



海洋石油工程股份有限公司  
Offshore Oil Engineering Co.,Ltd.



# 2022

## ANNUAL REPORT

Stock name: COOEC Stock code: 600583



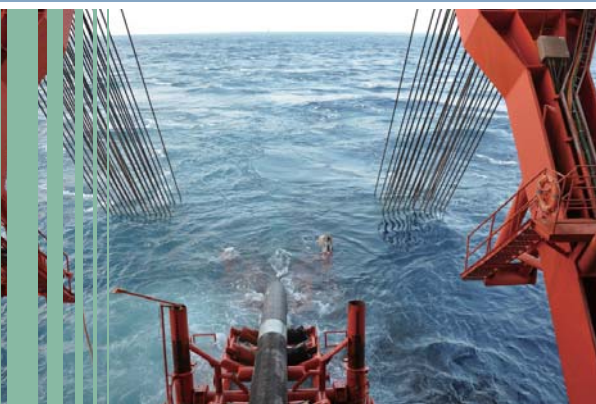
Engineering design

Onshore construction



Offshore installation

Submarine pipeline laying



### Contents

001	Important Notices	077	Environment and Social Responsibility
002	Message from Chairman	086	Significant Matters
004	Interpretations	099	Changes in Shares and Shareholders' Information
006	Company Profile and Major Financial Indicators	104	Preferred Shares
010	Management Discussion and Analysis	105	Bond-related Information
057	Corporate Governance	106	Financial Reports

Welcome to COOEC

# Important Notices

I. The Board of Directors, Board of Supervisors, directors, supervisors and senior officers of Offshore Oil Engineering Co., Ltd. (“COOEC”) undertake that the information presented in the report is true, accurate and complete and does not contain false records, misrepresentations or major omissions and bear individual and joint legal liability.

II. Non-attendance of directors

Position of directors not present	Name of director not present	Reasons for non-attendance	Name of the proxy
Director	Wang Zhangling	Business reasons	Xing Wenxiang
Director	Qiu Jianyong	Business reasons	Xin Wei

III. BDO China Shu Lun Pan Certified Public Accountants LLP issued a standard unqualified auditors’ report for COOEC.

IV. Declaration by Yu Yi, legal representative, Li Peng, accounting principal and Yao Baoqin, head of the accounting department (accounting director): they ensure the truthfulness, accuracy and completeness of the financial report in the annual report.

V. Resolution of the Board of Directors on the proposal for profit distribution or the proposal for transfer of capital reserve to share capital for the current reporting period

COOEC intends to distribute a cash dividend of RMB1.00 (including tax) for every 10 shares to all shareholders based on the total share capital of 4,421,354,800 shares at the end of 2022, without distributing stock dividends and using capital reserve to increase share capital. The total cash distribution required is approximately RMB442 million, representing 30.34% of the consolidated net profit achieved in 2022 and the undistributed profit will be carried forward for distribution in future years.

The distribution proposal is subject to the consideration and approval at the 2022 Annual General Meeting.

VI. Risk statement in forward-looking statements

Applicable  Not applicable

The forward-looking statements in Section III of this report, which relate to business plans, business objectives and development strategies, do not constitute actual commitments by COOEC to investors and investors are advised to pay attention to the investment risks.

VII. Is there any non-operating appropriation of funds by controlling shareholders and other related parties

No

VIII. Is there any violation of the required decision-making procedures in the provision of external guarantees

No

IX. Is there any situation where more than half of the directors cannot guarantee the truthfulness, accuracy and completeness of the annual report disclosed by COOEC

No

X. Significant risks

This report analyzes the possible risks faced by COOEC, and investors are requested to pay attention to them, as detailed in the analysis under (IV) Possible Risks in Section III Management Discussion and Analysis.

XI. Others

Applicable  Not applicable

List of Reference Documents

The financial statements bearing the signatures and seals of the legal representative, the accounting principal and the head of the accounting department;

The original audit report bearing the seal of the accounting firm and the signature and seal of the certified public accountant.

Originals of all documents and announcements of COOEC publicly disclosed on the website of the Shanghai Stock Exchange and in the newspaper designated by China Securities Regulatory Commission in the reporting period.



# Message from Chairman



Chairman & Party Secretary | Yu Yi

RMB billion  
29.358

The Company's operating income for the reporting period is RMB29.358 billion, a record high in the 20-year history of listing

## Distinguished shareholders and investors,

On behalf of the Board of Directors, I will now report to you the annual work of COOEC in 2022.

**Our mission and aspiration.** The year 2022 marked the 20th anniversary of COOEC's going public. Since listed on the Shanghai Stock Exchange on February 5, 2002, the first domestic branch of CNOOC to do so, COOEC has officially entered the capital market and ushered in a leap-forward development. Over the past two decades, all COOEC people have been braving the waves, forging ahead, making it our mission to secure national energy. From shallow beaches to deep seas, from Chengbei, Penglai and Kenli to Liwan, Lingshui and Lufeng, we pressed ahead with new heights of marine engineering. COOEC people have accelerated China's offshore oil development from shallow water to ultra-deep water.

**Lean management and value creation.** In the face of the increasingly complex domestic and international business environment throughout 2022,

the Board of Directors led and united the management and all employees to take the opportunity of rising oil price, focus on the main business, and coordinate development and safety. Taking strategic objectives as a foothold, value creation as a starting point, lean management as a focus, reform and innovation as a growth point and risk control as a major issue to address, we have promoted the continuous improvement of the company's core competitiveness, cultivated its internal driving force and enhanced its independent innovation. The results have turned out remarkable. Within the report period, it realized revenue of 29.358 billion yuan, a record high as a public company, 1.457 billion yuan of which was attributable to listed shareholders. By the end of December 2022, the company's total assets totaled 42.639 billion yuan, with 23.703 billion

yuan attributable to listed shareholders. And its asset-liability ratio was kept at 39.77%, indicating a healthy asset-liability structure and a steady high-quality development tendency.

**Innovation-driven development.** In 2022, COOEC successfully delivered Haiji No.1, the first deep-water jacket platform in Asia, marking that the key technology and installation capability of China's deep-water super-large jacket have reached the world-class level. Tianjin smart manufacturing base created a historic breakthrough in domestic offshore oil and gas smart manufacturing, accelerating its digital and intelligent transformation. The company won the bid for a series of new energy and new industrial projects involving LNG, offshore floating wind power and submarine data center, marking a broader road towards green development. The successful handover



▲ Offshore installation of Lufeng Oilfields Regional Development Project

of overseas projects such as Shell Penguin cylindrical FPSO and Canadian LNG serialization module earned the company more praise in the international market. The company's management goes leaner as we adapted the value management system to our development in an all-round way. 25.64 billion yuan of new contracts was signed in the whole year, and about 35.5 billion yuan of orders remained to be done by the end of 2022, which provided a minimum guarantee for the workload in the next 1-2 years.

**We will keep forging ahead despite a long way to go.** The year 2023 kicks off the full implementation of the spirit of the 20th Party Congress, plays a pivot role in the 14th Five-Year Plan, and props up the high-quality development. Under the spirit of the 20th CPC National Congress, the company will take high-quality development as a

strategic, overall and urgent task. We will comprehensively enhance our understanding of high-quality development, conscientiously develop practical measures and implementation paths for high-quality development, and pursue the steadiness and growth of both asset quality and operating performance. We will grasp the dual drive of endogenous growth and epitaxial development, seek the reciprocity of market layout and industrial structure, promote the deepening and integration of technological innovation, reform and development, strengthen risk management and compliance management, and keep high-quality development advancing forward on the right track. We will give back to the society, shareholders and employees with more excellent performance!

Here, I would like to express my heartfelt

gratitude to all the shareholders who have rendered support for the company's reform and development, to all sectors of society who care about the company's growth and development, and to all employees who share the company's destiny!

The road forward was broad, and we are in the finest time. With more than 20 years of unremitting efforts, COOEC has outlined a magnificent picture of China's offshore oil industry with youth and sweat. To start a new journey, we will forge ahead hand in hand with all shareholders and jointly create a more brilliant future.

Chairman & Party Secretary  
Yu Yi

A handwritten signature in black ink, appearing to be the name 'Yu Yi' in Chinese characters.



# Interpretations

## I. Interpretations

In this report, unless the context otherwise requires, the following words have the following meanings:

Interpretations of commonly used terms		
COOEC	refers to	Offshore Oil Engineering Co., Ltd.
CNOOC	refers to	China National Offshore Oil Corporation
CNOOC Limited	refers to	CNOOC Limited
COOEC-Fluor	refers to	COOEC-Fluor Heavy Industries Co., Ltd.
MSCI	refers to	Morgan Stanley Capital International, a leading index compiler in the United States
EPCI	refers to	Abbreviation for the engineering design, procurement, construction and installation.
FPSO	refers to	Abbreviation for floating production storage and offloading.
LNG	refers to	Abbreviation for liquefied natural gas.
FEED	refers to	Abbreviation for front end engineer design.
CCS	refers to	Abbreviation for carbon capture and storage.
CCUS	refers to	Abbreviation for carbon capture, utilization and storage.
EPCM	refers to	Abbreviation for engineering design, procurement and construction management.

▶ Offshore installation of Kenli 6-1 Oilfield 10-1 North Block Development Project





# Company Profile and Major Financial Indicators

## I. Company profile

Chinese name	海洋石油工程股份有限公司
Abbreviation in Chinese	COOEC
Name in foreign language	OFFSHORE OIL ENGINEERING CO.,LTD.
Abbreviation in foreign language	COOEC
Legal representative	Yu Yi

## II. Contact and contact information

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

## III. Basic Information

Registered address	Room 202-F105, 2/F, Podium of Ligang Building, No.82 West 2nd Road, Tianjin Pilot Free Trade Zone (Airport Economic Zone)
Historical change of COOEC's registered address	When COOEC was established on April 20, 2000, its registered address was No. 248, Block A, Zhongji Science Park, Huayuan Industrial Zone, Tianjin New Technology Industrial Park. On October 27, 2004, the address was changed to No. 4-396, Hebei Road, Tanggu District, Tianjin. On September 6, 2007, the address was changed to No. 1078, Danjiang Road, Tanggu District, Tianjin. On December 31, 2009, it was changed to No. 199, Binhai 15 Road, Tianjin Port Free Trade Zone. On August 10, 2011, it was changed to Room 202-F105, 2/F, Podium of Ligang Building, No.82 West 2nd Road, Tianjin Airport Economic Zone. On January 10, 2018, it was changed to Room 202-F105, 2/F, Podium of Ligang Building, No.82 West 2nd Road, Tianjin Pilot Free Trade Zone (Airport Economic Zone).
Office address	No. 199, Binhai 15th Road, Tianjin Port Free Trade Zone, Tianjin
Postal code	300461
Website	<a href="https://www.cnoocengineering.com">https://www.cnoocengineering.com</a>
E-mail	tijing@cooec.com.cn

## IV. Information disclosure and storage location

Name and website of the media where COOEC discloses its annual report	China Securities Journal and Shanghai Securities News
Website of the stock exchange where COOEC discloses its annual report	<a href="http://www.sse.com.cn">www.sse.com.cn</a>
Storage location of annual reports	Financial Management Department

## V. Company's stock profile

Company's stock profile				
Stock type	Stock exchange	Abbreviation	Stock code	Stock name before the change
A-share	Shanghai Stock Exchange	COOEC	600583	Not applicable



## VI. Other relevant information

Accounting firm engaged by COOEC (domestic)	Name	BDO CHINA Shu Lun Pan Certified Public Accountants LLP
	Office address	17-20/F, Tower A, Zhonghai International Center, Building 7, No. 5 Anding Road, Chaoyang District, Beijing
	Signing accountants	Wang Shouyi and Xiu Jun

## VII. Key accounting data and financial indicators in recent three years

### (I) Major accounting data

Unit: RMB'0,000

Major accounting data	2022	2021	Increase or decrease YoY (%)	2020
Operating revenue	2,935,836.83	1,979,548.12	48.31	1,786,257.63
Net profit attributable to shareholders of the listed company	145,740.91	36,979.89	294.11	36,329.92
Net profit after deducting non-recurring profits and losses attributable to shareholders of the listed company	85,257.93	708.73	11,929.68	5,179.88
Net cash flows from operating activities	331,348.71	303,321.95	9.24	202,079.46
	As at the end of 2022	As at the end of 2021	Increase or decrease YoY (%)	As at the end of 2020
Net assets attributable to shareholders of the listed company	2,370,298.97	2,274,207.10	4.23	2,265,106.00
Total assets	4,263,867.49	3,465,426.38	23.04	3,328,189.62
Share capital at the end of the period (10,000 shares)	442,135.48	442,135.48	0	442,135.48

### (II) Main financial indicators

Key financial indicators	2022	2021	Increase or decrease YoY (%)	2020
Basic earnings per share (RMB/share)	0.33	0.08	312.50	0.08
Diluted earnings per share (RMB/share)	0.33	0.08	312.50	0.08
Basic earnings per share after deducting non-recurring profits and losses (RMB/share)	0.19	0.002	9,400.00	0.01
Return on weighted average net assets (%)	6.30	1.64	Increase of 4.66 ppt	1.61
Return on weighted average net assets after the deduction of non-recurring profits and losses (%)	3.69	0.03	Increase of 3.66 ppt	0.23

Explanations on main accounting data and financial indicators of COOEC for the recent three years

Applicable  Not applicable

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

(I) Differences between net profit and net assets attributable to shareholders of the listed company in financial reports disclosed in accordance with international accounting standards and those disclosed in accordance with Chinese accounting standards

Applicable  Not applicable

(II) Differences between net profit and net assets attributable to shareholders of the listed company in financial reports disclosed in accordance with overseas accounting standards and those disclosed in accordance with Chinese accounting standards

Applicable  Not applicable

(III) Explanation of differences between domestic and foreign accounting standards:

Applicable  Not applicable

## IX. 2022 quarterly key financial data

Unit: RMB'0,000

	Q1 (January - March)	Q2 (April - June)	Q3 (July - September)	Q4 (October-December)
Operating revenue	435,403.71	738,000.01	774,152.10	988,281.01
Net profit attributable to shareholders of the listed company	11,811.30	36,302.27	35,374.86	62,252.48
Net profits after deducting non-recurring profits and losses attributable to shareholders of the listed company	5,431.26	29,723.89	26,748.81	23,353.97
Net cash flows from operating activities	24,247.36	250,375.94	9,410.35	47,315.06

Explanation of differences between quarterly data and data in disclosed periodic reports

□ Applicable √ Not applicable

## X. Items and amounts of non-recurring gains and losses

√ Applicable □ Not applicable

Unit: RMB'0,000

Item of non-recurring gain and loss	Amount in 2022	Notes (if applicable)	Amount in 2021	Amount in 2020
Profit or loss from disposal of non-current assets	51.31	Investment income from disposal of long-term equity investments in associates and gain on disposal of assets	1,406.48	0.00
Unauthorized approval, or without formal approval, or occasional tax return or exemption				
Government grants included in the current profit or loss (except for government grants closely related with the normal business of COOEC, obtained within quota or quantity in accordance with the policies and provisions of the State)	-5,957.53	Mainly government grants such as consumption tax refunds and research subsidies	17,394.46	17,658.80
Fund possession costs included in the current profit or loss and collected from non-financial enterprises				
Gains from the difference between the investment costs of acquisition of subsidiaries, associates and joint ventures and share in the net fair value of the identifiable assets of the investees upon investment	3,431.21	Negative goodwill arising from business combination not under common control		
Profit or loss from non-monetary assets exchange				
Profit or loss from the assets which are invested or managed by others entrusted	20,600.01	Mainly gains arising from the purchase of structured deposits, wealth management products and large certificates of deposit	16,394.30	11,717.50
Provision for asset impairment made due to force majeure, such as natural disasters				
Profit or loss from debt restructuring				
Enterprise restructuring expenses, such as expenditures for employee allocation and integration expenses				
Profit or loss on transactions made at unfair transaction price in excess of the fair value				
Current net profit or loss of the subsidiaries from business combination under common control from the beginning of the period to the combination date				
Profit or loss on contingencies irrelevant to normal business operation of COOEC				



Item of non-recurring gain and loss	Amount in 2022	Notes (if applicable)	Amount in 2021	Amount in 2020
Profit or loss on changes in fair values of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities as well as the investment income obtained from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments, except for effective hedging operations associated with COOEC's normal operations	1,172.84	Changes in fair value of financial assets held for trading	2,617.90	2,456.07
Reversal of receivables tested for impairment separately and provision for impairment of contract assets	259.64			
Profit or loss from external entrusted loans				
Profit or loss on changes in fair value of investment property subsequently measured by adopting the fair value mode				
Effect on current profit or loss due to one-off adjustment thereto in accordance with the requirements of laws and regulations regarding taxation or accounting				
Income from trustee fees charged for entrusted operation				
Non-operating revenue and expenses other than the above-mentioned items	1,512.67		1,232.54	2,218.39
Other items of profit or loss subject to the definition of non-recurring profit or loss	55,191.02	Mainly gains from equities re-measured at fair value upon obtainment of control	4,316.38	3,548.30
Less: income tax effects	-15,728.78		7,052.84	6,314.31
Adjustment to minority equity (after tax)	-49.41		38.06	134.71
Total	60,482.98		36,271.16	31,150.04

For non-recurring profit or loss defined under Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public--Non-recurring Profit or Loss, please state reasons for defining non-recurring profit or loss listed in Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public--Non-recurring Profit or Loss as recurring profit or loss.

Applicable  Not applicable

## XI. Items measured at fair value

Applicable  Not applicable

Unit: RMB'0,000

Item	Beginning balance	Ending balance	Current change	Amount of impact on current profit
Investment in other equity instruments - shares of Lanpec held by COOEC	9,235.20	0	-9,235.20	0
Financial assets held for trading - structured deposits	421,270.06	350,936.32	-70,333.74	16,130.16
Financial assets held for trading - net worth wealth management	204,347.84	510,236.52	305,888.68	
Total	634,853.10	861,172.84	226,319.74	16,130.16

## XII. Others

Applicable  Not applicable

# Management Discussion and Analysis

- ▶ Hoisting and handling of west module of Haiji-1 for Lufeng Oilfields Regional Development Project



RMB billion

29.358

Operating revenue

RMB billion

1.457

Net profit attributable to shareholders of the listed company

RMB billion

42.639

Total assets



## I. Discussion and analysis of operation

In 2022, the complexity, severity and uncertainty of the economic development environment rose due to the repeated impact of multiple over-expected factors such as international geopolitical fluctuations, monetary policy shifts in major global economies and extreme heat weather. Facing the increasingly complex business environment at home and abroad, the Board of Directors of COOEC led the management and all employees to seize the opportunity of industry rebound, focus on the main responsibility and main business, take strategic objectives as the foothold, value creation as the starting point, lean management as the focus, reform and innovation as the growth point, and risk prevention and control as the entry point to promote COOEC's continuous improvement in core competitiveness, cultivation of intrinsic driving force, and enhancement of independent innovation and therefore gained achievements. In particular, new contracts signed in the market achieved rapid growth; COOEC's operating revenue hit a record high in the past 20 years since its listing; the successful construction of Sea Base No.1, a deep-water platform in the eastern part of the South China Sea, marked COOEC's systematic mastery of the key technologies for the construction and installation of ultra-large conduit frames in 300 meters of water depth; and COOEC comprehensively built a value management system that meets its development needs and guides its production and operation, showing a more solid trend of high-quality development.

During the reporting period, COOEC achieved operating revenue of RMB29.358 billion and net profit attributable to shareholders of the listed company of RMB1.457 billion. As of the end of December 2022, total assets amounted to RMB42.639 billion; net assets attributable to shareholders of the listed company amounted to RMB23.703 billion; asset and liability ratio was 39.77%, and the asset and liability structure continued to remain sound.



RMB billion

23.703

Net assets attributable to shareholders of the listed company



▶ Offshore installation of Lufeng Oilfields Regional Development Project



▲ During the pneumatic jacking process of the storage tank, the construction workers went to monitor

### Major work accomplished in 2022:

(I) The workload hit a new record high and breakthroughs were achieved in many fields

A total of 63 projects above the scale were implemented during the reporting period, with an annual steel processing volume of 377,500 structural tons, up 57% on a year-on-year basis, and 26,100 ship days put into operation, up 18% on a year-on-year basis;

# 63

A total of 63 projects above designated size were implemented throughout the year

# 377,500

377,500 tons of steel materials were processed for construction activities

structural tons

# 26,100

26,100 ship-days were spent on offshore operations such as installation

ship days

▼ Onshore construction of jacket for Lihua 11-1/4-1 Oilfield Secondary Development Project





▼ Development Project of Blocks KL5-1,  
5-2 and 6-1 in Kenli 6-1 Oilfield



▼ Towing and sailing of deep-sea floating wind power platform—"CNOOC Guanlan"





24 conduits and 23 blocks were built on land, 26 conduits and 24 blocks were installed offshore, 399 km of submarine pipelines and 222 km of submarine cables were laid.

► Lingang intelligent manufacturing base of Tianjin Branch of COOEC



24

Onshore construction of 24 jackets and 23 modules

unit

23

26

Offshore installation of 26 jackets and 24 modules

unit

24

399

Laying of 399km submarine pipelines and 222km submarine cables

km

222

► Operation of Brazil P70 FPSO Project







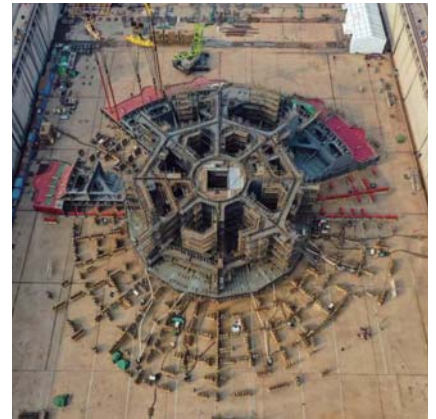
▲ Float-over site of Enping Oilfields Regional Development Project

**Domestic projects achieved several firsts.** COOEC successfully delivered Asia's No.1 deepwater catenary platform - Sea Base No.1, the regional development project of Lufeng Oilfield Group, and achieved the first domestic EPCI of 300m class water depth ultra-large catenary platform, which set a new record for the weight of single crude oil production platform in China and promoted the key technology and installation capacity of China's deepwater super-large jacket complete set to reach the world-class level. Asia's first cylindrical FPSO (floating production, storage and offloading unit) - the FPSO for the secondary development of Lihua 11-1/4-1 oil field - was officially started in Qingdao, which will help COOEC make a new breakthrough in the FPSO field with its independent design and construction and integration capability of deepwater ultra-large offshore oil and gas equipment. China's first offshore carbon dioxide storage demonstration project, the conduit frame of Enping 15-1 central platform, was successfully skidded into the water and precisely positioned in the eastern waters of the South China Sea.





▶ Land construction of Lihua 11-1/4-1 Oilfield Secondary Development Project



▼ Haiji-1 construction site of Lufeng Oilfields Regional Development Project







◀ Construction workers were working together to prepare for the hoisting operation

The main construction of China's first deep offshore floating wind power platform - CNOOC Guanlan - was completed in Qingdao, marking significant progress in the construction of the world's first double hundred offshore wind power project with a water depth of over 100 meters and an offshore distance of over 100 kilometers and COOEC's important step in the layout of the new energy field. Several LNG projects entered the peak construction period, including the second phase of Zhejiang LNG receiving station project, which was listed on the list of Qianjiang Cup quality projects in Zhejiang Province in 2022, the first time that COOEC won the provincial and ministerial-level housing and urban-rural construction quality project awards in the field of LNG receiving station construction.

▼ Onshore construction of deep-sea floating wind power platform—"CNOOC Guanlan"







▲ Construction site of Zhuhai LNG Plant Expansion Project Phase II in Guangdong





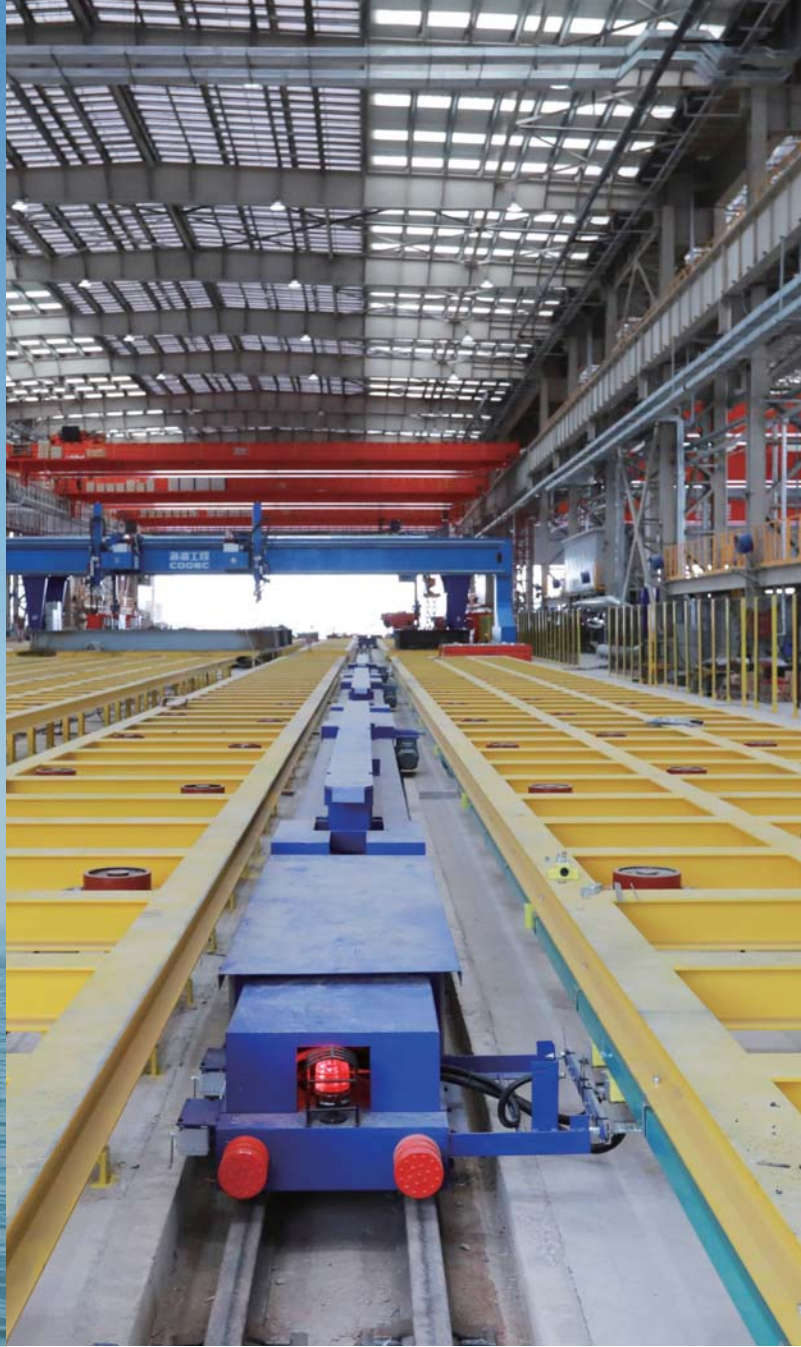
▲ Offshore installation of Bozhong 19-6 Condensate Gas Field Phase I Development Project



The newly put into operation Tianjin intelligent manufacturing base, playing the advantages of digitalization and intelligence, successfully delivered Bozhong 29-6 project block of China's first intelligent manufacturing project of offshore oil and gas equipment, marking COOEC's important step in digital transformation.

◀ Intelligent equipment test





▲ Lingang intelligent manufacturing base of Tianjin Branch of COOEC

▼ Shipment of modules for Bozhong-Kenli Oilfields Shore Power Application Project











▲ Construction site of Hong Kong Offshore LNG Terminal Project

The pace of advancement of overseas projects was accelerated. The Shell LNG module construction project in North America completed the delivery of 28 modules in 9 vessels in 2022, making it the site with the fastest progress and the best completion status among all Shell LNG construction sites in the world. This project is the first in the world to realize the integration of core process module plus pipeline corridor module and pioneer a number of new processes and technologies. It marks that China's LNG modular plant construction capacity has steadily ranked at the international advanced level. The successful delivery of Shell Penguin FPSO marked the research on key technologies such as integrated assembly in compact space and promoted COOEC's high-end manufacturing to be among the world's most advanced technologies. The P79 FPSO of Petrobras is under structural prefabrication. It is another large deepwater FPSO project in Brazil, South America, in which COOEC participated again after completing the P67/P70 project. It is also the first cooperation between COOEC and Saban, a well-known Italian oil service company, in the construction project, and is another remarkable achievement of COOEC's international development. The KIA pipeline in Canada was completed, the Hong Kong LNG project entered the final stage of sprint, and the Saudi Aramco Marjan project and the Kingfisher project in Uganda progressed smoothly.



▶ Offshore installation site



▲ Offshore installation of modules for Bozhong 29-6 Oilfield Development Project



▲ Aerial view of Fujian Zhangzhou LNG Terminal Project

The implementation progress of key projects (as of the end of the reporting period) is listed as follows:

No.	Project	Cumulative implementation progress
1	Shell LNG modular construction project in North America	98.55%
2	Hong Kong Offshore LNG Receiving Terminal Project	97.00%
3	Tianjin LNG Phase II Receiving Terminal Project	79.89%
4	Tangshan LNG Project Receiving Terminal Phase I Project	96.51%
5	Tangshan LNG Project Receiving Station Phase II Project	51.60%
6	Guangdong Zhuhai LNG Expansion Project Phase II Project	43.61%
7	Fujian Zhangzhou LNG Receiving Station and Storage Tank Project	97.46%
8	Longkou Nanshan LNG Phase I Receiving Station Project	72.42%
9	Bozhong 29-6 Oilfield Development Project	100%
10	Bozhong 19-6 Condensate Field Phase I Development Project	56.72%
11	Bozhong-Kenli Oilfield Group Shore Power Application Project	78.76%
12	Lingshui 25-1 Gas Field Development Project	7.1%
13	Liuhoa 11-1/4-1 Secondary Development Project	48.42%
14	Enping Oilfield Cluster Regional Development Project	88.73%
15	Kenli 6-1 Oilfield KL5-1, 5-2, 6-1 Block Development Project	91.88%
16	Kenli 6-1 Oilfield 10-1 North Block Development Project	100.00%
17	Lufeng Oilfield Group Regional Engineering Project	100.00%
18	Kenli 6-1 Oilfield Block 4-1 Development Project	100.00%
19	CNOOC North America K1A Pipeline Reconstruction Project	98.89%
20	Saudi Aramco Marjan P1 Gosp-4 Project	25.48%
21	Kingfisher Project in Uganda	27.54%
22	Penguin FPSO Project	99.70%
23	Brazil P79 FPSO Project	24.07%
24	Brazil P70 FPSO Project	100.00%
25	Qatar NFA Project	100.00%





▶ Integrated module of Hong Kong Waste Power Plant Project

▼ Tianjin LNG Terminal Project Phase II





▼ Towing of jacket for Lufeng Oilfields  
Regional Development Project









◀ Phase II works of Tangshan LNG Terminal Project

## (II) Vigorously exploring the market, with newly signed contracts amounting to RMB25.6 billion, reflecting fruitful market development

COOEC insisted on strategic planning to promote the diversified development of domestic and international markets, traditional oil and gas and new energy. The annual new contract value was RMB25.640 billion, including domestic new contracts amounting to RMB21.383 billion and overseas new contracts amounting to RMB4.257 billion. The outstanding orders in hand as of the end of 2022 amounted to about RMB35.5 billion, which provides strong support for the workload in the next 1-2 years.



◀ Hard-working employees



**Domestic market:** as CNOOC Limited's seven-year action plan to increase reserves and production continues to advance, large domestic projects in the Bohai Sea continue to emerge and deepwater projects in the South China Sea continue. During the reporting period, the newly signed domestic large-scale projects were Lingshui 25-1 gas field development

- ▼ Offshore installation of modules for Enping Oilfields Regional Development Project





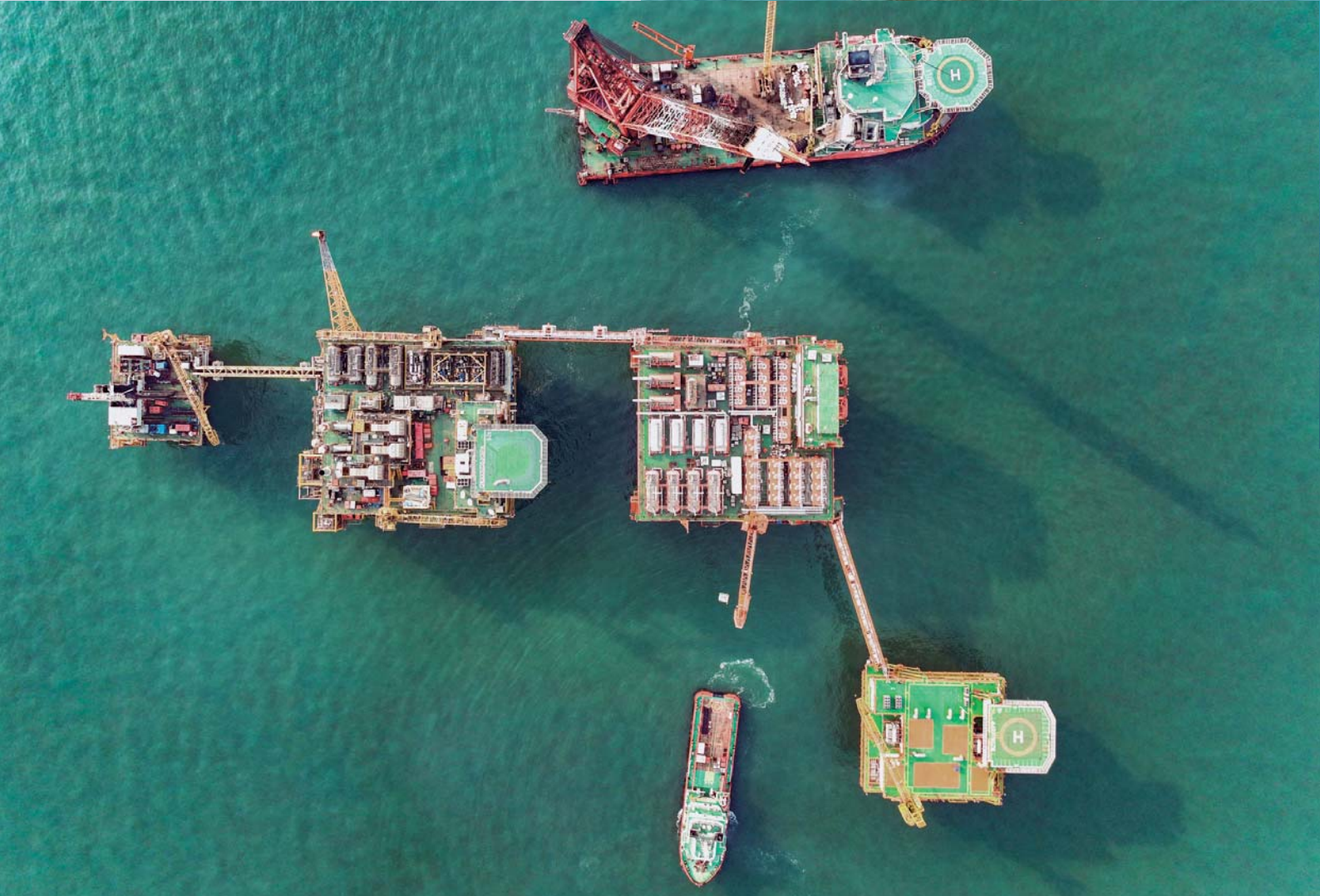


◀ WHPB platform for Development  
Project of Blocks KL5-1, 5-2 and 6-1  
in Kenli 6-1 Oilfield

▼ WHPC platform for Development  
Project of Blocks KL5-1, 5-2 and 6-1  
in Kenli 6-1 Oilfield

project, Bozhong 19-6 condensate field development project, Kenli 6-1/5-1, 5-2, 6-1 block development project offshore installation and commissioning turnkey project, Suizhong 36-1/Brigada 5-2 oil field secondary adjustment project, and the business scope achieved full coverage of shallow water, deep water and subsea development mode. Among them, the Lingshui 25-1 gas field development project is the second kilometer deepwater project after the Lingshui 17-2 gas field development project.

▼ Development Project of  
Blocks KL5-1, 5-2 and 6-1  
in Kenli 6-1 Oilfield







◀ WHPD platform for Development Project of Blocks KL5-1, 5-2 and 6-1 in Kenli 6-1 Oilfield



▶ WHPE platform for Development Project of Blocks KL5-1, 5-2 and 6-1 in Kenli 6-1 Oilfield



◀ WHPF platform for Development Project of Blocks KL5-1, 5-2 and 6-1 in Kenli 6-1 Oilfield



▶ WHPG platform for Development Project of Blocks KL5-1, 5-2 and 6-1 in Kenli 6-1 Oilfield







▲ Penguin FPSO Project of Shell

**Overseas market:** maintaining the determination of international development, COOEC continued to strengthen market development and achieved a new breakthrough in its onshore engineering business in Africa. During the reporting period, the major new overseas projects signed were the Kingfisher oilfield ground engineering project in Uganda, Petrobras P79 FPSO module construction project, Qatar NFPS project and Hong Kong China Power submarine cable procurement and construction project.

**New energy market:** actively implementing the national carbon peak and neutrality strategy, COOEC has made breakthroughs in the new energy market and successfully won bids for new industry projects such as the Qingzhou Six offshore wind power, the deep-sea Wenchang floating wind power, and the submarine data center, so the road to green development is getting wider and wider.



► Win-win cooperation



### (III) Building a firm safety line to ensure COOEC's essential safety

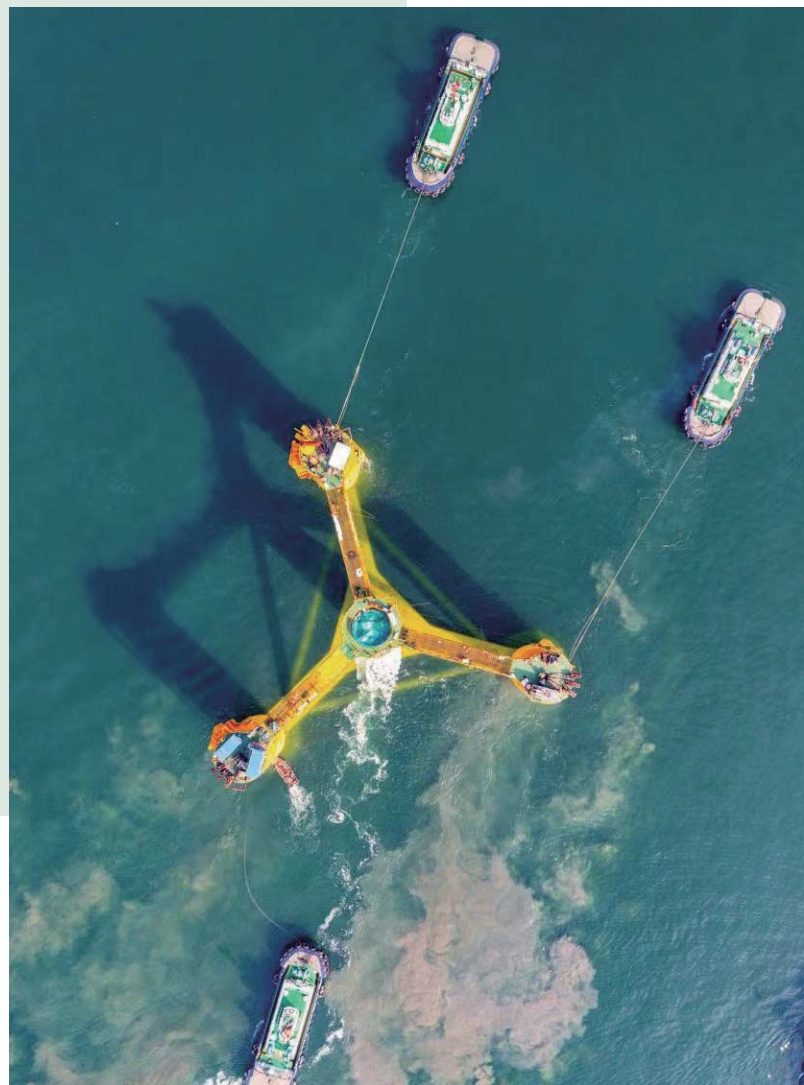
Under the situation of increasing production pressure and rapidly rising safety risks caused by the continuous growth of workload, COOEC took the high-quality implementation of the Three-Year Action Plan for Special Rectification of Safety Production as the grip to comprehensively strengthen the control of safety production. COOEC continued the positive trend of the best safety performance in the past 10 years in 2021, with a total of more than 86.8 million man-hours invested in 2022, up 25.6% on a year-on-year basis, and a lost-work incident rate of 0.0023, down 20.7% on a year-on-year basis. Throughout the year, QHSE system reshaping, work safety inspection, contractor's whole process control and other work were outstanding; safety management foundation was further strengthened; and safety performance was maintained at a good level.

### (IV) The Implementation Plan for Improving the Quality of Listed Companies provides action guidelines for COOEC's sustainable high-quality development

COOEC implemented the requirements of the three-year action of state-owned enterprise reform and the Opinions of the State Council on Further Improving the Quality of Listed Companies, and has formulated the Implementation Plan for Improving the Quality of Listed Companies with general idea of maximizing sustainable value for stakeholders, taking scientific and rigorous corporate strategy as the carrier, focusing on internal value creation and external value performance and with corporate governance, operation management and financial management as the key paths. In the path of corporate governance, COOEC continued to improve corporate governance with Chinese characteristics, formulated clear strategic planning objectives, improved the incentive and training mechanism for talents, ensured compliance and effectively fulfilled information disclosure obligations, and promoted the internal quality and external image of COOEC. On the operation management path, COOEC focused on efficiency and effectiveness; on the one hand, COOEC continued to deepen cost reduction and quality improvement, solidified the foundation of operation management, enhanced the core competitiveness of the industry, and built COOEC Brand; on the other hand, COOEC adhered to independent innovation, focused on the transformation of digital intelligence, accelerated the key technology

research and development, and built a long industrial chain of offshore energy engineering equipment. On the financial management path, COOEC ensured high quality of accounting information, continuously improved capital structure, ensured the safety and efficiency of capital by complying with the law, and led the improvement in profitability by using key performance indicators as a grip. The Implementation Plan for Improving the Quality of Listed Companies, which fully integrates the results of cost reduction, quality improvement and efficiency enhancement work, effectively promotes the synergy between internal value creation and external value performance, and provides action guidelines for the high-quality development and external value realization of COOEC.

► Sailing of deep-sea floating wind power platform—"CNOOC Guanlan"





◀ ROV operation site

♥ Fine maintenance of ROV



### (V) Strengthening management awareness and establishing a value management system

During the reporting period, COOEC took the goal of two profits and four rates (the “two profits” are net profit and total profit, and the “four rates” are operating revenue margin, asset-liability ratio, R&D investment intensity and total labor productivity) as the anchor point, continuously enhanced the awareness of independent management, strengthened the rigidity of budget management, deeply established the orientation of strengthening the integration of business and finance led by value, systematically established a value management index system covering the three levels of strategy, operation and operation, taking into account the two dimensions of organization and project, and covering 12 management themes, such as market development, work efficiency management, general contracting synergy and cost optimization, and systematically formed an operation control mechanism oriented by index management. It gradually released the effectiveness of cost reduction, quality improvement and efficiency enhancement 3.0, and on the basis of continuously grasping the four major costs (subcontracting fee, chartered vessel fee, engineering material fee and fuel fee), synchronized the three paths of design optimization, procurement cost saving, and resource efficiency improvement and cost reduction, and promoted the goal of cost reduction from ensuring business performance to improving COOEC’s core capabilities.



## (VI) Optimizing the top-down design and completing the system reshaping work

The number of newly promulgated systems in COOEC's system was streamlined from 370 to 287, with a streamlining rate of 22%; a total of 232 business processes were optimized and 173 approval rights were adjusted, fully empowering each unit to operate independently. COOEC further embedded risk management into the system process, systematically sorted out 91 risk points in its whole process of production and operation, formulated 283 risk response initiatives, and established a long-term mechanism for identifying risks, controlling risks and resolving risks at the system level.

## (VII) Strengthening independent innovation and promoting technological research and digital transformation

COOEC continued to deepen the reform of scientific research system and mechanism, and continued to promote the mechanism of unveiling the leader and horse-racing, and released 7 supporting systems such as the project leader responsibility system, so as to gradually activate the endogenous momentum of scientific innovation. Throughout the year, 119 scientific research projects were carried out around deepwater and underwater systems, and 295 projects were implemented to promote the transformation of results and the implementation of the three new technologies, which generated RMB324 million of scientific and technological

efficiency. Among them, the key technologies for the design, construction and installation of deep-water super-large conduit rack platform were successfully applied to the Sea Base No.1 and Liuhua 11-1/4-1 projects; the first set of underwater conduit sink with control system in 500 meters water depth was independently developed and delivered; the innovative research and development of liquid slip ring and fiber optic electric slip ring products realized the technical unlocking of the single point of the tower from the design principle; the first domestic deep-sea floating wind power project independently developed and designed was completed, which is an important step in the field of new energy.

Tianjin intelligent manufacturing base was officially put into production, and passed the acceptance of intelligent project demonstration construction of digital transformation by SASAC of the State Council with high standard, achieving the first breakthrough of transformation from traditional factory to intelligent factory. This practical achievement also won the first prize in the fifth national Bloom Cup 5G application competition. The digital twin demonstration project of the Sea Base No.1 conduit frame marked a key achievement in the construction of the core capacity of digital maintenance services for the whole life cycle of the offshore oil and gas fields.

▼ First deepwater underwater multifunctional manifold system independently developed by COOEC





## II. Industry of COOEC during the reporting period

With the recovery of the global economy, international oil prices have remained high since 2022, and the profits of international oil and gas companies have reached record highs, stimulating oil companies to increase the scale of capital expenditure and the gradual recovery of oil and gas engineering construction demand. According to IHS analysis, the growth rate of global offshore exploration and development expenditure in 2022 reached 19%, but there was still a considerable gap compared to the high point in 2014. Under the influence of multiple factors such as the accelerated transformation of the global energy industry and the Russia-Ukraine war, the industry development environment faced by international oil and gas engineering companies is more complex. First, under the pressure of carbon neutrality, international oil and gas companies remain cautious about medium and long-term oil and gas demand and industry development trends, and have transformed to comprehensive energy companies, limiting the growth of upstream exploration and development expenditures. Second, international geopolitics has become more complex and volatile, which brings new challenges to the global resource deployment and construction organization of the offshore oil and gas engineering industry. Third, the international offshore

▼ Development Project of Block 4-1 in Kenli 6-1 Oilfield



▲ Longkou Nanshan LNG Terminal Project - Phase I

oil and gas engineering market has become more competitive in the process of industry recovery.

China is the world's largest energy consumer, and fossil energy will remain the dominant energy source for a long period of time in the future. Agencies generally predict that the growth rate of domestic oil and gas consumption will remain elevated until 2030. The Action Plan to Achieve Carbon Peak by 2030 issued by the State Council proposes to accelerate the large-scale







development of unconventional oil and gas resources such as shale gas, coal-bed methane and tight oil (gas). Against the background of China's increasing dependence on foreign oil and gas, increasing oil and gas exploration and development to ensure the security of China's energy supply remains the most important task for upstream enterprises in the oil and gas industry. CNOOC Limited, as COOEC's main customer in China, continues to carry out the Seven-Year Action Plan to increase reserves and production and has clearly defined the target of increasing oil and gas production by 2025 and even 2030, which brings good opportunities for COOEC's business development.

### III. Business of COOEC during the reporting period

#### (I) Primary business

COOEC is the only large-scale general contracting company in China that integrates offshore oil and gas development engineering and LNG engineering. Its main business includes providing professional engineering and technical services such as design, onshore fabrication and offshore installation, commissioning and maintenance for offshore oil and gas resources development. COOEC is one of the largest EPCI general contractors for offshore oil and gas projects in the Asia-Pacific region.

COOEC's shares were listed on the Shanghai Stock Exchange on February 5, 2002. After 20 years of development, COOEC has always adhered to the principle of integrity, continuously standardized corporate governance, information disclosure and investor relations management, and actively rewarded its shareholders, which contributes to the benign development of the enterprise. COOEC's shares have been included in the sample stocks of the three major international indices, namely, MSCI Minnesota Index, FTSE Russell Index and S&P Dow Jones Index, and COOEC has continuously maintained the MSCI Environmental, Social and Corporate Governance (ESG) BBB rating, establishing a good market image in the capital market.

COOEC is headquartered in Binhai New Area, Tianjin. With more than 9,000 employees, COOEC has formed a multi-level and broad-field professional team adapted to general contracting, and established operational procedures and management standards that are in line with international standards. COOEC has an offshore engineering manufacturing base of over 1.2 million square meters in Qingdao, Shandong Province, an offshore engineering manufacturing base of 570,000 square meters in Binhai New Area, Tianjin (Phase I

has been completed and put into operation), and an offshore engineering manufacturing base of 2.07 million square meters in Zhuhai, Guangdong Province through COOEC-Fluor (whose 51% shares are owned by COOEC), forming a site layout that spans north and south, has complementary functions, covers deep and shallow water, and is oriented to domestic and international markets. It has a specialized offshore construction fleet of 19 vessels, including Class 3 power-positioned deepwater pipe-laying vessels, 7,500-ton crane vessels, underwater engineering vessels and deepwater trenching vessels, and its offshore installation and pipe-laying capacity is in a leading position in Asia.

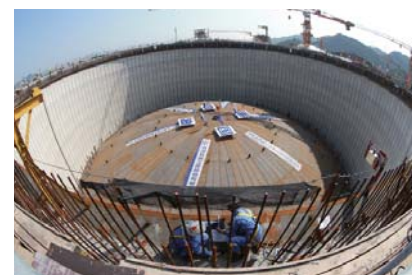
After more than 40 years of construction and development, COOEC has developed capabilities in offshore engineering design, offshore engineering construction, offshore engineering installation, offshore oil and gas field maintenance, underwater engineering inspection and installation, high-end skid mounted product manufacturing, offshore engineering quality inspection, offshore engineering project turnkey management, LNG project construction, etc. It has the ability of design, construction and installation of super-large offshore equipment as well as underwater inspection and maintenance, subsea pipeline repair, offshore scrap platform demolition.

In recent years, on the basis of consolidating and upgrading traditional offshore engineering capabilities, COOEC has seized the major trend of global oil and gas industry development, accelerated the transformation and upgrading to green, low-carbon and high value-added products, expanded its energy engineering integrated service capabilities, cultivated and formed LNG engineering (including LNG modular construction and LNG receiving stations), deepwater engineering, FPSO engineering, offshore wind power and other industries and capabilities, and continuously improved the quality of integrated energy engineering services and expanded its comprehensive capacity and development space.

#### (II) Business mode

COOEC mainly undertakes engineering contracts through general contracting and provides turnkey projects for customers. Its business is distributed in various sea areas of China and more than 20 countries and regions, including Russia, Canada, Brazil, and the Middle East. It has successfully completed national level projects such as Deep Sea No.1 and Sea Base No.1 and has successively provided offshore oil and gas engineering services to foreign customers such as Shell, ConocoPhillips, Saudi Aramco, and Petrobras, has undertaken a number of influential large overseas projects such as Gorgon, Ichthys, Yamal, Marjan, Shell LNG, Hong Kong LNG, and Brazil National Petroleum FPSO, and has been ranked among the world's leading companies in terms of business capabilities.

► Test at jacking site



## IV. Analysis of core competitiveness during the reporting period

√ Applicable □ Not applicable

### Important changes in core competencies during the reporting period:

- Successfully constructed Haiji No.1, the first deepwater conduit rack platform in Asia.** The successful completion of the EPCI of the first 300-meter deep-water catenary platform in China hit a new record for the weight of a single crude oil production platform in China's offshore, and marked the mastery of the 300-meter deep-water ultra-large catenary construction and installation technology by the Offshore Engineering System, reaching a world-class level.
- China's first offshore oil and gas equipment manufacturing intelligent factory – COOEC Tianjin Intelligent Manufacturing Base was officially put into operation.** The intelligent manufacturing base of COOEC Tianjin applies advanced technologies such as 5G, industrial big data and artificial intelligence to realize the intelligence of the whole process from project control, workshop construction to plant management, providing a digital intelligent operation and management model that can be replicated and promoted for the offshore oil and gas equipment industry. The commissioning of the base marks a breakthrough in the intelligent transformation of China's offshore oil and gas equipment industry. High quality completion of China's first offshore oil and gas equipment intelligent manufacturing project, Bozhong 29-6 project block construction, marks an important step in the digital transformation.
- Formally delivered the first set of deepwater multifunctional pipeline sink system designed, built and commissioned independently.** This product is the first set of 500m water depth subsea piping sink with control system developed independently in China, marking an important breakthrough in the independent R&D, design, manufacturing and testing technology of China's offshore oil and gas production equipment.
- Completed the manufacturing and installation of equipment for China's first offshore CO<sub>2</sub> storage demonstration project.** On June 15, China's first offshore CO<sub>2</sub> demonstration project completed the manufacturing and installation of all equipment at COOEC's Qingdao site and will be put into service at the Enping 15-1 oilfield, which is expected to sequester 300,000 tons of CO<sub>2</sub> per year and more than 1.46 million tons in total.
- Shell Penguin FPSO helped COOEC be among the global advanced high-end manufacturing.** COOEC researched key technologies such as compact space integrated assembly, and completed the construction of Shell Penguin FPSO on schedule, which is the largest and most intelligent cylindrical FPSO built by China, and is of great significance to promoting the high-end, intelligent and green and low-carbon development of China's manufacturing industry.

### Analysis of core competitiveness:

EPCI's EPC capability, led by design, is the foundation of COOEC's survival. It is a unique advantage that distinguishes COOEC from most domestic and foreign general contractors of offshore oil and gas engineering, and is also a key support for COOEC to participate in international competition. After more than 40 years of development and accumulation, COOEC has formed a complete set of mature technology, equipment and capability system for offshore oil and gas field development, design, construction, installation and maintenance, and is able to provide customers with turnkey projects more efficiently. COOEC has expanded its traditional offshore oil and gas engineering business to include onshore LNG engineering, offshore wind power and other clean energy fields, which has contributed to the continuous improvement in its comprehensive competitiveness.

### (I) Market position as domestic offshore oil and gas engineering leader

COOEC is the only large-scale domestic general contracting company for offshore oil and gas engineering, and is the world's leading enterprise in the offshore oil engineering industry representing the technical level of China's offshore oil engineering, as well as an important force in China's offshore oil and gas engineering construction. Over the past decades, COOEC has been mainly engaged in the construction of more than two hundred offshore oil and gas fields in various domestic waters. It has the advantages of market leader brand and marine engineering turnkey business in China, and has the first-mover advantage in financial support, equipment development and scientific and technological research and development.

### (II) With EPCI capability

**Strong EPCI capability in conventional waters.** EPCI capability is the core strength of COOEC and is a distinctive feature that distinguishes COOEC from most domestic and foreign offshore oil and gas engineering companies. After more than 40 years of development and accumulation, COOEC has formed a complete set of mature technology, equipment and capability system for the design, construction, installation and maintenance of offshore oil and gas field development within 300 meters of water depth, and is able to provide customers with turnkey projects and diversified services. Focusing on the main business of offshore engineering, COOEC has been expanding its diversified general contracting business to include onshore LNG engineering, clean energy and other business fields. COOEC insists on building EPCI capacity with design as the leader, continuously improves organizational efficiency, strengthens core technology research, enhances equipment capacity, reduces comprehensive costs, provides better and more efficient services to customers, and promotes the continuous improvement in turnkey capacity.

**Relatively complete detailed design capability.** With more than one thousand design personnel and services covering feasibility study, concept design, FEED design, detailed design, processing design, installation design and other professional services, it has mature design capabilities for the development of various oil and gas fields in conventional waters within 300 meters water depth. At the same time, it actively builds engineering design capacity for deepwater oil and gas fields above 300 meters water depth, and has gradually accumulated key design technologies for deepwater products



such as deepwater floating platform systems, deepwater sea tubes and risers, and subsea systems, and its deepwater design capacity has been continuously improved.

**It has the ability to install 30,000-ton block offshore floating supports and 30,000-ton catenary slip launching capability, which greatly enhances the efficiency of China's offshore oil and gas development and accelerates the process of China's offshore oil and gas development.** Through years of research and development and accumulation, it has the ability to meet the requirements of dynamic positioning float installation and anchor system float installation in different sea areas, different water depths, and different climatic conditions, and the offshore float installation of 10,000 ton platforms has become its normal capacity. Its achievements include 30,000 ton super large offshore platform float installation and 30,000 ton jacket sliding launching projects. The application of COOEC's floating support installation technology has completely changed the traditional mode of China's large offshore oil and gas platforms from cutting and construction, offshore assembly to offshore commissioning, significantly saving the construction period, fleet and resources, significantly reducing the cost of China's offshore oil and gas field development, and greatly advancing the process of China's offshore oil development.

**Richer experience in offshore oil engineering project management.** COOEC has more than 40 years of experience in domestic oil and gas field engineering construction. It has implemented the construction of more than two hundred offshore oil and gas platforms, and has rich construction experience and management experience in conventional sea areas within 300 meters water depth. In terms of international project operation, COOEC has provided engineering services for owners in Russia, Australia, Saudi Arabia, Myanmar, Brunei, Malaysia, Brazil and other countries in recent years, and have accumulated certain experience in international project management and operation.

**Mature manufacturing sites and super-large offshore platform construction capacity.** In Tianjin Binhai New Area, Qingdao Shandong, Zhuhai Guangdong and other areas, COOEC has completed manufacturing sites with an area of more than 3.8 million square meters, annual processing and manufacturing capacity of more than 400,000 tons of steel structures, with 30,000 tons of ultra-large conduit frame, group block and other marine platform construction capacity, large module construction capacity.

### **(III) Modular construction has entered the first echelon of the international industry and established an international brand**

Modular construction is a business card of COOEC in overseas business. In recent years, relying on its strong land-based construction resources and capabilities, COOEC has vigorously developed modular construction technology and undertaken and implemented a number of large-scale LNG modular construction projects such as Yamal in Russia, Gorgon in Australia and Ichthys in Australia. Among them, the contract value of Yamal project reached RMB10 billion, and COOEC achieved high-quality operation and on-time delivery of the projects, which established its position in the global modular construction market. In March 2023, the North American Shell LNG modular construction project with a contract value of

about RMB5.5 billion was completed and delivered at COOEC's Qingdao site, marking that China's ultra-large LNG modular plant integrated joint construction technology capability has steadily ranked in the first echelon of the international industry.

### **(IV) With the FPSO capability, COOEC has become a global market player**

Based on the changes in the market environment, COOEC has been actively expanding new offshore engineering business, increasing investment in science and technology in the field of FPSO based on independent innovation, successively undertaking large domestic and international FPSO projects such as P67/P70 FPSO in Brazil, Shell Penguin cylindrical FPSO and Lihua 16-2 FPSO, and accumulating rich project experience and technology in the field of ultra-large FPSO management, and has become a FPSO contractor and participant in the international FPSO field.

### **(V) Deepwater capability continues to be developed**

COOEC has a fleet of 19 vessels, including cranes, pipe-laying vessels, underwater engineering vessels and engineering auxiliary vessels, which are equipped with 6 power-positioned underwater engineering vessels, 1 power-positioned pipe-laying crane, 17 underwater robots, 1 set of deepwater soft laying system and 1 set of plow trenching machine, and other large equipment, with the capacity of 3,000m-level underwater engineering operations. In recent years, COOEC has accumulated experience in implementing dozens of underwater projects, including underwater production system installation, mooring system treatment, deep water soft laying, subsea trenching and underwater facilities inspection and maintenance. The Lihua 16-2, Lihua 29-1 and Lingshui 17-2 projects implemented by COOEC are the first truly large-scale deepwater projects in China, and have initially formed a series of comprehensive deepwater business capabilities such as deepwater semi-submersible platform, deepwater steel suspension line riser, underwater production system, deep-sea pipeline laying. Especially, the successful completion of Deep Sea No. 1, Sea Base No. 1 and other national important equipment has promoted China's offshore oil development capacity to enter the ultra-deepwater era.

### **(VI) Systematization of major equipment and technical capacity building**

In the course of high-speed development, COOEC continues to promote the construction of major equipment and technological capabilities, forms ten major equipment and ten major technologies, and relies on the power of science and technology to make Chinese people stand firm in the sea.

**Technology system.** Offshore oil and gas development is a typical high-tech industry and COOEC has always firmly guided the design and has cultivated and formed ten major technologies, namely deep water floating production facility design, construction, installation, and commissioning technology, design, construction, and installation technology of ultra large offshore structures and modular, offshore oil and gas platform floating installation technology, LNG full capacity storage tank engineering technology, the design, construction, installation, and commissioning technology for 1500m class subsea pipelines and underwater production systems, design,

construction, and installation technology for 300m class deepwater jackets, standardized and serialized design, construction, installation, and commissioning technology for offshore fixed platform engineering facilities, intelligent manufacturing and offshore operation simulation technology for offshore engineering, digital and full life cycle monitoring and evaluation technology for offshore engineering IMR (inspection, maintenance and repair) technology for offshore oil and gas field in-service facilities, which are the core strength of COOEC's development.

**Equipment system.** Offshore petroleum technology and equipment is the core of offshore oil and gas development and the core of the world's high-end equipment competition in offshore engineering. COOEC plans ahead, reserves in advance, and has formed ten major equipment, namely deepwater multifunctional operation vessels and flexible pipe and cable laying equipment sequence, lifting, pipe-laying vessel sequence and submarine pipeline welding equipment series, construction site and construction equipment, trenching vessel seabed treatment and trenching equipment series, world advanced ROV equipment, large launch barge, marine engineering operation simulation equipment, deepwater and underwater engineering emergency maintenance and repair center and series of equipment, underwater product R&D and testing center and series of testing equipment, and marine engineering non-destructive testing equipment, which is the core weapon of COOEC's development.

List of COOEC's ships and equipment:

No.	Type	Ship name	Acquisition method	Year of completion	Year of acquisition	Investment amount (RMB'0,000)	Capacity
1	Lifting ship	Binhai 108	Acquisition	1979	1979	7,567	Rated lifting capacity: 900 tons
2	Lifting and pipe-laying vessel	Binhai 109	Acquisition	1976	1987	6,272	Rated lifting capacity: 318 tons; pipe laying diameter range: 6 ~ 60" ; tensioner 67.5 tons
3	Lifting and pipe-laying vessel	Lanjiang	Investment in construction	2001	-	105,734	Rated lifting capacity: 3,800 tons; pipe laying diameter range: 4.5 ~ 48" ; tensioner 72.5x2 tons
4	Lifting ship	Blue Whale	Acquisition	2009	2009	150,538	Rated lifting capacity: 7,500 tons
5	Lifting and pipe-laying vessel	offshore oil 201	Investment in construction	2012	-	296,115	Rated lifting capacity: 4,000 tons; pipe laying diameter range: 6 ~ 60" ; tensioner 200x2 tons
6	Lifting and pipe-laying vessel	offshore oil 202	Investment in construction	2009	-	102,502	Rated lifting capacity: 1200 tons; pipe laying diameter range: 4 ~ 60" ; tensioner 100x2 tons
7	Engineering support vessel	offshore oil 221	Investment in construction	2004	-	9,555	Deadweight: 29,000 tons
8	Engineering support vessel	Offshore Oil 228	Investment in construction	2013	-	28,078	Deadweight: 57,784 tons
9	Engineering support vessel	Offshore Oil 229	Investment in construction	2008	-	58,508	Deadweight: 89,000 tons
10	Engineering support vessel	Offshore Oil 278	Investment in construction	2012	-	84,212	Deadweight: 53,500 tons
11	Engineering support vessel	Offshore Oil 225	Acquisition	2009	2009	23,976	Deadweight: 17,289 tons
12	Engineering support vessel	Offshore Oil 226	Acquisition	2009	2009	24,177	Deadweight: 16,800 tons
13	Engineering support vessel	offshore oil 698	Acquisition	2009	2009	25,633	Deadweight: 2940 tons; max speed: 14.5 knots; range: 12,000 nautical miles
14	Underwater engineering vessel	Offshore Oil 289	Acquisition	2014	2014	95,654	Working moon pool 7.2x7.2m; ROV moon pool 4.8x5.5m; rated lifting capacity: 250 tons
15	Underwater engineering vessel	Offshore Oil 286	Investment in construction	2014	-	104,108	Main crane lifting capacity 400 tons (active lifting and sinking compensation, working water depth 3,000m); equipped with two working ROVs of 3,000m water depth, with one moon pool, with deep water lifting, laying umbilical cable/hose/cable, saturation diving/ROV/IMR operation support capability.



No.	Type	Ship name	Acquisition method	Year of completion	Year of acquisition	Investment amount (RMB'0,000)	Capacity
16	Underwater engineering vessel	Offshore Oil 291	Acquisition	2015	2015	111,116	Main crane lifting weight capacity 250 tons (active lifting and sinking compensation; bollard towing force 361 tons; working moon pool 7m×7m; equipped with two 150HP working ROVs; three-reel mooring handling winch.
17	Underwater engineering vessel	Offshore Oil 285	Acquisition	2016	2017	51,475	Main crane lifting capacity 250 tons (active lifting and sinking compensation); moon pool parameters: 7.2x7.2m
18	Underwater engineering vessel	Offshore Oil 287	Acquisition	2016	2017	51,484	Main crane lifting capacity 250 tons (active lifting and sinking compensation); moon pool parameters: 7.2x7.2m
19	Underwater engineering vessel	Offshore Oil 295	Investment in construction	2017	-	31,447	Main crane lifting weight capacity 100tons (active lifting and sinking compensation, bollard towing force 90t); door crane lifting weight capacity 100t; maximum speed 14 knots; range 12,000 nautical miles

## V. Primary operations during the reporting period

During the reporting period, COOEC achieved operating revenue of RMB29.358 billion, a year-on-year increase of 48.31%; net profit attributable to shareholders of the listed company was RMB1.457 billion, a year-on-year increase of 294.11%. As of the end of December 2022, total assets amounted to RMB42.639 billion; net assets attributable to shareholders of the listed company amounted to RMB23.703 billion; asset and liability ratio was 39.77%; and asset and liability structure continued to remain sound.

### (I) Analysis of primary business

#### 1. Analysis of changes in relevant accounts in the income statement and the statement of cash flows

Unit: RMB'0,000

Subject	Amount in this period	Previous year	Change (%)
Operating revenue	2,935,836.83	1,979,548.12	48.31
Operating costs	2,671,927.1	1,770,706.57	50.90
Selling expenses	1,799.32	2,220.02	-18.95
General and administrative expenses	24,209.96	23,979.4	0.96
Financial expenses	-8,775.46	4,464.4	-296.57
Research and development expenses	112,193.53	92,881.87	20.79
Net cash flows from operating activities	331,348.71	303,321.95	9.24
Net cash flows from the investing activities	-181,817.58	-294,554.97	Not applicable
Net cash flows from financing activities	-60,642.84	-46,882.06	Not applicable
Taxes and surcharges	17,487.13	7,729.12	126.25
Other income	-5,794.16	17,801.08	-132.55
Investment income	70,303.16	-38,582.43	282.22
Non-operating revenue	5,425.57	1,324.87	309.52
Other comprehensive income, net of tax	-15,584.2	2,424.91	-742.67
Net profits attributable to shareholders of the parent company	145,740.91	36,979.89	294.11

Reasons for the change in operating revenue: COOEC achieved operating revenue of RMB29.358 billion in the reporting period, a year-on-year increase of RMB9.563 billion or 48.31%, mainly because the overall workload completed kept growing with the advancement of domestic and international project construction, especially the land construction workload grew faster.

Reasons for the change in operating costs: Operating costs were RMB26.719 billion, a year-on-year increase of RMB9.012 billion or 50.90%, mainly due to the natural increase in the scale of operating costs as a result of the growth in workload, with the price increase of commodities pushing up the cost of raw materials and fuel for COOEC's engineering projects. At the same time, COOEC partially offset the impact of rising costs by carrying out activities to reduce costs and improve quality

and efficiency.

Reasons for the change in selling expenses: selling expenses were RMB18 million, a decrease of RMB4 million or 18.95%, mainly due to the fact that COOEC's market development activities were limited by external environmental factors, and the selling expenses decreased accordingly.

Reasons for the change in general and administrative expenses: general and administrative expenses were RMB242 million, which were basically unchanged from the same period of the previous year.

