

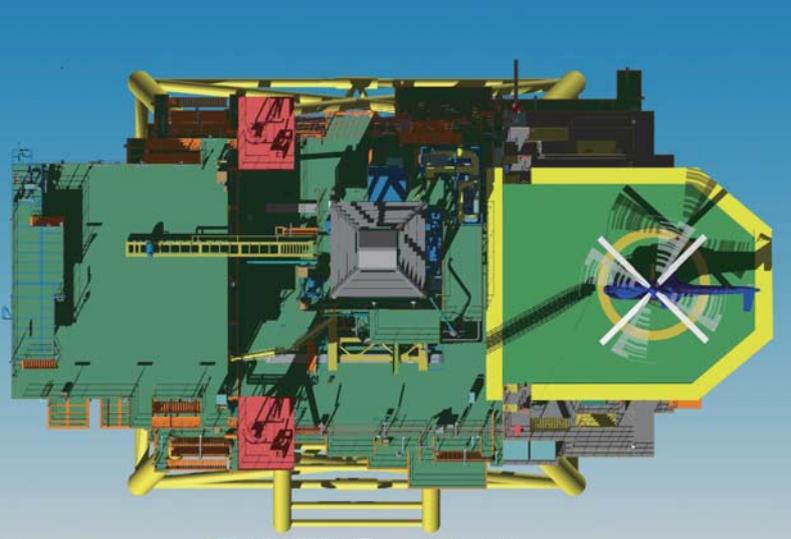
COOEC

Stock name COOEC
Stock code 600583

2021 Annual Report

Offshore Oil Engineering Co., Ltd





Contents

- 001 Important Notices
- 002 Address from the Chairman
- 005 Definitions
- 006 Company Profile and Main Financial Indicators
- 010 Management's Discussion and Analysis
- 057 Corporate Governance
- 080 Corporate Environmental and Social Responsibility
- 086 Important Matters
- 099 Changes in Share Capital and Information of Shareholders
- 104 Preferred Shares
- 105 Bonds
- 106 Financial Report

Engineering design

Offshore installation

Onshore construction

Submarine pipeline laying

Welcome to COOEC

Important Notices

- I. The Board of Directors, Board of Supervisors, directors, supervisors and senior officers of Offshore Oil Engineering Co., Ltd guarantee that this Annual Report is true, accurate and complete and contains no false statements, misleading presentations or material omissions, and assume joint and several liability arising therefrom.
- II. All directors of Offshore Oil Engineering Co., Ltd attended the meetings of the Board of Directors.
- III. BDO China Shu Lun Pan CPAs (LLP) has issued a standard unqualified audit report for Offshore Oil Engineering Co., Ltd.
- IV. The responsible person of COOEC: Yu Yi, the person in charge of accounting: Li Peng, the principal of the accounting agency (chief accounting officer): Yao Baoqin represents and warrants that all financial statements in this Report are true, accurate and complete.
- V. Plan for profit distribution or plan for the conversion of capital reserves into share capital in the current reporting period deliberated and adopted by the Board of Directors

Offshore Oil Engineering Co., Ltd (which may be hereinafter referred to as COOEC or the “Company”) plans to distribute cash dividends at 0.80 Yuan (RMB) per 10 shares (inclusive of tax) using the total share capital of 4,421,354,800 shares as of the end of 2021 as the basis and has decided not to distribute stock dividends and not to convert capital reserves into share capital. The total amount of cash dividends to be distributed is 354 million Yuan, which accounts for 95.65% of the combined net profit of the Company in 2021. The undistributed profits will be carried forward to the following year for distribution.

The plan for profit distribution shall be submitted to the 2021 general meeting of shareholders for deliberation and approval.

VI. Risk statement of forward-looking statements

Applicable Not applicable

The forward-looking statements in Section III of this Report with respect to business plans, business goals and development strategy do not constitute any substantial commitment of the Company to investors. Investors are advised to beware of the risks associated with investments.

VII. Non-operational fund occupancy by the controlling shareholder and any related parties of the Company

None.

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

No.

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

No.

X. Major risks

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

XI. Other

Applicable Not applicable

Reference documents

Financial statements bearing the signatures and seals of the legal representative of the Company, the person in charge of accounting and the chief accounting officer.

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

Original copies of all documents and original texts of all announcements published by the Company on the website of Shanghai Stock Exchange (SSE) and other journals or newspapers designated by China Securities Regulatory Commission (CSRC) in the reporting period.

Address from the Chairman

"1235" Development Strategy



Chairman and Secretary of the Party Committee | Yu Yi

the development strategy consisting of design-led EPCI general contracting capability as the only core (one core), operations management capability and technological leadership capability as the two foundations, internationalization, deepwater application and new industrialization as the three development directions, talent, market, cost, risk control and informatization as the five starting points.

Dear shareholders,

On behalf of the management and Board of Directors of COOEC, I hereby present COOEC Annual Report 2021, report the changes in the Company's performance and development in the reporting period, and make a brief introduction of the Company's development trend and major tasks in 2022.

In 2021, we worked hard and made remarkable achievements.

In 2021, the COVID-19 pandemic broke out repeatedly in the world, and global economic recovery faced many risks. Although international oil prices began to rise, international oil companies were very prudent with investments in oil exploration and development and postponed their investment decisions, and the overseas oil and gas markets recovered very slowly. Unlike the case in overseas markets, the domestic offshore oil industry benefited from the continuous implementation of China's "Seven-year Action Plan for Increasing Reserves and Production" and energy security strategy, and it thrived due to constantly increasing capital expenditures and the initiation of new oil and gas development projects, including deepwater projects.

In the face of these opportunities and challenges, the Company actively followed the national development strategy and the development trends in the offshore oil and gas industry and made great efforts to promote the progress of several key tasks, including the execution of oil and gas projects, market development, reducing cost while improving quality and efficiency, deepening reforms, R&D, digital transformation and the development of clean energy, achieving positive results. Lingshui 17-2 deepwater gas field was put into operation on schedule. The success in this project represents a significant improvement enabling the Company to undertake oil and gas projects in 1,500 m ultra-deep waters and marks a great leap forward and breakthrough in its core competency.

In 2021, the Company operated 59 projects in an efficient manner, steadily proceeded with domestic and overseas

projects, achieved all major milestones, maintained its quality and safety performance at a good level, and improved its EPCI capability. Furthermore, the Company promoted progress in cost reduction and quality and efficiency improvement in a systematic manner, built the version 2.0 of cost reduction and quality and efficiency improvement, and established a preliminary long-term mechanism in this respect. Moreover, the Company actively proceeded with the implementation of the Three-year Action Plan for the Reform of State-owned Enterprises (SOEs), continued with the three system reforms in an all-round way, and continuously improved corporate governance to enable the organization to operate more efficiently and better focus on its development strategy and capability building. The Company strengthened independent innovation in science and technology, actively proceeded with R&D of key and core technologies and digital transformation, and made a number of achievements in these respects. In addition, the Company vigorously explored new markets, signed many new contracts with a total amount of about 25.3 billion Yuan (which is a new record), actively developed clean energy, made new progress in the field of LNG and offshore wind power projects, steadily increased economic benefits, and thereby made a promising start in implementing its development strategy for the "14th Five-Year Plan" period.

The Company's operating income for the reporting period is 19.795 billion Yuan (RMB), and the net profit attributable to the shareholders of listed company is 370 million Yuan. As of the end of December 2021, the Company's total assets amounted to 34.654 billion Yuan, the net assets attributable to the shareholders of listed company amounted to 22.742 billion Yuan, and the debt-to-assets ratio was 34.33%.



indicating that the structure of its assets and liabilities was sound.

The Company shares the benefits of development with its shareholders. The Board of Directors has proposed to distribute cash dividends to all shareholders at 0.80 Yuan per 10 shares (inclusive of tax). The total amount of cash dividends is 354 million Yuan, accounting for 96% of the Company's net profit in 2021.

In 2022, we will stay focused on our goals and continue to forge ahead.

In 2022, China's economic development is facing pressure from contraction in demand, supply shocks, and weakening expectation. For the domestic offshore oil and gas industry, the demand for offshore oil and gas projects and the workload will remain at high levels owing to the continuous implementation of the "Seven-year Action Plan for Increasing Reserves and Production". The overseas offshore oil and gas industry is expected to recover gradually as international oil prices rise steadily, but there will be uncertainties with respect to the speed and extent of such recovery.

Compared with the workload in 2021, the Company will take more workload that involves challenging tasks in 2022. In particular, 11 domestic offshore oil and gas fields need to be completed and put into operation in 2022. Therefore, the Company's onshore construction workload will increase significantly, and the Company will face doubled pressure in safety management, quality control, and resource support. Facing these challenging tasks, the Company will stay focused on its annual operational goals and steadily proceed with a series of major tasks in strict accordance

with the predetermined "1235" development strategy and development plan for the "14th Five-Year Plan" period. The first task is to continuously improve its service capability and make every effort to ensure that the projects for increasing oil/gas reserves and production are completed and put into operation on schedule. The second task is to strengthen R&D of core and key technologies, accelerate the conversion of scientific and technological achievements, speed up the process of digital transformation, and strive to make more achievements. The first third task is to continue deepening reforms and focus on the construction of a modern corporate governance system, the improvement in the "Two Profits and Four Ratios", and teambuilding. The fourth task is to continue enhancing cost reduction and quality and efficiency improvement and improve operations management capability. The fifth task is to vigorously develop markets based on market demand and keep the amount of orders at a stable level.

I believe that with the full support and hard work of all employees, we can successfully complete all the tasks and achieve high-quality development in 2022.

Finally, on behalf of the Company's management and Board of Directors, I would like to express our sincere gratitude to all employees for their diligence and contributions to the Company's development and to all shareholders and friends for their help and support!

Chairman & Party Secretary
Yu Yi

A handwritten signature in black ink, consisting of stylized Chinese characters, positioned to the right of the printed name.



Definitions

I. Definitions

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

Definitions of common terms and abbreviations		
EPCI	means	engineering, procurement, construction and installation.
FPSO	means	floating production, storage and offloading unit(s).
LNG	means	liquefied natural gas.
FEED	means	front-end engineering design.
PLET	means	(subsea) pipeline end termination.
"1235" Development Strategy	means	the development strategy consisting of design-led EPCI general contracting capability as the only core (one core), operations management capability and technological leadership capability as the two foundations, internationalization, deepwater application and new industrialization as the three development directions, talent, market, cost, risk control and informatization as the five starting points.
Three New Items and Three Upgrades	means	new technologies, new materials, and new processes; standardization, simplification, and localization.



Company Profile and Main Financial Indicators

I. Company information

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

II. Point of contact & contact information

	Board Secretary
Name	Liu Lianju
Address	No. 199, Haibin 15 Road, Tianjin Port Free Trade Zone
Tel	022-59898808
Fax	022-59898800
Email	mingyf@cooec.com.cn

III. Basic information

Registered address	Apartment 202-F105, 2/F, Skirt Building, Ligang Plaza, No. 82, West Road 2, Tianjin Pilot Free Trade Zone (Tianjin Airport Economic Zone)
Changes in registered address	When the Company was founded in April 20, 2000, its registered address was No. 248, Zhongjike Park, Huayuan Industrial Park, Tianjin New Technology Industrial Zone. The registered address was changed to No. 4-396, Hebei Road, Tanggu District, Tianjin on October 27, 2004, No. 1078, Danjiang Road, Tanggu District, Tianjin on September 6, 2007, No. 199, Haibin 15 Road, Tianjin Port Free Trade Zone on December 31, 2009, apartment 202-F105, 2/F, Skirt Building, Ligang Plaza, No. 82, West Road 2, Tianjin Airport Economic Zone on August 10, 2011, and apartment 202-F105, 2/F, Skirt Building, Ligang Plaza, No. 82, West Road 2, Tianjin Pilot Free Trade Zone (Tianjin Airport Economic Zone) on January 10, 2018.
Business address	No. 199, Haibin 15 Road, Tianjin Port Free Trade Zone
Zip code of the registered office	300461
Company website	https://www.cnoocengineering.com
E-mail	mingyf@cooec.com.cn

IV. Information disclosure and location

Name and website of the media chosen by the Company for the disclosure of its annual reports	<i>China Securities Journal, Shanghai Securities Journal</i>
Website of the stock exchange on which the Company publishes its annual reports	www.sse.com.cn
Location where the Company's annual reports are stored	Office of the Board of Directors

V. Brief description of the Company's stock

Brief description of the Company's stock			
Class of stock	Stock exchange	Stock short name	Stock symbol
A-shares	Shanghai Stock Exchange	Haiyou Gongcheng	600583

VI. Other related information

Accounting firm (domestic) hired by the Company	Name	BDO China Shu Lun Pan CPAs (LLP)
	Business address	17-20 F, Block A, China Overseas International Center, Building No. 7, No. 5 Yard, Anding Road, Chaoyang District, Beijing
	Signing accountants	Wang Shouyi, Xiu Jun

VII. Main accounting data and financial indicators for the last three years

(I) Main accounting data

Unit: 10,000 Yuan Currency: RMB

Main accounting data	2021	2020	Year-over-year growth or decline (%)	2019
Operating income	1,979,548.12	1,786,257.63	10.82	1,471,039.43
Net profit attributable to shareholders of the listed company	36,979.89	36,329.92	1.79	2,792.68
Net profit attributable to shareholders of the listed company after the deduction of non-recurring gains or losses	708.73	5,179.88	-86.32	-26,012.79
Net cash flow from operating activities	303,321.95	202,079.46	50.10	-7,480.71
	End of 2021	End of 2020	Growth or decline in the current period compared to the previous year (%)	End of 2019
Net assets attributable to shareholders of the listed company	2,274,207.10	2,265,106.00	0.40	2,266,064.04
Total assets	3,465,426.38	3,328,189.62	4.12	3,185,654.29
Total share capital (10,000 shares)	442,135.48	442,135.48	0	442,135.48

(II) Main financial indicators

Main financial indicators	2021	2020	Year-over-year growth or decline (%)	2019
Basic earnings per share (EPS) (Yuan/share)	0.08	0.08	0	0.01
Diluted EPS (Yuan/share)	0.08	0.08	0	0.01
EPS after the deduction of non-recurring gains or losses (Yuan/share)	0.002	0.01	-80.00	-0.06
Weighted average return on net assets (%)	1.64	1.61	0.03%	0.12
Weighted average return on net assets after the deduction of non-recurring gains or losses (%)	0.03	0.23	-0.20%	-1.15

Notes to the Company's main accounting data and financial indicators for the last three years

Applicable Not applicable

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

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

Applicable Not applicable

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

Applicable Not applicable

(III) Notes to the differences between overseas accounting standards and Chinese accounting standards

Applicable Not applicable

IX. Main quarterly accounting data for 2021

Unit: 10,000 Yuan Currency: RMB

	1st quarter (Jan.-Mar.)	2nd quarter (Apr.-Jun.)	3rd quarter (Jul.-Sep.)	4th quarter (Oct.-Dec.)
Operating income	309,142.61	437,950.95	447,720.95	784,733.61
Net profit attributable to shareholders of the listed company	11,982.22	27,987.86	14,940.12	-17,930.31
Net profit attributable to shareholders of the listed company after the deduction of non-recurring gains or losses	5,237.23	21,235.11	7,882.24	-33,645.85
Net cash flow from operating activities	5,380.35	79,879.49	128,839.05	89,223.06

Notes to the differences between the quarterly data and the data disclosed in periodic reports

Applicable Not applicable

X. Non-recurring items and amounts

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Non-recurring item	2021	Note (if applicable)	2020	2019
Gains or losses from the disposal of non-current assets	1,406.48		0.00	-3.21
Government grants included in the current profit and loss account, except for those that are closely related to the Company's normal operating activities, comply with relevant national policies and regulations, and the Company is entitled to receive according to certain standard quotas or fixed amounts	17,394.46	Mainly including consumption tax refund, funds appropriated for scientific research, and government grants	17,658.80	13,552.92
Gains or losses from entrusted investment or asset management	16,394.30	Mainly including gains from the financial products purchased by the Company	11,717.50	14,770.42
Gain or losses arising from changes in the fair value of financial assets and liabilities held for trading and financial derivatives (assets and liabilities), except effective hedging instruments related to the Company's normal operating activities, and gains or losses from the disposal of financial assets and liabilities held for trading, financial derivatives, and other debt investments	2,617.90		2,456.07	0.00
Non-operating income and expenses other than the items listed above	1,232.54		2,218.39	2,954.81
Other items meeting the definition of non-recurring gains or losses	4,316.38	Mainly including the unrealized gains and losses on the internal transactions between the Company and COOEC-Fluor Heavy Industries Co., Ltd (a joint venture formed by COOEC and FLUOR) amounting to 4,2388.1 thousand Yuan	3,548.30	3,610.55
minus: the amount affecting income tax	7,052.84		6,314.31	6,014.29
the amount affecting minority interest (after tax)	38.06		134.71	65.73
Total	36,271.16		31,150.04	28,805.47

Notes to the cases in which the non-recurring items listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses are defined as non-recurring gains or losses

Applicable Not applicable

XI. Items measured at fair value

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Opening balance	Closing balance	Change in the current period	Amount affecting current profit
Other investments in equity instruments: shares of Lanpec Technologies Limited held by the Company	10,342.14	9,235.20	-1,106.94	0
Financial assets held for trading: structured deposits	452,456.07	421,270.06	-31,186.01	13,397.72
Financial assets held for trading: net-worth financial products	0	204,347.84	204,347.84	
Total	462,798.21	634,853.10	172,054.89	13,397.72

XII. Other

Applicable Not applicable

▽ Offshore float-over installation, Lufeng Oilfields Regional Development Project



Management's Discussion and Analysis

I. Discussion and analysis of operations

In 2021, the COVID-19 pandemic broke out repeatedly in the world, and global economic recovery faced many risks. Although crude oil prices began to rise, international oil companies were very prudent with investments into oil exploration and development and postponed investment decisions, and the overseas oil and gas markets recovered very slowly and were generally in a slump. Unlike the case in overseas markets, the domestic offshore oil industry benefited from the continuous implementation of China's "Seven-year Action Plan for Increasing Reserves and Production" and energy security strategy and thrived with constantly increasing capital expenditures and new oil and gas development projects, including deepwater projects.

In the face of these opportunities and challenges, the Company actively followed the national strategy and the development trends in the industry, made great efforts to promote the progress of several key tasks, such as the construction of oil and gas projects, market development, reducing cost and improving quality and efficiency, scientific and technological breakthrough, and digital transformation, and achieved positive results. Before the celebration of the 100th Anniversary of the Founding of the Communist Party of China (CPC) was held, Lingshui 17-2 deepwater gas field was put into operation on schedule. The successful completion of this project represents a significant improvement in the Company's capability enabling it to undertake oil and gas projects in 1,500 m ultra-deep waters and marks a great leap forward and breakthrough in its core competency. In 2021, the number of new contracts signed by the Company increased rapidly, the economic benefits increased steadily, and the Company made a promising start in implementing its development strategy for the "14th Five-Year Plan" period.

The operating income for 2021 is 19.795 billion Yuan (RMB), and the net profit attributable to the shareholders of listed company is 370 million Yuan. As of the end of December 2021, the Company's total assets amounted to 34.654 billion Yuan, the net assets attributable to the shareholders of listed company amounted to 22.742 billion Yuan, and the debt-to-assets ratio was 34.33%, indicating that the structure of its assets and liabilities was sound.

▷ Lingshui17-2 Gas Field put into operation on schedule



△ First core process module completed for Shell's LNG project in North America





▽ FPSO installation site,
Liuhua 16-2 Oilfield
Cluster Project



▷ Welding of subsea pipeline



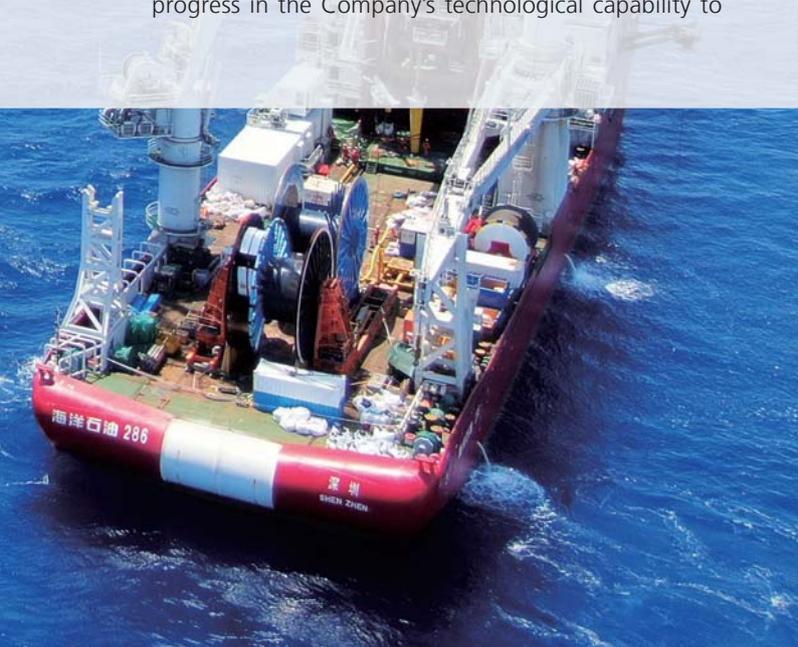
Main works completed in 2021:

(I) The Company made numerous breakthroughs during the execution of deepwater oil and gas projects and continuously improved its capability and core competency in the field of deepwater projects.

Lingshui 17-2 deepwater gas field was put into operation on schedule, signifying that the Company has developed a preliminary capability to undertake oil and gas projects in ultra-deep waters at depths of 1,500 meters. As the EPCI contractor of this project, the Company carried out EPCI activities in a systematic manner and improved work efficiency significantly relying on its comprehensive technological advantages. Facing a tight construction schedule and the interruptions caused by the COVID-19 pandemic, the Company managed to complete the project within 2/3 of the construction time of similar projects abroad, set a “Lingshui Speed” record, and ensured that the project was completed and put into operation on schedule. By executing this project, the Company has greatly improved its capability to undertake deepwater oil and gas projects as an EPCI contractor, independently developed a set of technologies for deepwater projects including three firsts in the world and 13 firsts in China, and built a talent team competent for undertaking such projects. The successful completion of this project marks a great progress in the Company’s technological capability to

carry out the development and construction of offshore equipment independently and perform underwater installation and operations from 300 m (water depth) to 1,500 m, a significant improvement in its EPCI capability to undertake projects of ultra-large deepwater facilities, and a milestone of great significance for China to expand its footprint in the field of deepwater oil and gas projects and accelerate oil and gas development in deep waters.

The Company successfully completed the construction of Liuhua 16-2 oilfield cluster project and improved its capability to construct and install FPSO units and subsea production systems. Liuhua 16-2 oilfield cluster, China’s first self-operated deepwater oilfield cluster, is located in the South China Sea area with an average water depth of 412 meters. This oilfield cluster employs a “complete subsea production mode” to produce oil through the subsea production systems tied back to the FPSO unit. After Liuhua 16-2 and Liuhua 20-2 oilfields were completed in the previous year, Liuhua 21-2 Oilfield was completed and put into operation in the reporting period, which means that all the oilfields in the cluster have been put into operation. Through technological development and project management, the Company completed the construction of the 150,000-ton scale FPSO unit and several subsea production systems, the installation of risers and hoses, and the laying of subsea pipelines and umbilical cables, built the capability to undertake projects employing a complete subsea production mode, and further diversified its deepwater operation capabilities.



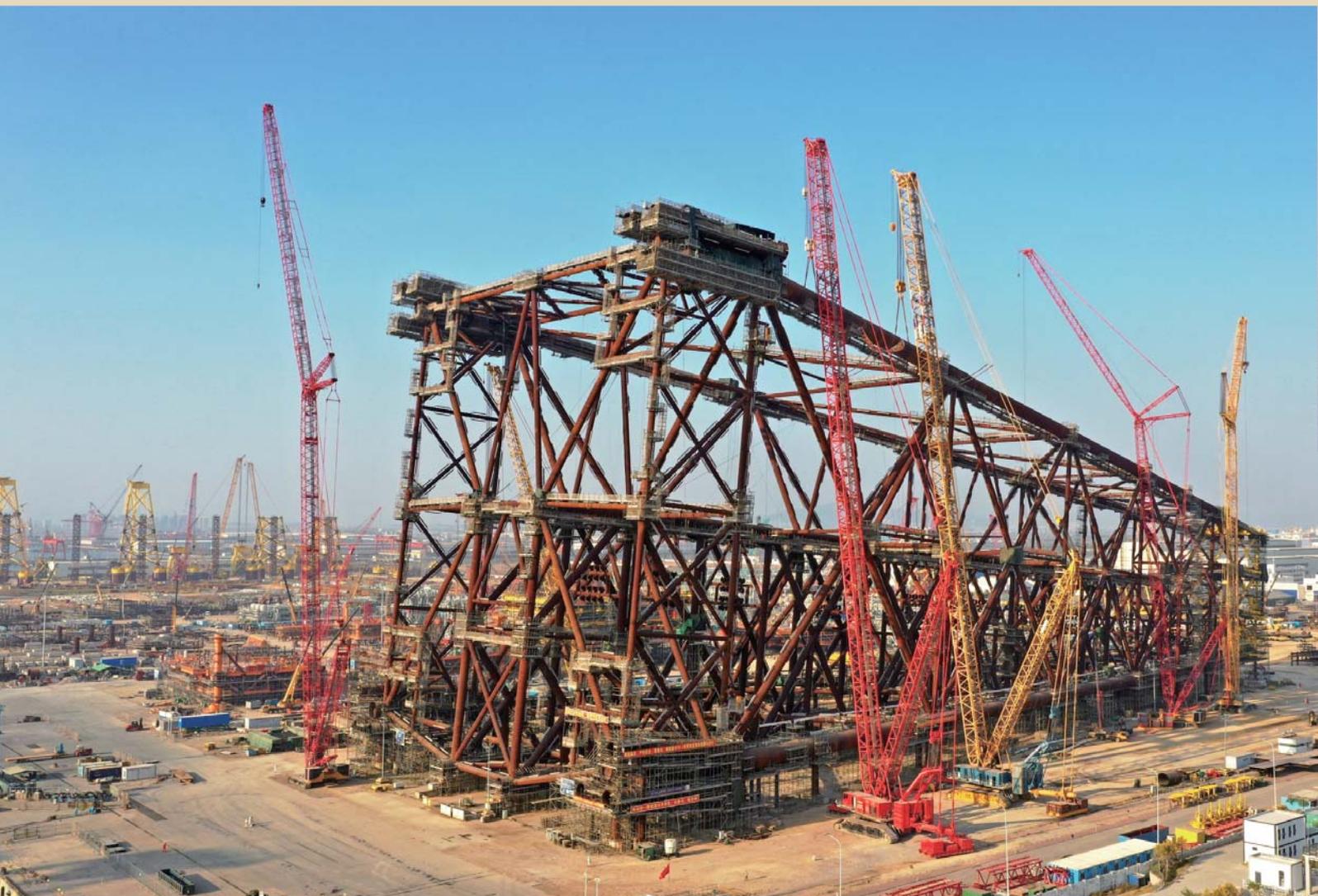


◁ Chairman Yu Yi on the 30,000 T jacket for Lufeng15-1 Oilfield Cluster Project for onsite inspection and safety management

The Company commenced the construction of 300 m deepwater jackets for the fixed platforms of Lihua 11-1/4-1 and Lufeng 15-1 oilfields in the South China Sea and promoted continuous progress in its capability to construct super large deepwater platforms. In the reporting period, the Company commenced the construction of deepwater jackets for the platforms of Lufeng 15-1 and Lihua 11-1 oilfields. The average water depth in the area where the jacket of Lihua 11-1 platform is located is 325 m, and the jacket has a design height

of 338 m and a total weight of more than 37,000 tons. The design height of the jacket of Lufeng 15-1 platform is 302 m. These two jackets are larger than the jacket of Liwan 3-1 gas field constructed by the Company. These two projects are large projects that provide opportunities for accelerating resource exploration and development in deep waters and promoting the progress of innovation in science and technology and R&D of core technologies. The execution of these projects features tight schedule and involves numerous challenging tasks, including the

▽ Onshore construction of jacket for Lufeng15-1 Oilfield Cluster Project





338_m

37,000_t

302_m

The design height of the jacket for the platform of Lihua 11-1 Oilfield is 338 m, and its weight is more than 37,000 T. The design height of the jacket for the platform of Lufeng 15-1 Oilfield is 302 m. These two jackets are larger than those that have been completed the Company before

△ Offshore installation,
Lufeng 14-4 Oilfield Cluster
Project

design and construction of large jackets, the use of new materials such as S420 high-strength steels for the first time, welding operations, weight and dimensional control, and offshore installation. The execution of these projects will enable the Company to make new breakthroughs in its capability to design and construct super large offshore oil and gas facilities operating in deep waters.

(II) The Company continued to execute domestic and overseas projects and made great progresses in key projects.

In the reporting period, the Company engaged in the execution of 59 projects, including 40 conventional oil and projects and nine LNG projects in China, nine overseas conventional oil and gas projects (not including LNG projects), and one manufacturing base construction project.

The Company completed the onshore construction of 21 jackets and 22 modules, the offshore installation of 25 jackets and 27 modules, and the laying of 276 kilometers of submarine pipelines.





21

Onshore construction of 21 jackets and 22 modules

22

25

Offshore installation of 25 jackets and 27 modules

27

276

Laying of 276 km subsea pipelines

59

The Company operated 59 projects, including 49 traditional oil and gas projects, 9 LNG projects, and one manufacturing base construction project.

▷ Testing of intelligent equipment at the intelligent offshore equipment manufacturing base in Lingang Industrial Zone, Tianjin

◁ Onshore construction of modules for Shell's LNG project in North America





240,000

240,000 tons of steel are processed for construction activities

structural tons

22,200

22,200 ship days are spent on offshore operations such as installation

ship days



◀ Loadout of PAPD module for Bozhong 26-3 Oilfield Expansion Project



The total weight of steel structures completed in the reporting period is 240,000 T, which is 10% less than the figure in the previous year (267,000 T). The total number of days worked by ships for installation and other offshore operations in the reporting period is 22,200, which is 41% greater than the figure in the previous year (15,800).

▽ Offshore installation of
Bozhong 26-3 Oilfield
Expansion Project





△ Offshore installation of
CEPL module for
Qinhuangdao 32-6 Oilfield
Project

▷ Onshore sliding & loadout of
CEPA module for Caofeidian
6-4 Oilfield Development
Project

▽ Lvda 29-1 Oilfield
Development Project





△ Loadout of CEPA module for Lvda 6-2 Oilfield Development Project

The actual progresses of key projects (as of the end of the reporting period) are listed in the table below.

