other changes	
Accrual of bad debt reserves by combination	1,977.66	1,441.08			11.76	3,430.50
Total	1,977.66	1,441.08			11.76	3,430.50

Including withdrawn or reversed amount of important bad debt reserves in this period:

Applicable  Not applicable

### (4). Accounts receivable written-off actually after verification in current period

Applicable  Not applicable

### (5). Receivables gathered based on debt party with top five balances at the end of the period

Applicable  Not applicable

Unit: 10,000 Yuan Currency: RMB

Unit name	Closing balance	Proportion to the total closing balance of accounts receivable (%)	Closing balance of bad debt reserve
China National Offshore Oil Corporation	317,593.47	75.59	

COOEC Subsea Technologies Co., Ltd.	30,797.21	7.33	
Offshore Oil Engineering (Qing Dao) Co., Ltd.	17,978.17	4.28	
CASTLE PEAK POWER COMPANY LIMITED	11,706.06	2.79	
Caofeidian Xintian LNG Co., Ltd.	11,230.52	2.67	
Total	389,305.43	92.66	

**(6). Accounts receivable derecognized due to the transfer of financial assets**

Applicable     Not applicable

**(7). Amount of asset and debt formed by transferring accounts receivable and constant involvement**

Applicable     Not applicable

Other notes:

Applicable     Not applicable

**2. Other receivables****Items listed**

Applicable     Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable		
Other receivables	36,556.25	31,985.23
Total	36,556.25	31,985.23

Other notes:

Applicable     Not applicable

**Interest receivable****(1). Classification of interest receivable**

Applicable     Not applicable

**(2). Important overdue interest**

Applicable     Not applicable

**(3). Accrual of bad debt reserve**

Applicable     Not applicable

Other notes:

Applicable     Not applicable

**Dividends receivable****(4). Dividends receivable**

Applicable     Not applicable

**(5). Significant dividends receivable with accounting age over 1 year**

Applicable     Not applicable

**(6). Accrual of bad debt reserve**

Applicable     Not applicable

Other notes:

Applicable     Not applicable

**Other receivables****(7). Disclosure by accounting age**

Applicable     Not applicable

Unit: 10,000 Yuan    Currency: RMB

Accounting age	Book balance at the end of the period
Within 1 year	
Including: subentry within 1 year	
Subtotal within 1 year	33,742.12
1-2 year(s)	1,655.67
2-3 years	18.42
Above 3 years	3,216.99
Total	38,633.20

**(8). Classification by nature of payment**

Applicable     Not applicable

Unit: 10,000 Yuan    Currency: RMB

Nature	Book balance at the end of the period	Book balance at the beginning of the period
Prepaid tax		
Loan and interest of related parties and other related current account	35,508.91	30,919.05
Transaction payment	1,606.24	
Deposit, imprest and margin	1,091.93	1,361.39
Advance money	426.12	171.24
Total	38,633.20	32,451.68

**(9). Accrual of bad debt reserve**

Applicable     Not applicable

Unit: 10,000 Yuan    Currency: RMB

Bad debt reserve	Stage I	Stage II	Stage III	Total
	Expected credit loss in the next 12 months	Expected credit loss in the whole duration (without credit impairment)	Expected credit loss in the whole duration (with credit impairment)	
Balance on January 1, 2022	0.10		466.35	466.45
Balance on January 1, 2022 in the current period				
-- Transferred into Stage II				
-- Transferred into Stage III				
-- Transferred				

back to Stage II				
-- Transferred back to Stage I				
Amount accrued in the current period			1,606.24	1,606.24
Amount reversed in the current period				
Amount charged off in the current period				
Amount written off in the current period				
Other changes			4.26	4.26
Balance on June 30, 2022	0.10		2,076.85	2,076.95

Description to the obvious changes in book balance of other accounts receivable with loss reserves change in the current period:

Applicable    Not applicable

Book balance	Stage I	Stage II	Stage III	Total
	Expected credit loss in the next 12 months	Expected credit loss in the whole duration (without credit impairment)	Expected credit loss in the whole duration (with credit impairment)	
Balance on January 1, 2022	31,985.33		466.35	32,451.68
Balance on January 1, 2022 in the current period				
-- Transferred into Stage II				
-- Transferred into Stage III				
-- Transferred back to Stage II				
-- Transferred back to Stage I				
Increase in the current period	4,571.02		1,606.24	6,177.26
Current derecognition				
Other changes			4.26	4.26
Balance on June 30, 2022	36,556.35		2,076.85	38,633.20

The basis for deciding obvious increase in the accrued amount of bad debt reserves in the current period and the credit risk of evaluating financial instrument:

Applicable     Not applicable

**(10). Bad debt reserve**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Category	Opening balance	Amount changed in the current period				Closing balance
		Accrual	Withdrawn or reversed	Charge-off or write-off	Other changes	
Accrual of bad debt reserves by single item	466.35	1,606.24			4.26	2,076.85
Accrual of bad debt reserves by combination	0.10					0.10
Total	466.45	1,606.24			4.26	2,076.95

Including reversed or withdrawn amount of important bad debt reserves in the current period:

□ Applicable    √Not applicable

**(11). Other receivables written off actually after verification in the current period**

□ Applicable    √Not applicable

Notes to charge-off of other receivables:

□ Applicable    √Not applicable

**(12). Other accounts receivable gathered based on debt party with top five balances at the end of the period**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Unit name	Nature of accounts	Closing balance	Accounting age	Proportion to the total closing balance of other receivables (%)	Bad debt reserve Closing balance
COOEC International Co., Ltd.	Loan and interest	24,121.06	Note 1	62.44	
COOEC Subsea Technologies Co., Ltd.	Related current account	6,070.03	Within 1 year	15.71	
COOEC International Engineering Co., Ltd	Related current account	4,269.88	Note 2	11.05	
Branch of Maridive Offshore Project	Transaction payment	1,606.24	Within 1 year	4.16	1,606.24
Offshore Oil Engineering (Qing Dao) Co., Ltd.	Related current account	1,001.66	Within 1 year	2.59	
Total	/	37,068.87	/	95.95	1,606.24

Note 1: For COOEC International Co., Limited, the closing balance is RMB 241,210,600, including RMB 216,700,800 for accounting age within 1 year (including) and RMB 24,509,800 for more than 5 years;

Note 2: For COOEC International Engineering Co., Ltd., the closing balance is RMB 42,698,800, including RMB 28,915,000 for accounting age within 1 year (including) and RMB 13,783,800 for 1-2

year(s).

**(13).Accounts receivable involving government grants**

Applicable     Not applicable

**(14).Other receivables derecognized due to the transfer of financial assets**

Applicable     Not applicable

**(15).Amount of asset and debt formed by transferring other receivables and constant involvement**

Applicable     Not applicable



Other notes:

√Applicable    □Not applicable

Classified disclosure by bad debt provision method

Category	Closing balance					Balance at the end of previous year				
	Book balance		Bad debt reserve		Book value	Book balance		Bad debt reserve		Book value
	Amount	Percentage (%)	Amount	Accrual proportion (%)		Amount	Percentage (%)	Amount	Accrual proportion (%)	
Accrual of bad debt reserves by single item	2,076.85	5.38	2,076.85	100.00		466.35	1.44	466.35	100.00	
Accrual of bad debt reserves by combination	36,556.35	94.62	0.10		36,556.25	31,985.33	98.56	0.10		31,985.23
Including:										
Accounting age portfolio	39.84	0.10			39.84					
Combination of reserve fund and deposit	1,007.60	2.61	0.10	0.01	1,007.50	1,065.93	3.28	0.10	0.01	1,065.83
Portfolio of related parties	35,508.91	91.91			35,508.91	30,919.40	95.28			30,919.40
Total	38,633.20	100.00	2,076.95		36,556.25	32,451.68	100.00	466.45		31,985.23

## Accrual of bad debt reserves by single item:

Name	Closing balance			Accrual cause
	Book balance	Bad debt reserve	Accrual proportion (%)	
Branch of Maridive Offshore Project	1,606.24	1,606.24	100.00	Uncollected upon prediction
Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd.	171.13	171.13	100.00	Uncollected upon prediction
Taiyuan Rongli Trading Co. Ltd.	215.15	215.15	100.00	Uncollected upon prediction
Bassam Mohsen Foundations Contracto	49.25	49.25	100.00	Uncollected upon prediction
Abdullah Hashim Industrial Gases	35.08	35.08	100.00	Uncollected upon prediction
Total	2,076.85	2,076.85		

## Accrual of bad debt reserves by combination:

Name	Closing balance		
	Other receivables	Bad debt reserve	Accrual proportion (%)
Accounting age portfolio	39.84		
Including: Within 1 year (including 1 year)	39.84		
1-2 years (including 2 years)			
2-3 years (including 3 years)			
Above 3 years			
Combination of reserve fund and deposit	1,007.60	0.10	0.01
Portfolio of related parties	35,508.91		
Total	36,556.35	0.10	

**3. Long-term equity investment**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment reserves	Book value	Book balance	Impairment reserves	Book value

Investment in subsidiaries	920,597.42		920,597.42	920,597.42		920,597.42
Investment for associated enterprise and joint ventures						
Total	920,597.42		920,597.42	920,597.42		920,597.42

**(1) Investment in subsidiaries**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Investee	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Accrual of impairment reserves in the current period	Impairment reserve balance at the end of the period
Offshore Oil Engineering (Zhuhai) Co., Ltd.	395,000.00			395,000.00		
Offshore Oil Engineering (Qing Dao) Co., Ltd.	297,000.00			297,000.00		
COOEC Subsea Technologies Co., Ltd.	219,247.36			219,247.36		
COOEC International Engineering Co., Ltd	6,000.00			6,000.00		
A.E.S. Destructive and Non-destructive Testing Limited	2,009.46			2,009.46		
Lanhai International Limited	669.81			669.81		
COOEC	618.65			618.65		

International Co., Ltd.					
COOEC Nigeria Limited	52.14			52.14	
Total	920,597.42			920,597.42	

**(2) Investment for associated enterprise and joint ventures**

Applicable  Not applicable

Other notes:

Applicable  Not applicable

**4. Operating income and operating expenses****(1). Operating income and operating expenses**

Applicable  Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period		Amount incurred in last period	
	Income	Cost	Income	Cost
Main business	927,439.99	889,121.36	606,471.21	541,575.37
Other business	2,006.63	796.21	3,001.75	196.91
Total	929,446.62	889,917.57	609,472.96	541,772.28

**(2). Income from contracts**

Applicable  Not applicable

**(3). Explanation of performance obligations**

Applicable  Not applicable

**(4). Explanation of allocation to remaining performance obligations**

Applicable  Not applicable

Other notes:

Operating income of top five customers:

Item	Amount in the current period (RMB 10,000)	Proportion to total operating income (%)
China National Offshore Oil Corporation	607,985.17	65.41
Hong Kong LNG Terminal Limited	89,771.46	9.66
National Petroleum and Natural Gas Pipeline Network Group Co., Ltd.	46,011.18	4.95
Caofeidian Xintian LNG Co., Ltd.	37,364.78	4.02

SK Innovation Co., Ltd.	36,118.82	3.89
Total	817,251.41	87.93

## 5. Investment income

Applicable    Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
Investment income of long-term equity measured by cost method	99,754.59	19,800.00
Long-term equity investment income accounted by equity method		
Investment income from the disposal of long-term equity investment		
Investment income for financial assets held for trading during the holding period	6,445.80	6,480.25
Dividends income from other equity instruments investment during the holding period	764.35	
Interests income from creditors' investment during the holding period	2,821.34	2,793.13
Interests income from other creditors' investment during the holding period		
Investment income from the disposal of financial assets held for trading		
Investment income from the disposal of other equity instruments investment		
Investment income from the disposal of creditors' investment		
Investment income from the disposal of other creditors' investment		
Gains from debt restructuring		
Total	109,786.08	29,073.38

## 6. Others

Applicable    Not applicable

**XVIII. Supplementary data****1. Details of the current non-recurring gains or losses**

√Applicable    □Not applicable

Unit: 10,000 Yuan    Currency: RMB

Item	Amount	Description
Gains or losses from the disposal of non-current assets	40.01	
Tax refund and allowance or exemption approved beyond authority level or without formal written approval		
Government grants included in the current profit and loss (closely related to business events, excluding government grants enjoyed in quota or fixed amount as per unified national standard)	667.61	
Fund occupation expense charged from non-financial enterprises and included in the current profit and loss		
Income generated when the Company's cost of investment into subsidiaries, associated enterprises and joint ventures is less than the fair value of the investee's identifiable net assets to which the Company should be entitled when it obtains the investment		
Gains or losses from non-monetary assets exchange		
Gains or losses from investment or assets management by others entrusted	9,267.14	
Impairment reserve of various assets due to force majeure such as natural disaster		
Gains or losses from debt restructuring		
Corporate restructuring expenses, such as expenditure for staff settlement and integration expenses		
Gains or losses in excess of the fair value from transactions made at obviously unfair price		
Current net gains or losses of subsidiaries generated from business merger under the same control from the beginning of the period to the merger		

date		
Gains or losses from items irrelevant or relevant to the Company's normal operations		
Gains or losses arising from changes in the fair value of financial assets and liabilities held for trading and financial derivatives (assets and liabilities), except effective hedging instruments related to the Company's normal operations, and gains or losses from the disposal of financial assets and liabilities held for trading, financial derivatives, and other debt investments	3,005.16	
Reversal of impairment reserve in accounts receivable and contract assets for which impairment tests are carried out separately		
Gains or losses from external entrusted loans		
Gains or losses from changes in the fair value of investment property to be subsequently measured at fair value measurement model		
Impact of one-time adjustment of current gains or losses made according to the requirements of tax, accounting and other applicable laws and regulations on current gains or losses		
Custody income from entrusted operations		
Non-operating income and expenses other than the items above	795.64	
Other gains or losses in conformity with definition of non-recurring gains or losses	1,762.56	
Minus: Amount affecting income tax	2,525.46	
Amount affecting minority interest (after tax)	42.94	
Total	12,969.72	

Note: Other profit and loss items in line with the definition of non-recurring profits and losses mainly refer to the profits and losses of RMB 17,625,600 in unfulfilled internal transaction between the Company and COOEC-Fluor Heavy Industries Co., Ltd., a joint venture.

Reasons shall be given for non-recurring gains or losses defined according to *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses* and those listed in *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses* which are defined as recurring gains or losses.

Applicable  Not applicable

## 2. Rate of return on net assets and earnings per share

Applicable  Not applicable

Profit in the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted EPS
Net profit attributable to common shareholders of the Company	2.13	0.11	0.11
Net profit attributable to common shareholders of the Company after deducting non-recurring gains or losses	1.55	0.08	0.08

## 3. Differences in accounting data under domestic and foreign accounting standards

Applicable  Not applicable

## 4. Others

Applicable  Not applicable

Chairman: Yu Yi

Date of submission to and approval by Board of Directors: August 19, 2022

## Revision Information

Applicable  Not applicable