Reasons for the change in financial expenses: financial expenses were RMB-88 million, down RMB132 million or 296.57% on a year-on-year basis, mainly due to: (1) In the context of the appreciation of the US dollar in 2022, COOEC phased in an increase in US dollar net assets and settled foreign exchange at a high level, with exchange gains increasing by RMB122 million on a year-on-year basis; (2) lower principal amounts of bank loans and leasing liabilities on a year-on-year basis, as well as lower interest on bill discounts. Interest expenses decreased by RMB6 million on a year-on-year basis; (3) COOEC fully applied the management system of domestic and foreign capital pools, and took advantage of capital specialization and economy of scale, and interest income increased by RMB2 million on a year-on-year basis. The combined effect of the above three reasons led to a year-on-year decrease in financial expenses.

Reasons for the change in research and development expenses: research and development expenditure was RMB1.122 billion, a year-on-year increase of RMB193 million or 20.79%, mainly because COOEC focused on promoting key core technology projects in the fields of deepwater semi-submersible platform technology, subsea oil and gas production system and single-point mooring in 2022, and research and development expenses increased on a year-on-year basis.

Reasons for the change in net cash flow from operating activities: net cash flow from operating activities amounted to RMB3.313 billion, a year-on-year increase of RMB280 million in inflow, mainly due to COOEC's continuous good project cash flow tracking and management, and the year-on-year increase in receipts from new construction projects such as Enping, Lingshui and Lufeng.

Reasons for the change in net cash flow from investing activities: net cash flow from investing activities amounted to RMB-1.818 billion, a year-on-year decrease of RMB1.127 billion, mainly due to: (1) the year-on-year decrease of RMB567 million in investment expenditure of Tianjin Lingang Marine Engineering Equipment Manufacturing Base Construction Project; (2) the year-on-year increase of RMB340 million in net outflow of financial investment; (3) the cash inflow from investing activities increased by RMB751 million as a result of the inclusion of COOEC-Fluor into the scope of consolidation, and the combination of the three factors led to a year-on-year decrease in cash outflow from investing activities.

Reasons for the change in net cash flow from financing activities: net cash flow from financing activities amounted to RMB-606 million, and net cash outflow increased by RMB138 million compared with the same period of last year, mainly due to: (1) COOEC repaid USD loan from Bank of China of RMB198 million in the reporting period, compared with RMB386 million of USD loan from Bank of China, and repaid loans from China Development Bank of RMB230 million and Export-Import Bank USD loan of RMB211 million, and the net cash outflow increased by RMB143 million on a year-on-year basis; (2) the amount of dividends paid in the reporting period increased by RMB45 million on a year-on-year basis; (3) the principal of lease liabilities decreased on a year-on-year basis and the cash paid for the repayment of lease liabilities decreased by RMB45 million on a year-on-year basis, and the combination of these factors led to an increase in the cash outflow from financing activities on a year-on-year basis.

Reasons for the change in taxes and surcharges: taxes and surcharges amounted to RMB175 million, a year-on-year increase of RMB98 million or 126.25%, mainly due to the increase in the scale of revenue, the entry into use of the Lingang housing, and the year-on-year increase in VAT surcharge, property tax and stamp duty.

Reasons for the change in other income: other income was RMB-58 million, a decrease of RMB236 million or 132.55%, mainly due to the fact that the diesel fuel purchased and used by COOEC was not refunded according to the Ministry of Finance's policy in 2022, and it is expected that RMB125 million of tax refunds from previous years will be returned, and the tax refunds due in 2022 will not be approved and completed.

Reasons for the change in investment income: investment income was RMB703 million, an increase of RMB1.089 billion or 282.22%, mainly due to: (1) through the two-way promotion of corporate governance and operation management, COOEC-Fluor reduced its loss by RMB530 million on a year-on-year basis; (2) COOEC-Fluor was included in the scope of consolidation this year, resulting in a total investment income of RMB517 million, including a one-time reversal of unrealized gains and losses from internal transactions of RMB482 million, and a profit of RMB35 million generated from remeasurement of equity at fair value; (3) lean capital planning management, dynamic maintenance of optimal cash holdings, and gradual increase in the scale of financial management, resulting in a year-on-year increase of RMB28 million in financial management income.

Reasons for the change in non-operating revenue: non-operating revenue was RMB54 million, a year-on-year increase of RMB41 million or 309.52%, mainly due to: 1) inclusion of COOEC-Fluor into the scope of consolidation this year and recognition of negative goodwill of RMB34 million; 2) a year-on-year increase in contract compensation income of RMB8 million due to default of suppliers.



Reasons for the change in other comprehensive income, net of tax: other comprehensive income, net of tax, was RMB-156 million, a year-on-year decrease of RMB180 million or 742.67%, mainly due to the combined effect of the change in fair value of the shares of Lanpec held by COOEC and the translation of foreign currency statements.

Reasons for the change in net profit attributable to shareholders of the parent company: net profit attributable to shareholders of the parent company was RMB1.457 billion, a year-on-year increase of RMB1.088 billion or 294.11%, mainly due to COOEC's workload growth during the reporting period, COOEC's good project control and quality improvement to ensure the high quality of projects running as planned, and the overall gross profit margin level of projects improving compared with the same period of the previous year, as well as the cost reduction through effective cost control measures. In addition, the inclusion of COOEC-Fluor into the scope of consolidation this year, the remeasurement of the remaining internal unrealized gain or loss on reversal of equity at fair value and the recognition of negative goodwill together increased net profit by RMB431 million and they were also important factors driving the increase in net profit.

Detailed description of significant changes in COOEC's business type, profit composition or profit sources during the period

Applicable  Not applicable

## 2. Revenue and cost analysis

Applicable  Not applicable

See below for an analysis of the specific components of revenues and costs.

### (1) Main business by industry, by product, by region and by sales model

Unit: RMB100 million

Primary business by industry						
By industry	Operating revenue	Operating costs	Gross margin (%)	Increase/decrease of operating revenue when compared with the previous year (%)	Increase/decrease of operating cost when compared with the previous year (%)	Increase/decrease of gross margin when compared with the previous year (%)
Marine engineering	204.18	180.89	11.41	73.45	75.47	Decrease of 1.02 ppt
Non-marine engineering	89.40	86.30	3.47	11.43	16.65	Decrease of 4.32 ppt
Primary business (by region)						
By region	Operating revenue	Operating costs	Gross margin (%)	Increase/decrease of operating revenue when compared with the previous year (%)	Increase/decrease of operating cost when compared with the previous year (%)	Increase/decrease of gross margin when compared with the previous year (%)
Domestic	221.94	199.55	10.09	53.06	62.96	Decrease of 5.46 ppt
Overseas	71.64	67.64	5.58	35.30	23.84	Increase of 8.74 ppt

Description of the main business by industry, by product, by region and by sales mode

#### 1. Primary business by industry

In terms of main business by industry, revenue and cost from marine engineering increased significantly, mainly due to the significant increase of marine engineering land construction workload in this year compared with the same period of the previous year, and the scale of entry and cost of marine engineering industry increased accordingly. Marine engineering gross margin decreased slightly compared with the same period of the previous year, mainly due to the impact of commodity price increase, the utilization rate of own ships was basically the same compared with the previous year, but the ship standby cost increased slightly on a year-on-year basis.

Non-marine engineering industry income mainly comes from the construction income of LNG storage and receiving station projects in Tangshan, Tianjin, Longkou, Zhangzhou, Zhuhai, Hong Kong, Canada, etc. Because of the growth of project workload compared with the previous year, the scale of income and cost scale increased accordingly, but affected by the price increase of commodities, the overall gross margin showed a more obvious decline compared with the same period of the previous year.

#### 2. Primary business by area

By region, operating revenue from domestic projects increased by 53.06% on a year-on-year basis, mainly due to the significant increase in onshore construction and offshore installation workload in the current year compared with the same period of the previous year, and the traditional oil and gas projects such as Enping, Kenli, Liuhua and Lufeng were in the peak construction period, resulting in significant growth in income. Revenue from LNG onshore construction

increased by 56.04% on a year-on-year basis, mainly from onshore LNG storage and receiving station projects in Tangshan, Tianjin, Zhangzhou and Longkou, which were at the peak of construction period, resulting in a significant increase in revenue compared with the previous year. Revenue from offshore projects increased by 35.30% on a year-on-year basis, mainly due to the peak construction period of Hong Kong LNG and North America Shell LNG projects, which resulted in significant growth in revenue, the offshore projects turned from loss to profit and gross margin increased significantly, mainly due to COOEC's continuous strengthening of operational management of offshore projects and the improvement in profitability of Penguin and North America Shell LNG projects.

## (2) Production and sales analysis

□ Applicable √ Not applicable

## (3) Performance of major procurement contracts and major sales contracts

□ Applicable √ Not applicable

## (4) Analytical statement on costs

Unit: RMB100 million

Situation by industry							
By industry	Cost composition items	Current period	Percentage of total costs in the current period (%)	Previous period	Percentage of total costs in the same period of the previous year (%)	Change in the current period compared with the same period of the previous year (%)	Notes
Oil and gas engineering	Materials costs	73.34	27.45	36.37	20.54	101.65	
	Labor costs	28.61	10.71	24.81	14.01	15.32	
	Depreciation and amortization	10.99	4.11	10.41	5.88	5.57	
	Fuel costs	10.30	3.85	5.81	3.28	77.28	
	Project costs	143.95	53.88	99.67	56.29	44.43	
	Total	267.19	100.00	177.07	100.00	50.90	

## Cost analysis other explanations

- 1) Material costs increased by 101.65% on a year-on-year basis, mainly due to the significant growth of construction workload and the impact of price increase of bulk materials in the reporting period, which made material costs increase significantly on a year-on-year basis.
- 2) Fuel costs increased by 77.28% on a year-on-year basis, and the significant year-on-year increase in fuel costs was mainly due to the increase in oil market price and the increase in ship days caused by the growth of offshore workload.
- 3) Engineering costs amounted to RMB14.395 billion, a year-on-year increase of 44.43%, mainly due to the fact that according to the characteristics of the industry, COOEC completed part of the workload in the form of subcontracting, the main components of which are land construction subcontracting fees, ship subcontracting fees, ship docking, port miscellaneous and other expenses.

The breakdown of the composition of engineering costs is shown in the following table:

Unit: RMB0.1 billion

Cost composition items	Cost composition breakdown	Current period	Percentage of cost in the current period (%)	Previous period	Percentage of cost in the same period of the previous year (%)	Change in the current period compared with the same period of the previous year (%)
Engineering costs	Subcontracting fee for land construction work	112.95	78.46	84.49	84.77	33.68
	Vessel subcontracting fees	18.78	13.05	7.07	7.09	165.63
	Other expenses such as vessel docking and port miscellaneous	12.22	8.49	8.11	8.14	50.68
	Total	143.95	100.00	99.67	100.00	44.43



- (5) Changes in the scope of consolidation due to changes in the shareholdings of major subsidiaries during the reporting period  
 Applicable  Not applicable

During the reporting period, in order to improve the operating status and efficiency of COOEC-Fluor, and to solve the problem of holding more than 50% of the shares in the investment enterprise but managing it equally with Fluor International Limited, COOEC and Fluor International Limited communicated and negotiated to unanimously amend the Articles of Association and the Joint Venture Contract to adjust the major day-to-day operational decisions of the Board of Directors of the Joint Venture to simple majority. Based on this amendment to the Articles of Association and the Joint Venture Contract, COOEC has obtained control over the major matters of COOEC-Fluor through a larger number of seats on the board of directors of COOEC-Fluor, and achieved effective control over COOEC-Fluor, which will be included in the scope of consolidated statements by the end of 2022, while holding unchanged 51% equity interest in COOEC-Fluor. For details, please refer to Announcement of COOEC on Amending the Articles of Association and Joint Venture Contract of COOEC-Fluor Heavy Industries Co., Ltd. and Incorporating COOEC into Consolidated Statements disclosed on December 13, 2022 on the website of Shanghai Stock Exchange at <http://www.sse.com.cn>.

- (6) Information about significant changes or adjustments in COOEC's business, products or services during the reporting period  
 Applicable  Not applicable
- (7) Major sales customers and major suppliers

A. Major sales customers of COOEC

Applicable  Not applicable

Sales to the top five customers amounted to RMB24,525.6527 million, accounting for 83.54% of the total annual sales; among the sales to the top five customers, sales to related parties amounted to RMB18,074.9888 million, accounting for 61.57% of the total annual sales.

The proportion of sales to a single customer during the reporting period exceeded 50% of the total, and there were new customers among the top 5 customers or heavy dependence on a few customers

Applicable  Not applicable

Unit: RMB'0,000

No.	Customer name	Sales amount	Proportion in total annual sales (%)
1	CNOOC Limited	1,807,498.88	61.57

B. Major suppliers of COOEC

Applicable  Not applicable

Purchases from the top five suppliers amounted to RMB4.270 billion, accounting for 20.92% of the total annual purchases; among the top five suppliers, purchases from related parties amounted to RMB1.54 billion, accounting for 7.55% of the total annual purchases.

The proportion of purchases from a single supplier exceeded 50% of the total amount during the reporting period, and there were new suppliers among the top 5 suppliers or heavy dependence on a few suppliers

Applicable  Not applicable

Other explanations

None.

3. Expenses

Applicable  Not applicable

For selling expenses, general and administrative expenses and financial expenses, please refer to the corresponding analysis in the "analysis of changes in the income statement and the statement of cash flows" above.

4. R&D investment

- (1) R&D investment

Applicable  Not applicable

Unit: RMB'0,000

Expensed R&D investment for the period	112,193.53
Capitalized R&D investment for the period	0
Total R&D investment	112,193.53
Ratio of total R&D investment to operating revenue (%)	3.82
Share of R&D investment capitalized (%)	0

## (2) R&amp;D personnel

√ Applicable  Not applicable

Number of R&D personnel of COOEC	1,417
Proportion of the number of R&D personnel to the total number of employees of COOEC (%)	14.74

## Educational structure of R&amp;D personnel

Academic structure category	Number of persons
Doctor	35
Postgraduate	486
Undergraduate	799
College	65
High school and below	32

## Age structure of R&amp;D personnel

Age structure category	Number of persons
Under 30 years old (excluding 30 years old)	172
30-40 years old (including 30 years old, excluding 40 years old)	1,005
40-50 years old (including 40 years old, excluding 50 years old)	214
50-60 years old (including 50 years old, excluding 60 years old)	25
60 years old and above	1

## (3) Descriptions

√ Applicable  Not applicable

The current R&D investment of RMB1.122 billion is focused on meeting the technological needs of production projects. The increase of RMB193 million in R&D expenses from RMB929 million in 2021 is mainly due to COOEC's focus on promoting key core technology projects in the areas of deepwater semi-submersible platform technology, subsea oil and gas production systems, and single-point mooring in 2022.

In 2022, COOEC focused on the value creation of science and technology innovation, deepened the reform of science and technology innovation system and mechanism, and vigorously implemented the construction of four centers. Deepwater ultra-large catheter platform design and construction installation key technology was successfully applied to two 300-meter deepwater catheters of Sea Base No.1 and Liuhua 11-1 project, marking a new breakthrough in China's ultra-large offshore oil and gas platform catheter design and construction technology, creating a new mode of China's medium and deep sea oil and gas resources development, which is important to protect national energy security and enhance the ability to develop deep-sea resources. In June, COOEC independently developed the first set of 500m water depth underwater sink products with control system in Tianjin Lingang special equipment manufacturing site officially delivered, marking an important breakthrough in China's deepwater sink independent research and development, manufacturing and testing technology. The main construction of China's first deep offshore floating wind power platform - CNOOC Guanlan - was completed in Qingdao, marking the significant progress of the world's first double hundred offshore wind power project with a water depth of over 100 meters and an offshore distance of over 100 kilometers. COOEC has taken an important step in the layout of the new energy field. COOEC independently mastered the single point mooring design and system integration engineering design technology, developed independent intellectual property rights of liquid slip ring and fiber optic electric slip ring products, and realized the technical decoupling of the tower single point from the source of the design principle, marking a new breakthrough for COOEC to practice the self-reliance and self-improvement of marine engineering science and technology.

## (4) Reasons for the significant changes in the composition of R&amp;D personnel and the impact on the future development of COOEC

 Applicable  Not applicable



## 5. Cash flows

√ Applicable □ Not applicable

For the analysis of cash flow indicators such as net cash flow from operating activities, net cash flow from investing activities and net cash flow from financing activities, please refer to the analysis of changes in relevant accounts in the income statement and the statement of cash flows above.

### (II) Significant changes in profit due to non-main business

√ Applicable □ Not applicable

Please refer to the analysis of investment income and net profit attributable to shareholders of the parent company in the analysis of changes in relevant accounts in the income statement and the statement of cash flows above for the impact of the inclusion of COOEC-Fluor into the scope of consolidation on the net profit of COOEC for the current period.

### (III) Analysis of assets and liabilities

√ Applicable □ Not applicable

#### 1. Assets and liabilities

Unit: RMB'0,000

Item	Amount as at the end of the period	Ratio of the end of the current period to total assets (%)	Ending balance of the previous period	Ratio of the amount at the end of the previous period to total assets (%)	Proportion of change in the amount at the end of the current period compared with the end of the previous period (%)	Notes
Monetary funds	212,300.69	4.98	117,078.06	3.38	81.33	
Financial assets held for trading	861,172.84	20.20	625,617.90	18.05	37.65	
Advances to suppliers	96,583.59	2.27	63,428.24	1.83	52.27	
Contract assets	475,253.77	11.15	291,266.84	8.40	63.17	
Non-current assets maturing within one year	129,225.80	3.03	0	0		
Debt investments	32,228.86	0.76	155,811.97	4.50	-79.32	
Long-term equity investments	0	0	152,908.21	4.41	-100.00	
Investments in other equity instruments	7,067.14	0.17	16,302.34	0.47	-56.65	
Right-of-use assets	4,986.14	0.12	9,509.82	0.27	-47.57	
Intangible assets	226,660.11	5.32	109,515.43	3.16	106.97	
Short-term borrowings	32,974.62	0.77	0	0		
Notes payable	24,431.46	0.57	18,267.37	0.53	33.74	
Accounts payable	1,142,098.68	26.79	833,710.71	24.06	36.99	
Contract liabilities	200,383.46	4.70	98,447.47	2.84	103.54	
Taxes and surcharges payable	19,978.60	0.47	14,057.34	0.41	42.12	
Other payables	61,886.08	1.45	41,956.47	1.21	47.50	
Non-current liabilities maturing within one year	29,726.02	0.70	16,498.45	0.48	80.17	
Long-term borrowings	15,964.88	0.37	47,505.75	1.37	-66.39	
Lease liability	1,456.31	0.03	3,965.89	0.11	-63.28	
Estimated liabilities	33,808.99	0.79	9,106.93	0.26	271.24	
Deferred tax liabilities	9,189.41	0.22	3,255.61	0.09	182.26	
Total assets	4,263,867.49	100.00	3,465,426.38	100.00	23.04	
Total liabilities	1,695,609.48	39.77	1,189,596.92	34.33	42.54	
Net assets attributable to shareholders of the listed company	2,370,298.97	55.59	2,274,207.10	65.63	4.23	

Other explanations

- (1) Monetary funds increased by RMB952 million, or 81.33%, compared with the end of the previous year, mainly due to the inclusion of COOEC-Fluor into the scope of consolidation this year, which increased monetary funds by RMB783 million.
- (2) Financial assets held for trading increased by RMB2.356 billion, or 37.65%, compared with the end of the previous year, mainly due to the increase in COOEC's purchase of wealth management and structured deposits compared with the same period of the previous year.
- (3) Advances to suppliers increased by RMB332 million, or 52.27%, compared with the end of the previous year, mainly due to: 1) the inclusion of COOEC-Fluor into the scope of consolidation this year, which increased advances to suppliers by RMB209 million; 2) more new construction projects were started this year, which increased prepayments for construction projects compared with the beginning of the year.
- (4) Contract assets increased by RMB1.840 billion, or 63.17%, compared with the end of the previous year, mainly due to the increase in the number of projects executed this year compared with the previous year and the year-on-year increase in the completed and unsettled portion of the projects.
- (5) Non-current assets maturing within one year increased by RMB1.292 billion compared with the end of the previous year, mainly due to the reclassification of debt investments maturing within one year to this account.
- (6) Debt investments decreased by RMB1.236 billion, or 79.32%, compared with the end of the previous year, mainly due to the reclassification of debt investments maturing within one year to current assets.
- (7) Long-term equity investments decreased by RMB1,529 million compared with the end of the previous year, mainly due to the transfer from the income method to the cost method for the accounting of long-term equity investments as a result of the inclusion of COOEC-Fluor in the scope of consolidation this year.
- (8) Investments in other equity instruments decreased by RMB92 million, or 56.65%, compared with the end of the previous year, mainly due to the disposal of Lanpec shares in the secondary market this year.
- (9) Right-of-use assets decreased by RMB45 million, or 47.57%, compared with the end of the previous year, mainly due to fewer new leasing contracts this year and normal depreciation of the leasing contracts under execution.
- (10) Intangible assets increased by RMB1.171 billion, or 106.97%, compared with the end of the previous year, mainly due to the inclusion of COOEC-Fluor into the scope of consolidation this year, which increased intangible assets by RMB1.195 billion.
- (11) Short-term borrowings increased by RMB330 million compared with the end of the previous year, mainly due to the increase of RMB330 million in short-term borrowings when COOEC-Fluor was included in the scope of consolidation this year.
- (12) Notes payable increased by RMB62 million, or 33.74%, compared with the end of the previous year, mainly due to the increase in workload of LNG projects and the increase in the settlement of notes with subcontractors this year.
- (13) Accounts payable increased by RMB3.084 billion, or 36.99%, compared with the end of the previous year, mainly due to: 1) the inclusion of COOEC-Fluor into the scope of consolidation this year, which increased accounts payable by RMB1.059 billion; 2) the significant growth of workload this year, which increased the settlement volume with suppliers and increased accounts payable compared with the beginning of the year
- (14) Contract liabilities increased by RMB1.019 billion, or 103.54%, compared with the end of the previous year, mainly due to the year-on-year increase in advance receipts from COOEC's engineering projects.
- (15) Taxes payable increased by RMB59 million, or 42.12%, compared with the end of the previous year, mainly due to the increase in additional taxes accrued as a result of the large amount of export tax rebates for some overseas projects executed by COOEC during the year.
- (16) Other payables increased by RMB199 million, or RMB4.750 billion, compared with the end of the previous year, mainly due to: 1) the inclusion of COOEC-Fluor into the scope of consolidation this year increased other payables by RMB54 million; 2) based on the policy of the Ministry of Finance in 2022, it is expected that the refund of consumption tax rebates of previous years will be required, and other payables of RMB125 million were accrued.
- (17) Non-current liabilities maturing within one year increased by RMB132 million, or 80.17%, compared with the end of the previous year, mainly due to the reclassification of long-term borrowings maturing within one year to this account this year.
- (18) Long-term borrowings decreased by RMB315 million, or 66.39%, compared with the end of the previous year, mainly due to: 1) repayment of long-term borrowings of RMB198 million due to Bank of China in the current year; 2) reclassification of long-term borrowings maturing within one year to current liabilities in the current year.
- (19) Lease liabilities decreased by RMB25 million, or 63.28%, compared with the end of the previous year, mainly due to fewer new lease contracts this year and the transfer of lease contracts in execution upon expiration.



- (20) Estimated liabilities increased by RMB247 million, or 271.24%, compared with the end of the previous year, mainly due to: 1) the inclusion of COOEC-Fluor into the scope of consolidation, which increased the estimated liabilities by RMB167 million; 2) the accrual of losses for the pre-loss projects being executed by COOEC this year.
- (21) Deferred tax liabilities increased by RMB59 million as compared with the end of the previous year, mainly due to the inclusion of COOEC-Fluor into the scope of consolidation this year, the appreciation of book assets and the recognition of deferred income tax liabilities of RMB48 million as temporary differences.
- (22) Total assets increased by RMB7.984 billion, or 23.04%, compared with the end of the previous year, mainly due to the following: 1) the inclusion of COOEC-Fluor into the scope of consolidation this year increased assets by RMB4.198 billion; 2) the turnover of accounts receivable improved this year, and cash flow from operating activities was better, while lean management of monetary funds continued to generate efficiency, and the scale of financial management increased significantly at the end of the year; 3) the growth in workload of projects under construction this year and the year-on-year increase in accounts receivable and contract assets.
- (23) Total liabilities increased by RMB5.060 billion, or 42.54%, compared with the end of the previous year, mainly due to the following: 1) the inclusion of COOEC-Fluor into the scope of consolidation increased liabilities by RMB1.791 billion; (2) more new construction projects were started in the current period, and the amount of pre-received works increased compared with the beginning of the year, and the workload increased significantly this year, so the accounts payable increased in line with the scale of operating costs.
- (24) Net assets attributable to shareholders of the listed company increased by RMB961 million, or 4.23%, compared with the end of the previous year, mainly due to the following: 1) RMB354 million of cash dividends were paid in the current year; 2) accumulated profits in the current year increased undistributed profits by RMB1.457 billion; 3) special reserves decreased by RMB41 million; 4) other comprehensive income decreased by RMB156 million.

## 2. Overseas assets

Applicable  Not applicable

### (1) Asset scale

Including: Foreign assets of 2.056 (Unit: RMB0.1 billion), accounting for 4.82% of total assets.

### (2) Reasons for high percentage of foreign assets

Applicable  Not applicable

## 3. Major assets with restricted rights as of the end of the reporting period

Applicable  Not applicable

## 4. Notes to other matters

Applicable  Not applicable

## (IV) Analysis of operating information of industry

Applicable  Not applicable

## (V) Analysis of investment status

Overall analysis of foreign equity investments

Applicable  Not applicable

### 1. Significant equity investments

Applicable  Not applicable

### 2. Significant non-equity investments

Applicable  Not applicable

#### Tianjin Marine Engineering Equipment Manufacturing Base Construction Project Phase II

As deliberated and adopted at the 7th meeting of the 6th Board of Directors of COOEC held on March 27, 2018, COOEC is constructing an offshore engineering equipment manufacturing base in the port area of Tianjin Binhai New Area Free Trade Zone, with a total planned area of approximately 570,000 square meters, a total quay length of 1,631 meters and a total investment of approximately RMB3.989 billion, which is planned to be constructed in two phases. (For details, please refer to Announcement on Investment in Construction of Offshore Engineering Equipment Manufacturing Base in Lingang Area of Tianjin Port Free Trade Zone disclosed by COOEC on 29 March 2018 (Announcement No.: 2018-011))

The preliminary design estimate of the second phase of the project was approved on September 15, 2022. The second phase of the project mainly includes structural pipeline wise workshop, joint length and finished product yard, general assembly

site, No. 3 outbound transportation channel and 172m wharf, and will fully release the capacity of the Lingang site. As of the end of December 2022, the project implementation progress was 4.02% and the construction drawing design and bidding work of survey and supervision were underway.

### 3. Financial assets measured at fair value

Applicable  Not applicable

As of the end of the reporting period, the shares held by COOEC in Gansu Lanpec Technologies Limited (stock name: Lanpec) were sold, and a total of 10.4 million shares were reduced during the reporting period.

Unit: RMB'0,000

Assets Type	Beginning amount	Profit or loss from changes in fair value in this period	Accumulated changes in fair value included in equity	Provision for impairment in this period	Purchase amount during the current period	Amount sold/ redeemed during the period	Other change	Ending amount
Lanpec shares	9,235.20	0	-7,088.24	0	0	2,146.96	0	0
Total	9,235.20	0	-7,088.24	0	0	2,146.96	0	0

Investment in securities

Applicable  Not applicable

Investment in private equity funds

Applicable  Not applicable

Investment in derivatives

Applicable  Not applicable

### 4. Specific progress of the reorganization and integration of major assets during the reporting period

Applicable  Not applicable

#### (VI) Sale of significant assets and equity

Applicable  Not applicable

#### (VII) Analysis of major holding and participating companies

Applicable  Not applicable

### 1. Basic information of the subsidiaries of COOEC included in the scope of consolidation during the reporting period

Unit: RMB'0,000

No.	Name	Paid-in capital	Main business and products	Total assets	Net assets	Net profit	Shareholding ratio
1	COOEC Subsea Technology Co., Ltd.	228,561.47	Offshore oil underwater engineering services and marine pipe maintenance	713,907.95	502,396.36	40,538.60	100%
2	Offshore Oil Engineering (Qingdao) Co., Ltd.	300,000.00	Construction, installation, design and maintenance of offshore oil and gas projects	641,483.21	375,748.93	18,501.33	100%
3	Offshore Oil Engineering (Zhuhai) Co., Ltd.	395,000.00	Construction, installation, design and maintenance of offshore oil and gas projects	341,065.99	340,398.35	33,537.78	100%
4	Offshore International Engineering Co., Ltd	6000.00	Construction general contracting, specialized contracting	13,302.17	6,477.04	1,695.96	100%
5	COOEC Indonesia Co., Ltd	195.21	Oil and gas field development and maintenance services	3,424.62	2,942.12	0.60	100%
6	COOEC Nigeria Co., Ltd	54.88	Contracting, design, installation, maintenance and related business of offshore oil and gas field development projects	135.44	87.05	0.11	100%



No.	Name	Paid-in capital	Main business and products	Total assets	Net assets	Net profit	Shareholding ratio
7	Offshore Oil Engineering Co., Ltd. Nigeria Free Trade Zone Company	0	Established for the implementation of the Dangote project in Nigeria	24,978.32	-63,473.97	-3,608.03	100%
8	A.E.S. Destructive and Non-Destructive Testing Limited	114.57	Non-destructive testing and welding test	1,039.30	595.74	14.41	90%
9	Lanhai International Co., Ltd.	669.81	General contracting of offshore oil engineering design, procurement, construction and installation	682.86	682.86	0.21	100%
10	Gothic Deep Offshore Technology Co., Ltd	956.87	General contracting of offshore oil engineering design, procurement, construction and installation	2,978.84	2,366.05	911.20	70%
11	COOEC International Co., Ltd.	669.11	General engineering contracting, design, construction and installation of oil and gas development projects	133,372.35	61,691.95	3,267.17	100%
12	Offshore Oil Engineering (Canada) Co., Ltd.	2,067.66	Oil and gas engineering design, procurement, construction, and installation	63,658.83	9,193.03	1,680.92	100%
13	COOEC International Co., Limited Thai Company	283.04	Project contracting	2,879.89	2,747.12	186.27	100%
14	COOEC International Co., Limited Brazilian Company	314.30	Project contracting	320.46	226.39	26.82	100%
15	COOEC-Fluor Heavy Industries Co., Ltd.	657,641.38	Construction, installation, design and maintenance of offshore oil and gas projects	599,935.69	388,000.06	-	51%

(1) Analysis of the net profit of individual subsidiaries accounting for more than 10% of COOEC's net profit:

COOEC Subsea Technology Co., Ltd. achieved operating revenue of RMB3.293 billion and net profit of RMB405 million in 2022, accounting for more than 10% of COOEC's consolidated net profit, mainly due to the growth of offshore installation workload, coupled with the effectiveness of quality improvement and cost reduction measures, resulting in a significant increase in net profit compared with RMB274 million in the same period of the previous year.

Offshore Oil Engineering (Qingdao) Co., Ltd. achieved operating revenue of RMB5.492 billion and net profit of RMB185 million in 2022, accounting for more than 10% of COOEC's consolidated net profit, mainly due to the growth of onshore construction workload, and the strengthening of the management of overseas projects this year, and the improvement in profitability of Penguin and Canada LNG projects, resulting in an increase of RMB145 million in net profit compared with the same period of the previous year.

Offshore Oil Engineering (Zhuhai) Co., Ltd. 2022 had investment income of RMB470 million, operating profit of RMB468 million and net profit of RMB335 million, which had a significant impact on the consolidated net profit, mainly due to the improved profitability of the projects under construction of COOEC-Fluor Heavy Industries Co., Ltd. in which COOEC holds a 51% stake, and the significant increase in operating results, as well as the inclusion of COOEC-Fluor into the scope of consolidation at the end of the year, and the reversal of all remaining internal unrealized gains and losses, resulting in a significant increase in the net profit from RMB-562 million in the same period of the previous year.

(2) Analysis of the significant fluctuations in the results of individual subsidiaries, which had a significant impact on the net profit of COOEC:

The performance fluctuation analysis of COOEC Subsea Technology Co., Ltd. is the same as above.

The performance fluctuation analysis of Offshore Oil Engineering (Qingdao) Co., Ltd. is the same as above.

The performance fluctuation analysis of Offshore Oil Engineering (Zhuhai) Co., Ltd. is the same as above.

## (3) Acquisition or disposal of significant subsidiaries during the reporting period:

During the reporting period, in order to improve the operating status and efficiency of COOEC-Fluor, and to solve the problem of holding more than 50% of the shares in the invested enterprise but managing it equally with Fluor International Limited, COOEC and Fluor International Limited communicated and negotiated to amend the Articles of Association and the Joint Venture Contract to unanimously adjust the major day-to-day operational decisions of the board of directors of the Joint Venture to simple majority. Based on this amendment to the Articles of Association and the Joint Venture Contract, COOEC has obtained control over the major matters of COOEC-Fluor through a larger number of seats on the board of directors of COOEC-Fluor, and achieved effective control over COOEC-Fluor, which will be included in the scope of consolidated statements by the end of 2022, while holding unchanged 51% equity interest in COOEC-Fluor. For details, please refer to Announcement of COOEC on Amending the Articles of Association and Joint Venture Contract of COOEC-Fluor Heavy Industries Co., Ltd. and Incorporating COOEC into Consolidated Statements disclosed on December 13, 2022 on the website of Shanghai Stock Exchange at <http://www.sse.com.cn>.

## 2. Basic information of COOEC's major equity participation enterprises during the reporting period

Name of the company	Registered capital (RMB'0,000)	Date of registration	Business scope	Paid-in contributions (RMB'0,000)	Shareholding ratio
CNOOC Finance Co., Ltd.	400,000	June 2002	Handling of deposits, loans and financial leasing of member units	7,067.14	1.77%

## (VIII) Structured entities controlled by COOEC

Applicable  Not applicable

## VI. Discussion and analysis of COOEC on its future development

## (I) Industry pattern and trend

Applicable  Not applicable

Looking ahead to the development trend of the energy industry, the international offshore oil and gas engineering industry is expected to see a gradual recovery, but there is uncertainty about the speed and strength of the recovery. Geopolitical conflicts still face uncertainty and energy tensions will not end abruptly, but as more solutions are proposed and implemented, the trend of the energy industry developing towards a benign track and further promoting clean and low-carbon transformation will become more and more obvious. China's energy economy is on a positive trend, and the new energy and energy integration industry will see new development. The implementation of the strategy of ocean power and ocean economy will provide COOEC with a more favorable development environment, policies and work guidance.

## 1. Opportunities

Offshore oil and gas exploration continues to pick up, providing space for the development and transformation and upgrading of the offshore oil engineering industry. IHS expects offshore capital expenditure to remain strong in 2023, with an expected year-on-year growth of 23%, the highest growth rate of offshore capital expenditure since 2011. With a significant decline in the break-even point for offshore projects and the obvious advantage in deepwater reserves, deepwater oil and gas projects have become the core area for global storage and production increase, and international oil and gas companies' upstream capital expenditure focus is tilted to deepwater areas. CNOOC Limited's actual capital expenditure in 2022 was close to RMB100 billion, and the actual development ratio was about 56%; in 2023, the planned capital expenditure continues to grow by RMB100-110 billion, and the development link's ratio is increased to 59%, and the development link's capital expenditure is expected to increase by 12% on a year-on-year basis in 2023.

The trend of offshore oil and gas as the main force to increase domestic reserves and production has not changed. The most important task for upstream enterprises in the oil and gas industry is to increase oil and gas exploration and development to ensure the security of China's energy supply, while offshore oil and gas is the main force for increasing domestic storage and production, which provides good development opportunities for COOEC.

In the future, COOEC's overall engineering construction workload is full, and COOEC is still in a promising strategic opportunity period. CNOOC Limited has set a new target of 60 million tons of domestic oil production by 2030 and 40 billion cubic meters of domestic natural gas production by 2035, and the workload of CNOOC's oil and gas projects is full, which has laid a solid foundation for COOEC's sustainable development.

## 2. Challenges

The international environment is becoming increasingly complex, with increasing instability and uncertainty. The global economic downturn, deteriorating Sino-US relations and intensifying geopolitical conflicts have increased the instability and uncertainty of the external political, economic, legal and other macro environment.

The intensity of energy consumption continues to decline, which has a certain impact on COOEC's market development. Global population and economic growth are driving continued growth in primary energy consumption, but the rate of



growth is gradually slowing down. The recovery of the offshore oil and gas engineering industry needs to be gradually restored, and contractors will still face service price pressure to varying degrees. The carbon peak and neutrality targets accelerate the low-carbon energy transition and pose greater challenges to COOEC's future development. The competition in the clean energy and new energy markets has become more intense, putting higher requirements on COOEC's future business portfolio; COOEC is under pressure to achieve the carbon peak and neutrality related binding targets. The development of information, digital and intelligent technologies may bring fundamental changes to the industry. The digital economy will affect the accelerated development and transformation of various industries and intensify competition between industries, and COOEC is likely to face disruptive changes and challenges from within and outside the industry. The accelerated reform of the oil and gas system and the reform of state-owned enterprises will place higher demands on the ability of COOEC to adapt to market challenges. In the context of deepening reform of the oil and gas system and implementation of the three-year reform action by state-owned enterprises, COOEC is required to gradually shift to market-oriented development, speed up external market response and accelerate internal operational efficiency and management effectiveness, which poses many challenges to the corporate governance and control model.

Facing the challenges and opportunities, COOEC will maintain its strategic determination, seize the opportunities brought by the continuous promotion of national oil and gas reserves and production, deepen the reform as always, make every effort to improve the technical level, continuously enhance the EPCI capability, continue to reduce costs and improve quality and efficiency, accelerate industrial upgrading, and maintain a relatively stable development trend amidst the changes and development of the offshore oil and gas engineering industry.

## (II) Development strategy

√ Applicable □ Not applicable

Highlights of the Strategy and Plan of Offshore Oil Engineering for the 14th Five-Year Plan and 2035:

### 1. Development ideology

Guided by market demand, COOEC will fully support the service of CNOOC Limited to increase storage and production, and seek development opportunities and growth space for the global energy engineering and offshore engineering markets; in line with the green and low-carbon development and digital transformation of the global energy industry, COOEC will accelerate its entry into the green energy engineering industry, accelerate the introduction of intelligent production methods, create intelligent product development and production capacity, and build up its market competitiveness in the intelligent era; drive COOEC's high-quality development by scientific and technological innovation and management innovation; insist on value and goal-led, transforming development methods, continuously improving institutional mechanisms and stimulating corporate vitality.

### 2. Development orientation

To serve the national strategy as its mission, to focus on customers, to adhere to high-quality development, and to build a world class energy engineering company with Chinese characteristics.

### 3. Development strategy

To firmly implement the 1235 development strategy of COOEC, that is, to insist on the construction of EPCI capacity with design as the leader as the only core; to take operation and management ability and technology leading ability as the two foundations; to take internationalization, deepwater and new industrialization as the three development directions; to take talents, market, cost, risk control and informationization as the five key points.

### 4. Planning and deployment

Planning and Deployment and key tasks for development in the 14th Five-Year period

Planning and deployment	Key tasks
I. Outstanding engineering service capacity building	(I) Fully support to ensure the increase of domestic oil and gas reserves and production
	(II) Improve and strengthen the value chain of offshore engineering industry
II. Accelerate the upgrading of industry	(III) Transform and upgrade traditional oil and gas engineering to high-end products and services
	(IV) Continue to strengthen LNG engineering and accelerate the development of new energy industries
III. Strive to promote innovation-driven development	(V) Research key core technology of science and technology innovation
	(VI) Conduct top-down design and accelerate the implementation of digital transformation strategy
	(VII) Undertake the platform and achieve effective construction of digital offshore engineering
IV. Steadily promote international development	(VIII) Under the market-led approach, strengthen the three regional platforms
	(IX) Take multiple measures to enhance international operation and control capability

Planning and deployment	Key tasks
V. Integrate COOEC into major national development strategies	(X) Integrate COOEC into the national regional development strategy and help the coordinated development of the region (XI) Respond to the Belt and Road initiative and expand international cooperation (XII) Implement the national carbon peak and neutrality requirements to achieve green development

### (III) Operation plan

√ Applicable □ Not applicable

#### 1. Explanation for the excess of the operation target over the planned target

In 2022, COOEC continued to promote the diversified development of both domestic and international markets, traditional oil and gas and new energy engineering business by adhering to strategic leadership and completing the construction and delivery of contracted projects with high quality, which resulted in a record high workload and significant growth in revenue.

It should be noted that the business plan disclosed in the annual report is only COOEC's judgment and expectation based on the situation at the beginning of the year, and does not constitute an actual commitment to investors.

#### 2. 2023 business plan

Looking ahead to 2023, COOEC has a full workload, with 21 projects expected to be completed and delivered throughout the year. The onshore construction workload will mainly come from traditional oil and gas engineering business such as Bozhong 19-6 condensate field, secondary development of Liuhua 11-1/4-1 oil field, secondary adjustment project of Suizhong 36-1/Ludai 5-2 oil field, new energy business such as offshore wind power and overseas business such as Canadian LNG, Saudi Aramco Marjan and Petrobras P79 project; offshore installation workload will mainly come from Enping oil field group. The offshore installation workload is mainly from traditional oil and gas engineering business such as Enping Oilfield Group and Lufeng 12-3 Oilfield Development Project.

COOEC's revenue is expected to grow steadily in 2023 compared with 2022. COOEC will strive to keep operating costs within 90% of operating revenue and selling expenses, administrative expenses, R&D expenses and financial expenses together within 5% of operating revenue.

Facing the challenging production and operation tasks in 2023, COOEC will continue to allocate resources scientifically, improve efficiency continuously, promote the construction of engineering projects safely, on schedule and with high quality, ensure that the major milestones of each project are achieved as planned, continue to implement cost reduction and quality improvement, guarantee the successful completion of all tasks in 2023 with lean management, and strive to promote COOEC's high-quality development on the ground.

#### Main arrangements for 2023:

##### (1) Adhering to strategic leadership and promoting the high-quality development of COOEC

The year 2023 is the key year of the 14th Five-Year Plan, and COOEC will take the persistent energy of drawing a blueprint to the end to promote the transformation of various work arrangements from roadmap to construction drawings. COOEC will grasp the core meaning and practical requirements of its high-quality development, pay more attention to improving the quality of capital return and the ability to generate profits from assets, pay more attention to ensuring the safety of cash flow and improving the ability of sustainable investment, take the opportunity to implement value management work comprehensively, promote cost reduction and quality improvement, focus on cost control and asset creation, and ensure the effective improvement in quality and reasonable growth of COOEC's operating performance.

##### (2) Focusing on production capacity construction and ensuring that key projects are completed and put into operation on schedule

Accelerate the cultivation of the ability to propose and solve package engineering solutions and the ability to allocate global resources, vigorously improve the operational efficiency of its own equipment and resources, and strengthen safety and quality control. In 2023, COOEC will ensure that the projects under construction will be put into operation and implemented as planned, with emphasis on ensuring that key projects such as Wenchang floating wind power, Enping 15-1 CO<sub>2</sub> re-injection and storage, Tianjin LNG Phase II, Tangshan LNG Phase I and Zhangzhou LNG will be put into operation on schedule.

##### (3) Making an in-depth grasp of scientific and technological innovation to fully activate the innovative development momentum

Science and technology innovation is the top priority for COOEC's high-quality development. COOEC will implement the innovation-driven development strategy, focus on the construction of innovation system, major scientific and technological research and development, efficiency improvement, results transformation and application and other key



work, and strive to enhance the independent innovation and results transformation power. COOEC will focus on digital construction and accelerate the pace of transformation and upgrading.

(4) Making firm strategic planning, continuously enhancing market expansion capacity, and maintaining stable orders

Make continuous efforts around COOEC's strategic plan, and strive to make new breakthroughs in overseas markets and clean energy market development. Establish corresponding technology and resource systems to enhance market competitiveness and effectively expand market share. Both accelerate the development of the domestic market and firmly build the market brand in the field of offshore wind power; and increase the development of the international market and accelerate the enhancement of the market image in the field of offshore wind power.

(5) Focusing on the construction of talent team to add momentum for COOEC's high-quality development

COOEC will firmly implement the strategy of strengthening the country and developing the enterprise with talents, focus on the 3+1 project of cadres and talents, strengthen the selection, education, use and management of cadres, continuously improve the scientific and effective assessment and supervision mechanism, and accelerate the forging of politically strong and high-quality cadres. COOEC should make full use of the platform of industrial talent alliance and universities to further strengthen the external introduction and independent training of international high-end talents, business contract talents and digital information talents, and press the responsibility of talent cultivation to each unit and department to establish a Form a collaborative pattern of common training, sharing and management of talents.

#### (IV) Possible risks

√ Applicable □ Not applicable

##### 1. Project implementation risk

COOEC's oil and gas field projects are moving to waters over 300 meters or even 1500 meters deep, which makes the project implementation more difficult and technically demanding, and there are construction risks because of COOEC's relatively weak technology, management and construction experience in the field of deepwater engineering.

Countermeasures: Strengthen construction safety and quality control system construction, accelerate deepwater technology reserve and deepwater equipment construction, accumulate more experience in practical operation of deepwater projects, continuously improve deepwater engineering technology level, grow management and construction experience, and reduce construction risks.

##### 2. Risks arising from the operation in international market

COOEC has relatively short time to enter the international market, lacks international talents, and lacks international project operation experience and risk prevention and control capabilities, the geopolitics, policies of different countries or regions, sea environment and remote resource deployment may bring operational risks to overseas project operations.

Countermeasures: (1) COOEC will well plan international development strategy, determine scientific development ideas and development paths, advance steadily in the project dimension, and form a synergy with COOEC's major customers in international development; (2) strengthen basic capacity building, accelerate the training of international talents, improve COOEC's business capabilities in international business, law, procurement, technology and management, scientifically and comprehensively analyze and identify risks in operation of overseas projects; (3) further improve overseas organizational structure, strengthen resource allocation and core competencies, and continuously improve overseas project control system.

##### 3. Risks caused by natural factors such as natural disasters and bad weather

Unpredictable natural disasters or bad weather such as frequent typhoons may have a significant adverse impact and unpredictable risk on the production and operation of COOEC, especially the offshore installation business.

Countermeasures: COOEC places top priority on safety management, keeps close track of and responds to typhoons and other severe weather, prevents emergencies in advance, prepares early, follows up closely, reports in a timely manner, starts emergency response at the appropriate level, and strives to minimize losses through various measures.

##### 4. Risk of exchange rate fluctuations

COOEC's local currency of account is RMB. With the expansion of COOEC's overseas business and the increase of foreign currency revenue, exchange rate fluctuations may have certain impact on COOEC's profit and loss.

Countermeasures: COOEC takes measures to incorporate exchange rate risk into cost control when quoting contracts, consider import and export hedging and use forward exchange settlement type financial instruments, and continuously improve its ability to prevent the risk of exchange rate fluctuations in its daily capital management.

##### 5. Other risks

In addition to the risks described above, COOEC may also face some common risks in the course of its operation and development, such as the risk of cyclical fluctuations in the offshore oil and gas engineering industry due to large fluctuations in international oil prices, the risk of impact of new energy on the traditional oil industry, the risk of safety production,

the risk of personnel turnover, etc. COOEC will do its best to effectively avoid and cope with these risks according to the situation.

#### (V) Others

Applicable  Not applicable

COOEC's green and low-carbon development ideas (which do not constitute an actual commitment to investors)

#### (I) General idea

Keeping pace with the development of world energy transformation, and taking market demand as the guide and technological innovation as the main means, COOEC strives to build its green engineering technology service capability. COOEC deepens the oil and gas engineering business, provides low-carbon engineering technology solutions for offshore oil and gas development, and vigorously develops natural gas engineering; accelerates the development of new energy engineering business, and provides innovative engineering technology services for offshore wind power, offshore onshore power, hydrogen engineering, offshore integrated energy development, etc.; actively develops carbon reduction engineering business, and provides CCUS engineering technology services for energy development and utilization, etc.

#### (II) Planning and deployment

##### 1. Strengthening the whole LNG industry chain and adhering to the EPCM development mode

Focus on the turnkey business of LNG receiving stations and storage tanks; develop turnkey capacity of natural gas liquefaction plants; expand high-end business such as FSRU (floating storage and regasification unit) and FLNG (floating liquefied natural gas unit). Adhere to the EPCM development mode, promote the integration of internal and external resources, master the core technology; strengthen the design and procurement, strengthen project management, and enhance the project management capability; promote the construction of smart site by means of informationization and digitalization, and build a domestic first-class LNG receiving station general contractor.

##### 2. Cultivating the ability of the whole industry chain of offshore wind power engineering general contracting

Relying on offshore engineering experience and comparative advantages, we will accelerate the development of offshore wind power industry by benchmarking the European offshore wind power development model with high quality; focusing on the development of deep-water wind power, large booster stations and converter stations, initially establish an EPCI business chain with offshore wind power design as the core business and construction and installation as business extensions and take design optimization, modular manufacturing, smart manufacturing, digital delivery, and offshore installation innovation as entry points to explore and promote cost reduction throughout the life cycle of the offshore wind power industry. By 2025, COOEC will have established its dominant position in the domestic deepwater floating offshore wind power engineering industry.

##### 3. Cultivating the ability of general contracting for the whole industry chain of offshore and onshore power

Accelerate the acquisition of electric power design qualification and lead the improvement in offshore onshore power turnkey capacity with design; establish a full business chain with design as the core business and offshore transformer station construction and installation, submarine cable laying and repair as business extension; give priority to guaranteeing the Bohai Sea area to increase storage and production and accelerate the cultivation of other regional markets.

##### 4. Exploring CCUS and hydrogen energy engineering

Build modular manufacturing capabilities for carbon capture devices with comprehensive competitive advantages; from the construction of devices and facilities to the basic design and conceptual design of engineering solutions, gradually build the business capabilities of the whole industry chain of CCUS engineering business; with the development focus on providing engineering and technical solutions for offshore wind power hydrogen production, focus on EPCI general contracting of offshore wind power hydrogen production platform, hydrogen/mixed gas submarine pipeline design and installation, modular construction and offshore installation of hydrogen production equipment, and EPCM general contracting of liquid hydrogen/liquid ammonia storage tanks, etc., becoming a leading enterprise in domestic offshore wind power hydrogen production engineering.

#### VII. Description of the situation and reasons for no disclosure due to COOEC's non-application of the guidelines or special reasons such as state secrets and commercial secrets

Applicable  Not applicable



# Corporate Governance

## I. Explanation of information related to corporate governance

√ Applicable □ Not applicable

COOEC has established a standardized and clear corporate governance structure and formed a scientific and effective mechanism of division of duties and checks and balances in accordance with laws and regulations such as the Company Law, the Securities Law, the Code on Governance of Listed Companies and the Rules for the Listing of Stocks on the Shanghai Stock Exchange, and followed the requirements of the China Securities Regulatory Commission, the Shanghai Stock Exchange and other regulatory bodies. The general meeting enjoys the powers stipulated in laws and regulations and the Articles of Association of COOEC, and exercises the right to make decisions on major matters such as COOEC's operation policy, fund raising, investment and profit distribution in accordance with the law; the Board of Directors is responsible to the general meeting, and exercises the right to implement the resolutions of the general meeting and the right to make business decisions within the scope of regulations in accordance with the law; the Board of Supervisors is responsible to the general meeting, and inspects and supervises COOEC's financial affairs, internal control and the performance of duties by senior officers, etc.; the management is responsible for organizing and implementing the resolutions of the general meeting and the board of directors and presiding over the daily operation and management of COOEC. There is no difference between the corporate governance and the requirements of the Company Law and the relevant regulations of the CSRC.

### (I) Regarding the establishment and improvement of the corporate governance system

In strict accordance with the Company Law, the Securities Law, the Guidelines on the Articles of Association of Listed Companies and the relevant documents and requirements of the securities regulatory authorities, COOEC has formulated COOEC's Articles of Association, the rules of procedure of the general meeting, the rules of procedure of the Board of Directors, the rules of procedure of the Board of Supervisors, the working rules of the president, the working system of independent directors, the management system of information disclosure matters and the management system of investor relations, the investment management system and other regulatory documents on corporate governance, forming a relatively systematic corporate governance framework.

### (II) About the general meeting

COOEC has consistently and strictly complied with the Company Law, the Securities Law, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Rules of Procedure for General Meetings of Shareholders, and has strictly implemented the relevant regulations in respect of the convening and holding of meetings, meeting proposals, proceedings, voting at meetings and information disclosure to ensure that all shareholders, especially the small and medium-sized shareholders, fully exercise their legitimate rights and interests and enjoy equal status. COOEC invited lawyers to attend all general meetings to confirm and witness the convening procedures, matters to be considered and the identity of attendees, and issued legal opinions to effectively ensure that the general meetings were legal and effective.

In 2022, COOEC held three general meetings in May and December respectively, and approved 14 proposals, including the 2021 annual report, profit distribution plan, work report of the Board of Directors, work report of the Board of Supervisors, financial accounts report, appointment of financial and internal control auditors, election of directors, proposal to amend the articles of association and joint venture contract of COOEC-Fluor Heavy Industries Co., Ltd. and the inclusion of COOEC into the scope of consolidated statement, effectively safeguarding the legitimate rights and interests of shareholders.

### (III) About the Board of Directors

#### 1. Composition of the Board of Directors

Directors were elected strictly pursuant to the procedures stipulated by the Articles of Association. The number of the Board of Directors complied with the laws and regulations. The Board of Directors consists of seven members, including three independent directors, and the number of independent director accounts for more than one-third of the total number of directors.

As at the end of the reporting period, the members of the Board of Directors of COOEC were Chairman Yu Yi, Director Wang Zhangling, Director Peng Lei, Director Qiu Jianyong, Independent Director Xin Wei, Independent Director Zheng Zhongliang and Independent Director Xing Wenxiang.

During the reporting period, the Board of Directors of COOEC adjusted the members of the Board of Directors in accordance with the business development of COOEC and the actual situation of the term of office of the Directors. Mr. Xing Wenxiang was elected as an independent Director of COOEC and Mr. Peng Lei was elected as a Director of COOEC. The two new directors have very rich experience and experience in the fields of economic management and marine engineering respectively, which will play an important role in the scientific and efficient decision-making of the Board of Directors of COOEC and promote the high-quality development of COOEC.



▲ Group photo for the 18th Meeting of the 7th Session of the Board of Directors

During the reporting period, Mr. Qiu Xiaohua, the former independent director, no longer served as an independent director of COOEC as his continuous service in COOEC had completed six years, and Mr. Yang Jinghong resigned from the position of director due to work adjustment, COOEC sincerely appreciates their contributions to the development of COOEC during their tenure.

## 2. Duty performance of the Board of Directors

The Board of Directors has exercised its power in accordance with the law, delegated its authority in a scientific and reasonable manner, led by strategic planning, adhered to deepening reform, optimized corporate governance, made scientific and prudent decisions, strictly controlled risks, effectively improved the decision-making efficiency of the Board of Directors, and continuously promoted the modernization of COOEC's governance system and governance capability. At the same time, the Board of Directors actively implemented the Opinions of the State Council on Further Improving the Quality of Listed Companies, formulated and implemented the Implementation Plan for COOEC's Work on Improving the Quality of Listed Companies as required, promoted COOEC's use of the capital market to deepen reform and promote development, and took multiple measures to improve the quality of listed companies and ensure COOEC's healthy, stable and sustainable development.

In 2022, COOEC held 10 board meetings in March, April, June, August, September, October and December to consider 73 important matters such as COOEC's periodic reports, social responsibility report, profit distribution proposal, financial budget plan, capital expenditure plan, election of directors and independent directors, COOEC's board authorization management method, COOEC's leadership performance management method, appointment of vice president, adjustment to its own funds management. It listened to reports on important matters such as the requirements and implementation of the resolutions of the Board of Directors, the work plan of the Board of Directors and the general meeting, and provided a decision-making guarantee for the normal operation of its production and operation of COOEC.

During the reporting period, the Board of Directors insisted on strategy-led development, effectively played the role of determining strategy, making decisions and preventing risks, urged the management of COOEC to do its best in production and operation, focused on the construction of key domestic oil and gas projects and overseas projects, continuously deepened reform, continued to reduce costs and improve quality and efficiency, comprehensively strengthened project management and risk control, strengthen technological innovation, accelerate the transformation of digital intelligence, and promote COOEC's development with steady progress.

The Board of Directors believes that the enhancement of corporate governance in 2022 is mainly reflected in the following areas:



1. Scientifically formulating the Implementation Plan for Improving the Quality of Listed Companies. In order to effectively implement the State-owned Assets Supervision and Administration Commission's Work Plan for Improving the Quality of Listed Companies Held by Central Enterprises, COOEC has prepared a practical Implementation Plan for Improving the Quality of Listed Companies of COOEC by benchmarking with excellent listed companies with advanced management at home and abroad, taking into account the actual development and focusing on shortcomings and weaknesses, and taking this opportunity to effectively promote COOEC's continuous improvement in development quality.
2. Implementing the authority of the Board of Directors. To further implement the six powers of the Board of Directors, including the power to make decisions on medium and long-term development, the power to select and hire members of the Board of Directors, the power to assess the performance of members of the Board of Directors, the power to manage the remuneration of members of the Board of Directors, the power to manage the distribution of employees' salaries and the power to manage major financial matters, so as to effectively improve the governance capacity and effectiveness and newly formulated and revised 10 supporting systems for implementing the powers of the Board of Directors according to the Implementation Plan for Implementing the Powers of the Board of Directors formulated in 2021, based on the previous research and discussion by the Party Committee, and upon deliberation and approval by the Board of Directors or the general meeting, which further provides institutional guarantees for implementing the powers of the Board of Directors.
3. Establishing an efficient authorization mechanism to stimulate the central role of the management in the operation. Revise the Work Rules of the President to clarify the core position of the President in production and operation, regulate specific powers and responsibilities, and effectively protect the managerial level to perform their duties and use their powers in accordance with the law. Formulated the Administrative Measures for Delegation of Decision-making, which adopts the management mode of system + list for the delegation of authority and a list of authorized decision-making matters on the basis of the delegation system, clearly granting the chairman and president six specific powers such as the sale of fixed assets, the establishment and cancellation of new subsidiaries and bank loans of a certain amount. Through reasonable authorization, the Board of Directors has effectively improved the decision-making efficiency, controlled the decision-making risks, ensured the decision-making quality, and realized the dialectical unification of decision-making quality and decision-making efficiency.
4. Improving the assessment and incentive mechanism to ensure the fulfillment of the responsibility. Around the main business, establish a new management responsibility system, COOEC's board of directors and managers signed a business performance responsibility letter, which breaks down COOEC's 14th Five-Year Plan goals and production and operation goals decomposed layer by layer, rigidly cashing in the double 70% of business performance exit and non-optimal transfer exit, making clear the responsibility of managers, promoting managers to review all production and operation activities with the principle of efficiency, strengthening lean management and digging deep business potential; establishing tenure incentive and excess contribution incentive mechanisms to stimulate the enthusiasm of cadre team officers for entrepreneurship; establishing a three-ability mechanism for cadres and employees, consistently carrying out performance responsibility to the end and promoting the implementation of a new business responsibility system that everyone picks and everyone has indicators.
5. Strengthening the effectiveness of governance of the joint venture. Successfully amended the Articles of Association and joint venture contract of CDFL and obtained the control of the joint venture. In conjunction with this, COOEC has strengthened its control over the day-to-day operations of CDFL in the areas of annual budget target design and execution, control over contracted projects, key personnel and internal control system.
6. Strengthening the supervision work and enhancing the ability of compliance operation. Focusing on the greatness of the country, COOEC continues to strengthen political supervision around the three major projects and one action and the construction of four centers. Maintain a high pressure, continue to strengthen supervision and discipline, adhere to the system of governance, and carry out a number of special rectification work, such as procurement contract changes, business outsourcing, and violations of the spirit of the eight central provisions. Formulate guidance and detailed measures to strengthen the education, management and supervision of young cadres, and continue to strengthen the construction of a clean culture for young cadres. Integrate the two responsibilities for the overall strict governance of the Party, strengthen the synergy of various types of supervision, and form a common answer to the same question and a permanent and long-lasting supervisory force to escort the high-quality development of COOEC.
7. Emphasizing and promoting ESG management concept. In 2022, COOEC's environmental, social and corporate governance (ESG) was awarded a BBB rating by MSCI, which is among the top companies in the same industry in China. COOEC actively promotes the ESG concept in its daily management, establishes a leading group for ecological and environmental protection, formulates green and low-carbon development plans and special implementation plans, vigorously explores the LNG engineering business market, and strives to be a builder of clean energy, a promoter of green development and a practitioner of ecological civilization construction. Study the MSCI evaluation indexes and scoring standards, draw on the best practices of peers at home and abroad, focus on filling COOEC's shortcomings, increase targeted disclosures on environmental protection, green and low-carbon strategies and initiatives, social responsibility, corporate governance and corporate behavior, and continue to strengthen ESG governance capabilities.
8. Continuously improving information disclosure and investor relations management. In accordance with the industry



▲ Group photo of the Board of supervisors

environment and operational reality, COOEC makes timely risk warnings to investors in its regular reports, gives clear outlook on business trends and operational plans as far as possible, maintains smooth communication with investors, and strives to protect the legitimate rights and interests of investors.

#### (IV) About the Board of Supervisors

The Board of Supervisors of COOEC meets laws and regulations and consists of three supervisors, including two shareholder supervisors and one employee supervisor. The Supervisors have professional knowledge and working experience in accounting, auditing and human resources management, and are able to conscientiously perform their duties in accordance with the Articles of Association and the Rules of Procedure of the Board of Supervisors, supervise the production and operation management and internal control of COOEC, conduct regular research on COOEC and make suggestions for improvement, giving full play to their supervisory functions and safeguarding the legitimate rights and interests of COOEC and all shareholders.

As at the end of the reporting period, the members of the Board of Supervisors of COOEC were Chairman of the Board of Supervisors Peng Wen, Supervisor Che Yonggang and Supervisor Li Tao.

During the year, the Board of Supervisors held 4 meetings with the participation of all supervisors to consider 14 important matters such as COOEC's periodic reports, internal control evaluation reports, financial statements, provision for impairment, profit distribution proposal, use of proceeds and adjustment to financial management plan of own funds, and issued written audit opinions on the periodic reports prepared by the Board of Directors. They also actively attended the general meeting and attended all the board meetings. The Supervisors conscientiously performed their duties and paid great attention to matters such as quality improvement, cost reduction and efficiency enhancement, construction of engineering projects, financial status, periodic reports, and the performance of duties by the Board of Directors and the management of COOEC.

#### (V) About the management and senior officers

COOEC has one Party secretary, one president and deputy Party secretary, one deputy Party secretary, one chief financial officer and several vice presidents, and the management team is pragmatic, dedicated and experienced. In accordance with the Company Law and the Articles of Association, the division of business among senior officers is clear, with clear authority and responsibility and the Board of Directors and the Board of Supervisors are able to exercise effective supervision and control over the senior officers.

During the reporting period, the management and all senior officers of COOEC diligently and conscientiously implemented the resolutions of the Board of Directors and the development strategy of COOEC, focusing on the in-depth integration of operation and financial management, reducing costs, improving quality and increasing efficiency in a deep and practical manner, and effectively promoting the continuous improvement in COOEC's operation and management. Focusing on the project of increasing reserves and production, COOEC successfully completed the annual oil and gas project construction tasks, the annual



workload hit a new record high, and pushed the production management capacity to a new level, including the successful completion of the construction task of Sea Base No. 1, the first in Asia, and the promotion of China's deepwater the construction of Sea Base No.1, the first in Asia, was successfully completed, and the complete set of key technology and installation capability of super-large conduit frame in China reached the world-class level. Market development was fruitful, and the total annual market contracted amount was a record high in recent years. Continuously strengthening safety management, the overall safety situation was stable throughout the year, and good performance was achieved in safety management. Party construction, scientific and technological research, team building, compliance operation and a series of other work also achieved positive results, providing an important guarantee for the healthy and sustainable development of COOEC.

### (VI) About information disclosure

During the reporting period, COOEC studied and understood the Opinions of the State Council on Further Improving the Quality of Listed Companies and the new regulatory regulations promulgated by the CSRC, and deeply understood the four fears (fear of the market, fear of the rule of law, fear of professionalism, fear of investors) and four rules of the CSRC for listed companies. Bottom line (not to disclose false information, not to engage in insider trading, not to manipulate stock prices and not to harm the interests of listed companies), study the revised opinions of Shanghai Stock Exchange on the rules of stock listing and self-regulatory guidelines for listed companies in a timely manner, always pay great attention to the information disclosure work and continuously strengthen the foundation of standardized operation of COOEC. COOEC strictly complies with the requirements of the Shanghai Stock Exchange's stock listing rules and regulations on information disclosure, and does its information disclosure work in compliance with the law, completing the preparation and disclosure of 4 periodic reports and 32 interim announcements during the reporting period. In its periodic reports, COOEC focuses on disclosing production and operation highlights and detailed production data, valid analysis of financial indicators in conjunction with industry changes, and effective outlook on industry development trends and COOEC's future development trends, in an effort to provide investors with valuable information for decision-making. In addition, COOEC also attaches importance to voluntary disclosure through COOEC's Internet website and external media in compliance with the law, so as to deliver production developments to various stakeholders in a timely manner and better play the role of information disclosure.

Whether there are material differences between corporate governance and the laws, administrative regulations and CSRC regulations on the governance of listed companies; if there are material differences, the reasons should be explained

Applicable  Not applicable

## II. Specific measures taken by the controlling shareholder and the actual controller of COOEC to ensure the independence of COOEC's assets, personnel, finance, institutions and business, as well as the solutions, work progress and follow-up work plan taken to affect the independence of COOEC

Applicable  Not applicable

The controlling shareholder, the actual controller and other entities under their control engaging in the same or similar business as COOEC, as well as the impact on COOEC of competition in the same business or significant changes in the situation of competition in the same business, the measures taken to solve the problem, the progress of the solution and the follow-up solution plan

Applicable  Not applicable

## III. Brief introduction to the general meetings

Session	Date of meeting	Search index of the designated website where the resolution was published	Date of publication of resolutions	Resolutions made at the meeting
2021 Annual General Meeting	May 20, 2022	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a>	May 23, 2022	Deliberate and adopt the Report on the Work of the Board of Directors of COOEC for 2021; Deliberate and adopt the Report on the Work of the Board of Supervisors of COOEC for 2021; Deliberate and adopt the Report on the Financial Accounts of COOEC for 2021; Deliberate and adopt the Profit Distribution Plan of COOEC for 2021; Deliberate and adopt the Annual Report of COOEC for 2021 and the Summary thereof; Deliberate and adopt the Proposal on the Renewal of the Appointment of COOEC's Financial and Internal Control Auditors for 2022; Deliberate and adopt the Proposal to Amend the Articles of Association of COOEC and Authorize the Board of Directors to Handle Business Registration; Deliberate and adopt the Proposal to Amend the Rules of Procedure of the general meeting of COOEC; Deliberate and adopt the Proposal to Amend the Rules of Procedure of the Board of Directors of COOEC; Deliberate and adopt the Proposal to Amend the Measures for the Management and Use of COOEC's Funds Raised; Deliberate and adopt the Proposal to Amend the Working System of Independent Directors of COOEC; Deliberate and adopt the Proposal for the Election of Mr. Peng Lei as a Director of COOEC.

Session	Date of meeting	Search index of the designated website where the resolution was published	Date of publication of resolutions	Resolutions made at the meeting
The first extraordinary general meeting in 2022	December 12, 2022	http://www.sse.com.cn	December 13, 2022	Deliberate and adopt the Proposal on the Election of Mr. Xing Wenxiang as an Independent Director of COOEC.
The second extraordinary general meeting in 2022	December 28, 2022	http://www.sse.com.cn	December 29, 2022	Deliberate and adopt the Proposal to Amend the Articles of Association and the Joint Venture Contract of COOEC-Fluor Heavy Industries Co., Ltd.