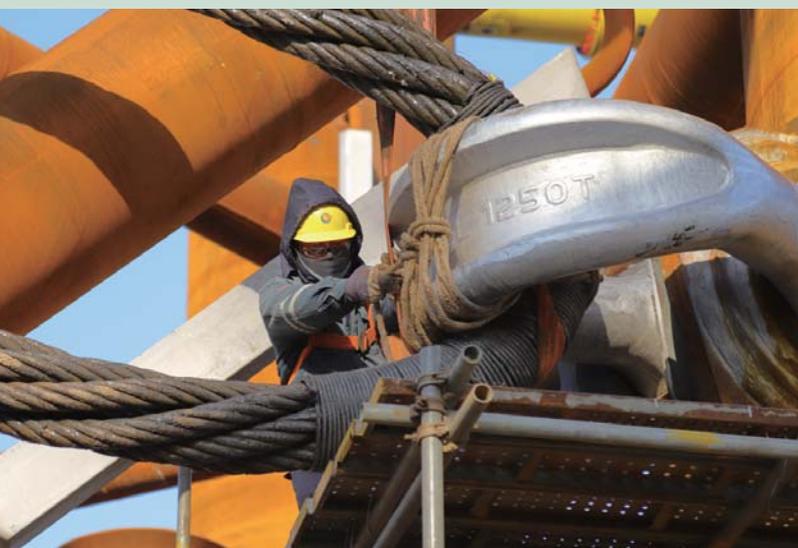
No.	Project	Cumulative progress
1	Construction of modules for Shell's LNG project in North America	68%
2	Hong Kong Offshore LNG Terminal Project	79%
3	Tianjin LNG Terminal Project-Phase II	53%
4	Tangshan LNG Terminal Project-Phase I	62%
5	Tangshan LNG Terminal Project-Phase II	15%
6	Guangdong Zhuhai LNG Plant Expansion Project-Phase II EPC Project	To be commenced
7	Fujian Zhangzhou LNG Terminal and Storage Tanks Project	90%
8	Longkou Nanshan LNG Terminal Project-Phase I	37%
9	Liuhua 11-1/4-1 Oilfield Secondary Development Project	15%
10	Enping Oilfields Regional Joint Development Project	31%
11	Kenli 6-1 Oilfield Blocks KL5-1, 5-2 and 6-1 Development Project	21%
12	Lufeng Oilfield Cluster Regional Development Project	76%
13	Lingshui 17-2 Gas Field Project	100%
14	Liuhua 16-2 Oilfields Project	100%
15	Lvda 6-2 Oilfield Project	100%
16	Qinhuangdao 32-6 and Caofeidian 11-1 Oilfields Shore Power (Expansion) Project	100%
17	Qinhuangdao 32-6 and Caofeidian 11-1 Oilfields Shore Power (Offshore) Project	100%
18	Caofeidian 6-4 Oilfield Development Project	100%
19	Bozhong 19-4 Oilfield Comprehensive Adjustment Project	100%
20	Saudi Aramco Marjan P1 Gosp-4 Project	1%
21	CNOOC Petroleum North America ULC K1A Pipeline Reconstruction Project	19%
22	Dangote Refinery Project in Nigeria	100%
23	IK Contract of Saudi Aramco's CRPO3648 Offshore Transportation and Installation Project	100%
	OOK Contract of Saudi Aramco's CRPO3648 Offshore Transportation and Installation Project	100%
24	Shell's Penguin FPSO Project	98%
25	Petrobras P70 FPSO Project	99.28%
26	NFA Project in Qatar	99.97%



△ Loadout of jacket for Hong Kong Offshore LNG Terminal Project

Successful completion of domestic projects, continuous improvement in EPCI capability. The Company focused on the construction of major projects deployed to increase reserves and production, made great efforts to ensure project progress and quality, and successfully completed a number of projects. The 17 offshore oil and gas fields to be completed and put into operation in 2021 were all put into operation on or ahead of schedule. The Company completed the construction and offshore installation activities for Lingshui 17-2 deepwater gas field within a construction time one year shorter than that of similar international projects, thereby ensuring that this project could be put into operation on

schedule. Liuhua 16-2 oilfield was put into operation. For Lufeng 14-4 oilfield project, the Company overcame the problem of giant sand waves, which was one of the most challenging problems in the world, during the laying of submarine pipelines at 300 m depth, carried out the float-over installation of the 150,000 T topside in an efficient manner, and completed offshore installation ahead of schedule.



◁ Operators handling lifting gear

In recent years, the number of projects run by the Company has been increasing quickly from 20-30 to more than 50. The rapid increase in the number of projects, the increase in the number of large projects, the characteristics of many new projects for increasing reserves and production such as tight schedule, great difficulty, high risks and challenging tasks, and the continuous impact of the COVID-19 pandemic have posed stringent requirements on the Company's capability

to carry out planning and control, operate in an overall and coordinated manner, mobilize and allocate resources reasonably, and overcome challenging difficulties. Under such circumstances, the Company has taken active and effective steps to address challenges, strengthen project management, and improve its EPCI management capability by executing projects.



Offshore float-over installation of CEPA module for Lvda 6-2 Oilfield Development Project

◀ First core process module completed for Shell's LNG project in North America

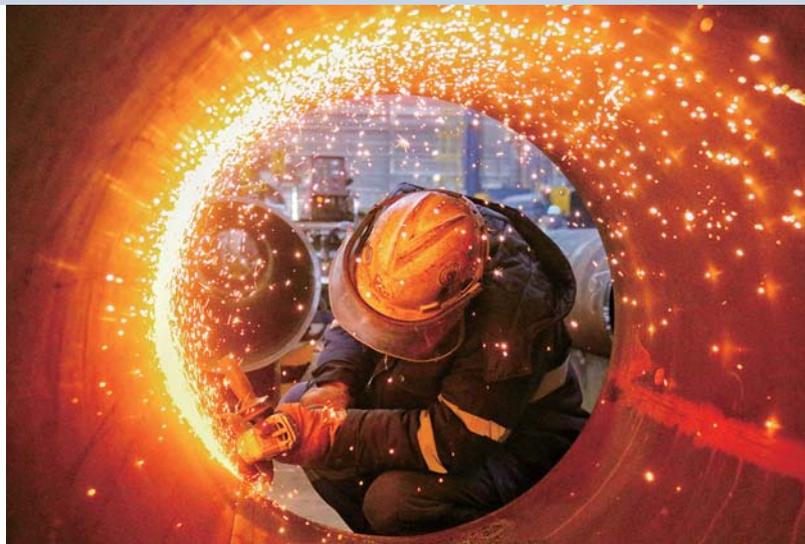


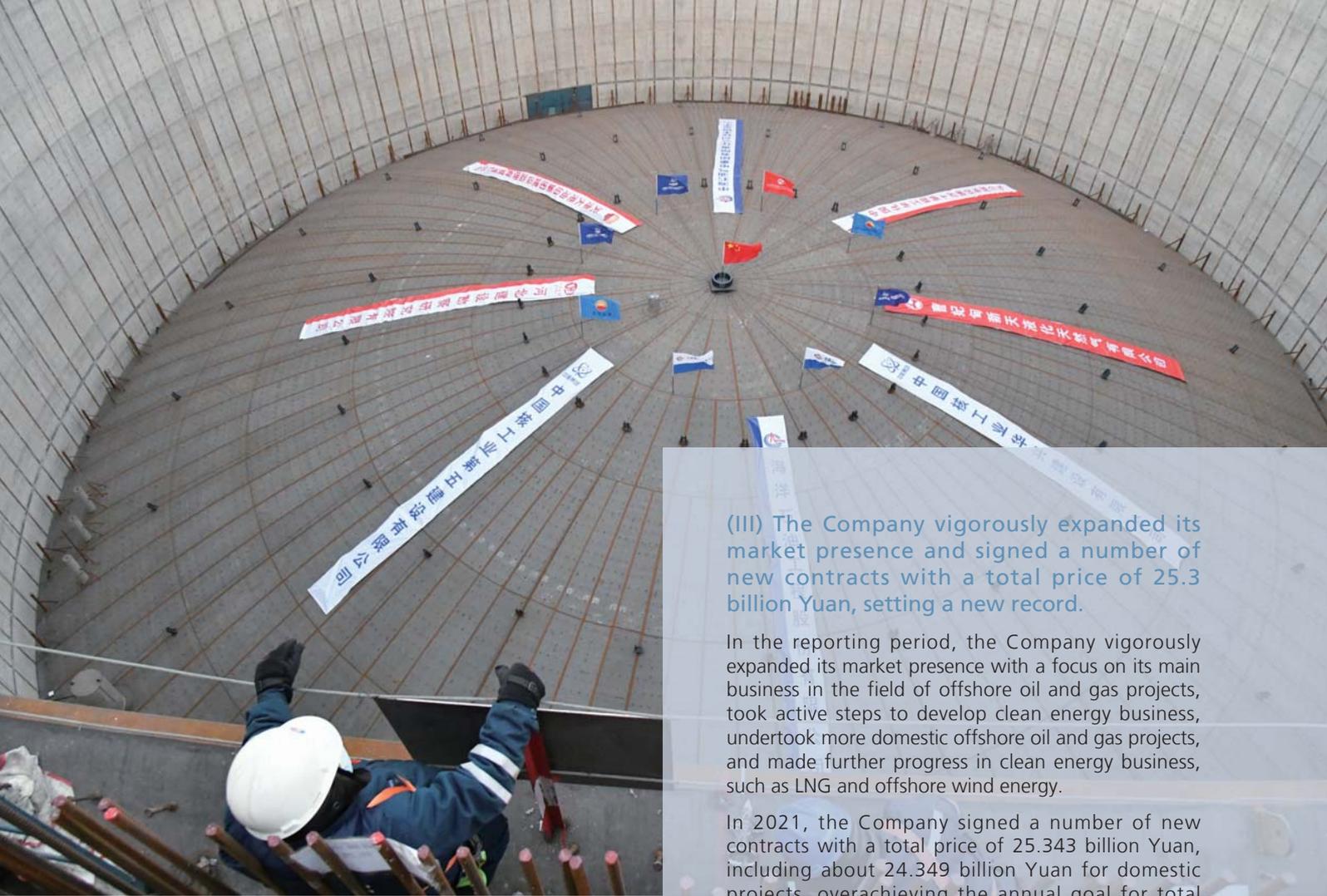


△ Shell's Penguins FPSO Project

Significant progress of overseas projects. The Company made significant progress in the execution of overseas projects in 2021, including the completion of Dangote Refinery Project in Nigeria and Saudi Aramco's CRPO3648 project, the commencement of construction of modules for Saudi Aramco's Marjan project, and positive progress in the construction of modules for Shell's LNG project in North America.

▷ Structural pipe beveling





△ Tangshan LNG Terminal Phase I Project

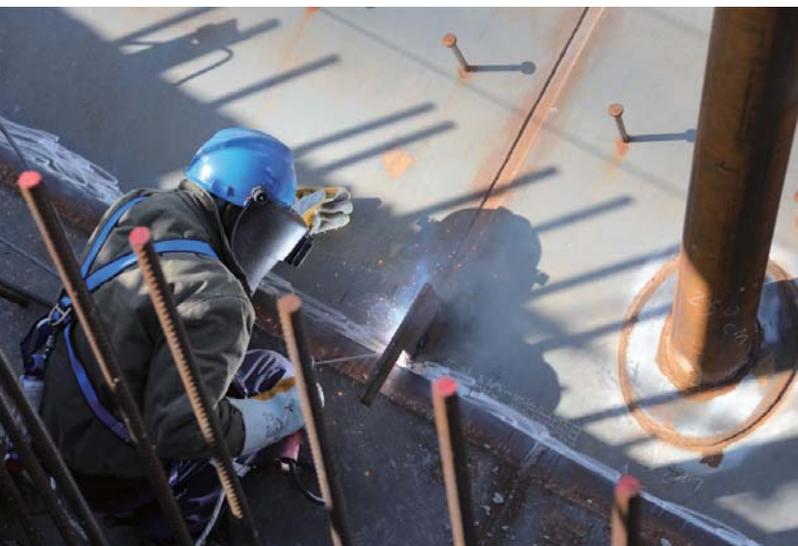
(III) The Company vigorously expanded its market presence and signed a number of new contracts with a total price of 25.3 billion Yuan, setting a new record.

In the reporting period, the Company vigorously expanded its market presence with a focus on its main business in the field of offshore oil and gas projects, took active steps to develop clean energy business, undertook more domestic offshore oil and gas projects, and made further progress in clean energy business, such as LNG and offshore wind energy.

In 2021, the Company signed a number of new contracts with a total price of 25.343 billion Yuan, including about 24.349 billion Yuan for domestic projects, overachieving the annual goal for total contract price. The new domestic projects undertaken by the Company mainly include Enping 15-1 Oilfields Regional Joint Development Project, Liuhua 11-1/4-1 Oilfield Secondary Development Project, Lufeng 12-3 Oilfield Project, Zhuhai LNG Plant Expansion Project-Phase II EPC Project, and Tangshan LNG Terminal Project-Phase II.

The signing of contracts for large offshore oil and gas projects like those listed above will provide reliable support and sufficient workload to the Company in the coming 1-2 years. The total contract price of Zhuhai LNG Plant Expansion Project-Phase II EPC Project and Tangshan LNG Terminal Project-Phase II exceeds 5.3 billion Yuan. These two projects will provide strong support for the Company to increase its income from clean energy business. In 2021, the Company took active steps to strengthen cooperation with domestic wind power companies, made full use of the time intervals at which its offshore vessels were available, carried out offshore installation for offshore wind power projects located in the waters close to the operation areas of its offshore vessels at such intervals, and thereby established a new mode for it to actively develop its business in the sector of offshore wind power.

▽ Welding operation, Tianjin LNG Terminal Phase II Project



In addition, the Company regained confidence in international markets, built a central business platform for three major overseas regions (America, Middle East and Asia-Pacific regions), strengthened resource integration and business development, and successfully undertook a number of international projects, such as CNOOC Petroleum North America ULC K1A Pipeline Reconstruction Project.

▽ Air raising of the roof of storage tank No. 8, Tianjin LNG Terminal Phase II Project



(IV) The Company strengthened safety management and pandemic prevention and control promoted safety in the workplace.

Facing the challenges posed by increasing safety risks arising from increased workload, the Company focused on the implementation of the *Three-Year Action Plan for Special Rectification of Work Safety*, upgraded its safety management in an all-round way, and developed 46 measures to upgrade safety management and control in 11 aspects, including the fulfillment of safety responsibilities, risk management, toolbox meetings, permits to work (PTWs), performance evaluation, and the determination of responsibility, to ensure the fulfillment of safety responsibilities. In 2021, the Company conducted three all-round inspections to identify safety hazards, implemented corresponding corrective actions in a timely manner, continuously strengthened safety training, safety promotion and safety culture building, and made remarkable achievements in safety management. The total number of man-hours worked in 2021 is 69.01 million, which is 8.6% greater than the figure in the previous year. The OSHA lost time case (LTC) rate and recordable incident rate (RIR) are 0.003 and 0.003, which are 84.6% and 89.8% lower than the figures in the previous year. The LTC rate and RIR achieved by the Company have been

▽ "HYSY 286" laying the main cables of Fujian Changle wind power plant



△ Work at height

decreasing for three consecutive years. In 2021, the Company carried out the prevention and control of the COVID-19 pandemic in a targeted and effective manner, arranged for 1,056 persons to enter or exit China, two foreign ships to enter and operate in China and nine self-owned vessels to exit China and operate overseas, achieved full vaccination coverage (100%) among the people who should be vaccinated and a vaccination rate of 80% (for second Covid-19 vaccine booster), and achieved the "zero infection" goal, providing strong safety support for its production and operations.



▷ A regular inspection by technicians before “Shenhai-1” energy station was put into operation

(V) The Company promoted cost reduction and quality and efficiency improvement in a systematic manner and established a long-term mechanism.

In the reporting period, while consolidating the achievements and experiences in cost reduction and efficiency improvement in 2020, the Company focused on strengthening the work in three areas, namely, goal orientation, business-finance integration, and addressing both symptoms and root causes, and built the version 2.0 of cost reduction, quality improvement and efficiency improvement in a systematic way. It preliminarily established the “234” cost control mechanism composed of several core components, including “two dimensions, three aspects, and four major expenses” (two dimensions: project and organization; three aspects: goal orientation, business-finance integration, and addressing both symptoms and root causes; four major expenses: subcontracting costs, vessel leasing expenses, project material costs, and fuel expenses), promoted the extent of financial management, awareness of cost reduction and efficiency improvement, target cost control mechanism, and the importance of efficiency in an all-round way, and shifted the focus of cost reduction and efficiency improvement from merely reducing costs and expenses to improving strategic effectiveness, organizational performance, and asset performance. For the main business segments, the Company gave full play to the leading role of design in an attempt to reduce cost from the source through design optimization, standardization, localization, design with furnished materials, and other appropriate means, implemented 141 technical optimization measures, and greatly enhanced its competitiveness in the market. For the business segment of installation, the Company focused on improving the efficiency of self-owned vessels, optimized the mobilization and transition of vessels between different projects, and improved the efficiency of its self-owned vessels to a new high level by improving the operational efficiency of vessels and exploring the offshore wind power market. For the business segment of procurement, the Company reduced procurement costs by strengthening category management, improving procurement efficiency, and promoting local procurement. These systematic and effective measures for reducing cost and improving quality and efficiency played an important role in helping the Company promote its operations management and improving its overall performance.



▷ Chairman Yu Yi introducing the Company's digital business exploration and development at the forum of "Qingdao Innovation Night"



(VI) The Company strengthened independent innovation in science and technology and actively promoted digital transformation and the development of key and core technologies.

In the reporting period, the Company actively carried out the development of key and core technologies and successfully developed a number of key and core technologies related to deepwater semi-submersible

▽ Chairman Yu Yi delivering a themed speech at the forum of "Qingdao Innovation Night"



platforms, subsea production systems, single point mooring systems, and deepwater steel catenary riser (SCR) systems, providing strong technological support for the smooth execution of major projects such as Liuhua and Lingshui oilfield projects. It actively promoted the application of the technology for automatic welding of girth/vertical welds of LNG storage tanks. This technology has been successfully used on the LNG projects in Zhangzhou and Tangshan, helping the Company achieve a weld pass rate of 99.8% and greatly improving the Company's welding efficiency in the construction of LNG storage tanks. In addition, the Company actively promoted progress in the "Three New Items and Three Upgrades" and the transformation of technological achievements. Many technological achievements, such as the 1,500 m deepwater SCR S-lay installation method and packaged technology for high-pressure air compressors, have been widely used on various projects, creating great economic benefits.

The Company actively promoted digital transformation and planned its digitally-enabled development in a systematic way. Digitalization is the future direction of transformation for most enterprises. The Company has been vigorously promoting the progress of digitalization. In the reporting period, the Company completed the systematic "1832" top-down design for digital transformation "1" represents the vision and goal of a digital capability framework that is consistent with the Company's need for building a world-class energy engineering company with Chinese characteristics. The Company plans to become a "Digital Business" by 2025 and build an "Intelligent Business" by 2035. "8" represents eight major subjects of digital transformation, including digital market development, digital project management, intelligent design, digital procurement, intelligent construction, digital installation, digital maintenance, and digital function management. To ensure the effective implementation of these eight subjects, the Company has designed 14 scenarios of digital transformation and defined the application systems to be improved and the new applications to be developed. "3" represents the three-level structure based on the big data platform, technology development platform and cloud foundation platform. "2" represents two supporting systems, namely, the IT governance system and the network security system. These components can



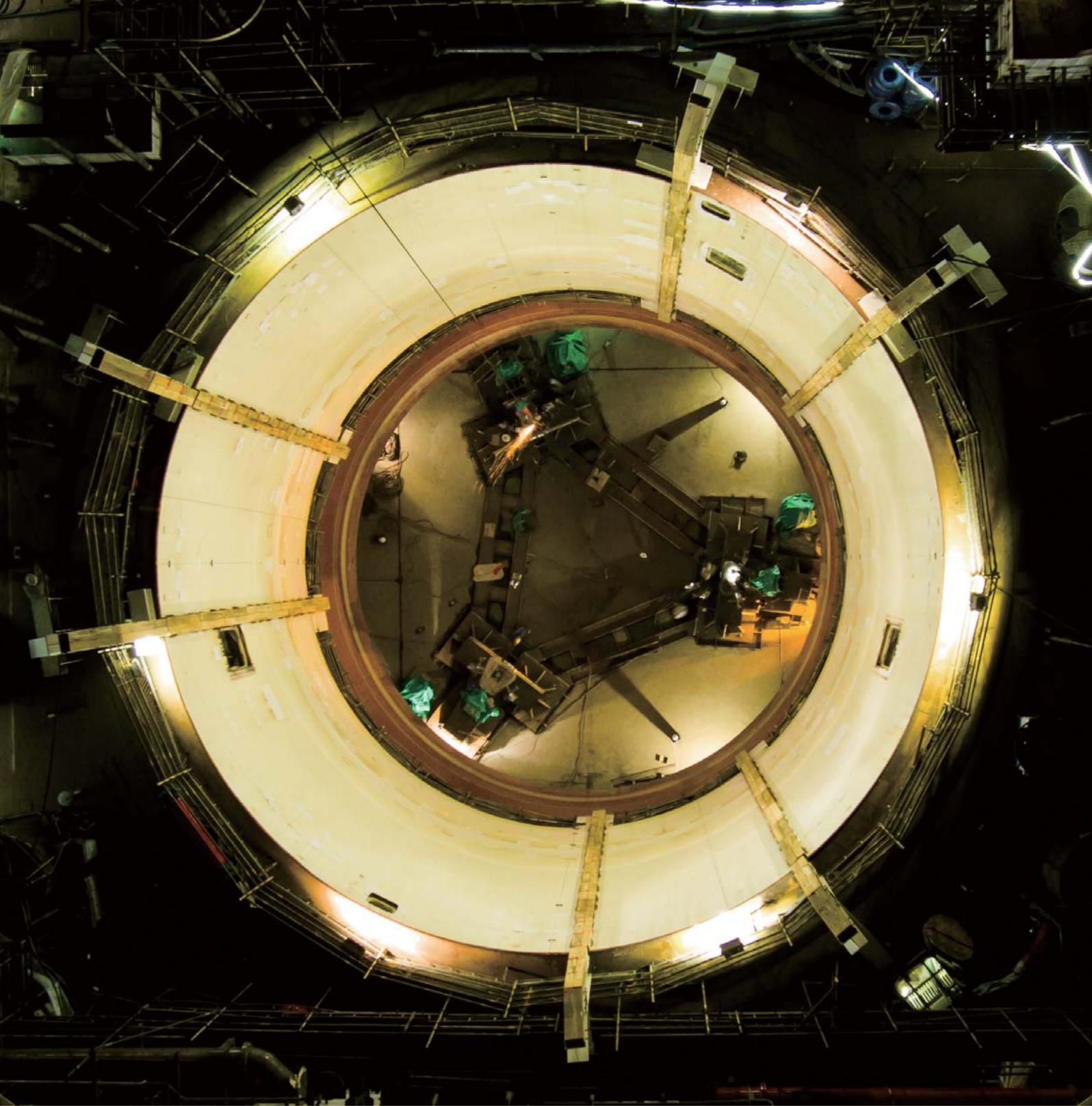
provide safe and reliable technical support for digital transformation.

The Company is actively promoting the construction of its digital platform. It has put the Intelligent Manufacturing Base in Lingang Industrial Zone, Tianjin into trial operation, completed the development and construction of the data platform, material coding system and software of the collaborative design platform, and put the online project management platform into operation, greatly improving its

▽ Intelligent offshore equipment manufacturing base in Lingang Industrial Zone, Tianjin

capability to provide supporting data using big data technologies. The Company has made some preliminary progress in digital twin-based 3D design and digital twin-based simulation of the operating conditions of offshore platforms. In terms of digital simulation, the Company has built China's first digital simulation center that can simulate typical offshore operations. Through this digital simulation center, it rehearsed and verified various operations, tested the boundary conditions, optimized the operation programs, conducted digital simulation of the lifting, float-over installation, final joining, and towing operations on Wenchang, Dongfang, Lingshui and some other projects, effectively reduced the risks associated with these operations, and freed itself from dependence on foreign technologies.





△ Workers working in the moonpool before the single-point lifting operation by HYSY 119

(VII) The Company continued to deepen reforms, unleash its vitality and increase the inherent driving force for development.

2021 is a “year of system reforms” for the Company. The Company actively proceeded with the implementation of the *Three-year Action Plan for the Reform of State-owned Enterprises (SOEs)* and carried out the three system reforms in an all-round way.

The Company issued the *COOEC Three-Year Action Plan for Reform*, focused on the reform of systems and mechanisms,

structural adjustment, and efficiency improvement, and determined a number of reform tasks and reform sub-items. It planned the "Two Systems and One Contract" reform in a systematic manner, established and improved the mechanism of stringent constraints and strong incentives for its Board of Directors to evaluate the performance of its senior officers and for it to evaluate the performance of its subsidiaries and branches. In addition, it determined the pathways to achieve the dismissal of personnel based on performance evaluation, systems or regulations and the investigation and affixing of responsibility, the dismissal of unsuitable personnel and the "mandatory internal transfer of non-outstanding personnel", and defined the measurable and operable conditions for dismissing management personnel in a more resolute and stringent manner to enable flexible promotion/demotion and appointment/dismissal of management personnel and flexible salary adjustment and to motivate the management personnel to work hard and make progress.

In 2021, the Company systematically planned the implementation of the three system reforms and vigorously carried out a series of reforms, including organizational optimization and the reform of its personnel, labor employment and income distribution systems. Through organizational optimization, the Company enabled the organizations at various levels to provide effective support for achieving its strategic goals. For the work of "delegating authority, combining the delegation of authority with management, and optimizing services", the Company authorized its subsidiaries and branches as necessary to motivate them and enable them to run their operations independently, strengthened top-down design and overall coordination, and established an integrated whole-process monitoring system to improve its capability to prevent and withstand various risks associated with its operations. In addition, it strengthened talent team building, attached great importance to the selection and training of outstanding young cadres, and conducted trainings to improve employees' professional competence and skills and build a competent talent team for undertaking offshore oil and gas projects.

By continuously deepening reforms, the Company further improved its systems and mechanisms to increase its operational efficiency, focused on its development strategy and capability building, enhanced its core competency and competitive advantage, and thereby promoted its healthy, sustainable and high-quality development and created greater value for its shareholders and society.

II. Information on the industry in the reporting period

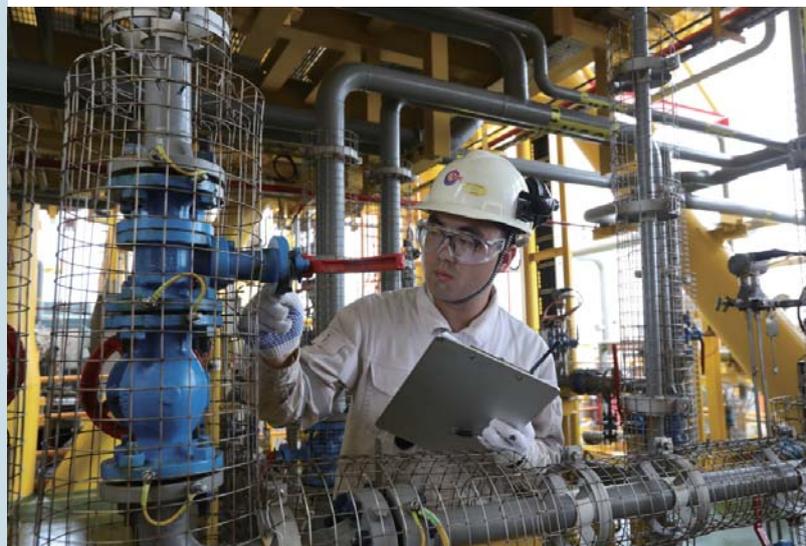
In 2021, the offshore oil and gas industry was still in a situation featuring "slump in the overseas market and boom in the domestic market".

Affected by multiple factors such as the continuous impact of the COVID-19 pandemic, the fluctuations

in the international oil and gas industry, and the rapid transition of energy industry towards a clean and low-carbon energy mix, international oil companies were still very prudent with investments in oil and gas production. According to the data provided by a third-party consultant, the global capital expenditure in the offshore oil and gas industry in 2021 is 97 billion USD, which is only 8% more than the figure in 2020. As a result, the improvement in the oversupply status of international oil and gas industry was limited, service rates and equipment utilization rates were at low levels, the international oil and gas market were still in a slump, and the prices of steels, equipment and manpower and the expenses of pandemic prevention and control increased. In 2021, the overall costs incurred by the contractors of international oil and gas projects increased by about 20%. Due to the factors mentioned above, the international oil and gas industry was in a difficult situation in 2021.

In comparison, the domestic offshore oil and gas industry continued to grow owing to the continuous and effective implementation of the "Seven-year Action Plan for Increasing Reserves and Production". According to the strategic outlook information disclosed by CNOOC Limited, the estimated capital expenditure of CNOOC in 2021 is 90 billion Yuan, which is 13% more than the capital expenditure of 79.5 billion Yuan in 2020. In 2021, CNOOC initiated a number of oil and gas development projects in various sea areas, such as the South China Sea and the Bohai Sea, creating a large demand for the construction of energy projects and bringing good opportunities for the Company's business development. The number of domestic offshore oil and gas projects undertaken by the Company increased significantly, and the Company undertook several large projects including Enping 15-1 Oilfield Cluster Project and Lihua 11-1/4-1 Oilfields Development Project. As predicted, the implementation of the "Seven-year Action Plan for Increasing Reserves and Production" will continue in the coming years, providing strong support for the Company to increase its workload in the construction of domestic offshore oil and gas projects in the "14th Five-Year Plan" period.

▽ Equipment inspection



▷ Offshore installation,
Lufeng 14-4 Oilfield
Cluster Project



1.2 million
m²

It owns an offshore structure construction base with a total area of over 1.2 million m² in Qingdao, Shandong

III. Main business of the Company in the reporting period

(I) Main business

COOEC is the only large EPCI contractor in China capable of undertaking offshore oil and gas projects and LNG projects and one of the largest EPCI (engineering, procurement, construction and installation) contractors of offshore oil and gas projects in the Asia-Pacific region. Its main business covers a wide variety of professional engineering and technical services for the design, onshore construction, offshore installation, commissioning and maintenance of offshore oil and gas development projects.

The Company's headquarters is located in Binhai New Area, Tianjin. The Company has nearly 8,000 employees and has built a multi-level and wide-ranging professional team competent for EPCI projects and established a set of operation procedures and management standards aligned with international standards. It has an offshore structure construction yard with a total area of more than 1.20 million m² in Qingdao, Shandong and an offshore structure construction base with an area of 575 thousand m² (Phase I in operation) in Lingang Industrial Zone, Binhai New Area, Tianjin, and it owns an offshore equipment manufacturing base with a total area of 2.07 million m² in Zhuhai, Guangdong through COOEC-Fluor Heavy Industries Co., Ltd (a joint venture with 51% of its equity held by COOEC). These construction bases stretching from the south to the north form a pattern that has complementary functions, faces both domestic and overseas markets, and satisfies the needs for the construction of offshore structures used in shallow and deep waters. Equipped with a professional offshore operation fleet consisting of 19 vessels, including DP3 deepwater pipelay barges, 7,500 T floating cranes, underwater operation ships and deepwater trenchers, the Company takes a leading position in Asia in terms of offshore installation and pipelaying capabilities.

Through continuous construction and development for more than 40 years, the Company has built nine major capabilities, including the design of offshore structures, the construction of offshore structures, the installation of offshore structures, the maintenance of offshore oil and gas fields, underwater testing and installation, the manufacturing of high-end skids, quality testing of offshore projects, EPCI contracting and management of offshore oil and gas projects, and the construction of LNG projects, and developed a wide variety of core technologies and capabilities for the design, construction and installation of super large offshore platforms, underwater testing and

maintenance, the repair of submarine pipelines, and the dismantlement of old and abandoned offshore platforms.

In recent years, the Company has solidified and improved its capabilities in the field of traditional offshore projects, seized the opportunities brought by the general development trend in global oil and gas industry, accelerated its transformation and upgrade toward the line of green, low-carbon, and high value-added products, enhanced its capability to offer integrated services for energy projects, and cultivated a number of industries and capabilities for LNG projects (including the construction of LNG modules, LNG terminals, and liquefaction plants), deepwater projects, FPSO projects, etc. In addition, it has been continuously improving its overall capability and expanding the space for development.

(II) Operation mode

The Company mainly undertakes and delivers "turn-key" projects to its customers as an EPCI contractor. It has offered engineering services for the offshore oil and gas projects of many domestic and foreign customers, including CNOOC Limited, ConocoPhillips, Shell, Petrobras, Husky, Kerr-McGee, Technip, MODEC, Aker Solutions, and FLUOR, and made its mark on many countries and regions, such as the seas of China, Southeast Asia, Middle East, Australia, Russia, Brazil, Europe, and Africa.

300 m

Strong comprehensive abilities in oil and gas field engineering construction in traditional waters within 300 m depth

19 sets

19 offshore construction vessels including 7,500 t crane vessel

30,000 t

It has mastered the design, construction and installation technology of 30,000 t super-large jacket and module

million m²
0.575

Ocean engineering manufacturing base around Tianjin Harbor (Phase I in operation)

2.07 million m²

Ocean engineering manufacturing base of 2.07 million m² in Zhuhai, Guangdong under joint capital

1,500 m

1,500 m deep water pipe-laying and operation technology

▽ Loadout of PAPD module for Bozhong 26-3 Oilfield Expansion Project





iv. Analysis of the Company's core competencies

in the reporting period

√ Applicable Not applicable

△ Onshore construction site,
Lingshui 17-2 Gas Field
Development Project

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

The Company has made great breakthroughs in its capability to undertake deepwater oil and gas projects. Lingshui 17-2 deepwater gas field, a project undertaken by the Company as the EPCI contractor, was put into operation on June 25, 2021. The successful completion of this project signifies that the Company has developed a preliminary capability to undertake oil and gas projects in ultra-deep waters at depths of 1,500 meters and further improved its capability to undertake deepwater projects as an EPCI general contractor. Deepwater technological capabilities are characterized by high-end, precision, and advanced technologies. For a long time in the future, the development of oil and gas resources in deep waters will be a major growth area for global offshore oil and gas resources that has great growth potential to lead the development of the industry. As the only large EPCI contractor of offshore oil and gas projects in China, the Company has cultivated the capability to undertake oil and gas projects in ultra-deep waters at depths of 1,500 meters, which means that the Company will have more opportunities to increase its market share in deepwater oil and gas industry, expand the space for its development, and provide more support for accelerating deepwater oil and gas development in the South China Sea.

Analysis of the Company's overall core competency:

(I) Market leader in domestic offshore oil and gas industry

The Company is an important force for the construction of offshore oil and gas projects in China. Over the last few decades, it has completed the construction of over three hundred offshore oil and gas platforms in various seas of China. As a market leader in the domestic oil and gas, it has many advantages, including its brand, its EPCI capability to undertake offshore oil and gas projects, and first-mover advantages in financial support, equipment development, and research and development (R&D).

(II) EPCI capability

Strong EPCI capability to undertake projects in traditional waters. The Company's design-led EPCI capability is the foundation for its survival and development, a unique advantage that distinguishes it from most domestic and foreign contractors of offshore oil and gas projects, and the most fundamental support for its participation in international competition. Through over 40 years' development and accumulation, the Company has developed a complete set of proven technologies, equipment and capabilities for the design, construction, installation and maintenance of offshore oil and gas fields in waters not more than 300 meters deep. It can deliver turnkey projects and diversified services to its customers in an efficient manner. With a focus on its main business in the

offshore oil and gas industry, it has been continuously diversifying and expanding its EPCI business portfolio to include FPSO and LNG projects and continuously improving its overall EPCI capability.

A complete set of capabilities for detailed design.

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

30,000 T module float-over installation and 30,000 T jacket slide launching capabilities, which can greatly improve the efficiency of offshore oil and gas development and accelerate the process of offshore oil and gas development in China.

Through continuous R&D and the accumulation of experience over the years, the Company has developed the capability to carry out float-over installation of dynamic positioning and mooring systems at varying water depths in various sea areas under various climate conditions. The float-over installation of offshore structures measured at 10,000 tons has become a normal operation for the Company. The Company has completed the float-over installation of a number of 30,000 T super large offshore platforms and the slide launching of many 30,000 T jackets. The application of its float-over installation technology has completely changed the traditional mode of construction of large offshore oil and gas platforms featuring cutting + construction + offshore assembly + offshore commissioning, greatly reduced the construction time, the consumption of construction resources such as support vessels, and the cost of offshore oil and gas development, and effectively promoted offshore oil and gas development in China.

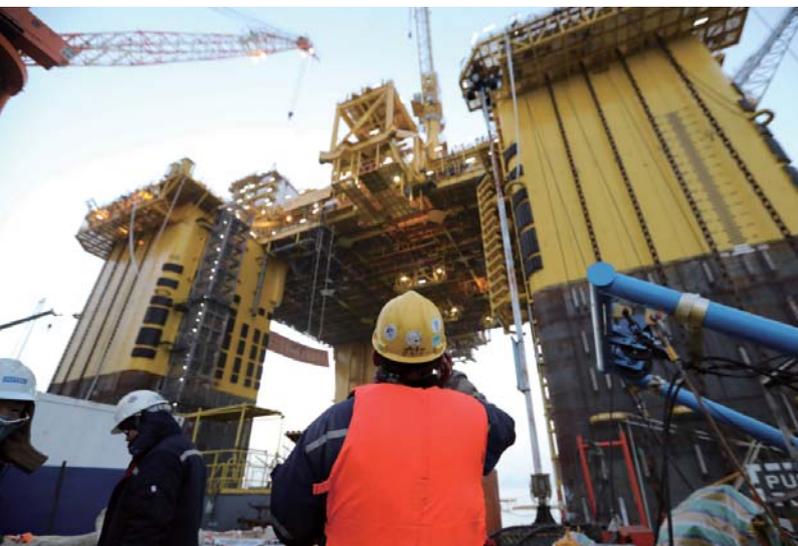


Advanced, well-equipped construction bases and the capability to construct ultra-large offshore platforms.

The Company has a number of well-equipped construction bases in Qingdao, Tianjin Binhai New Area, and other regions, which can be used to carry out construction and fabrication efficiently. It has the capability to fabricate and construct steel structures with a total weight of more than 200 thousand tons every year and construct 30,000 T super large jackets and modules of offshore platforms.

Rich experience in the management of offshore oil and gas projects.

The Company has over 40 years' experience in the construction of offshore oil and gas fields and rich experience in the construction and management



△ Air raising of the roof of storage tank No. 8, Tianjin LNG Terminal Phase II Project

◁ Construction of Lingshui 17-2 Gas Field Development Project



△ Spiderman working at height to touch up rusted spots

▽ Pre-delivery testing & inspection of the platform for Lingshui 17-2 gas field



of projects in conventional waters not more than 300 meters deep. In recent years, the Company has provided services for many international projects of its customers in Russia, Australia, Saudi Arabia, Myanmar, Brunei, Malaysia, and other countries/regions and thereby accumulated experiences in the management of international projects.

(III) Preliminary capability to undertake oil and gas projects in waters at depths of 1,500 meters

Over the years, the Company has conducted research on technologies for deepwater applications, developed a variety of deepwater equipment and facilities, and accumulated rich experience in deepwater oil and gas projects. In the last two years, it has vigorously strengthened the research on deepwater technologies and capability building with a focus on a number of domestic deepwater oil and gas projects, such as Lingshui 17-2, Lihua 16-2, and Lihua 29-1 projects. The Company has developed a preliminary capability to undertake deepwater oil and gas projects at 1,500 m depth and made great progresses in its capability to perform a series of deepwater operations related to semi-submersible platforms, SCRs, subsea production systems, and submarine pipelines in deep waters at 1,500 m depth.

For deepwater equipment and facilities, the Company has seven large deepwater operation ships; a DP3 deepwater pipelay crane vessel "HAI YANG SHI YOU 201 (HYSY 201)" that can lay pipelines at 3,000 m depth and lift 4,000 T heavy structures; a number of dynamically positioned offshore vessels, including multi-purpose vessels that can perform deepwater operations at 3,000 m depth, multi-purpose deepwater installation vessels, and deepwater trenchers; 17 remotely operated vehicles (ROVs); one deepwater flexible pipelines laying system; and one submarine plowing trencher. With these equipment and facilities, the Company has the capability to perform underwater operations at 3,000 m depth.

The Company has undertaken tens of underwater projects that involve the installation of subsea production systems, the handling of mooring systems, the laying of deepwater flexible pipelines, subsea

trenching, underwater testing and maintenance of subsea facilities, and other underwater operations. By undertaking large deepwater projects like Lingshui 17-2, Liuhua 16-2, and Liuhua 29-1 projects, the Company has accumulated experiences in executing and managing various deepwater projects, such as semi-submersible platforms, subsea production systems, and FPSO units, and made a leap-forward progress from 300 m water depth to 1,500 m in its capability to undertake deepwater oil and gas projects.

(IV) Global competitiveness and international brand in the field of modular construction

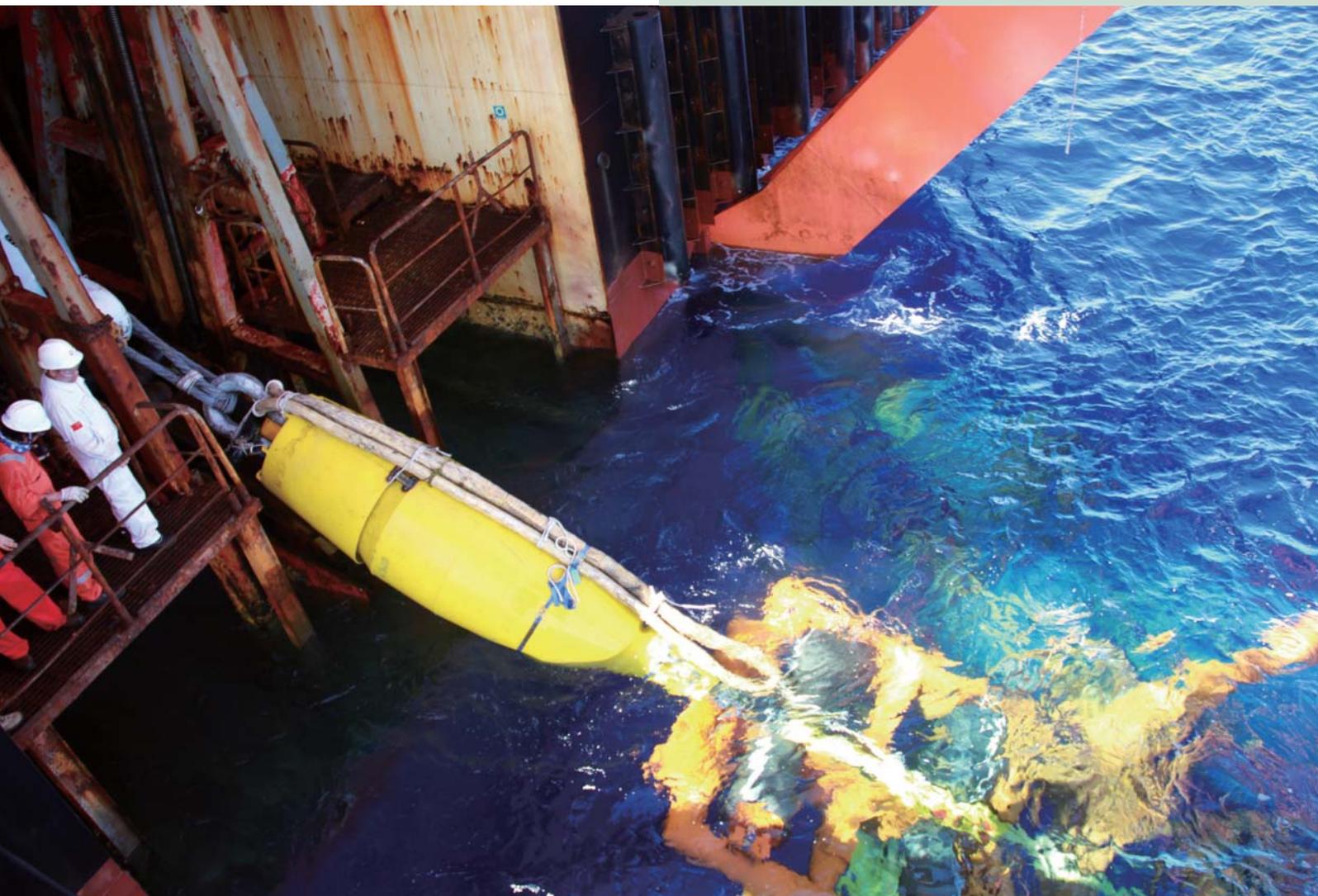
Modular construction is the business card for the Company's overseas operations. In recent years, the Company has been actively expanding its presence in the modular construction market relying on its strong onshore construction capability and abundant construction resources. It has undertaken and completed the construction of large LNG plant modules for a number of LNG projects, including the Yamal LNG Project in Russia and the Gorgon and Ichthys LNG projects in Australia. The contract price for the construction of modules for the Yamal LNG Project is over ten billion Yuan. The Company has completed and delivered this construction project on schedule with guaranteed quality, which has laid a

solid foundation for the Company's position in the global modular construction market. Currently, the Company is constructing the modules for Shell's LNG project in North America. The contract price of this project is about 5 billion Yuan. The Company will deliver a high-quality project and continuously improve its competitiveness in the field of modular construction.

(V) EPCI contractor of FPSO projects and global market participant

The Company attaches great importance to independent innovation and continuously increases its investment in science and technology for FPSO projects. It has undertaken a number of large domestic and foreign FPSO projects, including Petrobras FPSO P67/P70 project, Shell's Penguin FPSO project, and Liuhua 16-2 FPSO project, accumulated rich experiences and technologies for the management of ultra-large FPSO projects, and become an EPCI contractor of FPSO projects and a participant in the global FPSO market.

▽ 1,500 m ultra-deep water steel catenary riser (SCR) S-lay technique



List of the Company's vessels

No.	Type	Vessel name	Obtained by	Year of construction	Year of purchase	Investment (10,000 Yuan)	Capacity
1	Crane vessel	BIN HAI 108	Purchase	1979	1979	7,567	Rated lifting capacity: 900 T
2	Pipelay crane vessel	BIN HAI 109	Purchase	1976	1987	6,272	Rated lifting capacity: 318 T; pipe diameter: 6-60" ; tensioner: 67.5 T
3	Pipelay crane vessel	LAN JIANG	Investment in construction	2001	-	105,734	Rated lifting capacity: 3,800 T; pipe diameter: 4.5-48" ; tensioner: 72.5 T×2
4	Crane vessel	LAN JING	Purchase	2009	2009	150,538	Rated lifting capacity: 7,500 T
5	Pipelay crane vessel	HAI YANG SHI YOU 201	Investment in construction	2012	-	296,115	Rated lifting capacity: 4,000 T; pipe diameter: 6-60" ; tensioner: 200 T×2
6	Pipelay crane vessel	HAI YANG SHI YOU 202	Investment in construction	2009	-	102,502	Rated lifting capacity: 1,200 T; pipe diameter: 4-60" ; tensioner: 100 T×2
7	Offshore support vessel	HAI YANG SHI YOU 221	Investment in construction	2004	-	9,555	Load carrying capacity: 29,000 T
8	Offshore support vessel	HAI YANG SHI YOU 228	Investment in construction	2013	-	28,078	Load carrying capacity: 57,784 T
9	Offshore support vessel	HAI YANG SHI YOU 229	Investment in construction	2008	-	58,508	Load carrying capacity: 89,000 T
10	Offshore support vessel	HAI YANG SHI YOU 278	Investment in construction	2012	-	84,212	Load carrying capacity: 53,500 T
11	Offshore support vessel	HAI YANG SHI YOU 225	Purchase	2009	2009	23,976	Load carrying capacity: 17,289 T
12	Offshore support vessel	HAI YANG SHI YOU 226	Purchase	2009	2009	24,177	Load carrying capacity: 16,800 T
13	Offshore support vessel	HAI YANG SHI YOU 698	Purchase	2009	2009	25,633	Load carrying capacity: 2,940 T; maximum speed: 14.5 Knots; cruising range: 12,000 nautical miles
14	Underwater operation ship	HAI YANG SHI YOU 289	Purchase	2014	2014	95,654	Working moon pool: 7.2 m×7.2 m; ROV moon pool: 4.8×5.5 m; rated lifting capacity: 250 T
15	Underwater operation ship	HAI YANG SHI YOU 286	Investment in construction	2014	-	104,108	Rated lifting capacity of main crane: 400 T (active heave compensation; operating depth: 3,000 m); equipped with two 3,000 m operating ROVs, one moon pool, capable of supporting deepwater hoisting, umbilical cable/hose/power cable laying, and saturation diving/ROV/IMR operations
16	Underwater operation ship	HAI YANG SHI YOU 291	Purchase	2015	2015	111,116	Rated lifting capacity of main crane: 250 T (active heave compensation; bollard pull: 361 T); working moon pool: 7 m×7 m; equipped with two 150 HP operating ROVs; three-reel mooring winches
17	Underwater operation ship	HAI YANG SHI YOU 285	Purchase	2016	2017	51,475	Rated lifting capacity of main crane: 250 T (active heave compensation; moon pool: 7.2 m×7.2 m;
18	Underwater operation ship	HAI YANG SHI YOU 287	Purchase	2016	2017	51,484	Rated lifting capacity of main crane: 250 T (active heave compensation; moon pool: 7.2 m×7.2 m
19	Underwater operation ship	HAI YANG SHI YOU 295	Investment in construction	2017	-	31,447	Rated lifting capacity of main crane: 100 T (active heave compensation; bollard pull: 90 T); lifting capacity of gantry crane: 100 T; maximum speed: 14 Knots; cruising range: 12,000 nautical miles

Note: In the reporting period, the Company sold two vessels classified as low-efficiency assets, namely, HAI YANG SHI YOU 222 and HAI YANG SHI YOU 223 (both of them are offshore support vessels with a load carrying capacity of 7,000 tons). Therefore, the number of vessels owned by the Company has decreased from 21 to 19.

V. Information on the Company's main business in the reporting period

The operating income for 2021 is 19.795 billion Yuan (RMB), up 10.82% year over year, and the net profit attributable to the shareholders of listed company is 370 million Yuan, representing steady growth over the previous year. As of the end of December 2021, the Company's total assets amounted to 34.654 billion Yuan, and the net assets attributable to the shareholders of listed company amounted to 22.742 billion Yuan.

(I) Analysis of main business

1. Analysis of changes in related items in income statement and cash flow statement

Unit: 10,000 Yuan Currency: RMB

Item	Amount in the reporting period	Amount in the previous year	Change (%)
Operating income	1,979,548.12	1,786,257.63	10.82
Operating expenses	1,770,706.57	1,602,194.98	10.52
Selling expenses	2,220.02	2,555.13	-13.12
Administrative expenses	23,979.40	23,248.11	3.15
Financial expenses	4,464.40	12,000.23	-62.80
R&D expenses	92,881.87	98,270.92	-5.48
Net cash flow from operating activities	303,321.95	202,079.46	50.10
Net cash flow from investment activities	-294,554.97	-232,655.18	Not applicable
Net cash flow from financing activities	-46,882.06	19,076.59	-345.76
Taxes and surcharges	7,729.12	14,450.81	-46.51
Investment income	-38,582.43	3,118.73	-1337.12
Non-operating income	1,324.87	2,413.27	-45.10
Other comprehensive income, net of tax	2,424.91	4,825.37	-49.75
Net profit attributable to shareholders of the parent company	36,979.89	36,329.92	1.79

Reasons for the change in operating income: the operating income in the reporting period is 19.795 billion Yuan, representing a year-over-year (YoY) increase of 1.933 billion or 10.82%. The main reason for the increase in operating income is the continuous increase in overall workload from domestic and overseas projects, especially the rapid increase in offshore installation workload.

Reasons for the change in operating expenses: the operating expenses in the reporting period amount to 17.707 billion Yuan, representing a YoY increase of 1.685 billion or 10.52%. As the workload increased, operating expenses increased accordingly. The expenses of project materials and fuels increased due to the rises in the prices of bulk commodities, and the Company's rigid expenditure increased due to the prevention and control of the COVID-19 pandemic. However, the Company took numerous effective measures designed to reduce cost and improve quality and efficiency, such as optimizing the allocation of project resources, improving efficiency in the utilization of self-owned resources, and strengthening project progress and quality management in a refined manner. Due to these reasons, the rate of increase in operating expenses was lower than the rate of increase in operating income.

Reasons for the change in selling expenses: the selling expenses in the reporting period amount to 22 million Yuan, representing a YoY decrease of 3 million or 13.12%. The main reason is that the Company took strengthened measures to reduce cost and improve efficiency.

Reasons for the change in administrative expenses: the administrative expenses in the reporting period amount to 240 million Yuan, representing a YoY increase of 7 million or 3.15%. The main reason is the increase in the funds for Party organizations and the expenses related to retirees. The administrative expenses excluding the funds and expenses mentioned



above decreased by 2 million Yuan over the previous year.

Reasons for the change in financial expenses: the administrative expenses in the reporting period amount to 45 million Yuan, representing a YoY decrease of 75 million or 62.80%. The main reasons are given below. (1) The net exchange loss decreased by 81 million Yuan from the previous year. The Company adhered to the risk neutron principle in foreign exchange risk management. The risk exposure at the end of the reporting period is 60% lower than that at the beginning of the reporting period. The risk of exchange loss arising from US dollar depreciation was under effective control. (2) The interest expense increased by 13 million Yuan from the previous year, including 6 million Yuan of interest expense for the lease liabilities confirmed according to the new lease standards and 5 million Yuan of interest expense for bill discounting in the "Cheng Tie Tong" (a financial product) supply chain finance. (3) The interest income increased by 6 million Yuan from the previous year because the Company made full use of its domestic and overseas capital pool management system and took full advantage of professional capital management and economies of scale. Due to these three reasons, the financial expenses in the reporting period increased compared to the previous year.

Reasons for the change in R&D expenses: the R&D expenses for the reporting period amount to 929 million Yuan, representing a YoY decrease of 54 million or 5.48%. The main reason is that there were more investments in deepwater R&D projects in the previous year.

Reasons for the change in net cash flow from operating activities: the net cash flow from operating activities in the reporting period is about 3.033 billion Yuan, representing a YoY increase of 1.012 billion in cash inflow. The main reason is that the Company did a good job in tracking and managing the cash flows of various projects and received more amounts from Lihua, Lingshui, Lufeng, and other projects in 2021.

Reasons for the change in net cash flow from investment activities: the net cash flow from investment activities in the reporting period is -2.946 billion Yuan, representing a YoY increase of 619 million in cash outflow. Main reasons: (1) the construction of the offshore equipment manufacturing base in Lingang Industrial Zone, Tianjin entered the peak period in 2021, and therefore the investment expenditure increased by 352 million Yuan from the previous year. (2) The net cash outflow to financial products investment in 2021 increased by 173 million Yuan from the previous year. Due to these reasons, the cash outflow to investment activities in the reporting period increased compared with the previous year.

Reasons for the change in net cash flow from financing activities: the net cash flow from financing activities in the reporting period is -496 million Yuan, representing a YoY increase of 660 million in cash outflow. Main reasons: (1) The Company obtained the 3-year low-interest loans amounting to 386 million Yuan from the Bank of China and paid back the loans with a total amount of 230 million Yuan obtained from China Development Bank last year and the loans with a total amount 211 million Yuan obtained from the Export-Import Bank of China last year. (2) The total amount of dividends distributed in the reporting period increased by 44 million Yuan from the previous year. (3) The expense for lease liabilities confirmed according to the new lease standards implemented in the reporting period was 90 million Yuan. There was no such item in the previous year. Due to these three reasons, the cash outflow to financing activities in the reporting period increased compared with the previous year.

Reasons for the change in taxes and surcharges: the taxes and surcharges in the reporting period amount to 77 million Yuan, representing a YoY decrease of 67 million or 46.51%. The main reason is the YoY decrease in exports and the corresponding decrease in import duty refund surcharges.

Reasons for the change in investment income: the investment income in the reporting period is -386 million Yuan, representing a YoY decrease of 417 million. The main reasons are the losses in the ongoing projects of COOEC-Fluor Heavy Industries Co., Ltd (a joint venture with 51% of its equity held by the COOEC), asset devaluation, and the reversal of deferred tax assets.

Reasons for the change in non-operating income: the non-operating income in the reporting period is 13 million Yuan, representing a YoY decrease of 11 million or 45.10%. The main reason is the YoY decrease in the amount of accounts payable not requiring payment.

Reasons for the change in other comprehensive income net of tax: other comprehensive income net of tax in the reporting period is 24 million Yuan, representing a YoY decrease of 24 million or 49.75%. The main reason is the combined effect of changes in the fair value of the shares of Lanpec Technologies Limited held by the Company and currency conversion.

Reasons for the change in net profit attributable to shareholders of the parent company: the net profit attributable to shareholders of the parent company in the reporting period is 370 million Yuan, representing a YoY increase of 1.79%. The main reason is that, during the reporting period, the Company's workload increased continuously, and the Company ensured the smooth progress of projects as planned by maintaining effective project management and taking effective measures to reduce cost and improve quality and efficiency. As a result, the gross profit margins for various projects increased compared to the previous year. In the reporting period, there were a provision for the impairment of fixed assets amounting to 306 million Yuan for COOEC-Fluor Heavy Industries Co., Ltd (a joint venture with 51% of its equity held by the COOEC) and an amount of 254 million Yuan with respect to the reversal of deferred tax assets for making up for the losses, totaling to 560 million Yuan. The income confirmed by accounting for investment income items decreased by 286 million Yuan. These factors have negative impacts on the Company's performance. If the impacts of these factors had been eliminated, the Company's net profit would have increased by 80.72% from the previous year.

Detailed description of significant changes in the Company's type of business and profit structure or source in the reporting period

Applicable Not applicable

2. Income and cost analysis

Applicable Not applicable

See the following text for the detailed components of income and cost.

(1) Analysis of main business by industry, product, region, and sales model

Unit: 100 Million Yuan Currency: RMB

Analysis of main business by industry						
Industry	Operating income	Operating expenses	Gross profit margin (%)	YoY increase/decrease in operating income (%)	YoY increase/decrease in operating expenses (%)	YoY increase/decrease in gross profit margin (%)
Offshore projects	117.72	103.09	12.43	-18.02	-20.67	+2.92%
Non-offshore projects	80.23	73.98	7.79	129.03	144.32	-5.77%
Analysis of main business by region						
Region	Operating income	Operating expenses	Gross profit margin (%)	YoY increase/decrease in operating income (%)	YoY increase/decrease in operating expenses (%)	YoY increase/decrease in gross profit margin (%)
Domestic	145.00	122.45	15.55	-3.01	-2.29	-0.62%
Bohai Bay	42.02	34.40	18.13	-12.60	-8.75	-3.46%
South China Sea	63.08	50.56	19.85	-25.45	-30.34	+5.62%
East China Sea	5.68	5.45	4.05	510.75	461.86	+9.12%
LNG module onshore construction	34.21	32.04	6.34	115.56	127.88	-5.01%
Overseas	52.95	54.62	-3.15	81.77	56.50	+16.67%

Notes to the analysis of main business by industry, product, region, and sales model

① Analysis of main business by industry

From the perspective of industry, the income and cost of offshore projects decreased. The main reason is the YoY decrease in the quantity of onshore construction work for offshore projects. The gross profit margin for offshore projects in the reporting period is 12.43%, representing an increase of 2.92% compared to the gross profit margin of 9.51% in 2020. The main reason is that the Company made great progress in cost reduction and efficiency improvement and continuously improved the rate of utilization of self-owned vessels, and the standby costs decreased by 317 million Yuan from the previous year.

For non-offshore projects, the income mainly came from the construction of modules for the LNG storage tank and terminal projects in Tianjin, Zhangzhou, Hong Kong, Tangshan, and Zhuhai. The income and cost of non-offshore projects increased because the construction workload increased significantly compared to the previous year. However, affected by the rises in the prices of bulk commodities, the overall gross profit margin for such projects decreased significantly compared with the previous year.

② Analysis of main business by region

From the perspective of region, the operating income from domestic projects decreased slightly by 3.01% from the previous year. The main reason is that the construction of key projects such as Lingshui 17-2 and Liuhua 16-2 projects in the South China Sea was at the peak stage in the previous year and entered the final stage this year. The operating income from projects in the South China Sea decreased significantly compared with the previous year. The income from the onshore construction of modules for LNG projects increased significantly compared with the previous year. The main reason is that the construction of modules for the LNG storage tank and terminal projects in Tianjin, Zhangzhou, Tangshan, and Longkou entered the peak stage. The income from overseas projects increased by 81.77% from the previous year. The main reason is that the construction works for Hong Kong LNG Terminal Project and Shell's LNG project in North America entered the peak stage. The gross profit margin for overseas projects increased significantly compared with the previous year due to increased profits from overseas LNG projects.