Preferred shareholders whose voting rights have been restored requested to hold an extraordinary general meeting

Applicable  Not applicable

General meetings

Applicable  Not applicable

#### IV. Members of the directors, supervisors and senior officers

(I) Shareholding variation and remuneration of current directors, supervisors and senior officers as well as those left the post within the reporting period

Applicable  Not applicable

Unit: share

Name	Post (Note)	Sex	Age	Beginning date of term	Ending date of term	Number of shares held at the beginning of year	Number of shares held as at the end of the year	Increase/decrease within the year	Reason for increase/decrease	Total remuneration before tax received from COOEC within the reporting period (RMB0,000)	Whether get paid from related parties of COOEC
Yu Yi	Chairman, Secretary of the Party Committee	Male	58	5/17/2019		0	0	0		161.82	No
Wang Zhangling	President, Director, Deputy Secretary of the Party Committee	Male	54	12/4/2020		0	0	0		143.68	No
Peng Lei	Director, Deputy Secretary of the Party Committee	Male	47	5/20/2022		0	0	0		63.84	No
Qiu Jianyong	Director	Male	60	11/16/2021		0	0	0		0	Yes
Xin Wei	Independent director	Male	59	5/21/2021		0	0	0		12.8	No
Zheng Zhongliang	Independent director	Male	50	5/21/2021		0	0	0		12.8	No
Xing Wenxiang	Independent director	Male	59	12/12/2022		0	0	0		0.70	No
Peng Wen	Chairman of the Board of Supervisors	Male	53	12/22/2020		0	0	0		0	Yes
Che Yonggang	Supervisor	Male	59	12/22/2020		0	0	0		0	Yes
Li Tao	Employee supervisor	Male	40	8/26/2020		0	0	0		86.26	No
Li Peng	Financial director Secretary of Board of Directors	Male	45	8/30/2019		0	0	0		126.14	No
Kong Linghai	Vice president	Male	50	7/22/2020		0	0	0		128.61	No
Xie Ribin	Vice president	Male	43	8/14/2020		0	0	0		116.10	No
Zhang Haitao	Vice President, Chief Engineer	Male	51	8/20/2021		0	0	0		98.60	No
Wang Huifeng	Vice president	Male	45	9/15/2022		0	0	0		40.64	No
Qiu Xiaohua	Independent directors (resigned)	Male	64	11/23/2016	12/12/2022	0	0	0		12.10	No
Yu Changsheng	Vice President (resigned)	Male	57	7/6/2016	3/3/2022	0	0	0		34.53	No
Liu Lianju	Secretary of Board of Directors (resigned)	Male	57	4/10/2007	3/18/2022	40,000	40,000	0		30.38	No
Total	/	/	/	/	/	40,000	40,000	0	/	1,069.00	/



Note: The total pre-tax compensation of the above personnel includes the previous years' encashment remuneration paid in 2022.

Name	Main working experience
Yu Yi	From January 1988 to September 2002, worked for Bohai Petroleum Company and CNOOC (China) Limited Tianjin Branch. From September 2003 to April 2004, worked in CNOOC Natural Gas and Power Generation Co., Ltd. From April 2004 to October 2006, acted as the deputy general manager of CNOOC Fujian Gas Co., Ltd. of CNOOC Natural Gas and Power Generation Co., Ltd. From October 2006 to February 2007, was the general manager of the preparation group of Guangdong East LNG Integration Project of CNOOC Gas and Power Generation Co., Ltd. From February 2007 to June 2009, served as Vice President of Guangdong Dapeng LNG Company Limited of CNOOC Gas & Power Group Co., Ltd. From June 2009 to July 2012, was the General Manager of Guangdong Zhuhai Jinwan LNG Company Limited of CNOOC Gas & Electric Group Co., Ltd. From July 2012 to November 2012, served as Deputy General Manager of Engineering Construction Department of China National Offshore Oil Corporation (CNOOC Limited) and General Manager of Guangdong Zhuhai Jinwan LNG Company Limited of CNOOC Gas & Electric Group. From November 2012 to November 2017, was the deputy general manager of the Engineering Construction Department of China National Offshore Oil Corporation (CNOOC Limited). From November 2017 to June 2018, was the Deputy General Manager of the Engineering Construction Department of China National Offshore Oil Corporation (CNOOC Limited). From June 2018 to April 2019, served as General Manager of Engineering Construction Department of China National Offshore Oil Corporation (CNOOC Limited). From April 2019 to present, served as Secretary of the Party Committee of Offshore Oil Engineering Co., Ltd. From May 2019 to present, served as Director and Chairman of the Board of Directors of Offshore Oil Engineering Co., Ltd.
Wang Zhangling	From June 2003 to April 2007, served as Manager of Engineering Construction Office of Tianjin Branch of CNOOC (China) Co., Ltd. From April 2007 to December 2010, served as the General Manager of Specially Authorized Projects of CNOOC (China) Co., Ltd. From December 2010 to February 2016, served as the deputy general manager and member of the party committee of CNOOC Infrastructure Management Co., Ltd. From March 2016 to August 2019, served as Secretary of the Party Committee and General Manager of the Engineering Construction Center of China National Offshore Oil Bohai Petroleum Administration. From August 2019 to November 2020, served as the deputy general manager of the Procurement Department of China National Offshore Oil Corporation. Since December 2020, has been the president and director of Offshore Oil Engineering Co., Ltd.
Peng Lei	Received undergraduate degree in engineering from the Petroleum Engineering Department of Jiangnan Petroleum College in 1998 and his master's degree in engineering in petroleum engineering and natural gas engineering from China University of Petroleum (East China) in 2009. Joined CNOOC in July 1998 and served as the manager of Tanggu Base of Oilfield Chemical Division of China Oilfield Services Company Limited, deputy general manager, general manager, deputy secretary of the Party Committee and general manager, secretary of the Party Committee and general manager of Oilfield Chemical Division of China Oilfield Services Company Limited; from March 2020 to March 2022, served as deputy general manager of CNOOC Energy Development Co., Ltd. From March 2022 to present, Deputy Secretary of the Party Committee of Offshore Oil Engineering Co., Ltd. May 2022 to present, Director of Offshore Oil Engineering Co., Ltd.
Qiu Jianyong	From August 1984 to September 1987, worked as a technician in the Sixty-fourth Research Institute of the Ministry of Aviation Industry; from August 1989 to October 1996, worked in the Offshore Oil Development Engineering Design Company; from October 1996 to October 2001, worked as a chief engineer in the natural gas project office of COOEC-Fluor; from October 2001 to April 2004, worked the LNG Project Manager of the New Division of CNOOC; from April 2004 to July 2005, was the General Manager of CNOOC Fujian Gas Co., Ltd; from July 2005 to December 2007, successively served as the Chief Engineer and Deputy General Manager of CNOOC Natural Gas and Power Generation Co., Ltd; from December 2007 to August 2021, successively served as Chief Engineer, Deputy General Manager, General Manager, and Deputy Secretary of the Party Committee in CNOOC Gas and Power Group Co., Ltd; from August 2021 to September 2022, served as a full-time director of China National Offshore Oil Corporation. Since November 2021, been a director of Offshore Oil Engineering Co., Ltd.
Xin Wei	From July 1985 to June 1987, served as an assistant engineer of Comprehensive Survey Institute of Ministry of Construction; from June 1987 to May 1997, served as an engineer of Shanghai Municipal Engineering Design and Research Institute; from May 1997 to June 2003, Deputy General Manager and Chief Engineer of Shanghai Shizhen Geotechnical Engineering Co., Ltd; from June 2003 to November 2003, served as the Deputy Chief Engineer of Shanghai Geotechnical Engineering Survey, Design and Research Institute; from November 2003 to December 2011, served as the Deputy Chief Engineer of Shanghai Geotechnical Engineering Survey, Design and Research Institute Co., Ltd; from December 2011 to March 2018, served as Vice President of Shanghai Geotechnical Engineering Survey, Design and Research Institute Co., Ltd; since March 2018, has served as the Vice President of Shanghai Survey, Design and Research Institute (Group) Co., Ltd. Since May 2021, also served as an independent director of Offshore Oil Engineering Co., Ltd.
Zheng Zhongliang	From July 1994 to July 1995, served as an accountant of the Third Machine Tool Factory of Beijing Machinery Bureau; from July 1995 to September 1999, served as the financial manager and financial controller of Effigy International Engineering Company; from September 1999 to July 2006, studied at Beijing University of Technology and Wuhan University; from July 2006 to August 2007, he served as an internal audit supervisor of CNOOC Limited; from September 2007 to September 2011, conducted postdoctoral research at Antai School of Economics and Management, Shanghai Jiao Tong University; from September 2011 to September 2013, worked as an associate researcher at the Ministry of Commerce of the People's Republic of China; from September 2013 to present, an associate professor, head of the accounting department and director of the accounting special master's program at the School of Economics and Management, China Agricultural University. From December 2019 to present, also an independent director of Endorsement Technology. Since May 2021, also served as an independent director of Offshore Oil Engineering Co., Ltd.
Xing Wenxiang	From July 1984 to December 1988, served as Secretary of the Youth League Committee and Director of the Office of Liaoning Youth Cadre College; from December 1988 to December 1990, served as Deputy Director of the Propaganda Department of the CPC Shenyang Municipal Committee; from December 1990 to December 1994, he served as Secretary of the Party Committee and First Deputy General Manager of Shenyang Jinbei Bus Manufacturing Co., Ltd. From December 1994 to August, 1996, served as secretary and Party secretary of the Communist Youth League Shenyang Committee; from August 1996 to March 2000, served as mayor of Shenyang Shenhe District People's Government; from March 2000 to March 2002, served as deputy secretary-general of Shenyang People's Government; from March 2002 to December 2003, served as president of Yida Group Co., Ltd. From December 2003 to November 2005 Professor of Chengdu University of Technology; from November 2005 to July 2008, Professor of China University of Geosciences (Beijing); from July 2008 to September 2011, Publicity Director of the Party Committee of Central University of Finance and Economics; from September, 2011 to December 2019, Professor of Central University of Finance and Economics; from January 2020 to present, Professor of China University of Geosciences (Beijing). From December 2022 to present, an independent director of COOEC.
Peng Wen	From July 1991 to April 1999, served as cashier and accountant of the finance section of the geological exploration team, accountant of the finance section of the special construction foundation engineering head office, financial accountant of the social insurance coordination office, deputy head of the finance fund section and chief section officer at Datun Coal and Power Company. From April 1999 to April 2006, he served as the head of Finance Section of Kongzhuang Mine of Datun Coal and Power (Group) Co., Ltd., Chief Accountant and General Counsel of Construction and Installation Engineering Company. From April 2006 to September 2007, served as Deputy General Manager and Chief Accountant of Hunan Province Weapons Industry Group Co., Ltd. From September 2007 to April 2013, served as Chief Accountant of Zhonglian Coalbed Methane Co., Ltd. From April 2013 to February 2016, served as Chief Accountant of Zhonglian Coalbed Methane Co., Ltd. and Chief Accountant of the Unconventional Oil and Gas Branch of CNOOC (China) Co., Ltd. From February 2016 to February 2017, he served as Vice President of CNOOC International Finance & Leasing Co., Ltd. From February 2017 to June 2020, vice President of CNOOC International Finance & Leasing Co., Ltd. and Deputy General Manager of CNOOC Investment Holding Co., Ltd. From June 2020 to September 2022, served as a full-time supervisor of China National Offshore Oil Corporation. From September 2022 to present, been a full-time director of China National Offshore Oil Corporation. Since December 2020, also been the Chairman of the Board of Supervisors of Offshore Oil Engineering Co., Ltd.

Name	Main working experience
Che Yonggang	From July 1984 to December 2000, worked for Northern Drilling Company. From July 2001 to November 2004, was the manager of the General Management Department of the Drilling Division of China National Oilfield Services Co. From November 2004 to March 2006, was the Chief Equipment Engineer of the Drilling Division of China Oilfield Services Co. From March 2006 to November 2008, was the Team Leader of Mexico Module Rig Project Team of the Drilling Division of China Oilfield Services Co., Ltd. From November 2008 to June 2012, served as Vice General Manager of the Drilling Division of China Oilfield Services Co., Ltd. From June 2012 to January 2015, served as Deputy General Manager of the Marine Division of China Oilfield Services Co., Ltd. From January 2015 to January 2016, served as Secretary of the Party Committee and Deputy General Manager of the Vessel Division of China Oilfield Services Co., Ltd. From January 2016 to June 2020, served as Secretary of the Party Committee and General Manager of the Vessel Division of China Oilfield Services Co., Ltd. From July 2020 to present, a full-time supervisor of China National Offshore Oil Corporation. Since December 2020, also served as a supervisor of Offshore Oil Engineering Co., Ltd.
Li Tao	From July 2005 to December 2005, served as an inspector of Inspection Company of Offshore Oil Engineering Co., Ltd. From December 2005 to December 2008, served as office administration and administrative supervisor of Design Company of Offshore Oil Engineering Co., Ltd. From December 2008 to April 2011, was the supervisor of product system in Quality Management Department of Offshore Oil Engineering Co., Ltd. From April 2011 to January 2012, served as Quality Engineer and Deputy Manager of Quality Technology Department of Offshore Oil Engineering Co., Ltd. From January 2012 to September 2016, served as Manager of Human Resources Department and Assistant General Manager of Design Company of Offshore Oil Engineering Co., Ltd. From September 2016 to March 2018, served as Deputy General Manager of Office and Deputy Director of Party Committee Office of Offshore Oil Engineering Co., Ltd. From March 2018 to November 2018, was Deputy General Manager of Human Resources Department, Deputy Director of the Organization Department of the Party Committee and Secretary of the Organ Party Committee of Offshore Oil Engineering Co., Ltd. (Period: From September 2018 to October 2019, also Deputy General Manager of International Exchange Center). From November 2018 to October 2019, the deputy general manager of the Human Resources Department, the head of the Organization Department of the Party Committee and the secretary of the Organ Party Committee of Offshore Oil Engineering Co., Ltd. (Period: From March 2019 to present, also the deputy director of the Project Management Office). From October 2019 to present, the general manager of Human Resources Department, the head of the Organization Department of the Party Committee and the secretary of the Party Committee of the Organ of Offshore Oil Engineering Co., Ltd. From August 2020, part-time employee supervisor of Offshore Oil Engineering Co., Ltd. Since January 2021, also the assistant to the president of Offshore Oil Engineering Co., Ltd.
Li Peng	From July 2002 to December 2005, served as Senior Financial Manager of Beijing Capital Corporation. From December 2005 to November 2007, served as Senior Director of External Disclosure of CNOOC Limited. From November 2007 to March 2010, served as Senior Director of Financial Reporting and Business Analysis of CNOOC Limited. From March 2010 to January 2012, served as Manager of Financial Reporting and Business Analysis of CNOOC Limited. From January 2012 to June 2013, was the Director of Financial Reporting and External Disclosure Division of CNOOC Limited. From June 2013 to November 2014, served as Director (Manager) of Financial Policy Division, Finance Department of CNOOC Limited. From November 2014 to October 2016, served as Director of Accounting Policy and M&A Support Division, Finance Department, CNOOC Limited. From October 2016 to August 2019, served as Deputy General Manager of CNOOC Finance Co., Ltd. From August 2019 to present, is the Chief Financial Officer of Offshore Oil Engineering Co., Ltd. From April 2020, also the General Counsel of Offshore Oil Engineering Co., Ltd. From March 2022, also the Secretary of the Board of Directors of Offshore Oil Engineering Co., Ltd.
Kong Linghai	From July 1995 to February 1998, worked in the Engineering Department of Bohai Petroleum Company; from February 1998 to June 2003, worked in the Foreign Cooperation Department of Tianjin Branch of CNOOC (China) Limited; from June 2003 to February 2006, was the deputy general manager of the development project team of Nanbu 35-2 oil field of CNOOC (China) Limited; from February 2006 to February 2009, served as Deputy General Manager of Bozhong 34-1 Oilfield Project Team of CNOOC (China) Limited; from February 2009 to June 2009, served as Senior Engineer of Pipeline Network Information and Monitoring Center of CNOOC Gas & Electric Group; from June 2009 to January 2010, served as Deputy General Manager of CNOOC Hainan Gas Co., Ltd. from January 2010 to May 2016, was Deputy General Manager, Acting General Manager, General Manager and Secretary of the Party Committee of Guangdong Zhuhai Jinwan LNG Company Limited; from May 2016 to March 2018, was Secretary of the Party Committee of Zhuhai Region of CNOOC Gas & Electric Group, General Manager and Secretary of the Party Committee of Guangdong Zhuhai Jinwan LNG Company Limited and General Manager of CNOOC Guangdong LNG Company Limited; from March 2018 to June 2020, Deputy General Manager of the Engineering Construction Department of China National Offshore Oil Corporation (CNOOC). From July 2020 to present, is Vice President of Offshore Oil Engineering Co., Ltd.
Xie Ribin	From July 2003 to April 2004, worked as a technician at PetroChina Dagang Oilfield; from April 2004 to March 2007, worked as a production operator and production supervisor at Lihua Oilfield Operation Area of CNOOC Shenzhen Branch; from March 2007 to March 2012, worked as a production supervisor and production supervisor at Lihua Oilfield Operation Area of CNOOC Shenzhen Branch; from June 2010 to October 2012, served as the production representative and production preparation team manager of Lihua 4-1, CNOOC Shenzhen Branch; from March 2012 to October 2016, served as the production manager of Lihua Oilfield Operation Area of CNOOC Shenzhen Branch (during the period: From August 2012 to April 2015, was also the chairman of labor union of Lihua Oilfield Operation Area of CNOOC Shenzhen Branch); from October 2016 to May 2018, served as Deputy General Manager of Lihua Oilfield Operation Area of CNOOC Shenzhen Branch (during the period: from November 2016 to November 2017, was also Deputy Secretary of the Party Committee and Secretary of the Discipline Inspection Committee of Lihua Oilfield Operation Area of CNOOC Shenzhen Branch; from November 2017 to May 2018, was also Secretary of the Party Committee and Acting General Manager of Lihua Oilfield Operation Area of CNOOC Shenzhen Branch); from May 2018 to June 2020, served as Secretary of the Party Committee and General Manager of Lihua Oilfield Operation Area of CNOOC Shenzhen Branch. From August 2020 to present, the Vice President of Offshore Oil Engineering Co., Ltd.
Zhang Haitao	From July 1992 to November 1994, was an assistant engineer of Tianjin Aviation Mechanical and Electrical Company; from November 1994 to April 2000, an assistant engineer and engineer of Mechanical and Electrical Department and deputy design manager of skid block project team in CNOOC Petroleum Engineering Design Company; from April 2000 to May 2001, as the deputy design manager of skid block project team in the design company of Offshore Oil Engineering Co., Ltd. From May 2001 to June 2007, served as the engineer of PL19-3 design project, the design manager of Pearl renovation of the design company of Offshore Oil Engineering Co., Ltd., the deputy design manager and the design manager of BZ25-1 oilfield development project and the design manager of Bajiaoting, Jinzhou 21-1 and Jinzhou 25-15 projects; from June 2007 to March 2012, in the design company of Offshore Oil Engineering Co. Ltd. as deputy manager of project management department, assistant to general manager and deputy general manager; from March 2012 to February 2013, general manager of construction company of Offshore Oil Engineering Co., Ltd.; from February 2013 to February 2015, general manager of special equipment company of Offshore Oil Engineering Co., Ltd.; from February 2015 to March 2018, party manager and general manager of special equipment company of Offshore Oil Engineering Co., Ltd.; from March 2018 to July 2020, was the general manager of the office of Offshore Oil Engineering Co., Ltd. and the director of the office of the party committee of COOEC; from July 2020 to July 2021, was the secretary of the party committee and the president of the design institute of Offshore Oil Engineering Co., Ltd. and the director of the offshore engineering technology center. From August 2021 to present, Vice President and Chief Engineer of Offshore Oil Engineering Co., Ltd.



Name	Main working experience
Wang Huifeng	From July 1999 to April 2013, the engineering design of several projects of Offshore Oil Engineering Co., Ltd., such as Caofeidian, Beipias Natural Gas Liquefaction, Lufeng 7-2, ZAWTIKA in Thailand, etc. and the project manager of Wenchang 9-2/9-3/10-3 gas field; from April 2013 to December 2016: Manager of Engineering Design Project Management Department of Design Company of Offshore Oil Engineering Co., Ltd.; from December 2016 to September 2018, served as the deputy general manager of the design company of Offshore Oil Engineering Co., Ltd.; from September 2018 to February 2020, Vice President of the Design Institute of Offshore Oil Engineering Co., Ltd; from February 2020 to June 2020, served as the Deputy General Manager of the Engineering Project Management Center of the Operation Center of Offshore Oil Engineering Co., Ltd; from June 2020 to January 2021, Deputy General Manager of Engineering Project Management Center of Offshore Oil Engineering Co., Ltd.; from January 2021 to February 2021, Deputy Chief Engineer of Offshore Oil Engineering Co., Ltd.; from February 2021 to November 2021, Deputy Chief Engineer and General Manager of Science and Technology Information Department of Offshore Oil Engineering Co., Ltd.; from November 2021 to September 2022, Deputy Chief Engineer, Secretary of Party Committee and General Manager of Tianjin Construction Branch of Offshore Oil Engineering Co., Ltd.; from September 2022 to present, Vice President, Deputy Chief Engineer, Secretary of Party Committee and General Manager of Tianjin Construction Branch of Offshore Oil Engineering Co., Ltd.

Other circumstances

Applicable  Not applicable

## (II) Positions of current directors, supervisors and senior officers as well as those left the post within the reporting period

### 1. Positions held in shareholders

Applicable  Not applicable

Name	Shareholders' name	Positions held in shareholders	Beginning date of term	Ending date of term
Qiu Jianyong	China National Offshore Oil Corporation	Full-time director	August 2021	September 2022
Peng Wen	China National Offshore Oil Corporation	Full-time supervisor	June 2020	September 2022
Peng Wen	China National Offshore Oil Corporation	Full-time director	September 2022	Not applicable
Che Yonggang	China National Offshore Oil Corporation	Full-time supervisor	July 2020	Not applicable
Description of the positions held in shareholders	Not applicable			

### 2. Position in other entities

Applicable  Not applicable

Name	Name of other entities	Positions held in other entities	Beginning date of term	Ending date of term
Xin Wei	SGIDI Engineering Consulting (Group) Co., Ltd.	Vice president	March 2018	Not applicable
Zheng Zhongliang	College of Economics and Management, China Agricultural University	Associate Professor of Accounting Department, Head of Accounting Department, Director of Accounting Specialized Master's Program	September 2013	Not applicable
	Agree Technology	Independent director	December 2019	
Xing Wenxiang	China University of Geosciences (Beijing)	Professor	January 2020	Not applicable
Explanation of serving in other entities	Mr. Peng Wen, Chairman of the Board of Supervisors, has served in other entities in a relatively large number of cases; please refer to the relevant contents of the main work experience of directors, supervisors and senior officers in Part I of this chapter.			

## (III) Remuneration of directors, supervisors and senior officers

Applicable  Not applicable

Decision-making procedures for remuneration of directors, supervisors and senior officers	Based on the responsibilities and complexity of the positions as well as the performance and achievements, the compensation standards are determined in accordance with the principles of facilitating personnel stability and combining incentives and constraints.
Basis for determining the remuneration of directors, supervisors and senior officers	Refer to the salary and remuneration of directors, supervisors and senior officers of the industry.
Actual payment of remuneration to directors, supervisors and senior officers	<ol style="list-style-type: none"> <li>The allowances of the three independent directors of COOEC are RMB128,000 (including tax) per annum each and the travel expenses to attend the board of directors' meetings and general meetings and other expenses required for exercising their powers in accordance with the Articles of Association are reimbursed by COOEC on an actual basis.</li> <li>The directors and supervisors who do not receive remuneration and allowances from COOEC are Mr. Qiu Jianyong, Mr. Peng Wen and Mr. Che Yonggang. The above-mentioned directors and supervisors receive remuneration and allowances from the controlling shareholder, China National Offshore Oil Corporation, or subsidiaries of the controlling shareholder.</li> </ol>
Total actual remuneration received by all directors, supervisors and senior officers at the end of the reporting period	RMB10.69 million (before tax)

**(IV) Change in directors, supervisors and senior officers**

√ Applicable □ Not applicable

Name	Position held	Change	Reason for change
Peng Lei	Director	Election	Newly appointed, according to the management and development needs of COOEC
Xing Wenxiang	Independent director	Election	Newly appointed, according to the management and development needs of COOEC
Li Peng	Chief Financial Officer and the Board Secretary	Employment	Newly appointed, according to the management and development needs of COOEC
Wang Huifeng	Vice President, Deputy Chief Engineer	Employment	Newly appointed, according to the management and development needs of COOEC
Yang Jinghong	Former director	Resigned	Due to work restructuring
Qiu Xiaohua	Former independent director	Resigned	Resigned due to the expiration of 6 years of service
Yu Changsheng	Former Vice President	Resigned	For personal reasons
Liu Lianju	Former Secretary of Board of Directors	Resigned	Due to age

**(V) Penalties imposed by securities regulators in the past three years**

□ Applicable √ Not applicable

**(VI) Others**

□ Applicable √ Not applicable

**V. Information on meetings of the Board of Directors held during the reporting period**

Session	Date of meeting	Resolutions made at the meeting
The 8th meeting of the 7th Board of Directors	March 3, 2022	Deliberate and adopt the Proposal on the Resignation of Mr. Yu Changsheng as Vice President of COOEC
The 9th meeting of the 7th Board of Directors	March 18, 2022	<ol style="list-style-type: none"> <li>1. Deliberate and adopt the Report on the Work of the Board of Directors of COOEC for 2021.</li> <li>2. Deliberate and adopt the Report on the Work of the President of COOEC for 2021.</li> <li>3. Deliberate and adopt the Summary Report of the Audit Committee of the Board of Directors on the Financial and Internal Control Audit by BDO CHINA Shu Lun Pan Certified Public Accountants LLP for 2021.</li> <li>4. Deliberate and adopt the Report on the Financial Accounts of COOEC for 2021.</li> <li>5. Deliberate and adopt the Proposal on Provision for Impairment.</li> <li>6. Deliberate and adopt the Proposal on Profit Distribution for 2021.</li> <li>7. Deliberate and adopt the Annual Report of COOEC for 2021 and its Summary.</li> <li>8. Deliberate and adopt the Special Report on the Deposit and Use of COOEC's Annual Proceeds.</li> <li>9. Deliberate and adopt the Proposal on Using part of the Idle Proceeds to Temporarily Replenish the Working Capital.</li> <li>10. Deliberate and adopt the Proposal on the Renewal of the Appointment of COOEC's Financial and Internal Control Auditors for 2022.</li> <li>11. Deliberate and adopt the Proposal on Providing Guarantee for the Subsidiary Offshore Oil Engineering (Qingdao) Co., Ltd.</li> <li>12. Deliberate and adopt the Report on the Evaluation of COOEC's Internal Control for 2021.</li> <li>13. Deliberate and adopt the Report on Internal Control of COOEC for 2021.</li> <li>14. Deliberate and adopt COOEC's Annual Audit Plan for 2022.</li> <li>15. Deliberate and adopt COOEC's Annual Social Responsibility Report for 2021.</li> <li>16. Deliberate and adopt the Proposal on Establishing the Administrative Measures for the Delegation of the Board of Directors of COOEC.</li> <li>17. Deliberate and adopt the Proposal on Improving the Management Plan for the Implementation of Two Systems and One Deed of Offshore Engineering.</li> <li>18. Deliberate and adopt the Proposal on the formulation of the Administrative Measures for the Performance of COOEC's Leaders.</li> <li>19. Deliberate and adopt the Proposal on the Establishment of the Administrative Measures for the Remuneration of COOEC's Leaders.</li> <li>20. Deliberate and adopt the Proposal on the Resignation of Mr. Liu Lianju from the Secretary of the Board of Directors of COOEC.</li> <li>21. Deliberate and adopt the Proposal on the Appointment of Mr. Li Peng as the Secretary of the Board of Directors of COOEC.</li> </ol>



Session	Date of meeting	Resolutions made at the meeting
The 10th meeting of the 7th Board of Directors	April 27, 2022	<ol style="list-style-type: none"> <li>1. Deliberate and adopt the First Quarterly Report of COOEC for 2022.</li> <li>2. Deliberate and adopt the Proposal to Amend the Articles of Association of COOEC and to Request the general meeting to Authorize the Board of Directors to Handle the Business Registration.</li> <li>3. Deliberate and adopt the Proposal to Amend the Rules of Procedure of the general meeting of COOEC.</li> <li>4. Deliberate and adopt the Proposal to Amend the Rules of Procedure of the Board of Directors of COOEC.</li> <li>5. Deliberate and adopt the Proposal to Amend the Rules of Work of the President of COOEC.</li> <li>6. Deliberate and adopt the Proposal to Amend COOEC's Investment Management System.</li> <li>7. Deliberate and adopt the Proposal to Amend the Implementing Rules of the Audit Committee of the Board of Directors of COOEC.</li> <li>8. Deliberate and adopt the Proposal to Amend the Implementing Rules of the Remuneration and Evaluation Committee of the Board of Directors of COOEC.</li> <li>9. Deliberate and adopt the Proposal to Amend the Work System of the Secretary of the Board of Directors of COOEC.</li> <li>10. Deliberate and adopt the Proposal to Amend the Management System of Information Disclosure Matters of COOEC.</li> <li>11. Deliberate and adopt the Proposal to Amend the Management System of Investor Relations of COOEC.</li> <li>12. Deliberate and adopt the Proposal to Amend the Confidentiality System for Persons with Inside Information of COOEC.</li> <li>13. Deliberate and adopt the Proposal to Amend the Measures for the Management and Use of COOEC's Fund Raising.</li> <li>14. Deliberate and adopt the Proposal to Amend the System for the Management of COOEC's Shares Held by Directors, Supervisors and Senior Officers and the Changes Thereof.</li> <li>15. Deliberate and adopt the Proposal to Amend the Work System of Independent Directors of COOEC.</li> <li>16. Deliberate and adopt COOEC Report on Compliance Management (2021).</li> <li>17. Deliberate and adopt the Proposal on the Establishment of the Administrative Measures for COOEC's Total Wages.</li> <li>18. Deliberate and adopt the Proposal to Amend the Administrative Measures for COOEC's Charity.</li> <li>19. Deliberate and adopt the Proposal on the Resignation of Mr. Yang Jinghong from Director of COOEC and Positions of the Relevant Professional Committee of the Board of Directors.</li> <li>20. Deliberate and adopt the Proposal on the Election of Mr. Peng Lei as a Candidate for Director of COOEC.</li> <li>21. Deliberate and adopt the Proposal to Convene the 2021 Annual General Meeting of COOEC.</li> </ol>
The 11th meeting of the 7th Board of Directors	June 30, 2022	<ol style="list-style-type: none"> <li>1. Deliberate and adopt the Proposal to Add Members to the Remuneration and Evaluation Committee of the Board of Directors.</li> <li>2. Deliberate and adopt the Proposal on the Formulation of the Administrative Measures for COOEC's Guarantees.</li> <li>3. Deliberate and adopt the Proposal on the Formulation of the Administrative Measures for Liabilities of COOEC.</li> <li>4. Deliberate and adopt the Proposal on the Plan to Sell the Equity Interest held by COOEC Subsea Technology Co., Ltd.</li> </ol>
The 12th meeting of the 7th Board of Directors	August 19, 2022	<ol style="list-style-type: none"> <li>1. Deliberate and adopt the Report on the Production and Operation of COOEC in the First Half of 2022.</li> <li>2. Deliberate and adopt the Half-year Report of COOEC for 2022 and its Summary.</li> <li>3. Deliberate and adopt the Proposal on Provision for Impairment.</li> <li>4. Deliberate and adopt the Risk Assessment Report on CNOOC Finance Co., Ltd.</li> <li>5. Deliberate and adopt the Proposal on the Risk Disposal of Financial Business with CNOOC Finance Co., Ltd.</li> <li>6. Deliberate and adopt the Special Report on the Deposit and Actual Use of COOEC's Funds Raised in the Half Year of 2022.</li> <li>7. Deliberate and adopt the Proposal on Adjusting the Financial Management Plan of COOEC's Own Funds in 2022.</li> <li>8. Deliberate and adopt the Proposal on the Transfer of Shares Held on behalf of Natural Person Shareholders of Offshore Engineering International Limited Thailand Company.</li> <li>9. Deliberate and adopt the Proposal on Adjusting COOEC's Investment Plan for 2022.</li> </ol>
The 13th meeting of the 7th Board of Directors	September 15, 2022	Deliberate and adopt the Proposal on the Appointment of Mr. Wang Huifeng as Vice President of COOEC.
The 14th meeting of the 7th Board of Directors	September 23, 2022	<ol style="list-style-type: none"> <li>1. Deliberate and adopt the Proposal on Full Write-off of Accounts Receivable of DAYA project.</li> <li>2. Deliberate and adopt the Proposal on the Transfer of 90% Equity Interest in A.E.S. Destructive and Non-Destructive Testing Limited.</li> </ol>
The 15th meeting of the 7th Board of Directors	October 27, 2022	<ol style="list-style-type: none"> <li>1. Deliberate and adopt the Third Quarterly Report of COOEC for 2022.</li> <li>2. Deliberate and adopt the Proposal on Provision for Impairment.</li> <li>3. Deliberate and adopt the Proposal on the Resignation of Mr. Qiu Xiaohua from Independent Director of COOEC and Positions in the Relevant Specialized Committee of the Board of Directors.</li> <li>4. Deliberate and adopt the Proposal on the Nomination of Mr. Xing Wenxiang as a Candidate for Independent Director of COOEC.</li> <li>5. Deliberate and adopt the Proposal to Convene the First Extraordinary general meeting of COOEC in 2022.</li> </ol>
The 16th meeting of the 7th Board of Directors	December 12, 2022	<ol style="list-style-type: none"> <li>1. Deliberate and adopt the Proposal to Add Members of the Special Committees of the Board of Directors.</li> <li>2. Deliberate and adopt the Proposal on COOEC's Financial Budget for 2023.</li> <li>3. Deliberate and adopt the Proposal on COOEC's Bank Credit Line for 2023.</li> <li>4. Deliberate and adopt the Proposal to Amend the Articles of Association and Joint Venture Contract of COOEC-Fluor Heavy Industries Co., Ltd.</li> <li>5. Deliberate and adopt the Proposal on Signing the Financial Sharing Service Agreement with China National Offshore Oil Corporation.</li> <li>6. Deliberate and adopt COOEC's Annual Audit Plan for 2023.</li> <li>7. Deliberate and adopt COOEC's Investment Plan for 2023.</li> <li>8. Deliberate and adopt the Proposal to Convene the Second Extraordinary general meeting of COOEC in 2022.</li> </ol>
The 17th meeting of the 7th Board of Directors	December 22, 2022	Deliberate and adopt the Proposal to Adjust the Scheme of Transferring 90% Equity Interest in A.E.S. Destructive and Non-Destructive Testing Limited.

## VI. Duty fulfillment of the directors

### (I) Participation of directors in the board meetings and general meetings

Name of directors	Independent director (Yes/No)	Participation in the board meetings						Attendance of the general meetings
		Number of board meetings to be attended during the year	Attendance in person	Number of times to attend by way of communication	Authorized attending	Absence	Failed to attend meetings in person for two consecutive times (Yes/No)	Number of general meetings attended
Yu Yi	No	10	10	5	0	0	No	3
Wang Zhangling	No	10	10	5	0	0	No	3
Peng Lei	No	7	7	4	0	0	No	2
Qiu Jianyong	No	10	10	5	0	0	No	2
Xin Wei	Yes	10	10	5	0	0	No	1
Zheng Zhongliang	Yes	10	9	5	1	0	No	3
Xing Wenxiang	Yes	2	2	1	0	0	No	1
Yang Jinghong	No	3	3	1	0	0	No	0
Qiu Xiaohua	Yes	8	8	4	0	0	No	0

Description of the failure to attend the board meetings in person for two consecutive times

Applicable  Not applicable

Number of board meetings held during the year	10
Including: number of on-site meetings	1
Number of meetings held by correspondence	5
Number of meetings held on site combined with communication	4

### (II) Independent directors' objections to the relevant matters of COOEC

Applicable  Not applicable

### (III) Others

Applicable  Not applicable

## VII. Specialized committees under the Board of Directors

Applicable  Not applicable

### (1) Members of the special committees under the Board of Directors

Type of special committee	Name of members
Audit Committee	Zheng Zhongliang, Xin Wei, Xing Wenxiang
Nomination Committee	Xin Wei, Yu Yi, Xing Wenxiang
Remuneration and Evaluation Committee	Xing Wenxiang, Peng Lei, Xin Wei
Strategy Committee	Yu Yi, Wang Zhangling, Qiu Jianyong



## (2) The Strategy Committee held one meeting during the reporting period

Date of meeting	Content of the meeting	Important opinions and suggestions	Performance of other duties
December 12, 2022	Deliberate COOEC's investment plan for 2023	The resolution was considered and passed by unanimous consent, and there were no dissenting matters.	The Committee gave full play to the professional expertise of the Directors, provided effective professional advice on the discussion of material matters and assisted the Board of Directors in making scientific and professional decisions.

## (3) During the reporting period, the Nomination Committee convened 4 meetings:

Date of meeting	Content of the meeting	Important opinions and suggestions	Performance of other duties
March 18, 2022	Deliberate the Proposal on the Nomination of Mr. Li Peng as the Secretary of the Board of Directors of COOEC	The resolution was considered and passed by unanimous consent, and there were no dissenting matters.	The Committee gave full play to the professional expertise of the independent directors, provided effective professional advice on the discussion of material matters and assisted the Board of Directors in making scientific and professional decisions.
April 27, 2022	Deliberate the Proposal on the Nomination of Mr. Peng Lei as a Candidate for Director of COOEC	The resolution was considered and passed by unanimous consent, and there were no dissenting matters.	The Committee gave full play to the professional expertise of the independent directors, provided effective professional advice on the discussion of material matters and assisted the Board of Directors in making scientific and professional decisions.
September 15, 2022	Deliberate the Proposal on the Nomination of Mr. Wang Huifeng as Vice President of COOEC	The resolution was considered and passed by unanimous consent, and there were no dissenting matters.	The Committee gave full play to the professional expertise of the independent directors, provided effective professional advice on the discussion of material matters and assisted the Board of Directors in making scientific and professional decisions.
October 27, 2022	Deliberate the Proposal on the Nomination of Mr. Xing Wenxiang as a Candidate for the Independent Director of COOEC	The resolution was considered and passed by unanimous consent, and there were no dissenting matters.	The Committee gave full play to the professional expertise of the independent directors, provided effective professional advice on the discussion of material matters and assisted the Board of Directors in making scientific and professional decisions.

## (4) The Remuneration and Evaluation Committee held 2 meetings during the reporting period

Date of meeting	Content of the meeting	Important opinions and suggestions	The performance of other duties
March 18, 2022	Deliberate Proposal on Improving Two Systems and One Deed Management Plan of Offshore Engineering, Proposal on Formulating Administrative Measures for Performance of the Leaders of COOEC and Proposal on Formulating Administrative Measures for Remuneration of the Leaders of COOEC.	All three proposals were approved by unanimous vote and there was no objection.	The Committee gave full play to the professional expertise of the independent directors, provided effective professional advice on the discussion of material matters and assisted the Board of Directors in making scientific and professional decisions.
April 27, 2022	Deliberate the Proposal on the Formulation of COOEC's Administrative Measures for Total Wages	The resolution was considered and passed by unanimous consent, and there were no dissenting matters.	The Committee gave full play to the professional expertise of the independent directors, provided effective professional advice on the discussion of material matters and assisted the Board of Directors in making scientific and professional decisions.

## (5) During the reporting period, the Audit Committee convened 5 meetings

Date of meeting	Content of the meeting	Important opinions and suggestions	The performance of other duties
March 18, 2022	Deliberate the Report on the Financial Accounts of COOEC for 2021 and the Proposal on the Provision for Impairment of COOEC The Report on the Evaluation of COOEC's Internal Control for 2021, COOEC's Audit Plan for 2022, Summary Report to the Board of Directors on the Audit Work of Offshore Engineering, Proposal to Re-appoint COOEC's Financial Auditor and Internal Control Auditor for 2022, Report on the Performance of the Audit Committee of the Board of Directors for 2021	All seven proposals were considered and passed with unanimous consent, and there were no dissenting matters.	The Committee gave full play to the professional expertise of the independent directors, provided effective professional advice on the discussion of material matters and assisted the Board of Directors in making scientific and professional decisions.

Date of meeting	Content of the meeting	Important opinions and suggestions	The performance of other duties
April 27, 2022	Deliberate the Financial Report for the First Quarter of 2021 and Report on the Compliance Management of Offshore Engineering (FY 2021)	All two proposals were considered and passed with unanimous consent, and there were no dissenting matters.	The Committee gave full play to the professional expertise of the independent directors, provided effective professional advice on the discussion of material matters and assisted the Board of Directors in making scientific and professional decisions.
August 19, 2022	Deliberate the Proposal on Provision for Impairment Half-Year Financial Report of COOEC for 2022	All two proposals were considered and passed with unanimous consent, and there were no dissenting matters.	The Committee gave full play to the professional expertise of the independent directors, provided effective professional advice on the discussion of material matters and assisted the Board of Directors in making scientific and professional decisions.
October 27, 2022	Deliberate the Financial Report for the Third Quarter of 2022, Proposal on the Provision for Impairment and Special Report on the Implementation of the Administrative Measures for the Authorization of the Board of Directors of COOEC	All three proposals were considered and passed with unanimous consent, and there were no dissenting matters.	The Committee gave full play to the professional expertise of the independent directors, provided effective professional advice on the discussion of material matters and assisted the Board of Directors in making scientific and professional decisions.
December 12, 2022	Deliberate the Proposal to Amend the Articles of Association and Joint Venture Contract of COOEC-Fluor Heavy Industries Co., Ltd. and its Inclusion in the Scope of Consolidated Statements, the Proposal to Sign Financial Sharing Service Agreement with China National Offshore Oil Corporation and COOEC's 2023 Annual Audit Plan	All three proposals were considered and passed with unanimous consent, and there were no dissenting matters.	The Committee gave full play to the professional expertise of the independent directors, provided effective professional advice on the discussion of material matters and assisted the Board of Directors in making scientific and professional decisions.

(6) Details of the dissenting matters

Applicable  Not applicable

▼ "Three Major Campaigns" Commendation and 2022 Flag Awarding Ceremony



► Collaboration



## VIII. Risks identified by the Board of Supervisors for COOEC

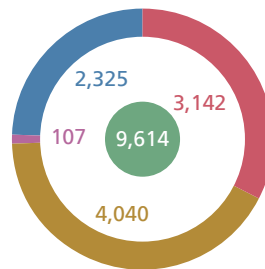
□ Applicable √ not

The Board of Supervisors has no objection to the supervision matters during the reporting period.

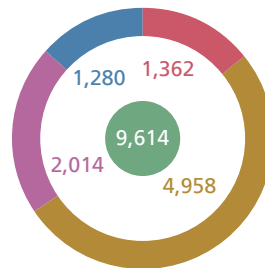
## IX. Employees of the parent company and major subsidiaries at the end of the reporting period

### (I) Employees

Number of employees in service of the parent company	5,302
Number of employees in service of major subsidiaries	4,312
Total number of employees in service	9,614
Number of retired employees whose expenses shall be borne by the parent company and major subsidiaries	0
Professional composition	
Professional composition category	Number of professional composition
Production personnel	3,142
Technical personnel	4,040
Financial personnel	107
Management and project management personnel	2,325
Total	9,614
Education level	
Education level category	Number
Master's degree or above	1,362
Undergraduate	4,958
College	2,014
Technical secondary school or below	1,280
Total	9,614



- Production personnel
- Technical personnel
- Financial personnel
- Management and project management personnel
- Total



- Master's degree or above
- Undergraduate
- College
- Technical secondary school or below
- Total

► "A Hundred-year Journey, Heart to the Party" Propaganda Group of Youth League Committee







◀ Digital training

## (II) Remuneration policy

Applicable  Not applicable

COOEC continuously improves and perfects the value-oriented salary distribution system, carries out breakthrough reforms in key areas and key links in the construction of market-oriented employee income distribution and adjustment mechanism, implements total salary management according to the functional positioning of each organizational unit, classifies profit units, cost units and overseas companies, builds a mechanism linking quarterly efficiency assessment and efficiency bonus distribution of personnel at each level, guaranteeing the completion of the annual efficiency target by quarterly assessment, linking the distribution of efficiency bonuses with the assessment of operation performance and the evaluation of employees' individual work performance, scientifically widening the distribution gap and stimulating the effectiveness of restraint and incentives. At the same time, it enriches the toolbox of reward and incentive policy, optimizes the instant incentive scheme for engineering projects, actively adapts to the situation of building a strong science and technology nation, focuses on the key aspects of scientific and technological innovation capacity, explores the instant incentive mechanism for scientific and technological innovation, promotes the improvement in scientific and technological innovation capacity, and effectively plays the guiding role of reward and incentive in the process of high-quality development of COOEC.

## (III) Training plan

Applicable  Not applicable

In 2022, COOEC earnestly studied and implemented the spirit of the 20th Party Congress, deeply grasped the new concept, new strategy and new initiatives of General Secretary Xi Jinping on talent work in the new era, combine with the 14th Five-Year Plan of Offshore Engineering to optimize and improve the five-in-one training system, and continue to increase trainings of key talents, key business fields, cutting-edge technology and the foundation of the whole staff to improve the comprehensive quality and ability of the staff. Throughout the year, COOEC conducted 6,873 training sessions, trained 251,700 people, with 171 hours of training per capita; further promoted the use of Haixue platform, with a total of 718,000 hours of learning, innovated training methods, improved training efficiency, and provided talent support and guarantee for the construction of a world-class engineering company with Chinese characteristics and guarantee.

## (IV) Outsourcing of labor services

Applicable  Not applicable

## X. Proposals for profit distribution or capital reserve transfer

### (I) Formulation and implementation of or adjustment to cash dividend policy

√ Applicable □ Not applicable

COOEC has amended the Articles of Association and the Rules of Procedure of the general meeting in 2012 in accordance with the Notice on Further Implementation of Matters Relating to Cash Dividends for Listed Companies of the CSRC, taking into account the actual operational needs of COOEC, to further clarify the basic principles of the profit distribution policy, specific distribution policies, the consideration and decision-making procedures and mechanisms and the implementation of the program.

In 2022, COOEC did not make any adjustment to the policy relating to cash dividends.

The profit distribution policy as stipulated in the Articles of Association of COOEC is:

#### 1. Basic principles of COOEC's profit distribution policy

- (1) COOEC shall give due consideration to the return to investors and distribute dividends to shareholders annually in accordance with the prescribed percentage of net profit attributable to shareholders of the parent company in the consolidated statements realized in the year, provided that the dividend distribution provisions of the Company Law are not violated.
- (2) COOEC's profit distribution policy shall maintain continuity and stability, while taking into account the long-term interests of COOEC, the overall interests of all shareholders and the sustainable development of COOEC.
- (3) COOEC shall give priority to the distribution of profits in the form of cash dividends.

#### 2. Specific policies on profit distribution of COOEC

##### (1) Form of profit distribution

COOEC adopts cash, stock, a combination of cash and stock or other methods permitted by laws and regulations to distribute profits, and COOEC may make interim profit distribution when conditions are available.

##### (2) Specific conditions and ratio of cash dividends

Except under special circumstances, provided that COOEC's cash can satisfy COOEC's continuous operation and long-term development, COOEC shall distribute dividends in cash if the current year's profit and the accumulated undistributed profit (Calculated based on the net profit attributable to shareholders of the parent company in the consolidated statement) is positive and does not violate the Company Law on dividend distribution. The profit distributed in cash each year shall not be less than 10% of the net profit attributable to the shareholders of the parent company. The accumulated profits distributed in cash by COOEC in the last three years shall not be less than 30% of the average annual distributable profits realized in the last three years.

Special circumstances refer to:

- ① The occurrence of significant external investment plans or significant cash expenditures (other than fund-raising projects) of COOEC within the next twelve months reaching or exceeding 30% of COOEC's latest audited net assets; investment plans or cash expenditures include COOEC's proposed external investment, acquisition of assets, external debt repayment or purchase of equipment, etc.;
- ② The auditor has not issued a standard unqualified audit report on COOEC's financial report for the year.

##### (3) Specific conditions for the issuance of stock dividends

COOEC may propose a stock dividend distribution plan when COOEC's operation is good and the Board of Directors believes that the price of COOEC's shares does not match the size of COOEC's share capital and the issuance of stock dividends is beneficial to the overall interests of all shareholders of COOEC, provided that the above conditions for cash dividends are met.

#### 3. Procedures for consideration of COOEC's profit distribution plan

- (1) The profit distribution plan of COOEC shall be proposed and formulated by the management of COOEC in combination with the Articles of Association, the profit situation and the capital requirement plan, and submitted to the Board of Directors of COOEC for consideration. The Board of Directors of COOEC shall fully discuss the reasonableness of the profit distribution plan, form a special resolution and submit it to the general meeting for consideration.

COOEC shall fully listen to the opinions and demands of the small and medium-sized shareholders when deliberating on the specific plan for cash dividends. In addition to listening to the opinions of shareholders at the general meeting, COOEC shall also communicate and exchange views with shareholders, especially the small and medium-sized shareholders, through the shareholders' hotline and fax, and promptly respond to the concerns of the small and medium-sized shareholders.

- (2) If COOEC is unable to determine the profit distribution plan for the year in accordance with the established cash dividend

policy due to the special circumstances specified in item 2 above, the Board of Directors shall make a special explanation on the specific reasons for not making cash dividends, the use of COOEC's retained earnings and the expected investment income, and submit the proposal to the general meeting for consideration after the independent directors have expressed their opinions, and disclose it in the designated media of COOEC. When the profit distribution plan for the current year is submitted to the annual general meeting for consideration, it shall be approved by at least two-thirds of the voting rights held by the shareholders present at the general meeting.

(3) Decision-making procedures for COOEC to adjust or change the profit distribution policy

In the event of force majeure such as war or natural disaster, or changes in the external business environment of COOEC that have a significant impact on the production and operation of COOEC, or major changes in COOEC's own business conditions, COOEC may adjust or change the cash dividend distribution policy determined in the Articles of Association after detailed demonstration and if it is deemed necessary. The board of directors shall fully discuss the reasonableness of the adjustment or change of the profit distribution policy, and after the independent directors have expressed their opinions, a special resolution shall be formed and submitted to the general meeting for consideration. When the general meeting is considered, it shall be approved by at least two-thirds of the voting rights held by the shareholders present at the general meeting.

4. Implementation of COOEC's profit distribution plan

After the general meeting makes a resolution on the profit distribution plan, the Board of Directors of the Bank shall complete the distribution of dividends (or shares) within two months after the general meeting.

(II) Special description of the cash dividend policy

Applicable  Not applicable

Whether it complies with the provisions of the Articles of Association or the requirements of the resolution of the general meeting	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the criteria and ratio for dividend distribution are clear and explicit	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the relevant decision-making procedures and mechanisms are complete	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the independent directors have performed their duties and responsibilities and played their due roles	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether small and medium shareholders have adequate opportunities to express their opinions and demands, and whether their legitimate rights and interests have been adequately protected	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

(III) If COOEC made profit in the reporting period and the profit available for distribution to shareholders by the parent company is positive, but no cash profit distribution plan is proposed, COOEC shall disclose in detail the reasons and the use and plan of use of the undistributed profit

Applicable  Not applicable

(IV) Profit distribution and the increase of share capital by converting capital reserves during the reporting period

Applicable  Not applicable

Unit: RMB

Number of bonus shares per 10 shares (shares)	0
Number of dividends per 10 shares (RMB) (including tax)	1
Number of shares transferred per 10 shares (shares)	0
Amount of cash dividends (including tax)	442,135,480
Net profit attributable to ordinary shareholders of the listed company in the consolidated statements for the year of dividend distribution	1,457,262,285.44
Ratio to net profit attributable to ordinary shareholders of the listed company in the consolidated statements (%)	30.34
Amount of shares repurchased in cash and included in cash dividends	0
Total amount of dividends (including tax)	442,135,480
Ratio of the total dividends to the net profit attributable to ordinary shareholders of the listed company in the consolidated statements (%)	30.34



## XI. Implementation of COOEC's equity incentive plan, employee stock ownership plan or other employee incentive measures and its impacts

(I) The relevant incentive matters have been disclosed in the interim announcement and there is no progress or change in the subsequent implementation

Applicable  Not applicable

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

Equity incentive

Applicable  Not applicable

Other explanations

Applicable  Not applicable

Employee stock ownership

Applicable  Not applicable

Other incentives

Applicable  Not applicable

(III) Equity incentives granted to directors and senior officers during the reporting period

Applicable  Not applicable

(IV) Appraisal mechanism for senior officers during the reporting period, and the establishment and implementation of the incentive mechanism

Applicable  Not applicable

With reference to the salary and remuneration of directors, supervisors and senior officers in this industry, the appraisal is conducted and the remuneration standard is determined in accordance with the principle of combining incentives and constraints based on the duties and complexity of the positions as well as work performance and achievements.

## XII. Construction and implementation of internal control system during the reporting period

Applicable  Not applicable

In 2022, COOEC organized and carried out the reconstruction of the system. Focusing on top-down design, COOEC explored the governance model of four systems. COOEC actively built a governance system and governance capacity that meet the requirements of high-quality development, and promoted the transformation of system advantages into corporate governance effectiveness; focused on streamlining and slimming, and explored the consistent preparation model. The number of systems at the molecular company level has been streamlined from 1,117 to 815, with a streamlining rate of 27%; 179 systems have been consistently implemented, with a coverage rate of 63%; focus on simplifying and decentralizing the government, and explore the combination of management and decentralization list model. Increase the delegation of authority to branches and subsidiaries. A total of 173 items of approval authority were adjusted in the restructuring of the system, with an optimization ratio of 37%.

Explanation of significant deficiencies in internal control during the reporting period

Applicable  Not applicable

## XIII. Management control of subsidiaries during the reporting period

Applicable  Not applicable

During the reporting period, COOEC highlighted the extension and improved the level of governance at all levels. According to the differences in corporate attributes, shareholding ratio and control of the affiliated companies, the 31 affiliated companies were divided into five categories: wholly-owned subsidiaries, holding subsidiaries, joint ventures, equity participation companies and branches, it has issued a series of documents such as the Plan on Intensifying Construction of Boards of Directors of Subsidiaries, the Notice on the Full Establishment of the Board of Directors' Authorization System to the Managerial Level of the Subsidiaries within the Scope of Construction and Work Plan for Implementing the Board of Directors' Authority of Subsidiaries of Offshore Engineering (for Trial Implementation), and reflected the relevant contents and requirements of the work plan for strengthening the board of directors of subsidiaries in the Administrative Measures of the Board of Directors of Subsidiaries and Participating Companies of COOEC, which provides the institutional basis for the management of the board of directors of the companies of COOEC, continuously strengthens the internal control and risk management of subsidiaries, and improves the management level and risk prevention ability of subsidiaries; COOEC also urges its subsidiaries to focus on production and operation management, decompose the main responsibility of performance assessment in accordance with COOEC's business objectives, and to fully mobilize the enthusiasm of each subsidiary to form a solid community of interests by applying industry-

specific classification and control to each subsidiary in accordance with the principles of decentralization, proper authorization and target orientation, focusing on the objectives of asset creation, cost reduction and efficiency increase, scientific and technological innovation and reform and development; COOEC strengthens the capacity building of value-creating units such as design, construction, offshore installation and LNG engineering, and keep the management structure and team refined and efficient, so that the subsidiaries can become the backbone of COOEC's strategic promotion and business development.

#### **XIV. Information statement on internal control audit report**

Applicable  Not applicable

BDO CHINA Shu Lun Pan Certified Public Accountants LLP has audited COOEC's internal control for 2022 and issued a standard unqualified Internal Control Audit Report, which concluded that COOEC has maintained effective internal control over financial reporting in all material aspects in accordance with the Basic Standard for Enterprise Internal Control and relevant regulations.

The Internal Control Audit Report is disclosed on the same date as this annual report, and the detailed report is available on the website of Shanghai Stock Exchange at <http://www.sse.com.cn>.

Whether to disclose the Internal Control Audit Report: Yes

Type of opinion on the Internal Control Audit Report: Standard unqualified opinion

#### **XV. Status of rectification of self-examination issues of special actions on governance of listed companies**

None.

#### **XVI. Others**

Applicable  Not applicable

# Environment and Social Responsibility

## I. Environmental information

Whether to establish mechanisms related to environmental protection	Yes
Funds invested in environmental protection during the reporting period (Unit: RMB'0,000)	3,169

### (I) Description of the environmental protection of COOEC and its major subsidiaries that are key emission units announced by the environmental protection authorities

Applicable  Not applicable

#### 1. Pollution discharge

Applicable  Not applicable

Offshore Oil Engineering (Qingdao) Co., Ltd. (“Qingdao Subsidiary”), a wholly-owned subsidiary of COOEC, was identified by Qingdao City, Shandong Province as a key emission unit in Qingdao City, Shandong Province in 2022 and involved in the following regulatory categories: water environment, air environment and soil environment. The main pollutants of Qingdao Subsidiary are domestic wastewater from the plant, organic waste gas from the painting operation, and hazardous waste from the production process.

#### (1) Pollutant formation process and causes:

- ① Wastewater is the domestic wastewater of Qingdao Subsidiary, and there is no production wastewater. The main pollutants in the domestic wastewater are COD (chemical oxygen consumption), ammonia nitrogen, suspended matter, etc. Qingdao Subsidiary is included in the key discharge unit of water environment, mainly because Qingdao site covers an area of 1.2 million square meters, with more production staff and high water consumption leading to a correspondingly larger discharge volume. The pollutants such as ammonia nitrogen and COD in the discharged wastewater are listed as key supervisory units because of the large emissions of ammonia nitrogen and COD, although the discharge concentration meets the standards and complies with the relevant regulations.





- ② Exhaust emission pollutants mainly include benzene, toluene, xylene, non-methane total hydrocarbons and particulate matter. The formation process and causes are welding fume from welding during construction, grinding dust from sanding, particulate dust from sandblasting, and organic waste gas from painting and drying. Although the concentration of emissions meets the standards and complies with the relevant regulations, it is classified as a key regulatory unit due to the large annual average use of paint, resulting in large emissions of exhaust gases.
- ③ Soil pollutants are mainly hazardous waste generated from Qingdao site during the implementation of marine engineering construction that may cause pollution to soil, mainly including waste paint drums, waste paint sludge, waste mineral oil, paint-stained garbage, waste paint, waste thinner, waste antifreeze, etc.. The waste has the possibility of leakage and leaking during the process of collection and temporary storage, which may contaminate the soil, so Qingdao Subsidiary is listed as a key unit of soil by the local environmental protection department. However, Qingdao Subsidiary attaches great importance to waste management, and there has not been any case of contamination of soil by waste leakage or leaking.
- (2) Pollutant discharge methods:
- ① All domestic sewage generated by Qingdao Subsidiary is pretreated by integrated sewage treatment equipment in the factory to meet the B-level standard of Water Quality Standard for Sewage Discharged into Urban Sewers (GB/T31962-2015) and then discharged into municipal sewage pipeline and enters Nibuwan Sewage Treatment Plant. A sewage online monitoring system has been installed in the plant of Qingdao Subsidiary and realized 24-hour networking with the local environmental protection bureau.
- ② The welding fume and grinding dust generated in the production process of Qingdao Subsidiary is filtered and de-dusted by two ways: fume capture arm mobile welding purification unit and self-circulating filter cartridge filter dust removal device. The metal oxide dust generated by shot blasting is de-dusted by cyclone filter cartridge, which is discharged by 25m-height exhaust pipe after the treatment reaches the standard. The paint spraying dust is purified by adsorption of zeolite rotor adsorption device, and the organic waste gas is treated by regenerative catalytic combustion (RCO), and the purified waste gas is discharged by 25m-height exhaust pipe. The VOCs online monitoring system is installed in the plant of Qingdao Subsidiary and is connected to the local environmental protection bureau 24 hours a day.
- ③ For the disposal of waste that may cause soil pollution, Qingdao Subsidiary has entrusted all of the waste to third-party units qualified for hazardous waste disposal in accordance with relevant laws and regulations, and before disposal, the waste is temporarily stored in the temporary storage of hazardous waste, which has undergone ground leakage and overflow prevention treatment in accordance with relevant technical requirements and has set up overflow prevention tanks and recovery tanks to ensure that hazardous waste will not pollute the soil during the temporary storage period.
- (3) Emission concentration and total amount:
- ① Organized emissions of exhaust gases:
- Benzene: 0.0342 tons;  
Toluene: 0.0686 tons;  
Xylenes: 0.3061 tons;  
Non-methane total hydrocarbons: 4.7264 tons;  
Total particulate matter emissions: 3.5100 tons;
- The emission concentration of each emission outlet is lower than the prescribed emission concentration.
- ② Wastewater discharge:
- 36,900 m<sup>3</sup> of discharged water;  
Average COD emission concentration of 85.50mg/L, total COD emission of 2.85 tons;  
Average emission concentration of ammonia nitrogen 4.02mg/L, total emission of ammonia nitrogen 0.10 tons.
- It should be especially noted that all domestic sewage of Qingdao Subsidiary is discharged to the sewage treatment plant through the municipal pipe network, and the emissions of COD and ammonia nitrogen are the quantities discharged to the sewage treatment plant, not the quantities discharged directly into the environment, which will not cause pollution to the water environment.
- (4) Total approved emissions: no total approved emissions (no relevant requirements from the local environmental protection bureau).
- (5) Excess emissions: none.
- (6) Emission standards of pollutants implemented: Organic waste gas emissions, subject to the relevant standards in Table 1 of Emission Standards for Volatile Organic Compounds Part 5 Surface Coating Industry (DB37/2801.5-2018); organized emissions of particulate matter, subject to Table 1 of Comprehensive Emission Standards for Regional Air Pollutants in

Shandong Province (DB37/2376-2022) (emission concentration limits of air pollutants (Phase III)); the unorganized emission of particulate matter, subject to the relevant standards in Table 2 of the Comprehensive Emission Standards for Air Pollutants (GB16297-1996); the wastewater discharge, subject to Class B standard of the Water Quality Standards for Sewage Discharge into Urban Sewers (GB/T31962-2015).

During the reporting period, no environmental pollution accident occurred in Qingdao Subsidiary, and no administrative punishment related to environmental protection was imposed.

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

Applicable  Not applicable

There is one set of integrated sewage treatment equipment in the plant of Qingdao Subsidiary, which has a sewage treatment capacity of 200 tons/day, and the effluent standard meets the requirements of Grade A standard of Water Quality Standard for Sewage Discharge into Urban Sewers (GB/T31962-2015).

The painting workshops in the factory are equipped with organic waste gas purification and dust removal equipment, and the environmental protection equipment is regularly maintained and the corresponding maintenance records are filled in. All the environmental protection facilities are in normal operation, and all the organic waste gases meet the standard emission.

## 3. Environmental impact assessment of construction projects and other administrative authorizations for environmental protection

Applicable  Not applicable

- (1) Reply of Qingdao Municipal Environmental Protection Bureau on the Environmental Impact Report of the Qingdao Site Project Phase I of Offshore Oil Engineering (Qingdao) Co., Ltd.
- (2) Reply of Qingdao Municipal Environmental Protection Bureau on the Environmental Impact Report of the Qingdao Site Project Phase II of Offshore Oil Engineering (Qingdao) Co., Ltd.
- (3) Approval of Environmental Impact Report of Qingdao Municipal Environmental Protection Bureau on Phase III Project of Qingdao Manufacturing Base of Offshore Oil Engineering.

## 4. Emergency plan for environmental emergencies

Applicable  Not applicable

Qingdao Subsidiary has prepared emergency response plans for unexpected environmental events, including special emergency response plans for toxic and hazardous substances leakage and special emergency response plans for oil spills at terminals.

## 5. Environmental self-monitoring scheme

Applicable  Not applicable

Qingdao Subsidiary prepares the environmental self-monitoring plan every year and submits it to the local ecological environment department and the headquarters of COOEC for record.

## 6. Administrative penalties for environmental issues during the reporting period

Applicable  Not applicable

## 7. Other environmental information that should be disclosed

Applicable  Not applicable

## (II) Description of environmental protection of companies other than key emission units

Applicable  Not applicable

### 1. Administrative penalties for environmental issues

Applicable  Not applicable

### 2. Disclosure of other environmental information with reference to key emission units

Applicable  Not applicable

## (I) Offshore engineering equipment manufacturing base

### 1. Pollution discharge

The offshore engineering equipment manufacturing base of Offshore Oil Engineering Co., Ltd. obtained a pollution discharge license (No.91120116722950227Y007Q) according to the requirements, which is valid from August 27, 2021 to August 26, 2026, and at the same time obtained a Tianjin license for the discharge of urban sewage into the drainage pipe

network (license number: (2021) JLPXKZ No. 010), which is valid from August 20, 2021 to August 19, 2026.

In 2022, under the guidance of the local ecological environment department, the environmental completion inspection and acceptance of the Phase 1 construction project of the marine engineering equipment manufacturing base was completed, and the emergency environmental contingency plan was prepared and filed to ensure that the production and operation activities are legally compliant in terms of environmental protection.

According to the Announcement on the List of Enterprises with Environmental Information Legally Disclosed in Tianjin for 2022 issued by Tianjin Ecological Environment Bureau on April 27, 2022, it was not included in the List of Enterprises with Environmental Information Legally Disclosed in Tianjin for 2022 and was not included in the list of key emission units in 2022 in accordance with regulatory requirements. In order to fulfill its social responsibility and promote green transformation development, COOEC independently approved to disclose the discharge information of the offshore engineering equipment manufacturing base of Offshore Petroleum Engineering Co., Ltd.

The main pollutants of the offshore engineering equipment manufacturing base of Offshore Oil Engineering Co., Ltd. are domestic wastewater from the plant, organic waste gas from the painting operation and hazardous waste from the production process.

(1) Pollutant formation process and causes:

- ① Outgoing wastewater is mainly domestic wastewater, winter boiler discharge water, wastewater from deionized water purification equipment, pipeline test pressure wastewater, etc., and the main pollutants in all kinds of wastewater are COD (chemical oxygen consumption), ammonia nitrogen, suspended matter, etc.
- ② Exhaust emission pollutants mainly include xylene, non-methane total hydrocarbons, volatile organic compounds (TRVOC) and particulate matter, the formation process and causes are welding fume from welding during production operations, grinding dust from sanding, particulate dust from sandblasting process, organic waste gas from painting and drying.
- ③ The risk of soil pollution mainly comes from the hazardous waste generated during the production process. There is a possibility of leakage and leaking in the process of hazardous waste collection and temporary storage, and once it is not properly managed, there is a risk of contamination to the soil. The hazardous waste mainly includes waste paint drums, waste paint sludge, waste mineral oil, paint-stained garbage, waste paint, waste thinner and waste antifreeze.

(2) Pollutant discharge methods:

- ① The discharged wastewater includes domestic sewage and production wastewater. Among them, domestic wastewater includes employees' domestic wastewater and heating boiler discharge water, and production wastewater includes high brine and backwash water discharged from deionization preparation system, test pressure water from general assembly site, cleaning wastewater after test pressure of pipelines and ground washing wastewater from disassembly site.

According to the drainage design, the oily wastewater from the staff canteen restaurant is treated by grease trap; the staff washing wastewater is precipitated and treated by septic tank, and the cleaning wastewater is precipitated and treated by sedimentation tank and discharged to the second sewage treatment plant of Lingang Economic Zone through municipal sewage network for further treatment. In accordance with the requirements of the EIA, a flow meter is installed in the total discharge of sewage to measure the flow and do online monitoring. Currently in the sewage online monitoring has been fully installed, is in accordance with the requirements of the local environmental protection bureau to promote commissioning and acceptance-related work.

- ② The welding fume and grinding dust generated from the production process at the Lingang site are filtered and dusted by high negative pressure welding fume purification, central cartridge dust purification, mobile welding fume purifier and cartridge filter dust removal device. Pretreatment shot blasting exhaust gas adopts cyclone + cartridge dust removal method, pretreatment paint spraying and drying exhaust gas adopts dry filtration + RTO treatment method, and is discharged by 30m high exhaust pipe after treatment. The local and vacuum sand blasting workshop adopts cyclone + filter cartridge dust removal treatment method, and is discharged by 20m high exhaust pipe after reaching the standard. The dust removal exhaust from the whole room of sand blasting workshop adopts cyclone + canister dust removal treatment method, and is discharged from the 20-meter high exhaust pipe after reaching the standard. The paint spraying and drying exhaust gas from the paint spraying workshop is purified by dry filtration + zeolite rotor + CO adsorption device, and the purified exhaust gas is discharged by 30m high exhaust pipe.