(2) Analysis of production and sales volume

Applicable Not applicable

(3) Performance of major procurement and sales contracts

Applicable Not applicable

(4) Cost analysis table

Unit: 100 Million Yuan

Cost analysis by industry						
Industry	Cost item	Amount in the current period	Ratio of the amount in the current period to total cost (%)	Amount in the previous period	Ratio of the amount in the previous period to total cost (%)	Change in the amount in the current period relative to the amount in the previous period (%)
Oil and gas	Material costs	36.37	20.54	23.80	14.85	52.82
	Manpower costs	24.81	14.01	23.06	14.40	7.59
	Depreciation and amortization	10.41	5.88	9.75	6.09	6.77
	Fuel expenses	5.81	3.28	4.41	2.75	31.75
	Project expenses	99.67	56.29	99.20	61.91	0.47
	Total	177.07	100.00	160.22	100.00	10.52

Other notes to cost analysis

- 1) Material costs increased by 52.82% from the previous year. The main reason is that the stocks of steel materials prepared for various projects increased significantly and the prices of steel material rose in the reporting period.
- 2) Fuel expensed increased by 31.75% from the previous year. The main reasons are the rising market price of diesel and the increased number of ship-days resulting from the increase in the workload of offshore operations.
- 3) Project expenses amounted to 9.967 billion Yuan, accounting for a large proportion of the total cost. The main reason is that the Company completed some works by means of subcontracting based on the characteristics of the industry. Project expenses mainly include onshore construction subcontracting expenses, vessels subcontracting expenses, berthing/mooring fees, port charges, and other related expenses. For the reporting period, the vessels subcontracting expenses decreased significantly because the Company improved the rate of utilization of self-owned vessels.

The details of project expenses are listed in the table below.

Unit: 100 Million Yuan

Cost item	Detail	Amount in the current period	Ratio of the amount in the current period to total cost (%)	Amount in the previous period	Ratio of the amount in the previous period to total cost (%)	Change in the amount in the current period relative to the amount in the previous period (%)
Project expenses	Onshore construction subcontracting expenses	84.49	84.77	78.58	79.21	7.52
	Vessels subcontracting expenses	7.07	7.09	12.94	13.04	-45.36
	Berthing/mooring fees, port charges, and other related expenses	8.11	8.14	7.68	7.74	5.60
	Total	99.67	100.00	99.20	100.00	0.47

(5) Changes in the scope of consolidation arising from changes in the equity of main subsidiaries in the reporting period

Applicable Not applicable

(6) Significant changes or adjustments in the Company's businesses, products or services in the reporting period

Applicable Not applicable

(7) Information of main customers and suppliers

A. Information of main customers

The amount of sales to the top five customers is 18.768 billion Yuan, accounting for 94.81% of the total amount of sales in 2021. Among the amount of sales to the top five customers, the amount of sales to related parties is 10.729 billion Yuan, accounting for 54.20% of the total amount of sales in 2021.

Cases in which the amount of sales to a single customer exceeds 50% of the total amount of sales, the top five customers include any new customers, or the Company depends heavily on a few customers

Applicable Not applicable

Unit: 100 Million Yuan Currency: RMB

No.	Customer	Amount of sales	Proportion in total amount of sales (%)
1	CNOOC Limited	107.29	54.20

B. Information of main suppliers

The amount of purchases from the top five suppliers is 4.157 billion Yuan, accounting for 23.23% of the total amount of purchases in 2021. Among the amount of purchases from the top five suppliers, the amount of purchases from related parties is 1.129 billion Yuan, accounting for 6.31% of the total amount of purchases in 2021.

Cases in which the amount of purchases from a single supplier exceeds 50% of the total amount of purchases, the top five suppliers include any new suppliers, or the Company depends heavily on a few suppliers

Applicable Not applicable

3. Expenses

Applicable Not applicable

For selling expenses, administrative expenses and financial expenses, see the "analysis of changes in relevant items included in income statement and cash flow statement" above.

4. R&D costs

(1) Information of R&D costs

Applicable Not applicable

Unit: 10,000 Yuan

Costs of R&D listed as expenses	92,881.87
Costs of R&D listed as investments	0
Total R&D cost	92,881.87
Ratio of total R&D cost to operating income (%)	4.69
Proportion of capitalized R&D costs (%)	0

(2) Information of R&D personnel

Applicable Not applicable

Number of R&D personnel	1,404
Ratio of the number of R&D personnel to the total number of employees (%)	17.70
Academic degrees of R&D personnel	
Academic degree/educational level	Number of people
Doctoral degree	25
Master's degree	495
Bachelor's degree	793
Associate degree	59
High school education and below	32
Age range of R&D personnel	
Age range	Number of people
Below 30 (not including 30)	130
30-40 (including 30, not including 40)	915
40-50 (including 40, not including 50)	330
50-60 (including 50, not including 60)	27
60 and above	2

(3) Notes

Applicable Not applicable

The total R&D cost in the reporting period is 929 million Yuan, which is focused on meeting the technology needs of production activities and projects and represents a decrease of 54 million compared to the total R&D cost of 983 million Yuan in 2020. The main reason for such decrease is that there were more investments in deepwater R&D projects in 2020.

In 2021, the Company carried out seven national key R&D projects and company-level R&D projects with respect to deepwater floating units, subsea production systems, and deepwater FPSO units and made great periodic achievements. For the R&D projects with respect to the key technologies for single point mooring (SPM) systems and the key technologies for the engineering design of turret (single point) mooring systems, the Company completed the study on the overall plans and SPM functional requirements for the target oilfields, engineering design technologies for SPM systems and the design of key SPM products, make breakthroughs in the technologies for the integration of turret SPM systems and the design of

key products, and broke through the technological bottlenecks of turret SPM systems. For the special research project with respect to Lingshui semi-submersible oil production platform, the Company completed the design, construction, installation and commissioning of "Shenhai-1", China's first 100,000 T scale semi-submersible production, storage and offloading (FPSO) unit operating at 1,500 m depth in the South China Sea; developed the technologies for evaluating and designing mooring systems consisting of domestically produced polyester mooring lines; built the capability to evaluate domestically produced polyester mooring lines independently; developed the technologies for the engineering design of SCR systems and the technological capability for the design of riser lifting system and riser bottom position control system; successfully completed the lifting and bottom position control of 6 SCRs of "Shenhai-1"; achieved the localization of deepwater anchor piles, gravity anchors, special anchors for riser position control, and self-balancing pipe supports/hangers; and completed the design, construction, testing, and onsite installation of four devices. The Company made breakthroughs in the special research program of innovation and demonstration application of subsea production systems on projects, the research and application of technologies for evaluating the safety, reliability and integrity of offshore structures over the full life cycle, the research and application of key technologies for the construction of cylindrical FPSO units, and the research on technologies for subsea umbilical termination assemblies, which played an important role in helping the Company develop the comprehensive technological capability for deepwater projects and execute deepwater projects smoothly.

- (4) Reasons for any significant change in the structure of R&D personnel and the impact of such change on the Company's development

Applicable Not applicable

5. Cash flow

Applicable Not applicable

For the analysis of the net cash flows from operating, investment and financing activities, see the "analysis of changes in relevant items included in income statement and cash flow statement" above.

(II) Description of any significant change in profits arising from activities other than the Company's main business operations

Applicable Not applicable

For the impact of the losses incurred by COOEC-Fluor Heavy Industries Co., Ltd (a joint venture with 51% of its equity held by COOEC) on COOEC's net profit, see the detailed analysis of investment income items and net profit items in the "analysis of changes in relevant items included in income statement and cash flow statement" above.

(III) Analysis of assets and liabilities

Applicable Not applicable

1. Assets and liabilities

Unit: 10,000 Yuan

Item	Amount at the end of 2021	Ratio of the amount at the end of 2021 to total assets (%)	Amount at the end of 2020	Ratio of the amount at the end of 2020 to total assets (%)	Change in the amount at the end of 2021 relative to the amount at the end of 2020 (%)
Financial assets held for trading	625,617.90	18.05	452,456.07	13.59	38.27
Advance payments	63,428.24	1.83	30,719.47	0.92	106.48
Contract assets	291,266.84	8.40	192,758.98	5.79	51.10
Ongoing projects	93,920.99	2.71	204,401.28	6.14	-54.05
Goodwill	0	0.00	1,307.51	0.04	-100.00
Long-term prepaid expenses	19,754.09	0.57	10,096.67	0.30	95.65
Short-term loans	0	0.00	23,320.95	0.70	-100.00
Bills payable	18,267.37	0.53	0	0.00	Not applicable
Contract liabilities	98,447.47	2.84	61,342.05	1.84	60.49
Non-current liabilities due within one year	16,498.45	0.48	10.89	0.00	151,400.92
Lease liabilities	3,965.89	0.11	Not applicable	Not applicable	Not applicable
Long-term accounts payable	0	0.00	2,650.06	0.08	-100.00
Estimated liabilities	9,106.93	0.26	32,845.10	0.99	-72.27
Total assets	3,465,426.38	100.00	3,328,189.62	100.00	4.12
Total liabilities	1,189,596.92	34.33	1,061,667.92	31.90	12.05
Net assets attributable to shareholders of the listed company	2,274,207.10	65.63	2,265,106.00	68.06	0.40

Notes on changes in assets and liabilities

- (1) Financial assets held for trading increased by 1.732 billion Yuan or 38.27% from the previous year. The main reason is the YoY increase in the financial products purchased by the Company and structured deposits.
- (2) Advance payments increased by 327 million Yuan or 106.48% from the previous year. The main reason is the Company's concentrated purchasing of steels in the reporting period.
- (3) Contract assets increased by 985 million Yuan or 51.10% from the previous year. The main reasons are the increase in the number of projects executed in the reporting period and the YoY increase in the portions of work which have been completed and for which payments have not been made.
- (4) The amount of ongoing projects decreased by 1.105 billion Yuan or 54.05%. The main reason is that some ongoing projects with respect to the Offshore Equipment Manufacturing Base in Lingang Industrial Zone, Tianjin were ready for operation and converted to fixed assets in the reporting period.
- (5) The value of goodwill was zero, representing a decrease of 13,075.1 thousand Yuan from the previous year. The main reason is that the Company held 90% of the equity of A.E.S. Destructive and Non-Destructive Testing Limited (AES), corresponding to a total value of goodwill of 13,075.1 thousand Yuan, at the beginning of the reporting period; the Company planned to close down AES in consideration of its overall development strategy and the current status of AES operations; and at the end of reporting period, the Company performed an impairment test for goodwill and implemented its plan through a third-party evaluator at the end of the reporting period.
- (6) Long-term prepaid expenses increased by 97 million Yuan or 95.65% from the previous year. The main reason is that the dredging project of Offshore Oil Engineering (Qing Dao) Co., Ltd (Qingdao Subsidiary) was ready for operation and included into long-term prepaid expenses.
- (7) Short-term loans decreased by 233 million Yuan. The main reason is that the Company paid back the loans from China Development Bank amounting to 230 million Yuan.
- (8) Bills payable amounted to 183 million Yuan. There was no such an item in the previous year. The main reason is that the Company settled payment with its subcontractors using bank acceptance bills for some LNG projects in the reporting period.
- (9) Contract liabilities increased by 371 million Yuan or 60.49% from the previous year. The main reason is the increase in advances received from projects in the reporting period.
- (10) Non-current liabilities due within one year amounted to 165 million Yuan, representing an increase of 165 million compared with the figure in the previous year. The main reason is that the lease liabilities due within one year confirmed according to the new lease standards was reclassified and included into this item.
- (11) Lease liabilities amounted to 40 million Yuan. There was no such an item in the previous year. The main reason is the implementation of the new lease standards.
- (12) The amount of long-term accounts payable is 0, representing an increase of 27 million Yuan compared with the previous year. The main reason is that these accounts payable, which were in nature accounts receivable from national research projects, were included into deferred revenue for amortization in the reporting period.
- (13) Estimated liabilities decreased by 237 million Yuan or 72.27% from the previous year. Main reasons: 1) Estimated liabilities were reversed with project costs as ongoing loss-making projects proceeded. (2) Estimated liabilities were reversed as the guarantee for the ICHTHYS project in Australia expired.
- (14) Total assets increased by 1.372 billion Yuan or 4.12% from the previous year. The main reasons include the increased accounts receivable turnover ratio, the significant increase in net cash flow from operating activities, the continuous contribution of monetary market funds under refined management, and the significant increase in the scale of financial products in the reporting period.
- (15) Total liabilities increased by 1.279 billion Yuan or 12.05% from the previous year. The main reasons are the increase in the amount of settlement with suppliers arising from increased scale of income and the YoY increase in contract liabilities and accounts payable.
- (16) Net assets attributable to shareholders of the listed company increased by 91 million Yuan or 0.40% from the previous year. There are five main reasons for such change. 1) The Company distributed 309 million Yuan as cash dividends for the previous year. 2) The amount of undistributed profits increased by 372 million Yuan. 3) Surplus reserve with an amount of 59 million Yuan was set aside. 4) The special reserve decreased by 29 million Yuan. 5) Other comprehensive income increased by 25 million Yuan.

2. Information of overseas assets

Applicable Not applicable

(1) Asset size

Overseas assets amounted to 1.660 billion Yuan, accounting for 4.79% of the total assets.

(2) Notes on any large proportion of overseas assets in total assets

Applicable Not applicable

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

Applicable Not applicable

4. Other notes

Applicable Not applicable

(IV) Analysis of operational information

Applicable Not applicable

(V) Investment analysis

General analysis of equity investments

Applicable Not applicable

1. Significant equity investments

Applicable Not applicable

2. Significant non-equity investments

Applicable Not applicable

Tianjin Offshore Equipment Manufacturing Base Construction Project-Phase I

The resolution on the construction of an offshore equipment manufacturing base in Lingang Industrial Zone, Tianjin Port Free Trade Zone, Binhai New Area, Tianjin (hereinafter referred to as the "Tianjin Offshore Equipment Manufacturing Base) was deliberated and adopted at the 7th meeting of the 6th Session of the Board of Directors convened on March 27, 2018. The total planned area of this base is about 575,000 m² (about 965 m long and 600 m wide), the total length of the quay is 1,631 m, and the total investment is about 3.989 billion Yuan (for details, see the *Announcement on the Construction of an Offshore Equipment Manufacturing Base in Lingang Industrial Zone, Tianjin Port Free Trade Zone* published by the Company on March 20, 2018 (Announcement No.: 2018-011)).

Phase I project has been completed. The main production facilities include the intelligent steel structure manufacturing center, mechanical, piping, electrical and instrument fabrication center, intelligent storage center, painting workshop, final assembly yard, and quay. Supporting facilities include R&D, power, and environmental facilities. Phase I project can meet the needs of construction of primary offshore facilities and equipment.

As of the end of December 2021, the cumulative progress of phase I project was 99.99%, and the total cumulative investment was 2.495 billion yuan. The total investment made in 2021 was 895 million Yuan.

3. Financial assets measured at fair value

Applicable Not applicable

As of the end of the reporting period, the Company held 10.40 million shares of Lanpec Technologies Limited (stock short name: Lanke Gaoxin), accounting for 2.93% of the total number of shares. The number of shares of Lanpec Technologies Limited held by the Company decreased by 7.37 million in the reporting period.

Unit: 10,000 Yuan

Stock symbol	Stock short name	Initial investment	Shareholding ratio at the beginning of the reporting period (%)	Shareholding ratio at the end of the reporting period (%)	Book value at the end of the reporting period	Gains or losses in the reporting period	Changes in fair value in the reporting period	Accounting item	Source of shares
601798	Lanke Gaoxin	3,668.41	5.01	2.93	9,235.20	0	414.51	Other equity investments	Investment in originally issued shares
Total		3,668.41	5.01	2.93	9,235.20	0	414.51	/	/

The financial assets that are measured at fair value and related to non-equity investments are mainly reflected in the items of financial assets held for trading and other equity investments, including the structured deposits and non-principal protected financial product with floating returns purchased by the Company. For details, refer to the notes to financial statements.

4. Progress of major assets restructuring in the reporting period

Applicable Not applicable

(VI) Major asset and equity sales

Applicable Not applicable

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

Applicable Not applicable

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

Unit: 10,000 Yuan Currency: RMB

No.	Subsidiary	Paid-in capital	Main business and products	Total assets	Net assets	Net profit	Shareholding ratio
1	COOEC Subsea Technology Co., Ltd	228,561.47	Subsea technical services, maintenance of subsea pipelines	612,014.59	462,520.32	27,430.52	100%
2	Offshore Oil Engineering (Qing Dao) Co., Ltd	300,000.00	Construction, installation, design, and maintenance of offshore oil and gas projects	647,174.15	457,481.97	14,525.32	100%
3	Offshore Oil Engineering (Zhuhai) Co., Ltd	395,000.00	Construction, installation, design, and maintenance of offshore oil and gas projects	307,937.96	306,860.56	-56,242.14	100%
4	COOEC International Engineering Co., Ltd	6000.00	General construction contracting, professional contracting	21,373.50	4,781.08	41.37	100%
5	PT. COOEC Indonesia	195.21	Development and maintenance of oil and gas fields	8,100.22	2,899.10	41.10	100%
6	COOEC Nigeria Limited	54.88	Contracting, design, installation, maintenance and associated services for offshore oil and gas projects	137.81	79.38	48.90	100%
7	COOEC NIGERIA FZE	0	Established for the purpose of executing the Dangote Refinery Project in Nigeria	36,726.70	-54,409.77	11,382.85	100%
8	A.E.S. Destructive and Non-Destructive Testing Limited	114.57	NDT, weld testing	2,270.34	1,721.99	487.39	90%
9	Lanhai International Limited	669.81	Engineering, procurement, construction and installation (EPCI) of offshore oil projects	624.94	624.94	0.19	100%
10	COTEC INC. (USA)	956.87	Engineering, procurement, construction and installation (EPCI) of offshore oil projects	2,394.58	1,346.95	125.62	70%
11	COTEC INC. (Beijing)	500.00	Deepwater engineering & technology consulting services	7,104.38	3,548.10	443.24	70%
12	COOEC International Co., Ltd	669.11	General contracting of projects, design, construction and installation of oil and gas projects	129,305.95	53,246.57	11,767.09	100%
13	COOEC CANADA COMPANY LTD	2,067.66	Engineering, procurement, construction and installation (EPCI) of oil and gas projects	23,807.51	7,289.61	922.76	100%
14	COOEC (Thailand) Co., Ltd	283.04	Project contracting	3,167.59	2,412.10	1,801.98	100%
15	COOEC Brasil Offshore Ltda.	314.30	Project contracting	199.78	167.23	27.11	100%

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

The operating income earned by COOEC Subsea Technologies Co., Ltd in 2021 is 1.846 billion Yuan, and its net profit is

274 million Yuan, accounting for more than 10% of the Company's consolidated net profit and representing an increase of 169 million Yuan compared to the previous year. The main reasons are the increase in the quantity of offshore installation work, the higher rate of utilization of vessels achieved by taking active steps, and the reduction of vessels' standby costs.

The operating income earned by Offshore Oil Engineering (Qing Dao) Co., Ltd in 2021 is 3.289 billion Yuan, and its net profit is 145 million Yuan, accounting for more than 10% of the Company's consolidated net profit and representing an increase of 102 million Yuan compared to the previous year. The main reason is that the guarantee for the project in Australia expired, and the estimated liabilities with a total amount of 105 million yuan were reversed.

The investment income of Offshore Oil Engineering (Zhuhai) Co., Ltd in 2021 is -545 million Yuan, and its operating profit is -551 million Yuan. Its net profit is -562 million Yuan, which represents an increase of -480 million Yuan compared to the net profit of -82 million Yuan in the previous year and has a great impact on the Company's consolidated net profit. The main reasons are the losses in the ongoing projects of COOEC-Fluor Heavy Industries Co., Ltd (a joint venture with 51% of its equity held by the COOEC), the provision for the impairment of fixed assets, and the reversal of deferred tax assets.

The operating income earned by COOEC NIGERIA FZE in 2021 is 166 million Yuan, and its net profit is 114 million Yuan, accounting for more than 10% of the Company's consolidated net profit and representing a significant increase compared to the net profit of -526 million Yuan in the previous year. The main reason is that the losses incurred in Dangote Refinery Project were confirmed in the previous year and the expenses actually incurred in the reporting period were less than expected.

The operating income earned by COOEC International Co., Ltd in 2021 is 234 million Yuan, and its net profit is 118 million Yuan, accounting for more than 10% of the Company's consolidated net profit and representing a significant increase compared to the net profit of 17 million Yuan in the previous year. The main reason is the dividends of COOEC CANADA COMPANY LTD and PT. COOEC Indonesia and the confirmed investment income of 96 million Yuan.

- (2) Analysis of strong fluctuations in the performance of a single subsidiary that have significant impacts on the Company's consolidated net profit:

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

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

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

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

The operating income earned by COOEC CANADA COMPANY LTD in 2021 is 166 million Yuan, and its net profit is 9 million Yuan, representing a decrease compared to the net profit of 57 million Yuan in the previous year. The main reasons are the high gross profit margin of Long Lake Southwest Project executed by the Company in the previous year and the low gross profit margins of ongoing projects undertaken in the reporting period.

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

Not applicable.

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

Company name	Registered capital (10,000 Yuan)	Time of registration	Scope of business	Paid-in capital (10,000 Yuan)	Shareholding ratio
CNOOC Finance Corporation Ltd	400,000	June 2002	Deposits, loans, financing and lease services for its members	7,067.14	1.77%
Lanpec Technologies Limited	35,453	December 2008	Well drilling and oil production machinery, petrochemical equipment, offshore and desert oil production equipment and projects, refining and chemicals	2,146.96	2.93%

3. Information of key joint ventures

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

(VIII) Structured entities controlled by the Company

Applicable Not applicable

VI. Discussion and analysis on the Company's future development

(I) Development pattern and trend of the industry

Applicable Not applicable

Outlook on the development pattern and trend of offshore oil and gas industry: In the domestic market, the demand for offshore oil and gas projects and the workload will be high due to the continuous implementation of the *"Seven-year Action Plan for Increasing Reserves and Production"* by CNOOC. For the overseas market, it is expected that as the COVID-19 pandemic is gradually brought under control, global economy will recover slowly, and international oil prices will remain stable with occasional rises. The international oil and gas industry is expected to recover gradually, but there are uncertainties with respect to the speed and extent of such recovery.

The Company will face great opportunities and challenges for its development in the future.

1. Opportunities

In the field of conventional oil and gas, China is the largest energy consumer in the world, and fossil energy sources will remain the primary source of energy. As predicted by most forecasting agencies, the growth rate of oil and gas consumption in China will rise continuously before 2030. Under the background of China's increasing dependence on externally supplied oil and gas, strengthening oil and gas exploration and development and ensuring China's energy supply and security is the most important task for Chinese oil companies. China has been continuously promoting efforts to increase oil and gas reserves and production. Offshore oil and gas development is still the main driving force for increasing reserves and production in China. COOEC is vigorously implementing the *"Seven-year Action Plan for Increasing Reserves and Production"* and has set the goal with respect to increasing reserves and production during the period from 2025 to 2030. In the "14th Five-Year Plan" period, there will be a high demand for the construction of a large number of energy projects. Such high demand will bring great opportunities for the Company's business development. According to the Strategic Outlook 2022 disclosed by CNOOC, the capital expenditure budget for 2022 will be within the range of 90-100 billion Yuan, which is higher than the capital expenditure of 90 billion Yuan in 2021.

In the field of LNG projects, with the accelerated transition of the global energy sector towards a clean and low-carbon mix, the proportion of natural gas in global energy consumption will increase continuously. As predicted by some forecasting agencies, natural gas will overtake oil and coal and become the largest energy source in the world by 2026, and natural gas will remain the largest energy source until 2050. Benefiting from low-carbon transition, China's natural gas industry has been developing rapidly, and the demand for domestic LNG storage tank and terminal projects has been released continuously, creating great opportunities for the Company's development. Since 2018, the Company has undertaken a number of large LNG projects including those in Zhangzhou, Ningbo, Longkou, and Tangshan. In 2021, the Company undertook another two LNG projects in Zhuhai and Tangshan. The number of LNG projects undertaken by the Company is increasing continuously. In the future, the Company will continue to expand its presence in the market of LNG projects relying on its advantages, develop towards a powerful leader in the clean energy industry, and make more progress in the clean energy transition.

In the field of deepwater oil and gas projects, global oil and gas increases depend on offshore oil and gas development, and offshore oil and gas reserves mainly come from deepwater oil and gas blocks. After CNOOC's "Shenshui-1" deepwater gas field was put into operation, the Chinese government put forward new requirements for the offshore oil industry to "strengthen independent innovation in science and technology and speed up the progress to deep waters". The trend of accelerated process in deepwater oil and gas development in the South China Sea has become more obvious. The improvements and breakthroughs made by the Company in its overall capability in the field of deepwater oil and gas projects will provide strong support for it to actively participate in domestic deepwater oil and gas projects, explore overseas markets of deepwater projects, and expand the space for its development.

2. Challenges

Under the influence of multiple factors including the continuous impact of the COVID-19 pandemic across the world, the strong fluctuations in the global oil and gas industry, and the accelerated transition of global energy sector, international oil companies will face more complex environments. On the one hand, the COVID-19 pandemic will affect exploration and production activities, resource allocation and construction efficiency, resulting in increased costs of oil and gas development. On the other hand, due to the rapid transition to green and clean energy in the traditional oil industry, oil companies have concerns regarding the medium and long-term oil demand and the development trend of oil industry and tend to be prudent with investment in oil and gas development. These factors will affect oil companies' decision making with respect to capital expenditures.

Meanwhile, high international oil prices and considerable returns over the short term will motivate oil companies to increase capital expenditures and make them more willing to carry out offshore projects that yield quick returns with relatively low investments. Consequently, the demand for oil and gas projects will gradually recover, but it will not rise to a high level in a short time. Judging by the current situation, the international market of offshore oil and gas projects is still in a slump, the improvement of the oversupply status is limited, the competition in the market of offshore oil and gas projects is still intense, and the recovery of international oil and gas industry will be a slow process. According to the energy consultancies in Norway, offshore oil and gas investments rebound more quickly than onshore oil and gas investments, but they probably will

not rise to the level in 2019 (150 billion USD) until 2024. During this period, project contractors will run out of orders that have been placed with them, and the increase in the number of new orders will be relatively slow. Under the influence of multiple factors including the industry slump in the past few years, the continuous impact of the COVID-19 pandemic, and the increase in cost, even if the industry will recover to a certain extent, it will still be difficult to the investment in a single project to increase significantly, and project contractors will still face price pressures to varying extents.

Facing these challenges and opportunities, the Company will maintain its strategic focus, seize the opportunities brought by the implementation of the action plan for increasing oil and gas reserves and production, persistently deepen reforms, fully improve its managerial and technological capabilities, continuously enhance its EPCI capability, reduce cost, improve quality and efficiency, and speed up the process of industrial upgrading. It is expected the Company will keep developing in sound and steady manner amidst the changes and development trends in the offshore oil and gas industry.

(II) The Company's development strategy

√ Applicable Not applicable

Key points of COOEC's *Development Plan for the "14th Five-Year Plan" Period*

1. Development thinking

The Company will fully support and serve the initiative for increasing domestic oil and gas reserves and production, adopt a market orientation, face the global market of energy projects and offshore oil and gas projects, seek the opportunities for development, expand the space for development; follow the trends of green, low-carbon development and digital transformation in the global energy industry, speed up the progress toward green energy projects and industries, speed up the introduction of intelligent production processes and methods, build the capability to develop and manufacture intelligent products, establish competitive advantages in the new era of intelligence, adhere to the innovation-driven development philosophy, and promote its high-quality development through innovation in science, technology, and management.

2. Development orientation

The Company will take serving the national development strategy as one of its own responsibilities, focuses on customers, persistently pursue high-quality development, and strive to build a leading international energy engineering company with Chinese characteristics.

3. Development strategy

The Company will consistently implement China's "Maritime Power Strategy", the energy security strategy featuring "Four Revolutions and One Cooperation", and requirements for "strengthening domestic oil and gas exploration and development", and its "1235" development strategy, which consists of one core, namely, the design-led EPCI general contracting capability, two foundations including operations management capability and technological leadership capability, three development directions including internationalization, deepwater service and new industrialization, and five starting points including talent, market, cost, risk control, and informatization.

4. Development planning

Arrangements and key tasks in *Development Plan for the "14th Five-Year Plan" Period*

Arrangements	Key tasks
I. Focusing on building project service capability	(I) Fully supporting the initiative for increasing domestic oil and gas reserves and production
	(II) Striving to create best industrial value chains for the offshore oil and gas industry
	(III) Breaking through the bottlenecks for innovation in science & technology and key and core technologies
	(IV) Carrying out the transformation and upgrading of traditional oil and gas industry towards high-end products and services
II. Speeding up the process of industrial upgrading	(V) Continuing to deliver quality LNG projects and speeding up the development of new energy sources and new industries
	(VI) Completing top-down design and fostering a consensus on digital transformation strategy
III. Fully promoting digital transformation	(VII) Constructing platforms and speeding up the building of an "Intelligent Business"
IV. Steadily promoting international development	(VIII) Adopting a market orientation and building three powerful regional platforms
	(IX) Taking multiple measures to improve the capability of managing international operations
V. Actively aligning with China's major strategies	(X) Aligning with national and regional development strategies and facilitating the coordinated development of different regions
	(XI) Responding to the "the Belt and Road Initiative" and expanding international cooperation
	(XII) Implementing China's requirements on "dual carbon goals" and achieving green development

(III) Operational plan

√ Applicable □ Not applicable

1. Explanatory notes on any failure to achieve planned goals

Status of operational goals in 2021: the Company's operating income in 2021 is 19.795 billion Yuan, representing an increase of 10.82% compared with the operating income of 17.863 in 2020. However, the growth rate of operating income in 2021 is lower than the estimated rate of 20% disclosed in the Company's *Annual Report 2020*. The main reasons are given below. At the beginning of the third quarter of 2021, the Company adjusted the work plans for some projects in the Bohai Sea considering the overall progresses of these projects. Therefore, the quantity of construction work in the third and fourth quarters of 2021 decreased accordingly, and the total quantity of work in 2021 decreased by 25% (compared to the estimated quantity of work as of the beginning of 2021) to 240.3 thousand tons of structures, affecting the overall operating income. The ratio of operating expenses to operating income in 2021 is 89.4%, which is remarkably higher than the predetermined goal of 91.5%. The ratio of the total amount of selling expenses, administrative expenses (including R&D expenses) and financial expenses (compared according to the same criteria) to operating income is 6.26%, which exceeds the predetermined goal of (not more than) 5%. The main reason is that R&D expenses increased by 106 million Yuan compared to the estimated amount as of the beginning of 2021, and financial expenses increased by 31 million Yuan compared to the estimated amount as of the beginning of 2021. The main reason for the increase in R&D expenses is that the Company strengthened R&D for deepwater projects, developed the technology system for constructing deepwater semi-submersible production, storage and offloading platforms, and conducted research on the key technologies for deepwater multifunction manifolds and other systems to facilitate the construction of deepwater oil and gas fields such as Lingshui 17-2 and Liuhua 16-2. The main reason for the increase in financial expenses is that the Company thoroughly implemented the risk neutral principle in foreign exchange risk management and reduced the level of net exposure to foreign exchange (USD) risks to 60% through natural currency hedging, spot exchange settlement and sale, debt swaps, and cross border RMB settlement services. The financial expenses increased, but foreign exchange risks were brought under effective control. The net profit attributable to the owners of the parent company in 2021 is less than the estimated amount disclosed in the Company's *Annual Report 2020*. The main reason are the losses incurred by COOEC-Fluor Heavy Industries Co., Ltd (a joint venture formed by COOEC and Fluor), the provision for the impairment of fixed assets, and the reversal of deferred tax assets that could make up for the losses, which caused significant negative impacts on the Company's net profit. However, the Company's net profit from operations and gross profit margin in 2021 are higher than the planned levels disclosed in its *Annual Report 2020*. The net profit from its main business increased significantly owing to its great efforts in completing construction projects and reducing cost while improving efficiency.