In accordance with the EIA and local government requirements, a total of 9 sets of exhaust gas online detection facilities have been installed, including 5 sets of VOC online monitoring facilities and 4 sets of particulate matter online monitoring facilities. At present, all online monitoring has been installed and is being promoted in accordance with the requirements of the local environmental protection bureau for commissioning and acceptance-related work.

- ③ For hazardous waste that may cause soil pollution, it is collected in the production process, strictly supervised and transferred to the temporary storage in time; the temporary storage of hazardous waste has been treated with anti-leakage and anti-overflow on the ground in accordance with relevant technical requirements, and facilities such as anti-overflow tank and recycling tank have been set up; finally, all of them are entrusted to third-party units with hazardous waste disposal qualification for disposal. Ensure that no pollution of soil will occur during the generation, collection,



temporary storage and disposal of hazardous waste.

(3) Emission concentration and total amount:

① Organized emission of exhaust gas:

Strictly implement the environmental protection regulations, and the emission concentration of each emission outlet is lower than the prescribed emission concentration. In accordance with the environmental protection requirements of the local government, comprehensive statistics of various types of organized emissions of exhaust gases are compiled and filled in the annual report of emission permits, while the monitoring results are uploaded into the Tianjin pollution source monitoring data management system.

② Total emissions of exhaust gases

After taking measures of filtration, adsorption, RTO, etc. for the emission of exhaust gases, the total amount of pollutants finally discharged into the atmosphere is as follows: 2.49 tons of particulate matter, 0.11 ton of SO<sub>2</sub>, 1.06 tons of NO<sub>x</sub>, 0.71 ton of xylene and toluene, and 1.58 tons of non-methane total hydrocarbons.

③ Wastewater emission situation:

Wastewater emission is 109,300 tons; total COD emission is 4.15 tons; total ammonia nitrogen emission is 0.04 ton.

The emission concentration of each emission outlet is lower than the prescribed emission concentration, and the total emission is lower than the total approved emission of this phase of the project as stipulated in the EIA.

(4) Excess emission: no excess emission.

(5) Emission standards of pollutants applied:

The emission of organic waste gas is in accordance with the standards related to surface coating in Table 1 of Emission Control Standards for Volatile Organic Compounds of Industrial Enterprises (DB12/524-2020) of Tianjin; the emission of unorganized non-methane total hydrocarbon is in accordance with Emission Control Standards for Volatile Organic Compounds of Industrial Enterprises (DB12/524-2020) of Tianjin; the emission of gas drying waste gas, the relevant requirements in Table 3 of the Tianjin Emission Standard for Industrial Furnace (DB12/556-2015) and Table 3 of the Emission Standard for Boiler Air Pollutants (DB12/151-2020); the concentration of odor, the relevant requirements in the Tianjin Emission Standard for Odor Pollutants (DB12/059-2018); the organized emission of particulate matter, the Comprehensive Emission Standard for Air Pollutants (GB16297-1996) secondary standards for particulate matter, and the relevant standards in Table 2 of the Comprehensive Emission Standards for Air Pollutants (GB16297-1996) for particulate matter inorganic emissions; and the relevant requirements in DB12/356-2018 tertiary standard limits of Tianjin Comprehensive Emission Standards for Wastewater for wastewater emissions.

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

The painting workshops in the factory are equipped with organic waste gas purification and dust removal equipment, and the environmental protection equipment is regularly maintained and the corresponding maintenance records are filled in. All the environmental protection facilities are in normal operation, and all the organic waste gases meet the standard emission. At present, online monitoring has been fully installed, is in accordance with the requirements of the local environmental protection bureau to promote online monitoring commissioning and acceptance-related work.

The base set rainwater total discharge gate and rainwater regulating pool can be used as a secondary prevention and control system; set up two accident pools, of which one accident pool is shared by hazardous waste storage and oleochemical storage, and one 4 accident pool is used for painting workshop; to meet the emergency disposal needs and further reduce the risk of environmental pollution.

**3. Construction project environmental impact report (table) and its approval department approval decision**

(1) Environmental Impact Report on the Construction Project of Tianjin Offshore Engineering Equipment Manufacturing Base of Offshore Petroleum Engineering Company Limited (August 2017)

(2) Approval of Environmental Impact Report on the Construction Project of Offshore Engineering Equipment Manufacturing Base in Tianjin of Offshore Oil Engineering Co., Ltd. (JBLSP [2017] No. 118)

**4. During the reporting period, no environmental pollution accident occurred in the offshore engineering equipment manufacturing base of Offshore Oil Engineering Co., Ltd. and no administrative punishment related to environmental protection has been imposed.**

**(II) Vessel environmental protection management**

**1. Environmental protection management of own vessels**

As of the end of the reporting period, COOEC owns 19 engineering construction vessels, COOEC continues to pay attention to the environmental protection management of vessels, focuses on the control of vessels from the source, actively introduces leading environmental protection ideas and concepts, and continuously improves the level of environmental

protection management of COOEC by optimizing equipment structure, scientific and technological innovation and other effective management means to ensure the compliant operation of COOEC's vessels and the harmonious development of environmental protection. During this reporting period, COOEC did not have any ship environmental pollution accident.

(1) Prevention and control of ship water pollutants

COOEC strictly implements the relevant provisions of the Ship Water Pollutant Discharge Control Standard (GB 3552-2018) and MARPOL 73/78 Convention Annex IV Rules for the Prevention of Pollution by Domestic Sewage from Ships. COOEC has installed domestic sewage treatment devices for 19 vessels and discharged them in strict accordance with the Emission Control Standards for Water Pollutants from Ships (GB 3552-2018) and MARPOL 73/78 Convention Annex IV Rules for the Prevention of Pollution by Domestic Sewage from Ships. COOEC has completed the renovation of domestic sewage tanks of 9 vessels, including vessel OOCL 225, vessel OOCL 226, vessel Binhai 108, vessel Blue Whale, vessel Blue Frontier, vessel OOCL 228, vessel OOCL 229, vessel OOCL 221 and vessel Binhai 109, to meet the requirement of zero discharge of domestic sewage in the prohibited sea area. All of the collected domestic sewage is received and disposed of by qualified units.

(2) Air pollutant emission control

COOEC's ships strictly implement the International Convention for the Prevention of Pollution from Ships (MARPOL Convention), the Implementation Plan for the Ship Emission Control Zone in the Waters of Pearl River Delta, Yangtze River Delta and Bohai Sea Rim (Beijing, Tianjin and Hebei) issued by the Ministry of Transport (JHF [2015] No. 177) and the Implementation Plan for the Air Pollutant Emission Control Zone issued by the Ministry of Transport (JHF [2018] No. 168). The sulfur content of fuel oil of COOEC's vessels using light oil is lower than 0.1%*m/m* (lower than the requirements of the Convention and the Chinese government), and the vessels using heavy oil are equipped with high and low sulfur oil conversion devices and strictly implement the high and low sulfur oil conversion procedures.

(3) Disposal of ship's dirty oil water, oily sewage and garbage

COOEC has established ship safety management system in accordance with the requirements of relevant maritime laws and regulations, and has clear requirements on the disposal of ship's dirty oil water, oily sewage and garbage. The ship's oily water is discharged in accordance with the requirements of Regulations on the Administration of Lead Seals for Ship Discharge Equipment in Coastal Waters (JHF [2007] No. 165), and all of it is handed over to an organization with pollutant treatment qualification that has signed a recycling agreement with COOEC for recycling and treatment. All the oily sewage and garbage are received by the qualified professional company for counterpart, and provide the receiving certificate which meets the requirements of maritime authorities.

(4) Emergency management

COOEC's vessels are equipped with the Garbage Management Plan (GMP) and the Oil Pollution Emergency Plan (SOPEP) approved by the China Maritime Safety Administration, and all operations of the vessels strictly implement the GMP and SOPEP. COOEC and the vessels regularly conduct drills to continuously improve the emergency response and on-site disposal capabilities.

**2. Environmental management of chartered vessels**

COOEC takes chartered vessels as the focus of ship pollution prevention management. In 2022, COOEC established a professional management organization for foreign chartered vessels, which is responsible for the inspection of foreign chartered vessels before chartering and supervision of safety and pollution prevention during the chartering process, and established a system to form the Comprehensive Management Manual for Foreign Chartered Vessels to clarify the requirements of safety and pollution prevention management for the whole process of inspection, access, chartering, process supervision and surrender of chartered vessels.

In strict accordance with the requirements of anti-pollution conventions and laws and regulations, during the chartering inspection process, COOEC inspects key environmental matters such as the validity of anti-pollution certificates, the operation records and maintenance of anti-pollution equipment and facilities, the sealing of sewage equipment, the completeness of records in the oil record book/garbage record book, and the proof of receiving documents for sewage/oil water and garbage disposal, and organizes timely rectification when problems are found. COOEC effectively ensures the legal compliance of the chartered vessels in terms of pollution prevention by organizing timely rectification after all rectification is completed.

During the chartering process, COOEC strengthens the supervision of the process of chartered vessels and sign on-site safety production management agreement to clarify the interface of responsibilities and management requirements for safety and pollution prevention. In accordance with the work plan of COOEC's Three-Year Plan for Consolidation and Enhancement of Special Improvement of Safety Production, COOEC strictly supervises and supervises chartered vessels, conducts supervision and inspection from time to time, and regularly organizes warning education and training for crew members and shore-based management personnel of chartered vessels to enhance the awareness of environmental protection and pollution prevention management ability.

In 2022, COOEC chartered more than 140 vessels on foreign charter and no environmental pollution accident occurred.

3. Reasons for not disclosing other environmental information

Applicable  Not applicable

(III) Information related to the protection of ecology, prevention of pollution and fulfillment of environmental responsibilities

Applicable  Not applicable

COOEC actively takes measures and strives to improve the performance rating of key industries in heavy pollution weather at each construction site

COOEC's construction sites strengthened the construction of environmental infrastructure, improved the basic management of environmental protection, standardized the sandblasting and painting workshop VOC treatment, actively promoted the construction of environmental online monitoring, motor vehicle access control intelligent management system and improved the proportion of motor vehicles in the field of national IV or higher exhaust emission standards, which improved the environmental management level of the site and effectively improved the performance rating of key industries in heavy pollution weather. The Tianjin Tanggu construction site, Tianjin Lingang construction site and Qingdao construction site were all upgraded to B grade, achieving synergy between environmental protection and production and operation.

COOEC adopts advanced technologies to actively protect the marine environment and marine life during production project operations

During the construction of the Hong Kong offshore LNG receiving terminal project, COOEC strictly complied with local environmental protection laws and regulations in Hong Kong, actively fulfilled its environmental protection responsibilities, and made its best efforts to reduce the impact of production activities on the surrounding environment and marine organisms. For example, the offshore process of the project involves subsea flushing, and in order to protect the nearby marine environment, COOEC adopts the method of silt curtain, where the flushing machine works surrounded by the silt curtain, ensuring that the marine mud generated from the flushing process is trapped in the silt curtain, preventing the flow of mud from polluting the nearby water quality environment. At the same time, water quality impact monitoring is carried out at least three times a week to ensure that the water quality impact meets environmental protection requirements.

The project carried out environmental impact assessment and set up a marine mammal control zone with a radius of not less than 500 meters around the piling operation to protect marine mammals, and equipped with experienced marine mammal observers. The piling works will only be carried out after the observers confirm that no marine mammals are present in the control zone for 30 consecutive minutes. Once a marine mammal is found to be in the Marine Mammal Control Zone, engineering operations will be stopped as soon as it is safe to do so to minimize the impact of the work on marine mammals.

COOEC actively promotes water-based primers to reduce VOC emissions

COOEC actively explores the development of green coating construction process and fully implements water-based primer in the automatic pre-treatment line of Tianjin Lingang site profile, replacing the traditional solvent-based primer with high VOC content.

Primer is a temporary protective primer for deck pieces and segmental prefabrication stages in the process of land-based construction of marine engineering. The traditional oil-based shop primer is 70% VOC and coupled with the thinner added during the use, the VOC content is high. The water-based primer has a high solid content and the diluent is water. In addition, VOC emissions do not need end treatment to meet the non-methane total hydrocarbon emission standards. After estimation, after promoting water-based primer in pretreatment line, the cost can be reduced by 37% per year, saving nearly one million and reducing carbon emission by about 45 tons.

(IV) Measures taken to reduce its carbon emissions during the reporting period and their effects

Whether to take carbon reduction measures	Yes
Reduction of carbon dioxide equivalent emissions (unit: tons)	11,425
Type of carbon reduction measures (e.g. using clean energy to generate electricity, using carbon reduction technologies in the production process, developing and producing new products that contribute to carbon reduction, etc.)	Optimization of steel pile loading for conduit frame, application of high-efficiency welding machine, purchase of electric field vehicles, etc.

Detailed descriptions

Applicable  Not applicable

COOEC attaches great importance to the Double Carbon strategy and recognizes its significance, and will achieve a carbon reduction of 11,425 tons in 2022 through 92 management technology measures.

Take the steel pile loading optimization project of conduit frame as an example, the deep-water steel pile, due to its long length and heavy weight, generally needs to be lengthened by 5~6 segments in the vehicle, and then the overall jointing is carried out at the site, in the past, the jointing was mainly carried out by crane on the rotating tire or pad pier for straightness adjustment, which required a long time to occupy 1~2 cranes, after process optimization, the three-dimensional adjusting machine is used for



overall segmental jointing, which can effectively ensure the straightness of the steel pile as a whole, and can avoid the trouble of using cranes to lift the jointing and improve the efficiency of the jointing. The project is applied in Lufeng project:

1. By improving the construction process, the steel piles which originally needed to be lifted 12 times to finish loading the ship were reduced to 2 times using SPMT trolley to finish loading the steel piles, saving 6 shifts of floating crane, 6 ship days of barge and 48 tons of diesel.
2. Using three adjustment units to align the interface, each of 12 steel piles has 3 segmental group alignments, totaling 36 alignments, saving the use of 600 tons of gantry cranes for 18 shifts, saving a total of 36,000 kWh of electricity; achieving 182.8 tons of carbon reduction.

## II. Social responsibility

### (I) Whether social responsibility report, sustainable development report or ESG report is disclosed separately

Applicable  Not applicable

For details, please refer to the Environmental, Social and Corporate Governance (ESG) Report 2022 of Offshore Oil Engineering Co., Ltd disclosed on the website of Shanghai Stock Exchange at [www.sse.com.cn](http://www.sse.com.cn) on the same date of this annual report.

### (II) Details of social responsibility

Applicable  Not applicable

Detailed descriptions

Applicable  Not applicable

## III. Consolidation of poverty alleviation achievements and rural revitalization

Applicable  Not applicable

Poverty alleviation and rural revitalization projects	Quantity / Content	Notes
Total investment (RMB'0,000)	543	
Including: funds (RMB'0,000)	150	In 2022, COOEC invested RMB1.5 million in helping the two villages for beautifying the environment, improving people's livelihood, industrial assistance and increasing production and income
Materials (RMB'0,000)	406	Used for beautifying the environment, improving people's livelihood, industrial assistance, increasing production and income, with RMB4.06 million of special agricultural products such as six petals of red garlic, small station rice, seasonal fruits and vegetables for the whole year
Number of beneficiaries	500	738 meters of dirt roads in the village were renovated and 2,156 square meters of square bricks were laid to improve the village's living environment; rice was distributed to each household as a condolence item during the Spring Festival.



Poverty alleviation and rural revitalization projects	Quantity / Content	Notes
Forms of assistance (such as industrial poverty alleviation, employment poverty alleviation, and education poverty alleviation)	Purchase of special agricultural products, condolences to the needy households and the disabled, donation of books and basketballs for the children in the village, etc.	With the power of trade unions, COOEC purchased special agricultural products such as six petals of red garlic and small station rice; it also paid 12 visits to the five-poor households and disabled people in the village; it signed a support agreement with children from difficult families and made donations; it donated science books and basketballs to children in the village to enrich their holiday life.

## Detailed descriptions

√ Applicable □ Not applicable

COOEC attaches great importance to consolidating and expanding the achievements of poverty eradication and rural revitalization, combining its own operational reality, earnestly fulfilling the social responsibility of central enterprises, actively carrying out work in poverty alleviation, public charity and volunteer services, making positive contributions to transmitting corporate love, establishing a good corporate image and promoting social harmony.

COOEC's multiple efforts and measures have formed a new situation of charity development with everyone's participation, multiple donations and two-way benefits. Focusing on the work of rural revitalization, COOEC has been promoting hope schools, volunteer services, helping students and the disabled, fighting epidemics and ensuring supply, and overseas donations. In 2022, COOEC invested RMB1.5 million in helping the two villages, which was used to beautify the environment, improve people's livelihood, help the industry and increase production and income, and made substantial progress in rural revitalization by providing RMB4.06 million of special agricultural products such as six-petal red garlic, small station rice and seasonal fruits and vegetables; COOEC donated RMB150,000 to CNOOC Limited Hope Primary School, or a YoY increase of 50%, to constantly improve the conditions of the school for students. COOEC has been actively engaged in charity work for many years, sending care and concern to special children, left-behind children and other disadvantaged groups.

The task force in the village, closely focusing on the goal of building a new rural area with prosperous industry, ecological livability, civilized countryside, effective governance and affluent living, following the working idea of integration, convergence and rapprochement, taking party building activities as the link and giving full play to the fighting role of party organizations, constantly broadened the industrial chain, vigorously implemented the people-friendly service project, continued to deepen the civilization process, built a new era of social governance pattern of common construction and governance, and found a rural good governance road.



# Significant Matters

## I. Fulfillment of commitments

(I) Commitments of actual controller, shareholders, affiliates, acquirer, COOEC and other related parties making commitments during or lasting in the reporting period

Applicable  Not applicable

Commitment background	Commitment type	Party making commitment	Commitment content	Commitment date and period	Whether there is a fulfillment term	Whether the commitment is fulfilled in a strict and timely manner
IPO-related commitments	Solve horizontal competition	China National Offshore Oil Corporation	China National Offshore Oil Corporation and the legal persons under its control do not and will not engage in any business with the same or similar scope of business as COOEC, and do not or will not undertake any activities in any way that may cause damage to the interests of COOEC during the existence of COOEC.	Commitment date: August 15, 2001; period: during the existence of COOEC.	No	Yes

(II) If there is a profit forecast for COOEC's assets or projects, and the reporting period is still in the profit forecast period, COOEC explains whether the assets or projects have met the original profit forecast and the reasons

Met  Not met  Not applicable

(III) Completion of performance commitments and its impact on goodwill impairment test

Applicable  Not applicable

## II. Non-operational appropriation of funds by the controlling shareholder and other related parties during the reporting period

Applicable  Not applicable

## III. Violation of guarantees

Applicable  Not applicable

## IV. Explanation by the Board of Directors of COOEC on the non-standard opinion audit report of the accounting firm

Applicable  Not applicable

## V. COOEC's analysis of the reasons for and impacts of changes in accounting policies and accounting estimates and corrections of significant accounting errors

(I) COOEC's analysis of the reasons for and impacts of changes in accounting policies and accounting estimates

Applicable  Not applicable

(II) COOEC's analysis of the reasons for and impacts of the corrections of significant accounting errors

Applicable  Not applicable

(III) Communication with the former accounting firm

Applicable  Not applicable



**(IV) Other information**

Applicable  Not applicable

**VI. Appointment and dismissal of the accounting firm**

Unit: RMB'0,000

	Current appointment
Name of domestic accounting firm	BDO CHINA Shu Lun Pan Certified Public Accountants LLP
Compensation of the domestic accounting firm	218
Number of years of audit by the domestic accounting firm	7
Names of CPAs of the domestic accounting firm	Wang Shouyi and Xiu Jun
Number of consecutive years of audit services of CPAs of the domestic accounting firm	Wang Shouyi: 2 years; Xiu Jun: 4 years

	Name	Compensation
Internal control audit accounting firm	BDO CHINA Shu Lun Pan Certified Public Accountants LLP	26.73

Appointment and dismissal of the accounting firm

Applicable  Not applicable

At the ninth meeting of the 7th Board of Directors held on March 18, 2022, COOEC deliberated and adopted the Proposal on the Renewal of the Appointment of COOEC's Financial and Internal Control Auditors for 2022, and renewed the appointment of BDO CHINA Shu Lun Pan Certified Public Accountants LLP as COOEC's financial and internal control auditor for 2022 to provide COOEC with accounting statement audit and internal control audit services mainly for financial reports and other related audit services for a period of one year.

The above matter was deliberated and adopted at COOEC's 2021 Annual General Meeting held on May 20, 2022.

Description of the change of the accounting firm during the audit period

Applicable  Not applicable

**VII. Situation facing delisting risk****(I) Causes of the delisting risk warning**

Applicable  Not applicable

**(II) Measures to be taken by COOEC in response**

Applicable  Not applicable

**(III) Situation facing delisting and reasons therefor**

Applicable  Not applicable

**VIII. Matters related to bankruptcy and reorganization**

Applicable  Not applicable

**IX. Significant litigation and arbitration**

COOEC had significant litigation and arbitration in this year.

COOEC had no significant litigation and arbitration in this year.

**X. Suspected violations of law, punishment and rectification by the listed company and its directors, supervisors, senior officers, controlling shareholders and actual controllers**

Applicable  Not applicable

**XI. Credit status of COOEC, its controlling shareholders and actual controllers during the reporting period**

Applicable  Not applicable

No dishonest record situation issued by the regulator.

## XII. Major related-party transactions

### (I) Related-party transactions related to daily operations

#### 1. Matters that have been disclosed in the interim announcement without progress or changes in the subsequent implementation

Applicable  Not applicable

#### 2. Matters that have been disclosed in the interim announcement with progress or changes in the subsequent implementation

Applicable  Not applicable

#### 3. Matters not disclosed in the interim announcement

Applicable  Not applicable

Unit: RMB'0,000

Related party	Relationship	Type of related-party transactions	Related-party transactions	Pricing principle of related-party transactions	Price of related-party transactions	Amount of related-party transactions	Proportion in the amount of similar transactions (%)	Settlement method of related-party transactions
CNOOC Limited	Holding subsidiary of the parent company	Rendering of services	COOEC provides professional production services such as design, installation and construction for the related party	Determination of contract prices through bidding in accordance with market principles	1,807,498.88	1,807,498.88	61.57	Normal settlement in accordance with contracts
CNOOC Gas & Electricity Group Co., Ltd.	Wholly-owned subsidiary of the parent company	Rendering of services	COOEC provides professional production services such as design, installation and construction for the related party	Determination of contract prices through bidding in accordance with market principles	60,700.22	60,700.22	2.07	Normal settlement in accordance with contracts
CNOOC Energy Technology & Services Limited	Holding subsidiary of the parent company	Rendering of services	COOEC provides professional production services such as design, installation and construction for the related party	Determination of contract prices through bidding in accordance with market principles	9,090.70	9,090.70	0.31	Normal settlement in accordance with contracts
China National Offshore Oil Corporation	Parent company	Rendering of services	COOEC provides professional production services such as design, installation and construction for the related party	Determination of contract prices through bidding in accordance with market principles	1,790.29	1,790.29	0.06	Normal settlement in accordance with contracts
China Ocean Oilfields Services (Hong Kong) Limited	Wholly-owned subsidiary of the parent company	Rendering of services	COOEC provides professional production services such as design, installation and construction for the related party	Determination of contract prices through bidding in accordance with market principles	29.35	29.35	0.001	Normal settlement in accordance with contracts
China Shipping Petrochemical Import & Export Co., Ltd.	Wholly-owned subsidiary of the parent company	Rendering of services	COOEC provides professional production services such as design, installation and construction for the related party	Determination of contract prices through bidding in accordance with market principles	76.08	76.08	0.003	Normal settlement in accordance with contracts
CNOOC Refining and Chemical Co., Ltd.	Wholly-owned subsidiary of the parent company	Rendering of services	COOEC provides professional production services such as design, installation and construction for the related party	Determination of contract prices through bidding in accordance with market principles	359.96	359.96	0.01	Normal settlement in accordance with contracts

Related party	Relationship	Type of related-party transactions	Related-party transactions	Pricing principle of related-party transactions	Price of related-party transactions	Amount of related-party transactions	Proportion in the amount of similar transactions (%)	Settlement method of related-party transactions
COOEC-Fluor Heavy Industries Co., Ltd.	Joint venture	Rendering of services	COOEC provides expatriate labor personnel, material sales and testing for the related party	Determination of contract prices through bidding in accordance with market principles	987.73	987.73	0.03	Normal settlement in accordance with contracts
Joint ventures or associates of other members of the Group to which COOEC belongs	Other related parties	Rendering of services	COOEC provides professional production services such as design, installation and construction for the related party	Determination of contract prices through bidding in accordance with market principles	11,344.09	11,344.09	0.39	Normal settlement in accordance with contracts
CNOOC Energy Technology & Services Limited	Holding subsidiary of the parent company	Receiving of services	Provision of engineering subcontracting, material procurement, transportation, fuel and property services for COOEC	Determination of contract prices through bidding in accordance with market principles	192,941.02	192,941.02	6.57	Normal settlement in accordance with contracts
China National Offshore Oil Corporation	Parent company	Receiving of services	Provision of employee insurance, software usage and other services for COOEC	Determination of contract prices through bidding in accordance with market principles	1,961.81	1,961.81	0.07	Normal settlement in accordance with contracts
CNOOC Bohai Co., Ltd.	Wholly-owned subsidiary of the parent company	Receiving of services	Provision of services for COOEC such as utilities and medical checkups for employees	Determination of contract prices through bidding in accordance with market principles	3,621.90	3,621.90	0.12	Normal settlement in accordance with contracts
China Ocean Oilfields Services (Hong Kong) Limited	Wholly-owned subsidiary of the parent company	Purchase of goods	Provision of material procurement services for COOEC	Determination of contract prices through bidding in accordance with market principles	18,910.35	18,910.35	0.64	Normal settlement in accordance with contracts
China Oilfield Services Limited	Holding subsidiary of the parent company	Receiving of services	Provision of transportation and shipping services for COOEC	Determination of contract prices through bidding in accordance with market principles	6,725.60	6,725.60	0.23	Normal settlement in accordance with contracts
Zhonghai Industry Co., Ltd.	Wholly-owned subsidiary of the parent company	Receiving of services	Provision of property services, engineering subcontracting, fuel, utilities, etc. for COOEC	Determination of contract prices through bidding in accordance with market principles	1,417.88	1,417.88	0.05	Normal settlement in accordance with contracts
China Offshore Oil Nanhai East Corporation	Wholly-owned subsidiary of the parent company	Receiving of services	Provision of engineering subcontracting services for COOEC	Determination of contract prices through bidding in accordance with market principles	210.48	210.48	0.01	Normal settlement in accordance with contracts
CNOOC Refining and Chemical Co., Ltd.	Wholly-owned subsidiary of the parent company	Receiving of services	Provision of engineering subcontracting services for COOEC	Determination of contract prices through bidding in accordance with market principles	179.21	179.21	0.01	Normal settlement in accordance with contracts
CNOOC Gas & Electricity Group Co., Ltd.	Wholly-owned subsidiary of the parent company	Receiving of services	Provision of engineering subcontracting services for COOEC	Determination of contract prices through bidding in accordance with market principles	7,648.70	7,648.70	0.26	Normal settlement in accordance with contracts
China National Offshore Petrochemical Corporation	Holding subsidiary of the parent company	Receiving of services	Provision of engineering subcontracting services for COOEC	Determination of contract prices through bidding in accordance with market principles	7.99	7.99	0.0003	Normal settlement in accordance with contracts



Related party	Relationship	Type of related-party transactions	Related-party transactions	Pricing principle of related-party transactions	Price of related-party transactions	Amount of related-party transactions	Proportion in the amount of similar transactions (%)	Settlement method of related-party transactions
CNOOC Limited	Holding subsidiary of the parent company	Receiving of services	Provision of terminal services for COOEC	Determination of contract prices through bidding in accordance with market principles	46.62	46.62	0.002	Normal settlement in accordance with contracts
CNCCC International Bidding Co., Ltd.	Wholly-owned subsidiary of the parent company	Receiving of services	Provision of bidding services for COOEC	Determination of contract prices through bidding in accordance with market principles	28.59	28.59	0.001	Normal settlement in accordance with contracts
China Offshore Oil Donghai Corporation	Wholly-owned subsidiary of the parent company	Receiving of services	Provision of engineering subcontracting services for COOEC	Determination of contract prices through bidding in accordance with market principles	1.44	1.44	0.00005	Normal settlement in accordance with contracts
COOEC-Fluor Heavy Industries Co., Ltd.	Joint venture	Receiving of services	Provision of engineering subcontracting services for COOEC	Determination of contract prices through bidding in accordance with market principles	59,843.81	59,843.81	2.04	Normal settlement in accordance with contracts
Joint ventures or associates of other members of the Group to which COOEC belongs	Other related parties	Receiving of services	Provision of engineering subcontracting services for COOEC	Determination of contract prices through bidding in accordance with market principles	117,918.89	117,918.89	4.02	Normal settlement in accordance with contracts
Total				/	/	2,303,341.59	78.46	/
Details of large sales return						None		

Description of related-party transactions

(1) Main contents of related-party transactions

COOEC is one of the largest EPCI general contracting companies for offshore oil engineering in Asia, and its main business includes providing professional and technical services for oil exploration in Chinese waters. There are more related-party transactions between COOEC and related parties such as CNOOC Limited for the provision of offshore engineering services, such as: COOEC provides EPCI general contracting professional services to the related companies, and the related companies provide engineering subcontracting, transportation, vessel, fuel oil and water and electricity services to COOEC.

(2) Pricing and fairness of the related-party transactions

These related-party transactions provide a long-term stable market for COOEC and are an integral part of achieving COOEC's development. The contract prices of the related-party transactions are determined through public bidding to ensure the fairness of the prices of the related-party transactions, which reflects the principles of fairness, impartiality and openness, is conducive to the development of COOEC's main business and to ensuring the maximization of shareholders' interests.

(3) Continuity of related-party transactions

The existence of these related-party transactions has proven to be necessary and will continue in the foreseeable future with the rapid development of China's offshore oil industry.

## (II) Related-party transactions related to the acquisition or sale of assets or equity

- Matters that have been disclosed in the interim announcement without progress or changes in the subsequent implementation
  - Applicable  Not applicable
- Matters that have been disclosed in the interim announcement with progress or changes in the subsequent implementation
  - Applicable  Not applicable
- Matters not disclosed in the interim announcement
  - Applicable  Not applicable
- Where performance engagements are involved, the achievement of performance during the reporting period should be disclosed
  - Applicable  Not applicable

**(III) Major related-party transactions related to joint foreign investment**

- Matters that have been disclosed in the interim announcement without progress or changes in the subsequent implementation  
 Applicable  Not applicable
- Matters that have been disclosed in the interim announcement with progress or changes in the subsequent implementation  
 Applicable  Not applicable
- Matters not disclosed in the interim announcement  
 Applicable  Not applicable

**(IV) Related claims and debts**

- Matters that have been disclosed in the interim announcement without progress or changes in the subsequent implementation  
 Applicable  Not applicable
- Matters that have been disclosed in the interim announcement with progress or changes in the subsequent implementation  
 Applicable  Not applicable
- Matters not disclosed in the interim announcement  
 Applicable  Not applicable

**(V) Financial business between COOEC and the related financial companies, or between the financial companies controlled by COOEC and the related parties.**

Applicable  Not applicable

**1. Deposit business**

Applicable  Not applicable

Unit: RMB'0,000

Related party	Relationship	Maximum daily deposit limit	Deposit interest rate range	Beginning balance	Amount in the current period		Ending balance
					Total amount deposited during the period	Total amount withdrawn during the period	
CNOOC Finance Co., Ltd.	Finance company with affiliated relationships	58,539.03	0.35% - 1.15%	76,795.74	4,507,144.03	4,525,620.68	58,319.09
Total	/	58,539.03		76,795.74	4,507,144.03	4,525,620.68	58,319.09

Remarks:

- The maximum daily deposit limit is effective after the audit of COOEC's financial statements for 2021 by an accounting firm.
- The deposit interest rate range is 0.35%-1.15%; 0.35% refers to demand deposit interest rate and 1.15% refers to agreed deposit interest rate. The interest rate of COOEC's deposits with CNOOC Finance Co., Ltd. is the comparable level of commercial bank deposit rates.

**2. Loan business**

Applicable  Not applicable

**3. Credit business or other financial business**

Applicable  Not applicable

Unit: RMB'0,000

Related party	Relationship	Business type	Total	Actual amount
CNOOC Finance Co., Ltd.	Finance companies with affiliated relationships	Credit granting business	520,000.00	217,679.27

Note: Actual amount incurred refers to the balance of COOEC's credit line with the finance company at the end of the reporting period. The business of using credit line is letter of guarantee business.

**4. Notes to other matters**

Applicable  Not applicable

**(VI) Others**

Applicable  Not applicable

Please refer to Note XII Related-parties and related-party transactions in Section X Financial Reports of this report for details of the receivables and payables from related parties, related parties' commissioned research projects, interest on and investment income of deposits with related parties of CNOOC Finance Co., Ltd.

**XIII. Major contracts and performance thereof****(I) Significant custody, contracting and leases****1. Custody**

Applicable  Not applicable

**2. Contracting**

Applicable  Not applicable

**3. Leases**

Applicable  Not applicable

**(II) Guarantees**

Applicable  Not applicable

Unit: USD100 million

External guarantees of COOEC (excluding guarantees for subsidiaries)	
Total amount of guarantees incurred during the reporting period (excluding guarantees for subsidiaries)	0
Total guarantee balance at the end of the reporting period (A) (excluding guarantees for subsidiaries)	0
Guarantees of COOEC and its subsidiaries for subsidiaries	
Total amount of guarantees for subsidiaries during the reporting period	0.72
Total balance of guarantees for subsidiaries as at the end of the reporting period (B)	6.16
Total guarantees of COOEC (including guarantees for subsidiaries)	
Total amount of guarantees (A+B)	6.16
Ratio of the total guarantee amount to COOEC's net assets (%)	16.70
Including:	
Amount of guarantees provided for shareholders, actual controllers and their related parties (C)	0
Amount of debt guarantees provided directly or indirectly for the guaranteed object whose asset-liability ratio exceeds 70% (D)	0.74
Amount of total guarantees exceeding 50% of net assets (E)	0
Total amount of the above three guarantees (C+D+E)	0.74
Explanation of possible joint and several liability for unexpired guarantees	



As of the end of the reporting period, COOEC had six guarantees in the process of fulfillment, as follows:

- Notes to guarantees
- (1) As deliberated and adopted by the ninth meeting of the 6th Board of Directors of COOEC held on May 21, 2018, COOEC issued a parent company guarantee for the performance of the contract for the Long Lake Southwest Turnkey Project by a Canadian subsidiary in the amount of CAD75 million, for a guarantee period from the issuance of the guarantee to December 20, 2026. The above guarantee is not subject to the consideration and approval by COOEC's shareholders at the general meeting. (For details, please refer to the announcement on the resolution of the Board of Directors and the announcement on the guarantee disclosed by COOEC on the website of the Shanghai Stock Exchange on May 22, 2018)
  - (2) As deliberated and adopted at the tenth meeting of the 6th Board of Directors of COOEC held on August 17, 2018, COOEC opened a bank performance guarantee and a prepayment guarantee for the performance of the contract for the Dangote Petrochemical Offshore Transportation and Installation Project by its subsidiary, FTA Nigeria, and the guarantee amount was adjusted from USD33.2 million to USD38.2 million due to the increase in the contract amount, of which the amount of the performance guarantee was USD19.1 million and the amount of prepayment guarantee was USD19.1 million. The maximum guarantee period was extended from December 31, 2018 to June 30, 2020. The guarantees were later adjusted accordingly as approved by the twenty-fourth meeting of the 6th Board of Directors of COOEC held on June 23, 2020 and the twenty-eighth meeting of the 6th Board of Directors of COOEC held on December 4, 2020. First, the parent company guarantee of the performance guarantee was extended from December 31, 2020 to April 30, 2021, and the parent company guarantee will be adjusted accordingly with the change of the validity period of the bank guarantee if the project duration changes. Second, the parent company guarantee of the prepayment guarantee was restarted with a guarantee amount of USD19.1 million and the guarantee period was extended to April 30, 2021. If the project duration changes, the parent company guarantee will be adjusted accordingly with the change of the validity period of the bank guarantee. Third, the parent company guarantee of the quality guarantee was provided, and the performance guarantee will end when the project is completed and the quality guarantee will be activated accordingly, with the guarantee amount of USD19.1 million and the validity period of the quality guarantee being 24 months from the date of issuance of the completion certificate by the owner (for details, please refer to the announcement on the resolution of the Board of Directors and the announcement of adjustment to the guarantee disclosed by COOEC on the website of Shanghai Stock Exchange on December 7, 2020). As of the end of the reporting period, the prepayment guarantee had expired and been released, and only the quality guarantee in the amount of USD19.1 million remained to be fulfilled.
  - (3) As deliberated and adopted at the 17th meeting of the 6th Board of Directors of COOEC held on June 6, 2019, COOEC issued a parent company guarantee for the performance of the LNG module construction contract between Qingdao Subsidiary and Rihwa Fluor. The guarantee amount is RMB2.449 billion and the guarantee period is from the issuance of the guarantee to September 15, 2025. The above guarantee was deliberated and adopted at COOEC's first extraordinary general meeting of 2019 held on June 25, 2019. (For details, please refer to the resolution announcement and the guarantee announcement disclosed on the website of the Shanghai Stock Exchange on June 7, 2019 and the announcement on the resolution of the general meeting disclosed on June 26)
  - (4) As deliberated and adopted at the third meeting of the 7th Board of Directors of COOEC held on April 28, 2021, COOEC provided a parent company guarantee for the application of Offshore Engineering International Limited (a Hong Kong subsidiary) for a 3-year total bank loan of up to USD60 million from a Chinese bank, with the guarantee amount not exceeding USD64 million. Finally, the actual guarantee was provided in the form of a financing guarantee in the amount of USD62 million (loan principal + interest). As of the end of the reporting period, the actual guarantee balance had been reduced to USD32 million due to partial repayment of the loan principal, and the guarantee period is 3 years from the date of withdrawal by COOEC International Limited. (For details, please refer to the announcement on the resolution of the Board of Directors and the announcement on the guarantee disclosed by COOEC on the website of the Shanghai Stock Exchange on April 30, 2021)
  - (5) As deliberated and adopted at the 7th meeting of the 7th Board of Directors of COOEC held on December 28, 2021, COOEC issued a bank guarantee and a letter of credit for COOEC Subsea Technology Co., Ltd. and Offshore Oil Engineering (Qingdao) Co., Ltd. for the use of COOEC's credit facilities for daily operation business such as bidding, performance and payment. The amount of guarantee for the Shenzhen subsidiary does not exceed RMB500 million and the amount of guarantee for Qingdao Subsidiary does not exceed RMB100 million, with the total amount not exceeding RMB600 million. The guarantee period is from the date of approval by the Board of Directors to December 31, 2023. (For details, please refer to the announcement on the resolution of the Board of Directors and the announcement on the guarantee disclosed by COOEC on the website of the Shanghai Stock Exchange on December 30, 2021)
  - (6) As approved by the Ninth Meeting of the 7th Board of Directors of COOEC held on March 18, 2022, COOEC provided a parent company guarantee for the contract for Buzios VIII (FPSO P79) module construction project in Brazil signed between Offshore Oil Engineering (Qingdao) Co., Ltd., a wholly-owned subsidiary, as a subcontractor, and SAIPEM SA, a general contractor, in the amount of USD72 million. The term of the guarantee is 48 months from the date of issuance of the guarantee to the date of issuance of the provisional acceptance certificate of the project by the general contractor. (For details, please refer to the announcement on the resolution of the Board of Directors and the announcement on the guarantee disclosed by COOEC on the website of the Shanghai Stock Exchange on March 22, 2022)

Note: the mid-price of RMB exchange rate in the interbank foreign exchange market on December 30, 2022 was USD1 to RMB6.9646 and CAD1 to USD0.7378.

### (III) Entrustment of others for cash asset management

#### 1. Entrusted wealth management

##### (1) General information on entrusted wealth management

√ Applicable □ Not applicable

Unit: RMB'0,000

Type	Capital source	Amount incurred	Outstanding balance	Amount overdue for collection
Bank wealth management products, money market fund products	Proprietary funds	1,010,000	1,010,000	0

Note: The incurred amount refers to the highest single-day balance of wealth management, and the balance on December 31, 2022 is the highest.

## Others

□ Applicable √ Not applicable

## (2) Individual entrusted wealth management

√ Applicable □ Not applicable

Unit: RMB'0,000

Trustee	Type of entrusted wealth management	Amount of entrusted wealth management	Starting date of entrusted wealth management	Entrustment termination date	Capital source	Investment of funds	Way to determine remuneration	Annualized return rate	Actual gains or losses	Actual recovery	Whether to go through legal procedures	Is there any entrusted wealth management plan in the future
Agricultural Bank, Tianjin Tanggu Branch	Bank wealth management products	20,000.00	12/4/2020	12/4/2023	Proprietary funds	Certificate of Deposit	Fixed Income	3.99%	752.36	Outstanding at the end of the period	Yes	Yes
Agricultural Bank, Tianjin Tanggu Branch	Bank wealth management products	30,000.00	12/4/2020	12/4/2023	Proprietary funds	Certificate of Deposit	Fixed Income	3.99%	1,128.54	Outstanding at the end of the period	Yes	Yes
ICBC Tianjin Branch	Bank wealth management products	20,000.00	12/21/2020	12/21/2023	Proprietary funds	Certificate of Deposit	Fixed Income	3.99%	752.36	Outstanding at the end of the period	Yes	Yes
ICBC Tianjin Branch	Bank wealth management products	20,000.00	12/21/2020	12/21/2023	Proprietary funds	Certificate of Deposit	Fixed Income	3.99%	752.36	Outstanding at the end of the period	Yes	Yes
ICBC Tianjin Branch	Bank wealth management products	20,000.00	12/30/2020	12/30/2023	Proprietary funds	Certificate of Deposit	Fixed Income	3.99%	752.36	Outstanding at the end of the period	Yes	Yes
ICBC Tianjin Branch	Bank wealth management products	10,000.00	12/31/2020	12/31/2023	Proprietary funds	Certificate of Deposit	Fixed Income	3.99%	376.18	Outstanding at the end of the period	Yes	Yes
Agricultural Bank, Tianjin Tanggu Branch	Bank wealth management products	30,000.00	1/15/2021	1/15/2024	Proprietary funds	Certificate of Deposit	Fixed Income	3.99%	1,128.54	Outstanding at the end of the period	Yes	Yes
ICBC Tianjin Branch	Bank wealth management products	20,000.00	2021/7/20	1/6/2022	Proprietary funds	Structural deposits	Floating-income	3.56%	313.14	20,000.00	Yes	Yes
ICBC Tianjin Branch	Bank wealth management products	20,000.00	7/29/2021	2/14/2022	Proprietary funds	Structural deposits	Floating-income	3.51%	362.91	20,000.00	Yes	Yes
Bank of China Tianjin Branch	Bank wealth management products	40,000.00	7/30/2021	2/15/2022	Proprietary funds	Bank financing	Floating-income	3.70%	810.96	40,000.00	Yes	Yes
Construction Bank of China, Tianjin Branch	Bank wealth management products	70,000.00	8/27/2021	7/13/2022	Proprietary funds	Bank wealth management	Floating-income	4.00%	2,462.46	70,000.00	Yes	Yes
Bank of China Tianjin Branch	Bank wealth management products	40,000.00	9/30/2021	4/2/2022	Proprietary funds	Structural deposits	Floating-income	3.60%	684.83	40,000.00	Yes	Yes
Guangfa Bank, Tianjin Branch	Bank wealth management products	30,000.00	9/30/2021	1/7/2022	Proprietary funds	Structural deposits	Floating-income	3.50%	268.67	30,000.00	Yes	Yes
Bank of China Tianjin Branch	Bank wealth management products	60,000.00	10/29/2021	5/10/2022	Proprietary funds	Structural deposits	Floating-income	3.60%	1,077.49	60,000.00	Yes	Yes
Construction Bank of China, Tianjin Branch	Bank wealth management products	30,000.00	11/12/2021	3/14/2022	Proprietary funds	Structural deposits	Floating-income	3.60%	340.55	30,000.00	Yes	Yes
Guangfa Bank, Tianjin Branch	Bank wealth management products	60,000.00	11/29/2021	4/15/2022	Proprietary funds	Structural deposits	Floating-income	2.92%	620.50	60,000.00	Yes	Yes
Bank of China Tianjin Branch	Bank wealth management products	40,000.00	11/30/2021	6/10/2022	Proprietary funds	Structural deposits	Floating-income	3.60%	714.60	40,000.00	Yes	Yes

Trustee	Type of entrusted wealth management	Amount of entrusted wealth management	Starting date of entrusted wealth management	Entrustment termination date	Capital source	Investment of funds	Way to determine remuneration	Annualized return rate	Actual gains or losses	Actual recovery	Whether to go through legal procedures	Is there any entrusted wealth management plan in the future
Everbright Bank, Tianjin Branch	Bank wealth management products	80,000.00	12/17/2021	3/17/2022	Proprietary funds	Structural deposits	Floating-income	3.60%	679.25	80,000.00	Yes	Yes
CITIC Bank Tianjin Branch	Bank wealth management products	60,000.00	12/31/2021	8/3/2022	Proprietary funds	Bank wealth management	Floating-income	4.01%	1,429.37	60,000.00	Yes	Yes
Beijing Branch of the Bank of Communications	Bank wealth management products	20,000.00	12/31/2021	1/18/2022	Proprietary funds	Structural deposits	Floating-income	1.85%	17.21	20,000.00	Yes	Yes
Beijing Branch of the Bank of Communications	Bank wealth management products	20,000.00	12/31/2021	1/18/2022	Proprietary funds	Structural deposits	Floating-income	3.75%	34.89	20,000.00	Yes	Yes
China Merchants Bank, Tianjin Branch	Bank wealth management products	20,000.00	12/31/2021	1/26/2022	Proprietary funds	Bank wealth management	Floating-income	2.74%	39.10	20,000.00	Yes	Yes
Bank of China Tianjin Branch	Bank wealth management products	13,000.00	12/31/2021	1/28/2022	Proprietary funds	Bank wealth management	Floating-income	2.76%	27.54	13,000.00	Yes	Yes
ICBC Tianjin Branch	Bank wealth management products	60,000.00	1/27/2022	7/6/2022	Proprietary funds	Structural deposits	Floating-income	2.13%	528.71	60,000.00	Yes	Yes
Construction Bank of China, Tianjin Branch	Bank wealth management products	20,000.00	1/28/2022	6/6/2022	Proprietary funds	Structural deposits	Floating-income	3.53%	235.55	20,000.00	Yes	Yes
China Merchants Bank, Tianjin Branch	Bank wealth management products	8,000.00	1/30/2022	4/26/2022	Proprietary funds	Bank wealth management	Floating-income	2.51%	47.91	8,000.00	Yes	Yes
ICBC Tianjin Branch	Bank wealth management products	60,000.00	2/25/2022	9/6/2022	Proprietary funds	Structural deposits	Floating-income	1.65%	493.28	60,000.00	Yes	Yes
Guangfa Bank, Tianjin Branch	Bank wealth management products	20,000.00	2/25/2022	8/23/2022	Proprietary funds	Structural deposits	Floating-income	1.34%	124.24	20,000.00	Yes	Yes
Construction Bank of China, Tianjin Branch	Bank wealth management products	30,000.00	3/30/2022	10/8/2022	Proprietary funds	Structural deposits	Floating-income	3.44%	512.64	30,000.00	Yes	Yes
Beijing Branch of the Bank of Communications	Bank wealth management products	35,000.00	3/31/2022	10/11/2022	Proprietary funds	Structural deposits	Floating-income	2.05%	359.77	35,000.00	Yes	Yes
Beijing Branch of the Bank of Communications	Bank wealth management products	35,000.00	3/31/2022	10/11/2022	Proprietary funds	Structural deposits	Floating-income	4.85%	851.16	35,000.00	Yes	Yes
Bank of China Tianjin Branch	Bank wealth management products	28,000.00	3/31/2022	4/13/2022	Proprietary funds	Bank wealth management	Floating-income	2.82%	28.10	28,000.00	Yes	Yes
CITIC Bank Tianjin Branch	Bank wealth management products	50,000.00	4/29/2022	11/8/2022	Proprietary funds	Bank wealth management	Floating-income	3.94%	1,041.38	50,000.00	Yes	Yes
China Merchants Bank, Tianjin Branch	Bank wealth management products	24,000.00	4/29/2022	5/27/2022	Proprietary funds	Bank wealth management	Floating-income	2.21%	40.72	24,000.00	Yes	Yes
Guangfa Bank, Tianjin Branch	Bank wealth management products	20,000.00	5/31/2022	8/26/2022	Proprietary funds	Structural deposits	Floating-income	1.00%	44.97	20,000.00	Yes	Yes
Bank of China Tianjin Branch	Bank wealth management products	60,000.00	5/31/2022	9/5/2022	Proprietary funds	Structural deposits	Floating-income	3.50%	526.49	60,000.00	Yes	Yes
Bank of China Tianjin Branch	Bank wealth management products	60,000.00	5/31/2022	12/12/2022	Proprietary funds	Structural deposits	Floating-income	3.55%	1,073.53	60,000.00	Yes	Yes
China Merchants Bank, Tianjin Branch	Bank wealth management products	40,000.00	6/13/2022	7/18/2022	Proprietary funds	Bank wealth management	Floating-income	2.17%	83.25	40,000.00	Yes	Yes
Bank of China Tianjin Branch	Bank wealth management products	50,000.00	6/28/2022	11/25/2022	Proprietary funds	Structural deposits	Floating-income	3.53%	684.29	50,000.00	Yes	Yes



Trustee	Type of entrusted wealth management	Amount of entrusted wealth management	Starting date of entrusted wealth management	Entrustment termination date	Capital source	Investment of funds	Way to determine remuneration	Annualized return rate	Actual gains or losses	Actual recovery	Whether to go through legal procedures	Is there any entrusted wealth management plan in the future
Guangfa Bank, Tianjin Branch	Bank wealth management products	50,000.00	6/29/2022	12/13/2022	Proprietary funds	Structural deposits	Floating-income	3.60%	776.94	50,000.00	Yes	Yes
Bank of China Tianjin Branch	Bank wealth management products	60,000.00	7/21/2022	2/1/2023	Proprietary funds	Bank wealth management	Floating-income	3.40%	-	Outstanding at the end of the period	Yes	Yes
Industrial Bank Beijing Branch	Bank wealth management products	80,000.00	7/21/2022	2/2/2023	Proprietary funds	Bank wealth management	Floating-income	3.50%	-	Outstanding at the end of the period	Yes	Yes
China Merchants Bank, Tianjin Branch	Bank wealth management products	28,000.00	8/8/2022	9/20/2022	Proprietary funds	Bank wealth management	Floating-income	2.02%	66.56	28,000.00	Yes	Yes
Guangfa Bank, Tianjin Branch	Bank wealth management products	20,000.00	8/10/2022	11/8/2022	Proprietary funds	Structural deposits	Floating-income	2.51%	116.76	20,000.00	Yes	Yes
ICBC Tianjin Branch	Bank wealth management products	40,000.00	8/11/2022	1/10/2023	Proprietary funds	Structural deposits	Floating-income	3.69%	-	Outstanding at the end of the period	Yes	Yes
CITIC Bank Tianjin Branch	Bank wealth management products	30,000.00	8/30/2022	4/26/2023	Proprietary funds	Bank wealth management	Floating-income	3.73%	-	Outstanding at the end of the period	Yes	Yes
Construction Bank of China, Tianjin Branch	Bank wealth management products	80,000.00	8/30/2022	6/7/2023	Proprietary funds	Bank wealth management	Floating-income	3.56%	-	Outstanding at the end of the period	Yes	Yes
Bank of China Tianjin Branch	Bank wealth management products	40,000.00	8/25/2022	6/2/2023	Proprietary funds	Bank wealth management	Floating-income	3.55%	-	Outstanding at the end of the period	Yes	Yes
China Merchants Bank, Tianjin Branch	Bank wealth management products	17,000.00	8/31/2022	9/20/2022	Proprietary funds	Bank wealth management	Floating-income	2.00%	18.62	17,000.00	Yes	Yes
ICBC Credit Suisse Fund Management Co.	Bank wealth management products	30,000.00	9/9/2022	9/15/2022	Proprietary funds	Money Market Fund	Floating-income	1.77%	8.71	30,000.00	Yes	Yes
Guangfa Bank, Tianjin Branch	Bank wealth management products	30,000.00	9/19/2022	1/5/2023	Proprietary funds	Structural deposits	Floating-income	3.40%	-	Outstanding at the end of the period	Yes	Yes
Bank of China Tianjin Branch	Bank wealth management products	80,000.00	9/19/2022	3/6/2023	Proprietary funds	Structural deposits	Floating-income	3.50%	-	Outstanding at the end of the period	Yes	Yes
Bank of China Tianjin Branch	Bank wealth management products	30,000.00	9/30/2022	5/10/2023	Proprietary funds	Bank wealth management	Floating-income	3.40%	-	Outstanding at the end of the period	Yes	Yes
CITIC Bank Tianjin Branch	Bank wealth management products	50,000.00	9/30/2022	4/11/2023	Proprietary funds	Bank wealth management	Floating-income	3.45%	-	Outstanding at the end of the period	Yes	Yes
China Merchants Bank, Tianjin Branch	Bank wealth management products	50,000.00	10/15/2022	10/23/2022	Proprietary funds	Bank wealth management	Floating-income	2.00%	27.99	50,000.00	Yes	Yes
Guangfa Bank, Tianjin Branch	Bank wealth management products	30,000.00	10/28/2022	4/14/2023	Proprietary funds	Structural deposits	Floating-income	3.30%	-	Outstanding at the end of the period	Yes	Yes
Bank of China Tianjin Branch	Bank wealth management products	40,000.00	10/31/2022	4/19/2023	Proprietary funds	Bank wealth management	Floating-income	3.30%	-	Outstanding at the end of the period	Yes	Yes
CITIC Bank Tianjin Branch	Bank wealth management products	60,000.00	11/18/2022	10/17/2023	Proprietary funds	Bank wealth management	Floating-income	3.80%	-	Outstanding at the end of the period	Yes	Yes

Trustee	Type of entrusted wealth management	Amount of entrusted wealth management	Starting date of entrusted wealth management	Entrustment termination date	Capital source	Investment of funds	Way to determine remuneration	Annualized return rate	Actual gains or losses	Actual recovery	Whether to go through legal procedures	Is there any entrusted wealth management plan in the future
Bank of China Tianjin Branch	Bank wealth management products	50,000.00	11/30/2022	5/29/2023	Proprietary funds	Structural deposits	Floating-income	3.40%	-	Outstanding at the end of the period	Yes	Yes
Everbright Bank, Tianjin Branch	Bank wealth management products	40,000.00	12/7/2022	8/26/2023	Proprietary funds	Bank wealth management	Floating-income	3.80%	-	Outstanding at the end of the period	Yes	Yes
Efund Management Co.	Money Market Fund	500.00	12/15/2022	12/21/2022	Proprietary funds	Money Market Fund	Floating-income	2.00%	0.16	500.00	Yes	Yes
Guangfa Bank, Tianjin Branch	Bank wealth management products	60,000.00	12/23/2022	7/10/2023	Proprietary funds	Structural deposits	Floating-income	3.45%	-	Outstanding at the end of the period	Yes	Yes
Bank of China Tianjin Branch	Bank wealth management products	60,000.00	12/27/2022	9/25/2023	Proprietary funds	Structural deposits	Floating-income	3.50%	-	Outstanding at the end of the period	Yes	Yes
Total	/	2,428,500.00							23,217.91	1,418,500.00		

## Remarks:

- (1) Actual gain or loss in the header of the table is the investment income after tax obtained in 2022.
- (2) For certificates of deposit that are not collected at the end of the period, the income is accounted for under investment income and included in the calculation of actual gain or loss.
- (3) Structured deposits and bank wealth management that are not matured at the end of the period are accounted for under the new financial instruments standard and are not included in investment gain income as they are accounted for under gain or loss on fair value changes and therefore are not included in actual gain or loss.

## Others

Applicable  Not applicable

- (3) Provision for impairment of entrusted financial assets

Applicable  Not applicable

## 2. Entrusted loans

- (1) Overall situation of entrusted loans

Applicable  Not applicable

## Others

Applicable  Not applicable

- (2) Individual entrusted loans

Applicable  Not applicable

## Others

Applicable  Not applicable

- (3) Provision for impairment of entrusted loan

Applicable  Not applicable

## 3. Others

Applicable  Not applicable

**(IV) Other significant contracts**

√ Applicable □ Not applicable

Disbursing party	Project type	Contract amount	Accumulated disbursements as of the end of December 2022
CNOOC Limited	Domestic offshore oil engineering contracting	RMB26.404 billion	RMB12.919 billion
TUPI B.V.	Brazil FPSO Project	USD749 million	USD709 million
JGC Fluor BC LNG Joint Venture	Shell LNG modular construction project in North America	RMB5.467 billion	RMB4.948 billion
Hong Kong LNG Terminal Limited; Castle Peak Power Company Limited; The Hongkong Electric Company Limited	Hong Kong Offshore LNG Receiving Terminal Project Item	HKD6.175 billion	HKD4.883 billion
PipeChina Group	Tianjin LNG Phase II Project EPC, Longkou Nanshan LNG Receiving Station Phase I EPC Project	RMB8.233 billion	RMB4.259 billion
Caofeidian Xintian LNG Co., Ltd.	Tangshan LNG Receiving Station Project EMPC	RMB4.378 billion	RMB2.926 billion
Guangdong Zhuhai Golden Bay LNG Co., Ltd.	Guangdong Zhuhai LNG Expansion Project Phase II EPC Project	RMB3.571 billion	RMB1.404 billion

Note: The above contracts are daily production and operation business contracts with contract amounts accounting for 10% or more of COOEC's net assets and the projects are still under execution during the year.

#### XIV. Description of other significant matters that have significant impact on investors' value judgment and investment decisions

□ Applicable √ Not applicable



# Changes in Shares and Shareholders' Information

## I. Changes in share capital

### (I) Changes in shares

#### 1. Changes in shares

During the reporting period, there was no change in the total number of shares and the share capital structure of COOEC.

#### 2. Notes to changes in shares

Applicable  Not applicable

#### 3. Effect of changes in shares on financial indicators such as earnings per share and net assets per share for the latest year and the latest period (if any)

Applicable  Not applicable

#### 4. Other content that COOEC deems necessary or required to be disclosed by securities regulators

Applicable  Not applicable

### (II) Changes in restricted shares

Applicable  Not applicable

## II. Securities issuance and listing

### (I) Issuance of securities during the reporting period

Applicable  Not applicable

Description of issuance of securities during the reporting period (please separately describe bonds with different interest rates during the duration):

Applicable  Not applicable

### (II) Changes in the total number of shares and shareholder structure of COOEC and changes in the structure of COOEC's assets and liabilities

Applicable  Not applicable

### (III) Existing internal employee shares

Applicable  Not applicable

## III. Shareholders and actual controller

### (I) Total number of shareholders

Total number of ordinary shareholders as at the end of the reporting period	80,042
Total number of ordinary shareholders at the end of the latest month before the date of disclosure of the annual report	76,724
Total of preferred shareholders whose voting rights have been restored at the end of the reporting period	0
Total number of preferred shareholders whose voting rights have been restored at the end of the previous month prior to the disclosure date of the annual report	0

## (II) Shareholdings of top ten shareholders and top ten floating shareholders (or non-restrictive shareholders) as at the end of the reporting period

Unit: shares

Shareholding of the top 10 shareholders							
Name of shareholders (full name)	Increase/Decrease in the reporting period	Number of shares held at the end of the period	Ratio (%)	Number of restrictive stocks held	Pledged, tagged or frozen		Nature
					Status	Number	
China National Offshore Oil Corporation	0	2,138,328,954	48.36	0	None	0	State
China Offshore Oil Nanhai West Corporation	0	294,215,908	6.65	0	None	0	State-owned legal person
Hong Kong Securities Clearing Company Ltd.	-3,422,204	263,184,369	5.95	0	None	0	Overseas legal person
Dacheng Fund- Agricultural Bank of China - Dacheng China Securities Financial Asset Management Plan	0	36,704,400	0.83	0	None	0	Unknown
Harvest Fund - Agricultural Bank of China - Harvest CSI Asset Management Plan	0	36,704,400	0.83	0	None	0	Unknown
GF Fund- Agricultural Bank of China - GF China Securities Financial Asset Management Plan	0	36,704,400	0.83	0	None	0	Unknown
China Southern Asset Management- Agricultural Bank of China - China Southern Asset Management China Securities Financial Asset Management Plan	0	36,704,400	0.83	0	None	0	Unknown
Yinhua Fund- Agricultural Bank of China - Yinhua China Securities Financial Asset Management Plan	0	36,573,134	0.83	0	None	0	Unknown
E Fund- Agricultural Bank of China - E Fund China Securities Financial Asset Management Plan	0	36,510,500	0.83	0	None	0	Unknown
Bosera Fund - Agricultural Bank of China - Bosera China Securities Financial Assets Management Plan	0	36,400,900	0.82	0	None	0	Unknown
ICBC Credit Suisse Fund- Agricultural Bank of China - ICBC Credit Suisse China Securities Financial Asset Management Plan	0	36,157,300	0.82	0	None	0	Unknown
Zhong Ou Fund- Agricultural Bank of China - Zhong Ou China Securities Financial Asset Management Plan	0	36,029,400	0.81	0	None	0	Unknown
China AMC- Agricultural Bank of China - China AMC China Securities Financial Asset Management Plan	0	35,804,700	0.81	0	None	0	Unknown

Shareholding of the top 10 non-restrictive shareholders			
Shareholder's name	Number of non-restrictive floating stocks held	Type and number of stocks	
		Category	Number
China National Offshore Oil Corporation	2,138,328,954	RMB common share	2,138,328,954
China Offshore Oil Nanhai West Corporation	294,215,908	RMB common share	294,215,908
Hong Kong Securities Clearing Company Ltd.	263,184,369	RMB common share	263,184,369
Dacheng Fund- Agricultural Bank of China - Dacheng China Securities Financial Asset Management Plan	36,704,400	RMB common share	36,704,400
Harvest Fund - Agricultural Bank of China - Harvest CSI Asset Management Plan	36,704,400	RMB common share	36,704,400
GF Fund- Agricultural Bank of China - GF China Securities Financial Asset Management Plan	36,704,400	RMB common share	36,704,400
China Southern Asset Management- Agricultural Bank of China - China Southern Asset Management China Securities Financial Asset Management Plan	36,704,400	RMB common share	36,704,400
Yinhua Fund- Agricultural Bank of China - Yinhua China Securities Financial Asset Management Plan	36,573,134	RMB common share	36,573,134
E Fund- Agricultural Bank of China - E Fund China Securities Financial Asset Management Plan	36,510,500	RMB common share	36,510,500

Shareholding of the top 10 non-restrictive shareholders			
Shareholder's name	Number of non-restrictive floating stocks held	Type and number of stocks	
		Category	Number
Bosera Fund - Agricultural Bank of China - Bosera China Securities Financial Assets Management Plan	36,400,900	RMB common share	36,400,900
ICBC Credit Suisse Fund- Agricultural Bank of China - ICBC Credit Suisse China Securities Financial Asset Management Plan	36,157,300	RMB common share	36,157,300
Zhong Ou Fund- Agricultural Bank of China - Zhong Ou China Securities Financial Asset Management Plan	36,029,400	RMB common share	36,029,400
China AMC- Agricultural Bank of China - China AMC China Securities Financial Asset Management Plan	35,804,700	RMB common share	35,804,700
Description of special repurchase accounts among the top ten shareholders			Not applicable
Description of the above shareholders' proxy voting rights, proxy voting rights and abstention from voting rights			Not applicable
Notes to shareholders' related relationship or persons acting in concert	Among the top 10 shareholders, China National Offshore Oil Nanhai West Co., Ltd. is a wholly-owned subsidiary of China National Offshore Oil Corporation and is a related party. No other shareholders are known to be related parties or persons acting in concert with each other.		
Explanation on preferred stock holders with recovered voting rights and number of stocks held by them			Not applicable

Shareholding quantity of top ten shareholders with sales restriction and the sales restriction

Applicable  Not applicable

### (III) Strategic investors or legal persons becoming the top ten shareholders due to placement of new shares

Applicable  Not applicable

## IV. Controlling shareholders and actual controller

### (I) Controlling shareholders

#### 1 Legal person

Applicable  Not applicable

Name	China National Offshore Oil Corporation
Person in charge or legal representative	Wang Dongjin
Date of establishment	February 15, 1982
Main operating business	Organization of exploration, development, production and sales of petroleum, natural gas, coalbed methane, shale oil, shale gas; oil refining, processing and utilization of petrochemical engineering and natural gas and product sales and storage, the development and utilization of liquefied natural gas (LNG) project, pipeline network transmission of oil and natural gas; development, production and sales and related business of fertilizers and chemical products; provision of services for exploration and mining of oil, natural gas and other geological mining products; engineering general contracting; science and technology research, technology consulting, technology services and technology transfer related to the exploration, development and production of the oil and natural gas; import of crude oil and refined products; compensation trade or transit trade; wholesale of gasoline, kerosene and diesel oil (the operation limited to the sales branches and valid until February 20, 2022); undertaking of Sino-foreign joint venture; cooperative production; international bidding for mechanical and electrical products; wind energy, biomass energy, hydrate, coal chemical and solar energy and other new energy production, sales and related services.
Equities of other domestic and overseas public companies during the reporting period	Other domestic and foreign listed companies controlled by China National Offshore Oil Corporation during the reporting period are: CNOOC Limited, China Oilfield Services Company Limited, CNOOC Energy Development Company Limited and CNOOC Petrochemical Company Limited.
Other circumstances	China National Offshore Oil Corporation is a central enterprise controlled by the State-owned Assets Supervision and Administration Commission of the State Council. The State-owned Assets Supervision and Administration Commission of the State Council holds 90% of the shares of China National Offshore Oil Corporation and the National Council for Social Security Fund holds 10% of the shares of China National Offshore Oil Corporation.



## 2 Natural persons

Applicable  Not applicable

## 3 Special note on the absence of controlling shareholders of COOEC

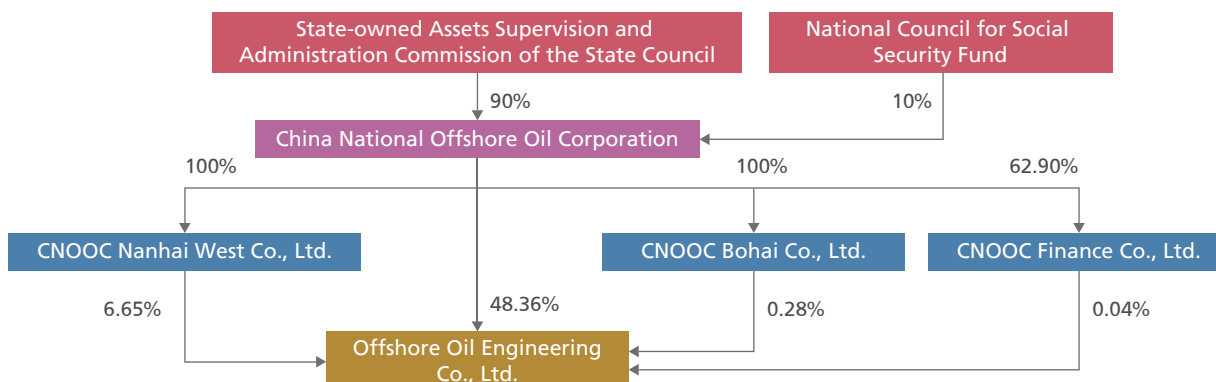
Applicable  Not applicable

## 4 Description of the change of controlling shareholders during the reporting period

Applicable  Not applicable

## 5 Chart for the property and controlling relationships between COOEC and the controlling shareholders

Applicable  Not applicable



## (II) Actual controller

### 1 Legal person

Applicable  Not applicable

Name	China National Offshore Oil Corporation
Person in charge or legal representative	Wang Dongjin
Date of establishment	February 15, 1982
Main operating business	Organization of exploration, development, production and sales of petroleum, natural gas, coalbed methane, shale oil, shale gas; oil refining, processing and utilization of petrochemical engineering and natural gas and product sales and storage, the development and utilization of liquefied natural gas (LNG) project, pipeline network transmission of oil and natural gas; development, production and sales and related business of fertilizers and chemical products; provision of services for exploration and mining of oil, natural gas and other geological mining products; engineering general contracting; science and technology research, technology consulting, technology services and technology transfer related to the exploration, development and production of the oil and natural gas; import of crude oil and refined products; compensation trade or transit trade; wholesale of gasoline, kerosene and diesel oil (the operation limited to the sales branches and valid until February 20, 2022); undertaking of Sino-foreign joint venture; cooperative production; international bidding for mechanical and electrical products; wind energy, biomass energy, hydrate, coal chemical and solar energy and other new energy production, sales and related services.
Equities of other domestic and overseas public companies during the reporting period	Other domestic and foreign listed companies controlled by China National Offshore Oil Corporation during the reporting period are: CNOOC Limited, China Oilfield Services Company Limited, CNOOC Energy Development Company Limited and CNOOC Petrochemical Company Limited.
Other circumstances	China National Offshore Oil Corporation is a central enterprise controlled by the State-owned Assets Supervision and Administration Commission of the State Council. The State-owned Assets Supervision and Administration Commission of the State Council holds 90% of the shares of China National Offshore Oil Corporation and the National Council for Social Security Fund holds 10% of the shares of China National Offshore Oil Corporation.