It is to be noted that the operational plan disclosed in this report only represents the judgments and estimations made by the Company based on the conditions as of the beginning of 2021 and does not constitute any commitment on the part of the Company to investors. The Company has provided sufficient explanations and notes on the changes in the quantity of work in the second half of 2021 in its quarterly report for the third quarter of 2021.

2. Operational plan for 2022

According to the outlook for 2022, the Company's workload is expected to continue increasing. The Company will complete the construction of 11 offshore oil and gas fields so that they can be put into operation and will proceed with other domestic and overseas projects as planned. The workload for the Company will still be heavy, and the total tonnage of steel and the number of working days of vessels will increase compared to the figures in 2021.

The Company's operating income in 2022 is expected to increase by about 20% compared to that in 2021 with the increase in total workload. The Company will strive to control the ratio of operating expenses to operating income within 90% and ratio of selling expenses, administrative expenses (including R&D expenses) and financial expenses to operating income within 6%.

Facing the challenging production and operation tasks in 2022, the Company will continue to allocate resources reasonably, continuously improve work efficiency, proceed with various projects in a safe manner as planned while ensuring quality, ensure that key project milestones are achieved on schedule, take effective measures to reduce cost and improving quality and efficiency, ensure the smooth progress and completion of all work tasks in 2022, and strive to achieve high-quality development.

Main works in 2022:

(1) Maintaining the strategic focus, effectively planning and performing the key tasks with respect to development strategy

The Company will carry out a series of key tasks in strict accordance with its "1235" development strategy and *Development Plan for the "14th Five-Year Plan" Period*. First, the Company will continue to improve its project service capability, fully ensure the completion of tasks for increasing reserves and production, and build the capability to provide integrated high-level energy services at low cost. Second, the Company will speed up the process of industrial upgrading, promote the transformation and upgrading of traditional oil and gas industry towards high-end products and services, speed up the process of making breakthroughs in its capability to undertake deepwater and underwater projects, and build the capability for the final assembly, integration and testing of subsea production facilities operating

in deep waters. Third, the Company will promote the development of its business in the new energy sector with a focus on natural gas liquefaction plants, deepwater wind power projects, and large booster stations. In addition, the Company will vigorously proceed with digital transformation, steadily promote international development, make scientific and technological breakthroughs, continuously deepen reforms, strengthen team building, actively align with China's major strategies, and ensure the continuous and effective implementation of its strategic tasks.

- (2) Taking effective measures to ensure that the projects for increasing oil and gas reserves and production are completed and put into operation on schedule

In 2022, the Company will ensure that various ongoing projects are completed and put into operation on schedule and ensure the progress of key projects including blocks 10-1N, 5-1, 5-2 and 6-1 of Kenli 6-1 oilfield, Lufeng 15-1/22-1 oilfields, Enping 15-1/10-2/15-2/20-4 oilfields joint development project, and Bozhong-Kenli shore power project. Furthermore, the Company will focus on controlling project milestones during the execution of various projects, allocate required internal and external manpower, sites and vessels in an overall and coordinated manner, strengthen safety and quality management/control, ensure that various projects are put into operation on schedule, and continue to contribute its value for increasing China's oil and gas reserves and production and ensuring national energy security.

- (3) Strengthening innovation in science and technology, speeding up the conversion of scientific and technological achievements

The Company will ensure R&D of key and core technologies, break through the bottlenecks in key and core technologies for single point mooring systems, subsea production systems and offshore wind energy, and speed up the conversion of scientific and technological achievements to real productive capacity and economic benefits. It will deepen the reform of science and technology system, actively promote the implementation of the "open competition" mechanism for selecting the best candidates for R&D projects, delegate greater authority to the responsible persons of R&D teams and projects, enhance performance review, consider the application of scientific and technological achievements and the efficiency gains generated by scientific and technological achievements as important indicators for performance review. In addition, it will speed up digital transformation and development in accordance with the established top-down design for digital transformation, steadily promote the construction of digital platforms and the Intelligent Manufacturing Base in Tianjin Lingang Industrial Zone, speed up the process of data standardization, improve its digital delivery capability, and thereby provide stronger support for the construction and development of "intelligent oilfields" and unmanned platforms.

- (4) Continuously deepening reforms, releasing vitality and improving efficiency and capability through reforms

The Company will further enhance the sense of mission and continue to deepen reforms. On the basis of the optimization of its organizational structure and the signing of "Two Systems and One Contract" with its subsidiaries and branches completed in 2021, the Company will focus on the construction of a modern corporate governance system, the improvement of "Two Profits and Four Ratios" (net profit, gross profit; operating margin ratio, R&D intensity, overall labor productivity, and state-owned assets growth rate), and team building. It will improve its corporate governance system in an all-round way, clarify the relationship between Party organizations and other subjects of corporate governance in accordance with the *Three-Year Action Plan for the Reform of State-owned Enterprises* issued by the State-owned Assets Supervision and Administration Commission of the State Council, clearly define the authorities and responsibilities of the general meeting of shareholders, Board of Directors, Board of Supervisors and management, explore and establish the mechanisms for market-based employment of management personnel and income distribution, and speed up the building of an organizational system featuring simplified structure, reasonably assigned responsibilities and authorities, and high efficiency in production and operations. In addition, the Company will focus on the evaluation requirements of the State-owned Assets Supervision and Administration Commission of the State Council for the "Two Profits and Four Ratios", prepare a list of tasks, define the responsibilities for implementation, improve its operations management in a systematic way, ensure talent training, train skilled operators relying on the skill master studio, provide trainings to employees and outstanding young cadres, improve the professional competence and skills of its employees and teams, and provide support for its development through talent pooling.

- (5) Continuing to take strengthened measures to reduce cost and improve quality and efficiency, continuously improving the operations management capability

The Company will build a more efficient and refined version 3.0 of cost reduction, quality improvement and efficiency improvement based on the version 2.0 thereof, focus on "business-finance integration", continuously optimize the cost control system, maintain a referable, extendable and duplicable long-term mechanism, deepen business-finance integration, and create cost competitiveness featuring "cost leadership and outstanding advantage". Moreover, it will continuously improve its resource management capability, vigorously promote category management and the building of resource pools, further improve its capability to allocate and manage market resources, improve the resilience and flexibility of the supply chain, continuously improve its professional capability with respect to equipment, explore single unit evaluation modes, promote the progress of special works such as work order system and efficiency improvement for vessels, further improve the utilization rate and operational efficiency of self-owned equipment and resources, and provide support for achieving its business goals.

- (6) Maintaining the market orientation, continuously improving market development capability, and keeping the number of orders stable

The Company will adhere to the principle of dual-dimensional development in domestic and overseas markets and promote the development of domestic and overseas markets according to the market development pattern featuring "projects + products + services". In the domestic market, the Company will focus on the tasks of increasing reserves and production in the offshore oil industry, actively expand its share in the market of offshore oil and gas projects, and improve its overall market development capability. In addition, it will strive to expand the clean energy market, proceed with market development in the field of natural gas and offshore wind energy, do a good job in the project of localized R&D and demonstration application of far and deep-sea floating offshore wind turbines in Wenchang, enhance cooperation with domestic wind power companies, and seek opportunities for participating in offshore wind power projects off the southeastern coast. In the overseas market, the Company will take hold in CNOOC's international markets, steadily explore other international markets, strengthen the physical local construction of the three overseas regional centers, improve its resource allocation and market development capabilities, and actively seek good opportunities in the market.

(IV) Potential risks

√ Applicable Not applicable

1. Risks associated with the execution of projects

The Company has developed the capability to undertake offshore oil and gas projects in waters at depths ranging between 300 m and 1,500 m. These projects are more difficult to execute, and the technical requirements for such projects are more stringent. Risks associated with construction may arise from the Company's relative weakness in the technology, management and construction experiences for deepwater oil and gas projects.

Countermeasures: The Company will strengthen the building of safety and quality management systems, increase the reserve of deepwater technologies, speed up the development of deepwater equipment, gain more experiences in the operation of deepwater oil and gas projects, improve the technical levels of deepwater oil and gas projects, and gain management and construction experiences to reduce the risks associated with construction.

2. Risks arising from operations in international markets

The Company has entered international markets for a relatively short time. The Company's relative lack of international talents and inadequate capability to execute international projects and control associated risks, geopolitical factors, the policies of different countries and regions, marine environment, and long-distance resource allocation might pose risks associated with the execution of overseas projects.

Countermeasures: The Company will (1) reasonably plan its international development strategy, determine scientific development ideas and pathways, promote its development steadily at the project level, and work closely with its major customers in international development; (2) strengthen the building of its fundamental capabilities, speed up the training of international talents, and improve its professional capability in the areas of international business, legal matters, procurement, technology and management, identify and analyze the risks associated with the operation of overseas projects in a scientific and all-round manner, and take targeted measures to address and control these risks effectively; (3) further optimize the structure of its overseas organizations, improve its resource allocation capability and core competency, and continuously improve its overseas project management system.

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

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

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

4. Foreign exchange risks

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

Countermeasures: The Company will include foreign exchange risks into the scope of cost control when preparing quotations, consider the use of forex hedges for import and export and financial instruments such as forward exchange settlement, and continuously improve its capability to prevent foreign exchange risks during daily fund management.

5. Other risks

Besides the risks mentioned above, the Company may face some other common risks during its development and operations,

such as periodic fluctuations in the offshore oil and gas industry caused by strong fluctuations in international oil prices, the impact of new energy resources on traditional oil industry, safety risks, and talent loss. The Company will use its best efforts to address and mitigate these risks effectively depending on the specific conditions.

(V) Other

Applicable Not applicable

Idea of the Company's green and low-carbon development (not constituting any commitment to investors)

(I) General idea

The general idea of the Company's green and low-carbon development is to focus on its main business in the field of offshore oil and gas projects, speed up the transformation and upgrading of traditional industries, foster new growth areas in new industries and businesses, establish a diversified industrial system with high resistance to risks, speed up the process of transformation and upgrading from traditional projects to high-end services, from fossil energy to green energy, from offshore projects to onshore projects and from offshore oil projects to marine projects, and develop new energy sources and new industries while aligning with CNOOC's strategies and focusing on the links for which it has advantages.

(II) Development planning

1. Building a strong and complete LNG industrial chain, adhering to the EPCM development mode

The Company will focus on the EPCM of LNG storage tank and terminal projects, build the EPCI capability for natural gas liquefaction plants, expand the portfolio of high-end services such as services for FSRUs (floating storage and regasification units) and FLNG (floating liquefied natural gas) facilities, adhere to the EPCM development mode, enhance the integration of internal and external resources, master core technologies, improve its engineering and procurement capability, strengthen project management, improve its project management capability, promote the construction of "intelligent sites" by information-based and digital means, and build a leading domestic EPCM contractor of LNG terminal projects.

2. Building the EPCI capability for offshore wind power projects covering the whole industrial chain

The Company will make full use of its experience and competitive advantage in offshore projects, benchmark its development against the development mode of offshore wind energy industry in Europe, speed up the development of offshore wind energy industry, focus on deepwater wind power stations, large booster stations and converter stations, create a preliminary EPCI service chain covering the design of offshore wind power stations as the core business and construction and installation as extended services, and explore and implement the processes for reducing the costs of offshore wind power projects over the full life cycle through design optimization, modular construction, intelligent manufacturing, digital delivery, and innovation in offshore installation methods. The objective of the Company is to take an advantageous position by 2025 in the domestic industry of floating offshore wind power facilities operating in deep waters.

3. Building the EPCI capability for shore power projects covering the whole industrial chain

The Company will speed up the process of obtaining the qualification for electrical design, improve its EPCI capability for shore power projects, create a complete service chain covering the design of electrical stations as core business and the construction, installation, subsea cabling and maintenance of offshore transformer substations as extended services, provide preferential support for increasing reserves and production in the Bohai Sea, and speed up market development in other regions.

4. Exploring and developing emerging industrial areas

The Company will closely follow China's "dual carbon" goals and CNOOC's new energy development strategy, explore and develop emerging industrial areas. It has developed the technological capability for marine projects, such as marine ranches and submarine mines, and engineering design capabilities, such as the new offshore CO₂ capture and sequestration technique independently developed by it. Relying on these capabilities, the Company will promote the wide application of relevant technologies on various projects and expand its presence in the market of offshore CO₂ capture and sequestration projects. In addition, it will respond to industrial demands, actively carry out research on the cutting-edge technologies and applications with respect to the development of flammable ice and ocean energy, participate in demonstration projects, and explore new modes for integrated development of ocean economy with its own characteristics (for example, floating offshore wind power stations + marine ranches + hydrogen energy projects, marine ranches + ocean energy + digital ocean).

VII. Notes on any information that is not disclosed in accordance with the standards for information disclosure due to special reasons such as the inapplicability of such standards and state or business secrets and the reasons for such non-disclosure

Applicable Not applicable



△ Photo of attendees at the 3rd Meeting of the 7th Board of Directors

Corporate Governance

I. Information on corporate governance

√ Applicable Not applicable

COOEC has created a standard and clear corporate governance structure and established scientific, effective responsibility assignment and check-and-balance mechanisms in accordance with relevant laws and regulations, including the *Company Law* and *Securities Law* of the People's Republic of China, the *Code of Corporate Governance for Listed Companies* and the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, and the requirements of regulatory bodies such as the China Securities Regulatory Commission and Shanghai Stock Exchange. The general meeting of shareholders has the power vested by relevant laws, regulations, and the Company's *Articles of Association* and exercises the right to make decisions on the Company's business policies, fund raising, investment, profit distribution, and other important matters in accordance with applicable laws and regulations. The Board of Directors is responsible to the general meeting of shareholders and exercises the right to implement the resolutions adopted at the general meeting of shareholders and make decisions on the Company's business operations within the specified scope of authority. The Board of Supervisors is responsible to the general meeting of shareholders and carries out inspection and supervision on the Company's finance, internal control, and senior officers' performance of duties. The Company's management is responsible for organizing the implementation of resolutions adopted at the general meeting of shareholders and by the Board of Directors and presiding over the Company's daily operations management. The Company's corporate governance complies with the *Company Law* and the requirements of China Securities Regulatory Commission.

(I) Establishment and improvement of the Company's corporate governance system

The Company has prepared a set of normative documents with respect to corporate governance in strict accordance with the *Company Law* and *Securities Law* of the People's Republic of China, the *Guidelines for the Articles of Association of Listed Companies*, and the relevant documents and requirements of competent securities regulatory bodies. These documents include without limitation the *Articles of Association*, *Rules of Procedure for the General Meeting of Shareholders*, *Rules of Procedure for the Board of Directors*, *Rules of Procedure for the Board of Supervisors*, *Detailed Rules for President's Work*, *Management Regulations for Independent Directors*, *Regulations on the Management of Information Disclosure and Investor Relations*, and *Regulations on Investment Management*. The Company has established a relatively systematic corporate governance framework.

(II) General meeting of shareholders

The Company strictly complies with the *Company Law* and *Securities Law* of the People's Republic of China, the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, and the *Rules of Procedure for the General Meeting of Shareholders*, and the

requirements of relevant laws, regulations and rules at all times in all aspects of the general meeting of shareholders, including the calling and convening of the meeting, the presentation of proposals at the meeting, deliberative processes, voting and information disclosure, to ensure that all of its shareholders, especially minority shareholders, can fully exercise their legitimate rights on an equal footing. The Company has invited lawyers to attend the previous general meetings of shareholders, confirm and witness the convening procedure, matters deliberated, and the identities of attendees, and issue legal opinions to ensure that these meetings are lawful and valid.

In 2021, the Company convened two general meetings of shareholders in May and November, thus effectively safeguarding the legitimate rights and interests of its shareholders. At these meetings, nine resolutions regarding the Company's annual report, profit distribution plan, work report of the Board of Directors, work report of the Board of Supervisors, final financial statements, continued hiring of the Company's financial and internal audit agency, and the election of directors were deliberated and adopted.

(III) Board of Directors

1. Composition of the Board of Directors

The Company elects and appoints directors in accordance with the procedure set out in its *Articles of Association*. The size and composition of its Board of Directors comply with applicable laws and regulations. The Board of Directors consists of seven members, three of whom are independent directors, accounting for more than one third of the total number of directors.

As of the end of the reporting period, the members of the Board of Directors included chairman Yu Yi, director Wang Zhangling, director Yang Jinghong, director Qiu Jianyong, independent director Qiu Xiaohua, independent director Xin Wei, and independent director Zheng Zhongliang.

In the reporting period, the Board of Directors adjusted its members in consideration of the Company's business development and the actual conditions of the members' tenure. Mr. Xin Wei and Mr. Zheng Zhongliang were elected as independent director. Mr. Qiu Jianyong was elected as director. The three new directors have rich experience in survey & design, financial management and LNG projects and will play an important role in helping the Board of Directors make decisions in a scientific and efficient manner and helping the Company promote its high-quality development.

In the reporting period, former independent directors Mr. Guo Tao and Mr. Huang Yongjin resigned from the position of independent director after their six-year tenure, and Ms. Kang Zhuowei resigned from her position as director due to work reasons. The Company is sincerely grateful to them for the contributions made by them to the Company's development during their tenure.

2. Performance of duties by the Board of Directors

The Board of Directors carefully planned the initial implementation of the Company's *Development Plan for the "14th Five-Year Plan" Period*, performed its strategic leading role, adhered to the philosophy of standardized operation in accordance with laws and regulations, persistently maintained the collective discussion and decision-making process, and attached



◁ Chairman offering tin plate to the resigned independent director

great importance to giving full play to the role of independent directors. All resolutions presented at the meetings of the Board of Directors were deliberated and adopted through adequate collective discussion to ensure that the decisions on the Company's important matters are made upon directors' prudent discussion and to safeguard the interests of all shareholders.

In 2021, the Company convened six meetings of the Board of Directors in March, April, July, August, October, and December. At these meetings, the resolutions regarding numerous important matters, such as the Company's periodic reports, *Corporate Social Responsibility Report*, profit distribution plan, financial budget plan, capital expenditure plan, *Development Plan for the "14th Five-Year Plan" Period*, plan for the election of directors and the performance of duties by the Board of Directors, plan for the implementation of the system of tenure and contracting of managing members, the appointment of vice president, and the provision of guarantees to subsidiaries, were deliberated, and the presentations on important matters including the requirements specified in the resolutions adopted by the Board of directors, the implementation of such requirements, and the work plans for the Board of Directors and the general meeting of shareholders were made, providing support for making decisions on the Company's business operations.

In the reporting period, the Board of Directors performed its strategic leading role and urged the management to use their best efforts to ensure production, operations, and pandemic prevention and control, focus on key domestic oil and gas projects and overseas projects, continuously deepen reforms, continue to reduce cost and improve quality and efficiency, enhance project management and risk management/control, strengthen technological innovation, and promote the Company's steady development.

The Board of Directors is of the opinion that the improvement in the Company's corporate governance in 2021 is mainly reflected by the aspects described below.

1. The Company consolidated the Party's leadership, actively implemented the philosophy and requirements of the "unwavering commitment", and incorporated the Party's leadership into corporate governance. First, the Company ensured that all important decisions on its production and operations were made after sufficient discussion by the Party Committee members. Second, the Company revised and improved relevant management regulations, incorporated its *Articles of Association* into Party building, and revised the management regulations with respect to the "Three Majors and One Big" decision-making system. In 2021, the Company implemented the procedure for the Party Committee's preceding deliberation, revised a number of regulations and procedures including the *Regulations on Investment Management* and the *Rules of Procedure for the Board of Directors*, prepared a list of important matters of operations management subject to the Party Committee's preceding study and discussion, clearly defined the authority and responsibility interfaces between different subjects of corporate governance, and gave full play to the Party Committee's role in controlling the direction, conducting overall management, and urging implementation. Third, the Company gave full play to the leading role of its Party Committee, convened regular and irregular Party Committee meetings, implemented the decisions and arrangements made by the CPC Central Committee, persistently strengthened political construction, unwaveringly implemented strict governance of the Party, and continuously promoted its production and operations.
2. The Company exercised the powers and rights of the Board of Directors. The Company has prepared the *Implementation Plan for the Exercise of the Powers and Rights of the Board of Directors* in accordance with the *Notice on Matters Concerning the Exercise of the Powers and Rights of the Board of Directors by the Subsidiaries of Central Enterprises* issued by the State-owned Assets Supervision and Administration Commission of the State Council to specify the work goals, main measures, supporting systems, and supervision and management requirements. The Company plans to revise related management regulations and rules, including without limitation the *Articles of Association*, *Rules of Procedure for the Board of Directors*, and *Detailed Rules for President's Work*, to enable the Board of Directors to exercise its powers and rights in six key areas, including decision making on the Company's medium and long-term development, the selection and appointment of managing members, performance evaluation of managing members, the management of salary distribution to employees, and the management of important financial matters. The objective is to give full play to the role of the Board of Directors in developing strategies, making decisions and preventing risks and to effectively improve the Company's corporate governance capability and efficiency.
3. The Company deepened reforms of its systems and mechanisms and improved its vitality and efficiency. It actively implemented the *Three-year Action Plan for the Reform of State-owned Enterprises* and issued the *COOEC Three-Year Action Plan for Reform*, which focused on seven key reform areas in three aspects including systems and mechanisms, structural adjustment, and vitality and efficiency improvement and consisted of nine parts and 25 articles. It determined 39 reform tasks and 70 reform sub-items and completed more than 90% of the reform tasks. It planned the three system reforms in a systematic way, carried out a series of deep reforms, including organizational optimization and the reform of its management personnel, labor employment and income distribution systems, and effectively improved its corporate governance capability and efficiency.
4. The Company strengthened supervision and improved its capability to operate in compliance with laws and regulations. It actively deepened the reform of the discipline inspection and supervision system, strengthened supervision at the grassroots level, increased the number of its discipline inspection and supervision organizations from 5 to 12, and thereby achieved full horizontal and vertical coverage of discipline inspection and supervision. In addition, it focused on strengthening supervision over "top leaders" and the leading group, developed the *Measures for Periodic Interviews*



△ The 3rd Meeting of the 7th Board of Supervisors

with Party Committee Members Conducted by Discipline Inspection and Supervision Team and Implementation Measures for Strengthening the Supervision of “Top Leaders” and Leading Group, took strengthened measures to implement these measures, strengthened supervision over its international project companies and overseas organizations and projects in a systematic way, carried out regular inspections on all subordinate units operating overseas, and maintained high pressure on corruption.

5. The Company attached high importance to the ESG (Environmental, Social and Governance) management philosophy and promoted the implementation thereof. In 2021, the Company ESG work was assigned a rating of BBB by MSCI (Morgan Stanley Capital International). This ranking is in a leading position among the rankings of domestic industry peers. The Company actively implemented the ESG philosophy in its daily management, established a leading group for eco-environmental protection, developed the green and low-carbon development plan and special implementation plans, vigorously expanded the market of LNG projects, and strived to act as a constructor of clean energy industry, a promoter of green development, and a practitioner of ecological civilization construction. The Company improved and optimized its ESG work continuously according to the findings revealed in the MSCI ESG rating report, disclosed the information on its efforts in biodiversity protection, anti-corruption policies, green and low-carbon development strategy and measures for energy conservation and emission reduction, and further improved its ESG work.
6. The Company effectively managed information disclosure and investor relations. By publishing periodic reports, the Company informed investors of risks in a timely manner based on the industrial environment and the actual conditions of its operations, provided clear outlooks with respect to development trends and its operational plan as far as practicable, maintained smooth communication with investors, and used its efforts to safeguard the legitimate rights and interests of investors. The quality of Company’s information disclosure for the period from 2020 to 2021 was evaluated and rated Class A by Shanghai Stock Exchange.

(IV) Board of Supervisors

The composition of the Company’s Board of Supervisors complies with applicable laws and regulations. The Board of Supervisors consists of three members, including two shareholder supervisors and one employee representative supervisor. The supervisors have professional knowledge and work experience in accounting, auditing, and human resource management. The Board of Supervisors can perform their duties diligently, supervise the Company’s operations management and internal control, conduct surveys and make recommendations for improvement on a regular basis, fully perform its supervisory functions, and safeguard the legitimate rights and interests of the Company and all shareholders of the Company in accordance with the Company’s *Articles of Association* and the *Rules of Procedure for the Board of Supervisors*.

As of the end of 2021, the members of the Board of Supervisors included chairman Peng Wen, supervisor Che Yonggang, and supervisor Li Tao.

In 2021, the Company convened five meetings of the Board of Supervisors. All supervisors attended these meetings, deliberated the resolutions regarding numerous important matters, such as the Company's periodic reports, internal control evaluation report, financial statements, the provision for impairment, profit distribution plan, the use of raised funds and the purchase of financial products, issued written opinions on the periodic reports prepared by the Board of Directors, and actively attended all meetings of the Board of Directors. All supervisors performed their duties properly and focused on the reduction of cost and the improvement of quality and efficiency, status of project construction, the Company's financial condition, period reports, and the performance of duties by the Board of Directors and management of the Company.

(V) Management and senior officers

The Company has one Party Committee Secretary, one president & deputy Party Committee Secretary, one deputy Party Committee Secretary, one financial director, and several vice presidents. The members on the Company's management team are practical, dedicated, and experienced. The authorities, responsibilities and duties of the Company's senior officers are clearly defined and assigned in accordance with the *Company Law* of the People's Republic of China and the Company's *Articles of Association*. The Board of Directors and the Board of Supervisors can effectively check and oversee the performance of senior officers.

In the reporting period, the Company's management and senior officers diligently performed their duties, actively implemented various resolutions adopted by the Board of Directors and the Company's development strategy, focused on the deep integration of business and financial management, took effective actions to reduce cost and improve quality and efficiency, and promoted continuous improvement in the Company's operations management. The Company focused on the "challenging tasks for increasing reserves and production", successfully completed the annual tasks related to oil and gas projects, and improved its production management capability to a new level. The "Shenhai-1" energy station completed by the Company was put into operation on schedule, which was highly recognized by industry peers. The Company further improved its market development capability, and the total contract price of the projects undertaken by the Company in 2021 reached the highest level in recent years. It continuously improved its safety management and delivered a good performance in safety management, and the safety level remained stable in 2021. In addition, the Company also made positive achievements in the areas of Party building, science and technology development, team building, and compliance, providing strong support for its healthy, sustainable development.

(VI) Information disclosure

In the reporting period, COOEC fully understood the "Four Respects" (respect for the market, respect for the rule of law, respect for professionalism, and respect for investors) and "Four Baselines" (not disclosing false information, not committing insider trading, not manipulating stock price, not impairing the interested of listed companies) requirements of the China Securities Regulatory Commission (CSRC) for listed companies and promptly studied the amendments to the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and the *Regulatory Guidelines for Listed Companies* issued by the Shanghai Stock Exchange. The Company attaches high importance to information disclosure, continuously solidifies the foundation for standardized operation, and carries out information disclosure in strict compliance with the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and various regulations and rules on information disclosure. In the reporting period, the Company prepared and disclosed 4 periodic reports and 32 temporary announcements. In the periodic reports, the Company focused on the disclosure of key information on production and operations and detailed production data, analyzed the effectiveness of financial indicators considering the changes in the industry, provided outlooks on the development trends of the Company and industry, and used its best efforts to provide valuable information for investors to make decisions. In addition, the Company also voluntarily disclosed information through its website in accordance with applicable laws and regulations to transfer the information on production dynamics to interested parties in a timely manner and give full play to the role of information disclosure.

Is there any great deviation of corporate governance from applicable laws, administrative regulations, and the rules and regulations of China Securities Regulatory Commission on the corporate governance of listed companies? State the reasons for such deviation (if any).