## 2 Natural persons

Applicable  Not applicable

## 3 Special note on the absence of the actual controller of COOEC

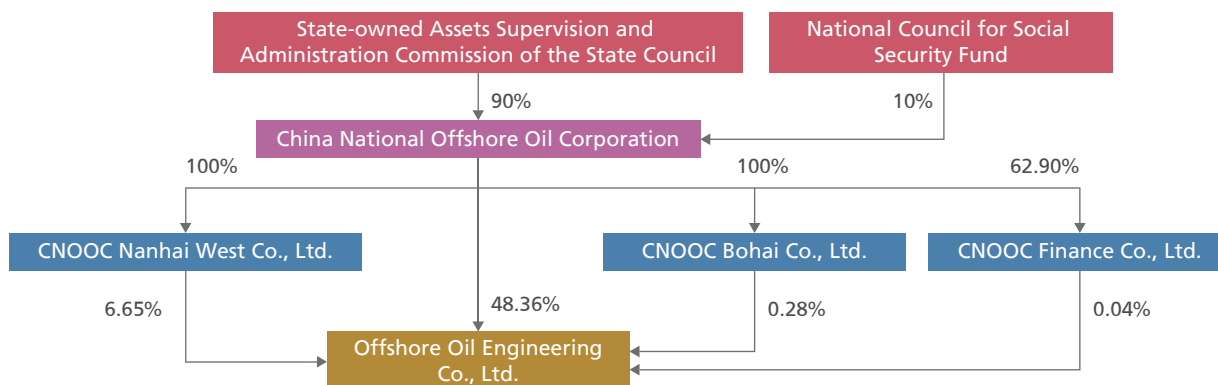
Applicable  Not applicable

## 4 Description of the change of control of COOEC during the reporting period

Applicable  Not applicable

## 5 Chart for the property and controlling relationships between COOEC and the actual controllers

Applicable  Not applicable



## 6 The actual controller controls COOEC by way of trust or other asset management methods

Applicable  Not applicable

## (III) Other information on controlling shareholders and actual controller

Applicable  Not applicable

### V. The cumulative number of shares pledged by the controlling shareholder or the largest shareholder of COOEC and persons acting in concert therewith accounted for more than 80% of the number of shares held by COOEC

Applicable  Not applicable

### VI. Other institutional shareholder holding more than 10%

Applicable  Not applicable

### VII. Notes to limitation on selling shares

Applicable  Not applicable

### VIII. Specific implementation of share repurchase in the reporting period

Applicable  Not applicable

# Preferred Shares

Applicable  Not applicable



# Bond-related Information

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

Applicable  Not applicable

## II. Convertible corporate bonds

Applicable  Not applicable

# Financial Reports



## I. Audit report

√ Applicable  Not applicable

PCPAR [2023] No. ZG23298

All shareholders of Offshore Oil Engineering Co., Ltd.:

## I. Opinion

We have audited the accompanying financial statements of Offshore Oil Engineering Co., Ltd. (hereinafter referred to as "the COOEC"), which comprise the consolidated balance sheet and the parent company's balance sheet as at December 31, 2022, the consolidated income statement and the parent company's income statement, the consolidated statement of cash flows and the parent company's statement of cash flows, and the consolidated statement of changes in shareholders' equity and the parent company's statement of changes in shareholders' equity for the year ended December 31, 2022 as well as the notes to the relevant financial statements for the year then ended.

In our opinion, the financial statements attached are prepared in accordance with Accounting Standards for Business Enterprises and present fairly, in all material respects, the consolidated financial position of the COOEC and the parent company's financial position as at December 31, 2022 and the consolidated operating results and the parent company's operating results and cash flows for the year then ended.

## II. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this audit report. We are independent of the COOEC in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## III. Key Audit Matters

Key matters are matters we deem the most significant to the audit of financial statements based on our professional judgment. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters in our audit:

Key audit matters	How the audit addressed the matter
<p>Revenue recognition of engineering contracting business</p> <p>For the disclosure of the accounting policy on revenue recognition, please refer to Note V. 38, and for the disclosure of revenue categories, please refer to Note VII.40 and Note XVII.4.</p> <p>In 2022, the consolidated operating revenue of COOEC was RMB29,358.3683 million, of which RMB29,270.2844 million, or 99.70% of the consolidated operating revenue, was recognized from the engineering contracting business, which is material to the financial statements as a whole.</p> <p>The construction contracting business of COOEC is mainly a performance obligation to be performed within a certain period of time in accordance with the provisions of ASBE No. 14 - Revenue, and revenue is recognized over the contract period in accordance with the performance schedule determined by the input method. The management of COOEC makes reasonable estimates of the expected total contract revenue and expected total contract cost to determine the contract performance schedule based on the contract budget of the contracted projects, and evaluates and revises them continuously during the contract execution process, which involves the use of significant accounting estimates and judgments by management, and such estimates this involves management applying significant accounting estimates and judgments that are affected by judgments about future markets and economic conditions, which in turn may affect whether COOEC recognizes revenue in the appropriate accounting period in accordance with the performance schedule. For the above reasons, we recognize the revenue from contracting projects as a key audit item.</p>	<p>The procedures we performed included, among other things, the following:</p> <ol style="list-style-type: none"> <li>1. Testing and evaluating the effectiveness of key internal controls related to the preparation of estimated total costs and revenue recognition for engineering contracting projects;</li> <li>2. Sampling and reviewing project contracts in the project contracting contract ledger, evaluating the correctness of the management's performance judgment at a certain time or within a certain period of time, and evaluating the reasonableness of transaction price and variable consideration evaluated by the management;</li> <li>3. Selecting the samples of contracting projects by sampling, checking project contracts and cost budget data on which the estimated total revenue and estimated total cost are based, and evaluating whether the estimates made by the management are reasonable and sufficiently grounded;</li> <li>4. Selecting samples to test the cost price incurred in the current period; and</li> <li>5. Sampling and selecting construction projects in the ledger of projects contracting contracts, and recalculating the performance progress to verify their accuracy;</li> <li>6. Selecting major projects, checking the project image progress on site, discuss and confirming the image progress of the project with the project management department, comparing it with the performance progress recorded in the book, and performing further inspection procedures for abnormal deviations.</li> </ol>

#### IV. Other Information

The management of COOEC is responsible for the other information. The other information comprises information of the 2022 annual report, but excludes the financial statements and our audit report.

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

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

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

#### V. Responsibilities of Management and Those Charged with Governance for the Financial Statements

The COOEC's management is responsible for preparing the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises to achieve a fair presentation, and for designing, implementing and maintaining internal control that is necessary to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

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

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

#### VI. Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout



the audit. We also:

- (I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (II) Understand the internal control related to auditing as a way to design appropriate audit procedures.
- (III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- (IV) Conclude on the appropriateness of the Management’s use of the going concern basis of accounting. Meanwhile, based on the audit evidence obtained, we come to a conclusion on whether a material uncertainty exists in events or conditions that may cause significant doubt on the COOEC’s going-concern ability. If we conclude that a material uncertainty exists, we are required to, in our audit report, draw attention of the users of statements to the related disclosures in the financial statements; if such disclosures are inadequate, we should modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the COOEC to cease to continue as a going concern.
- (V) Evaluate the overall presentation (including the disclosures), structure and contents of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (VI) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the COOEC to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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



Shanghai, China

Certified Public Accountant of China: Wang Shouyi

Certified Public Accountant of China: Xiu Jun

March 17, 2023



## II. Financial statements

### Consolidated Balance Sheet

December 31, 2022

Prepared by: Offshore Oil Engineering Co., Ltd.

Unit: RMB'0,000

Item	Notes	December 31, 2022	December 31, 2021
<b>Current assets:</b>			
Monetary funds	VII.1	212,300.69	117,078.06
Balances with clearing companies			
Loans to other banks and financial institutions			
Financial assets held for trading	VII.2	861,172.84	625,617.90
Derivative financial assets			
Notes receivable			
Accounts receivable	VII.3	627,070.10	565,721.97
Receivable financing			
Advances to suppliers	VII.4	96,583.59	63,428.24
Premium receivable			
Reinsurance accounts receivable			
Provision of cession receivable			
Other receivables	VII.5	1,620.09	1,790.19
Including: interest receivable			
Dividends receivable			
Financial assets purchased under resale agreements			
Inventories	VII.6	130,107.73	115,109.66
Contract assets	VII.7	475,253.77	291,266.84
Assets held for sale			
Non-current assets maturing within one year	VII.8	129,225.80	
Other current assets	VII.9	25,008.54	24,821.26
Total current assets		2,558,343.15	1,804,834.12
<b>Non-current assets:</b>			
Loans and advances			
Debt investments	VII.10	32,228.86	155,811.97
Other debt investments			
Long-term receivables			
Long-term equity investments	VII.11		152,908.21
Other equity instruments	VII.12	7,067.14	16,302.34
Other non-current financial assets			
Investment properties			
Fixed assets	VII.13	1,322,000.54	1,071,041.58
Construction in progress	VII.14	66,085.09	93,920.99
Productive biological assets			
Oil and gas assets			
Right-of-use assets	VII.15	4,986.14	9,509.82
Intangible assets	VII.16	226,660.11	109,515.43
Development expenses			
Goodwill	VII.17		
Long-term deferred expenses	VII.18	21,934.26	19,754.09

Item	Notes	December 31, 2022	December 31, 2021
Deferred tax assets	VII.19	24,562.20	31,827.83
Other non-current assets			
Total non-current assets		1,705,524.34	1,660,592.26
Total assets		4,263,867.49	3,465,426.38
<b>Current liabilities:</b>			
Short-term borrowings	VII.20	32,974.62	
Borrowings from central bank			
Loans from other banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	VII.21	24,431.46	18,267.37
Accounts payable	VII.22	1,142,098.68	833,710.71
Advances from customers	VII.23		154.86
Contract liabilities	VII.24	200,383.46	98,447.47
Financial assets sold under repurchase agreements			
Absorption of deposits and interbank deposits			
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Employee remuneration payable	VII.25	48,873.57	37,839.59
Taxes and surcharges payable	VII.26	19,978.60	14,057.34
Other payables	VII.27	61,886.08	41,956.47
Including: interest payable			
Dividends payable	VII.27	0.31	0.17
Handling charges and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities maturing within one year	VII.28	29,726.02	16,498.45
Other current liabilities	VII.29	58,123.63	48,824.58
Total current liabilities		1,618,476.12	1,109,756.84
<b>Non-current liabilities:</b>			
Reserves for insurance contracts			
Long-term borrowings	VII.30	15,964.88	47,505.75
Bonds payable			
Including: preferred shares			
Perpetual bond			
Lease liability	VII.31	1,456.31	3,965.89
Long-term payables			
Long-term salary payable			
Estimated liabilities	VII.32	33,808.99	9,106.93
Deferred income	VII.33	16,713.77	16,005.90
Deferred tax liabilities	VII.19	9,189.41	3,255.61
Other non-current liabilities			
Total non-current liabilities		77,133.36	79,840.08
Total liabilities		1,695,609.48	1,189,596.92
<b>Owners' equity (or shareholders' equity):</b>			
Paid-in capital (or share capital)	VII.34	442,135.48	442,135.48
Other equity instruments			



Item	Notes	December 31, 2022	December 31, 2021
Including: preferred shares			
Perpetual bond			
Capital reserves	VII.35	424,802.17	424,802.17
Less: treasury stock			
Other comprehensive income	VII.36	-1,444.22	14,178.07
Special reserve	VII.37	19,861.60	24,035.68
Surplus reserve	VII.38	193,822.46	178,083.31
General risk reserves			
Undistributed profit	VII.39	1,291,121.48	1,190,972.39
Total equity attributable to owners (shareholders) of the parent company		2,370,298.97	2,274,207.10
Minority equity		197,959.04	1,622.36
Total owners' equity (or shareholders' equity)		2,568,258.01	2,275,829.46
Total liabilities and owners' (or shareholders') equity		4,263,867.49	3,465,426.38

Legal representative: Yu Yi Person in charge of accounting affairs: Li Peng Person in charge of accounting department: Yao Baoqin

## Balance Sheet of the Parent Company

December 31, 2022

Prepared by: Offshore Oil Engineering Co., Ltd.

Unit: RMB'0,000

Item	Notes	December 31, 2022	December 31, 2021
<b>Current assets:</b>			
Monetary funds		102,084.55	92,183.62
Financial assets held for trading		861,172.84	625,617.90
Derivative financial assets			
Notes receivable			
Accounts receivable	XVII.1	523,272.33	571,699.34
Receivable financing			
Advances to suppliers		85,885.98	61,048.71
Other receivables	XVII.2	79,901.20	31,985.23
Including: interest receivable			
Dividends receivable			
Inventories		56,987.93	61,178.85
Contract assets		415,593.21	319,334.25
Assets held for sale			
Non-current assets maturing within one year		129,225.80	
Other current assets		12,637.43	5,678.89
Total current assets		2,266,761.27	1,768,726.79
<b>Non-current assets:</b>			
Debt investments		32,228.86	155,811.97
Other debt investments			
Long-term receivables			
Long-term equity investments	XVII.3	920,597.42	920,597.42
Other equity instruments		7,067.14	16,302.34
Other non-current financial assets			
Investment properties			

Item	Notes	December 31, 2022	December 31, 2021
Fixed assets		525,293.22	541,808.65
Construction in progress		59,320.69	64,883.19
Productive biological assets			
Oil and gas assets			
Right-of-use assets		44,289.29	68,146.69
Intangible assets		38,968.43	39,036.29
Development expenses			
Goodwill			
Long-term deferred expenses		12,350.76	9,798.44
Deferred tax assets		11,391.73	14,476.32
Other non-current assets			
Total non-current assets		1,651,507.54	1,830,861.31
Total assets		3,918,268.81	3,599,588.10
<b>Current liabilities:</b>			
Short-term borrowings		382,479.41	181,029.41
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable		24,431.46	18,267.37
Accounts payable		983,940.51	1,059,360.66
Advances from customers			149.70
Contract liabilities		182,572.73	87,311.13
Employee remuneration payable		26,735.22	26,484.77
Taxes and surcharges payable		6,376.43	8,712.77
Other payables		107,626.27	106,559.06
Including: interest payable			
Dividends payable			
Liabilities held for sale			
Non-current liabilities maturing within one year		26,622.48	29,689.27
Other current liabilities		61,599.71	46,073.81
Total current liabilities		1,802,384.22	1,563,637.95
<b>Non-current liabilities:</b>			
Long-term borrowings		9,000.28	22,002.95
Bonds payable			
Including: preferred shares			
Perpetual bond			
Lease liability		26,590.32	38,334.60
Long-term payables			
Long-term salary payable			
Estimated liabilities		4,700.71	4,975.64
Deferred income		9,391.58	8,307.82
Deferred tax liabilities		2,576.68	1,455.92
Other non-current liabilities			
Total non-current liabilities		52,259.57	75,076.93
Total liabilities		1,854,643.79	1,638,714.88
<b>Owners' equity (or shareholders' equity):</b>			
Paid-in capital (or share capital)		442,135.48	442,135.48
Other equity instruments			

Item	Notes	December 31, 2022	December 31, 2021
Including: preferred shares			
Perpetual bond			
Capital reserves		424,538.80	424,538.80
Less: treasury stock			
Other comprehensive income		-4,263.27	10,966.24
Special reserve		18,690.94	22,730.29
Surplus reserve		192,857.88	177,118.73
Undistributed profit		989,665.19	883,383.68
Total owners' equity (or shareholders' equity)		2,063,625.02	1,960,873.22
Total liabilities and owners' (or shareholders') equity		3,918,268.81	3,599,588.10

Legal representative: Yu Yi Person in charge of accounting affairs: Li Peng Person in charge of accounting department: Yao Baoqin

## Consolidated Income Statement

January-December 2022

Unit: RMB'0,000

Item	Notes	2022	2021
<b>I. Total operating revenue</b>		<b>2,935,836.83</b>	<b>1,979,548.12</b>
Including: operating revenue	VII.40	2,935,836.83	1,979,548.12
Interest income			
Premiums earned			
Income from handling charges and commissions:			
<b>II. Total operating costs</b>		<b>2,818,841.58</b>	<b>1,901,981.38</b>
Including: operating costs	VII.40	2,671,927.10	1,770,706.57
Interest expenditures			
Handling charge and commission expenditures			
Surrender value			
Net amount of compensation payout			
Net insurance liability reserves withdrawn			
Policy dividend payment			
Reinsurance costs			
Taxes and surcharges	VII.41	17,487.13	7,729.12
Selling expenses	VII.42	1,799.32	2,220.02
General and administrative expenses	VII.43	24,209.96	23,979.40
Research & development expenses	VII.44	112,193.53	92,881.87
Financial expenses	VII.45	-8,775.46	4,464.40
Including: interest expenses	VII.45	1,176.71	1,802.32
Interest income	VII.45	2,216.44	2,037.26
Plus: other income	VII.46	-5,794.16	17,801.08
Investment income ("-" for losses)	VII.47	70,303.16	-38,582.43
Including: income from investment in associates and joint ventures	VII.47	-2,767.09	-55,753.29
Income from derecognition of financial asset measured at amortized cost			
Gains on foreign exchange ("-" for losses)			
Income from net exposure hedging ("-" for losses)			
Gains from changes in fair value ("-" for losses)	VII.48	1,172.84	2,617.90



Item	Notes	2022	2021
Credit loss ("-" for loss)	VII.49	-3,987.48	-2,075.19
Impairment on assets ("-" for loss)	VII.50	-7,406.35	-2,716.36
Gains from disposal of assets ("-" for losses)	VII.51	11.30	1,406.48
<b>III. Operating profit ("-" for loss)</b>		<b>171,294.56</b>	<b>56,018.22</b>
Plus: non-operating revenue	VII.52	5,425.57	1,324.87
Less: non-operating expenses	VII.53	481.69	92.33
<b>IV. Total profits ("-" for total losses)</b>		<b>176,238.44</b>	<b>57,250.76</b>
Less: income tax expenses	VII.54	31,269.46	20,051.47
<b>V. Net profit ("-" for net loss)</b>		<b>144,968.98</b>	<b>37,199.29</b>
(I) Classified by operating sustainability			
1. Net profit from continued operation ("-" for net loss)		144,968.98	37,199.29
2. Net profit from discontinued operation ("-" for net loss)			
(II) Classified by ownership			
1. Net profit attributable to shareholders of the parent company ("-" for net loss)		145,740.91	36,979.89
2. Minority interest income ("-" for net loss)		-771.93	219.40
<b>VI. Other comprehensive income, net of tax</b>	VII.36	<b>-15,584.20</b>	<b>2,424.91</b>
(I) Net Amount of Other Comprehensive Incomes after Tax Attributable to Parent Company	VII.36	-15,622.29	2,437.54
1. Other comprehensive income that cannot be reclassified into profit or loss later	VII.36	-6,025.00	352.33
(1) Changes in re-measurement of the defined benefit plan			
(2) Other comprehensive income that cannot be transferred to profit or loss under the equity method			
(3) Changes in fair value of investments in other equity instruments	VII.36	-6,025.00	352.33
(4) Changes in the fair value of the enterprise's own credit risk			
2. Other comprehensive income to be reclassified into profit or loss later	VII.36	-9,597.29	2,085.21
(1) Other comprehensive income that can be transferred to profit or loss under the equity method			
(2) Changes in the fair value of other debt investment			
(3) Amount of financial assets reclassified into other comprehensive income			
(4) Provision for credit impairment of other debt investment			
(5) Reserve for cash flow hedges			
(6) Translation differences of financial statements denominated in foreign currency	VII.36	-9,597.29	2,085.21
(7) Others			
(II) Net amount of other comprehensive incomes after tax attributable to minority shareholders		38.09	-12.63
<b>VII. Total comprehensive income</b>	VII.36	<b>129,384.78</b>	<b>39,624.20</b>
(I) Total comprehensive income attributable to owners of the parent company		130,118.62	39,417.43
(II) Total comprehensive incomes attributable to minority shareholders		-733.84	206.77
<b>VIII. Earnings per share:</b>			
(I) Basic earnings per share (RMB/share)	VII.63	0.33	0.08
(II) Diluted earnings per share (RMB/share)	VII.63	0.33	0.08

Legal representative: Yu Yi Person in charge of accounting affairs: Li Peng Person in charge of accounting department: Yao Baoqin

## Income Statement of the Parent Company

January-December 2022

Unit: RMB'0,000

Item	Notes	2022	2021
<b>I. Operating revenue</b>	XVII.4	2,348,409.55	1,684,746.47
Less: operating cost	XVII.4	2,208,890.35	1,571,142.79
Taxes and surcharges		7,632.39	4,685.55
Selling expenses		57.83	57.02
General and administrative expenses		14,117.80	14,154.00
Research & development expenses		75,808.29	69,391.11
Financial expenses		-2,771.42	8,151.46
Including: interest expenses		5,877.05	6,183.27
Interest income		2,182.39	1,624.88
Plus: other income		-3,039.18	11,395.88
Investment income ("-" for losses)	XVII.5	122,189.94	36,970.86
Including: income from investment in associates and joint ventures			
Income from derecognition of financial asset measured at amortized cost			
Income from net exposure hedging ("-" for losses)			
Gains from changes in fair value ("-" for losses)		1,172.84	2,617.90
Credit loss ("-" for loss)		-1,598.40	99.98
Impairment on assets ("-" for loss)		-4,251.53	-509.64
Gains from disposal of assets ("-" for losses)			34.06
<b>II. Operating profits ("-" for loss)</b>		159,147.98	67,773.58
Plus: non-operating revenue		1,595.33	844.61
Less: non-operating expenses		344.13	75.41
<b>III. Total profit ("for" total loss)</b>		160,399.18	68,542.78
Less: income tax expenses		8,525.85	9,325.06
<b>IV. Net profit ("-" for net loss)</b>		151,873.33	59,217.72
(I) Net profit from continued operation ("-" for net loss)		151,873.33	59,217.72
(II) Net profit from termination of operation ("-" for net loss)			
<b>V. Other comprehensive income, net of tax</b>		-15,229.51	2,514.67
(I) Other comprehensive income that cannot be reclassified into profit or loss later		-6,025.00	352.33
1. Changes in remeasurement of defined benefit plans			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of other equity instruments investment		-6,025.00	352.33
4. Changes in the fair value of the enterprise's own credit risk			
(II) Other comprehensive income that will be reclassified into profit or loss		-9,204.51	2,162.34
1. Other comprehensive income that can be transferred to profit or loss under the equity method			
2. Changes in fair value of other creditor's right investment			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other creditor's rights investment			
5. Reserve for cash flow hedges			
6. Differences arising from translation of foreign-currency financial statements		-9,204.51	2,162.34
7. Others			
<b>VI. Total comprehensive income</b>		136,643.82	61,732.39

Item	Notes	2022	2021
<b>VII. Earnings per share:</b>			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

Legal representative: Yu Yi Person in charge of accounting affairs: Li Peng Person in charge of accounting department: Yao Baoqin

## Consolidated Statement of Cash Flows

January-December 2022

Unit: RMB'0,000

Item	Notes	2022	2021
<b>I. Cash flows from operating activities:</b>			
Cash received from sale of goods and rendering of services		3,107,001.51	2,226,728.48
Net increase in deposits from customers and deposits with banks and other financial institutions			
Net increase in borrowings from central bank			
Net increase in loans from other financial institutions			
Cash received from receiving insurance premium of original insurance contract			
Net cash received from reinsurance business			
Net increase in deposits and investments from policyholders			
Cash received from interests, handling charges and commissions			
Net increase in loans from banks and other financial institutions			
Net capital increase in repurchase business			
Net cash received from vicariously traded securities			
Refunds of taxes and surcharges		29,638.22	12,583.81
Cash from other operating activities	VII.56	20,261.58	44,861.02
Sub-total of cash inflows from operating activities		3,156,901.31	2,284,173.31
Cash paid for purchase of goods or accepting services		2,404,771.18	1,625,945.19
Net increase in loans and advances to customers			
Net increase in deposits with central bank and with banks and other financial institutions			
Cash paid for original insurance contract claims			
Net increase in loans to banks and other financial institutions			
Cash paid for interests, handling charges and commissions			
Cash paid for policy dividends			
Cash paid to and on behalf of employees		325,102.19	276,025.42
Cash paid for taxes and surcharges		79,303.97	43,024.21
Cash paid for other operating activities	VII.56	16,375.26	35,856.54
Sub-total of cash outflows from operating activities		2,825,552.60	1,980,851.36
Net cash flows from operating activities	VII.57	331,348.71	303,321.95
<b>II. Cash flows from investing activities:</b>			
Cash received from disposal of investments		1,426,205.09	1,141,227.98
Cash received from investment income		19,014.92	14,864.31
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		295.07	2,103.34
Net cash from disposal of subsidiaries and other business units			
Cash received from other investing activities	VII.56	75,144.31	
Subtotal of cash inflows from investing activities		1,520,659.39	1,158,195.63



Item	Notes	2022	2021
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		46,976.97	113,742.63
Cash paid for investments		1,655,500.00	1,339,007.97
Net increase in pledge loans			
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities			
Sub-total of cash outflows from investing activities		1,702,476.97	1,452,750.60
Net cash flows from the investing activities		-181,817.58	-294,554.97
<b>III. Cash flows from financing activities:</b>			
Cash received from investors			
Including: cash received by subsidiaries from investments of minority shareholders			
Cash received from borrowings		9,000.00	38,633.93
Cash received from other financing activities			
Subtotal of cash inflows from financing activities		9,000.00	38,633.93
Cash paid for debt repayments		28,797.40	44,137.86
Cash paid for distribution of dividends and profits or payment of interests		36,347.07	32,367.12
Including: dividends and profit paid to minority shareholders by subsidiaries		119.00	
Cash paid for other financing activities	VII.56	4,498.37	9,011.01
Sub-total of cash outflows from financing activities		69,642.84	85,515.99
Net cash flows from financing activities		-60,642.84	-46,882.06
<b>IV. Effect of fluctuation in exchange rate on cash and cash equivalents</b>		<b>2,705.63</b>	<b>-2,004.09</b>
<b>V. Net increase in cash and cash equivalents</b>	VII.57	<b>91,593.92</b>	<b>-40,119.17</b>
Plus: beginning balance of cash and cash equivalents	VII.57	117,078.06	157,197.23
<b>VI. Ending balance of cash and cash equivalents</b>	VII.57	<b>208,671.98</b>	<b>117,078.06</b>

Legal representative: Yu Yi Person in charge of accounting affairs: Li Peng Person in charge of accounting department: Yao Baoqin

## Statement of Cash Flows of the Parent Company

January-December 2022

Unit: RMB'0,000

Item	Notes	2022	2021
<b>I. Cash flows from operating activities:</b>			
Cash received from sale of goods and rendering of services		2,631,632.73	1,924,453.53
Refunds of taxes and surcharges		4,438.39	10,955.92
Cash from other operating activities		40,042.01	69,648.26
Sub-total of cash inflows from operating activities		2,676,113.13	2,005,057.71
Cash paid for purchase of goods or accepting services		2,311,020.62	1,491,427.42
Cash payments to and on behalf of employees		239,301.87	196,975.33
Cash paid for taxes and surcharges		58,878.58	22,613.02
Cash paid for other operating activities		13,342.38	26,986.04
Sub-total of cash outflows from operating activities		2,622,543.45	1,738,001.81
Net cash flows from operating activities		53,569.68	267,055.90
<b>II. Cash flows from investing activities:</b>			
Cash received from disposal of investments		1,454,055.24	1,186,171.08
Cash received from investment income		120,032.11	34,477.43

Item	Notes	2022	2021
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		33.49	5.28
Net cash from disposal of subsidiaries and other business units			
Cash received from other investing activities			
Subtotal of cash inflows from investing activities		1,574,120.84	1,220,653.79
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		34,869.08	92,545.08
Cash paid for investments		1,726,354.12	1,375,520.00
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities			
Sub-total of cash outflows from investing activities		1,761,223.20	1,468,065.08
Net cash flows from the investing activities		-187,102.36	-247,411.29
<b>III. Cash flows from financing activities:</b>			
Cash received from investors			
Cash received from borrowings		9,000.00	
Cash received from other financing activities		814,379.14	348,763.18
Subtotal of cash inflows from financing activities		823,379.14	348,763.18
Cash paid for debt repayments		9,000.00	44,137.86
Cash paid for distribution of dividends and profits or payment of interests		38,888.18	33,841.83
Cash paid for other financing activities		633,983.45	286,321.51
Sub-total of cash outflows from financing activities		681,871.63	364,301.20
Net cash flows from financing activities		141,507.51	-15,538.02
<b>IV. Effect of fluctuation in exchange rate on cash and cash equivalents</b>		1,911.11	-1,514.57
<b>V. Net increase in cash and cash equivalents</b>		9,885.94	2,592.02
Plus: beginning balance of cash and cash equivalents		92,183.62	89,591.60
<b>VI. Ending balance of cash and cash equivalents</b>		102,069.56	92,183.62

Legal representative: Yu Yi Person in charge of accounting affairs: Li Peng Person in charge of accounting department: Yao Baoqin

# Consolidated Statement of Changes in Owners' Equity

January-December 2022

Unit: RMB'0,000

Item	2022												Total owners' equity		
	Equity attributable to owners of the parent company											Minority equity			
	Paid-in capital (or share capital)	Preferred shares	Perpetual bond	Others	Capital reserve	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profit			Others	Sub-total
<b>I. Balance as at the end of the last year</b>	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: changes in accounting policies															
Correction of accounting errors in prior periods															
Business combination under common control															
Others															
<b>II. Balance as at the beginning of this year</b>	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
<b>III. Increases/decreases in the current period ("-" for decreases)</b>							-15,622.29	-4,174.08	15,739.15		100,149.09		96,091.87	196,336.68	292,428.55
(I) Total comprehensive income							-10,205.46				145,740.91		135,535.45	-733.84	134,801.61
(II) Capital contributed or reduced by owners														197,189.65	197,189.65
1. Common stock contributed by owners															
2. Capital invested by the holders of other equity instruments															
3. Amounts of share-based payments recognized in owner's equity															
4. Others														197,189.65	197,189.65
(III) Profit distribution									15,187.33		-50,558.17		-35,370.84	-119.13	-35,489.97
1. Withdrawal of surplus reserves									15,187.33		-15,187.33				
2. Withdrawal of general risk reserves															
3. Profit distributed to owners (or shareholders)											-35,370.84		-35,370.84	-119.13	-35,489.97
4. Others															
(IV) Internal carry-forward of owners' equity							-5,416.83		541.68		4,875.15				
1. Conversion of capital reserves into paid-in capital (or share capital)															
2. Conversion of surplus reserves into paid-in capital (or share capital)															
3. Surplus reserves offsetting losses															
4. Forwarding of retained gains from changes in remeasurement of defined benefit plans															
5. Transfer of other comprehensive income into retained earnings							-5,416.83		541.68		4,875.15				
6. Others															
(V) Special reserves								-4,174.08					-4,174.08		-4,174.08
1. Withdrawal in this period								44,150.31					44,150.31		44,150.31
2. Amount used in this period								48,324.39					48,324.39		48,324.39
(VI) Others									10.14		91.20		101.34		101.34
<b>IV. Balance as at the end of this period</b>	442,135.48				424,802.17		-1,444.22	19,861.60	193,822.46		1,291,121.48		2,370,298.97	197,959.04	2,568,258.01



Item	2021													Owners' equity Total
	Equity attributable to owners of the parent company												Minority equity	
	Paid-in capital (or share capital)	Other equity instruments	Capital reserve	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profit	Others	Sub-total	Minority equity		
<b>I. Balance as at the end of the last year</b>	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: changes in accounting policies							-20.02		-181.45		-201.47		-201.47	
Correction of accounting errors in prior periods														
Business combination under common control														
Others														
<b>II. Balance as at the beginning of this year</b>	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	
<b>III. Increases/decreases in the current period ("-" for decreases)</b>					2,437.54	-2,871.91	6,292.42		3,444.52		9,302.57	206.66	9,509.23	
(I) Total comprehensive income					5,368.69				36,979.89		42,348.58	206.77	42,555.35	
(II) Capital contributed or reduced by owners														
1. Common stock contributed by owners														
2. Capital invested by the holders of other equity instruments														
3. Amounts of share-based payments recognized in owner's equity														
4. Others														
(III) Profit distribution							5,921.77		-36,871.25		-30,949.48	-0.11	-30,949.59	
1. Withdrawal of surplus reserves							5,921.77		-5,921.77					
2. Withdrawal of general risk reserves														
3. Profit distributed to owners (or shareholders)									-30,949.48		-30,949.48	-0.11	-30,949.59	
4. Others														
(IV) Internal carry-forward of owners' equity					-2,931.15		293.11		2,638.04					
1. Conversion of capital reserves into paid-in capital (or share capital)														
2. Conversion of surplus reserves into paid-in capital (or share capital)														
3. Surplus reserves offsetting losses														
4. Forwarding of retained gains from changes in remeasurement of defined benefit plans														
5. Transfer of other comprehensive income into retained earnings					-2,931.15		293.11		2,638.04					
6. Others														
(V) Special reserves							-2,871.91				-2,871.91		-2,871.91	
1. Withdrawal in this period							31,350.84				31,350.84		31,350.84	
2. Amount used in this period							34,222.75				34,222.75		34,222.75	
(VI) Others							77.54		697.84		775.38		775.38	
<b>IV. Balance as at the end of this period</b>	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	

Legal representative: Yu Yi Person in charge of accounting affairs: Li Peng Person in charge of accounting department: Yao Baoqin

## Statement of Changes in Owners' Equity of the Parent Company

January-December 2022

Unit: RMB'0,000

Item	2022							Total owners' equity			
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income		Special reserves	Surplus reserves	Undistributed profits
		Preferred shares	Perpetual bond	Others							
<b>I. Balance as at the end of the last year</b>	442,135.48				424,538.80		10,966.24	22,730.29	177,118.73	883,383.68	1,960,873.22
Plus: changes in accounting policies											
Correction of accounting errors in prior periods											
Others											
<b>II. Balance as at the beginning of this year</b>	442,135.48				424,538.80		10,966.24	22,730.29	177,118.73	883,383.68	1,960,873.22
<b>III. Increases/decreases in the current period ("-" for decreases)</b>											
(I) Total comprehensive income							-15,229.51	-4,039.35	15,739.15	106,281.51	102,751.80
(II) Capital contributed or reduced by owners							-9,812.68			151,873.33	142,060.65
1. Common stock contributed by owners											
2. Capital invested by the holders of other equity instruments											
3. Amounts of share-based payments recognized in owner's equity											
4. Others											
(III) Profit distribution											
1. Withdrawal of surplus reserves									15,187.33	-50,558.17	-35,370.84
2. Profit distributed to owners (or shareholders)									15,187.33	-15,187.33	
3. Others										-35,370.84	-35,370.84
(IV) Internal carry-forward of owners' equity											
1. Conversion of capital reserves into paid-in capital (or share capital)							-5,416.83		541.68	4,875.15	
2. Conversion of surplus reserves into paid-in capital (or share capital)											
3. Surplus reserves offsetting losses											
4. Forwarding of retained gains from changes in remeasurement of defined benefit plans											
5. Transfer of other comprehensive income into retained earnings							-5,416.83		541.68	4,875.15	
6. Others											
(V) Special reserves											
1. Withdrawal in this period									-4,039.35		-4,039.35
2. Amount used in this period									36,773.88		36,773.88
(VI) Others											
<b>IV. Balance as at the end of this period</b>	442,135.48				424,538.80		-4,263.27	18,690.94	192,857.88	989,665.19	2,063,625.02

Item	2021										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
		Preferred shares	Perpetual bond	Others							
<b>I. Balance as at the end of the last year</b>	442,135.48				424,538.80		8,451.57	25,283.41	170,846.66	857,884.47	1,929,140.39
Plus: changes in accounting policies									-20.35	-183.14	-203.49
Correction of accounting errors in prior periods											
Others											
<b>II. Balance as at the beginning of this year</b>	442,135.48				424,538.80		8,451.57	25,283.41	170,826.31	857,701.33	1,928,936.90
<b>III. Increases/decreases in the current period ("-" for decreases)</b>							2,514.67	-2,553.12	6,292.42	25,682.35	31,936.32
(I) Total comprehensive income							5,445.82			59,217.72	64,663.54
(II) Capital contributed or reduced by owners											
1. Common stock contributed by owners											
2. Capital invested by the holders of other equity instruments											
3. Amounts of share-based payments recognized in owner's equity											
4. Others											
(III) Profit distribution											
1. Withdrawal of surplus reserves									5,921.77	-36,871.25	-30,949.48
2. Profit distributed to owners (or shareholders)									5,921.77	-5,921.77	
3. Others										-30,949.48	-30,949.48
(IV) Internal carry-forward of owners' equity							-2,931.15		293.11	2,638.04	
1. Conversion of capital reserves into paid-in capital (or share capital)											
2. Conversion of surplus reserves into paid-in capital (or share capital)											
3. Surplus reserves offsetting losses											
4. Forwarding of retained gains from changes in remeasurement of defined benefit plans											
5. Transfer of other comprehensive income into retained earnings							-2,931.15		293.11	2,638.04	
6. Others											
(V) Special reserves								-2,553.12			-2,553.12
1. Withdrawal in this period								27,259.29			27,259.29
2. Amount used in this period								29,812.41			29,812.41
(VI) Others									77.54	697.84	775.38
<b>IV. Balance as at the end of this period</b>	442,135.48				424,538.80		10,966.24	22,730.29	177,118.73	883,383.68	1,960,873.22

Legal representative: 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) Incorporation

Offshore Oil Engineering Co., Ltd. (the COOEC) was established on April 20, 2000 by China National Petroleum Engineering Design Corporation, China National Petroleum Platform Manufacturing Corporation, China National Petroleum Offshore Engineering Corporation, China National Offshore Oil Bohai Company Limited and China National Offshore Oil Nanhai West Company Limited. The Unified Social Credit Code of the COOEC is 91120116722950227Y. The COOEC was listed on the Shanghai Stock Exchange on February 5, 2002 and operates in mining auxiliary activities. As of December 31, 2022, the total accumulated issued share capital of the COOEC was 4,421,354,800 shares with a registered capital of RMB4,421,354,800. Its registered office is at Room 202-F105, 2nd Floor, Podium of Lagang Building, No. 82 West 2nd Road, Tianjin Pilot Free Trade Zone (Airport Economic Zone), and its head office is located at No. 199, Binhai 15th Road, Tianjin Port Free Trade Zone, legal representative: Yu Yi.

##### (2) Business scope

The COOEC's main business activities are general contracting; design of oil and gas (offshore oil) and construction projects; planning and evaluation consulting of oil and gas projects; construction of various types of offshore oil construction projects and other marine projects; construction of land-based petrochemical projects; production and installation of various types of steel structures and grids; design and manufacture of pressure vessels, design of pressure pipelines; research and development, manufacture and sales of electric and instrumentation automation products, quality control and inspection, physical and chemical, measurement and mapping and related technical services; the export business of the enterprise's own products and technologies; the import of raw and auxiliary materials, instruments and meters, machinery equipment, spare parts and technologies required for the production of the enterprise; the import processing; contracting of offshore oil projects and domestic international bidding projects; contracting survey, consultation, design and supervision of the above overseas projects; exporting equipment and materials required for the above overseas projects; dispatching laborers required for the implementation of the above overseas projects; domestic coastal general cargo ship transportation; international general cargo transportation; leasing of owned houses; the sale of steel, pipe fittings, cables, valves, instruments, hardware and electricity (projects that are subject to approval according to the law can only be operated with the approval by relevant departments).

##### (3) The COOEC's initial issue of shares

The COOEC issued 80 million shares of public stock on January 21, 2002, as approved by the China Securities Regulatory Commission (ZJFXZ [2002] No. 2 Document). After the fund raising, the COOEC's shares were listed on the Shanghai Stock Exchange on February 5, 2002 with the stock code: 600583. The change of business registration was completed on July 9, 2002, and the changed business license number is 1200001000326, with registered capital of RMB250 million.

##### (4) The successive capital increases after the initial issue of the COOEC's shares

- 1) At the first extraordinary General Meeting in 2003, the COOEC adopted the Plan to Increase the Capital Stock of the COOEC by Transferring Capital Stock to 1 share for every 10 shares of capital stock, based on the total share capital of 250,000,000 shares. After the completion of the capital transfer program, the total share capital of the COOEC was 275 million shares, of which 88 million shares were outstanding. On January 12, 2004, the COOEC completed the registration of the change of industrial and commercial registration, and the changed registered capital is RMB275 million.
- 2) At the 2003 Annual General Meeting, the COOEC adopted the Plan for the Transfer of Capital Stock and Undistributed Profits to Share Capital, whereby 27.5 million shares were transferred to all shareholders from capital stock at a ratio of 1 share for every 10 shares, and 27.5 million bonus shares were distributed to all shareholders from undistributed profits at a ratio of 1 share for every 10 shares and 27.5 million shares were transferred to all shareholders from undistributed profit at the ratio of 1 share per 10 shares, implying a total increase in share capital by 55 million shares. On October 27, 2004, the COOEC completed the registration of the change of business registration, and the changed registered capital was RMB330 million.
- 3) At the 2004 annual general meeting, the COOEC approved the 2004 Profit Distribution Plan and the 2004 Capital Stock Transfer Plan, whereby 330 million shares were distributed as bonus shares to all shareholders on the basis of the total share capital of 330 million shares at the ratio of 1 share for every 10 shares and 330 million shares were transferred to all shareholders from undistributed profits at the ratio of 1 share for every 10 shares and 33 million shares were transferred to all shareholders from capital reserve at the ratio of 1 share per 10 shares. The profit distribution and transfer program increased the share capital by 66 million shares in total. The COOEC completed the registration of industrial and commercial changes on July 15, 2005, and the changed registered capital was RMB396 million.
- 4) At the 2005 annual general meeting, the COOEC approved the 2005 Profit Distribution Plan and the 2005 Capitalization of the COOEC's Capital Provident Fund, under which 277.2 million bonus shares were distributed to all shareholders from undistributed profits on the basis of the total share capital of 396 million shares at a ratio of 7 shares per 10 shares



as stock dividends, and 118.8 million shares were transferred to all shareholders from capital reserve at the ratio of 3 shares per 10 shares. The profit distribution and transfer program increased the share capital by 396 million shares in total. The COOEC completed the registration of industrial and commercial changes on January 31, 2007, and the changed registered capital was RMB792 million.

- 5) At the 2006 annual general meeting, the COOEC approved the 2006 Profit Distribution Plan of the COOEC, under which bonus shares of 158.4 million shares were distributed as stock dividends to all shareholders with undistributed profits based on the total share capital of 792 million shares at a ratio of 2 shares for every 10 shares. The COOEC completed the registration of industrial and commercial changes on September 6, 2007, and the changed registered capital was RMB950.4 million.
- 6) At the 2007 annual general meeting, the COOEC approved the 2007 Profit Distribution Plan of the COOEC, under which 475.2 million bonus shares were distributed to all shareholders from undistributed profits based on the total share capital of 950.4 million shares at the ratio of 5 shares per 10 shares as stock dividends, and 475.2 million shares were transferred to all shareholders from capital reserve at the ratio of 5 shares per 10 shares. The profit distribution and transfer program increased the share capital by a total of 950.4 million shares. The COOEC completed the registration of industrial and commercial changes on July 31, 2008, and the changed registered capital is RMB1,900,800,000.
- 7) As approved by the China Securities Regulatory Commission under ZJXK [2008] No. 1091 document, the COOEC issued 260,000,000 RMB ordinary shares (A shares) to eight specific investors, including China National Offshore Oil Corporation, by way of non-public offering of shares. After the funds were raised, the registration of the A shares and the restriction of sale of shares were completed on December 29, 2008 at the Shanghai Branch of China Securities Depository and Clearing Corporation, and the registration of industrial and commercial changes was completed on February 16, 2009, with the changed registered capital of RMB2,180,800,000.
- 8) At the 2008 annual general meeting, the COOEC approved the 2008 Profit Distribution Plan of the COOEC, under which 2160.8 million bonus shares were distributed to all shareholders from undistributed profits at the ratio of 1 share for every 10 shares based on the total share capital of 2160.8 million shares, and 864.32 million shares were transferred to all shareholders from the capital reserve at the ratio of 4 shares for every 10 shares. The profit distribution and transfer program increased the share capital by a total of 1,080,400,000 shares. The COOEC completed the registration of industrial and commercial changes on December 31, 2009, and the changed registered capital was RMB3,241,200,000.
- 9) At the 2009 annual general meeting, the COOEC adopted the 2009 Annual Capital Transfer Plan, whereby the COOEC increased its share capital by 648,240,000 shares to all shareholders by transferring 2 shares for every 10 shares to a total share capital of 3,241,200,000 shares, increased capital stock by 648.24 million shares. The changed registered capital is RMB3,889,440,000.
- 10) As approved by the China Securities Regulatory Commission under SEC License No. [2013] 1180, the COOEC issued RMB531,194,800 ordinary shares (A shares) to six specific investors, including China National Offshore Oil Corporation, by way of non-public offering of shares. After the availability of the proceeds, the registration of the A shares and the share restriction procedures of the non-public offering were completed on October 9, 2013 at the Shanghai Branch of China Securities Depository and Clearing Corporation, and the industrial and commercial change of registration was completed on October 14, 2013, with the changed registered capital of RMB4,421,354,800.

#### (5) Changes in the shareholdings of the COOEC's promoters

- 1) On September 28, 2003, China National Offshore Oil Corporation (CNOOC), the actual controller of the COOEC, became the largest shareholder of the COOEC by acquiring a total of 159,233,800 shares held by CNOOC Platform Manufacturing Company, CNOOC Offshore Engineering Company and CNOOC Engineering Design Company, the founders of the COOEC, by agreement without compensation, accounting for 57.91% of the total number of shares of the COOEC at that time. The transfer of shares was completed on February 13, 2004. The three founding companies, CNOOC Platform Manufacturing Company, CNOOC Offshore Engineering Company and CNOOC Engineering Design Company, no longer held shares of the COOEC.
- 2) With the Approval on Issues Relating to the Equity Subdivision Reform of Offshore Oil Engineering Co., Ltd. by the State-owned Assets Supervision and Administration Commission of the State Council (GZCQ [2006] No.2) and the shareholder's meeting held on January 16, 2006 to consider and approve the share subdivision reform plan of the COOEC, the shareholders of the COOEC's non-circulating shares paid their shares to the shareholders of the COOEC registered with the China Securities Depository and Clearing Corporation Shanghai Branch on January 20, 2006, the non-circulating shareholders of the COOEC paid 2.4 shares of stock for every 10 shares of the COOEC, and the non-circulating shareholders paid a total of 30,412,800 shares. After the implementation of the consideration, the number of shares held by non-circulating shareholders of the COOEC were 203,399,600 shares, 1,414,800 shares and 34,052,800 shares, with the shareholding ratio of 51.36%, 0.36% and 8.60%, respectively, of China National Offshore Oil Corporation, China National Offshore Oil Bohai Company Limited and China National Offshore Oil Nanhai West Company Limited. On the first trading day after the implementation of the stock split reform, the non-floating shares held by all non-floating shareholders of the COOEC were granted the right to be listed and circulated.

- 3) As approved by the China Securities Regulatory Commission under ZJXK [2008] No. 1091 document, the COOEC issued 260,000,000 RMB ordinary shares (A shares) to eight specific investors, including China National Offshore Oil Corporation, by way of non-public offering of shares. After the funds were raised, the registration of the A shares and the share restriction procedures of the non-public offering were completed on December 29, 2008 at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. After the completion of this directed issue, the number of shares held by China National Offshore Oil Corporation, China National Offshore Oil Nanhai West Company Limited and China National Offshore Oil Bohai Company Limited are 1,054,318,252 shares, 163,453,282 shares and 6,791,026 shares respectively, with the shareholding ratio of 48.79%, 7.56% and 0.32% respectively.
- 4) As approved by the China Securities Regulatory Commission with ZJXK [2013] No. 1180 Document, the COOEC issued 531,914,800 RMB ordinary shares (A shares) by way of non-public offering to six specific investors including China National Offshore Oil Corporation. After the funds were raised, the registration of the A shares and the share restriction procedures of the non-public offering were completed on October 9, 2013 at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. After the completion of this directed issue, the number of shares held by China National Offshore Oil Corporation, China National Offshore Oil Nanhai West Company Limited and China National Offshore Oil Bohai Company Limited were 2,270,113,454 shares, 294,215,908 shares and 12,223,847 shares respectively, with the shareholding ratio of 51.34%, 6.65% and 0.28% respectively.
- 5) In 2015, China National Offshore Oil Corporation, the controlling shareholder of the COOEC, and China National Offshore Oil Finance Company Limited, a person acting in concert, bought 856,100 shares and 1,571,800 shares of the COOEC through the trading system of Shanghai Stock Exchange from July 9, 2015 to August 25, 2015, respectively. After the purchase, the number of shares held by China National Offshore Oil Corporation and CNOOC Finance Co., Ltd. were 2,270,969,554 shares and 1,571,800 shares respectively, with the shareholding ratio of 51.36% and 0.04% respectively.
- 6) In accordance with the relevant state arrangements, in October 2018, China National Offshore Oil Corporation transferred its 3% shares of the COOEC of 132,640,600 shares to the CSI Central Enterprises Structure Adjustment Trading Open-ended Index Securities Investment Fund managed by Huaxia Fund, Boshi Fund and Yinhua Fund, respectively, in exchange for the Central Enterprises Structure Adjustment ETF Fund. Upon completion of the subscription, the shareholding of China National Offshore Oil Corporation in the COOEC was reduced from 2,270,969,554 shares to 2,138,328,954 shares, and the shareholding ratio was reduced from 51.36% to 48.36%.

The parent company of the COOEC and the effective controller is China National Offshore Oil Corporation.

The financial statements were approved by the Board of Directors of the COOEC for disclosure on March 17, 2023.

## 2. Scope of consolidated financial statements

Applicable  Not applicable

See "Note VIII Changes in the scope of consolidation" for details of changes in the scope of consolidation in the reporting period.

See "Note IX Equity in other entities" for details about subsidiaries of the COOEC.

## IV. Basis of preparation for financial statements

### 1. Preparation basis

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises — Basic Standards issued by the Ministry of Finance and all the specific accounting standards, Application Guidance to the Accounting Standards for Business Enterprises, the interpretation of the Accounting Standards for Business Enterprises and other relevant provisions (hereinafter referred to as the "Accounting Standards for Business Enterprises"), as well as the disclosure provisions of the Rules for the Compilation and Submission of Information Disclosure by Companies Offering Securities to the Public No.15 - General Requirements for Financial Reports issued by the China Securities Regulatory Commission.

### 2. Going concern

Applicable  Not applicable

The financial statements are prepared on a going-concern basis.

## V. Significant accounting policies and accounting estimates

Tips of specific accounting policies and accounting estimates:

Applicable  Not applicable

### 1. Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements meet the Accounting Standards for Business Enterprises issued by the Ministry of Finance and truly and completely reflect the consolidated and parent company's financial position as at December 31, 2022 and consolidated

and parent company's operating results and cash flows for the year then ended.

## 2. Accounting period

The accounting year is from January 1 to December 31 in calendar year.

## 3. Business cycle

Applicable  Not applicable

The COOEC's operating cycle is 12 months.

## 4. Recording currency

The bookkeeping base currency of the COOEC and its domestic subsidiaries, COOEC Subsea Technology Co., Ltd., Offshore Oil Engineering (Qingdao) Co., Ltd., Offshore International Engineering Co., Ltd., Offshore Oil Engineering (Zhuhai) Co., Ltd., and COOEC-Fluor Heavy Industries Co., Ltd. is RMB.

The local currency of the COOEC's overseas subsidiaries, Offshore Engineering International Limited, COOEC Nigeria Limited, Offshore Oil Engineering Co., Ltd. Nigeria Free Trade Zone Company, Blue Ocean International Limited and its holding company, Gaotai Deep Sea Technology Limited (formerly known as Kotai Limited), is in US dollars.

Offshore Oil Engineering Indonesia Ltd. is denominated in Indonesian rupiah.

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

COOEC Canada Co., Ltd. uses the Canadian dollar as the recording currency.

The Thai company of COOEC International Co., Ltd. uses the Thai baht as the recording currency.

The Brazilian company of Offshore Oil Engineering International Co., Ltd. uses the Brazilian real as the recording currency.

The financial statements are shown in RMB.

## 5. Accounting treatment of business combinations under and not under common control

Applicable  Not applicable

Business combination under common control: Assets and liabilities acquired from business combination by the acquirer (including the goodwill formed by the ultimate controller's acquisition of the acquiree) are measured at the book value of assets and liabilities of the acquiree in the financial statements of the ultimate controller on the combination date. Capital stock premium in the capital reserves should be adjusted according to the difference between the book value of net asset acquired from the combination and that of consideration (total face value of the shares issued) paid for the combination. In case the capital stock premium is not enough, the retained earnings need to be adjusted.

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

Direct expenses arising from the business combination shall be included in current profit or loss on the occurrence date. Transaction expenses on equity or debt securities issued by the acquirer for the purpose of the combination consideration will be included in the initially recognized amount of equity or debt securities.

## 6. Preparation of the consolidated financial statements

Applicable  Not applicable

### (1) Consolidation scope

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

### (2) Consolidation procedures

The COOEC deems the whole enterprise group as a single accounting entity and prepares consolidated financial statements in accordance with unified accounting policies to reflect the overall financial position, operating results and cash flows. The influence of internal transactions between the COOEC and its subsidiaries and between subsidiaries shall be offset. When internal trading indicates that related assets are impaired, they will be fully recognized. If the accounting policy and the accounting period adopted by a subsidiary are inconsistent with that of the COOEC, in preparing consolidated financial statements, necessary adjustments shall be made in accordance with the COOEC's accounting policy and accounting period.

The share of owners' equity, current net profit or loss, and current comprehensive income of subsidiaries attributable to minority owners shall be respectively and separately listed in the owners' equity of the consolidated balance sheet, the net profit and the total comprehensive income item of the consolidated income statement. If the share of the current losses attributable to the minority shareholders of a subsidiary exceeds the share of the owners' equity attributable to minority shareholders of the subsidiary at the beginning of the period, the balance is allocated against the minority equity.

#### 1) Increase of subsidiaries or business

During the reporting period, if a subsidiary or business is included as a result of a business combination under common control, the operating results and cash flows of the subsidiary or business combination from the beginning of the period to the end of the reporting year are included in the consolidated financial statements, while the beginning of the consolidated financial statements and the related items in the comparative statements are adjusted as if the consolidated reporting entity had existed since the point when the ultimate controller began to control it.

If the COOEC is able to exercise control over an investee under common control due to additional investment, etc., equity investments held before the control over the combinee is obtained, the related gains and losses, other comprehensive income as well as other changes in net assets recognized from the later of the date when the original equity is obtained or the date when the acquirer and the acquiree are under common control, to the combination date will respectively write down the retained earnings or current profit or loss in the comparative statements.

During the reporting period, if the COOEC acquires subsidiaries or business from the business combination not under common control, such subsidiaries or business shall be included in consolidated financial statements from the acquisition date at the fair value of identifiable assets, liabilities and contingent liabilities determined on the acquisition date.

If there is control over the investee not under the common control due to additional investments or other reasons, for the equity of the acquiree held before the acquisition date, the COOEC will re-measure the equity on the acquisition date at its fair value and include the difference between the fair value and book value in current investment income. Other comprehensive income and other changes in owners' equity under the equity method that are involved in the equity of the acquiree held prior to the acquisition date and can be reclassified into profit or loss later are transferred to investment income of the period to which the acquisition date belongs.

#### 2) Disposal of subsidiaries

##### ① General method of disposal

For the remaining equity investments after the disposal, the COOEC will re-measure the same at the fair value on the date when it loses control over the investee due to disposal of partial equity investment or other reasons. The sum of the consideration of equity disposal and the fair value of the remaining equity, less the sum of the share of net assets of the subsidiary attributable to the COOEC calculated continuously since the acquisition date or the combination date according to the original shareholding ratio and the goodwill, shall be included in the investment income for this period when the control is lost. Other comprehensive income and other changes in owners' equity under the equity method that are related to the equity investment of original subsidiaries and can be reclassified into profit or loss later are transferred to investment income for this period upon the loss of control power.

##### ② Disposal of subsidiaries by stages

Where the COOEC disposes the equity investments in subsidiary through multiple transactions and by stages until it loses the control, if the effect of the disposal on the terms and conditions of all transactions of equity investments in subsidiary and economic effect meet one or more of the following circumstance, it usually indicates that the multiple transactions should be accounted for as a package deal:

- i. The transactions are concluded at the same time or under the consideration of mutual effect;
- ii. The transactions as a whole can reach a complete business result.
- iii. The occurrence of a transaction depends on that of at least one other transactions; and/or
- iv. A single transaction is uneconomical but it is economical when considered together with other transactions.

If the transactions for the disposal of equity investment in subsidiaries that leads to the loss of control are under a package of transactions, the COOEC treats all such transactions as one transaction through which the COOEC disposes of its equity in the subsidiary and loses its control over such subsidiary; the difference between the proceeds from each transaction before the COOEC loses its control over the subsidiary and the corresponding share in the net assets of the subsidiary of the disposed-of investment shall be recognized as other comprehensive income in the consolidated financial statements, and shall be included into the loss and profit in this period when the COOEC loses its control over the subsidiary.

If the transactions are not package transactions, before the control loses, related policies governing the partial disposal of equity investments in subsidiaries without losing control will apply; when the control loses, general accounting method for the disposal of subsidiaries will govern.



### 3) Purchase of minority equity of subsidiary

The difference between long-term equity investments acquired by the COOEC through purchase of minority interest and the subsidiary's identifiable net assets attributable to the COOEC calculated continuously from the acquisition date (or the combination date) in accordance with the increased shareholding ratio shall be charged against stock premium within capital reserves in the consolidated balance sheet; when stock premium within capital reserves is insufficient to offset, the retained earnings shall be adjusted.

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

Share premium in the capital reserve under the consolidated balance sheet will be adjusted at the difference between the proceeds achieved from the partial disposal of equity investments in subsidiaries and the share of net assets of subsidiaries attributable to the COOEC corresponding to the disposal of long-term equity investments and calculated constantly from the acquisition date or combination date without losing the control rights. Where the share premium in capital reserve is insufficient to offset, retained earnings will be adjusted.

## 7. Classification of joint venture arrangements and accounting treatment of joint operation

Applicable  Not applicable

Joint venture arrangements are classified into joint operation and joint venture.

Joint operation refers to those joint venture arrangements under which the joint venturer is entitled to relevant assets and be responsible for relevant liabilities.

The COOEC recognizes the following items relating to the interests share in joint operation:

- (1) Assets it solely holds and its share of jointly-held assets based on its percentage;
- (2) Liabilities it solely assumes and its share of jointly-assumed liabilities based on its percentage;
- (3) Incomes from sale of output enjoyed by it from the joint operation;
- (4) Income from selling the production of the joint operation recognized based on the shares held by the COOEC; and
- (5) Separate costs and costs for the joint operation based on the shares held by the COOEC.

The COOEC's investments in its joint ventures are calculated under the equity method. For details, please refer to "Note V.21 Long-term equity investments".

## 8. Recognition criteria of cash and cash equivalents

Cash refers to the COOEC's cash on hand and the unrestricted deposits. Cash equivalents refer to the short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

## 9. Foreign currency transactions and translation of foreign currency financial statements

Applicable  Not applicable

### (1) Foreign currency transactions

Foreign currency transactions are recorded in RMB using the market exchange rate announced by the People's Bank of China on the last business day of the previous month when the transactions occur.

The balance of foreign currency monetary items as at the balance sheet date are translated at the spot exchange rate on the balance sheet date and the exchange differences arising therefrom shall be included in the current profit or loss, except those exchange differences arising from the special borrowings of foreign currency related to the acquired and constructed assets qualified for capitalization that will be capitalized at the borrowing expenses.

### (2) Translation of foreign currency financial statements

Assets and liabilities in the balance sheet are translated at the spot exchange rates on balance sheet date; owners' equity items, except for the item of "undistributed profits", are translated at the spot exchange rates on the dates when the transactions occur. Income and expense items in the income statement are translated using the arithmetic average of the market exchange rates published by the People's Bank of China on the first and last business days of the month when the transactions occur.

Where the COOEC disposes of an overseas business, it shall transfer the exchange difference relating to the overseas business to the current profit or loss.

## 10. Financial Instruments

Applicable  Not applicable

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

**(1) Classification**

Based on the business model of managing financial assets and the contractual cash flow characteristics of financial assets, the COOEC classifies upon initial recognition financial assets into financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through current profit or loss.

The COOEC classifies financial assets that are not designated as those measured at fair value through current profit or loss as financial assets measured at amortized cost if they both meet the following conditions:

- A business model is to collect contractual cash flows;
- The contractual terms are only payments of principal and interest based on the outstanding principal.

The COOEC classifies as financial assets at fair value through other comprehensive income financial assets (debt instruments) that are not designated those measured at fair value through current profit or loss if they meet the following criteria:

- The business model is both to collect the contractual cash flows and to sell the financial asset;
- The contractual terms are only payments of principal and interest based on the outstanding principal.

For investments in equity instrument not held for trading, the COOEC will upon initial recognition designate them as financial assets (equity instrument) measured at fair value through other comprehensive income. This designation is made on an individual investment basis and the related investment meets the definition of an equity instrument from the perspective of the issuer.

The COOEC classifies financial assets except financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income, as financial assets measured at fair value through current profit or loss. On initial recognition, if it can eliminate or significantly reduce accounting mismatch, the COOEC irrevocably designates some financial assets that should be measured at amortized cost or at fair value through other comprehensive income as financial assets at fair value through current profit or loss.

Financial liabilities at their initial recognition, are divided into the financial liabilities measured at fair value through current profit or loss and financial liabilities measured at amortized cost.

Financial liabilities meeting one of the following conditions can, at the time carrying out the initial recognition, be designated to the financial liabilities measured at fair value through the current profit or loss:

- 1) The designation eliminates or significantly reduces accounting mismatches.
- 2) Management and performance evaluation of the financial liability portfolio or portfolio of financial assets and financial liabilities on a fair value basis in accordance with the enterprise risk management or investment strategy as set out in a formal written document, and reporting to key officers on this basis within the COOEC.
- 3) The financial liability contains embedded derivative needed to be separated.

**(2) Recognition basis and measurement methods of financial instruments****1) Financial assets measured at amortized cost**

Financial assets measured at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables, and debt investments, etc., which are initially measured at fair value, and related transaction expenses are included in the amount upon initial recognition; accounts receivable that do not contain a significant financing component and that the COOEC decides not to consider those with a financing component not exceeding one year are initially measured at the contract transaction price.

During the holding period, the interest calculated with the effective interest method shall be included in the current profit or loss.

Upon recovery or disposal, the difference between the purchase price obtained and the book value of such financial asset is included in current profit or loss.

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

Financial assets (debt instruments) measured at fair value through other comprehensive income include financing of accounts receivable, other debt investments, etc., which are initially measured at fair value, and related transaction expenses are included in the initial recognition amount. The financial assets are subsequently measured at fair value. Changes in fair value, except for interest calculated with the effective interest method, impairment or gains and exchange gains and losses, shall be included in other comprehensive income.

At derecognition, the accumulated gains or losses previously included in other comprehensive income will be transferred from the other comprehensive income to current profit or loss.

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

Financial assets (equity instruments) measured at fair value through the other comprehensive income include other

equity instrument investment, of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognized amount. The financial assets are subsequently measured at fair value. Changes in fair value shall be included in other comprehensive income. The dividends obtained are included in the current profit or loss.

When a financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income and included in retained earnings.

4) Financial assets measured at fair values through current profit or loss

Financial liabilities measured at fair value through current profit or loss include financial liabilities held for trading, derivative financial liabilities and other non-current financial assets, and are measured at fair value upon initial recognition, with the related transaction expenses being included into current profit or loss. The financial assets are subsequently measured at fair value. Changes in fair value shall be included in current profit or loss.

5) Financial liabilities measured at fair value through current profit or loss

Financial liabilities measured at fair value through current profit or loss include financial liabilities held for trading, derivative financial liabilities etc., which are initially measured at fair value, and related transaction expenses are included in current profit or loss. The financial liabilities are subsequently measured at fair value. Changes in fair value shall be included in current profit or loss.

Difference between the fair value and the consideration paid is included in investment income upon derecognition.

6) Financial liabilities measured at amortized cost

Financial assets measured at amortized cost include short-term borrowings, notes receivable, accounts receivable, other receivables, long-term borrowings, bonds payable, long-term payables, etc., which are initially measured at fair value, and related transaction expenses are included in the amount upon initial recognition.

During the holding period, the interest calculated with the effective interest method shall be included in the current profit or loss.

Difference between the consideration paid and the fair value of such financial liabilities is included in current profit or loss upon derecognition.

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

The COOEC will terminate the recognition of the financial assets if:

- Where the contractual rights for collecting the cash flow of the said financial asset are terminated;
- The financial asset has been transferred, and nearly all the risks and rewards associated with ownership of the financial assets have been transferred to the transferee;
- The financial asset has been transferred and the Group has neither transferred nor retained nearly all the risks and rewards associated with the ownership of the financial asset but does not retain the control over the financial asset.

In the event of a transfer of financial asset, the COOEC shall not de-recognize the financial asset if nearly all the risks and rewards associated with the ownership of the financial assets are retained.

The principle of substance over form is adopted to determine whether a financial asset meets the above de-recognition conditions for the financial asset.

The transfer of a financial asset of the COOEC is classified into the entire transfer and the partial transfer of financial asset. If the entire transfer of financial asset satisfies the criteria for de-recognition, the difference between the amounts of the following two items shall be included in the current profit or loss:

- 1) The book value of the financial asset transferred;
- 2) The sum of the consideration received from the transfer and the accumulated amount of the changes in fair value originally and directly included in owners' equity (where the financial asset transferred is a financial asset (debt instrument) measured at fair value through other comprehensive income is involved).

If the partial transfer of financial asset satisfies the criteria for derecognition, the entire book value of the transferred financial asset shall be split into the derecognized and recognized parts according to their respective fair values and the difference between the amounts of the following two items shall be included in the current profit or loss:

- 1) The book value of derecognized part;
- 2) The sum of the consideration received from the derecognition and the amount of the derecognized part in the accumulated amount of the changes in fair value originally and directly included in owners' equity (where the financial asset transferred is a financial asset (debt instrument) measured at fair value through other comprehensive income is involved).

Where the financial assets transfer does not meet the derecognition conditions, the financial asset will be recognized and the consideration received is recognized as a financial liability.

**(4) Derecognition of financial liabilities**

A financial liability shall be wholly or partly derecognized if its present obligations are wholly or partly dissolved. Where the COOEC enters into an agreement with a creditor so as to substitute the existing financial liabilities with any new financial liability, and the new financial liability is substantially different from the contractual stipulations regarding the existing financial liability, it shall derecognize the existing financial liability, and recognize a new one at the same time.

Where substantive changes are made to the contractual terms of an existing financial liability in whole or in part, the existing financial liability or part thereof will be derecognized, and the financial liability the terms of which have been modified will be recognized as a new financial liability.

Where financial liabilities are de-recognized in whole or in part, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets transferred out or new financial liabilities borne) shall be included in the current profit or loss.

Where the COOEC repurchases part of a financial liability, the entire book value of the financial liability shall be split into the derecognized part and continuously-recognized part according to their respective relatively fair values on the repurchase date. The difference between the book value of the derecognized part and the consideration paid (including non-cash assets surrendered or new financial liabilities assumed) shall be included in the current profit or loss.

**(5) Determination method for the fair value of financial assets and financial liabilities**

Fair value of a financial instrument having an active market is determined on the basis of quoted prices in the active market. The fair value of a financial instrument, for which there is no active market, is determined by using valuation techniques. At the time of valuation, the COOEC adopts the valuation techniques that are applicable in the current situation and supported by enough available data and other information, selects the input values that are consistent with the features of assets or liabilities as considered by market participants in relevant asset or liability transactions, and gives priority to use relevant observable inputs. Unobservable input values are used only when relevant observable input values cannot be available or such values obtained are infeasible.

**(6) Testing method and accounting treatment of depreciation of financial assets**

The COOEC estimates the expected credit losses of financial assets measured at amortized cost, financial assets (debt instruments) measured at fair value through other comprehensive income and finance guarantee contract in a single or combined manner.

The COOEC recognizes expected credit losses by calculating the probability-weighted amount of the present value of the difference between the cash flows receivable under the contract and the cash flows expected to be received, taking into account reasonable and substantiated information about past events, current conditions and forecasts of future economic conditions, weighted by the risk of default.

If the credit risk of the financial instrument has increased significantly since the initial recognition, the COOEC measures its loss provision at the expected credit losses for the whole duration of the financial instrument; if the credit risk of the financial instrument has not significantly increased since the initial recognition, the COOEC measures its loss provision at the expected credit losses of the financial instrument within the next 12 months. The increase or reversal of the loss provision is included in the current profit or loss as an impairment loss or gain.

The COOEC assesses whether the credit risk of a financial instrument has increased significantly since initial recognition by comparing the risk of default of the financial instrument at the balance sheet date with the risk of default at the date of initial recognition to determine the relative change in the risk of default over the expected life of the financial instrument. Generally, once the overdue period is more than 30 days, the COOEC may consider that there is obvious increase in credit risk of such financial instrument, unless there is unambiguous evidence that there is no obvious increase in credit risk of such financial instrument following the initial recognition.

If the credit risk of the financial instrument is low on the balance sheet date, the COOEC will immediately consider that there is no obvious increase in credit risk of such financial instrument following the initial recognition.

If there is objective evidence that there is credit loss for a financial asset, the COOEC shall make provision for impairment of the financial asset on a single basis.

For receivables and contract assets resulting from transactions governed by the Accounting Standards for Business Enterprises No. 14 - Revenue (2017), the COOEC consistently measures its allowance for losses at an amount equal to the expected credit loss over the entire life of the asset, whether or not it contains a significant financing component.

For lease receivables, the COOEC has chosen to always measure its loss allowance at an amount equal to the expected credit loss over the entire life of the receivables.

When the COOEC no longer reasonably expects the contractual cash flows of a financial asset to be recovered in whole or in part, it directly writes down the book balance of that financial asset.



**11. Notes receivable**

Determination method and accounting treatment of expected credit losses

Applicable  Not applicable

**12. Accounts receivable**

Recognition and accounting treatment of expected credit losses of accounts receivable

Applicable  Not applicable

The method of determining expected credit losses and accounting treatment for accounts receivable are detailed in Note V.10.(6) Methods of testing and accounting for impairment of financial assets".

**13. Receivables financing**

Applicable  Not applicable

**14. Other receivables**

Determination method and accounting treatment of expected credit losses

Applicable  Not applicable

The method of determining expected credit losses and accounting treatment for other receivable are detailed in Note V.10.(6) Methods of testing and accounting for impairment of financial assets".

**15. Inventories**

Applicable  Not applicable

**(1) Classification and cost of inventories**

Inventories are classified as follows: construction provision and contract performance costs with an amortization period of not more than one year or one normal operating cycle at initial recognition.

Inventories are initially measured at cost, and the inventory cost includes the procurement cost, processing cost and other expenses arising from making the inventory at their present location and condition.

**(2) Measurement method of dispatched inventories**

The inventories are measured at weighted average method when dispatched.

**(3) Recognition basis of the net realizable value of different types of inventories**

On the balance sheet date, the inventories shall be valued at the lower of their costs or net realizable values. When the inventory costs are higher than the net realizable values, the provision for inventory depreciation reserves shall be made. The net realizable values of inventories refer to the amounts of the estimated selling prices of inventories minus the estimated costs to completion, estimated selling expenses and relevant taxes and surcharges.

In normal operation process, for merchandise inventories held directly for sale, including finished goods, stock commodities and held-for-sale materials, their net realizable values are determined at the estimated selling prices minus the estimated selling expenses and relevant taxes and surcharges; in normal production and operation process, for material inventories that need further processing, their net realizable values are determined at the estimated selling prices of finished goods minus estimated costs to completion, estimated selling expenses and relevant taxes and surcharges; for inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories held by the COOEC are more than those specified in sales contracts, the net realizable value of the excess portion of inventories are calculated on the basis of general selling prices.

After the provisions for the inventory depreciation are made, the factors causing any write-down of inventory value have disappeared, leading to the net realizable values of inventories higher than its book value, the amount of write-down shall be resumed and be reversed from the original provision for inventory devaluation with the reversal being included in current profit or loss.

**(4) Inventory system**

Perpetual inventory system is adopted.

**(5) Amortization method of low-cost consumables and packing materials**

- 1) Low-cost consumables: lump-sum amortization method;
- 2) Packaging materials are amortized at lump-sum method.

**16. Contract assets****(1) Recognition method and standards for contract assets**

Applicable  Not applicable

The COOEC presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance of fulfillment obligations and customer payments. If the COOEC has transferred the right to receive consideration for goods transferred or services provided to customers and the right depends on factors other than the passage of time, it is presented as a contract asset. Contract assets and contract liabilities under the same contract are presented by their net amounts. The COOEC's unconditional (only subject to the passage of time) rights to receive consideration from customers are individually presented as receivables.

**(2) Determination method and accounting treatment of expected credit losses of contract assets**

Applicable  Not applicable

The method of determining expected credit losses and accounting treatment for contract assets are detailed in Note V.10(6) Methods of testing and accounting for impairment of financial assets”.

**17. Assets held for sale**

Applicable  Not applicable

The COOEC classifies a non-current asset or disposal group as held for sale if the COOEC recovers its book value primarily through sale (including the exchange of non-monetary assets of a commercial nature) rather than ongoing use.

The COOEC recognizes non-current assets or disposed asset portfolios meeting the following conditions at the same time as assets held for sale:

- 1) According to the general practice for selling such kind of asset or disposed asset portfolio in the similar transaction, the asset or portfolio can be immediately sold in the prevailing circumstance;
- 2) The sale of the asset or portfolio is very likely to happen, which means that the COOEC has made a resolution for one selling plan and had acquired decided purchase commitment, and it is estimated that the sale will be completed within one year. Where the sale can be done only upon the approval of relevant authorities or regulatory authorities of the COOEC as required by relevant provisions, the approval has been obtained.

If the book value of non-current assets (excluding financial assets, deferred tax assets and assets resulting from salary) or disposal groups classified as held for sale is higher than the net fair value less costs to sell, the book value is written down to the net fair value less costs to sell, and the write-down is recognized as impairment on assets and charged to current profit or loss, together with a provision for impairment of assets held for sale.

**18. Debt investment**

**(1) Recognition and accounting treatment of expected credit losses of debt investment**

Applicable  Not applicable

**19. Other debt investment**

**(1) Recognition and accounting treatment of expected credit losses of other debt investment**

Applicable  Not applicable

**20. Long-term receivables**

**(1) Recognition and accounting treatment of expected credit losses of long-term receivables**

Applicable  Not applicable

**21. Long-term equity investments**

Applicable  Not applicable

**(1) Judgment criteria for common control and significant influence**

Common control refers to the control shared over an arrangement in accordance with the relevant stipulations, and the decision-making of related activities of the arrangement should not be made before the party sharing the control right agrees the same. Where the COOEC and other investors exert common control over the investee and the COOEC is entitled to net assets of the investee, the investee is the joint venture of the COOEC.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of the investee, but not the power to control, or jointly control, the formulation of such policies with other parties. Where the COOEC is able to have significant influences on an investee, the investee is its associate.

**(2) Determination of initial investment costs**

- 1) A long-term equity investment as a result of business combination

For long-term equity investments acquired from business combinations under common control, the investment initial cost thereof shall be recognized at the share of book value of the owners' equity of the combine in the consolidated

financial statements of the ultimate controller on the acquisition date. The capital premium in the capital reserve is adjusted according to the difference between the initial investment cost of long-term equity investment and the book value of consideration. If the capital premium in the capital reserves is insufficient to cover the difference, the retained earnings shall be adjusted. In case the COOEC can exercise control over the investee under common control for additional investment or other reasons, the share premium will be adjusted at the difference between the initial investment cost of long-term equity investments recognized in accordance with the above principles and the sum of the book value of long-term equity investments before the combination plus the book value of the new consideration paid for further acquisition of shares on the combination date. If the share premium is insufficient to offset, retained earnings will be offset.

For long-term equity investment as a result of business combination not under common control, the COOEC determines the combination cost determined on the purchase date as the initial cost of long-term equity investments. Where additional investment or other reasons make the control over the investee not under common control possible, the initial investment cost will be the sum of the book value of the equity investments previously held and the newly increased investment costs.

2) Long-term equity investments obtained by means other than business combination

For long-term equity investments acquired from cash payment, the initial investment cost is the actually paid purchasing cost.

For a long-term equity investment acquired from issuance of equity securities, its initial cost is the fair value of the issued equity securities.

**(3) Subsequent measurements and recognition of profit or loss**

1) Long-term equity investments calculated under cost method

Long-term equity investments of the COOEC in its subsidiaries are accounted for at cost, unless the investments meet the conditions for holding for sale. Except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the COOEC recognizes the investment income in the current year at the cash dividends or profits declared by the investee.

2) Long-term equity investments calculated under equity method

The COOEC's long-term equity investments in its associates and joint ventures are calculated under the equity method. If the cost of initial investment is in excess of the proportion of the fair value of the net identifiable assets in the investee when the investment is made, the difference will not be adjusted to the initial investment cost of long-term equity investment; if the cost of initial investment is in short of the proportion of the fair value of the net identifiable assets in the investee when the investment is made, the difference will be included in the current profit or loss, meanwhile the costs of long-term equity investments will be adjusted.

The COOEC shall recognize the investment income and other comprehensive income at the shares of net profit or loss and other comprehensive income realized by the investee which the COOEC shall enjoy or bear and adjust the book value of long-term equity investments at the same time; the COOEC shall calculate the shares according to profits or cash dividends declared by the investee and correspondingly reduce the book value of long-term equity investments; the book value of long-term equity investments shall be adjusted according to the investee's other changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution, which should be included in owners' equity.

The share of the investee's net profit or loss, other comprehensive income and changes in other owners' equity should be recognized after adjustments are made to net profit and other comprehensive income of the investee based on the fair value of identifiable net assets of the investee upon acquisition of investments and according to accounting policies and accounting period of the COOEC.

The COOEC shall write off the part of incomes from internal unrealized transactions between the COOEC and associates and joint ventures which are attributable to the COOEC according to the corresponding ratio and recognize the profit or loss on investments on such basis except that the assets invested or sold constitute business. Where the losses from internal transactions between the COOEC and the investee fall into the scope of assets impairment loss, the full amount of such losses should be recognized.

For net losses incurred by joint ventures or associates, the COOEC shall, in addition to its obligation to bear additional losses, write down to zero the book value of long-term equity investments and other long-term equity that essentially constitutes net investment in such joint ventures or associates. If a joint venture or an associate realizes net profits in the future, the COOEC shall resume recognizing its share of profits after the share of profits makes up for the share of unrecognized losses.

3) Disposal of long-term equity investments

For disposal of long-term equity investments, the difference between the book value and the actual price shall be included in the current investment income.

For partial disposal of long-term equity investments accounted for under the equity method, if the remaining equity is still accounted for under the equity method, other comprehensive income originally accounted for and recognized under the equity method shall be carried forward in proportion on the basis same as that for the direct disposal of related assets or liabilities by the investee, and other changes in owners' equity shall be carried forward to current profit or loss in proportion.

In case the joint control or significant influence over the investee is lost for disposing of equity investments or other reasons, other comprehensive income recognized from original equity investments by using the equity method shall be subject to accounting treatment on the basis same as that for the direct disposal of related assets or liabilities by the investee when the equity method is terminated, and other changes in owners' equity shall be transferred to current profits or losses when the equity method is terminated.

Where the COOEC loses the control over the investee due to disposal of partial equity investments or other reasons, when it prepares individual financial statements, if the remaining equity can exercise joint control or significant influence on the investee, such investments should be changed to be accounted for under the equity method and the remaining equity should be deemed to have been accounted for by adopting the equity method on acquisition and adjusted; other comprehensive income recognized before the control of the investee is obtained will be carried forward on the basis same as that for the direct disposal of related assets or liabilities by the investee, and other changes in owner's equity accounted for and recognized under the equity method will be carried forward to current profits or losses in proportion; if the remaining equity cannot exercise joint control or significant influence on the investee, such equity will be recognized as financial assets, and the difference between fair value and book value on the date of loss of the control should be included in current profits or losses; other comprehensive income and other changes in owner's equity recognized before the control of the investee is obtained will be carried forward.

Where the COOEC disposes of equity investments in subsidiaries through multiple transactions and by stages until loss of the control, if the above transactions belong to a package deal, accounting treatment shall be made on the transactions as a transaction to dispose equity investments of subsidiaries and lose the control. The difference between each disposal cost and the book value of long-term equity investments corresponding to disposed equities before the loss of the control should be firstly recognized as other comprehensive income in individual financial statements and then transferred into the current profit or loss at the loss of the control. If the transactions are not under a package of transactions, each transaction shall be subject to accounting treatment separately.

## 22. Investment properties

### (1) Investment properties measured at cost:

Depreciation and amortization methods

An investment property is the property to earn rentals or for capital appreciation or both. Examples include land leased out under operating leases, land held for long-term capital appreciation, buildings leased out under operating leases (including buildings that have been constructed or developed for future lease out under operating leases, and buildings that are being constructed or developed for future lease out under operating leases).

Subsequent expenses related to investment properties, if the economic benefits associated with such assets are likely to flow in the COOEC and its cost can be measured reliably, should be recorded in the cost of investment property; otherwise, they should be recorded into the current profit or loss when occur.

The COOEC measures the existing investment properties with the cost model. For investment properties measured with the cost model - in terms of buildings for renting, the same depreciation policy as that for fixed assets of the COOEC is adopted and land use rights for renting are implemented with the same amortization policy as that for intangible assets.

## 23. Fixed assets

### (1) Recognition criteria

Applicable  Not applicable

Fixed assets are tangible assets that are held for the purpose of producing goods, providing services, leasing or operating management, and having a life span of more than one fiscal year. Fixed assets are recognized when they simultaneously meet the following conditions:

- 1) It is probable that the economic benefits relating to the fixed assets will flow into the COOEC; and
- 2) The costs of the fixed asset can be measured reliably.

A fixed asset shall be initially measured at its cost with the consideration of the expected discard expenses.

The subsequent expenditures relating to fixed assets shall be included in the costs of fixed assets when the relevant economic interests are much likely to flow in the COOEC and their costs may be measured reliably; as for the party replaced, the book value shall be derecognized; all other subsequent expenditures shall be included in the current profit or loss when incurred.

When fixed assets are disposed of or are expected to fail to generate economic benefits after the use or disposal, the



fixed assets shall be derecognized. The difference of the income from sales, transfer, retirement or damage of fixed assets deducting the book value and related taxes should be included in the current profit or loss.

## (2) Depreciation method

Applicable  Not applicable

Type	Depreciation method	Depreciation life (year)	Residual value rate	Annual depreciation rate
Houses and buildings	Straight-line method	20-30	5%-10%	3%-4.75%
Machinery equipment	Straight-line depreciation	5-10	5%-10%	9%-19%
Transportation facilities	Straight-line depreciation	5-20	5%-10%	4.5%-19%
Electronic equipment	Straight-line depreciation	5-10	5%-10%	9%-19%
Office facilities	Straight-line depreciation	2-5	5%-10%	18%-47.5%

Fixed assets will be depreciated by using the straight line method by category and the depreciation rate shall be recognized according to the category, estimated useful lives and estimated net residual value rate of fixed assets. For the fixed assets with provision for impairment made, the amount of depreciation will be determined according to the book value after deduction of the provision for impairment and the remaining useful life in the future. Where various components of fixed assets are different in useful lives or provide economic benefits for the enterprise in different ways, then different depreciation rates or methods are chosen to separately provide for depreciation.

Depreciation method, depreciation life, residual value rate and annual depreciation rate of various fixed assets are set above.

## (3) Determination basis, valuation method and depreciation method of fixed assets acquired under financing leases

Applicable  Not applicable

## 24. Construction in progress

Applicable  Not applicable

According to the costs actually incurred, the Group measures its construction in progress. The actual costs include building costs, installation costs, borrowing costs eligible for capitalization and other necessary expenditures to make the construction in progress achieve the working condition for its intended use. Constructions in progress are transferred to fixed assets when they reach the condition for its intended use, and the provision of depreciation will be provided since the next month.

## 25. Borrowing costs

Applicable  Not applicable

### (1) Recognition principles of capitalization

The borrowing costs incurred to the COOEC and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and recorded into relevant asset costs; other borrowing costs should be recognized as costs according to the amount incurred and be included into the current profit or loss.

Assets meeting the capitalization requirements refers to fixed assets, investment properties and inventories, etc. that need to be purchased, constructed or produced for a long time to be available for intended use or sale.

### (2) Capitalization period

Capitalization period refers to the period from commencement of capitalization of borrowing costs to its cessation. The period of capitalization suspension of borrowing costs is excluded.

Capitalization should commence when all the following three conditions are satisfied:

- 1) asset disbursements, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization, have already been incurred;
- 2) the borrowing costs has already incurred; and
- 3) purchase, construction or manufacturing activities that are necessary to prepare the assets for their intended use are in progress.

Capitalization of borrowing costs should be ceased when the acquired and constructed or produced assets eligible for capitalization have reached their intended use or sale condition.

### (3) Period of capitalization suspension of borrowing costs

If the acquisition and construction or production activities of assets eligible for capitalization are abnormally interrupted and such condition lasts for more than three months, the capitalization of borrowing costs should be suspended; if the interruption is necessary procedures for the acquired, constructed or produced assets eligible for capitalization to reach their

intended use or sale status, the borrowing costs continue to be capitalized. Borrowing costs incurred during the interruption are recognized as the current profit or loss and continue to be capitalized until the acquisition, construction or production of the asset restarts.

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

As for special borrowings borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special borrowing actually incurred in this period less the interest income of the borrowings unused and deposited in bank or return on temporary investment shall be recognized as the capitalization amount of borrowing costs.

As for general borrowings used for acquiring and constructing or producing assets eligible for capitalization, the interest of general borrowings to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements exceeding special borrowings by the capitalization rate of used general borrowings. The capitalization rate is determined via the calculation at the weighted average actual interest rate of general borrowings.

During capitalization period, exchange differences of principal and interest on foreign currency special borrowings shall be capitalized and included in the cost of assets eligible for capitalization. Exchange differences arising from the principal and interest of foreign currency borrowings other than special foreign currency borrowings are included in current profits or losses.

#### 26. Biological assets

Applicable  Not applicable

#### 27. Oil-and-gas assets

Applicable  Not applicable

#### 28. Right-of-use assets

Applicable  Not applicable

See 42(3) Determination method and accounting treatment of lease under new lease standards.

#### 29. Intangible assets

##### (1) Measurement, useful lives or impairment test

Applicable  Not applicable

##### 1) Measurement

① The COOEC initially measures intangible assets at cost on acquisition;

The costs of externally acquired intangible assets include their purchase prices, related taxes and surcharges and any other directly attributable expenditure incurred to prepare the asset for its intended use.

② Subsequent measurement

The useful lives of intangible assets are analyzed on acquisition.

As for intangible assets with limited useful life, they will be amortized during the period when the intangible assets generate economic benefit for enterprise; if the period when the intangible assets generate economic benefit for enterprise cannot be predicted, the intangible assets will be deemed as those with indefinite useful life and should not be amortized.

##### 2) Estimate of the useful lives of the intangible assets with definite useful lives

Land use rights are evenly amortized according to the transfer period as of the date of transfer; other intangible assets are evenly amortized at the shortest of estimated useful lives, benefit period stipulated in contracts and effective period stipulated by law in stages. Amortization amount should be included into the relevant asset cost and the current profit or loss by beneficiaries.

##### 3) Determining basis of intangible assets with indefinite useful lives and procedures for reexamining its useful lives

The COOEC recognizes an asset for which the period it can bring economic benefits to the COOEC cannot be predicted or the useful life cannot be ascertained as an intangible asset with indefinite useful life.

Determining basis of intangible assets with indefinite useful life:

① The asset comes from a contractual right or other legal rights, but the contractual terms or legal provisions states that there is no specific useful life;

② It still cannot ascertain the period when the intangible asset can bring benefit to the COOEC after giving comprehensive consideration to the industry status or related professional evidence.

At the end of each year, the COOEC reviews the useful lives of those intangible assets with indefinite useful lives by using the top-down testing method, which means the fundamental reviews are made by relevant departments using the

intangible assets, and assesses whether there is any change in the determination basis of indefinite useful life.

## (2) Accounting policies on internal research and development expenditures

Applicable  Not applicable

### 1) Specific criteria for classifying research and development stages

Expenditure on an internal research and development project shall be classified into expenditure on the research phase and expenditure on development phase.

Research stage: it is the stage when creative and planned investigation and research activities are conducted to acquire and understand new scientific or technological knowledge.

Development phase: development phase is the stage when the research achievements and other knowledge are applied to a plan or design, prior to the commercial production or use, so as to produce any new or substantially improved material, device or product.

### 2) Specific criteria for qualifying expenditure for capitalization on the development stage

The expenditures in research phase will be included in current profit or loss on occurrence. Expenditures in the development stage will be recognized as intangible assets only when the following conditions are simultaneously satisfied, and included in current profit or loss if the following conditions are not satisfied:

- ① It is feasible technically to finish intangible assets for use or sale;
- ② It is intended to finish and use or sell the intangible assets;
- ③ The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets themselves or the intangible assets will be used internally;
- ④ It is able to finish the development of the intangible assets and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources;
- ⑤ The expenditure attributable to the intangible asset during its development phase can be measured reliably.

Where the research expenditures and the development expenditures are indistinguishable, the COOEC shall include research expenditures and development expenditures incurred in current profit or loss.

## 30. Long-term assets impairment

Applicable  Not applicable

For the long-term equity investments, investment property, fixed assets, construction in progress, use-of-right assets, intangible assets, oil and gas assets and other long-term assets measured at cost model, if there are signs of impairment, an impairment test will be conducted on the balance sheet date. If the recoverable amount of the asset is less than its book value after test, assets impairment provision will be made at the difference and included into impairment loss. The recoverable amount is determined at the higher of the net of the fair value less disposal costs and the present value of the expected future cash flows. The asset impairment provision shall be calculated and recognized on the basis of single asset, if it is difficult to estimate the recoverable amount of the individual asset, the COOEC shall estimate the recoverable amount of the asset group that the individual asset belongs to. Asset group is the minimum combination of assets that can independently generate cash inflows.

For goodwill arising from a business combination, intangible assets with indefinite useful lives and intangible assets that have not yet reached a usable state, impairment tests are performed at least at the end of each year, regardless of whether there is an indication of impairment.

The COOEC conducts impairment tests for goodwill. The book value of goodwill arising from a business combination is allocated to the relevant assets group in a reasonable way since the acquisition date; where it is difficult to be allocated to the relevant assets group, it will be allocated to the relevant combination of assets groups. The related asset group or combination of asset groups shall be the asset group or combination of asset groups that can benefit from the synergy effect of business combination.

When making an impairment test on the relevant assets groups or combination of assets groups containing goodwill, if any indication shows that the assets groups or combinations of assets groups may be impaired, the COOEC shall first conduct an impairment test on the assets groups or combinations of assets groups not containing goodwill, calculate the recoverable amount and compare it with the relevant book value to recognize the corresponding impairment loss. Then, the Group shall conduct an impairment test on the asset groups or asset groups portfolio containing goodwill, and compare it book value and recoverable amount: if the recoverable amount is lower than book value, the amount of impairment losses should be firstly used to deduct book value of goodwill allocated to the asset group or the asset group portfolio, and then deduct book value of other assets according to the proportion of the book value of other assets other than the goodwill in the asset group or the asset group portfolio. The above losses from assets impairment will not be reversed in subsequent accounting

periods once recognized.

### 31. Long-term deferred expenses

Applicable  Not applicable

Long-term deferred expenses refer to the expenses which have been already incurred but will be borne in this period and in the future with an amortization period of over 1 year. Long-term deferred expenses are amortized by stages over the period of benefit. If long-term deferred expenses cannot benefit the following accounting periods, the amortized value of the expenses that have not been amortized shall be fully included in current profit or loss.

### 32. Contract liabilities

#### (1) Recognition

Applicable  Not applicable

The COOEC presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance of fulfillment obligations and customer payments. The COOEC's obligation to transfer goods or provide services to customers for consideration receivable for goods received is presented as contract liabilities. Contract assets and contract liabilities under the same contract are presented by their net amounts.

### 33. Salary

#### (1) Accounting treatment of short-term compensation

Applicable  Not applicable

During the accounting period in which employees provide service to the COOEC, the short-term compensation actually incurred is recognized as liabilities and charged to the current profit or loss or the relevant assets cost.

The social insurance premiums and housing fund paid for employees by the COOEC, as well as the labor union expense and employee education expense accrued according to the provisions, shall be calculated according to the stipulated contribution base and proportion to determine the amount of corresponding salary during the accounting period of employees providing services to the COOEC.

Employee benefits incurred by the COOEC are charged to current income or loss or the cost of related assets based on the actual amount incurred, of which non-monetary benefits are measured at fair value.

#### (2) Accounting treatment of post-employment benefits

Applicable  Not applicable

##### 1) Defined contribution plans

The COOEC pays the basic endowment insurance premiums and unemployment insurance for employees according to the relevant provisions of the local governments. During the accounting period when employees serve the COOEC, the paid amount which is calculated based on the payment base and proportion as stipulated in the provisions of the local place is recognized as liabilities and included in the current profit or loss or costs associated with assets. In addition, the COOEC participates in an enterprise annuity plan/supplemental pension fund approved by the relevant state authorities. The COOEC makes payments to the annuity plan/local social insurance institutions in a certain proportion to the total employee wage, with corresponding expense included in the current profit or loss or related asset cost.

##### 2) Defined benefit plans

The COOEC, according to the formula determined based on estimated total welfare unit method, recognizes the welfare obligations arising from defined benefit plan to the period of receiving services from employees and includes them into the current profit or loss or relevant asset costs.

The deficit or surplus formed by the difference between the present value under defined benefit plan and the fair value of assets under defined benefit plan is recognized as a net defined benefit liability or asset. For a surplus of defined benefit plans, the COOEC should measure the net asset of such defined benefit plans at the lower of the surplus of such defined benefit plans and the asset thereof.

All obligations under the defined benefit plan, including the estimated payment obligation within 12 months following the annual report period during which the employees provide service, are discounted to the present value at the market return of the national debt corresponding to the period and currencies of the obligations under the defined benefit plan or high-quality corporate bonds active on the market on the balance sheet date.

Service costs arising from defined benefit plan and net interest of net liabilities or assets of defined benefit plan are included in current profit or loss or relevant asset costs; changes arising from re-measurement of net liabilities or assets of defined benefit plan are included in other comprehensive income, and will not be transferred to profit or loss in the subsequent accounting period. When the original defined benefit plan terminates, the portion originally included in other comprehensive income will all be transferred to undistributed profit.



At the time of the settlement of defined benefit plan, the profit or loss is determined according to the difference between the present value of the defined benefit plan obligations and settlement price confirmed on the settlement date.

### (3) Accounting treatment of dismissal benefits

Applicable  Not applicable

As to providing employees dismissal benefits, salary incurred from dismissal benefits should be recognized as liabilities and included in the current profit or loss at the date when the COOEC is unable to unilaterally withdraw the dismissal benefits provided in the plan on the cancellation of labor relationship or the layoff proposal or when the COOEC recognizes the cost related to restructuring concerning payment of dismissal benefits (whichever is earlier).

### (4) Accounting treatment of other long-term employee's welfare

Applicable  Not applicable

### 34. Lease liabilities

Applicable  Not applicable

See 42(3). Determination method and accounting treatment of lease under new lease standards.

### 35. Estimated liabilities

Applicable  Not applicable

Where the obligation related to contingency meets all the following conditions simultaneously, it may be recognized as estimated liabilities by the COOEC:

- (1) This obligation is a present obligation of the COOEC;
- (2) The performance of such obligation is likely to result in outflow of economic benefits from the COOEC; and
- (3) The amount of the obligation can be measured reliably.

Estimated liabilities of the COOEC are initially measured as the best estimate of expenses required for the performance of relevant present obligations.

When determining the best estimates, the COOEC comprehensively considers the risks, uncertainties, time value of money, and other factors relating to the contingencies. If the time value of money is significant, the best estimate shall be determined after discounting the relevant future outflow of cash.

If there is continuous range for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate shall be determined at the median range within the range; in other cases, the best estimate shall be accounted for as follows in different circumstances:

- If contingencies involve a single item, the best estimate shall be determined at the amount most likely incurred.
- If contingencies involve multiple items, the best estimate shall be calculated and determined at possible outcomes and related probabilities.

When all or part of the expenses necessary for the settlement of an estimated liability of the COOEC is expected to be compensated by a third party, the compensation should be separately recognized as an asset only when it is virtually certain that the compensation will be received. The amount recognized for the compensation should not exceed the book value of the estimated liability.

On the balance sheet date, the book value of estimated liabilities shall be reviewed. If there is conclusive evidence that the best estimate cannot be reflected, the book value shall be adjusted based on the current best estimate.

### 36. Share-based payments

Applicable  Not applicable

The COOEC's share-based payments are transactions in which the COOEC grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employees (or other parties). The share-based payments of the COOEC consist of equity-settled share-based payments and cash-settled share-based payments.

#### (1) Equity-settled share-based payments and equity instruments

The equity-settled share-based payment in return for services from employees shall be measured at the fair value of the equity instruments granted to the employees. As to share-based payments that can be vested upon grant, the fair value of the equity instruments shall, on the date of the grant, be included in the relevant cost or expense and the capital reserves shall be increased accordingly. As to a share-based payment transaction, if the right cannot be exercised until the vesting period comes to an end or until the prescribed performance conditions are met, then on each balance sheet date within the vesting period, the services obtained in this period shall, based on the best estimate of the number of vested equity instruments, be included in the relevant costs or expenses at the fair value of the equity instruments on the date of the

grant, and the capital reserves (other capital reserves) shall be increased accordingly.

If the terms of the equity-settled share-based payments were modified, the services received should be recognized at least in accordance with the unmodified terms. Moreover, the modification of fair value of equity instruments granted from any increase, or beneficial changes to the employee on the modification date should be recognized as increases in services obtained.

If the COOEC canceled equity instruments granted during the waiting period, it shall treat such cancellation as acceleration of the exercisable rights and shall immediately include the amount that should be recognized during the remaining waiting period in the current profit or loss. Capital reserves should be also recognized. However, if new equity instruments are granted, which are recognized as the replacement of the canceled equity instrument on the grant date, the granted equity instrument for replacement shall be handled in the same way with the disposal of revision of provisions on the original equity instrument and conditions.

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

A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the COOEC. As to a share-based payment transaction, if the right may be exercised immediately after the grant, the fair value of the liabilities undertaken by the COOEC shall, on the date of the grant, be included in the relevant cost or expense and the liabilities shall be increased accordingly. As to a share-based payment, if the right may not be exercised until the vesting period comes to an end or until the specified performance conditions are met, on each balance sheet date within the vesting period, the services obtained in this period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the enterprise. The Group shall, on each balance sheet date and on each account date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes in the current profit or loss.

If the COOEC modifies the terms and conditions in a cash-settled share-based payment agreement to make it an equity-settled share-based payment, on the date of modification (whether occurring during or after the end of the waiting period), the COOEC measures the equity-settled share-based payment at the fair value of the equity instrument granted on the date of the modification, recognizes the acquired services in capital surplus, and derecognizes the liability of the cash-settled share-based payment recognized on the adjustment date. The difference between the two is recognized in the current profit or loss. If the waiting period is extended or shortened as a result of the modification, the COOEC accounts for the difference according to the modified waiting period.

## 37. Preferred shares, perpetual bonds and other financial instruments

Applicable  Not applicable

## 38. Revenue

### (1) Accounting policies adopted for revenue recognition and measurement

Applicable  Not applicable

The COOEC recognizes revenue when its performance obligations as stipulated in the contract are fulfilled, that is, when the customer obtained control of the related goods or services. The acquisition of control over the related goods or services is defined as the ability to dominate the use of the goods or services and derive substantially all of the economic benefits therefrom.

Where the contract contains two or more performance obligations, the COOEC will, on the contract start date, allocate the transaction price to each individual performance obligation in the proportion of the individual selling price of the goods or services for which each individual performance obligation is committed. The COOEC measures revenue based on the transaction price apportioned to each individual performance obligation.

The transaction price is the consideration to which the COOEC expects to be entitled as a result of the transfer of goods or provision of services to the customer, excluding amounts collected on behalf of third parties and amounts that the COOEC expects to refund to the customer. The COOEC determines the transaction price based on the terms of the contract, taking into account its past customary practice, and considers the impact of variable consideration, the existence of significant financing components in the contract, non-cash consideration, and consideration payable to the customer in determining the transaction price. The COOEC determines the transaction price that includes variable consideration by an amount not exceeding the amount for which it is highly probable that there will be no material reversal of the cumulative recognized revenue at the time the relevant uncertainty is removed. For contracts with a significant financing component, the COOEC determines the transaction price based on the amount payable in cash assuming that the customer will pay for the goods or services as soon as control is obtained, and amortizes the difference between this transaction price and the contract consideration over the term of the contract using the effective interest rate method.

If the COOEC meets one of the following conditions, it is deemed to fulfill the performance obligations within a certain period of time; otherwise, it is deemed to so at a certain point of time:

- The customer obtains and consumes the economic benefits brought by the COOEC's performance while the COOEC is

performing the contract.

- The customer can control the commodities under construction during the COOEC's performance.
- The commodities produced by the COOEC during the performance of the contract have irreplaceable uses, and the COOEC has the right to receive payment for the accumulated performance of the contract so far throughout the contract period.

Where performance obligations are fulfilled within a certain period of time, the COOEC shall recognize the revenue according to the performance progress. When the performance schedule can be reasonably determined, contract revenue is recognized as current contract revenue at the balance sheet date by multiplying the total contract revenue by the performance schedule less the cumulative revenue recognized in previous accounting periods. Performance progress is measured by the expenditures or inputs incurred by the COOEC to meet its performance obligations, which is determined based on the proportion of the cumulative costs incurred to the estimated total costs of each contract as of the balance sheet date. When there is no reasonable certainty of the progress of performance, revenue is recognized at the costs incurred when the costs incurred are expected to be reimbursed until the progress of performance can be reasonably determined.

**(2) Differences in accounting policies for revenue recognition resulting from the adoption of different business models for the same type of business**

Applicable  Not applicable

**39. Contract costs**

Applicable  Not applicable

Contract costs include contract performance costs and contract acquisition costs.

Costs incurred by the COOEC to perform a contract that are not regulated by the relevant standards, such as inventories, fixed assets or intangible assets, are recognized as a contract performance cost as an asset when the following conditions are met:

- Where such cost is directly related to a current or expected contract.
- Where such cost increases the resources of the COOEC for fulfilling its performance obligations in the future.
- Where such cost is expected to be recovered.

If the incremental cost incurred by the COOEC for obtaining the contract is expected to be recovered, the contract acquisition cost is recognized as an asset.

Assets related to the contract costs are amortized on the same basis as the recognition of the revenue of the goods or services related to the asset; however, if the amortization period of the contract acquisition costs is less than one year, the COOEC will include such costs in the current profit or loss when incurred.

For the assets related to contract costs whose book value is higher than the difference between the following two items, the COOEC will make provision for impairment for the excess and recognize it as asset impairment loss:

- (1) Where the remaining consideration is expected to be obtained by the transfer of goods or services related to the asset;
- (2) Where the costs are estimated to occur for the transfer of the relevant goods or services.

If the said difference is higher than the book value of the asset due to changes in the impairment factors in the previous period, the originally accrued impairment reserve shall be reversed and included in the current profit or loss, but the reversed asset book value shall not exceed the book value of the asset on the date of reversal assuming that the impairment reserve is not accrued.

**40. Government grants**

Applicable  Not applicable

**(1) Type**

Government grants are monetary assets and non-monetary assets freely obtained by the COOEC from the government for free, which are classified into government grants related to assets and government grants related to income.

Asset-related government grants refer to government grants obtained by the COOEC for forming long-term assets by acquisition, construction or other manners. Government grants related to income refer to government grants other than those related to assets.

The specific criteria for the COOEC to classify government grants as asset-related are: Grants from the government that have the nature of assets.

The specific criteria of the COOEC to classify the government grants as income-related are: the government grants other than the assets-related government grants.

Where government documents fail to clearly define subsidy objects, the judgment basis for the COOEC to divide government grants into those related to assets or those related to income are as follows: Whether they are used for the acquisition and construction or formation of long-term assets by other means.

## (2) Recognition timing

Government grants shall be recognized only if the COOEC is able to comply with the conditions for the government grants, and is likely to receive the government grants.

## (3) Accounting treatment

Government grants related to assets shall be used to offset the book value of relevant assets or recognized as deferred income. Where such grants are recognized as the deferred income, they will be included in current profit or loss in accordance with the reasonable and systematic methods within useful lives of related assets (where such grants are related to the daily activities of the COOEC, they will be included in other income; where such grants are not related to the daily activities of the COOEC, they will be included in non-operating revenue);

Government grants relating to income used to compensate for relevant costs or losses which will occur in the following period in the COOEC shall be recognized as deferred income, and, during the period when relevant costs or losses are recognized, be included in current profit or loss (where government grants relating to income are relevant to routine activities of the COOEC, such grants shall be included in other income; where government grants relating to income are irrelevant to routine activities of the COOEC, such grants shall be included in non-operating revenue) or used to offset relevant costs or losses; government grants relating to income used to compensate for relevant costs or losses incurred in the COOEC shall be included in current profit or loss (where such grants are related to daily activities of the COOEC, they will be included in other income; where such grants are related to the daily activities of the COOEC, they will be included in non-operating revenue) or used to offset relevant costs or losses.

The discounted interest of policy-based preferential loan obtained by the COOEC is divided into two situations and subject to accounting treatment separately:

- 1) When the finance department appropriates the discounted interest to the loan bank, then the loan bank provides the loans at the policy-based preferential interest rate to the COOEC, the COOEC will take the book-entry value at the loan amount actually received, and relevant loan expenses are calculated based on the principal of the loan and the policy-based preferential interest rate.
- 2) Where the finance department directly appropriates the discount funds to the COOEC, the COOEC will use the corresponding interest discount to offset related borrowing costs.

## 41. Deferred tax assets and deferred tax liabilities

Applicable  Not applicable

Income tax includes the current income tax and deferred income tax. Except for the income tax arising from business combinations and such transactions or items as are directly included in owners' equity (including other comprehensive income), the COOEC shall include the current income tax and the deferred income tax in the current profit or loss.

Deferred tax assets and deferred tax liabilities are calculated and recognized based on differences (temporary differences) between tax base and book value of the assets and liabilities.

Deferred tax assets are recognized at deductible temporary differences to the extent that it shall not exceed the taxable income probably obtained in future periods to be against the deductible temporary difference. For deductible losses and tax credits that can be carried forward to subsequent periods, the COOEC recognized deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible losses and tax credits can be utilized.

Taxable temporary differences are recognized as deferred tax liabilities except in special circumstances.

Such special circumstances include:

- The initial recognition of goodwill;
- A transaction or event that is neither a business combination nor, when incurred, affects accounting profit and taxable income (or deductible loss).

For the taxable temporary differences related to the investments in subsidiaries, associates and joint ventures, the deferred tax liabilities should be recognized, unless that the timing of the reversal of the temporary differences is able to be controlled by the COOEC and the temporary differences will be probable not to be reversed in the foreseeable future. For deductible temporary differences arising from investments in subsidiaries, associates and joint ventures, when the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the deductible temporary differences can be used, the deferred tax asset will be recognized.

On the balance sheet date, deferred tax assets and deferred tax liabilities should be measured at the applicable tax rate during the period of expected recovery of the relevant assets or liquidation of the relevant assets according to the provisions of tax laws.



On the balance sheet date, the COOEC reviews the book value of deferred tax assets. If it is unlikely to obtain sufficient taxable income taxes to offset the benefit of the deferred tax assets, the book value of the deferred tax assets shall be written down. When it is likely to earn sufficient taxable income, the write-down amount should be reversed.

If the COOEC has the legal right of netting and intends to settle in net amount or to obtain assets and discharge liabilities simultaneously, the current tax assets and current tax liabilities of the COOEC shall be presented based on the net amount after offset.

On the balance sheet date, deferred tax assets and deferred tax liabilities shall be listed by the net amount after offset if:

- The taxpayer has the statutory right to settle the current tax assets and current tax liabilities with net amount;
- Deferred tax assets and deferred tax liabilities are related to the income tax which are imposed on the same taxpayer by the same tax collection authority or on different taxpayers, but, in each important future period in connection with the reverse of deferred tax assets and liabilities, the involved taxpayer intends to balance tax assets and liabilities for this period with net settlement at the time of obtaining assets and discharging liabilities, deferred tax assets and deferred tax liabilities shall be presented based on the net amount after offset.

## 42. Lease

### (1) Accounting treatment of operating lease

Applicable  Not applicable

### (2) Accounting treatment of financing leases

Applicable  Not applicable

### (3) Determination method and accounting treatment of lease under new lease standards

Applicable  Not applicable

Lease refers to a contract in which the lessor transfers the right to use the assets to the lessee within a certain period to obtain consideration. On the contract commencement date, the COOEC evaluates whether the contract is or includes a lease. If a party to the contract transfers the right to control the use of one or more identified assets for a certain period of time in exchange for consideration, the contract is or includes a lease.

If the contract contains multiple separate leases at the same time, the COOEC may split the contract, and account for each lease separately. If the contract includes both lease and non-lease parts, the lessee and the lessor shall split them.

For rent concessions such as rent concessions and deferred payments entered into in connection with existing leases that are directly triggered by the COVID-19 outbreak and that also meet the following conditions, the COOEC applies the simplified method to all lease options and does not assess whether a lease change has occurred or reassess the lease classification:

- The lease consideration after the reduction decreases or remains substantially unchanged from that before the concession, where the lease consideration is either undiscounted or discounted at the pre-concession discount rate;
- Other terms and conditions of the leases are determined to have not changed significantly after considering qualitative and quantitative factors together.

#### (1) The COOEC as the lessee

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

At the lease commencement date, the COOEC recognizes the right-of-use assets for leases other than short-term and low-value asset leases. Right-of-use assets are initially measured at cost, which includes:

- The initial measurement amount of the lease liability;
- The lease payment made on or before the lease commencement date, or the relevant amount after deducting the lease incentive already enjoyed if any;
- Initial direct costs incurred by the COOEC;
- The COOEC expects to incur costs for dismantling and removing leased assets, restoring the site of the leased assets to its original condition, or restoring leased assets to their original condition, excluding costs incurred for the production of inventories.

The COOEC subsequently adopts the straight-line method to accrue depreciation for the right-to-use assets. If ownership of the leased assets can be obtained with reasonable certainty at the end of the lease term, the COOEC depreciates the leased assets over their remaining useful lives; otherwise, the leased assets are depreciated over the shorter of the lease term and the remaining useful life of the leased assets.

The COOEC determines whether a right-of-use asset is impaired and accounts for the identified impairment loss in accordance with the principles described in Note V.30, "Impairment of long-term assets".

##### 2) Lease liability

At the lease commencement date, the COOEC recognizes lease liabilities for leases other than short-term and low-value asset leases. The lease liabilities are initially measured at the present value of the unpaid lease payments. Lease payments include:

- Fixed payment (including substantial fixed payment), and the relevant amount after deducting the lease incentive if any;
- Variable lease payments depending on index or ratio;
- Estimated payments due according to the guaranteed residual value provided by the COOEC;
- Exercise price of the purchased option, provided that the COOEC reasonably determines that the option will be exercised;
- The amount to be paid for the exercise of the lease termination options, provided that the lease term reflects that the COOEC will exercise the options to terminate the lease;

The COOEC uses the interest rate implicit in lease as the discount rate, but if the interest rate implicit in the lease cannot be reasonably determined, the COOEC uses the incremental borrowing rate as the discount rate.

The COOEC calculates the interest expense of the lease liabilities in each the lease term at a fixed periodic interest rate, and includes it in the current profit or loss or related asset costs.

Variable lease payments that are not included in the lease liabilities are included in current profit or loss or related asset costs when incurred.

The COOEC remeasures the lease liability and adjusts the corresponding right-of-use asset if, after the lease commencement date, the following circumstances occur. If the book value of the right-of-use asset is reduced to zero, but the lease liability is still subject to further reduction, the difference is recognized in profit or loss:

- When the appraisal results of the purchase option, lease renewal option or termination option change, or when the actual exercise of the aforementioned options is inconsistent with the original appraisal results, the COOEC re-measures the lease liability at the present value calculated by the changed lease payments and the revised discount rate;
- When there is a change in the substantive fixed payment amount, a change in the amount expected to be payable for the guaranteed residual value or a change in the index or rate used to determine the lease payment amount, the COOEC re-measures the lease liability at the present value calculated from the changed lease payment amount and the original discount rate. However, if the change in the lease payment amount results from a change in the floating interest rate, the present value is calculated using the revised discount rate.

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

The COOEC chooses not to recognize the right-of-use assets and lease liabilities for short-term and low-value asset leases, and includes the related lease payments in the current profit or loss or related asset costs with the straight-line method in each lease term. Short-term lease refers to a lease that lasts for no more than 12 months and includes no purchase options at the lease commencement date. Low-value asset lease refers to a lease with lower value when the individual leased assets are brand new assets. If the COOEC sublets or anticipates subletting the leased assets, the original lease is not a low-value asset lease.

### 4) Lease change

If a lease changes and meets all the following conditions, the COOEC will account for the lease change as a separate lease:

- The lease change expands the scope of the lease by adding one or more rights to use the leased assets;
- The increased consideration is equivalent to the individual price of the expanded part adjusted according to the contract.

If the lease change is not accounted for as a separate lease, the COOEC shall, on the effective date of the lease change, re-allocate the consideration of the changed contract, re-determine the lease term, and remeasure the lease liabilities at the present value calculated based on the changed lease payment and the revised discount rate.

If a lease change results in a reduction in the scope of the lease or a shortening of the lease term, the COOEC reduces the book value of the right-of-use asset accordingly and recognizes the gain or loss related to the partial or complete termination of the lease in current profit or loss. If other lease changes result in a remeasurement of the lease liability, the COOEC adjusts the book value of the right-of-use asset accordingly.

### 5) Rent concessions related to the COVID-19 epidemic

For the adoption of the simplified method of rent concessions related to the COVID-19 epidemic, the COOEC does not assess whether a lease change has occurred, continues to calculate interest expense on lease liabilities at the same discount rate as before the concessions and record it in current profit or loss, and continues to depreciate

right-of-use assets in the same manner as before the concessions. When a rent reduction or exemption occurs, the COOEC treats the reduced or exempted rent as variable lease payments and reduces the related asset cost or expense by the amount discounted at the undiscounted or pre-reduction discount rate when the original rent payment obligation is discharged, such as when a reduction agreement is reached, and adjusts the lease liability accordingly; if the rent payment is deferred, the COOEC reduces the lease liability recognized in prior periods when the actual payment is made.

For short-term leases and leases of low-value assets, the COOEC continues to charge the original contractual rents to the cost or expense of the related assets in a manner consistent with that before the impairment. When a rent concession occurs, the COOEC recognizes the reduced rent as variable lease payment and reduces the cost or expense of the related assets in the period of the reduction; when a rent payment is deferred, the COOEC recognizes the rent payable as a payable in the original payment period and reduces the payable recognized in prior periods when the actual payment is made.

## (2) The COOEC as the lessor

The leases of the COOEC are classified as financing lease and operating lease on the lease commencement date. Finance lease refers to the lease under which all the risks and rewards relevant to the ownership of assets are materially transferred, regardless of whether the ownership is ultimately transferred. Operating lease refers to the leases other than financing lease. When the COOEC is a sublessor, it classifies the sublease based on the right-of-use assets generated from the original lease.

### 1) Accounting treatment of operating leases

Lease receipts from operating leases during each lease term shall be recognized as rental income with the straight-line method. The COOEC capitalizes the initial direct costs incurred in relation to operating leases, and allocates the same to the current profit or loss on the same basis as that for rental income recognition during the lease term. Variable lease payments that are not included in the lease receipts are included in current profit or loss when incurred. If a change in an operating lease occurs, the COOEC accounts for it as a new lease from the effective date of the change, and the amount of lease receipts received in advance or receivable in connection with the lease prior to the change is considered as the amount received under the new lease.

### 2) Accounting treatment of financing leases

On the lease beginning date, the COOEC recognizes the finance lease receivables and derecognizes the assets acquired under finance lease. When the COOEC initially measures the finance lease receivables, the net lease investment is taken as the book-entry value of the finance lease receivables. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease receipts that have not been received at the lease commencement date, discounted at the interest rate implicit in lease.

The COOEC calculates and recognizes the interest income in each lease term at a fixed periodic interest rate. The derecognition and impairment of finance lease receivables shall be accounted for in accordance with Note "V.10 Financial instruments".

Variable lease payments that are not included in the net lease investment are included in current profit or loss when incurred.

If a financial lease changes and meets all the following conditions, the COOEC will account for the lease change as a separate lease:

- The change expands the scope of the lease by adding one or more rights to use the leased assets;
- The increased consideration is equivalent to the individual price of the expanded part adjusted according to the contract.

If a change in a finance lease is not accounted for as a separate lease, the COOEC treats the changed lease separately in the following circumstances:

- If the change becomes effective on the lease commencement date and the lease would have been classified as an operating lease, the COOEC accounts for it as a new lease from the effective date of the lease change and uses the net investment in the lease prior to the effective date of the lease change as the book value of the leased asset;
- If the change becomes effective on the lease commencement date and the lease is classified as a finance lease, the COOEC accounts for the lease in accordance with the policy on modification or renegotiation of contracts as described in Note V.10 "Financial instruments".

### 3) Rent concessions related to the COVID-19 epidemic

- For operating leases that use the simplified method of rent concessions related to the COVID-19 epidemic, the COOEC continues to recognize the original contractual rent as lease income in the same way as before the reduction; if a rent concession occurs, the COOEC treats the reduced rent as a variable lease payment and

reduces the lease income in the period of reduction; if the collection of rent is deferred, the COOEC recognizes the receivable in the original collection period as receivables and eliminates the receivables recognized in prior periods when they are actually received.

- For finance leases using the simplified method of rent concessions related to the COVID-19 epidemic, the COOEC continues to calculate interest and recognize it as lease income at a discount rate consistent with that before the concessions. In the case of rent reductions or exemptions, the COOEC treats the reduced or exempted rent as variable lease payments and reduces the originally recognized lease income by the undiscounted or pre-reduction discount rate when the original right to receive rent is waived, such as when a reduction agreement is reached, and the shortfall is credited to investment income and the financing lease receivable is adjusted accordingly. If the rental is delayed, the COOEC shall offset the financing lease receivable recognized in the previous period upon actual receipt.

### (3) Sale-and-leaseback deals

The COOEC evaluates and determines whether the asset transfer in the sale-and-leaseback deals is a sale in accordance with the principles described in Note "V.38 Revenue".

#### 1) As a lessee

If the asset transfer in the sale-and-leaseback deal is a sale, the COOEC, as the lessee, measures the right-of-use asset formed by the sale-and-leaseback deal according to the part, in the book value of original assets, related to the use right obtained from the leaseback, and only recognizes the relevant gains or losses for the rights transferred to lessor; if the asset transfer in the sale-and-leaseback deal is not a sale, the COOEC, as the lessee, continues to recognize the transferred assets and a financial liability equal to the transfer income. Refer to "10. Financial instruments" in this section for the accounting treatment of financial liabilities.

#### 2) As a lessor

Where the asset transfer in the sale-leaseback transactions belongs to sales, the COOEC as the lessor conducts the accounting treatment for purchase of assets, and conducts the lease of assets in accordance with the policies on "2. the COOEC as a lessor" stated above; where the asset transfer in the sale-leaseback transactions belongs to sales, the COOEC as the lessor does not recognize the transferred assets, but confirms a financial asset equivalent to the transfer revenue. Refer to "10. Financial instruments" in this section for the accounting treatment of financial assets.

## 43. Other significant accounting policies and accounting estimates

Applicable  Not applicable

### (1) Discontinued operation

Discontinued operations refer to the component meeting any of the following conditions that can be separately distinguished and that has been disposed by the COOEC or classified as held for sale by the COOEC:

- 1) The component represents a separate major business or a sole major business area;
- 2) The component is a part of the plan on intended disposal of an independent major business or a sole major business area; or
- 3) The component is a subsidiary acquired only for re-sale.

The profit or loss from continued operations and the profit or loss from discontinued operations are separately listed in the income statement. The impairment loss from discontinued operation, reversed amount and other profit or loss from operation as well as profit or loss from disposal shall be presented as profit or loss from discontinued operation. For the discontinued operation presented in this period, the information originally presented as profit or loss from continued operation will be presented as profit or loss from discontinued operation once more in the comparable accounting period in the current financial statements.

### (2) Hedge accounting

#### 1) Classification of hedges

- ① A "fair value hedge" refers to a hedge of the risk to changes in the fair value of a recognized asset or liability or a previously unrecognized firm commitment (excluding foreign exchange risks).
- ② The term "cash flow hedge" refers to a hedge of the risk to changes in cash flow. Such changes in cash flow are attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or a foreign exchange risk contained in an unrecognized firm commitment.
- ③ A "hedge of net investment in an overseas operation" refers to a hedge of the foreign exchange risk arising from net investment in an overseas operation. Net investment in an overseas operation refer to the equity proportion of an enterprise in net assets in an overseas operation.



## 2) Designation of hedging relationship and identification of hedging effectiveness

At the commencement of the hedge, the COOEC formally designates the hedging relationship and prepares a formal written document about the hedging relationship, risk management objectives and the strategies of hedging. Such document specifies the nature and quality of hedging instrument, the nature and quality of hedged item, nature of hedged risks, hedging type and effective evaluation of the COOEC on hedging instrument. The term “hedging effectiveness” refers to the extent that the changes in the fair value or cash flow of a hedging instrument offsets the changes resulting from the hedging risks in the fair value or cash flow of a hedged item.

The COOEC continues to evaluate the effectiveness of hedges, and ensures that whether the hedge meets the requirement for effectiveness by use of the hedge accounting during the accounting period designated as to the hedging relationship. If it doesn't meet the requirement, the hedging relationship will be terminated.

The use of hedge accounting should meet the following requirements on the effectiveness of hedging:

- ① There is an economic relationship between the hedged item and the hedging instrument.
- ② For the value change caused by the economic relationship between the hedged item and the hedging instrument, the impact of credit risk is not dominant.
- ③ It is required to adopt the proper hedging rate, which will not form an imbalance of relative weight between the hedging item and the hedging instrument, resulting in an accounting result that is inconsistent with the hedging accounting objective. If the hedging rate is no longer proper, but the hedge risk management objective does not change, the number of hedged items or hedging instruments should be adjusted so as to make the hedging rate meet the requirements for effectiveness again.

## 3) Accounting treatment of hedge

### ① Fair value hedging

Changes in fair value of the hedging derivative shall be recognized in current profit or loss. Changes in fair value of the hedged item attributable to hedged risk shall be included in the current profit or loss, and book value of the hedged item shall be adjusted simultaneously.

For fair value hedges related to financial instruments measured according to amortized cost, the adjustment on hedged item shall be recognized in current profit or loss, if such fair value hedges are amortized within the remaining period between the adjustment date and expiry date. Amortization pursuant to effective interest method can be conducted hereupon after the adjustment of book value, but shall not be later than the date, when the hedged item terminates adjustment on changes in fair value due to hedging risks.

If the hedged item is derecognized, the unamortized fair value should be recognized as the current profit or loss.

If a hedged item is an unrecognized firm commitment, the accumulative amount of the changes in the fair value of the firm commitment incurred by the hedged risk should be recognized as an asset or liability and the relevant profit or loss shall be recorded into the current profit or loss. Changes in the fair value of the hedging instrument are also recognized in the current profit or loss.

### ② Cash flow hedging

The portion of profit or loss on the hedging instrument attributable to the effective hedge shall be directly recognized as other comprehensive income, which attributable to the ineffective hedge shall be recorded in current profit or loss.

Where the hedged transaction affects current profit or loss, amount recognized in other comprehensive income shall be transferred in current profit or loss, if recognition of hedged financial revenue or financial expenses or anticipated sales occurs. If the hedged item is the cost of a non-financial asset or non-financial liability, then the amount previously recognized in other comprehensive income should be transferred into the initially recognized amount of the non-financial asset or the non-financial liability (or then the amount previously recognized in other comprehensive income should be transferred in the same period when the non-financial asset or the non-financial liability affects profit or loss and should be included in the current profit or loss).

If the forecast transaction or firm commitment is expected not to occur, the accumulative gain or loss of hedging instruments previously included in shareholders' equity should be transferred out and included in the current profit or loss. If the hedging instrument has matured or been sold, or the contract is terminated or has been exercised (or not replaced or renewed), or the COOEC revokes the designation of the hedge relationship, amounts previously recognized in other comprehensive income shall not be transferred out until the forecast transaction or definite undertaking affects the current profit or loss.

### ③ Hedging of net investment in an overseas operation

For hedges of net investment in an overseas operation including the hedges of monetary items as a part of net investment, the disposal of such hedges is similar to that of cash flow hedges. The portion of profit or loss on the

hedging instrument attributable to the effective hedge shall be recognized as other comprehensive income, which attributable to the ineffective hedge shall be recorded in the current profit or loss. When overseas operation is disposed, any accumulated profit or loss recognized in other comprehensive income shall be transferred out and included in current profit or loss.

#### 44. Changes in significant accounting policies and accounting estimates

##### (1) Adjustments for changes in significant accounting policies

√ Applicable □ Not applicable

Changes in accounting policies and reasons thereof	Examination and approval process	Remarks (names and amounts of statement items materially affected)
On December 30, 2021, the Ministry of Finance issued the Interpretation on the Accounting Standards for Business Enterprises No. 15 (CK [2021] No.35, hereinafter referred to as "Interpretation No. 15").	/	Its implementation has not had a significant impact on the financial position and main operating results of the COOEC.
On May 19, 2022, the Ministry of Finance issued a Circular on Issues Relating to the Application of the Provisions on Accounting Treatment of Rent Concessions Related to COVID-19 Epidemic (CK [2022] No.13), which again adjusted the scope of the COVID-19-related rent concessions for which simplified method was allowed, removing the previous restriction that the simplified method could only be applied to concessions for lease payments payable before June 30, 2022. Lessees and lessors may continue to elect to account for concessions on lease payments payable after 30 June 2022 that are directly attributable to COVID-19 by using the simplified method regulated in the Provisions on Accounting Treatment of Rent Concessions Related to COVID-19 Epidemic. Other applicable conditions remain unchanged.	/	Its implementation has not had a significant impact on the financial position and main operating results of the COOEC.
On November 30, 2022, the Ministry of Finance issued the Interpretation on the Accounting Standards for Business Enterprises No. 16 (CK [2022] No. 31, hereinafter referred to as "Interpretation No. 16").	/	Its implementation has not had a significant impact on the financial position and main operating results of the COOEC.

##### Other explanations

##### 1) Implementation of the Interpretation of Accounting Standards for Business Enterprises No. 15

On December 30, 2021, the Ministry of Finance issued the Interpretation on the Accounting Standards for Business Enterprises No. 15 (CK [2021] No. 35, hereinafter referred to as "Interpretation No. 15").

##### ① Accounting treatment of trial run sales

Interpretation No.15 stipulates the accounting treatment and presentation of products or by-products produced by an enterprise before a fixed asset reaches the working condition for its intended use or in the process of research and development, and stipulates that the net amount after offsetting costs by revenue related to trial run sales shall not be used to offset the costs of fixed assets or research and development expenditures. The provisions came into force as of January 1, 2022, and retroactive adjustment shall be made for trial operation sales occurring between the beginning of the earliest period for presentation of financial statements and January 1, 2022.

The implementation of this provision has not had a significant impact on the financial position and main operating results of the COOEC.

##### ② Judgment of loss-making contracts

Interpretation No.15 specifies that the "contract performance costs" considered by an enterprise when determining whether a contract constitutes a loss-making contract shall include the incremental cost of performing the contract and the amortized amount of other costs directly related to the performance of the contract. The provisions came into force as of January 1, 2022. Enterprises shall implement the provisions for contracts under which all obligations have not been fulfilled as of January 1, 2022. The cumulative effect shall be used to adjust to the retained earnings and other relevant financial statement items at the beginning of the year to which the implementation date belongs to, and the comparative financial statement data of prior period shall not be adjusted.

The implementation of this provision has not had a significant impact on the financial position and main operating results of the COOEC.

##### 2) Implementation of the Circular on Issues Relating to the Application of the Provisions on Accounting Treatment of Rent Concessions Related to COVID-19 Epidemic

On May 19, 2022, the Ministry of Finance issued a Circular on Issues Relating to the Application of the Provisions on Accounting Treatment of Rent Concessions Related to COVID-19 Epidemic (CK [2022] No.13), which again adjusted

the scope of the COVID-19-related rent concessions for which simplified method was allowed, removing the previous restriction that the simplified method could only be applied to concessions for lease payments payable before June 30, 2022. Lessees and lessors may continue to elect to account for concessions on lease payments payable after 30 June 2022 that are directly attributable to COVID-19 by using the simplified method regulated in the Provisions on Accounting Treatment of Rent Concessions Related to COVID-19 Epidemic. Other applicable conditions remain unchanged.

The COOEC has chosen to adopt the simplified method of accounting for all eligible lease contracts before the scope of application adjustment, and has adopted the simplified method of accounting for all eligible similar lease contracts after the scope of application adjustment, and has retroactively adjusted the relevant lease contracts that were accounted for by lease changes before the issuance of the Circular, but has not adjusted the comparative financial statement data of the previous period. The relevant rent reductions or exemptions that occurred between January 1, 2022 and the effective date of the Circular that were not accounted for in accordance with the Circular shall be adjusted in accordance with the Circular.

The implementation of this provision has not had a significant impact on the financial position and main operating results of the COOEC.

## (2) Changes in significant accounting estimates

Applicable  Not applicable

## (3) First-time implementation of new accounting standards or interpretations of standards, etc. from 2022 onwards involves adjustments to the financial statements at the beginning of the year of first-time implementation

Applicable  Not applicable

## 45. Others

Applicable  Not applicable

## VI. Taxation

### 1. Main tax types and tax rates

Main tax types and tax rates

Applicable  Not applicable

Tax type	Tax basis	Tax rate
Value added tax (VAT)	Output VAT is calculated based on taxable sales revenue and service revenue calculated in accordance with tax laws, and VAT payable shall be the difference between the output VAT and input VAT deductible in the same period;	13%, 9%, 6%
Urban maintenance and construction tax	Based on the value-added tax payable and the current tax exemption amount approved by the State Taxation Administration after formal review and approval	7%
Enterprise income tax	Calculated and paid on the basis of amount of taxable income	See the instructions
Education surcharge	Based on the value-added tax payable and the current tax exemption amount approved by the State Taxation Administration after formal review and approval	3%
Local education surtax	Based on the value-added tax payable and the current tax exemption amount approved by the State Taxation Administration after formal review and approval	2%
Property taxes	70% of the original value of the property / property rental income	1.2% / 12%

Notes to disclosure of enterprises with different enterprise income tax rates

Applicable  Not applicable

Name of taxpayer	Income tax rate (%)
The COOEC	15
A.E.S. Destructive and Non-Destructive Testing Limited	16.5
Offshore Oil Engineering (Qingdao) Co., Ltd.	15
COOEC Subsea Technology Co., Ltd.	15
COOEC Indonesia Co., Ltd	25
COOEC Nigeria Co., Ltd	30

Name of taxpayer	Income tax rate (%)
COOEC International Co., Ltd.	25
Offshore International Engineering Co., Ltd	25
Lanhai International Co., Ltd.	0
Offshore Oil Engineering (Zhuhai) Co., Ltd.	25
Offshore Oil Engineering Co., Ltd. Nigeria Free Trade Zone Company	30
Gothic Deep Offshore Technology Co., Ltd	21
COOEC-Fluor Heavy Industries Co., Ltd.	25
Offshore Oil Engineering (Canada) Co., Ltd.	23
COOEC International Co., Limited Thai company	20
COOEC International Co., Limited Brazilian company	34

## 2. Tax preference

Applicable  Not applicable

- (1) In October 2021, the COOEC was jointly recognized as a high-tech enterprise by the Tianjin Bureau of Science and Technology, the Tianjin Bureau of Finance and the Tianjin Taxation Bureau of the State Taxation Administration and obtained the High-tech Enterprise Certificate with the number GR202112000342, which is valid for 3 years and has an income tax rate of 15%.
- (2) In November 2021, Offshore Oil Engineering (Qingdao) Co., Ltd. was jointly recognized as a high-tech enterprise by Qingdao Science and Technology Bureau, Qingdao Finance Bureau and Qingdao Taxation Bureau of the State Taxation Administration, and obtained the Certificate of High-tech Enterprise with the number GR202137100184, which is valid for 3 years and the income tax rate is 15%.
- (3) In December 2020, COOEC Subsea Technology Co., Ltd. was jointly recognized as a high-tech enterprise by Shenzhen Science and Technology Innovation Committee, Shenzhen Finance Committee, Shenzhen State Taxation Bureau and Shenzhen Local Taxation Bureau, and obtained the High-tech Enterprise Certificate with the number GR202044203585, which is valid for 3 years and the income tax rate is 15%.

## 3. Others

Applicable  Not applicable

- (1) According to the Circular of the Ministry of Finance and the State Taxation Administration on the Policy of VAT and Consumption Tax on Exported Goods and Services (CS [2012] No. 39), the self-produced offshore engineering structures sold by the COOEC and its subsidiaries, Offshore Oil Engineering (Qingdao) Co., Ltd. and Offshore Petroleum Engineering (Zhuhai) Co., Ltd., to offshore oil and gas exploration enterprises are treated as exported goods and are subject to Tax exemption, credit and refund management method. According to the Notice of the Ministry of Finance and the State Taxation Administration on the Clarification of VAT Policies on Finance, Real Estate Development and Educational Auxiliary Services (CS [2016] No. 140), the sales contracts on the sales of self-produced offshore engineering structures signed by the COOEC and its subsidiaries, Offshore Oil Engineering (Qingdao) Co., Ltd. and Offshore Oil Engineering (Zhuhai) Co., Ltd. after January 1, 2017 are no longer subject to the credit exemption policy.
- (2) Pursuant to the Notice on the Full-scale Implementation of the Pilot Program of Business Tax Reform and Value-added Tax (2016) issued by the Ministry of Finance and the State Taxation Administration with the approval of the State Council, the COOEC and its domestic subsidiaries have been subject to the provision on value added tax in lieu of business tax since May 1, 2016. According to Article 1 of the Announcement of the State Taxation Administration No. 11 of 2017 Announcement of the State Taxation Administration on Further Clarification of Issues Relating to Collection and Administration of Business Tax Conversion, taxpayers who provide construction and installation services while selling self-produced goods such as activity rooms, machinery and equipment and steel structure parts do not fall under mixed sales as set forth in Article 40 of the Implementation Measures for the Pilot Scheme of Business Tax Conversion and Value-added Tax (CS [2016] No. 36 Document) and sales of goods and construction services shall be accounted for separately and different tax or levy rates shall be applied respectively, and the general contracting or subcontracting contracts entered into by the COOEC apply different tax or levy rates to the price of construction labor, the price of self-produced goods and the price of providing VAT taxable services respectively.