Applicable Not applicable

II. Detailed measures taken by the Company's controlling shareholder and/or actual controller to ensure the independence of the Company in terms of assets, personnel, finance, organization and business, and the solutions, work progresses and subsequent work plans implemented by the Company's controlling shareholder and/or actual controller to affect the independence of the Company

Applicable Not applicable

Impacts of the same or similar businesses and horizontal competition conducted by the Company's controlling shareholder, actual controller and/or any entities controlled by the Company or significant changes in such horizontal competition on the Company, the solutions implemented, progress of the solutions, and subsequent solutions

Applicable Not applicable

III. General meeting of shareholders

Session	Convened on	Website on which relevant resolutions are published	Date of disclosure/publication of relevant resolutions	Resolutions
2020 general meeting of shareholders	May 21, 2021	http://www.sse.com.cn	May 24, 2021	<i>Board of Directors' Work Report 2020</i> <i>Board of Supervisors' Work Report 2020</i> <i>Resolution on the Provision for Impairment of Assets</i> <i>Final Accounts Report 2020</i> <i>Profit Distribution Plan 2020</i> <i>Annual Report 2020 and Summary</i> <i>Resolution on Continuing to Hire the Agency Performing Financial and Internal Audits for COOEC in 2021</i> <i>Resolution on Appointing Mr. Xin Wei and Mr. Zheng Zhongliang as Independent Directors on the 7th Board of Directors of COOEC</i>
2021 first extraordinary general meeting	Nov. 16, 2021	http://www.sse.com.cn	Nov. 17, 2021	<i>Resolution on Appointing Mr. Qiu Jianyong as COOEC's Director</i>

Extraordinary general meetings convened at the request of preferred shareholders whose voting rights have been restored

Applicable Not applicable

Notes on the general meeting of shareholders

Applicable Not applicable

IV. Information of directors, supervisors and senior officers

(I) Changes in the shares held by, and remuneration of, the current and former (those who resigned in the reporting period) directors, supervisors and senior officers

Applicable Not applicable

Unit: Share

Name	Position (note)	Gender	Age	Start date of tenure	End date of tenure	Number of shares held at the beginning of 2021	Number of shares held at the end of 2021	Change in the number of shares held	Reasons for such change	Total pre-tax remuneration received from COOEC in the reporting period (10,000 Yuan)	Any receipt of remuneration from COOEC's affiliates
Yu Yi	Chairman of the Board of Directors, Party Committee Secretary	Male	57	2019-05-17		0	0	0		121.16	No
Wang Zhangling	President, director, deputy Party Committee Secretary	Male	53	2020-12-04		0	0	0		114.38	No
Yang Jinghong	Director, deputy Party Committee Secretary, chairman of trade union	Male	58	2020-12-22		0	0	0		98.40	No
Qiu Jianyong	Director	Male	59	2021-11-16		0	0	0		0	Yes
Qiu Xiaohua	Independent director	Male	63	2016-11-23		0	0	0		12.80	No
Xin Wei	Independent director	Male	58	2021-05-21		0	0	0		7.81	No
Zheng Zhongliang	Independent director	Male	49	2021-05-21		0	0	0		7.81	No
Peng Wen	Chairman of the Board of Supervisors	Male	52	2020-12-22		0	0	0		0	Yes
Che Yonggang	Supervisor	Male	58	2020-12-22		0	0	0		0	Yes

Name	Position (note)	Gender	Age	Start date of tenure	End date of tenure	Number of shares held at the beginning of 2021	Number of shares held at the end of 2021	Change in the number of shares held	Reasons for such change	Total pre-tax remuneration received from COOEC in the reporting period (10,000 Yuan)	Any receipt of remuneration from COOEC's affiliates
Li Tao	Employee representative supervisor	Male	39	2020-08-26		0	0	0		74.40	No
Li Peng	Financial director, Board Secretary	Male	44	2019-08-30		0	0	0		92.60	No
Kong Linghai	Vice president	Male	49	2020-07-22		0	0	0		91.19	No
Xie Ribin	Vice president	Male	42	2020-08-14		0	0	0		92.01	No
Zhang Haitao	Vice president, chief engineer	Male	50	2021-08-20		0	0	0		86.06	No
Kang Zhuowei	Former director	Female	50	2020-12-22	2021-11-16	0	0	0		0	Yes
Guo Tao	Former independent director	Male	66	2015-05-20	2021-05-21	0	0	0		4.99	No
Huang Yongjin	Former independent director	Male	55	2015-05-20	2021-05-21	0	0	0		4.99	No
Yu Changsheng	Former vice president	Male	56	2016-07-06	2022-03-03	0	0	0		91.49	No
Liu Lianju	Former Board Secretary	Male	56	2007-04-10	2022-03-18	40,000	40,000	0		75.44	No
Total	/	/	/	/	/	40,000	40,000	0	/	975.53	/

Name	Work experience
Yu Yi	From January 1988 to September 2002: China Offshore Oil Bohai Corporation, Tianjin Branch of COOEC (China) Limited; from September 2003 to April 2004: CNOOC Gas & Power Group Co., Ltd; from April 2004 to October 2006: deputy general manager at CNOOC Fujian LNG Co., Ltd of CNOOC Gas & Power Group; from October 2006 to February 2007: general manager at Yuedong LNG Integrated Project Preparatory Team, CNOOC Gas & Power Group Co., Ltd; from February 2007 to June 2009: vice president at CNOOC Dapeng LNG Co., Ltd of CNOOC Gas & Power Group; from June 2009 to July 2012: general manager at Guangdong Zhuhai Golden Bay LNG Co., Ltd of CNOOC Gas & Power Group; from July 2012 to November 2012: deputy general manager of Engineering & Construction Division of CNOOC (CNOOC Limited), general manager at Guangdong Zhuhai Golden Bay LNG Co., Ltd of CNOOC Gas & Power Group; from November 2012 to November 2017: deputy general manager of Engineering & Construction Division at CNOOC (CNOOC Limited); from November 2017 to June 2018: deputy general manager of Engineering & Construction Division at CNOOC (CNOOC Limited); from June 2018 to April 2019: general manager of Engineering & Construction Division at CNOOC (CNOOC Limited); from April 2019 to present: Party Committee Secretary at Offshore Oil Engineering Co., Ltd (COOEC); from May 2019 to present: director and chairman of the Board of Directors at COOEC.
Wang Zhangling	From June 2003 to April 2007: manager of Engineering & Construction Office, Tianjin Branch of CNOOC (China) Limited; from April 2007 to December 2010: specially authorized project general manager at CNOOC (China) Limited; from December 2010 to February 2016: deputy general manager and Party Committee member at CNOOC Infrastructure Management Co., Ltd; from March 2016 to August 2019: Party Committee Secretary and general manager of Engineering & Construction Center of CNOOC Bohai Petroleum Administration Bureau; from August 2019 to November 2020: deputy general manager of the Procurement Department of CNOOC; from December 2020 to present: president and director of COOEC.
Yang Jinghong	From August 1984 to February 1995: Bohai Drilling Engineering Company Limited; from February 1995 to November 2001: deputy Manager of Safety Department, manager of Technology & Safety Department, and manager of Human Resources Department at CNOOC North Drilling Company; from November 2001 to October 2002: manager of human resources development in the Human Resources Department of China Oilfield Services Limited (COSL); from October 2002 to January 2010: deputy general manager of Oilfield Technology Division and general manager of Human Resources Department at COSL; from January 2010 to July 2010: general manager of the Geophysical Exploration Department of COSL; from July 2010 to December 2013: general manager of the Geophysical Exploration Division of China Oilfield Services Limited (COSL); from July 2010 to December 2013: general manager of Geophysical Exploration Division and President of Geophysical Research Institute of COSL; from December 2013 to June 2017: deputy director of CNOOC Nanhai West Petroleum Bureau, general manager and Party Committee Secretary at China Offshore Oil Nanhai West Corporation; from June 2017 to November 2017: deputy director, deputy Party Committee Secretary and Trade Union chairman at CNOOC Nanhai West Petroleum Bureau, general manager and Party Committee Secretary at China Offshore Oil Nanhai West Corporation; from November 2017 to April 2019: deputy director, deputy Party Committee Secretary and Trade Union chairman at CNOOC Nanhai West Petroleum Bureau, chairman of the Board of Directors, general manager and Party Committee Secretary at China Offshore Oil Nanhai West Corporation; from April 2019 to July 2019: deputy Party Committee Secretary at Offshore Oil Engineering Co., Ltd (COOEC); from July 2019 to present: deputy Party Committee Secretary and Trade Union chairman at COOEC; from December 2020 to present: director at COOEC.
Qiu Jianyong	From August 1984 to September 1987: technician at No. 604 Research Institute of the Ministry of Aerospace Industry; from August 1989 to October 1996: Offshore Oil Development & Engineering Design Company; from October 1996 to October 2001: chief engineer at the Office of Natural Gas Projects of CNOOC; from October 2001 to April 2004: LNG project manager in a new division of CNOOC; from April 2004 to July 2005: general manager at CNOOC Fujian Natural Gas Co. Ltd; from July 2005 to December 2007: chief engineer and deputy general manager at CNOOC Gas & Power Group Co., Ltd; from December 2007 to August 2021: chief engineer, deputy general manager, general manager, and deputy Party Committee Secretary at CNOOC Gas & Power Group Co., Ltd; from August 2021 to present: outside director at CNOOC; from November 2021 to present: director at Offshore Oil Engineering Co., Ltd (COOEC).

Name	Work experience
Qiu Xiaohua	From February 1982: deputy director, director and deputy director-general of the Department of Comprehensive Statistics of the National Bureau of Statistics of China, chief economist, spokesperson, deputy director and director at the National Bureau of Statistics of China; from August 1998 to September 1999: the assistant to the governor of Anhui Provincial People's Government; from June 2008 to August 2012: chief economist at the Energy Economics Research Institute (Policy Research Office) of CNOOC; from September 2012 to February 2018: chief economist at Minsheng Securities Co., Ltd, director and employee representative supervisor at China Oceanwide Holdings Group Co., Ltd, president of Oceanwide Research Institute; from January 2016 to December 2018: chief economist at Guangdong Huaxing Bank Co., Ltd; at present: chairman of the Board of Directors at BRICS (Xiamen) Equity Investment Fund Co., Ltd, chief economist at Sunshine Insurance Group Company Limited, chief strategy officer at Sunshine Asset Management Co., Ltd, professor at Xinhua Business School, and director of Economic Research Institute of City University of Macau, independent director at Fujian Superpipe Co., Ltd, independent director at Beijing Capital Development Co., Ltd, independent director at YLZ Information Technology Co., Ltd, independent director at Longzhou Group Co., Ltd, academic committee member and senior researcher at the China Center for International Economic Exchanges; from November 2016 to present: independent director at Offshore Oil Engineering Co., Ltd (COOEC).
Xin Wei	From July 1985 to June 1987: assistant engineer at CIGIS (CHINA) LIMITED; from June 1987 to May 1997: engineer at Shanghai Municipal Engineering Design Institute (SMEDI); from May 1997 to June 2003: deputy general manager and chief engineer at Shanghai Shizhen Geotechnical Engineering Co., Ltd; from June 2003 to November 2003: deputy chief engineer at Shanghai Geotechnical Investigation & Design Institute; from November 2003 to December 2011: deputy chief engineer at Shanghai Geotechnical Investigation & Design Institute Co., Ltd; from December 2011 to March 2018: vice president of Shanghai Geotechnical Investigation & Design Institute Co., Ltd; from March 2018 to present: vice president of Shanghai Survey Design Research Institute (Group) Co., Ltd; from May 2021 to present: independent director at COOEC.
Zheng Zhongliang	From July 1994 to July 1995: accountant at Beijing No. 3 Machine Tool Plant; from July 1995 to September 1999: financial manager and financial director of Effijer International Engineering Co., Ltd; from September 1999 to July 2006: studying at Beijing Institute of Technology and Wuhan University; from July 2006 to August 2007: internal audit supervisor at CNOOC Limited; from August 2007 to August 2011: postdoctoral research fellow at Antai College of Economics & Management, Beijing Jiao Tong University; from August 2011 to August 2013: research associate at the Ministry of Commerce of the People's Republic of China; from August 2013 to present: associate professor at the Department of Accounting, College of Economics & Management, China Agricultural University, director of the Department of Accounting, director of the Master of Professional Accounting (MPAcc) program; from December 2019 to present: independent director at Agree Technology Co., Ltd; from May 2021 to present: independent director at COOEC.
Peng Wen	From July 1991 to April 1999: cashier and accountant in the Finance Section of the Geological Exploration Team, accountant in the Finance Section of the Special Construction Foundation Engineering Corporation, financial accountant in the Social Insurance Coordination Office, deputy chief and principal staff member of the Finance & Fund Section at Datun Coal & Electricity Group Co., Ltd; from April 1999 to April 2006: chief of the Finance Section of Kongzhuang Mine, chief accountant and general counsel of the construction and installation engineering company at Datun Coal & Electricity Group Co., Ltd; from April 2006 to September 2007: deputy general manager and chief accountant at Hunan Ordnance Industry Group Co., Ltd; from September 2007 to April 2013: chief accountant at China United Coalbed Methane Corp., Ltd; from April 2013 to February 2016: chief accountant at China United Coalbed Methane Corp., Ltd, chief accountant at the unconventional oil and gas branch of CNOOC (China) Limited; from February 2016 to February 2017: vice president of CNOOC International Financial Leasing Co., Ltd; from February 2017 to June 2020: vice president of CNOOC International Financial Leasing Co., Ltd and deputy general manager of CNOOC Investment Co., Ltd; from June 2020 to present: full-time supervisor at CNOOC; at present: the chairman of the Supervisory Board of China Oilfield Services Limited, CNOOC Research Institute Co., Ltd, China United Coalbed Methane Corp., Ltd, and CNOOC Hainan Power Co., Ltd; from December 2020 to present: chairman of the Board of Supervisors of Offshore Oil Engineering Co., Ltd (COOEC).
Che Yonggang	From July 1984 to December 2000: CNOOC North Drilling Company; from July 2001 to November 2004: manager of the Administrative Department of the Drilling Division of China Oilfield Services Limited (COSL); from November 2004 to March 2006: chief equipment engineer at the Drilling Division of COSL; from March 2006 to November 2008: team lead of the Mexico Module Drilling Rig Project Team of the Drilling Division of COSL; from November 2008 to June 2012: deputy general manager of the Drilling Division of COSL; from June 2012 to January 2015, he served as the deputy general manager of the Shipping Division of COSL; from January 2015 to January 2016: Party Committee Secretary and deputy general manager of the Shipping Division of COSL; from January 2016 to June 2020: Party Committee Secretary and general manager of the Shipping Division of COSL; from July 2020 to present: full-time supervisor at CNOOC; from December 2020 to present: supervisor of Offshore Oil Engineering Co., Ltd (COOEC).
Li Tao	From July 2005 to December 2005: inspector at the inspection division of Offshore Oil Engineering Co., Ltd (COOEC); from December 2005 to December 2008: office administrator and administrative director of COOEC design division; from December 2008 to April 2011: product system supervisor at COOEC Quality Management Department; from April 2011 to January 2012: quality engineer and deputy manager of COOEC Quality Technology Department; from January 2012 to September 2016: manager of the Human Resources Department and assistant to the general manager at COOEC design division; from September 2016 to March 2018: deputy general manager of COOEC Administration Department and deputy director of the Party Committee Office; from March 2018 to November 2018: deputy general manager of the Human Resources Department, deputy director of the Organization Department of the Party Committee, and secretary of the Party Committee at COOEC (from September 2018 to October 2019: deputy general manager of International Exchange Center); from November 2018 to October 2019: deputy general manager of the Human Resources Department, director of the Organization Department of the Party Committee, and secretary of the Party Committee at COOEC (from March 2019 to present: deputy director of the Project Management Office); from October 2019 to present: general manager of the Human Resources Department, director of the Organization Department of the Party Committee, and secretary of the Party Committee at COOEC; from August 2020 to present: employee representative supervisor at COOEC; from January 2021 to present: assistant to the president of COOEC.
Li Peng	From July 2002 to December 2005: senior financial manager of Beijing Capital Group Company Limited; from December 2005 to November 2007: senior director of information disclosure at CNOOC Limited; from November 2007 to March 2010: senior director of financial reporting and business analysis at CNOOC Limited; from March 2010 to January 2012: financial reporting and business analysis manager at CNOOC Limited; from January 2012 to June 2013: director of the Financial Reporting and Information Disclosure Department of CNOOC Limited; from June 2013 to November 2014: director (manager) of the Financial Policy Section of the Finance Department of CNOOC Limited; from November 2014 to October 2016: director of the Accounting Policies and M&A Support Section of the Finance Department of CNOOC Limited; from October 2016 to August 2019: deputy general manager of CNOOC Finance Corp., Ltd; from August 2019 to present: financial director of Offshore Oil Engineering Co., Ltd (COOEC); from April 2020 to present: the general counsel of COOEC; from March 2022 to present: secretary of the Board of Directors of COOEC.
Kong Linghai	From July 1995 to February 1998: Engineering Division of Bohai Drilling Engineering Company Limited; from February 1998 to June 2003: Foreign Cooperation Department of Tianjin Branch of CNOOC (China) Limited; from June 2003 to February 2006: deputy general manager of Nanpu 35-2 Oilfield Development Project Team of CNOOC (China) Limited; from February 2006 to February 2009: deputy general manager of Bozhong 34-1 Oilfield Project Team of CNOOC (China) Limited; from February 2009 to June 2009: senior engineer at the Pipeline Network Information Monitoring Center of CNOOC Gas & Power Group; from June 2009 to January 2010: deputy general manager of CNOOC Hainan LNG Co., Ltd; from January 2010 to May 2016: deputy general manager, acting general manager, general manager, and Party Committee Secretary of Guangdong Zhuhai Golden Bay LNG Co., Ltd; from May 2016 to March 2018: secretary of the Party Committee for Zhuhai Region at CNOOC Gas & Power Group, general manager and Party Committee Secretary of Guangdong Zhuhai Golden Bay LNG Co., Ltd, and general manager of CNOOC Guangdong LNG Co., Ltd; from March 2018 to June 2020: deputy general manager of the Engineering & Construction Division of CNOOC (CNOOC Limited); from July 2020 to present: vice president of Offshore Oil Engineering Co., Ltd (COOEC).

Name	Work experience
Xie Ribin	From July 2003 to April 2004: technician at PetroChina Dagang Oilfield Company; from April 2004 to March 2007: principal production operator for the Liuhua Oilfield operation area of CNOOC Shenzhen Branch; from March 2007 to March 2012: production supervisor and director for the Liuhua Oilfield operation area of CNOOC Shenzhen Branch; from June 2010 to October 2012: production representative and production preparation manager for Liuhua 4-1 Oilfield of CNOOC Shenzhen Branch; from March 2012 to October 2016: production manager for the Liuhua Oilfield operation area of CNOOC Shenzhen Branch (from August 2012 to April 2015: chairman of the Trade Union for the Liuhua Oilfield operation area of CNOOC Shenzhen Branch); from October 2016 to May 2018: deputy general manager of the Liuhua Oilfield operation area of CNOOC Shenzhen Branch (from November 2016 to November 2017: deputy Secretary of the Party Committee and secretary of the Disciplinary Inspection & Supervision Committee for the Liuhua Oilfield operation area of CNOOC Shenzhen Branch; from November 2017 to May 2018: secretary of the Party Committee and acting general manager for the Liuhua Oilfield operation area of CNOOC Shenzhen Branch); from May 2018 to June 2020: secretary of the Party Committee and acting general manager for the Liuhua Oilfield operation area of CNOOC Shenzhen Branch; from August 2020 to present: vice president of Offshore Oil Engineering Co., Ltd (COOEC).
Zhang Haitao	From July 1992 to November 1994: assistant engineer at Tianjin Aviation Electromechanical Co., Ltd; from November 1994 to April 2000: assistant engineer and engineer at the electromechanical department of COOEC Engineering Company, deputy design manager of the module construction project team; from April 2000 to May 2001: deputy design manager of the module construction project team of COOEC Engineering Company; from May 2001 to June 2007: PL19-3 project design engineer, design manager of Ming Zhu modification project, BZ25-1 deputy design manager and design manager of oilfield development project, design manager of Bajiaoting, Jinzhou 21-1 and Jinzhou 25-1S projects; from June 2007 to March 2012: deputy manager of project management team, assistant to general manager, and deputy general manager of COOEC Engineering Company; from March 2012 to February 2013: general manager of COOEC Construction Division; from February 2013 to February 2015: general manager of COOEC Special Equipment Branch; from February 2015 to March 2018: secretary of the Party Committee and general manager of COOEC Special Equipment Branch; from March 2018 to July 2020: general manager of COOEC Administration Department and director of the Party Committee Office of COOEC; from July 2020 to July 2021: secretary of the Party Committee and president of COOEC Engineering Company, director of Offshore Engineering Technology Center; from August 2021 to present: vice president and chief engineer of COOEC.
Liu Lianju	From February 2001 to March 2022: secretary of the Board of Directors of Offshore Oil Engineering Co., Ltd (COOEC); from March 2005 to December 2010: the general manager of the securities department; from December 2010 to October 2021: general manager of the Office of the Board Secretary.

Other notes

√ Applicable Not applicable

Matters after the reporting period:

1. Mr. Li Peng, the current financial director of the Company, was appointed as the Company's Board Secretary. The relevant resolution was deliberated and adopted at the 9th Meeting of the 7th Session of the Board of Directors convened on March 18, 2022.
2. Mr. Liu Lianju, the former Board Secretary of the Company, resigned from his position as Board Secretary for age reasons according to the requirements of "the three system reforms". The relevant resolution was deliberated and adopted at the 9th Meeting of the 7th Session of the Board of Directors convened on March 18, 2022.
3. Mr. Yu Changsheng, a former vice president of the Company, resigned from his position as vice president. The relevant resolution was deliberated and adopted at the 8th Meeting of the 7th Session of the Board of Directors convened on March 3, 2022. The Board of Directors received Mr. Yu Changsheng's request for resignation on March 2, 2022. Mr. Yu Changsheng requested for his resignation from the position of vice president for personal reasons. The request for resignation became effective on the date of its delivery to the Board of Directors in accordance with the *Company Law* of the People's Republic of China and the Company's *Articles of Association*. Mr. Yu Changsheng will not assume any another position in the Company after his resignation. For details, refer to the announcement on the resolutions adopted at the meeting published by the Company on March 4, 2022.

(II) Employment of current and former (those who resigned in the reporting period) directors, supervisors and senior officers

1. Employment by the Company's shareholder entities

√ Applicable Not applicable

Name of employee	Name of the shareholder entity	Position in the shareholder entity	Start date of tenure	End date of tenure
Qiu Jianyong	CNOOC	Full-time supervisor	August 2021	Not applicable
Peng Wen	CNOOC	Full-time supervisor	June 2020	Not applicable
Che Yonggang	CNOOC	Full-time supervisor	July 2020	Not applicable
Noes on employment by the Company's shareholder entities	Not applicable			

2. Employment by other entities

Applicable Not applicable

Name of employee	Name of the shareholder entity	Position in the entity	Start date of tenure	End date of tenure
Xin Wei	Shanghai Geotechnical Investigation & Design Institute Co., Ltd	Vice president	March 2018	Not applicable
Zheng Zhongliang	College of Economics & Management, China Agricultural University	Associate professor and director of the Department of Accounting, director of the Master of Professional Accounting (MPAcc) program	September 2013	Not applicable
	Agree Technology Co., Ltd	Independent director	December 2019	
Noes on employment by other entities	Mr. Qiu Xiaohua, an independent director, and Mr. Peng Wen, the chairman of the Board of Supervisor, also assume positions in other entities. For details, refer to the work experience of directors, supervisors and senior officers in the section above.			

(III) Remuneration to the Company's directors, supervisors and senior officers

Applicable Not applicable

Decision marking process with respect to remuneration to directors, supervisors and senior officers	Remuneration standards are determined according to the responsibilities and complexity levels of various positions and individual performance based on the principle of ensuring personnel stability and combining incentives with constraints.
Basis for determining remuneration to directors, supervisors and senior officers	Salaries of directors, supervisors and senior officers in the industry
Payment of remuneration to directors, supervisors and senior officers	<p>1. The annual allowance for each of the Company's independent directors is 128 thousand Yuan (inclusive of tax). The travel and accommodation expenses incurred for attending the meetings of the Board of Directors and general meetings of shareholders will be reimbursed as expenses for the performance of duties as defined in the <i>Articles of Association</i>.</p> <p>2. Directors and supervisors not receiving remuneration and allowance from the Company include Mr. Qiu Jiayong, Mr. Peng Wen, Mr. Che Yonggang, and Ms. Kang Zhuowei, who has resigned from her position. These directors and supervisors receive remuneration and allowance from the controlling shareholder of the Company (CNOOC) and its subsidiaries.</p>
Total amount of remuneration actually received by all directors, supervisors and senior officers as of the end of the reporting period	9,755.3 thousand Yuan (pre-tax)

(IV) Changes in the Company's directors, supervisors and senior managers

Applicable Not applicable

Name	Position	Change	Reasons for the change
Qiu lianyong	Director	Election	Elected in consideration of the Company's management and development needs
Xin Wei	Independent director	Election	Elected in consideration of the Company's management and development needs
Zheng Zhongliang	Independent director	Election	Elected in consideration of the Company's management and development needs
Zhang Haitao	Vice president, chief engineer	Appointment	Appointed in consideration of the Company's management and development needs
Kang Zhuowei	Former director	Resignation	Work adjustment
Guo Tao	Former independent director	Resignation	Resignation upon the expiration of 6-year tenure
Huang Yongjin	Former independent director	Resignation	Resignation upon the expiration of 6-year tenure

(V) Penalties imposed securities regulatory bodies in the last three years

Applicable Not applicable

(VI) Other

Applicable Not applicable

V. Information on the meetings of the Board of Directors convened in the reporting period

Session	Date	Resolutions adopted at the meeting
2nd Meeting of the 7th Session of the Board of Directors	March 19, 2021	<p>(I) <i>Board of Directors' Work Report 2020</i></p> <p>(II) <i>President's Work Report 2020</i></p> <p>(III) <i>Internal Control Evaluation Report 2020</i></p> <p>(IV) <i>Internal Audit Report 2020</i></p> <p>(V) <i>Resolution on the Changes in Accounting Policies</i></p> <p>(VI) <i>Resolution on the Provision for Impairment of Assets</i></p> <p>(VII) <i>Final Accounts Report 2020</i></p> <p>(VIII) <i>Profit Distribution Plan 2020</i></p> <p>As audited by BDO Shu Lun Pan CPAs (LLP), the parent company's net profit in 2020 was 614,624,204.93 Yuan, as of the end of 2020, the parent company's profit available for distribution to its shareholders was 8,578,844,741.44 Yuan, and the balance of its capital reserve was 4,245,387,997.87. The Company planned to distribute cash dividends at 0.70 Yuan per 10 shares (inclusive of tax) using the total share capital of 4,421,354,800 shares as of the end of 2020 as the basis and decided not to distribute stock dividends and not to convert capital reserve into share capital. The total amount of cash dividends distributed was 309,494,836.00 Yuan, and the undistributed profits were carried forward to the following year for distribution.</p> <p>(IX) <i>Corporate Social Responsibility Report 2020</i></p> <p>(X) <i>Summary Report of the Audit Committee of the Board of Directors on Financial and Internal Audits Performed by BDO China Shu Lun Pan CPAs (LLP) in 2020</i></p> <p>(XI) <i>Annual Report 2020 and Summary</i></p> <p>(XII) <i>Special Report 2020 on the Deposit and Use of Raised Fund</i></p> <p>(XIII) <i>Resolution on Temporarily Replenishing Circulating Capital with a Certain Amount of Idle Raised Fund</i></p> <p>It was agreed that the Company could use a certain amount of idle fund not exceeding 410 million Yuan to replenish its circulating capital temporarily within a period of no more than 12 months from the date of approval of the relevant resolution by the Board of Directors and return the used amount to the special account for raised fund upon the expiration of the specified period.</p> <p>(XIV) <i>Resolution on Continuing to Hire the Agency Performing Financial and Internal Audits for the Company in 2021</i></p> <p>The Board of Directors agreed to continue hiring BDO Shu Lun Pan CPAs (LLP) as the agency performing internal audits on the Company's financial statements and reports and providing other auditing services to the Company in 2021 for a period of one year and authorized the management to agree on the total auditing expense for 2021 with BDO Shu Lun Pan CPAs (LLP).</p> <p>Resolutions I, VI, VII, VIII, XI and XIV adopted at the meeting shall be submitted to the 2020 general meeting of shareholders for deliberation and approval.</p>
3rd Meeting of the 7th Session of the Board of Directors	April 28, 2021	<p>(I) <i>2021 Q1 (1st Quarter) Financial Report</i></p> <p>(II) <i>Resolution on Providing Parent Company Guarantee to COOEC International Co., Ltd</i></p> <p>It was agreed that, in order to reduce financing costs, the Company would provide a parent company guarantee for COOEC International Co., Ltd, a wholly owned subsidiary of the Company, to apply for three-year bank loans with a total amount not exceeding 60 million USD from the Bank of China. The amount of the guarantee shall not exceed 64 million USD (principal + interest). The guarantee period is three years from the date of collection of funds by COOEC International Co., Limited</p> <p>The Board of Directors authorized the management to handle all matters related to the guarantee.</p> <p>(III) <i>Resolution on Performing Foreign Exchange Hedging Activities</i></p> <p>It was agreed that, in order to prevent or eliminate the uncertain impact of exchange rate fluctuations on the Company's business performance, the Company could perform hedging activities with an aggregate amount not exceeding 220 million USD (or HKD equivalent) in 2021. The scope of counterparties shall be limited to large state-owned commercial banks among the top 10 banks in terms of assets or foreign banks with Moody's credit ratings higher than A. The scope of hedging instruments shall be limited to currency forward and futures contracts with a term shorter than two years. Considering the fact that hedging activities are closely related to the Company's production and operations, the Board of Directors authorized the management to approve forex hedging plans and sign forex hedging contracts. The authorization shall be effective from the date of adoption of the relevant resolution by the Board of Directors to December 31, 2021.</p> <p>(IV) <i>Resolution on the Replacement of Independent Directors</i></p> <p>According to the <i>Guidelines for Introducing Independent Directors to the Board of Directors of Listed Companies</i> issued by China Securities Regulatory Commission and the Company's Independent Director System, the continuous tenure of independent directors shall not exceed six years. The tenure of Mr. Guo Tao and Mr. Huang Yongjin (current independent directors of the Company) started from May 2015 and has reached six years. Therefore, Mr. Guo Tao and Mr. Huang Yongjin submitted their request for resignation from the position of independent director and other positions in the special committees of the Board of Directors. They will not assume any other position in the Company after their resignation. The Board of Directors is sincerely grateful to Mr. Guo Tao and Mr. Huang Yongjin for their loyalty, integrity and diligence during their tenure!</p> <p>Therefore, Mr. Xin Wei and Mr. Zheng Zhongliang were nominated as the candidates for independent directors on the 7th Board of Directors in accordance with the <i>Company Law of the People's Republic of China</i> and the Company's <i>Articles of Association</i> and Independent Director System. Their tenure shall be from the date of adoption of the relevant resolution at the general meeting of shareholders to the date on which the tenure of the 7th Board of Directors expires.</p> <p>This resolution shall be submitted to the 2020 general meeting of shareholders for deliberation and approval.</p> <p>(V) <i>Resolution on Convening the 2020 General Meeting of Shareholders</i></p>
4th Meeting of the 7th Session of the Board of Directors	July 21, 2021	<p>(I) <i>Resolution on Adjusting the Composition of the Special Committees of the 7th the Board of Directors</i></p> <p>As agreed by the 7th Board of Directors, the members of the Remuneration and Performance Evaluation Committee, Audit Committee and Nomination Committee were adjusted. The members of these committees after adjustment are listed below.</p> <p>Members of the Remuneration and Performance Evaluation Committee: Mr. Qiu Xiaohua, Mr. Yang Jinghong, and Mr. Xin Wei, among whom Mr. Qiu Xiaohua is the convener.</p> <p>Members of the Audit Committee: Mr. Zheng Zhongliang, Mr. Qiu Xiaohua, and Mr. Xin Wei, among whom Mr. Zheng Zhongliang is the convener.</p> <p>Members of the Nomination Committee: Mr. Xin Wei, Mr. Yu Yi, and Mr. Qiu Xiaohua among whom Mr. Xin Wei is the convener.</p>