## VII. Notes to the main items of the consolidated financial statements

### 1. Monetary funds

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Ending balance	Beginning balance
Cash on hand	1.00	
Bank deposit	212,299.69	117,078.06
Other monetary funds		
Total	212,300.69	117,078.06
Including: total amount deposited abroad	18,899.87	26,498.15
Deposits with finance companies	58,319.09	76,795.74

Other explanations

Cash or cash equivalents being restricted for use due to mortgage, pledge or freezing, being subject to restriction on withdrawal due to unified management, or being placed overseas with restrictions on fund repatriation are listed as follows:

Item	Ending balance	Balance as at the end of last year
Frozen funds involved in lawsuits	2,953.62	
Total	2,953.62	

### 2. Financial assets held for trading

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Ending balance	Beginning balance
Financial assets measured at fair value through current profit or loss	861,172.84	625,617.90
Including:		
Structural deposits	350,936.32	421,270.06
Non-principal-protected floating-income financial products	510,236.52	204,347.84
Total	861,172.84	625,617.90

Other explanations:

□ Applicable √ Not applicable

### 3. Accounts receivable

#### (1) Disclosure by aging

√ Applicable □ Not applicable

Unit: RMB'0,000

Aging	Book balance as at the end of the year
Within 1 year	
Including: items within 1 year	
Within 1 year	606,702.35
Within 1 year Subtotal	606,702.35
1-2 years	24,912.76
2-3 years	6,578.6
Over 3 years	311.54
Total	638,505.25

## (2) Classified disclosure by provision of bad debts

√ Applicable  Not applicable

Unit: RMB'0,000

Type	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Ratio (%)	Amount	Proportion of provision (%)		Amount	Ratio (%)	Amount	Proportion of provision (%)	

Provision for bad debts accrued on an individual basis

Provision for bad debts made by portfolio	638,505.25	100.00	11,435.15	1.79	627,070.10	573,124.97	100.00	7,403.00	1.29	565,721.97
Total	638,505.25	100.00	11,435.15	/	627,070.10	573,124.97	100.00	7,403.00		565,721.97

Individual provision for bad debts:

 Applicable  Not applicable

Provision for bad debts made by portfolio:

√ Applicable  Not applicable

Portfolios for provision: aging portfolio

Unit: RMB'0,000

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Provision ratio (%)
Aging portfolio	90,810.21	11,435.15	12.59
Portfolio of related parties	547,695.04		
Total	638,505.25	11,435.15	

Recognition criteria and description of bad debts accrued by portfolio:

 Applicable  Not applicable

If the provision for bad debts is made according to the general model of expected credit losses, please refer to the disclosure of other receivables:

 Applicable  Not applicable

## (3) Provision for bad debts

√ Applicable  Not applicable

Unit: RMB'0,000

Type	Beginning balance	Change in this period				Ending balance
		Provision	Recovery or reversal	Resale or write-off	Other changes	
Provision for bad debts made by portfolio	7,403.00	4,265.12		648.64	415.67	11,435.15
Total	7,403.00	4,265.12		648.64	415.67	11,435.15

Significant amounts of bad debt recovery or reversal in the current period:

Applicable  Not applicable

**(4) Accounts receivable actually charged-off in this period**

Applicable  Not applicable

Unit: RMB'0,000

Item	Amount for write-off
Actual write-off of accounts receivable	648.64

Writ-off of significant receivables

Applicable  Not applicable

Unit: RMB'0,000

Entity name	Nature of accounts receivable	Amount for write-off	Reasons for write-off	Write-off procedures performed	Whether it is due to related party transactions
Daya offshore Construction SDN BHD.	Payment for projects	648.64	Debt unit bankruptcy end	Party Committee Consideration	No
Total		648.64			

Explanations on writing off receivables:

Applicable  Not applicable

**(5) Top five accounts receivable by the debtor in terms of the ending balance**

Applicable  Not applicable

Unit: RMB'0,000

Entity name	Ending balance	Proportion to total amount of ending balance of receivable (%)	Balance of provision for bad debts as at the end of the year
CNOOC Limited	540,642.9	84.67	
JGC FLUOR BC LNG JOINT VE	35,432.21	5.55	
DANGOTE OIL REFINING COMPANY LIMITE	20,570.92	3.22	6,171.33
CNOOC Gas & Electricity Group Co., Ltd.	4,919.58	0.77	
The Hongkong Electric Company, Limited	4,491.9	0.70	
Total	606,057.51	94.91	6,171.33

Other explanations

None

**(6) Accounts receivable derecognized due to the transfer of financial assets**

Applicable  Not applicable

**(7) Amount of assets or liabilities arising from transfer of accounts receivable and the relevant continuous involvement**

Applicable  Not applicable

Other explanations:

Applicable  Not applicable

#### 4. Prepayments

##### (1) Presentation by aging

Applicable  Not applicable

Unit: RMB'0,000

Aging	Ending balance		Beginning balance	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	79,672.23	82.50	61,776.21	97.40
1-2 years	9,576.02	9.91	1,652.03	2.60
2-3 years	7,325.34	7.58		
Over 3 years	10.00	0.01		
Total	96,583.59	100.00	63,428.24	100.00

##### (2) Top five prepayments in terms of their balance as at the end of the period presented by the payee

Applicable  Not applicable

Entity name	Ending balance	Proportion in the total ending balance (%)
Jiangsu Nangang Steel Spot Trading Co., Ltd.	13,231.47	13.70
Tianjin TISCO Sales Co., Ltd.	8,548.20	8.85
Handan Zhongcai Construction Co., Ltd.	7,278.17	7.54
China National Chemical Engineering No. 14 Construction Co., Ltd.	6,063.28	6.28
T.EN Loading Systems SAS	5,153.91	5.34
Total	40,275.03	41.71

Other explanations

Applicable  Not applicable

#### 5. Other receivables

##### Presentation

Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance	Beginning balance
Interest receivable		
Dividends receivable		
Other receivables	1,620.09	1,790.19
Total	1,620.09	1,790.19

Other explanations:

Applicable  Not applicable



**Other receivables****(1) Disclosure by aging**

√ Applicable □ Not applicable

Unit: RMB'0,000

Aging	Book balance as at the end of the year
Within 1 year	
Including: items within 1 year	
Within 1 year	1,073.65
Within 1 year Subtotal	1,073.65
1-2 years	303.24
2-3 years	16.88
Over 3 years	226.32
Total	1,620.09

**(2) Classification by nature of payment**

√ Applicable □ Not applicable

Unit: RMB'0,000

Nature of payment	Book balance as at the end of the year	Book balance as at the beginning of the year
Deposits, reserve funds, security deposits	955.42	1,782.35
Insurance compensation	252.35	
Advances and others	412.32	492.19
Total	1,620.09	2,274.54

**(3) Information of provision for bad debts**

√ Applicable □ Not applicable

Unit: RMB'0,000

Provision for bad debts	Phase I	Phase II	Phase III	Total
	Expected credit losses over the next 12 months	Expected credit losses throughout the duration (without credit impairment)	Expected credit losses throughout the duration (with credit impairment)	
Balance as at January 1, 2022	18.00		466.35	484.35
Balance as at January 1, 2022 in the current period				
- Transfer to phase II				
- Transfer to phase III				
- Reversal to phase II				
- Reversal to phase I				
Provision in this period				
Reversal in this period	18.00		259.64	277.64
Charge-off in this period				
Write-off in this period			215.15	215.15
Other changes			8.44	8.44
Balance as at December 31, 2022				

Notes to the obvious changes in the book balance of other receivables with changes in provision for losses in the current period:

Applicable  Not applicable

Book balance	Phase I	Phase II	Phase III	Total
	Expected credit losses over the next 12 months	Expected credit losses throughout the duration (without credit impairment)	Expected credit losses throughout the duration (with credit impairment)	
Balance as at the end of last year	1,808.19		466.35	2,274.54
Balance at the end of the previous year in this period				
- Transfer to phase II				
- Transfer to phase III				
- Reversal to phase II				
- Reversal to phase I				
Increase in this period	1,073.65			1,073.65
Derecognition in this period	1,261.75		474.79	1,736.54
Other changes			8.44	8.44
Ending balance	1,620.09		0.00	1,620.09

The basis for the provision for bad debts in the current period and the assessment of whether the credit risk of financial instruments has increased significantly:

Applicable  Not applicable

#### (4) Provision for bad debts

Applicable  Not applicable

Unit: RMB'0,000

Type	Beginning balance	Change in this period				Ending balance
		Provision	Recovery or reversal	Resale or write-off	Other changes	
Provision for bad debts accrued on an individual basis	466.35		259.64	215.15	8.44	
Provision for bad debts made by portfolio	18.00		18.00			
Total	484.35		277.64	215.15	8.44	

Reversal or recovery of significant amount of provision for bad debts in the current period:

Applicable  Not applicable

#### (5) Other receivables actually written off during the period

Applicable  Not applicable

Unit: RMB'0,000

Item	Amount for write-off
Other receivables actually written off	215.15

Other significant receivables actually written off:

Applicable  Not applicable

Unit: RMB'0,000

Entity name	Nature of other receivables	Write-off	Reasons for write-off	Write-off procedures performed	Whether it is due to related party transactions
Taiyuan Rongli Trading Co., Ltd.	Purchase price	215.15	Insolvency of the debtor was terminated	Party Committee Consideration	No
Total		215.15			

Explanations on writing off other receivables:

Applicable  Not applicable

#### (6) Information about top 5 other receivables in terms of ending balances by debtors

Applicable  Not applicable

Unit: RMB'0,000

Entity name	Nature of amount	Ending balance	Aging	Proportion in the total ending balance of other receivables (%)	Balance of provision for bad debts as at the end of the year
ESSO PETROLEUM COMPANY	Service charges	283.33	Within 1 year	17.49	
PICC P&C	Insurance claim compensation	252.35	Within 1 year	15.58	
CNOOC Limited	Security deposit	153.22	Within 1 year	9.46	
Tianjin Port Power Co., Ltd.	Guarantee deposit	120.00	1-2 years	7.41	
Shenzhen investment condominium development Co.	Guarantee deposit	117.16	Remark	7.23	
Total		926.06		57.17	

Note: The ending balance of Shenzhen Merchants Apartment Development Co., Ltd. was RMB1,171,600, of which RMB55,900 was aged 1 to 2 years and RMB1,115,700 was aged over 3 years.

#### (7) Receivables involving government grants

Applicable  Not applicable

#### (8) Other receivables derecognized as a result of a transfer of financial assets

Applicable  Not applicable

#### (9) Amounts of assets, liabilities as a result of transfer of other receivables and constant involvement

Applicable  Not applicable

Other explanations:

Applicable  Not applicable

## 6. Inventories

### (1) Classification

Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance			Beginning balance		
	Book balance	Provision for inventory depreciation reserve/provision for impairment of contract performance costs	Book value	Book balance	Provision for inventory depreciation reserve/provision for impairment of contract performance costs	Book value
Contract performance costs	1,797.80		1,797.80	1,648.47		1,648.47
Project preparation	139,961.10	11,651.17	128,309.93	120,118.44	6,657.25	113,461.19
Total	141,758.90	11,651.17	130,107.73	121,766.91	6,657.25	115,109.66

Among them, the breakdown of engineering provision is as follows:

Item	Ending balance			Beginning balance		
	Book balance	Provision for inventory depreciation reserve/provision for impairment of contract performance costs	Book value	Book balance	Provision for inventory depreciation reserve/provision for impairment of contract performance costs	Book value
Project preparation	139,961.10	11,651.17	128,309.93	120,118.44	6,657.25	113,461.19
Including:						
General steel	49,416.62	1,408.65	48,007.97	40,241.60	3,300.41	36,941.19
Imported materials	13,355.13	3,322.69	10,032.44	12,645.24	918.24	11,727.00
Electrical materials	8,626.10	833.13	7,792.97	4,092.54	593.30	3,499.24
Other materials	68,563.25	6,086.70	62,476.55	63,139.06	1,845.30	61,293.76
Total	139,961.10	11,651.17	128,309.93	120,118.44	6,657.25	113,461.19

## (2) Provision for inventory depreciation reserve and provision for impairment of contract performance costs

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Beginning balance	Increase in this period		Decrease in this period		Ending balance
		Provision	Others	Reversal or write-off	Others	
Project preparation	6,657.25	7,220.66	504.01	2,730.75		11,651.17
Total	6,657.25	7,220.66	504.01	2,730.75		11,651.17

Among them, the breakdown of engineering provision is as follows:

Item	Beginning balance	Increase in this period		Decrease in this period		Ending balance
		Provision	Others	Reversal or write-off	Others	
Project preparation	6,657.25	7,220.66	504.01	2,730.75		11,651.17
Including:						
General steel	3,300.41	656.62	182.37	2,730.75		1,408.65
Imported materials	918.24	2,404.45				3,322.69
Electrical materials	593.30	205.69	34.14			833.13
Other materials	1,845.30	3,953.90	287.50			6,086.70
Total	6,657.25	7,220.66	504.01	2,730.75		11,651.17

## (3) Ending balance of stock which contains capitalized borrowing costs

□ Applicable √ Not applicable



**(4) Contract performance costs amortized in the current period**

Applicable  Not applicable

Other explanations

Applicable  Not applicable

**7. Contract assets****(1) Contract assets**

Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance			Beginning balance		
	Book balance	Provisions for impairment	Book value	Book balance	Provisions for impairment	Book value
Completed but unsettled assets arising from a construction contract	475,760.06	506.29	475,253.77	291,587.66	320.82	291,266.84
<b>Total</b>	<b>475,760.06</b>	<b>506.29</b>	<b>475,253.77</b>	<b>291,587.66</b>	<b>320.82</b>	<b>291,266.84</b>

**(2) Amount and reasons for significant changes in book value during the reporting period**

Applicable  Not applicable

**(3) Provision for impairment of contract assets during the period**

Applicable  Not applicable

Unit: RMB'0,000

Item	Provision in this period	Reversal in this period	Write-off/cancellation after verification in this period	Reasons
Completed but unsettled assets arising from a construction contract	185.69			
<b>Total</b>	<b>185.69</b>			

If the provision for bad debts is made according to the general model of expected credit losses, please refer to other receivables:

Applicable  Not applicable

Other explanations:

Applicable  Not applicable

Contract assets by method of provision for impairment:

Type	Ending balance				
	Book balance		Provisions for impairment		Book value
	Amount	Ratio (%)	Amount	Provision ratio (%)	
Provision for impairment by portfolio	475,760.06	100.00	506.29	0.11	475,253.77
Including:					
Credit risk characteristic portfolio	475,760.06	100.00	506.29	0.11	475,253.77
<b>Total</b>	<b>475,760.06</b>	<b>100.00</b>	<b>506.29</b>		<b>475,253.77</b>

Provision for impairment by portfolio:

Name	Ending balance		
	Contract assets	Provisions for impairment	Provision ratio (%)
Credit risk characteristic portfolio	475,760.06	506.29	0.11
Total	475,760.06	506.29	

#### 8. Non-current assets maturing within one year

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Ending balance	Beginning balance
Debt investments maturing within one year	129,225.80	
Other debt investments maturing within one year		
Total	129,225.80	

Significant ending debt investments and other debt investments:

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Ending balance				Beginning balance			
	Face value	Nominal interest rate	Effective interest rate	Maturity date	Book value	Nominal interest rate	Effective interest rate	Maturity date
Agricultural Bank, Tianjin Tanggu Branch	20,000.00	3.9875%	3.9875%	12/4/2023				
Agricultural Bank, Tianjin Tanggu Branch	30,000.00	3.9875%	3.9875%	12/4/2023				
ICBC Tianjin Branch	20,000.00	3.9875%	3.9875%	12/21/2023				
ICBC Tianjin Branch	20,000.00	3.9875%	3.9875%	12/21/2023				
ICBC Tianjin Branch	20,000.00	3.9875%	3.9875%	12/30/2023				
ICBC Tianjin Branch	10,000.00	3.9875%	3.9875%	12/31/2023				
Total	120,000.00	/	/	/		/	/	/

#### 9. Other current assets

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Ending balance	Beginning balance
Reclassification of value-added tax	22,896.94	22,593.37
Prepayment of enterprise income tax	456.93	1,763.52
Prepaid and deferred expenses	1,654.67	
Others		464.37
Total	25,008.54	24,821.26

## 10. Debt investments

### (1) Debt investments

Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance			Beginning balance		
	Book balance	Provisions for impairment	Book value	Book balance	Provisions for impairment	Book value
Three-year negotiable large deposit certificates	32,228.86		32,228.86	155,811.97		155,811.97
Total	32,228.86		32,228.86	155,811.97		155,811.97

### (2) Important debt investments as at the end of the period

Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance				Beginning balance			
	Face value	Nominal interest rate	Effective interest rate	Maturity date	Book value	Nominal interest rate	Effective interest rate	Maturity date
Agricultural Bank, Tianjin Tanggu Branch					20,000.00	3.9875%	3.9875%	12/4/2023
Agricultural Bank, Tianjin Tanggu Branch					30,000.00	3.9875%	3.9875%	12/4/2023
ICBC Tianjin Branch					20,000.00	3.9875%	3.9875%	12/21/2023
ICBC Tianjin Branch					20,000.00	3.9875%	3.9875%	12/21/2023
ICBC Tianjin Branch					20,000.00	3.9875%	3.9875%	12/30/2023
ICBC Tianjin Branch					10,000.00	3.9875%	3.9875%	12/21/2023
Agricultural Bank, Tianjin Tanggu Branch	30,000.00	3.9875%	3.9875%	1/15/2024	30,000.00	3.9875%	3.9875%	1/15/2024
Total	30,000.00	/	/	/	150,000.00	/	/	/

### (3) Provision for impairment

Applicable  Not applicable

The basis for the provision for impairment in the current period and the assessment of whether the credit risk of financial instruments has increased significantly

Applicable  Not applicable

Other explanations

Applicable  Not applicable

## 11. Long-term equity investments

√ Applicable □ Not applicable

Unit: RMB'0,000

Investee	Beginning balance	Increase/decrease in this period								Ending balance	Balance of provision for impairment as at the end of the period
		Additional investment	Reduced investment	Profit or loss on investments recognized under the equity method	Adjustments to other comprehensive income	Other changes in equity	Cash dividends or profits declared to be distributed	Provision for impairment accrued	Others		
<b>I. Joint ventures</b>											
COOEC-Fluor Heavy Industries Co., Ltd.	152,908.21			-6,292.23						-146,615.98	
Sub-total	152,908.21			-6,292.23						-146,615.98	
<b>II. Associates</b>											
Kwana Offshore (Qingdao) Engineering Technology Co., Ltd.											
Tianjin Zhonghe Offshore Energy Engineering Co., Ltd.											
Sub-total											
Total	152,908.21			-6,292.23						-146,615.98	

## Other explanations

Note 1: In February 2016, Offshore Oil Engineering (Zhuhai) Co., Ltd, a subsidiary of the COOEC, and Fluor Corporation, a subsidiary of Fluor Corporation, established a joint venture, COOEC-Fluor Heavy Industries Co., Ltd., with the COOEC contributing assets and capital, accounting for 51% of the equity, and Fluor Corporation contributing capital, accounting for 49% of the equity. The board of directors of the joint venture has 7 members, with 4 members appointed by Offshore Oil Engineering (Zhuhai) Co., Ltd. and 3 members appointed by Fluor Corporation Limited, any meeting of the board of directors requires at least 5 directors to participate in the voting and includes two directors each appointed by two shareholders. According to the joint venture agreement and articles of association of both parties, all directors present at the board of directors must unanimously agree on major operational decisions of COOEC-Fluor Heavy Industries Co., Ltd. Either party cannot independently control and can prevent the other party from independently controlling, so it is judged that CFHI is a joint venture.

In December 2022, in order to improve the operation status of COOEC-Fluor and enhance the operation efficiency, and to solve the problem of holding more than 50% of shares in the investment enterprise but managing equally with Fluor, the COOEC and Fluor revised the joint venture articles of association and joint venture contract through communication and negotiation, and adjusted the major daily operation decisions of the board of directors of the joint venture from unanimous decision of both parties to simple majority decision. With the same percentage of 51% equity interest in COOEC-Fluor, the COOEC can obtain the control of major matters of COOEC-Fluor by having more seats in the Board of Directors. Under the authority of the board of directors of the joint venture, the highest level of approval for matters such as deviations from annual plans, bank borrowings, project procurement contracts and project service contracts involved in the day-to-day management of the joint venture is the general manager of the joint venture (according to the articles of association of the joint venture, the general manager of the joint venture is appointed by the COOEC). The COOEC achieved effective control over COOEC-Fluor and included it in the scope of consolidated statements.

Note 2: The COOEC's subsidiary, Offshore Oil Engineering (Qingdao) Co., Ltd. held 40.00% of shares in Kwana Offshore (Qingdao) Engineering & Technology Co., Ltd. at the beginning of the period, with an initial investment cost of RMB8,125,800 and a profit or loss adjustment of RMB-8,125,800. On October 11, 2021, Qingdao Huangdao District People's Court accepted the bankruptcy liquidation of Kwana Offshore (Qingdao) Engineering & Technology Co., Ltd. and started the bankruptcy liquidation procedure in accordance with laws, regulations and articles of association. As of December 31, 2022, the People's Court has ruled to terminate the bankruptcy liquidation proceedings and the COOEC has terminated the recognition of long-term equity investment.

Note 3: Beijing Gaotai Deep Sea Technology Co., Ltd, a subsidiary of the COOEC, held 33.33% of shares in Tianjin Zhonghe Ocean Energy Engineering Co., Ltd. at the beginning of the period, with an initial investment cost of RMB1,666,700 and a profit or loss adjustment of RMB-1,666,700. The entire 33.33% shareholding has been disposed of during the period and the COOEC has derecognized the long-term equity investment.



## 12. Investment in other equity instruments

### (1) Investment in other equity instruments

Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance	Beginning balance
Gansu Lanpec Technologies Limited		9,235.20
CNOOC Finance Co., Ltd.,	7,067.14	7,067.14
Total	7,067.14	16,302.34

### (2) Investments in non-transactional equity instruments

Applicable  Not applicable

Unit: RMB'0,000

Item	Dividend income recognized during the period	Cumulative gains	Cumulative losses	Amounts transferred from other comprehensive income to retained earnings	Reasons designated as being measured at fair value through other comprehensive income	Reasons for the transfer of other comprehensive income to retained earnings
Gansu Lanpec Technologies Limited				5,416.83	Equity instrument not held for trading	Disposal
CNOOC Finance Co., Ltd.	764.35				Equity instrument not held for trading	

Other explanations:

Applicable  Not applicable

## 13. Fixed assets

### Presentation

Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance	Beginning balance
Fixed assets	1,320,568.82	1,069,873.93
Liquidation of fixed assets	1,431.72	1,167.65
Total	1,322,000.54	1,071,041.58

## Fixed assets

## (1) Fixed assets

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Buildings and constructions	Machinery equipment	Means of transportation	Electronic equipment	Office facilities	Total
<b>I. Total original book value:</b>						
1. Beginning balance	471,085.30	365,346.06	1,314,217.14	9,888.48	15,123.26	2,175,660.24
2. Increase in this period	403,136.89	104,489.14	14,800.19	4,812.64	3,149.15	530,388.01
(1)Purchase		6,613.09	147.13	9.36	2,627.68	9,397.26
(2)Transfer from construction in progress	43,491.54	46,636.25	936.48	2,219.94	105.40	93,389.61
(3)Increase in business combination	360,767.02	48,757.61		2,654.79	228.41	412,407.83
(4)Translation of foreign currency financial statements	18.33	31.87	15,134.34	8.96	-0.19	15,193.31
(5)Reclassification	-1,140.00	2,450.32	-1,417.76	-80.41	187.85	
3. Decrease in this period		3,994.20	85,210.47	242.50	859.37	90,306.54
(1)Disposal or scrapping		3,994.20	998.16	242.50	859.37	6,094.23
(2)Others			84,212.31			84,212.31
4. Ending balance	874,222.19	465,841.00	1,243,806.86	14,458.62	17,413.04	2,615,741.71
<b>II. Accumulated depreciation</b>						
1. Beginning balance	183,266.04	267,977.18	620,451.88	7,998.13	9,543.54	1,089,236.77
2. Increase in this period	89,615.64	44,453.45	73,922.16	2,195.55	1,629.69	211,816.49
(1)Provision	19,017.57	17,280.07	61,565.89	642.26	1,477.89	99,983.68
(2)Increase in business combination	70,659.62	26,457.92		1,614.90	71.88	98,804.32
(3)Translation of foreign currency financial statements	11.13	41.04	12,969.84	6.91	-0.43	13,028.49
(4)Reclassification	-72.68	674.42	-613.57	-68.52	80.35	
3. Decrease in this period		3,570.90	48,512.78	148.90	787.50	53,020.08
(1)Disposal or scrapping		3,570.90	898.34	148.90	787.50	5,405.64
(2)Others			47,614.44			47,614.44
4. Ending balance	272,881.68	308,859.73	645,861.26	10,044.78	10,385.73	1,248,033.18
<b>III. Provision for impairment</b>						
1. Beginning balance	15,467.50	1,082.04				16,549.54
2. Increase in this period	29,504.02	1,086.15				30,590.17
(1)Provision						
(2)Increase in consolidation for the period	29,504.02	1,086.15				30,590.17
3. Decrease in this period						
(1)Disposal or scrapping						
4. Ending balance	44,971.52	2,168.19				47,139.71
<b>IV. Book value</b>						
1. Book value as at the end of the period	556,368.99	154,813.08	597,945.60	4,413.84	7,027.31	1,320,568.82
2. Book value as at the beginning of the period	272,351.76	96,286.84	693,765.26	1,890.35	5,579.72	1,069,873.93

Note: The book original value of fixed assets and accumulated depreciation of the COOEC's transportation equipment for the period and other decreases were transferred to construction in progress for the HYSY278 vessel soft lay-up renovation project.

**(2) Temporarily idle fixed assets**

Applicable  Not applicable

**(3) Details of fixed assets under finance lease**

Applicable  Not applicable

**(4) Fixed assets leased out through operating lease**

Applicable  Not applicable

**(5) Fixed assets without certificate of title**

Applicable  Not applicable

Unit: RMB'0,000

Item	Book value	Reason for failure to properly handle the certificates of title
Houses and buildings	34,668.15	In handling

Other explanations:

Applicable  Not applicable

Liquidation of fixed assets

Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance	Beginning balance
Houses and buildings	0.08	0.09
Machinery equipment	1,101.70	1,015.10
Transportation facilities	118.36	2.07
Electronic equipment	150.63	150.39
Office facilities	60.95	
Total	1,431.72	1,167.65

**14. Construction in progress****Presentation of items**

Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance	Beginning balance
Construction in progress	66,085.09	93,920.99
Project materials		
Total	66,085.09	93,920.99

**Construction in progress****(1) Construction in progress**

Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance			Beginning balance		
	Book balance	Provisions for impairment	Book value	Book balance	Provisions for impairment	Book value
Lingang base construction project	12,530.42		12,530.42	60,960.89		60,960.89
Ultra-deepwater piling hammer	5,381.19		5,381.19	2,871.26		2,871.26
HYSY278 soft pavement renovation	40,770.28		40,770.28			
Plough trenching machine and A crane purchase project				5,933.88		5,933.88
National oil and gas pipeline emergency rescue project	2,746.49		2,746.49	17,509.45		17,509.45
Two 3000m class working ROV acquisition project - LARS part				2,251.76		2,251.76
Blue whale hook head renovation project	1,736.35		1,736.35	1,589.53		1,589.53
Other projects	2,920.36		2,920.36	2,804.22		2,804.22
Total	66,085.09		66,085.09	93,920.99		93,920.99

## (2) Changes of significant construction in progress in the current period

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Budget	Beginning balance	Increase in this period	Transfer into fixed assets in this period	Other decreases in this period	Ending balance	Proportion of accumulated project investment in budget (%)	Progress of construction	Accumulated capitalization amount of interest	Including: Capitalized amount of interest in this period	Capitalization rate of interest in this period	Capital source
Lingang base construction project	249,514.30	60,960.89	11,417.35	59,847.82		12,530.42	98.30	99.99				Self-raised funds
Ultra-deepwater piling hammer	17,262.00	2,871.26	2,509.93			5,381.19	48.21	65.5				Self-financing and government compensation
HYSY278 soft pavement renovation	5,540.43		40,770.28			40,770.28	73.51	99.55				Self-raised funds
Plough trenching machine and A crane purchase project	22,847.21	5,933.88	1,321.58	7,255.46			53.99	100.00				Self-raised funds
National oil and gas pipeline emergency rescue project	22,616.16	17,509.45	4,664.89	19,427.85		2,746.49	88.31	95.00				Government grants
Two 3000m class working ROV acquisition project - LARS part	2,291.37	2,251.76	30.19	-320.12	2,602.07		99.59	100.00				Self-raised funds
Blue whale hook head renovation project	2,505.09	1,589.53			-146.82	1,736.35	69.31	75.20				Self-raised funds
Other projects		2,804.22	8,783.22	7,178.60	1,488.48	2,920.36						
Total	322,576.56	93,920.99	69,497.44	93,389.61	3,943.73	66,085.09	/	/				/ /



**(3) Provision for impairment of construction in progress in the current period**

□ Applicable √ Not applicable

Other explanations

□ Applicable √ Not applicable

**Project materials****(4) Project materials**

□ Applicable √ Not applicable

**15. Right-of-use assets**

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Land	Site and constructions	Ships	Machinery equipment	Total
<b>I. Total original book value</b>					
1. Beginning balance	6,169.38	11,949.72		164.58	18,283.68
2. Increase in this period		340.07			340.07
(1) New lease		155.01			155.01
(2) Revaluation adjustment		168.95			168.95
(3) Translation of foreign currency financial statements		16.11			16.11
3. Decrease in this period	157.92	3,439.36			3,597.28
(1) Transfer upon maturity	157.92	3,284.64			3,442.56
(2) Disposal		154.72			154.72
4. Ending balance	6,011.46	8,850.43		164.58	15,026.47
<b>II. Accumulated depreciation</b>					
1. Beginning balance	4,270.54	4,461.30		42.02	8,773.86
2. Increase in this period	468.93	4,301.23		42.02	4,812.18
(1) Provision	468.93	4,296.99		42.02	4,807.94
(2) Translation of foreign currency financial statements		4.24			4.24
3. Decrease in this period	157.92	3,387.79			3,545.71
(1) Disposal		103.15			103.15
(2) Transfer upon maturity	157.92	3,284.64			3,442.56
4. Ending balance	4,581.55	5,374.74		84.04	10,040.33
<b>III. Provision for impairment</b>					
1. Beginning balance					
2. Increase in this period					
(1) Provision					
(2) Translation of foreign currency financial statements					
3. Decrease in this period					
(1) Disposal					
(2) Transfer upon maturity					
4. Ending balance					
<b>IV. Book value</b>					
1. Book value as at the end of the period	1,429.91	3,475.69		80.54	4,986.14
2. Book value as at the beginning of the period	1,898.84	7,488.42		122.56	9,509.82

## 16. Intangible assets

### (1) Details of intangible assets

Applicable  Not applicable

Unit: RMB'0,000

Item	Land use rights	Patent right	Software	Total
<b>I. Total original book value</b>				
1. Beginning balance	132,065.91		21,613.66	153,679.57
2. Increase in this period	135,082.55	1,530.17	6,485.71	143,098.43
(1)Purchase			2,337.99	2,337.99
(2)Internal research and development				
(3)Increase in business combination	135,082.55	1,530.17	4,129.27	140,741.99
(4)Translation of foreign currency financial statements			18.45	18.45
3. Decrease in this period				
(1)Disposal				
(2)Lapsed and derecognized part				
(3)Others				
4. Ending balance	267,148.46	1,530.17	28,099.37	296,778.00
<b>II. Accumulated accumulation</b>				
1. Beginning balance	26,359.49		17,804.65	44,164.14
2. Increase in this period	21,613.79		4,339.96	25,953.75
(1)Provision	2,699.74		2,044.09	4,743.83
(2)Increase in business combination	18,914.05		2,279.04	21,193.09
(3)Translation of foreign currency financial statements			16.83	16.83
3. Decrease in this period				
(1)Disposal				
(2)Expired and derecognized part				
(3)Others				
4. Ending balance	47,973.28		22,144.61	70,117.89
<b>III. Provision for impairment</b>				
1. Beginning balance				
2. Increase in this period				
(1)Provision				
3. Decrease in this period				
(1)Disposal				
(2)Expired and derecognized part				
4. Ending balance				
<b>IV. Book value</b>				
1. Book value as at the end of the period	219,175.18	1,530.17	5,954.76	226,660.11
2. Book value as at the beginning of the period	105,706.42		3,809.01	109,515.43

In this period, the proportion of intangible assets formed within the COOEC's internal R&D to the balance of intangible assets is 0%.

### (2) Land use right without certificate of title

Applicable  Not applicable

Other explanations:

Applicable  Not applicable

## 17. Goodwill

### (1) Original book value of goodwill

Applicable  Not applicable

Unit: RMB'0,000

Name of the investee or matters forming goodwill	Beginning balance	Increase in this period		Decrease in this period		Ending balance
		Amount formed through business combination	Others	Disposal	Others	
A.E.S. Destructive and Non-Destructive Testing Limited	1,307.51					1,307.51
<b>Total</b>	<b>1,307.51</b>					<b>1,307.51</b>

### (2) Impairment provision of goodwill

Applicable  Not applicable

Unit: RMB'0,000

Name of the investee or matters forming goodwill	Beginning balance	Increase in this period		Decrease in this period		Ending balance
		Provision	Others	Disposal	Others	
A.E.S. Destructive and Non-Destructive Testing Limited	1,307.51					1,307.51
<b>Total</b>	<b>1,307.51</b>					<b>1,307.51</b>

### (3) Asset group or combination of asset groups the goodwill belongs to

Applicable  Not applicable

The goodwill of the COOEC was formed by the acquisition of 90% equity interest in A.E.S. Destructive and Non-Destructive Testing Limited in 2009 through a business combination not under common control, the scope of the asset group identified by A.E.S. Destructive and Non-Destructive Testing Limited at the end of the period was the assets involved in the asset group from which the goodwill was formed, which was the same as the asset group tested on the date of purchase and the previous years' goodwill impairment tests. The scope of assessment includes fixed assets. The recoverable amount of the asset group or combination of asset groups in which the goodwill is located utilizes the valuation results of the asset valuation report issued by Beijing Guorong Xing Hua Asset Appraisal Co., Ltd. for the goodwill impairment test project of A.E.S. Destructive and Non-Destructive Testing Limited for financial reporting purposes.

### (4) Description of goodwill impairment test process, key parameters (e.g. predictive period growth rate, stable period growth rate, profit rate, discount rate, predictive period, etc., if applicable) and recognition method of goodwill impairment loss

Applicable  Not applicable

### (5) Impact of goodwill impairment test

Applicable  Not applicable

Other explanations

Applicable  Not applicable

## 18. Long-term deferred expenses

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Beginning balance	Increase in this period	Amount amortized in this period	Other decreases	Ending balance
Car parking space usage fees	5,775.92		185.33		5,590.59
Renovation costs	152.43		96.27		56.16
Software usage fee	181.93		158.35		23.58
Ship docking repair fees	4,293.56	4,883.57	2,775.42	-87.22	6,488.93
Dredging of terminal waters	8,075.78		839.77		7,236.01
Insurance premiums	1,274.47	3,413.34	2,148.82		2,538.99
Total	19,754.09	8,296.91	6,203.96	-87.22	21,934.26

## 19. Deferred tax assets and deferred tax liabilities

### (1) Deferred tax assets without offset

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	24,317.18	3,690.02	22,791.51	3,418.73
Unrealized profits of internal transactions			51,719.94	12,929.98
Deductible loss	34,301.83	8,458.63	2,705.01	500.43
Estimated liabilities	15,997.03	2,399.55	7,006.03	1,050.9
Costs not invoiced are pending	50,046.23	7,506.94	77,128.06	11,569.21
Deferred income	16,713.77	2,507.06	15,723.88	2,358.58
Total	141,376.04	24,562.2	177,074.43	31,827.83

### (2) Deferred tax liabilities without offset

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Ending balance		Beginning balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Asset evaluation increment from business combination not under common control	19,237.06	4,809.27		
Changes in fair value of other equity instruments			7,088.24	1,063.24
Depreciation, amortization or depletion difference of assets	16,573.46	2,486.01	11,997.94	1,799.69
Changes in fair value of financial assets held for trading	1,172.84	175.93	2,617.90	392.68
Accrued interest on debt investments	11,454.66	1,718.20		
Total	48,438.02	9,189.41	21,704.08	3,255.61

### (3) Deferred tax assets or liabilities listed net amount after write-offs

□ Applicable √ Not applicable



**(4) Unrecognized deferred tax assets**√ Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance	Beginning balance
Deductible temporary differences	57,574.41	5,348.7
Deductible loss	124,527.23	
Total	182,101.64	5,348.7

**(5) Deductible losses from unrecognized deferred tax assets will be expired in the following years**√ Applicable  Not applicable

Unit: RMB'0,000

Year	Ending amount	Beginning amount	Remark
2023	32,487.36		
2024	56,074.69		
2025			
2026	25,888.42		
2027	10,076.76		
Indefinitely			
Total	124,527.23		/

Other explanations:

 Applicable  Not applicable**20. Short-term borrowings****(1) Classification of short-term borrowings**√ Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance	Beginning balance
Fiduciary loans	32,974.62	
Total	32,974.62	

Classification of short-term borrowings

COOEC-Fluor Heavy Industries Co., Ltd., a subsidiary of the COOEC entered into capital borrowing contracts with Bank of Communications Co., Ltd. Zhuhai Branch, Bank of China Limited Zhuhai Branch and Industrial and Commercial Bank of China Limited Zhuhai Jinwan Sub-branch with interest rates ranging from 3.15% to 3.70% per annum, and the ending balance included interest payable of RMB426,800.

**(2) Unpaid short-term borrowings in maturity** Applicable  Not applicable

Overdue and outstanding short-term borrowings:

 Applicable  Not applicable

Other explanations

 Applicable  Not applicable

## 21. Notes payable

### (1) Presentation of notes payable

Applicable  Not applicable

Unit: RMB'0,000

Category	Ending balance	Beginning balance
Commercial acceptance bills		
Bank acceptance bills	24,431.46	18,267.37
Total	24,431.46	18,267.37

At the end of the period, the total amount of notes payable due but not paid is RMB0.00.

## 22. Accounts payable

### (1) Presentation of accounts payable

Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance	Beginning balance
Payments for engineering projects, materials	1,142,098.68	833,710.71
Total	1,142,098.68	833,710.71

### (2) Significant account payables aging more than one year

Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance	Reason for no settlement or carrying-forward
Shanghai Salvage Bureau, Ministry of Transportation and Communications	2,585.23	Not finished yet
CENERTECH Middle East FZE	2,193.83	Not finished yet
Nanjing Jason Materials Co., Ltd.	1,097.04	Not finished yet
Guangzhou Highmarine Ship Repair Service Co., Ltd.	1,006.08	Not finished yet
Total	6,882.18	

Other explanations

Applicable  Not applicable

## 23. Advances from customers

### (1) Presentation of advances from customers

Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance	Beginning balance
Others		154.86
Total		154.86

### (2) Significant advances from customers with aging of more than 1 year

Applicable  Not applicable

Other explanations

Applicable  Not applicable

## 24. Contract liabilities

### (1) Contract liabilities

Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance	Beginning balance
Settled but uncompleted items formed in construction contract	200,383.46	98,447.47
Total	200,383.46	98,447.47

### (2) Amount and reasons for significant changes in book value during the reporting period

Applicable  Not applicable

Other explanations:

Applicable  Not applicable

## 25. Salary payable

### (1) Presentation of salary payable

Applicable  Not applicable

Unit: RMB'0,000

Item	Beginning balance	Increase in this period	Decrease in this period	Ending balance
I. Short-term compensation	37,815.41	292,246.83	285,169.61	44,892.63
II. Post-employment benefits-defined contribution plans	0.27	44,937.66	40,981.46	3,956.47
III. Dismissal welfare	23.91	553.22	552.66	24.47
IV. Other benefits maturing within one year				
Total	37,839.59	337,737.71	326,703.73	48,873.57

### (2) Presentation of short-term compensation

Applicable  Not applicable

Unit: RMB'0,000

Item	Beginning balance	Increase in this period	Decrease in this period	Ending balance
I. Salary, bonus, allowance and subsidy	28,888.55	233,915.73	228,910.85	33,893.43
II. Employee welfare fees		8,542.34	8,542.34	
III. Social insurance premiums		17,051.32	17,051.32	
Including: medical insurance premiums		15,497.67	15,497.67	
Work-related injury insurance premiums		921.99	921.99	
Maternity insurance premiums		631.66	631.66	
IV. Housing fund		20,173.53	20,173.53	
V. Labor union expenditures and employee education expenses	8,926.86	7,957.14	5,884.80	10,999.20
VI. Short-term compensated absences				
VII. Short-term profit sharing plan				
VIII. Others		4,606.77	4,606.77	
Total	37,815.41	292,246.83	285,169.61	44,892.63

**(3) Presentation of defined contribution plans**√ Applicable  Not applicable

Unit: RMB'0,000

Item	Beginning balance	Increase in this period	Decrease in this period	Ending balance
1. Basic endowment insurance premiums	0.27	27,111.96	27,112.23	
2. Unemployment insurance premiums		871.15	871.15	
3. Enterprise annuity payment		16,954.55	12,998.08	3,956.47
Total	0.27	44,937.66	40,981.46	3,956.47

Other explanations:

 Applicable  Not applicable**26. Taxes payable**√ Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance	Beginning balance
Value added tax (VAT)	2,736.74	2,359.80
Enterprise income tax	3,580.40	6,142.16
Individual income tax	4,602.78	2,295.58
Property taxes	1,852.61	325.04
Urban maintenance and construction tax	3,353.55	464.01
Stamp tax	331.65	229.46
Education surcharge	2,395.75	331.29
Land use taxes	344.99	139.56
Others	780.13	1,770.44
Total	19,978.60	14,057.34

**27. Other payables****Presentation of items**√ Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance	Beginning balance
Interest payable		
Dividends payable	0.31	0.17
Other payables	61,885.77	41,956.30
Total	61,886.08	41,956.47



**Interest payable****(1) Presentation by classification**

Applicable  Not applicable

**Dividends payable****(2) Presentation by classification**

Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance	Beginning balance
Ordinary share dividends	0.31	0.17
Dividends from the preferred shares/perpetual bond classified as equity instruments		
Total	0.31	0.17

For other notes, including significant dividends payable outstanding for more than one year, reasons for no payment shall be disclosed:

Dividends payable outstanding for more than one year amounted to RMB1700.

**Other payables****(1) Other payables by nature**

Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance	Beginning balance
Temporary credits	4,053.46	7,044.17
Warranty and security deposit	35,422.55	29,965.14
Financial aid refunds	12,507.96	
Employee reimbursement and others	9,901.80	4,946.99
Total	61,885.77	41,956.30

**(2) Other significant payables aged over 1 year**

Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance	Reason for no settlement or carrying-forward
China Construction Third Engineering Bureau Group Co., Ltd.	2,465.49	Quality bond
CMT Construction Group (Tianjin) Construction Engineering Co., Ltd.	1,908.50	Quality bond
China MCC1 Group Corp. Ltd.	1,893.94	Quality bond
Total	6,267.93	

Other explanations:

Applicable  Not applicable

## 28. Non-current liabilities maturing within 1 year

Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance	Beginning balance
Long-term borrowings maturing within one year	26,961.98	12,760.74
Lease liabilities maturing within 1 year	2,764.04	3,737.71
Total	29,726.02	16,498.45

## 29. Other current liabilities

Other current liabilities

Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance	Beginning balance
Output tax to be carried forward	58,123.63	48,824.58
Total	58,123.63	48,824.58

Increases or decreases in short-term bonds payable:

Applicable  Not applicable

Other explanations:

Applicable  Not applicable

## 30. Long-term borrowings

### (1) Classification

Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance	Beginning balance
Guaranteed borrowings	6,964.60	25,502.80
Fiduciary borrowings	9,000.28	22,002.95
Total	15,964.88	47,505.75

Classification of long-term loans:

Note 1: COOEC International Limited, a subsidiary of the COOEC, entered into a capital loan contract with Bank of China Limited Zhuhai Branch, with a loan term of 35 months from the date of actual drawdown and an annual interest rate of 5.5% on the loan. The ending balance of the principal amount of the loan was RMB208.938 million, of which RMB139.5999 million was reclassified to non-current liabilities maturing within one year, and the ending balance included RMB0.3079 million of interest payable.

Note 2: The COOEC entered into a tripartite entrusted loan contract with China National Offshore Oil Corporation and CNOOC Finance Co., Ltd. Liability Company, under which CNOOC Group Corporation entrusted CNOOC Finance Co., Ltd. to lend RMB220 million to the COOEC respectively, and the loan funds were all used for the construction of the National Oil and Gas Pipeline Emergency Rescue South Sea Base Project. The borrowing period of RMB90 million is from March 2017 to March 2022, with an annual interest rate of 0.35%, and the subsequent borrowing period of 0.1% from May 2022 to May 2025 will be repaid upon maturity; the borrowing period of RMB130 million is from February 2018 to February 2023, with an annual interest rate of 0.5%. The ending balance of RMB130,019,900 was reclassified to non-current liabilities maturing within one year, and the ending balance included interest payable of RMB2,800.

Other notes, including interest rate range:

Applicable  Not applicable

### 31. Lease liabilities

√ Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance	Beginning balance
Land	1,536.00	1,894.49
Site and constructions	2,684.35	5,809.11
Ships		
Machinery equipment		
Less: Lease liability maturing within one year	2,764.04	3,737.71
Total	1,456.31	3,965.89

Other explanations:

### 32. Estimated liabilities

√ Applicable  Not applicable

Unit: RMB'0,000

Item	Beginning balance	Ending balance	Formation causes
Product quality guarantee	1,547.33	793.60	
Expected contract loss	7,559.60	33,015.39	
Total	9,106.93	33,808.99	/

Other notes, including the relevant important assumptions and estimates for significant estimated liabilities:

Note 1: According to the ASBE No. 14 - Revenue and ASBE No. 13 - Contingencies, quality assurance is to guarantee to customers that the goods sold meet the established standards, and if the obligations arising from such quality assurance terms satisfy the relevant conditions, a projected liability should be recognized for quality assurance.

Note 2: According to the ASBE No. 14 - Revenue and ASBE No. 13 - Contingencies, if a contract to be performed becomes a loss-making contract, a projected liability shall be recognized for the loss-making contract if the obligation arising from such loss-making contract satisfies the relevant conditions. The closing balance of RMB330,153,900 is the projected loss to be incurred for the remaining, uncompleted work to be recognized based on the performance schedule for projects where the total projected cost of the contract exceeds the total contract revenue.

### 33. Deferred income

Deferred income

√ Applicable  Not applicable

Unit: RMB'0,000

Item	Beginning balance	Increase in this period	Decrease in this period	Ending balance	Formation causes
Government grants	16,005.90	9,835.52	9,127.65	16,713.77	
Total	16,005.90	9,835.52	9,127.65	16,713.77	

Items involving government grants:

Applicable  Not applicable

Unit: RMB'0,000

Liabilities	Beginning balance	New grants in the current period	Amount included in non-operating revenue in the current period	Amounts included in other income in the current period	Other changes	Ending balance	Related to assets/related to income
Refund of site support facilities fees	4,823.44			136.51		4,686.93	Related to assets
Refund of deed tax for office building in bonded area	379.48			35.30		344.18	Related to assets
Central special funds for air pollution prevention and control	437.50			50.00		387.50	Related to assets
863 Deepwater submarine pipeline laying technology	652.67			40.79		611.88	Related to assets
Grant for scientific research on major national issues	9,712.81	9,835.52		6,287.83	-2,577.22	10,683.28	Related to income
Total	16,005.90	9,835.52		6,550.43	-2,577.22	16,713.77	

Other explanations:

Applicable  Not applicable

### 34. Share capital

Applicable  Not applicable

Unit: RMB'0,000

	Beginning balance	Changes in this period ("+", "-")					Ending balance
		Issuance New shares	Share donation	Provident fund Transfer of shares	Others	Sub-total	
Total shares	442,135.48						442,135.48

### 35. Capital reserve

Applicable  Not applicable

Unit: RMB'0,000

Item	Beginning balance	Increase in this period	Decrease in this period	Ending balance
Capital premium (share premium)	422,970.20			422,970.20
Other capital reserves	1,831.97			1,831.97
Total	424,802.17			424,802.17



## 36. Other comprehensive income

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Beginning balance	Amount in the current period						Ending balance
		Amount before income tax in the current period	Less: the amount included in other comprehensive income in prior period and transferred to current profit or loss	Less: retained income included in other comprehensive income in prior periods and transferred to current profit or loss	Less: income tax expenses	Attributable to parent company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive income that cannot be reclassified into profit or loss	6,025.00	-1,671.41		5,416.83	-1,063.24	-6,025.00		
Including: Changes in remeasurement of defined benefit plans								
Other comprehensive income that cannot be transferred into profit or loss under equity method								
Changes in fair value of other equity instruments	6,025.00	-1,671.41		5,416.83	-1,063.24	-6,025.00		
Changes in the fair value of the COOEC's own credit risk								
II. Other comprehensive income to be reclassified into profit or loss later	8,153.07	-9,559.20				-9,597.29	38.09	-1,444.22
Including: Other comprehensive incomes that will be re-classified into profit or loss by equity method								
Changes in fair value of other debt investments								
Amount of financial assets reclassified and included in other comprehensive income								
Provision for impairment of other debt investments								
Cash flow hedge reserve								
Foreign currency translation differences	8,153.07	-9,559.20				-9,597.29	38.09	-1,444.22
Total of other comprehensive income	14,178.07	-11,230.61		5,416.83	-1,063.24	-15,622.29	38.09	-1,444.22

## 37. Special reserves

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Beginning balance	Increase in this period	Decrease in this period	Ending balance
Work safety expenses	24,035.68	44,150.31	48,324.39	19,861.60
Total	24,035.68	44,150.31	48,324.39	19,861.60

## 38. Surplus reserves

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Beginning balance	Increase in this period	Decrease in this period	Ending balance
Statutory surplus reserve	169,168.72	15,739.15		184,907.87
Discretionary surplus reserve	8,914.59			8,914.59
Total	178,083.31	15,739.15		193,822.46

## 39. Undistributed profits

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	This period	Previous period
Retained earnings as at the end of the previous period before the adjustment	1,190,972.39	1,187,709.32
Total adjusted opening undistributed profits (increase is indicated by "+" and decrease is indicated by "-")		-181.45
Undistributed profits at the beginning of the period after adjustment	1,190,972.39	1,187,527.87
Plus: Net profit attributable to owners of the parent company in this period	145,740.91	36,979.89
Less: Withdrawal of statutory surplus reserves	15,187.33	5,921.77
Withdrawal of discretionary surplus reserves		
Withdrawal of general risk reserves		
Common stock dividends payable	35,370.84	30,949.48
Ordinary share dividends transferred to share capital		
Others	-4,966.35	-3,335.88
Undistributed profits as at the end of the period	1,291,121.48	1,190,972.39

Adjustment to the undistributed profit at the beginning of the period:

1. The retrospective adjustment on the Accounting Standards for Business Enterprises and relevant rules has influenced the undistributed opening profit by RMB0.
2. Due to changes in accounting policies, RMB0 of undistributed profit at the beginning of the period was affected.
3. The correction of significant accounting errors has influenced the undistributed opening profit by RMB0.
4. The change of scope of combination involving enterprises under common control has influenced the undistributed opening profit by RMB0.
5. Other adjustments have influenced the undistributed opening profit by RMB4,966.35 in total.

#### 40. Operating revenue and operating costs

##### (1) Operating revenue and operating costs

Applicable  Not applicable

Unit: RMB'0,000

Item	Amount in this period		Amount in the previous period	
	Income	Cost	Income	Cost
Primary business	2,927,028.44	2,667,599.07	1,965,651.28	1,767,869.82
Other business	8,808.39	4,328.03	13,896.84	2,836.75
Total	2,935,836.83	2,671,927.10	1,979,548.12	1,770,706.57

##### (2) Income from contracts

Applicable  Not applicable

Unit: RMB'0,000

Classification of contracts	Current period	Prior period
Product type		
(1) Income from marine engineering general contracting projects	1,754,000.37	975,187.17
(2) Revenue from marine engineering non-general contracting projects	281,120.2	169,814.75
Including: Offshore installation and sea pipe laying income	139,606.77	110,309.1
Maintenance income	36,551.12	26,364.93
Land-based construction revenue	78,429.32	18,596.77
Revenues from design	26,532.99	14,543.95
(3) Revenue from non-marine projects	891,907.87	820,649.36
Total	2,927,028.44	1,965,651.28

Income from contracts:

Applicable  Not applicable

Operating revenue of top five customers:

Customer name	Current period	Proportion in total operating revenue (%)
CNOOC Limited	1,807,498.88	61.57
JGC Fluor BC LNG Joint Venture	221,481.25	7.54
Caofeidian Xintian LNG Co., Ltd.	171,055.29	5.83
Hong Kong LNG Terminal Limited	141,348.39	4.81
National Pipeline Group Nanshan (Shandong) Natural Gas Co., Ltd.	111,181.46	3.79
Total	2,452,565.27	83.54

##### (3) Description of performance obligations

Applicable  Not applicable

##### (4) Description of allocation to remaining performance obligations

Applicable  Not applicable

## 41. Taxes and surtaxes

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Amount in this period	Amount in the previous period
Urban maintenance and construction tax	6,792.17	1,900.13
Property taxes	2,906.08	2,131.68
Land use taxes	611.92	611.96
Education surcharge	2,913.73	817.89
Local education surtax	1,942.99	545.26
Stamp tax	2,248.11	1,523.07
Vehicle and vessel tax	64.64	62.97
Others	7.49	136.16
Total	17,487.13	7,729.12

## 42. Selling expenses

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Amount in this period	Amount in the previous period
Employee salary	1,319.60	1,628.81
Publicity and exhibition expenses	148.65	106.37
Traveling expenses	48.91	63.13
Amortization of long-term deferred expenses	96.27	96.27
Low-value consumables	1.20	3.65
Depreciation and amortization of intangible assets	104.47	140.86
Office and utilities communication fees	18.92	86.16
Rental	4.50	72.60
Others	56.80	22.17
Total	1,799.32	2,220.02

## 43. Administrative expenses

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Amount in this period	Amount in the previous period
Employee salary	16,621.18	17,081.05
Depreciation and amortization of intangible assets	1,561.46	1,618.14
Audit and consulting fees	1,479.69	973.24
Rental	219.50	757.06
Property management fees and greening fees	752.25	851.54
Traveling expenses	191.40	406.26
Taxes	388.42	420.13
Transportation expenses	302.63	297.22
Office and utilities communication fees	343.94	299.34
Low-value consumables	394.29	122.08
Others	1,955.20	1,153.34
Total	24,209.96	23,979.40



**44. R&D costs**√ Applicable  Not applicable

Unit: RMB'0,000

Item	Amount in this period	Amount in the previous period
External R&D fees	34,051.77	26,198.53
Employee remuneration	21,682.34	20,913.44
Vessel service fee	16,904.80	8,856.10
Machinery material consumption	20,679.56	13,221.20
manufacturing expenses	7,111.71	6,083.88
Technical service fee	701.07	1,053.24
Traveling expenses	401.49	916.39
Design fee	713.64	1,022.02
Others	9,947.15	14,617.07
Total	112,193.53	92,881.87

**45. Financial expenses**√ Applicable  Not applicable

Unit: RMB'0,000

Item	Amount in this period	Amount in the previous period
Interest expenses	1,176.71	1,802.32
Including: Interest expense on lease liabilities	265.87	602.53
Less: interest income	-2,216.44	-2,037.26
Exchange gains and losses	-9,160.15	3,034.15
Others	1,424.42	1,665.19
Total	-8,775.46	4,464.40

**46. Other incomes**√ Applicable  Not applicable

Unit: RMB'0,000

Item	Amount in this period	Amount in the previous period
Consumption tax rebate	-12,507.96	6,964.94
Government grants	6,550.43	10,429.52
Refund of handling charges related to individual income tax	142.86	232.94
Value-added tax refund		28.94
Others	20.51	144.74
Total	-5,794.16	17,801.08

Other explanations:

Government grants included in other income:

Grants	Current period	Prior period	Related to assets/related to income
Land support facility fee refund	136.51	136.51	Related to assets
Refund of deed tax for office building in bonded area	35.30	35.30	Related to assets
Central special funds for air pollution prevention and control	50.00	50.00	Related to assets
863 Deepwater submarine pipeline laying technology	40.79	1,997.39	Related to assets
Scientific research subsidy	4,536.44	5,628.98	Related to income
Subsidy for stabilizing posts	528.40	278.09	Related to income
Relocation subsidy	85.27	131.13	Related to income
Industrial Value Added Incentive Program		530.50	Related to income
Subsidies from Binhai New Area Management Committee for talents	391.08	471.00	Related to income
Subsidy for talent settlement	72.00	418.17	Related to income
Subsidies from Tianjin Binhai New Area for reserve talents' housing and living		248.20	Related to income
Subsidies for industrial enterprises' rents		199.27	Related to income
Funds of West Coast New Area to make strong chain of marine industry	30.00	100.00	Related to income
Help enterprises to relieve their difficulties	142.30		Related to income
Incentive for growth stabilization	200.00		Related to income
Others	302.34	204.98	Related to income
Total	6,550.43	10,429.52	

#### 47. Investment income

Applicable  Not applicable

Unit: RMB'0,000

Item	Amount in this period	Amount in the previous period
Long-term equity investment income calculated under the equity method	-2,767.09	-55,753.29
Investment income from disposal of long-term equity investments	40.01	
Investment income obtained during holding the financial assets held for trading	14,957.32	10,779.82
Dividend income from investments in other equity instrument during the holding period	764.35	776.56
Interest income in debt investment during the holding period	5,642.69	5,614.48
Gains from equities re-measured at the fair value upon obtainment of control right	51,665.88	
Total	70,303.16	-38,582.43

#### 48. Income for changes in fair value

Applicable  Not applicable

Unit: RMB'0,000

Sources of gains from changes in fair value	Amount in this period	Amount in the previous period
Financial assets held for trading	1,172.84	2,617.90
Total	1,172.84	2,617.90

**49. Credit impairment loss**√ Applicable  Not applicable

Unit: RMB'0,000

Item	Amount in this period	Amount in the previous period
Losses from bad debts of accounts receivable	4,265.12	2,075.15
Bad debt loss of other receivables	-277.64	0.04
Total	3,987.48	2,075.19

**50. Losses from asset impairment**√ Applicable  Not applicable

Unit: RMB'0,000

Item	Amount in this period	Amount in the previous period
Losses from inventory depreciation and impairment loss of contract performance cost	7,220.66	1,260.57
Losses from assets impairment	185.69	148.28
Losses from impairment of goodwill		1,307.51
Total	7,406.35	2,716.36

**51. Incomes from disposal of assets**√ Applicable  Not applicable

Unit: RMB'0,000

Item	Amount in this period	Amount in the previous period	Amount included in the current non-recurring profit or loss
Profit or loss from disposal of fixed assets	-24.20	1,404.77	-24.20
Gains or losses from use-of-right asset disposal	35.50	1.71	35.50
Total	11.30	1,406.48	11.30

**52. Non-operating revenue**

Non-operating revenue

√ Applicable  Not applicable

Unit: RMB'0,000

Item	Amount in this period	Amount in the previous period	Amount included in the current non-recurring profit or loss
Business combination not under common control	3,431.21		3,431.21
Net amercement income	264.02	163.22	264.02
Compensation for contract breach	1,552.04	722.79	1,552.04
Gains from the damage and scrapping of non-current assets	38.27		38.27
Payables need not be paid	73.60	438.55	73.60
Others	66.43	0.31	66.43
Total	5,425.57	1,324.87	5,425.57

Government grants included in the current profit or loss

 Applicable  Not applicable

Other explanations:

Applicable  Not applicable

### 53. Non-operating expenses

Applicable  Not applicable

Unit: RMB'0,000

Item	Amount in this period	Amount in the previous period	Amount included in the current non-recurring profit or loss
Total losses on disposal of non-current assets	104.78	65.34	104.78
Donations made	175.50	20.50	175.50
Liquidated damages and compensation	181.23		181.23
Others	20.18	6.49	20.18
Total	481.69	92.33	481.69

### 54. Income tax expenses

#### (1) List of income tax expenses

Applicable  Not applicable

Unit: RMB'0,000

Item	Amount in this period	Amount in the previous period
Income tax expenses for the current period	13,659.81	11,175.64
Deferred tax expenses	17,609.65	8,875.83
Total	31,269.46	20,051.47

#### (2) Accounting profit and income tax expense adjustment process

Applicable  Not applicable

Unit: RMB'0,000

Item	Amount in this period
Total profits	176,238.44
Income tax expenses calculated at the statutory/applicable tax rate	26,435.76
Influence of different tax rates applicable to subsidiaries	6,566.52
Influence of adjustments to the income tax for the prior years	-171.67
Influence of non-taxable income	-268.07
Influence of nondeductible costs, expenses and losses	16.84
Influence of deductible losses on the use of preliminarily unrecognized deferred tax assets in previous periods	
Effect of deductible temporary differences or deductible losses from deferred tax assets unrecognized in the current period	
Others	-1,309.92
Income tax expense	31,269.46

Other explanations:

Applicable  Not applicable



**55. Other comprehensive income**√ Applicable  Not applicable

See 36. Other comprehensive income in this section for details.

**56. Items in the statement of cash flows****(1) Cash received from other operating activities**√ Applicable  Not applicable

Unit: RMB'0,000

Item	Amount in this period	Amount in the previous period
Scientific research and government grants	16,735.79	38,931.09
Insurance claims	284.51	860.03
Interest income	2,216.44	2,037.26
Reserves, margin and security deposit	891.37	2,154.26
Others	133.47	878.38
Total	20,261.58	44,861.02

**(2) Cash paid for other operating activities**√ Applicable  Not applicable

Unit: RMB'0,000

Item	Amount in this period	Amount in the previous period
Short-term and low-value lease expenses	2,592.06	7,953.99
Reserves, margin and security deposit	488.70	6,175.15
Audit and consulting fees	1,479.69	973.24
Handling charges	1,424.42	1,665.19
Traveling expenses	8,556.75	9,083.19
Property management fees and greening fees	752.25	851.54
Publicity and advertising expenses	148.65	106.37
Office costs	362.86	385.50
Transportation expenses	302.63	297.22
Others	267.25	8,365.15
Total	16,375.26	35,856.54

**(3) Cash received from other investing activities**√ Applicable  Not applicable

Unit: RMB'0,000

Item	Amount in this period	Amount in the previous period
Net cash paid for acquiring subsidiaries	75,144.31	
Total	75,144.31	

**(4) Cash paid for other investing activities** Applicable √ Not applicable**(5) Cash received from other financing activities** Applicable √ Not applicable

**(6) Cash paid for other financing activities**

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Amount in this period	Amount in the previous period
Cash paid for lease liabilities	4,498.37	9,004.18
Others		6.83
Total	4,498.37	9,011.01

**57. Additional information about the statement of cash flows****(1) Supplementary information to the statement of cash flows**

√ Applicable □ Not applicable

Unit: RMB'0,000

Supplementary information	Current period	Prior period
<b>1. Net profit adjusted to cash flows from operating activities:</b>		
Net profit	144,968.98	37,199.29
Plus: provision for assets impairment	7,406.35	2,716.36
Credit loss	3,987.48	2,075.19
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	99,983.68	94,768.22
Amortization of right-of-use assets	4,807.94	6,707.68
Amortization of intangible assets	4,743.83	4,104.77
Amortization of long-term deferred expenses	6,203.96	2,958.78
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-11.30	-1,406.48
Losses on write-off of fixed assets ("-" for gains)	66.51	65.34
Losses from changes in fair value ("-" for gains)	-1,172.84	-2,617.90
Financial expenses ("-" for gains)	-7,983.44	4,836.47
Investments losses ("-" for gains)	-70,303.16	38,582.43
Decreases in deferred tax assets ("-" for increases)	15,421.88	8,752.21
Increase in deferred tax liabilities ("-" for decreases)	2,187.77	147.17
Decreases in inventories ("-" for increases)	7,713.14	-12,386.58
Decreases in operating receivables ("-" for increases)	-92,344.16	108,137.53
Increases in operating payables ("-" for decreases)	213,277.38	11,553.38
Others	-7,605.29	-2,871.91
Net cash flows from operating activities	331,348.71	303,321.95
<b>2. Significant investing and financing activities not involving in cash receipts and payments:</b>		
Transfer of debts into capital		
Convertible corporate bonds maturing within 1 year		
Fixed assets leased from financing		
<b>3. Net change in cash and cash equivalents:</b>		
Ending balance of cash	208,671.98	117,078.06
Less: beginning balance of cash	117,078.06	157,197.23
Plus: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase of cash and cash equivalents	91,593.92	-40,119.17

**(2) Net cash paid for acquisition of subsidiaries in the current period**√ Applicable  Not applicable

Unit: RMB'0,000

Item	Amount
Cash or cash equivalents paid in this period for business combination in this year	
Including: COOEC-Fluor Heavy Industries Co., Ltd.	
Less: cash and cash equivalents held by subsidiaries on the acquisition date	75,144.31
Including: COOEC-Fluor Heavy Industries Co., Ltd.	75,144.31
Plus: cash or cash equivalents paid in this period for business combinations occurred in previous periods	
Net cash paid for acquiring subsidiaries	-75,144.31

Other notes: reported in the cash flow item of Cash received from other investing activities.