Session	Date	Resolutions adopted at the meeting
5th Meeting of the 7th Session of the Board of Directors	August 20, 2021	<p>(I) <i>Resolution on the Provision for Impairment of Assets</i></p> <p>(II) <i>Semiannual Report 2021 and Summary</i></p> <p>(III) <i>Special Semiannual Report 2021 on the Deposit and Use of Raised Fund</i></p> <p>(IV) <i>Resolution on Adjusting the Amount of Self-raised Fund for Purchasing Financial Products in 2021</i></p> <p>The resolution was deliberated and adopted at the 1st Meeting of the 7th Session of the Board of Directors convened on December 22, 2022. In order to increase the rate of fund utilization, the Board of Directors authorized the management to purchase safe financial products, such as large large-denomination certificates of deposit, structured deposits, financial products offered by banks and trust companies, and monetary market funds, with temporarily idle funds with a total amount not exceeding 6 billion Yuan while ensuring the Company's normal operations. The specified amount can be used cyclically with the specified valid period. The authorization shall be effective from the date of adoption of the relevant resolution by the Board of Directors to December 31, 2021.</p> <p>In light of continuous improvement in the Company's cash flow, the Board of Directors agreed on adjusting the upper limit of the amount of self-raised fund for purchasing financial products in 2021 from 6 billion Yuan to 7 billion Yuan. The scope of financial products to be purchased shall remain unchanged.</p>
		<p>(V) <i>Resolution on Appointing Mr. Zhang Haitao as the Vice President and Chief Engineer of COOEC.</i></p> <p>In consideration of the Company's management and development needs, the Board of Directors agreed on the appointment of Mr. Zhang Haitao as the vice president and chief engineer of COOEC.</p>
6th Meeting of the 7th Session of the Board of Directors	October 27, 2021	<p>(I) <i>Resolution on the Provision for Impairment of Assets</i></p> <p>In the third quarter of 2021, the Company made a provision for impairment with an amount of 59 million Yuan, which was a provision for bad debts made according to the ages of accounts receivable.</p> <p>(II) <i>2021 Q3 Financial Report</i></p> <p>(III) <i>Resolution on Ms. Kang Zhuowei's Resignation from Her Position as Director and Other Positions in the Special Committees of the Board of Directors</i></p> <p>The Board of Directors received Ms. Kang Zhuowei's request for resignation on October 27, 2021. Due to changes in work arrangements, Ms. Kang Zhuowei requested for resignation from her position as director and other positions in the special committees of the Board of Directors. The request for resignation will become effective when the new director is elected at the general meeting of shareholders.</p> <p>Since the start of her tenure as a director of COOEC in December 2020, Ms. Kang Zhuowei has performed her duties in a diligent and dedicated manner, exercised her professional strengths in fund management, gave constructive opinions and recommendations for improving the rate of fund utilization, preventing and controlling the risks associated with the use of funds, and ensuring the safe use of funds, and played an active role in the Company's standardized operation and healthy development.</p> <p>The Board of Directors is sincerely grateful to Ms. Kang Zhuowei for her outstanding contribution to the Company's healthy and sustainable development!</p>
		<p>(IV) <i>Resolution on Electing Mr. Qiu Jianyong as the Candidate for Director on the 7th Board of Directors</i></p> <p>The Board of Directors agreed on electing Mr. Qiu Jianyong, who was nominated by the Company's shareholders, as the candidate for director on the 7th Board of Directors.</p> <p>This resolution shall be submitted to the 2021 first extraordinary meeting of shareholders for deliberation and approval.</p> <p>(V) <i>Resolution on Convening the 2021 First Extraordinary General Meeting of Shareholders</i></p>
7th Meeting of the 7th Session of the Board of Directors	December 28, 2021	<p>(I) <i>Resolution on Increasing the Members of the Strategy Committee of the Board of Directors</i></p> <p>The Board of Directors agreed to include Mr. Qiu Jianyong into the Strategy Committee of the 7th Board of Directors. His tenure shall be the same as that of the 7th Board of Directors.</p> <p>(II) <i>Resolution on the Financial Budget for 2022</i></p> <p>(III) <i>Resolution on the Line of Credit for 2022</i></p> <p>The Board of Directors agreed to the Company's signing credit agreements with CNOOC Finance Corp., Ltd and financial institutions such as commercial banks for a total credit line of 25.8 billion Yuan and authorized the management sign credit-related documents within the line of credit specified above.</p>
		<p>(IV) <i>Resolution on Purchasing Financial Products with a Certain Amount of Temporarily Idle Fund and Authorizing the Management to Sign Agreements on the Purchase of Financial Products</i></p> <p>In order to increase the rate of fund utilization, the Board of Directors authorized the management to purchase safe financial products, such as large large-denomination certificates of deposit, structured deposits, financial products offered by banks and trust companies, and monetary market funds, with temporarily idle funds with a total amount not exceeding 8.5 billion Yuan while ensuring the Company's normal operations and fund security. The specified amount can be used cyclically with the specified valid period. The authorization shall be effective from the date of adoption of the relevant resolution by the Board of Directors to December 31, 2022.</p> <p>(V) <i>Resolution on the Provision of Credit Guarantees to Wholly Owned Subsidiaries</i></p> <p>In order to support the development of the wholly owned subsidiaries of the Company, enhance centralized credit management and save the Company's general financial expenses, the Board of Directors agreed that the Company could use its line of credit and provide bank guarantees and letters of credit to its wholly owned subsidiaries for bidding, performance of contracts, payment, and other day-to-day operations or provide reasonable and necessary guarantees for its wholly owned subsidiaries to obtain lines of credit from banks independently. The Company shall assume joint and several liability arising therefrom. The aggregate amount of guarantees shall not exceed RMB equivalent of 600 million Yuan. The guarantee period is from the date of approval by the Board of Directors to December 31, 2023.</p> <p>The Board of Directors authorized the management to handle all matters related to the provision of parent company guarantees.</p> <p>(VI) <i>Resolution on Signing the Financial Sharing Service Agreement with China National Offshore Oil Corporation</i></p> <p>The Board of Directors agreed on signing the financial sharing service agreement with CNOOC. The service price is 7,939.4 thousand Yuan (including 6% value-added tax). The service period is from January 1, 2021 to December 31, 2021.</p> <p>As a related director, Mr. Qiu Jianyong refrained from voting during the deliberation on this related party transaction.</p> <p>(VII) <i>Resolution on Performing Foreign Exchange Hedging Activities</i></p> <p>The Board of Directors agreed that, in order to prevent or eliminate the uncertain impact of exchange rate fluctuations on the Company's business performance, the Company could perform hedging activities with an aggregate amount not exceeding 120 million USD in 2022. The scope of counterparties shall be limited to large state-owned commercial banks among the top 10 banks in terms of assets or foreign banks with Moody's credit ratings higher than A. The scope of hedging instruments shall be limited to currency forward and futures contracts with a term of not more than one year.</p> <p>Considering the fact that hedging activities are closely related to the Company's production and operations, the Board of Directors authorized the management to approve forex hedging plans and sign forex hedging contracts. The authorization shall be effective from the date of adoption of the relevant resolution by the Board of Directors to December 31, 2022.</p> <p>(VIII) <i>Investment Plan 2022</i></p> <p>The Company plans to invest 1.054 billion Yuan in 2022 for the construction of manufacturing/construction bases, professional technical services and equipment, capital R&D expenditures, informatization, energy conservation and emission reduction, environmental governance, office equipment, charity and public welfare, etc.</p> <p>(IX) <i>Resolution on COOEC's Development Plan for the "14th Five-Year Plan" Period</i></p> <p>(X) <i>Resolution on the Purchase of a Large Gantry Crane for Floating Offshore Units by Offshore Oil Engineering (Qing Dao) Co., Ltd</i></p> <p>The Board of Directors agreed that Offshore Oil Engineering (Qing Dao) Co., Ltd, a wholly owned subsidiary of the Company, could purchase an 800 T gantry crane to further improve its capability and efficiency in the final assembly of large modules and topsides of floating units and improve its capability to prefabricate and weld platform panels and construct modules. The total investment is about 141 million Yuan, which shall be raised by Offshore Oil Engineering (Qing Dao) Co., Ltd. The Board of Directors approved the feasibility study report submitted by Offshore Oil Engineering (Qing Dao) Co., Ltd</p> <p>(XI) <i>Resolution on the Implementation Plan for the Exercise of the Powers and Rights of the Board of Directors</i></p> <p>(XII) <i>Resolution on the Implementation Plan for the System of Tenure and Contracting of Managing Members.</i></p>

VI. Performance of duties by the Company's directors

(I) Directors' attendance to the meeting of the Board of Directors and the general meeting of shareholders

Name	Independent director or not	Attendance to the meeting of the Board of Directors						Attendance to the general meeting of shareholders
		Times of attendance	Times of attendance in person	Times of attendance by means of communication	Times of attendance through authorized agent	Times of absence	Has he/she failed to attend the meeting in person for two times?	Times of attendance
Yu Yi	No	6	6	0	0	0	No	2
Wang Zhangling	No	6	5	0	1	0	No	1
Yang Jinghong	No	6	6	0	0	0	No	0
Qiu Jianyong	No	1	1	1	0	0	No	0
Qiu Xiaohua	Yes	6	6	4	0	0	No	0
Xin Wei	Yes	4	4	2	0	0	No	0
Zheng Zhongliang	Yes	4	4	2	0	0	No	0
Kang Zhuowei	No	5	4	2	1	0	No	0
Guo Tao	Yes	2	2	0	0	0	No	1
Huang Yongjin	Yes	2	2	0	0	0	No	0

Notes on any failure to attend the meeting of the Board of Director for two times

Applicable Not applicable

Number of meetings of the Board of Directors held in 2021	6
Number of meetings of the Board of Directors held on site	2
Number of meetings of the Board of Directors held by means of communication	1
Number of meetings of the Board of Directors held on site and by means of communication	3

(II) Any objection of directors to related matters

Applicable Not applicable

(III) Other

Applicable Not applicable

VII. Information on the special committees of the Board of Directors

Applicable Not applicable

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

Type of special committee	Members
Audit Committee	Zheng Zhongliang, Qiu Xiaohua, Xin Wei
Nomination Committee	Xin Wei, Yu Yi, Qiu Xiaohua
Remuneration and Performance Evaluation Committee	Qiu Xiaohua, Yang Jinghong, Xin Wei
Strategy Committee	Yu Yi, Wang Zhangling, Qiu Jianyong

(2) The Strategy Committee held one meeting in the reporting period.

Held on	Agenda	Important opinions and recommendations	Other remarks on the performance of duties
December 28, 2021	Deliberation on the COOEC's <i>Development Plan for the "14th Five-Year Plan" Period</i>	<p>1. Facing the "3060" dual carbon goals, the Company should cast aside the traditional ways of thinking about development, find a starting point for green and low-carbon transformation, and consider learning from CNOOC's current practices in full lifecycle integrity management, including carbon footprint. The Company may consider extending carbon footprint to the entire industrial chain and recording the carbon footprints of all materials and equipment related to the industrial chain in the final delivered products. This is an important issue that needs to be considered in the Company's transformation process.</p> <p>2. Regarding new energy, offshore wind power will have considerable room for growth in the future. The Company regards offshore wind power as an important direction for its business development, so the Company needs to extend the range of services from the manufacturing and installation of offshore wind power equipment to operation and maintenance services and provide a comprehensive range of services for wind power projects throughout the entire lifecycle. The Company should focus on the future development of the clean energy sector, take action in advance, consider integrating available resources in the market, provide full lifecycle services to customers in the field of new energy, and cultivate new growth areas.</p> <p>3. Regarding overall resource integration, the Company mainly obtains equipment and facilities by purchasing or leasing. The Company can plan ahead from a strategic point of view, give full play to its management advantages, and integrate resources to facilitate their use.</p> <p>4. The Company's <i>Development Plan for the "14th Five-Year Plan" Period</i> is a programmatic document for high-quality development. The Company should deeply understand the importance of its <i>Development Plan for the "14th Five-Year Plan" Period</i>, locate the entry points of its <i>Development Plan for the "14th Five-Year Plan" Period</i> and the <i>Outline of the 14th Five-Year Plan for National Economic and Social Development of China</i>, and actively integrate into the overall development of China. It is necessary to resolutely maintain the continuity of plan implementation, adhere to the blueprint for development until the end, and promote the leading role of planned goals in an all-round way. The Company needs to reasonably break down the strategic tasks at various development stages, ensure the fulfillment of responsibilities for achieving the planned goals, carry out tracking, supervision and reporting on a regular basis, enhance strategy execution, ensure that the development plan is managed, followed up and implemented and the planned goals can be achieved, and show its accountability and value in ensuring national energy security.</p> <p>Resolutions adopted at the meeting: COOEC held the 1st meeting of the Strategy Committee of the Board of Directors in 2021 in the form of video conference on December 28, 2021. The members of the Strategy Committee, including Mr. Yu Yi, Mr. Wang Zhangling and Mr. Qiu Jianyong, and the Board Secretary attended this meeting. The meeting was convened in accordance with applicable laws, regulations, and the Company's <i>Articles of Association</i>. The meeting was presided over by Mr. Yu Yi, the convener of the Strategy Committee of the Board of Directors. The <i>Resolution on COOEC's Development Plan for the "14th Five-Year Plan" Period</i> was adopted unanimously by all directors attending the meeting.</p>	

(3) The Nomination Committee held three meetings in the reporting period.

Held on	Agenda	Important opinions and recommendations	Other remarks on the performance of duties
April 28, 2021	Deliberation on the <i>Resolution on Nominating the Candidates for Independent Director</i>	<p>The tenure of Mr. Guo Tao and Mr. Huang Yongjin (current independent directors of the Company) started from May 2015 and has reached six years. Therefore, Mr. Guo Tao and Mr. Huang Yongjin submitted their request for resignation from the position of independent director and other positions in the special committees of the Board of Directors. They will not assume any other position in the Company after their resignation. The Board of Directors is sincerely grateful to Mr. Guo Tao and Mr. Huang Yongjin for their loyalty, integrity and diligence during their tenure.</p> <p>Therefore, upon prudent consideration and review of opinions on such nomination, the Nomination Committee nominated Mr. Xin Wei and Mr. Zheng Zhongliang as the candidates for independent directors on the 7th Board of Directors in accordance with the <i>Company Law of the People's Republic of China</i>, the Company's <i>Articles of Association</i> and <i>Independent Director System</i>, and the <i>Guidelines for Introducing Independent Directors to the Board of Directors of Listed Companies</i> issued by China Securities Regulatory Commission. Their tenure shall be from the date of adoption of the relevant resolution at the general meeting of shareholders to the date on which the tenure of the 7th Board of Directors expires.</p> <p>The Nomination Committee has reviewed the CVs, educational background, and performance of the nominees and obtained consent from the nominees in accordance with the relevant laws and regulations.</p> <p>The Nomination Committee is of the opinion that the qualifications of the nominees meet the requirements of the <i>Company Law</i>, the Company's <i>Articles of Association</i>, and the <i>Guidelines for Introducing Independent Directors to the Board of Directors of Listed Companies</i> and agrees to submit the nomination to the meeting of the Board of Directors for deliberation and approval.</p>	

Held on	Agenda	Important opinions and recommendations	Other remarks on the performance of duties
August 20, 2021	Deliberation on the <i>Resolution on Nominating Mr. Zhang Haitao as the Vice President and Chief Engineer of COOEC</i>	<p>Upon careful consideration and deliberation, the Nomination Committee unanimously adopted the <i>Resolution on Nominating Mr. Zhang Haitao as the Vice President and Chief Engineer of COOEC</i> and agreed to submit the resolution to the 5th Meeting of the 7th Session of the Board of Directors for deliberation and approval.</p> <p>In consideration of the Company's management and development needs, the Nomination Committee nominated Mr. Zhang Haitao as the vice president and chief engineer of COOEC. The Nomination Committee has reviewed the CV, educational background, and performance of the nominee and obtained consent from the nominee in accordance with the relevant laws and regulations.</p> <p>The Nomination Committee is of the opinion that the qualifications of the nominee meet the requirements of the <i>Company Law</i> and the Company's <i>Articles of Association</i> and agrees to submit the nomination to the meeting of the Board of Directors for deliberation and approval.</p>	
October 27, 2021	Deliberation on the <i>Resolution on Nominating Mr. Qiu Jianyong as the Candidate for Director</i>	<p>Upon careful consideration and deliberation, the Nomination Committee unanimously adopted the <i>Resolution on Nominating Mr. Qiu Jianyong as the Candidate for Director</i> and agreed to submit the resolution to the 6th Meeting of the 7th Session of the Board of Directors for deliberation and approval.</p> <p>Due to changes in work arrangement, Ms. Kang Zhuowei requested for resignation from her position as director. Therefore, a new director needs to be nominated and appointed. CNOOC, a shareholder holding 48.36% of the Company's voting shares, recommended Mr. Qiu Jianyong as a candidate for director on the 7th Board of Directors of the Company.</p> <p>In consideration of the Company's management and development needs, the Nomination Committee nominated Mr. Qiu Jianyong as the candidate for director on the Company's Board of Directors. The Nomination Committee has reviewed the CV, educational background, and performance of the nominee and obtained consent from the nominee in accordance with the relevant laws and regulations.</p> <p>The Nomination Committee is of the opinion that the nominee has the qualification for the position of director at listed companies specified by applicable laws and regulations such as <i>Company Law</i> and the Company's <i>Articles of Association</i> and agrees to submit the nomination to the meeting of the Board of Directors for deliberation and approval.</p>	

(4) The Remuneration and Performance Evaluation Committee held one meeting in the reporting period.

Held on	Agenda	Important opinions and recommendations	Other remarks on the performance of duties
December 28, 2021	Deliberation on the <i>Resolution on the Implementation Plan for the System of Tenure and Contracting of Managing Members</i>	<ol style="list-style-type: none"> 1. The <i>Plan</i> has a complete overall structure and contains sufficient measures and key points for performance evaluation. It is recommended to clearly define the quantitative performance indicators. 2. The <i>Plan</i> is more complete and systematic than before. It is recommended to consider some special circumstances or force majeure events that may hinder prevent the Company from achieving the performance goals, such as the COVID-19 pandemic and super typhoons, during the implementation of the <i>Plan</i>. <p>The <i>Resolution on the Implementation Plan for the System of Tenure and Contracting of Managing Members</i> was adopted unanimously by all directors attending the meeting.</p>	

(5) The Audit Committee held four meetings in the reporting period.

Held on	Agenda	Important opinions and recommendations	Other remarks on the performance of duties
March 19, 2021	<p>1. COOEC Financial Management Department reporting the <i>Resolution on the Changes in Accounting Policies</i>, the <i>Resolution on the Provision for Impairment of Assets</i>, and the <i>Resolution on Final Accounts Report 2020</i>;</p> <p>2. COOEC Audit Department reporting the <i>Internal Control Evaluation Report 2020</i>;</p> <p>3. BDO Shu Lun Pan CPAs reporting the financial and internal audits conducted in 2020 and presenting the recommendations for audit management;</p> <p>4. COOEC financial director reporting the <i>Resolution on Continue to Hire the Agency Performing Financial and Internal Audits for the Company in 2021</i>;</p> <p>5. Mr. Guo Tao, the convener of the Audit Committee, reporting the <i>Resolution on Submitting the Summary Report on the Audits Performed by the Accounting Firm and the Report on the Performance of Duties by the Audit Committee to the Board of Directors</i>.</p>	<p>Important opinions and suggestions</p> <ol style="list-style-type: none"> The Company should strengthen institutional management with respect to the decision-making process for investment. Losses have been incurred in some of the Company's overseas projects, indicating that there is an apparent insufficiency in investment management. The Company should be concerned about the impacts of geopolitical risks on its overseas projects. The Company should focus on the progress of corrective actions against the deficiencies in internal control in 2021. The Company should ensure effective risk control before bidding for overseas projects. <p>Resolutions adopted at the meeting:</p> <p>(I) <i>Resolution on the Changes in Accounting Policies</i> The Audit Committee is of the opinion that the change in accounting policies has been made based on the Company's actual conditions in strict accordance with the <i>Chinese Accounting Standards for Business Enterprises No.21-Leases</i> and agrees on the submission of the change to the meeting of the Board of Directors for deliberation.</p> <p>(II) <i>Resolution on the Provision for Impairment of Assets</i> The Audit Committee is of the opinion that the provision for impairment of assets has been made by the Company in accordance with the <i>Chinese Accounting Standards for Business Enterprises</i> and the Company's accounting policies, and the Company's financial condition, asset value and operation condition as of the December 31, 2020 are reflected in a more fair manner after the provision for impairment has been made. The Audit Committee agrees on the submission of this matter to the meeting of the Board of Directors for deliberation.</p> <p>(III) <i>Final Accounts Report 2020</i> The opinions of the Audit Committee are summarized below.</p> <ol style="list-style-type: none"> There are no great differences between the Company's financial statements prepared before the audit and the audited financial statements. The audited financial statements truthfully represent the Company's financial condition. The audited financial statements comply with the <i>New Accounting Standards for Business Enterprises</i> and truthfully represent the Company's operation condition, the financial data contained therein is accurate, and there are no major omissions. BDO Shu Lun Pan CPAs (LLP) (hereinafter referred to as "BDO") audited the Company's financial statements for 2020 in a fair and objective manner. The Audit Committee agrees on the submission of financial statements to the meeting of the Board of Directors for deliberation. <p>(IV) <i>Internal Control Evaluation Report 2020</i> The Audit Committee is of the opinion that the Company's internal control systems are relatively complete and were implemented effectively in 2020; the Company has established a relatively complete set of internal control systems; the internal control systems comply with the requirements of applicable national laws, regulations and rules and can be implemented effectively; the <i>Internal Control Evaluation Report 2020</i> represents the establishment and operation of the Company's internal control systems in 2020 in a truthful and objective way.</p> <p>(V) <i>Resolution on Submitting the Summary Report on the Audits Performed by the Accounting Firm for the Company in 2020 to the Board of Directors</i> The Audit Committee is of the opinion that, when auditing the Company's financial statements and reports for 2020, BDO performed appropriate audit procedures and collected sufficient appropriate audit evidence in strict accordance with the Chinese auditing standards for certified public accountants, and gave unqualified opinions on the Company's financial statements, reports and internal controls based on the sufficient and appropriate evidence collected by it.</p> <p>(VI) <i>Resolution on Continuing to Hire the Agency Performing Financial and Internal Audits for the Company in 2021</i> The Audit Committee is of the opinion that, when auditing the Company's financial statements, reports and internal controls for 2020, BDO completed audits as scheduled in a prudent and diligent manner, carried out independent audits in a fair and objective manner, and completed the annual audit works efficiently. It is recommended to continue hiring BDO as the agency performing financial and internal audits for the Company in 2021. The management is authorized to agree on the total auditing expense for 2021 with BDO and control the total auditing expense within 2.50 million Yuan. The Audit Committee agrees on the submission of this matter to the meeting of the Board of Directors for deliberation and to the general meeting of shareholders for approval.</p> <p>(VII) <i>2020 Report on the Performance of Duties by the Audit Committee of the Board of Directors</i>.</p>	

Held on	Agenda	Important opinions and recommendations	Other remarks on the performance of duties
April 28, 2021	COOEC Financial Management Department reporting the 2021 Q1 Financial Report	<p>Resolutions adopted at the meeting: COOEC held the 2nd meeting of the Audit Committee of the Board of Directors for 2021 in Beijing on April 28, 2021. The members of the Audit Committee, including Mr. Guo Tao, Mr. Qiu Xiaohua and Mr. Huang Yongjin, the Company supervisors, some senior officers, and the general manager of COOEC Financial Management Department attended this meeting. The meeting was convened in accordance with applicable laws, regulations, and the Company's <i>Articles of Association</i>. The meeting was presided over by Mr. Guo Tao, the convener of the Audit Committee of the Board of Directors. The 2021 Q1 Financial Report was deliberated and adopted at the meeting. The Audit Committee is of the opinion that: (1) The financial statements prepared by the Company truthfully represent its financial condition in the first quarter of 2021. (2) The Audit Committee agrees on the submission of the financial statements for the first quarter of 2021 to the meeting of the Board of Directors for deliberation.</p>	
August 20, 2021	COOEC Financial Management Department reporting the Resolution on the Provision for Impairment of Assets and 2021 Semiannual Financial Report.	<p>Important opinions and recommendations: 1. In the first half of 2021, the Company greatly improved its income and profits by enhancing management. The Company's great efforts in management are reflected in the profits earned. 2. While the overall economic situation was unclear, the Company actively explored new markets, increased its market share, and achieved rapid growth in operating income from LNG projects. 3. The Company overcame the adverse impact of rising prices of upstream products and raw materials, reversed the situation of losses that occurred in the same period of the previous year, and made great efforts in achieving the net profit of 400 million Yuan.</p> <p>Resolutions adopted at the meeting: (I) <i>Resolution on the Provision for Impairment of Assets</i> The Audit Committee is of the opinion that the provision for impairment of assets has been made by the Company in accordance with the <i>Chinese Accounting Standards for Business Enterprises</i> and the Company's accounting policies, and the Company's financial condition, asset value and operation condition as of the June 30, 2021 are reflected in a more fair manner after the provision for impairment has been made. The Audit Committee agrees on the submission of this matter to the meeting of the Board of Directors for deliberation. (II) <i>2021 Semiannual Financial Report</i> The Audit Committee is of the opinion that: (1) The financial statements prepared by the Company truthfully represent its financial condition in the first half of 2021. (2) The Audit Committee agrees on the submission of the financial statements for the first half of 2021 to the meeting of the Board of Directors for deliberation.</p>	
October 27, 2021	COOEC Financial Management Department reporting the Resolution on the Provision for Impairment of Assets and 2021 Q3 Financial Report.	<p>Resolutions adopted at the meeting: (I) <i>Resolution on the Provision for Impairment of Assets</i> The Audit Committee is of the opinion that the provision for impairment of assets has been made by the Company in accordance with the <i>Chinese Accounting Standards for Business Enterprises</i> and the Company's accounting policies, and the Company's financial condition, asset value and operation condition as of the September 30, 2021 are represented in a more fair manner after the provision for impairment has been made. The Audit Committee agrees on the submission of this matter to the meeting of the Board of Directors for deliberation. (II) <i>2021 Q3 Financial Report</i> The Audit Committee is of the opinion that: (1) The financial statements prepared by the Company truthfully represent its financial condition in the third quarter of 2021. (2) The Audit Committee agrees on the submission of the financial statements for the third quarter of 2021 to the meeting of the Board of Directors for deliberation.</p>	

(6) Details about any objection to related matters

Applicable Not applicable

VIII. Risks found by the Board of Supervisors

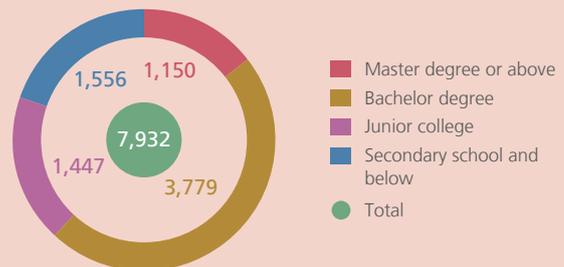
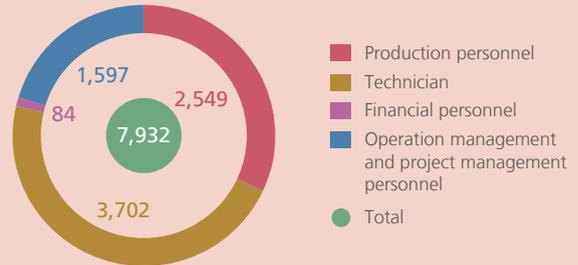
Applicable Not applicable

The Board of Supervisors holds no objection to the matters subject to its supervision in the reporting period.

IX. Information on the employees of the parent company and main subsidiaries

(I) Information on employees

Number of current employees of the parent company	5,544
Number of current employees of main subsidiaries	2,388
Total number of current employees	7,932
Number of retirees whose remuneration is borne by the parent company and main subsidiaries	0
Discipline	
Discipline	Number (person)
Production personnel	2,549
Technical personnel	3,702
Finance personnel	84
Operations management and project management personnel	1,597
Total	7,932
Educational level	
Educational level/academic degree	Number (person)
Master's degree and above	1,150
Bachelor's degree	3,779
Associate degree	1,447
Secondary technical school and below	1,556
Total	7,932



(II) Remuneration policy

√ Applicable □ Not applicable

COOEC implements a value-based remuneration system and a performance-related pay (PRP) system, continuously improves the employee remuneration and welfare systems that are highly compatible with employees' positions and the needs of its business development, and use its best efforts to establish and improve a check-and-balance mechanism that links the distribution of performance bonus with the evaluation of its business performance and employees' individual performance. Meanwhile, the Company continuously promotes the construction of a market-based remuneration system, endeavors to establish an award and incentive system that involves multiple elements including production, technology, and management and covers the setting of performance indicators at the beginning of each year, the evaluation of outstanding contributions, and the summarization of important

◁ Company's welders participating in the "ARC Cup" Welding Competition of Belt & Road and BRICS Skills Development and Technology Innovation Competition with outstanding performance



△ Offshore installation, Lufeng 14-4 Oilfield Cluster Project

achievements at the end of each year. In addition, the Company continuously strengthens targeted incentives for the personnel engaged in research, assuming critical positions and working on the front lines and thereby provides remuneration and welfare support for its high-quality development.

(III) Training program

√ Applicable □ Not applicable

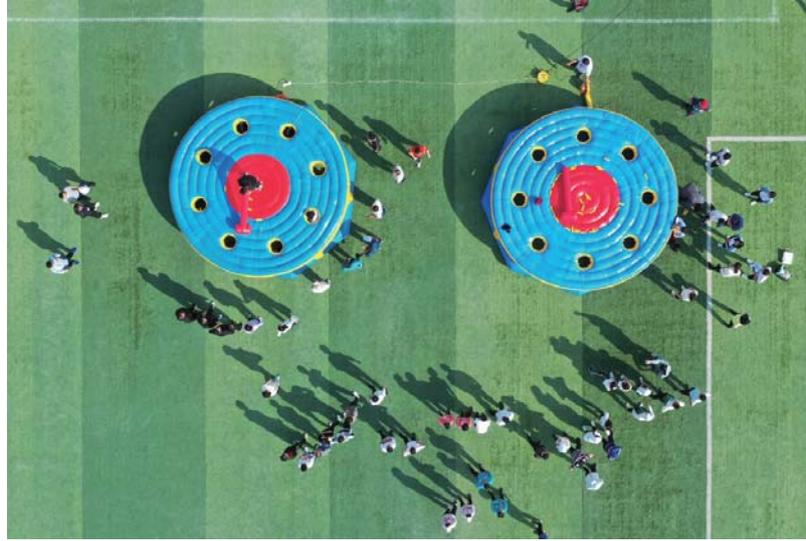
In 2021, COOEC earnestly implemented the spirit of the Central Conference on Talent-related Work, made solid strides in implementing the strategy of “enterprise development powered by talents” and the “3+1” talent development program, continued to improve the “Five-in-One” training system, determined the pathway for establishing a training portfolio consisting of generally applicable trainings, trainings for improvement, special trainings and high-end trainings, and continued to develop innovative training modes, seek additional training resources, optimize training processes, strengthen training support, and improve its employees’ overall competence and skills. The total number of trainees in 2021 is 194,300, the total number of training hours is 1.34 million, and the average training hours per person is 169, which is greater than the planned number of training hours.