**(3) Net cash received for disposal of subsidiaries in this period** Applicable √ Not applicable**(4) Breakdowns of cash and cash equivalents**√ Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance	Beginning balance
<b>I. Cash</b>	208,671.98	117,078.06
Including: cash on hand	1.00	
Unrestricted bank deposits	208,670.98	117,078.06
Other unrestricted monetary funds		
Available-for-payment deposits in the central bank		
Deposits in banks and other financial institutions		
Loans to or from banks and other financial institutions		
<b>II. Cash equivalents</b>		
Including: Bond investment maturing within three months		
<b>III. Ending balance of cash and cash equivalents</b>	208,671.98	117,078.06
Including: cash and cash equivalents with restricted use right by parent company or subsidiaries of the Group		

Other explanations:

 Applicable √ Not applicable**58. Notes to items of the statement of changes in owners' equity**

Specify the name of the item of "others" adjusted for the ending balance of the previous year, the adjusted amount and other matters:

 Applicable √ Not applicable

## 59. Assets with restrictions on the ownership or right of use

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Book value as at the end of period	Reason for restriction
Monetary funds	2,953.62	Litigation frozen funds
Total	2,953.62	/

## 60. Foreign currency monetary items

## (1) Foreign currency monetary item

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Ending balance of foreign currency	Exchange rate of conversion	Closing converted CNY Balance
Monetary funds	-	-	33,913.02
Including: USD	4,575.67	6.9646	31,867.72
HKD	1,635.17	0.8933	1,460.70
CAD	6.89	5.1385	35.43
Brunei currency	2.26	4.9312	11.13
IDR	789.98	0.0005	0.39
NGN	60.53	0.0155	0.94
Dirham	10.43	1.8963	19.78
UGX	272,070.94	0.0019	516.93
Accounts receivable	-	-	32,583.09
Including: USD	3,663.33	6.9646	25,513.62
EUR	36.40	7.4229	270.17
HKD	7,611.44	0.8933	6,799.30
Other receivables	-	-	74,785.76
Including: USD	6,701.65	6.9646	46,674.30
HKD	3.10	0.8933	2.77
CAD	5,470.00	5.1385	28,107.60
Dirham	0.58	1.8963	1.09
Accounts payable			30,672.10
Including: USD	3,327.20	6.9646	23,172.60
EUR	174.32	7.4229	1,293.93
HKD	6,270.69	0.8933	5,601.42
GBP	54.27	8.3941	455.57
Norwegian Krone	209.65	0.7042	147.63
Dirham	0.50	1.8963	0.95
Other payables			3,630.05
Including: USD	509.40	6.9646	3,547.79
EUR	10.46	7.4229	77.62
Dirham	2.45	1.8963	4.64



(2) Description of foreign operating entities, including, for significant foreign operating entities, disclosure of their principal place of business outside of the country, the recording currency and the basis of selection, and disclosure of the reasons for any change in the recording currency

√ Applicable □ Not applicable

Important overseas operational entity	Main premise overseas	Functional currency	Basis for selection
Lanhai International Co., Ltd.	British Virgin Islands	USD	Operating activities are mainly denominated and settled in these currencies
Gaotai Deepwater Technology Co., Ltd (formerly known as Kotex Corporation)	Houston, USA	USD	Operating activities are mainly denominated and settled in these currencies
COOEC International Co., Ltd.	Hong Kong	USD	Operating activities are mainly denominated and settled in these currencies
A.E.S. Destructive and Non-Destructive Testing Limited	Hong Kong	HKD	Operating activities are mainly denominated and settled in these currencies
COOEC Nigeria Co., Ltd	Nigeria	USD	Operating activities are mainly denominated and settled in these currencies
COOEC Indonesia Co., Ltd	Indonesia	IDR	Operating activities are mainly denominated and settled in these currencies
Offshore Oil Engineering Co., Ltd. Nigeria Free Trade Zone Company	Nigeria	USD	Operating activities are mainly denominated and settled in these currencies
Offshore Oil Engineering (Canada) Co., Ltd.	Canada	CAD	Operating activities are mainly denominated and settled in these currencies
COOEC International Co., Limited Thai company	Thailand	THB	Operating activities are mainly denominated and settled in these currencies
COOEC International Co., Limited Brazilian company	Brazil	Real	Operating activities are mainly denominated and settled in these currencies

61. Hedge

□ Applicable √ Not applicable

62. Government grants

(1) Government grants

√ Applicable □ Not applicable

Unit: RMB'0,000

Category	Amount	Item	Amount included into current profit or loss
Assets related government grants related to daily business activities	262.60	Other income	262.60
Income related government grants related to daily business activities	-6,220.13	Other income	-6,220.13

(2) Return of government grants

√ Applicable □ Not applicable

Unit: RMB

Item	Amount	Reasons
Research and development of key technologies and systems for intelligent marine engineering	200.00	Withdrawal of scientific research project

## 63. Others

√ Applicable □ Not applicable

## (1) Leases

## 1) As a lessee

Item	Current period
Interest expense on lease liability	265.87
Short-term lease expenses charged to the cost of the related assets or to current profit or loss as a simplified treatment	2,592.06
Lease payments for low-value assets included in the cost of the relevant asset or in current profit or loss as a simplified treatment (other than short-term lease payments for low-value assets)	
Variable lease payments included in relevant asset costs or current profit or loss but not included in the measurement of lease liabilities	
Including: part arising from sale and leaseback transactions	
Revenue from subletting right-of-use assets	14.53
Total cash outflows related to leases	7,090.43
Related profit or loss from sale and leaseback transactions	
Cash inflows from sale and leaseback transactions	
Cash outflows from sale and leaseback transactions	

## 2) As a lessor

	Current period	Prior period
Operating lease income	36.61	283.32
Including: income related to variable lease payments not included in lease receipts		

## (2) Earnings per share

## 1) Basic earnings per share

Basic earnings per share are calculated by dividing the consolidated net profit attributable to ordinary shareholders of the parent company by weighted average number of outstanding ordinary shares of the COOEC:

Item	Current period	Prior period
Consolidated net profit attributable to ordinary shareholders of the parent company	145,740.91	36,979.89
Weighted average of outstanding common shares of the COOEC	442,135.48	442,135.48
Basic earnings per share (yuan)	0.33	0.08
Including: basic earnings per share from continuing operations	0.33	0.08
Basic earnings per share from discontinued operations		

## 2) Diluted earnings per share

Diluted earnings per share is calculated by dividing consolidated net profit attributable to common shareholders of the parent company (diluted) by the weighted average of outstanding common shares of the COOEC (diluted):

Item	Current period	Prior period
consolidated net profit attributable to common shareholders of the parent company (diluted)	145,740.91	36,979.89
Weighted average of outstanding common shares of the COOEC (diluted)	442,135.48	442,135.48
Diluted earnings per share (yuan)	0.33	0.08
Including: diluted earnings per share from continuing operations	0.33	0.08
Diluted earnings per share from discontinued operations		

## VIII. Change of consolidation scope

### 1. Business combination not under common control

Applicable  Not applicable

#### (1) Business combination not involving enterprises under common control in the current period

Applicable  Not applicable

Unit: RMB'0,000

Name of acquiree	Time for obtaining equity	Cost for obtaining equity	Proportion of equity acquisition (%)	Method of equity acquisition	Date of purchase	Recognition basis of date of purchase	Income of the acquiree from the acquisition date to the end of the period	Net profit of the acquiree from the acquisition date to the end of the period
COOEC-Fluor Heavy Industries Co., Ltd.	December 28, 2022		51.00	Business combination not under common control	December 28, 2022	Date of transfer of control		

#### (2) Combination cost and goodwill

Applicable  Not applicable

Unit: RMB'0,000

Combination cost	COOEC-Fluor Heavy Industries Co., Ltd.
- Cash	
- Fair value of non-cash assets	
- Fair value of debt issued or assumed	
- Fair value of equity securities issued	
- Fair value of contingent consideration	
- Fair value of the equities on the acquisition date held prior to the acquisition date	201,807.00
- Others	
Total combination costs	201,807.00
Less: fair value of identifiable net assets obtained	205,238.21
Difference of goodwill / the combination costs in short of the fair value of net identifiable assets	-3,431.21

Description of the method for determining the fair value of the combined costs, and the contingent consideration and its changes:

Method of determining the fair value of the cost of consolidation: The fair value of the cost of consolidation utilized the appraisal results of the asset appraisal report issued by Beijing Zhongtianhua Asset Appraisal Co., Ltd. to verify the value of all shareholders' equity of COOEC-Fluor Heavy Industries Co., Ltd.

Main reasons for large goodwill

Due to the short establishment of COOEC-Fluor Heavy Industries Co., Ltd. and the slow progress of existing contract fulfillment, new market development and project contracting, coupled with the high cost of production line and site development, the valuation result of the income approach was slightly lower than the valuation result of the asset base approach, resulting in a negative goodwill of RMB34,312,100 at the date of consolidation.

## (3) Identifiable assets and liabilities of the acquiree on the acquisition date

√ Applicable □ Not applicable

Unit: RMB'0,000

	COOEC-Fluor Heavy Industries Co., Ltd.	
	Fair value on the date of purchase	Book value on the date of purchase
Assets:	618,646.18	599,935.69
Monetary funds	78,303.88	78,303.88
Receivables	50,294.98	50,294.98
Inventories	27,201.11	27,201.11
Fixed assets	283,013.34	276,032.67
Intangible assets	119,548.89	106,379.01
Contract assets	25,973.06	25,973.06
Other current assets	4,502.86	4,502.86
Advances to suppliers	20,883.57	20,883.57
Construction in progress	369.93	1,809.99
Other receivables	428.44	428.44
Deferred tax assets	8,126.12	8,126.12
Liabilities:	211,409.05	211,935.63
Borrowings	32,974.62	32,974.62
Payables	128,924.23	128,924.23
Contract liabilities	14,588.33	14,588.33
Employee remuneration payable	10,684.53	10,684.53
Taxes and surcharges payable	2,157.41	2,157.41
Other payables	5,427.46	5,427.46
Estimated liabilities	16,652.47	16,652.47
Deferred income		526.58
Net assets	407,237.13	388,000.06
Less: Minority interests		
Net assets obtained	407,237.13	388,000.06

Identification method for the fair value of identifiable assets and liabilities:

Method of determining the fair value of identifiable assets and liabilities: The fair value of identifiable assets and liabilities utilized the appraisal results of the asset appraisal report issued by Beijing Zhongtianhua Asset Appraisal Co., Ltd. to verify the value of all shareholders' equity of COOEC-Fluor Heavy Industries Co., Ltd.

Contingent liabilities of the acquiree undertaken in the business combination:

None

Other explanations:

None

**(4) Gains and losses arising from the re-measurement of the equity held before the acquisition date at the fair value**

Whether there are business combinations realized step by step through multiple transactions and transactions with control obtained during the reporting period

Applicable  Not applicable

Unit: RMB'0,000

Name of acquiree	Book value of the original equity on the acquisition date held before the acquisition date	Fair value of the original equity on the acquisition date held before the acquisition date	Gains and losses arising from the re-measurement of the original equity held before the acquisition date at the fair value	Methods to determine and major assumptions for the fair value of the original equity on the acquisition date held before the acquisition date	Amount of other comprehensive income related to the original equity held before the acquisition date transferred into the investment income
COOEC-Fluor Heavy Industries Co., Ltd.	150,141.12	201,807.00	51,665.88	Determined based on the asset appraisal report of the Purchased Party	

**(5) Relevant explanations on failure to determining combination cost or fair value of identifiable assets and liabilities reasonably on the date of purchase or the current period of combination**

Applicable  Not applicable

**(6) Other information**

Applicable  Not applicable

**2. Business combination under common control**

Applicable  Not applicable

**3. Counter purchase**

Applicable  Not applicable

**4. Disposal of subsidiaries**

Single disposal of the investment in a subsidiary leading the loss of the control right over the subsidiary

Applicable  Not applicable

Other explanations:

Applicable  Not applicable

**5. Change of consolidation scope due to other reasons**

Describe changes in the scope of consolidation due to other reasons (e.g., establishment of new subsidiaries, liquidation of subsidiaries, etc.) and the related situations:

Applicable  Not applicable

The liquidation of Beijing Gaotai Deep Sea Technology Co., Ltd. was completed in the current period of write-off.

**6. Others**

Applicable  Not applicable

**IX. Equities in other entities****1. Equity in the subsidiaries****(1) Structure of the enterprise group**

Applicable  Not applicable



Name of subsidiaries	Main premise	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
A.E.S. Destructive and Non-Destructive Testing Limited	Hong Kong	Hong Kong	Testing	90.00		Subsidiary acquired from the business combination not under common control
Offshore Oil Engineering (Qingdao) Co., Ltd.	Qingdao	Qingdao	Project contracting	99.00	1.00	Establishment
COOEC Subsea Technology Co., Ltd.	Shenzhen	Shenzhen	Project contracting and labor services	100.00		Establishment
COOEC Indonesia Co., Ltd	Indonesia	Indonesia	Project contracting		100.00	Establishment
COOEC Nigeria Co., Ltd	Nigeria	Nigeria	Project contracting	95.00	5.00	Establishment
COOEC International Co., Ltd.	Hong Kong	Hong Kong	Project contracting	100.00		Establishment
Offshore International Engineering Co., Ltd	Beijing	Beijing	Project contracting	100.00		Establishment
Lanhai International Co., Ltd.	British Virgin Islands	British Virgin Islands	Project contracting	100.00		Establishment
Offshore Oil Engineering (Zhuhai) Co., Ltd.	Zhuhai City	Zhuhai City	Project contracting	100.00		Establishment
Offshore Oil Engineering Co., Ltd. Nigeria Free Trade Zone Company	Nigeria	Nigeria	Project contracting		100.00	Establishment
Gothic Deep Offshore Technology Co., Ltd	Houston, USA	Houston, USA	Project contracting and labor services		70.00	Establishment
Offshore Oil Engineering (Canada) Co., Ltd.	Canada	Canada	Project contracting and labor services		100.00	Establishment
COOEC International Co., Limited Brazilian company	Brazil	Brazil	Project contracting and labor services		100.00	Establishment
COOEC International Co., Limited Thai company	Thailand	Thailand	Project contracting		100.00	Establishment
COOEC-Fluor Heavy Industries Co., Ltd.	Zhuhai City	Zhuhai City	Project contracting		51.00	Subsidiary acquired from the business combination not under common control

## (2) Major non-wholly-owned subsidiaries

√ Applicable □ Not applicable

Unit: RMB'0,000

Name of subsidiaries	Shareholding ratio by minority shareholders	Profit or loss attributable to minority shareholders in this period	Dividends declared to be distributed to minority shareholders in this period	Balance of minority equity as at the end of the period
A.E.S. Destructive and Non-Destructive Testing Limited	10.00%	1.44	119	59.57
Gothic Deep Offshore Technology Co., Ltd	30.00%	-773.37	0.13	709.82
COOEC-Fluor Heavy Industries Co., Ltd.	49.00%			197,189.65

Notes to the differences between the shareholding ratios by minority shareholders in subsidiaries and the corresponding voting ratios:

□ Applicable √ Not applicable

Other explanations:

□ Applicable √ Not applicable

**(3) Main financial information of major non-wholly-owned subsidiaries**

√ Applicable □ Not applicable

Unit: RMB'0,000

Name of subsidiaries	Ending balance						Beginning 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	859.46	179.85	1,039.31	443.57		443.57	2,085.52	184.82	2,270.34	548.35		548.35
Gothic Deep Offshore Technology Co., Ltd	2,974.45	4.39	2,978.84	612.79		612.79	8,505.99	558.55	9,064.54	3,913.70	316.97	4,230.67
COOEC-Fluor Heavy Industries Co., Ltd.	207,587.90	392,347.79	599,935.69	194,756.58	17,179.05	211,935.63						

Name of subsidiaries	Amount in this period				Amount in the previous period			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
A.E.S. Destructive and Non-Destructive Testing Limited	1,451.17	14.41	63.75	291.21	3,008.36	487.39	443.21	754.91
Gothic Deep Offshore Technology Co., Ltd	290.23	-2,577.92	-2,467.40	418.92	13,035.88	568.86	541.51	-493.65
COOEC-Fluor Heavy Industries Co., Ltd.								

**(4) Major restrictions on the use of assets of the Group by subsidiaries and liquidation of debts of the Group**

□ Applicable √ Not applicable

**(5) Financial support or other supports provided to structural entities included into the scope of consolidated financial statement**

□ Applicable √ Not applicable

Other explanations:

□ Applicable √ Not applicable

**2. Transactions leading to changes in the share of owners' equity in subsidiaries and still controlling the subsidiaries**

□ Applicable √ Not applicable

**3. Equity in joint ventures or associates**

√ Applicable □ Not applicable

**(1) Major joint ventures or associates**

√ Applicable □ Not applicable

Unit: RMB'0,000

Name of joint ventures or associates	Main premise	Registration place	Business nature	Shareholding ratio (%)		Accounting treatment of investments in joint ventures or associates
				Direct	Indirect	
COOEC-Fluor Heavy Industries Co., Ltd.	Zhuhai City	Zhuhai City	Project contracting	51.00		Subsequent measurement under the equity method
Tianjin Zhonghe Offshore Energy Engineering Co.	Tianjin	Tianjin	Service	33.33		Subsequent measurement under the equity method
Kwana Offshore (Qingdao) Engineering Technology Co.	Qingdao	Qingdao	Design and technical consulting service	40.00		Subsequent measurement under the equity method

Note: See Note VII.11 Long-term equity investments for details.

## (2) Principal financial information of major joint ventures

√ Applicable □ Not applicable

Unit: RMB'0,000

	Ending balance / Amount in this period	Beginning balance / Amount in the previous period
	COOEC-Fluor Heavy Industries Co., Ltd.	COOEC-Fluor Heavy Industries Co., Ltd.
Current assets		198,342.51
Including: cash and cash equivalents		60,476.72
Non-current assets		422,568.02
Total assets		620,910.53
Current liabilities		219,963.44
Non-current liabilities		609.32
Total liabilities		220,572.76
Minority equity		
Equity attributable to the shareholders of parent company		400,337.77
Share in net assets calculated according to shareholding ratio		204,172.26
Adjusted matters		-51,264.05
- Goodwill		
- Unrealized profits of internal transactions		-51,719.94
- Others		455.89
Book value of equity investments in joint ventures		152,908.21
Fair value of the equity investment in associates with public offer		
Operating revenue	433,214.01	285,116.76
Financial expenses	-1,729.43	1,672.53
Income tax expense	12,545.23	25,582.61
Net profit	-12,337.70	-117,631.57
Net profit of discontinuing operations		
Other comprehensive income		
Total comprehensive income	-12,337.70	-117,631.57

Dividends received from joint ventures in this year

**(3) Principal financial information of major associated enterprises**

√ Applicable □ Not applicable

Unit: RMB'0,000

	Ending balance/ Amount in the current period	Beginning balance/ Amount in the previous period
	Kwana Offshore (Qingdao) Engineering Technology Co.	Kwana Offshore (Qingdao) Engineering Technology Co.
Current assets		48.96
Non-current assets		
Total assets		48.96
Current liabilities		2,602.29
Non-current liabilities		
Total liabilities		2,602.29
Minority equity		
Equity attributable to the shareholders of parent company		-2,553.33
Share in net assets calculated according to shareholding ratio		-1,021.33
Adjusted matters		
- Goodwill		
- Unrealized profits of internal transactions		
- Others		
Book value of the equity investment in associates		
Fair value of the equity investment in associates with public offer		
Operating revenue		
Net profit		
Net profit of discontinuing operations		
Other comprehensive income		
Total comprehensive income		
Dividends received from associates in this year		

**(4) Summary of financial information on insignificant joint ventures or associates**

√ Applicable □ Not applicable

Unit: RMB'0,000

	Ending balance/ Amount in the current period	Balance as at the beginning of the period/ Amount in the previous period
Associates:		
Total book value		
Total amount calculated based on the following shareholding proportions		
- Net profit		-67.10
- Other comprehensive income		
- Total comprehensive income		-67.10

- (5) Notes to the significant restrictions on the joint ventures or associates' abilities to transfer capitals to the COOEC  
 Applicable  Not applicable
- (6) Excessive loss of joint ventures or associates  
 Applicable  Not applicable
- (7) Unconfirmed commitment related to investment in joint venture  
 Applicable  Not applicable
- (8) Contingent liabilities related to the investment in joint ventures and associates  
 Applicable  Not applicable

#### 4. Important joint operation

Applicable  Not applicable

Joint operation	Main premise	Registration place	Business nature	Shareholding ratio/share enjoyed (%)	
				Direct	Indirect
COOEC AND CPECC JOINT VENTURE	Uganda	Uganda	Project contracting	50.00	

#### 5. Equity in the structured entities not included in the scope of consolidated financial statements

Related notes to structuring subjects not included in the scope of consolidated financial statements in the current period:

Applicable  Not applicable

#### 6. Others

Applicable  Not applicable

### X. Risk related to financial instruments

Applicable  Not applicable

The COOEC faces financial risks in the course of operation: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risks). The above financial risks and the risk management policies taken by the COOEC to mitigate these risks are as set out below:

The COOEC diversifies the risks of financial instruments through appropriate diversified investments and business portfolios, and reduces risk concentrated on a single industry, a specific region, or a specific counterparty by formulating appropriate risk management policies.

#### (I) Credit risk

Credit risk refers to the risk of financial losses incurred by the COOEC due to the counterparty's failure to perform its contractual obligations.

The COOEC's credit risks mainly arise from monetary funds, notes receivable, accounts receivable, receivables financing, contract assets, other receivables, debt investments, other debt investments, financial guarantee contract, etc., as well as debt instrument investments measured at fair value through current profit or loss and derivative financial assets not included in the scope of impairment assessment.

The COOEC's cash and cash equivalents are mainly bank deposits with state-owned banks and other large and medium-sized listed banks with good reputation and high credit rating. The COOEC believes that there is no significant credit risk and there is almost no significant loss due to bank default.

In addition, for notes receivable, accounts receivable, receivables financing, contract assets and other receivables, the COOEC has set relevant policies to control credit risk exposure. The COOEC, based on the customers' financial positions, the possibility of obtaining guarantees from the third party, credit records and other factors such as the current market conditions, evaluated the credit qualifications of customers and set credit term. The COOEC would monitor the customers' credit records periodically; as for the customers with bad credit records, the COOEC would adopt the methods including requesting a payment in writing or shortening or canceling credit term so as to keep the COOEC's overall credit risks within controllable scope.

#### (II) Liquidity risk

Liquidity risk refers to a risk that an enterprise suffers funds shortage in performing the obligations of settlement in cash or other financial assets.



Policies of the COOEC are to ensure sufficient cash to pay matured debts. Liquidity risk is under centralized control of the financial department of the COOEC. The financial department monitors cash balance and readily realizable and marketable securities and makes rolling forecast on cash flows of the next 12 months to ensure that the COOEC has sufficient funds to repay debts in all cases of reasonable prediction. Also continuously monitor the COOEC's compliance with the provisions of the loan agreement to obtain commitments from major financial institutions to provide sufficient standby funds to meet short and long-term funding needs.

Various financial liabilities of the COOEC should be presented at undiscounted contractual cash flows on the maturity date as follows:

Item	Ending balance					
	Immediate repayment	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Short-term borrowings		32,974.62				32,974.62
Notes payable		24,431.46				24,431.46
Accounts payable		1,142,098.68				1,142,098.68
Other payables		61,886.08				61,886.08
Long-term borrowings maturing within one year		26,961.98				26,961.98
Long-term borrowings			6,964.60	9,000.28		15,964.88
Total		1,288,352.82	6,964.60	9,000.28		1,304,317.70

Item	Balance as at the end of last year					
	Immediate repayment	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Notes payable		18,267.37				18,267.37
Accounts payable		833,710.71				833,710.71
Other payables		41,956.47				41,956.47
Long-term borrowings maturing within one year		12,760.74				12,760.74
Long-term borrowings			34,754.35	12,751.40		47,505.75
Total		906,695.29	34,754.35	12,751.40		954,201.04

### (III) Market risk

Market risk associated with financial instruments refers to the risk that fair value or future cash flows of financial instruments fluctuate due to variations in market prices, and it includes exchange rate risk, interest rate risk and other price risks.

#### 1. Interest rate risk

Interest rate risks refer to the risks of fluctuation in the fair value or future cash flows of financial instruments due to changes in market interest rate.

Fixed rate and floating rate interest bearing financial instruments expose the COOEC to fair value interest rate risk and cash flow interest rate risk, respectively. The COOEC determines the ratio of fixed-rate to floating-rate instruments based on market conditions and maintains an appropriate mix of fixed- and floating-rate instruments through regular review and monitoring. When necessary, the COOEC uses interest rate swap instruments to hedge interest rate risk.

On December 31, 2022, in case other variables remain the same, if the loan interest rate calculated at a floating interest rate rises or falls 100 basis points, the COOEC's net profit will reduce or increase RMB2.1323 million (December 31, 2021: RMB104,800). The management believes that 100 base points reasonably reflects the scope of potential changes in the interest rate for the next year.

## 2. Exchange rate risk

Exchange rate risk refers to the risk that fair value or future cash flows of financial instruments fluctuates due to variations in foreign exchange rate.

The COOEC continuously monitors the scale of foreign currency transactions and foreign currency assets and liabilities to minimize its exposure to foreign exchange risks. In addition, the COOEC also signed forward foreign exchange contracts or currency swap contracts to avoid exchange rate risk. In this period and the previous period, the COOEC did not sign any forward foreign exchange contract or currency swap contract.

Exchange rate risk faced by the COOEC mainly comes from dollar-denominated financial assets and financial liabilities. Foreign financial assets and foreign financial liabilities are converted into amount in RMB as follows:

Item	Ending balance			Balance as at the end of last year		
	USD	Other foreign currencies	Total	USD	Other foreign currencies	Total
Monetary funds	31,867.72	2,045.30	33,913.02	18,574.30	16,330.00	34,904.30
Accounts receivable	25,513.62	7,069.47	32,583.09	7,528.07	467.23	7,995.30
Other receivables	46,674.30	28,111.46	74,785.76	24,011.81	118.12	24,129.93
Total assets	104,055.64	37,226.23	141,281.87	50,114.18	16,915.35	67,029.53
Accounts payable	23,172.60	7,499.50	30,672.10	34,202.40	12,663.15	46,865.55
Other payables	3,547.79	82.26	3,630.05	7,279.11	16,339.35	23,618.46
Total liabilities	26,720.39	7,581.76	34,302.15	41,481.51	29,002.50	70,484.01

On December 31, 2022, when all other variables remain unchanged, the net profits of the COOEC would reduce or increase by RMB32.8675 million (as at December 31, 2021: RMB4,316,300) supposing that RMB to USD appreciates or depreciates by 5%. The management thinks that 5% reflect the reasonable range of the possible changes of RMB to USD in the next year.

## 3. Other price risks

Other price risk refers to the risk that the fair value or future cash flows of financial instruments fluctuate due to changes in market prices other than exchange rate risk and interest rate risk.

The COOEC's other price risk arises mainly from investments in various types of equity instruments, which are subject to the risk of changes in the prices of equity instruments.

On December 31, 2022, in the case that other variables remained the same, if the value of equity instruments increased or decreased by 5%, the net profit and other comprehensive income of the COOEC would increase or decrease respectively by RMB0.00 (as at December 31, 2021: RMB4.6176 million). The management believes that 5% reasonably reflects the scope of potential changes in the equity instruments for the next year.

## XI. Fair value

### 1. Ending fair value of assets and liabilities measured at fair value

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Fair value as at the end of the period			Total
	Measured at the fair value of the 1st level	Measured at the fair value of the 2nd level	Measured at the fair value of the 3rd level	
<b>I. Continuous measurement of fair value</b>				
(I) Financial assets held for trading		861,172.84		861,172.84
1. Financial assets measured at fair values through current profit or loss		861,172.84		861,172.84
(1) Debt instrument investment				
(2) Equity instrument investment				
(3) Derivative financial assets				

Item	Fair value as at the end of the period			
	Measured at the fair value of the 1st level	Measured at the fair value of the 2nd level	Measured at the fair value of the 3rd level	Total
(4) Non-principal-protected floating-income financial products		510,236.52		510,236.52
(5) Structural deposits		350,936.32		350,936.32
2. Designated financial assets measured at fair value through current profit or loss				
(1) Debt instrument investment				
(2) Equity instrument investment				
(II) Other debt investments				
(III) Investments in other equity instruments			7,067.14	7,067.14
(IV) Investment properties				
1. Use right of leased land				
2. Leased buildings				
3. Land use right held for transfer upon appreciation				
(V) Biological assets				
1. Consumable biological assets				
2. Productive biological assets				
<b>Total assets constantly measured at fair value</b>		<b>861,172.84</b>	<b>7,067.14</b>	<b>868,239.98</b>
(VI) Financial liabilities held for trading				
1. Financial liabilities measured at fair value through current profit or loss				
Including: issued bonds held for trading				
Derivative financial liabilities				
Others				
2. Financial liabilities designated to be measured at fair value through current profit or loss				
<b>Total liabilities constantly measured at fair value</b>				
<b>II. Measurement at fair value not on a going concern</b>				
(I) Assets held for trading				
<b>Total amount of assets measured at fair value not on a going concern</b>				
<b>Total amount of liabilities measured at fair value not on a going concern</b>				

Basis for recognition of the market price of items measured at fair value of Level 1 on a going and non-going concern

√ Applicable □ Not applicable

The COOEC's investments in other equity instruments measured at fair value represent the COOEC's holdings in the stocks of listed companies, and the fair value of such assets is determined based on the closing price of the stocks at the end of the period.

2. Qualitative and quantitative valuation techniques and important parameters of sustainable and non-sustainable items measured on the basis of fair value of level 2

Applicable  Not applicable

3. Qualitative and quantitative valuation techniques and important parameters of sustainable and non-sustainable items measured on the basis of fair value of level 3

Applicable  Not applicable

The fair value is determined using level 3 inputs. If the recent information used to determine fair value is insufficient, or the possible estimated amount of fair value is widely distributed, and the cost represents the best estimate of fair value within this range, the cost may represent its appropriate estimates of fair value within this range.

4. The information of adjustment between the beginning and the end of the book value and analysis on the sensitivity of the unobservable parameters of sustainable and non-sustainable items measured on the basis of fair value of tier three

Applicable  Not applicable

The fair value is determined using level 3 inputs. If there is insufficient recent information to determine the fair value, or if the fair

estimated fair value amounts are widely distributed and the cost represents the best estimate of fair value within that range, the cost may represent its

The cost represents an appropriate estimate of fair value within that range of distribution.

5. Continuous measurement items by fair value, reason for conversion among all levels in the current period and policies for determining the time of conversion

Applicable  Not applicable

6. Change of valuation technique in the current period and reason for change

Applicable  Not applicable

7. Condition of fair value of financial assets and financial liabilities not measured at fair value

Applicable  Not applicable

8. Others

Applicable  Not applicable

## XII. Related party and related party transactions

### 1. Parent company

Applicable  Not applicable

Unit: RMB'0,000

Name	Registration place	Business nature	Registered capital	Shareholding ratio in the COOEC (%)	Voting ratio in the COOEC (%)
China National Offshore Oil Corporation	Beijing	Organization of exploration, development and production of offshore oil and natural gas and oil refining; sales of petroleum and chemical products, etc.	11,380,000.00	48.36	55.33

Parent company

China National Offshore Oil Corporation holds 6.65%, 0.28% and 0.04% of the COOEC's equity through its wholly-owned subsidiaries, China National Offshore Oil Nanhai West Company Limited and China National Offshore Oil Bohai Company Limited and its controlling subsidiary, CNOOC Finance Co., Ltd., respectively, and therefore the proportion of voting rights is 55.33%.

The ultimate controller of the COOEC is China National Offshore Oil Corporation

### 2. Subsidiaries

The COOEC's subsidiaries

Applicable  Not applicable

For details, please refer to Note IX. Equity in other entities.

### 3. Joint ventures and associates

Significant joint ventures or associates

Applicable  Not applicable

For details, please refer to Note IX. Equity in other entities.

Joint ventures and associates involved in the related-party transactions with the COOEC, or leading to balance due to the related party transaction they had with the COOEC

Applicable  Not applicable

Other explanations

Applicable  Not applicable

### 4. Other related parties

Applicable  Not applicable

Other related parties	Relationship between other related parties with the COOEC
CNOOC Bohai Co., Ltd.	Wholly-owned subsidiary of the parent company
China Offshore Oil Nanhai West Corporation	Wholly-owned subsidiaries of the parent company, shareholders holding more than 5% of the COOEC's shares
CNOOC Limited	Holding subsidiary of the parent company
China Oilfield Services Limited	Holding subsidiary of the parent company
CNOOC Finance Co., Ltd.,	Holding subsidiary of the parent company
China Offshore Oil Nanhai East Corporation	Wholly-owned subsidiary of the parent company
Zhonghai Industry Co., Ltd.	Wholly-owned subsidiary of the parent company
CNOOC Gas & Electricity Group Co., Ltd.	Wholly-owned subsidiary of the parent company
CNOOC Energy Technology & Services Limited	Holding subsidiary of the parent company
CNOOC Refining and Chemical Co., Ltd.	Wholly-owned subsidiary of the parent company
China Ocean Oilfields Services (Hong Kong) Limited	Wholly-owned subsidiary of the parent company
CNOOC Research Institute Co., Ltd.	Wholly-owned subsidiary of the parent company
CNCCC International Bidding Co., Ltd.	Wholly-owned subsidiary of the parent company
China National Offshore Petrochemical Corporation	Holding subsidiary of the parent company
China Offshore Oil Donghai Corporation	Wholly-owned subsidiary of the parent company
China Shipping Petrochemical Import & Export Co., Ltd.	Wholly-owned subsidiary of the parent company

### 5. Related party transactions

#### (1) Related party transactions on purchase and sales of goods, rendering and receipt of services

Purchase of goods/receipt of services

Applicable  Not applicable

Unit: RMB'0,000

Related parties	Related party transactions	Amount in this period	Amount in the previous period
CNOOC Energy Technology & Services Limited	Services such as engineering subcontracting, material procurement, transportation, fuel and property	192,941.02	127,399.97
China National Offshore Oil Corporation	Services such as employee insurance, software usage	1,961.81	1,069.34
CNOOC Bohai Co., Ltd.	Services such as utilities, employee medical checkups	3,621.90	3,750.38
China Ocean Oilfields Services (Hong Kong) Limited	Material procurement services	18,910.35	4,570.31
China Oilfield Services Limited	Services such as transportation, ship	6,725.60	6,352.21
Zhonghai Industry Co., Ltd.	Property services, engineering subcontracting, fuel and utilities, etc.	1,417.88	1,265.72



China Offshore Oil Nanhai East Corporation	Project subcontracting services	210.48	83.37
CNOOC Refining and Chemical Co., Ltd.	Project subcontracting services	179.21	241.39
CNOOC Gas & Electricity Group Co., Ltd.	Project subcontracting services	7,648.70	15,807.59
China Offshore Oil Nanhai West Corporation	Property services		31.05
China National Offshore Petrochemical Corporation	Project subcontracting services	7.99	183.09
CNOOC Research Institute Co., Ltd.	Project subcontracting services		37.33
CNOOC Limited	Terminal services	46.62	21.55
CNCCC International Bidding Co., Ltd.	Bidding and tendering services	28.59	30.47
China Offshore Oil Donghai Corporation	Project subcontracting services	1.44	1.26
COOEC-Fluor Heavy Industries Co., Ltd.	Project subcontracting services	59,843.81	70,155.57
Joint ventures or associates of other members of the Group to which the COOEC belongs	Project subcontracting services	117,918.89	68,339.92

Sales of goods/ rendering of services

Applicable  Not applicable

Unit: RMB'0,000

Related parties	Related party transactions	Amount in this period	Amount in the previous period
CNOOC Limited	Design, installation, construction and other specialized production services	1,807,498.88	1,072,897.58
CNOOC Gas & Electricity Group Co., Ltd.	Design, installation, construction and other specialized production services	60,700.22	32,929.91
CNOOC Energy Technology & Services Limited	Design, installation, construction and other specialized production services	9,090.70	16,463.14
China Oilfield Services Limited	Transportation and ship services		-0.17
CNOOC Research Institute Co., Ltd.	Design, installation, construction and other specialized production services		288.28
CNCCC International Bidding Co., Ltd.	Design, installation, construction and other specialized production services		50.00
China National Offshore Oil Corporation	Design, installation, construction and other specialized production services	1,790.29	3,560.50
China Ocean Oilfields Services (Hong Kong) Limited	Design, installation, construction and other specialized production services	29.35	3.29
China Shipping Petrochemical Import & Export Co., Ltd.	Labor services	76.08	
CNOOC Refining and Chemical Co., Ltd.	Design, installation, construction and other specialized production services	359.96	
COOEC-Fluor Heavy Industries Co., Ltd.	Provision of expatriate laborers, material sales, testing	987.73	561.76
Joint ventures or associates of other members of the Group to which the COOEC belongs	Design, installation, construction and other specialized production services	11,344.09	16.64

Purchase or sale of goods, and rendering or receipt of labor services

Applicable  Not applicable

## (2) Management on commission/ contract and commissioned management/ sub-contract

Information on the trusteeship management and contracting by the COOEC:

Applicable  Not applicable

Custody/contracting of related parties

Applicable  Not applicable

Information on the entrustment management/contracting of the COOEC

Applicable  Not applicable

## Information on the related-party management/contracting

√ Applicable □ Not applicable

Entrusted by	Subject Name	Project fund	
		Ending balance	Balance as at the end of last year
CNOOC Limited	Deepwater large offshore equipment safety operation simulation and training simulation equipment development, tension leg platform installation design technology integration application and verification, deepwater semi-submersible production storage and offloading oil platform engineering development	4,643.23	3,429.22
CNOOC Research Institute Co., Ltd.	Underwater multi-functional pipe sink engineering technology research, underwater production system key equipment emergency maintenance technology research, deepwater semi-submersible lifting pipe-laying vessel and supporting engineering technology		546.99
China National Offshore Oil Corporation	Research on intelligent manufacturing solutions and key technologies for the upper modules of offshore oil and gas production platforms, research on integrated testing of underwater oil and gas production systems	4,317.61	639.36

## (3) Related party leases

The COOEC acted as the lessor:

√ Applicable □ Not applicable

Unit: RMB'0,000

Lessee	Type of leased asset	Lease income recognized in this period	Lease income recognized in previous period
CNOOC Energy Technology & Services Limited	Machinery equipment	9.61	
China Oilfield Services Limited	Site and constructions	14.53	

The COOEC acted as lessee:

√ Applicable □ Not applicable

Unit: RMB'0,000

Lessor	Type of leased asset	Rental costs for short-term leases and low-value asset leases for simplified processing (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Paid rents		Interest expense on lease liabilities assumed		Increase in right-of-use assets	
		Amount in this period	Amount in the previous period	Amount in this period	Amount in the previous period	Amount in this period	Amount in the previous period	Amount in this period	Amount in the previous period	Amount in this period	Amount in the previous period
CNOOC Bohai Co., Ltd.	Site and constructions					73.68	121.26	5.67	9.12		129.42
China Offshore Oil Nanhai East Corporation	Site and constructions	199.16				217.08	189.51	0.59	7.30		66.04
CNOOC Energy Technology & Services Limited	Site and constructions	151.12	436.35			739.73	912.21	17.62	45.91	155.01	672.12

Lessor	Type of leased asset	Rental costs for short-term leases and low-value asset leases for simplified processing (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Paid rents		Interest expense on lease liabilities assumed		Increase in right-of-use assets	
		Amount in this period	Amount in the previous period	Amount in this period	Amount in the previous period	Amount in this period	Amount in the previous period	Amount in this period	Amount in the previous period	Amount in this period	Amount in the previous period
China Offshore Oil Nanhai West Corporation	Site and constructions	26.92	31.05			29.34	57.90	1.44	1.51		50.58
Zhonghai Industry Co., Ltd.	Site and constructions	91.05	133.21			2,711.18	2,748.51	142.15	224.16	168.95	4,107.25
COOEC-Fluor Heavy Industries Co., Ltd.	Site and constructions					78.49	117.97	4.40	4.20	96.78	69.24

## Related-party leases

Applicable  Not applicable

## (4) Related party guarantees

The COOEC as a guarantor

Applicable  Not applicable

The COOEC as the guarantee

Applicable  Not applicable

Notes to related party guarantee

Applicable  Not applicable

For details of the COOEC's guarantees for subsidiaries, please refer to Section XIV. Commitments and Contingencies.

## (5) Loans from and to related parties

Applicable  Not applicable

Unit: RMB'0,000

Related parties	Amount borrowed	Start date	Due date
Borrowed from			
China National Offshore Oil Corporation	9,000.00	May 2022	May 2025
China National Offshore Oil Corporation	13,000.00	February 2018	February 2023

## (6) Assets transfer and debt restructuring of related parties

Applicable  Not applicable

## (7) Remuneration of key officers

Applicable  Not applicable

Unit: RMB'0,000

Item	Amount in this period	Amount in the previous period
Key officers' emoluments	1,069.00	975.53

**(8) Other related party transactions**

√ Applicable □ Not applicable

**(1) Related financial services**

Related parties	Related party transactions	Current period	Prior period
CNOOC Finance Co., Ltd.,	Interest income	591.44	602.26
China National Offshore Oil Corporation	Interest expenses	78.98	97.84
CNOOC Finance Co., Ltd.,	Handling charges	175.11	270.12
Total		845.53	970.22

**(2) Investment income from related parties**

Related parties	Current period	Prior period
CNOOC Finance Co., Ltd.,	764.35	776.56
COOEC-Fluor Heavy Industries Co., Ltd.	-2,767.09	-55,753.29
Total	-2,002.74	-54,976.73

**6. Receivables from and payables to related parties****(1) Receivables**

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Related parties	Ending balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	CNOOC Energy Technology & Services Limited	645.40		17,484.49	
Accounts receivable	China National Offshore Oil Corporation	1,401.97		82.71	
Accounts receivable	CNOOC Gas & Electricity Group Co., Ltd.	4,919.58		5,807.15	
Accounts receivable	CNOOC Research Institute Co., Ltd.			103.65	
Accounts receivable	CNOOC Limited	540,642.90		464,221.25	
Accounts receivable	China Oilfield Services Limited	14.49			
Accounts receivable	COOEC-Fluor Heavy Industries Co., Ltd.			176.30	
Accounts receivable	CNOOC Refining and Chemical Co., Ltd.	70.71			
Accounts receivable	Joint ventures or associates of other members of the Group to which the COOEC belongs	1,235.72			
Advances to suppliers	CNOOC Energy Technology & Services Limited	51.44		404.86	
Advances to suppliers	China Ocean Oilfields Services (Hong Kong) Limited			2,999.77	
Advances to suppliers	Joint ventures or associates of other members of the Group to which the COOEC belongs	149.55			
Other receivables	CNOOC Energy Technology & Services Limited	6.50		1.50	
Other receivables	CNOOC Limited	153.22		0.35	
Other receivables	China National Offshore Oil Corporation	10.00			
Other receivables	CNCCC International Bidding Co., Ltd.	29.31			
Other receivables	Zhonghai Industry Co., Ltd.	0.72			
Other receivables	Kewana Offshore (Qingdao) Engineering & Technology Co., Ltd.			171.13	171.13
Contract assets	CNOOC Energy Technology & Services Limited	3,901.44	3.97		
Contract assets	CNOOC Limited	95,833.35	105.74	18,493.19	20.41
Contract assets	Joint ventures or associates of other members of the Group to which the COOEC belongs	11,058.15	12.16		

## (2) Payables

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Related parties	Book balance as at the end of the year	Book balance as at the beginning of the year
Accounts payable	CNOOC Bohai Co., Ltd.	665.35	1,914.83
Accounts payable	China Offshore Oil Nanhai East Corporation	24.19	25.25
Accounts payable	China Offshore Oil Donghai Corporation	1.48	0.44
Accounts payable	CNOOC Energy Technology & Services Limited	70,355.70	57,088.79
Accounts payable	China National Offshore Oil Corporation	715.11	807.18
Accounts payable	China Ocean Oilfields Services (Hong Kong) Limited	4,023.04	1,915.07
Accounts payable	CNOOC Refining and Chemical Co., Ltd.	151.10	151.43
Accounts payable	CNOOC Gas & Electricity Group Co., Ltd.	198.15	137.08
Accounts payable	China Offshore Oil Nanhai West Corporation	31.67	15.68
Accounts payable	CNOOC Limited	2.47	
Accounts payable	China National Offshore Petrochemical Corporation	205.67	186.79
Accounts payable	Zhonghai Industry Co., Ltd.	211.58	98.79
Accounts payable	China Oilfield Services Limited	6,583.88	788.92
Accounts payable	COOEC-Fluor Heavy Industries Co., Ltd.		60,444.89
Accounts payable	Joint ventures or associates of other members of the Group to which the COOEC belongs	63,649.77	46,597.41
Other payables	CNOOC Energy Technology & Services Limited	1,195.30	1,720.92
Other payables	China Ocean Oilfields Services (Hong Kong) Limited		89.25
Other payables	CNOOC Limited	21.86	
Other payables	China Oilfield Services Limited	16.44	
Other payables	Kwana Offshore (Qingdao) Engineering Technology Co.		151.37
Other payables	Joint ventures or associates of other members of the Group to which the COOEC belongs	27.13	139.09
Contract liabilities	CNOOC Gas & Electricity Group Co., Ltd.	40,881.84	10,486.42
Contract liabilities	CNOOC Limited	111,002.11	55,988.79
Contract liabilities	China National Offshore Oil Corporation	4,317.61	2,980.41
Lease liability maturing within one year	CNOOC Bohai Co., Ltd.	40.13	93.96
Lease liability maturing within one year	China Offshore Oil Nanhai East Corporation		68.33
Lease liability maturing within one year	CNOOC Energy Technology & Services Limited	180.53	685.94
Lease liability maturing within one year	China Offshore Oil Nanhai West Corporation	27.79	35.82
Lease liability maturing within one year	Zhonghai Industry Co., Ltd.	1,899.01	2,167.50
Lease liability	CNOOC Bohai Co., Ltd.		40.13
Lease liability	China Offshore Oil Nanhai West Corporation		15.37
Lease liability	Zhonghai Industry Co., Ltd.		1,920.68
Long-term borrowings maturing within one year	China National Offshore Oil Corporation	13,001.98	
Long-term borrowings	China National Offshore Oil Corporation	9,000.28	22,002.26

## 7. Commitments from related parties

□ Applicable √ Not applicable



## 8. Others

Applicable  Not applicable

### Centralized management of funds

#### (1) Main contents of the centralized fund management arrangements participated and implemented by the COOEC are as follows:

The ending balance of the funds collected by the COOEC to CNOOC Finance Co., Ltd. was RMB583,190,900 (the opening balance was RMB767,957,400), which was presented as monetary funds, with interest income of RMB5,914,400 for the year (RMB6,022,600 for the previous year).

On May 11, 2020, the COOEC entered into a fund pooling service agreement with CNOOC Finance Co., Ltd. and opened a fund pooling account for the pooling and transfer of funds between the COOEC and its subsidiaries, which is valid from the date of signing to May 10, 2021 and can be extended indefinitely upon expiration.

The COOEC entered into a tripartite entrusted loan contract with China National Offshore Oil Corporation and CNOOC Finance Co., Ltd. Liability Company, under which CNOOC entrusted CNOOC Finance Co., Ltd. Liability Company to provide a loan of RMB220 million to the COOEC, see Note VII. 30 Long-term borrowings for details.

#### (2) Funds pooled by the COOEC to the Group

Funds deposited directly into the finance company without being collected in the account of the parent company of the Group

Item	Ending balance		Balance as at the end of last year	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Monetary funds	58,319.09		76,795.74	
Total	58,319.09		76,795.74	

Including: funds restricted from being withdrawn due to centralized management of funds

#### (3) Funds borrowed from the Group's parent company or member units

Item	Ending balance	Balance as at the end of last year
Long-term borrowings	22,002.26	22,002.95
Total	22,002.26	22,002.95

## XIII. Share-based payments

### 1. Share-based payments

Applicable  Not applicable

### 2. Share-based payments settled by equity

Applicable  Not applicable

### 3. Share-based payments 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. Significant commitments

Applicable  Not applicable

### 2. Contingencies

#### (1) Significant contingencies existing on balance sheet date

Applicable  Not applicable

##### 1) Guarantees for subsidiaries

As of December 31, 2022, the COOEC's guarantees were in the process of performance:

- ① As approved at the ninth meeting of the 6th Board of Directors of the COOEC held on May 21, 2018, the COOEC issued a parent company guarantee to Nexen for its subsidiary, COOEC Canada Limited, to undertake the Nexen LLSW turnkey project with a contract amount of CAD 150 million and a guarantee amount of CAD 75 million for the period from the issuance of the guarantee to December 20, 2026. The guarantee is not subject to the approval of the COOEC's shareholders in general meeting. (For details, please refer to the announcement on the resolution of the Board of Directors and the announcement on the guarantee disclosed by the COOEC on the website of the Shanghai Stock Exchange on May 22, 2018).
- ② As deliberated and adopted at the 17th meeting of the 6th Board of Directors of the COOEC held on June 6, 2019, the COOEC issued a parent company guarantee to the JV of Nikko Fluor for the contract amount of RMB4,898 million and the guarantee amount of RMB2,449 million for the LNG module construction project undertaken by its subsidiary, Offshore Oil Engineering (Qingdao) Co., Ltd., with a period from the issue date to September 15, 2025. The above guarantee was deliberated and adopted at the COOEC's first extraordinary general meeting of 2019 held on June 25, 2019. (For details, please refer to the resolution announcement, the guarantee announcement disclosed by the COOEC on the website of Shanghai Stock Exchange on June 7, 2019 and the General Meeting resolution announcement disclosed on June 26, 2019).
- ③ As deliberated and adopted at the tenth meeting of the 6th Board of Directors of the COOEC held on August 17, 2018, the COOEC opened a bank performance bond and an advance payment bond for the performance of the contract of the Dangote Petrochemical Offshore Transportation and Installation Project by its subsidiary, FTA Nigeria, and the guarantee amount was adjusted from USD33.2 million to USD38.2 million due to the increase of the contract amount, of which the guarantee amount of the performance bond was USD19.1 million and the advance payment bond guarantee amount was USD19.1 million. The maximum guarantee period was extended from December 31, 2018 to June 30, 2020. The maximum term of the performance bond guarantee was subsequently extended from June 30, 2020 to December 31, 2020 with the guarantee amount of USD19.1 million remaining unchanged, as approved by the Twenty-fourth Meeting of the 6th Board of Directors of the COOEC held on June 23, 2020. The prepayment bond expired and was released on June 30, 2020. (For details, please refer to the announcement on the resolution of the Board of Directors and the announcement on the guarantee disclosed by the COOEC on the website of the Shanghai Stock Exchange on June 24, 2020). Subsequently, at the 28th Meeting of the 6th Board of Directors of the COOEC held on December 4, 2020, the maximum term of the performance bond guarantee was extended from December 31, 2020 to April 30, 2021, and the guarantee amount of USD19.1 million remained unchanged. Reinstated the prepayment bond with a guarantee amount of USD19.1 million and a guarantee period until April 30, 2021, and if the project duration changes, the parent company's guarantee will be adjusted accordingly with the change in the validity of the bank guarantee. On June 30, 2021, the project completion performance bond will end and the quality assurance bond will commence with a guarantee amount of USD19.1 million, which will be valid for 24 months from the date of issuance of the completion certificate by the owner. (For details, please refer to the announcement on the resolution of the Board of Directors and the announcement on the guarantee disclosed by the COOEC on the website of the Shanghai Stock Exchange on December 7, 2020).
- ④ As deliberated and adopted at the Third Meeting of the 7th Board of Directors of the COOEC held on April 28, 2021, the COOEC issued a parent company guarantee for a three-year bank loan of a total amount not exceeding USD60 million from a Chinese bank for its wholly-owned subsidiary, COOEC International Limited, with the guarantee amount not exceeding USD64 million (principal + interest), and the actual guarantee amount in the form of a financing guarantee letter was finally USD62 million (loan principal + interest). As of the end of the reporting period, the actual guarantee balance has been reduced to USD32 million due to partial repayment of the loan principal, and the guarantee period is 3 years from the date of withdrawal by COOEC International Limited. (For details, please refer to the announcement on the resolution of the Board of Directors and the announcement on the guarantee disclosed by the COOEC on the website of the Shanghai Stock Exchange on April 30, 2021).
- ⑤ As deliberated and adopted at the Seventh Meeting of the 7th Board of Directors of the COOEC held on December

28, 2021, the COOEC provided credit guarantees for two wholly-owned subsidiaries of COOEC Subsea Technology Co., Ltd. and Offshore Oil Engineering (Qingdao) Co., Ltd. The amount of guarantee for COOEC Subsea Technology Co., Ltd. shall not exceed RMB500 million and the amount of guarantee for Offshore Oil Engineering (Qingdao) Co., Ltd. no more than RMB100 million. The guarantee period is from the date of approval by the Board of Directors to December 31, 2023. (For details, please refer to the announcement on the Board of Directors and the announcement on the guarantee disclosed by the COOEC on the website of the Shanghai Stock Exchange on December 28, 2021)

- ⑥ As deliberated and adopted by the 9th Meeting of the 7th Board of Directors of the COOEC held on March 18, 2022, the COOEC provided a parent company guarantee for the contract of Buzios VIII (FPSO P79) module construction project in Brazil signed between Offshore Oil Engineering (Qingdao) Co., Ltd., a wholly-owned subsidiary, as a subcontractor, and SAIPEM SA, a general contractor, in the amount of USD72 million. The term of the guarantee is 48 months from the date of issuance of the guarantee to the date of issuance of the provisional acceptance certificate of the project by the main contractor. (For details, please refer to the announcement on the resolution of the Board of Directors and the announcement on the guarantee disclosed by the COOEC on the website of the Shanghai Stock Exchange on March 22, 2022).

## 2) Arbitrations

On July 13, 2021, Branch of Maridive Offshore Projects Company filed an arbitration claim with the Dubai Arbitration Center in relation to the subcontract payments for the Saudi Arabia 3648 project, demanding the Saudi branch of the COOEC to pay for the standby costs and change of schedule claims incurred by the Saudi branch of the COOEC during the execution of the subcontract of the project, etc., in response to the arbitration claim, the Saudi branch of the COOEC the Saudi branch of the COOEC has retained Prudential Mason to defend and counter-claim for payment of losses incurred by the Saudi branch of the COOEC as a result of the termination of the project. The arbitration matter is still in the preliminary stage and the outcome of the arbitration matter is uncertain according to the letter of opinion from the lawyers of Pricewaterhouse Coopers Mason. As of the date of approval of this financial report, there has been no definite progress in this arbitration matter.

As of December 31, 2022, the COOEC had no other significant contingencies other than the existence of the above contingencies.

## (2) Notes to be given even though there were no contingencies required to be disclosed by the COOEC:

- Applicable  Not applicable

## 3. Others

- Applicable  Not applicable

## XV. Events after the balance sheet date

### 1. Significant non-adjustment matters

- Applicable  Not applicable

### 2. Profit distribution

- Applicable  Not applicable

Unit: RMB'0,000

Profit or dividend to be distributed	44,213.55
Profit or dividend declared to be granted upon deliberation and approval	44,213.55

### 3. Sales return

- Applicable  Not applicable

### 4. Events after the balance sheet date

- Applicable  Not applicable

## XVI. Other significant events

### 1. Corrections of previous accounting errors

#### (1) Retroactive restatement method

Applicable  Not applicable

#### (2) Prospective application method

Applicable  Not applicable

### 2. Debt restructuring

Applicable  Not applicable

### 3. Replacement of assets

#### (1) Exchange of non-monetary assets

Applicable  Not applicable

#### (2) Replacement of other assets

Applicable  Not applicable

### 4. Pension plan

Applicable  Not applicable

The COOEC pays the basic endowment insurance premiums and unemployment insurance for employees according to the relevant provisions of the local governments. During the accounting period when employees serve the COOEC, the paid amount which is calculated based on the payment base and proportion as stipulated in the provisions of the local place is recognized as liabilities and included in the current profit or loss or costs associated with assets. In addition, the COOEC participates in an enterprise annuity plan/supplemental pension fund approved by the relevant state authorities. The COOEC makes payments to the annuity plan/local social insurance institutions in a certain proportion to the total employee wage, with corresponding expense included in the current profit or loss or related asset cost.

### 5. Discontinued operations

Applicable  Not applicable

### 6. Segment information

#### (1) Determining basis and accounting policies of reporting segments

Applicable  Not applicable

#### (2) Financial information on the reporting segments

Applicable  Not applicable

#### (3) Reasons shall be stated in case of no branch report or total assets and liabilities in the branch report cannot be disclosed

Applicable  Not applicable

#### (4) Other information

Applicable  Not applicable

### 7. Other important transactions and events affecting decision-making of investors

Applicable  Not applicable

### 8. Others

Applicable  Not applicable

## XVII. Notes to the main items of the parent company's financial statements

### 1. Accounts receivable

#### (1) Disclosure by aging

√ Applicable  Not applicable

Unit: RMB'0,000

Aging	Book balance as at the end of the year
Within 1 year	
Including: items within 1 year	
Within 1 year	518,761.62
Within 1 year Subtotal	518,761.62
1-2 years	3,138.65
2-3 years	4,803.60
Over 3 years	361.27
Total	527,065.14

#### (2) Classified disclosure by provision of bad debts

√ Applicable  Not applicable

Unit: RMB'0,000

Type	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Ratio (%)	Amount	Proportion of provision (%)		Amount	Ratio (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis										
Provision for bad debts made by portfolio	527,065.14	100.00	3,792.81	0.72	523,272.33	573,677.00	100.00	1,977.66	0.34	571,699.34
Total	527,065.14	100.00	3,792.81	/	523,272.33	573,677.00	100.00	1,977.66	/	571,699.34

Individual provision for bad debts:

Applicable  Not applicable

Provision for bad debts made by portfolio:

√ Applicable  Not applicable

Provision made on portfolio basis: below

Unit: RMB'0,000

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Provision ratio (%)
Aging portfolio	21,553.93	3,792.81	17.60
Portfolio of related parties	505,511.21		
Total	527,065.14	3,792.81	



Recognition criteria and description of bad debts accrued by portfolio:

Applicable  Not applicable

If the provision for bad debts is made according to the general model of expected credit losses, please refer to the disclosure of other receivables:

Applicable  Not applicable

**(3) Provision for bad debts**

Applicable  Not applicable

Unit: RMB'0,000

Type	Beginning balance	Change in this period				Ending balance
		Provision	Recovery or reversal	Resale or write-off	Other changes	
Provision for bad debts made by portfolio	1,977.66	1,858.14			-42.99	3,792.81
<b>Total</b>	<b>1,977.66</b>	<b>1,858.14</b>			<b>-42.99</b>	<b>3,792.81</b>

Significant amounts of bad debt recovery or reversal in the current period:

Applicable  Not applicable

**(4) Accounts receivable actually charged-off in this period**

Applicable  Not applicable

Write-off of significant receivables

Applicable  Not applicable

**(5) Top five accounts receivable by the debtor in terms of the ending balance**

Applicable  Not applicable

Unit: RMB'0,000

Entity name	Ending balance	Proportion to total amount of ending balance of receivable (%)	Balance of provision for bad debts as at the end of the year
CNOOC Limited	476,763.43	90.46	
Offshore Oil Engineering (Qingdao) Co., Ltd.	11,767.84	2.23	
COOEC International Co., Ltd.	6,868.66	1.30	
CNOOC Gas & Electricity Group Co., Ltd.	4,919.58	0.93	
The Hongkong Electric Company, Limited	4,491.90	0.85	
<b>Total</b>	<b>504,811.41</b>	<b>95.77</b>	

**(6) Accounts receivable derecognized due to the transfer of financial assets**

Applicable  Not applicable

**(7) Amount of assets or liabilities arising from transfer of accounts receivable and the relevant continuous involvement**

Applicable  Not applicable

Other explanations:

Applicable  Not applicable

## 2. Other receivables

### Presentation

Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance	Beginning balance
Interest receivable		
Dividends receivable		
Other receivables	79,901.20	31,985.23
Total	79,901.20	31,985.23

Other explanations:

Applicable  Not applicable

### Interest receivable

#### (1) Classification of interest receivable

Applicable  Not applicable

#### (2) Significant overdue interest

Applicable  Not applicable

#### (3) Provision for bad debts

Applicable  Not applicable

Other explanations:

Applicable  Not applicable

### Dividends receivable

#### (4) Dividends receivable

Applicable  Not applicable

#### (5) Significant dividends receivable aging over 1 year

Applicable  Not applicable

#### (6) Provision for bad debts

Applicable  Not applicable

Other explanations:

Applicable  Not applicable

## Other receivables

## (1) Disclosure by aging

√ Applicable □ Not applicable

Unit: RMB'0,000

Aging	Book balance as at the end of the year
Within 1 year	
Including: items within 1 year	
Within 1 year	77,011.55
Within 1 year Subtotal	77,011.55
1-2 years	422.42
2-3 years	
Over 3 years	2,467.23
Total	79,901.20

## (2) Classification by nature of payment

√ Applicable □ Not applicable

Unit: RMB'0,000

Nature of payment	Book balance as at the end of the year	Book balance as at the beginning of the year
Loans from related parties and interest, other related transactions	50,576.43	30,919.40
Reserves, margin, security deposit	387.16	1,361.15
Advances	28,685.26	171.13
Insurance compensation	252.35	
Total	79,901.20	32,451.68

## (3) Information of provision for bad debts

√ Applicable □ Not applicable

Unit: RMB'0,000

Provision for bad debts	Phase I	Phase II	Phase III	Total
	Expected credit losses over the next 12 months	Expected credit losses throughout the duration (without credit impairment)	Expected credit losses throughout the duration (with credit impairment)	
Balance as at January 1, 2022	0.10		466.35	466.45
Balance as at January 1, 2022 in the current period				
- Transfer to phase II				
- Transfer to phase III				
- Reversal to phase II				
- Reversal to phase I				
Provision in this period				
Reversal in this period	0.10		259.64	259.74
Charge-off in this period				
Write-off in this period			215.15	215.15
Other changes			8.44	8.44
Balance as at December 31, 2022				

Notes to the obvious changes in the book balance of other receivables with changes in provision for losses in the current period:

Applicable  Not applicable

Book balance	Phase I	Phase II	Phase III	Total
	Expected credit losses over the next 12 months	Expected credit losses throughout the duration (without credit impairment)	Expected credit losses throughout the duration (with credit impairment)	
Balance as at the end of last year	31,985.33		466.35	32,451.68
Balance at the end of the previous year in this period				
- Transfer to phase II				
- Transfer to phase III				
- Reversal to phase II				
- Reversal to phase I				
Increase in this period	47,915.87			47,915.87
Derecognition in this period			474.79	474.79
Other changes			8.44	8.44
Ending balance	79,901.20			79,901.20

The basis for the provision for bad debts in the current period and the assessment of whether the credit risk of financial instruments has increased significantly:

Applicable  Not applicable

#### (4) Provision for bad debts

Applicable  Not applicable

Unit: RMB'0,000

Type	Beginning balance	Change in this period				Ending balance
		Provision	Recovery or reversal	Resale or write-off	Other changes	
Provision for bad debts accrued on an individual basis	466.35		259.64	215.15	8.44	
Provision for bad debts made by portfolio	0.10		0.10			
Total	466.45		259.74	215.15	8.44	

Reversal or recovery of significant amount of provision for bad debts in the current period:

Applicable  Not applicable

#### (5) Other receivables actually written off during the period

Applicable  Not applicable

Unit: RMB'0,000

Item	Amount for write-off
Other receivables actually written off	215.15

Other significant receivables actually written off:

Applicable  Not applicable

Unit: RMB'0,000

Entity name	Nature of other receivables	Write-off	Reasons for write-off	Write-off procedures performed	Whether it is due to related party transactions
Taiyuan Rongli Trading Co., Ltd.	Purchase price	215.15	Insolvency of the debtor was terminated	Party Committee Consideration	No
Total	/	215.15	/	/	/

Writing off other receivables:

Applicable  Not applicable

#### (6) Information about top 5 other receivables in terms of ending balances by debtors

Applicable  Not applicable

Unit: RMB'0,000

Entity name	Nature of amount	Ending balance	Aging	Proportion in the total ending balance of other receivables (%)	Ending balance of provision for bad debts
COOEC International Co., Ltd.	Borrowings and interest	52,373.01	Remark 1	65.55	
COOEC Subsea Technology Co., Ltd.	Advances	20,280.72	Remark 2	25.38	
Offshore International Engineering Co., Ltd.	Advances	4,705.67	Within 1 year	5.89	
Offshore Oil Engineering (Qingdao) Co., Ltd.	Advances	1,885.43	Within 1 year	2.36	
PICC P&C	Insurance compensation	252.35	Within 1 year	0.32	
Total	/	79,497.18	/	99.50	

Note 1: The ending balance of COOEC International Limited was RMB523,730,100, of which RMB499,233,900 was within 1 year of age and RMB24,496,200 was over 3 years.

Note 2: The ending balance of COOEC Subsea Technology Co., Ltd. was RMB202,807,200, of which RMB200,533,000 was aged within 1 year and RMB2,274,200 was aged between 1 and 2 years.

#### (7) Receivables involving government grants

Applicable  Not applicable

#### (8) Other receivables derecognized as a result of a transfer of financial assets

Applicable  Not applicable

#### (9) Amounts of assets, liabilities as a result of transfer of other receivables and constant involvement

Applicable  Not applicable

Other explanations:

Applicable  Not applicable

### 3. Long-term equity investments

Applicable  Not applicable

Unit: RMB'0,000

Item	Ending balance			Beginning balance		
	Book balance	Provisions for impairment	Book value	Book balance	Provisions for impairment	Book value
Investment in subsidiaries	920,597.42		920,597.42	920,597.42		920,597.42
Investments in associates and joint ventures						
Total	920,597.42		920,597.42	920,597.42		920,597.42



**(1) Investment in subsidiaries**

√ Applicable □ Not applicable

Unit: RMB'0,000

Investee	Beginning balance	Increase in this period	Decrease in this period	Ending balance	Provision for impairment in this period	Balance of provision for impairment as at the end of the period
Offshore Oil Engineering (Zhuhai) Co., Ltd.	395,000.00			395,000.00		
Offshore Oil Engineering (Qingdao) Co., Ltd.	297,000.00			297,000.00		
COOEC Subsea Technology Co., Ltd.	219,247.36			219,247.36		
Offshore 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 Co., Ltd.	669.81			669.81		
COOEC International Co., Ltd.	618.65			618.65		
COOEC Nigeria Co., Ltd	52.14			52.14		
Total	920,597.42			920,597.42		

**(2) Investment in associates and joint ventures**

□ Applicable √ Not applicable

**4. Operating revenue and operating costs****(1) Operating revenue and operating costs**

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Amount in this period		Amount in the previous period	
	Income	Cost	Income	Cost
Primary business	2,343,303.23	2,207,680.45	1,674,076.52	1,570,588.23
Other business	5,106.32	1,209.90	10,669.95	554.56
Total	2,348,409.55	2,208,890.35	1,684,746.47	1,571,142.79

**(2) Income from contracts**

□ Applicable √ Not applicable

**(3) Performance obligations**

□ Applicable √ Not applicable

**(4) Allocation to remaining performance obligations**

□ Applicable √ Not applicable

Other explanations:

Operating revenue of top five customers

Item	Current period	Proportion in total operating revenue (%)
CNOOC Limited	1,533,891.69	65.32
Caofeidian Xintian LNG Co., Ltd.	171,055.29	7.28
Hong Kong LNG Terminal Limited	141,348.39	6.02
National Pipeline Group Nanshan (Shandong) Natural Gas Co., Ltd.	111,181.46	4.73
National Pipeline Group Tianjin LNG Co., Ltd.	111,014.97	4.73
Total	2,068,491.80	88.08

## 5. Investment income

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Amount in this period	Amount in the previous period
Income from long-term equity investment under cost method	100,825.58	19,800.00
Investment income obtained during holding the financial assets held for trading	14,957.32	10,779.82
Dividend income from investments in other equity instrument during the holding period	764.35	776.56
Interest income in debt investment during the holding period	5,642.69	5,614.48
Total	122,189.94	36,970.86

## 6. Others

□ Applicable √ Not applicable

## XVIII. Supplementary information

### 1. Breakdown of current non-recurring profit or loss

√ Applicable □ Not applicable

Unit: RMB'0,000

Item	Amount	Explanations
Profit or loss from disposal of non-current assets	51.31	Investment income from disposal of long-term equity investments in associates, gain on disposal of assets
Tax returns, deduction and exemption approved beyond the authority or without official approval documents		
Government grants included in current profit or loss (except for government grants obtained as per unified state standards that are closely related to the enterprise business)	-5,957.53	Mainly government grants such as consumption tax refunds and research subsidies
Fund possession costs included in current profit or loss and collected from non-financial enterprises		
Gains from the difference between the investment costs of acquisition of subsidiaries, associates and joint ventures and share in the net fair value of the identifiable assets of the investee when investing	3,431.21	Negative goodwill arising from business combination not under common control
Profit or loss from non-monetary assets exchange		
Profits or losses from the assets which are invested or managed by others entrusted	20,600.01	Mainly gains arising from the purchase of structured deposits, wealth management products and large certificates of deposit
Provision of asset impairment made due to force majeure, such as natural disasters		
Profits or losses from debt restructuring		
Enterprise restructuring expenses, such as expenditures for employee allocation and integration expenses, etc.		
Profits or losses exceeding the fair value generated from the transaction with the unfair transaction price		
Current net profit or loss of the subsidiaries from business combination under common control from the beginning of the period to the combination date		
Profit or loss on contingencies irrelevant to normal business operation of the COOEC		
Profit or loss on changes in fair values of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities as well as the investment income obtained from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments, except for effective hedging operations associated with the COOEC's normal operations	1,172.84	Changes in fair value of financial assets held for trading

Item	Amount	Explanations
Reversal of receivables tested for impairment separately, provision for impairment of contracted assets	259.64	
Profit or loss from external entrusted loans		
Profit or loss on changes in fair value of investment property subsequently measured by adopting the fair value mode		
Effect on current profit or loss due to one-off adjustment thereto in accordance with the requirements of laws and regulations regarding taxation or accounting		
Income from trustee fees charged for entrusted operation		
Non-operating revenue and expenses other than the above-mentioned items	1,512.67	
Other items of profit or loss subject to the definition of non-recurring profit or loss	55,191.02	Mainly gains from equities re-measured at the fair value upon obtainment of control right
Less: income tax effects	-15,728.78	
Affected amount of minority equity	-49.41	
Total	60,482.98	

Please state reasons for defining non-recurring profit or loss listed in Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public--Non-Recurring Profit or Loss as recurring profit or loss

Applicable  Not applicable

## 2. Return on net assets and earnings per share

Applicable  Not applicable


Profit in the reporting period	Return on weighted average net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the COOEC	6.30	0.33	0.33
Net profits attributable to ordinary shareholders of the COOEC after deducting non-recurring profit or loss	3.69	0.19	0.19

## 3. Accounting data difference between the domestic and overseas accounting standards

Applicable  Not applicable

## 4. Others

Applicable  Not applicable

  
 Chairman: Yu Yi  
 Date of approval by the Board of Directors for filing: March 17, 2023  


## Amendment history

Applicable  Not applicable



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