In addition, the Company vigorously promoted the use of the “Extensive Learning” platform (a mobile APP), conducted basic knowledge trainings covering all employees, developed innovative training methods, improved the efficiency and effectiveness of training, and provided talent support for building a leading international energy engineering company with Chinese characteristics.

▽ Chairman Yu Yi delivering a lecture to new employees attending the training camp under the New Employee Sail-out Program



▷ Fun games



(IV) Labor outsourcing

Applicable Not applicable

X. Plan for profit distribution or the conversion of capital reserve to share capital

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

Applicable Not applicable

In 2012, COOEC revised its *Articles of Association* and *Rules of Procedure for the General Meeting of Shareholders* based on the actual needs of its operations in accordance with the *Notice on Further Implementing Matters concerning Cash Dividends of Listed Companies* issued by China Securities Regulatory Commission and further defined the basic principles for profit distribution, profit distribution policy, deliberation and decision-marking processes and mechanisms, and related implementation plans.

The Company did not adjust the cash dividend policy in 2021.

The profit distribution policy defined in the Company's *Articles of Association* is summarized below.

1. Basic principles for profit distribution

- (1) The Company shall distribute dividends to shareholders based on the annual net profit attributable to shareholders of the parent company indicated in the consolidated financial statements for each year taking into full account returns to investors and without violating the provisions on dividends contained in the *Company Law of the People's Republic of China*.
- (2) The profit distribution policy shall be continuous and stable and consider the Company's long-term interests, the interests of all shareholders, and the Company's sustainable development.
- (3) Cash dividend shall be the preferred form of profit distribution.

2. Details of profit distribution policy

(1) Forms of profit distribution

The Company distributes profits in the form of cash, share, combination of cash and share or in other forms permitted by relevant laws and regulations. Where possible, the Company may distribute interim profits.

(2) Conditions for the distribution of cash dividends and proportion of cash dividends

Except for special cases, provided that the Company has made profits, the undistributed profits (calculated by the net profit attributable to shareholders of the parent company in the consolidated financial statements) have accrued, and the Company's cash flow can meet the needs of its continuous operation and long-term development, the Company may distribute cash dividends on a yearly basis without violating the provisions on dividends contained in the *Company Law of the People's Republic of China*, the proportion of profits annually distributed in cash shall be no less than 10% of the net profit attributable to shareholders of the parent company in the consolidated financial statements, and the cumulative amount of profits distributed in cash in the last three years shall be no less than 30% of the average annual distributable profits for the last three years.

The special cases mentioned above are defined below.

- ① Cases in which the amount of the Company's major investment plans or cash expenditures (except raised funds) in the coming 12 months reaches or exceeds 30% of the audited net assets for the current year; or the Company's investment plans or cash expenditures include external investments, asset acquisition, payment of debts or purchase of equipment;

② The audit agency has not issued a standard unqualified audit report on the Company's financial statements for the current year.

(3) Conditions for the distribution of stock dividends

If the Company's operation condition is good and the Board of Director believes that the price of the Company's stock is inconsistent with the scale of its share capital and the distribution of stock dividends is favorable for the interests of all shareholders, the Company may present a plan for the distribution of stock dividends provided that the conditions mentioned above are met.

3. Deliberation process for the profit distribution plan

(1) The Company's profit distribution plan shall be prepared by the Company's management based on its profits and fund demands in accordance with the *Articles of Association* and submitted to the Board of Directors for deliberation. The Board of Directors shall carry out sufficient discussion on the rationality of the profit distribution plan, prepare a special resolution on the matter, and submit the resolution to the general meeting of shareholders for deliberation.

When deliberating on the detailed plan for the distribution of cash dividends, the Company shall listen to the opinions and demands of minority shareholders. The Company shall not only listen to the opinions of shareholders at the general meeting of shareholders, but also communicate with shareholders, especially minority shareholders, and answer the questions of minority shareholders in a timely manner by means of shareholders hotline, facsimile or other proper means.

(2) Where the Company cannot determine the profit distribution plan in accordance with the pre-established cash dividend policy in any of the special cases specified above, the Board of Directors shall provide special notes on the detailed reasons for not distributing cash dividends, the intended purpose of undistributed profits, and the estimated investment income. These matters shall be submitted to the general meeting of shareholders for deliberation and published on the designated media after independent directors have given their opinions. When the profit distribution plan is deliberated at the general meeting of shareholders, it shall be deemed to have been adopted only if more than two thirds of the shareholders with voting rights attending the meeting have voted in favor of it.

(3) Decision-making process for any adjustment or change in profit distribution policy

Where any force majeure events such as war and natural disaster or any changes in the external environment occur and cause significant impacts on the Company's production and operations or the Company's operation condition undergoes any great changes, the Company may adjust or change the cash dividend policy specified in the *Articles of Association* as deemed necessary after careful consideration. The Board of Directors shall carry out sufficient discussion on the rationality of such adjustment or change, prepare a special resolution on the change, and submit the resolution to the general meeting of shareholders for deliberation after independent directors have given their opinions. When the resolution is deliberated at the general meeting of shareholders, it shall be deemed to have been adopted only if more than two thirds of the shareholders with voting rights attending the meeting have voted in favor of it.

4. Implementation of the profit distribution plan

The Board of Directors shall complete the distribution of stock dividends (or shares) within two months from the date on which the profit distribution plan is adopted at the general meeting of shareholders.

(II) Special notes on cash dividend policy

Applicable Not applicable

Is the policy consistent with the Company's <i>Articles of Association</i> or the relevant resolution adopted at the general meeting of shareholders?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are the criteria for the distribution of cash dividends and the proportion of cash dividends clear?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are the decision-making processes and mechanisms complete?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Have independent directors performed their duties and played their roles?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Do minority shareholders have the opportunity to fully express their opinions and demands? Are the legitimate rights and interests of minority shareholders adequately protected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

(III) Where the Company made profits in the reporting period, the amount of profits available for distribution to shareholders of parent company is a positive number, and the Company has not presented a plan for the distribution of cash dividends, the Company shall state the specific reasons for not distributing profits, the intended purpose of undistributed profits, and the plan for the use of undistributed profits.

Applicable Not applicable

XI. The Company's equity incentive plan, employee stock ownership plan or other employee incentives and their impacts

(I) Incentives disclosed in temporary announcements without subsequent progress or change

Applicable Not applicable

(II) Incentives not disclosed in temporary announcements or incentives with subsequent progress

Equity incentives

Applicable Not applicable

Other notes

Applicable Not applicable

Employee stock ownership plan

Applicable Not applicable

Other incentives

Applicable Not applicable

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

Applicable Not applicable

(IV) Establishment and implementation of performance review and incentive mechanisms for senior officers in the reporting period

Applicable Not applicable

The remuneration standards for directors, supervisors and senior officers are determined depending on their responsibilities, the complexity levels of their positions, and their individual performance, based on the principle of combining incentives with constraints.

XII. Establishment and implementation of internal control systems in the reporting period

Applicable Not applicable

Continuous optimization of internal control systems: in the reporting period, the Company established or modified 149 systems, including 12 new systems, 93 modified systems, and 44 abolished systems, and further improved its internal control systems.

Optimization of the system of authorization and the delegation of authority for empowering units at the grassroots level: the Company continued with the "Two Systems and One Contract" reform, optimized authority settings, motivated units at the grassroots level, increased the number of authorizations delegated to its subsidiaries and branches by 35, delegated management authority, reduced the number of approval levels by 59, provided 18 new authorizations for the approval of funds with larger amounts, improved the efficiency of approval processes, and reduced the number of approval links by 60.

Simplification and optimization of internal control systems, maintenance of simplified and efficient systems: the Company implemented the *Three-year Action for Reform*, carried out the simplification of systems, simplified 44 company-level systems (accounting for 10.71% of the total number of company-level systems) and 132 subsidiary-level systems (accounting for 10.62% of the total number of subsidiary-level systems), and thereby further improved the efficiency of implementation and the effectiveness of its systems.

Notes on any major deficiency in internal control existing in the reporting period

Applicable Not applicable

XIII. Management and control of subsidiaries in the reporting period

Applicable Not applicable

In the reporting period, the Company managed and controlled its subsidiaries in accordance with applicable laws and regulations, such as the *Company Law* and *Securities Law* of the People's Republic of China, and the Company's *Articles of Association*, and implemented four major measures to strengthen the management and control of its subcontractors. The first measure is to guide its subsidiaries to improve their corporate governance frameworks, revise their *Articles of Association* and optimize their organizations, establish and improve the corporate governance systems for its subsidiaries, strengthen the internal controls and risk management for its subsidiaries, continuously promote the modernization of its subsidiaries' corporate governance systems and capabilities, and improve its subsidiaries' operations management and their ability to prevent risks. The second measure is to urge its subsidiaries to focus on production and operations management, define the responsibilities of persons subject to performance review, and ensure the fulfillment of responsibility. The third measure is to manage and control its subsidiaries

depending on their specific operations and businesses, fully motivate its subsidiaries, and form a community of shared interests with its subsidiaries based on the principle of “combining the delegation of authority with management, delegating authority as appropriate, and adopting a goal-oriented approach” and with a focus on the goals with respect to asset efficiency, cost reduction and efficiency improvement, innovation in science and technology, reform and development. The fourth measure is to strengthen capability building in the areas that can create value, such as design, construction, offshore installation and LNG projects, maintain simplified and efficient management teams and task forces, and enable its subsidiaries to become the core forces facilitating its business development and the implementation of its strategic development plan.

XIV. Notes on internal audit report

√ Applicable Not applicable

BDO Shu Lun Pan CPAs (LLP) has performed an audit on the Company’s internal control in 2021 and issued a standard unqualified *Internal Audit Report*. BDO Shu Lun Pan CPAs (LLP) is of the opinion that the Company has maintained effective internal control over its financial statements and reports in all significant aspects in accordance with the *Basic Norms for the Internal Control of Enterprises* and other relevant regulations.

The *Internal Audit Report* and this report were disclosed on the same day. For detailed reports, please visit the official website of Shanghai Stock Exchange (<http://www.sse.com.cn>).

Has the *Internal Control Report* been disclosed? Yes

Type of internal control report: standard unqualified report.

XV. Correction of issues found during self-inspection in the special campaign launched to improve the corporate governance of listed companies

The Company completed the self-inspection on corporate governance in strict accordance with the requirements of China Securities Regulatory Commission (CSRC). In 2021, the CSRC launched a special campaign to improve the corporate governance of listed companies in accordance with the *Opinions of the State Council on Further Improving the Quality of Listed Companies*. The Company carried out self-inspection against the self-inspection checklist in strict accordance with the requirements of the CSRC for the first stage of the special campaign, carefully identified the deficiencies and gaps in its corporate governance, and submitted the self-inspection checklist to the CSRC before the end of March 2021.

The Company strengthened corporate governance and further standardized the procedure for the election of directors and supervisors in accordance with the *Code of Corporate Governance for Listed Companies* (amended in 2018) to safeguard the legitimate rights and interests of minority shareholders. The Company plans to include contents regarding the use of cumulative voting for the election of directors and supervisors into its *Articles of Association* and *Rules of Procedure for the General Meeting of Shareholders*, prepare the detailed rules for the implementation of cumulative voting, and submit the amendments to the *Articles of Association* and other rules to the general meeting of shareholders to be convened in the first half of 2022 for deliberation and approval.

XVI. Other

Applicable √ Not applicable

Corporate Environmental and Social Responsibility

I. Environmental information

(I) Environmental information of companies determined by environmental authorities to be key pollutant-discharging entities and their main subsidiaries

Applicable Not applicable

1. Pollutants information

Applicable Not applicable

Offshore Oil Engineering (Qing Dao) Co., Ltd, a wholly owned subsidiary of the Company (hereinafter referred to as "Qingdao Subsidiary"), has been determined by the competent authority of Qingdao City, Shandong Province as one of the key pollutant-discharging entities of Qingdao City, Shandong Province in 2021. The environments subject to environmental supervision include water environment, air environment, and soil environment. The main pollutants discharged by Qingdao Subsidiary include domestic sewage, organic gases generated during painting and coating operations, and hazardous wastes generated during production.



(1) How and why pollutants are generated:

- ① Qingdao Subsidiary only generates domestic sewage and does not generate production wastewater. The main pollutants contained in domestic sewage include COD (chemical oxygen demand), ammonia-nitrogen, and suspended solids. Qingdao Subsidiary has been listed as a key entity discharging pollutants into the water environment. The main reason is that Qingdao construction yard covers an area of 1.20 million square meters, and Qingdao Subsidiary employs a large number of production personnel. As large volumes of water are consumed, large volumes of water need to be discharged at the same time. The concentrations of pollutants in the water discharged by it, such as ammonia-nitrogen and COD, comply with the emission standards and relevant regulations, but due to large volumes of water discharged, large amounts of ammonia-nitrogen and COD are discharged at the same time. For these reasons, Qingdao Subsidiary has been classified as a key water pollutant-discharging entity subject to supervision.
- ② The main pollutants in waste gases include benzene, toluene, xylene, non-methane hydrocarbons, and particulate matters from the fumes generated during welding, dust generated during grinding, particulate matters and dust generated during shot blasting, and organic gases generated during painting/coating and drying. Although the concentrations of these pollutants comply with the emission standards and relevant regulations, large amounts of waste gases are discharged because of the use of paints and coatings in large quantities. For these reasons, Qingdao Subsidiary has been classified as a key air pollutant-discharging entity subject to supervision.
- ③ The main soil pollutants are the hazardous wastes that are generated during the construction of offshore structures in Qingdao yard and might cause soil contamination. These hazardous wastes mainly include waste paint buckets, waste paint slags, waste mineral oil, waste paints and paint thinners, and waste coolants. These wastes might leak or spill when they are being collected and/or stored, resulting in soil contamination. Therefore, Qingdao Subsidiary has been classified as a key soil pollutant-discharging entity subject to supervision. However, Qingdao Subsidiary attaches great importance to waste management, and no soil pollution incident caused by the leakage/spillage of wastes has occurred.

(2) Modes of pollutant discharge:

- ① All the domestic sewage generated by Qingdao Subsidiary is pretreated in the integrated sewage treatment facility in the yard to comply with the Class B standards specified in the *Wastewater Quality Standards for Discharge to Municipal Sewers* (GB/T31962-2015), discharged into the municipal sewers, and then transferred to Nibu Bay wastewater treatment plant. Qingdao Subsidiary has installed an online wastewater monitoring system that is connected with the network of the local environmental authority 24 hours a day.
- ② The welding fume and grinding dust generated during Qingdao Subsidiary's production activities are collected, filtered and removed with portable fume extractors and dust collectors fitted with self-circulating filter cartridges. The powders of metal oxides generated during shot blasting are removed with two-stage cyclone cartridge dust collectors and discharged via the 25 m exhaust stack after they are treated in accordance with the emission standards. The aerosol and dust generated during painting/coating are purified in the zeolite rotary adsorption unit. Organic waste gases are transferred to the regenerative catalytic oxidizer (RCO) for treatment, and the purified waste gases are discharged via the 25 m exhaust stack. Qingdao Subsidiary has installed an online VOCs monitoring system that is connected with the network of the local environmental authority 24 hours a day.
- ③ Qingdao Subsidiary has authorized an independent contractor with the qualification for the disposal of hazardous wastes to dispose of the wastes that might cause soil contamination in accordance with the relevant laws and regulations. These hazardous wastes are temporarily stored in the hazardous waste storage facility before they are disposed of by the contractor. The floor of the hazardous waste storage facility has been provided with means of protection against leakage and overflow, and the storage facility has been provided with anti-overflow system and recovery tanks to ensure that the hazardous wastes will not cause soil contamination during storage.

(3) Concentrations and total emissions:

① Organized waste gas emissions:

Benzene: 0.095 T;

Toluene: 0.247 T;

Xylene: 1.349 T;

Non-methane hydrocarbons: 4.51 T;

Particulate matters: 3.793 T.

The concentrations of various pollutants at discharge outlets are lower than the specified levels.

② Sewage emissions:

Sewage: 37,900 m³;

Average COD concentration: 88.9 mg/L, total COD emissions: 3.3 T;

Average ammonia-nitrogen concentration: 3.72 mg/L, total ammonia-nitrogen emissions: 0.107 T.

It is to be noted that all of the domestic sewage generated by Qingdao Subsidiary is transferred to the wastewater treatment plant via the municipal sewer system. The COD and ammonia-nitrogen emissions given herein are the amounts of COD and ammonia-nitrogen discharged to the wastewater treatment plant instead of the amounts directly discharged into the water environment. Therefore, the COD and ammonia-nitrogen emissions will not cause water pollution.

- (4) Verified total emissions: no verified total emissions (no relevant requirement by the local environmental authority).
- (5) Excess emissions: none.
- (6) Applicable emission standards: for organic gases: emission standards specified in Table 1 of the *Emission Standard of Volatile Organic Compounds-Part 5: Surface Coating Industry* (DB37/2801.5-2018); for organized emission of particulate matters: emission standards specified in Table 1 (emission concentration limits for air pollutants (stage III)) of the *Integrated Emission Standard of Regional Air Pollutants of Shandong Province* (DB37/2376-2013); for unorganized emission of particulate matters: emission standards specified in Table 2 of the *Integrated Emission Standard of Air Pollutants* (GB16297-1996); for wastewater discharge: class B standards specified in the *Wastewater Quality Standards for Discharge to Municipal Sewers* (GB/T31962-2015).

In the reporting period, no environmental pollution incident occurred within the organization of Qingdao Subsidiary, and no environmental administrative penalty was imposed upon Qingdao Subsidiary.

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

Applicable Not applicable

Qingdao Subsidiary has installed an integrated sewage treatment system with a processing capacity of 200 T/d in the yard. The quality of water discharged from this system meets the class B standards specified in the *Wastewater Quality Standards for Discharge to Municipal Sewers* (GB/T31962-2015).

All painting workshops in the yard are equipped with organic gas purification and dust collection systems. The environmental equipment and facilities are maintained on a regular basis, and the maintenance records are completed and retained. All environmental facilities are operating properly. Organic gas emissions meet the applicable standards.

In 2021, Qingdao Subsidiary continued with the upgrading and retrofitting of environmental facilities and completed the installation and acceptance inspection of 15 sets of welding fume and dust collection/removal facilities for module assembly and pipe fabrication workshops. These facilities will further improve the working environment and reduce pollutant emissions after they are put into operation.

3. Environmental impact assessment (EIA) and other environmental permits for construction projects

Applicable Not applicable

- (1) Response of Qingdao Municipal Bureau of Ecology and Environment to the Environmental Impact Assessment (EIA) Report for Qingdao Yard Phase I Project of Offshore Oil Engineering (Qing Dao) Co., Ltd.
- (2) Response of Qingdao Municipal Bureau of Ecology and Environment to the EIA Report for Qingdao Yard Phase II Project of Offshore Oil Engineering (Qing Dao) Co., Ltd.
- (3) Response of Qingdao Municipal Bureau of Ecology and Environment to the EIA Report for Qingdao Yard Phase III Project of Offshore Oil Engineering (Qing Dao) Co., Ltd.

4. Environmental emergency response plans

Applicable Not applicable

Qingdao Subsidiary has prepared a number of environmental emergency response plans, including the special emergency response plan for the leakage/spillage of toxic and hazardous materials and the special emergency response plan for oil spills in the quay area.

5. Internal environmental monitoring plan

Applicable Not applicable

Qingdao Subsidiary prepares an internal environmental monitoring plan and submits it to COOEC headquarters for approval on a yearly basis.

6. Administrative penalties imposed due to environmental issues in the reporting period

Applicable Not applicable

7. Other environmental information to be disclosed

Applicable Not applicable

(II) Environmental information of other companies than those listed as key pollutant-discharging entities√ Applicable Not applicable**1. Administrative penalties imposed due to environmental issues** Applicable √ Not applicable**2. Other environmental information disclosed according to the relevant information disclosure requirements for key pollutant-discharging entities**√ Applicable Not applicable

As of the end of the reporting period, COOEC owned 19 vessels for offshore operations. The Company attaches great importance to environmental management of its vessels and the management and control of sources of pollution from ships. It has introduced advanced environmental ideas and concepts and has been improving the level of ships environmental management using various management instruments, such as the optimization of equipment structure and science & technology innovation, to ensure compliance of its ships' operation with applicable laws and regulations and its development while ensuring environmental protection. No environmental pollution from the Company's ships occurred in the reporting period

(1) Prevention and control of water pollution from ships

The Company strictly complies with the *Discharge Standard for Water Pollutants from Ships* (GB 3552-2018). It has completed the zero-emission retrofitting of the domestic sewage systems of eight ships, including HYSY (HAI YANG SHI YOU) 225, HYSY 226, BIN HAI 108 (BH 108), LAN JING, LAN JIANG, HYSY 228, HYSY 229, and HYSY 221.

(2) Control of the emissions of air pollutants

The Company strictly complies with the *International Convention for the Prevention of Pollution from Ships* (MARPOL), the *Implementation Scheme of the Domestic Emission Control Areas for Vessels in the Pearl River Delta, the Yangtze River Delta and the Bohai-Rim Area* (Beijing, Tianjin and Hebei) (Jiao Hai Fa No. [2015] 177) and the *Implementation Scheme of the Domestic Emission Control Areas for Atmospheric Pollution from Vessels* (Jiao Hai Fa No. [2018] 168) issued by the Ministry of Transport. For the Company's ships using light fuel oils, the sulfur content in fuel oils is controlled at levels below 0.1% m/m (lower than the levels specified in MARPOL and required by the Chinese government). The Company's ships using heavy fuel oils are equipped with devices for converting high sulfur fuel to low sulfur fuel and strictly observe the procedure for the conversion of high sulfur fuel to low sulfur fuel.

(3) Disposal of sludge, oily water and wastes from ships

The Company has established a safety management system for ships in accordance with applicable maritime laws and regulations to clearly define the requirements for the disposal of sludge, oily water and wastes from ships. Pursuant to the requirements of the *Provisions on the Administration of Lead Seals of Pollutant Discharge Equipment of Ships Operating in Coastal Waters* (Jiao Hai Fa No. [2007] 165), the Company adheres to the principle of zero discharge of oily water from its ships and has signed waste collection agreements with qualified contractors for the collection and disposal of oily water from ships. In addition, it has signed contracts with qualified professional companies for collecting oily water and wastes from ships and issuing the waste collection certificates that meet the requirements of maritime authorities.

(4) Emergency management

The Company's ships are provided with the *Garbage Management Plan* (GMP) and *Shipboard Oil Pollution Emergency Plan* (SOPEP) approved by the Maritime Safety Administration of the People's Republic of China and operate in strict accordance with the GMP and SOPEP. The Company has prepared onsite emergency response plans for emergencies that might cause pollution, such as oil spills. The Company conducts regular emergency drills in accordance with applicable regulations to improve emergency response capability and onsite disposal capability, carries out inspections on a regular basis in accordance with the *Work Plan for Regular Inspections on the Discharge of Oily Bilge Water from Ships in Compliance with Applicable Laws, Regulations, and Emission Standards*, and takes corrective actions in a timely manner to solve the issues found during regular inspections.

3. Reasons for not disclosing other environmental information Applicable √ Not applicable**(III) Relevant information favorable for ecological protection, the prevention and control of pollution, and the fulfillment of environmental responsibility**√ Applicable Not applicable

In the reporting period, the Company promoted environmental management in an all-round way through organizational support and end-of-pipe treatment.

Firstly, the Company assigned full-time personnel to perform environmental management activities and completed the assignment of full-time environmental management personnel for QHSE Department, COOEC Construction Division (Qingdao, Tianjin), COOEC Offshore Division, COOEC Offshore Engineering Technology Services Branch, COOEC Special Equipment Branch, and COOEC LNG Engineering Technology Branch to support environmental management at the organizational level.

Secondly, the Company made great efforts in obtaining pollutant discharge permits for fixed pollution sources. The Company completed the formalities of pollutant discharge registration for the building of its headquarters in Tianjin Port Free Trade Zone. Tianjin Construction Division completed the formalities for the change of pollutant discharge permit according to the requirements of the local environmental authority.

Thirdly, the Company promoted environmental management in an all-round way and upgraded various environmental facilities. Offshore Oil Engineering (Qing Dao) Co., Ltd completed the construction of hazardous waste storage facilities, the purchase of organic solvent purification units, and the retrofitting of welding fume treatment facilities in assembly workshops. Relevant facilities and equipment have been put into operation. The Company made periodic progresses in improving the volatile organic compounds (VOCs) management and monitoring system and completed the sample tests in Tianjin and Qingdao. A special work team is analyzing the usability of new environmentally friendly coating materials. The modification of the sewage systems of ships is progressing smoothly. The modification of the sewage systems of LAN JING, LAN JIANG and BH 108 has been completed. As of the end of the reporting period, the Company has completed 33 items on the list of special tasks for environmental upgrading (58 items in total) and is working on the remaining 25 items.

Fourthly, the Company performed internal inspections on a regular basis to identify environmental hazards. Since the start of internal environmental inspections and the rectification of environmental issues in May 2021, the Company has found 382 environmental risks and hazards, all of which have been rectified.

In the reporting period, no environmental pollution incident occurred within the Company's organization, and no penalty was imposed by competent environmental authorities

(IV) Measures taken by the Company to reduce carbon dioxide emissions in the reporting period and the effects of these measures

Applicable Not applicable

Achieving the "peak carbon dioxide emission and carbon neutrality" is an intrinsic requirement of implementing the new development philosophy, creating a new development paradigm and promoting high-quality development and an important strategic goal proposed by China. The Company attaches high importance to the dual carbon strategy, deeply understands the significance and function of the strategy, and speeds up green and low-carbon development based on the characteristics of its operations, and promotes green and low-carbon transformation during its development with a focus on energy conservation and emission reduction, achieving positive results. In 2021, the Company implemented 137 measures for energy conservation and efficiency improvement and thereby saved energy by 3,288 tons of standard coal, accounting for 206% of the preset goal, reduced carbon dioxide emissions by 9,939 tons, accounting for 101% of the preset goal, and saved 19.53 million Yuan of production and operating costs. In the evaluation of dual control of energy consumption and energy intensity organized by Tianjin in 2021, the Company was recognized as an energy consumer overachieving the goal and awarded the title of Tianjin Energy Conservation A-rating Enterprise by Tianjin Municipal Development and Reform Commission. During the "13th Five-Year Plan" period, two subordinate units of the Company were awarded the honorary title of National Green Plant, one subordinate unit was awarded the honorary title of Green Supply Chain Demonstration Enterprise, and the Company received 12.03 million Yuan as energy conservation fund granted by the Chinese government in accordance with relevant policies.

The main works completed by the Company are summarized below.

1. Carrying out top-down design for carbon dioxide peaking and carbon neutrality

The Company carried out special research on "carbon dioxide peaking and carbon neutrality" in a timely manner, conducted a series of related activities, including investigation into the current status, data analysis, and pathway study, completed the preparation and approval of the *Action Plan for Low-carbon Development*, and developed the *Strategy for Implementation of Carbon Dioxide Peaking and Carbon Neutrality*, which established a plan of action for low-carbon development. In the *Development Plan for the "14th Five-Year Plan" Period*, the Company defined the key tasks for low-carbon development and clarified the direction and arrangement for its low-carbon development for the coming five years. The Company will carry out dynamic optimization and adjustment in accordance with the industry policies of China and CNOOC.

2. Establishing a goals breakdown and evaluation mechanism

The Company properly broke down the *Action Plan for Low-carbon Development* and included the letter of responsibility for annual goals and the plan for performance evaluation of management team into the plan to facilitate the implementation of the plan.

3. Enhancing communication and cooperation with professional organizations

The Company actively attended seminars on CO2 emission reduction technologies, invited professional organizations to provide trainings on "the strategy and pathway for carbon neutrality" to its professional personnel, and conducted dialogues

and communication on the “dual carbon” goal with professional organizations such as Carbon Neutrality Institute of the Research Institute for Environmental Innovation in Tianjin Binhai New Area to seek opportunities for cooperation and explore win-win cooperation modes.

4. Launching low-carbon promotion campaigns in multiple forms

The Company launched a variety of low-carbon promotion campaigns, such as the low-carbon initiative, communication on green and low-carbon development strategy, signing for commitment, low-carbon cases presentation, and energy conservation and emission reduction contest, and published numerous special papers and articles, actively interpreted the implication and impact of the concept of carbon neutrality, published the *Policy and Information Dynamics-Special Issue of Carbon Neutrality Policy* to foster a common understanding of low-carbon development.

5. Building low-carbon plants featuring source control

The Company's Offshore Equipment Manufacturing Base located in Lingang Industrial Zone, Tianjin optimized the energy conservation systems for effective source control and implemented several special optimization plans, including the development or optimization of gas radiation heating system for the painting workshop, intelligent control system for air compressors, and lightning systems, to plant the genes of energy conservation and emission reduction at the source. This manufacturing base will reduce energy consumption by 2,406 tons of standard coal, carbon emissions by 6,280 tons, and operating cost by 12.68 million Yuan every year after it is put into operation

6. China's first offshore “green oilfield” successfully put into operation to help achieving the “dual carbon” goal

In the reporting period, Caofeidian 6-4 Oilfield, China's first offshore “green oilfield”, was successfully put into operation, marking COOEC's new progress in actively implementing the green and low-carbon development strategy. The Company has successfully used shore power in Caofeidian 6-4 Oilfield by optimizing the project plan and retrofitting the existing equipment and facilities. As estimated, compared with the annual fuel consumption and CO₂ emissions of fuel-powered generators onboard conventional offshore oil and gas platforms, the annual fuel consumption of the main power generators in this oilfield will be reduced by 11 thousand tons, the average annual crude oil consumption will be reduced by about 16 thousand tons of standard coal, and CO₂ emissions will be reduced by about 40 thousand tons.

II. Corporate social responsibility

√ Applicable Not applicable

For details, please refer to *COOEC Corporate Social Responsibility Report 2021* published together with this report on the official website of Shanghai Stock Exchange (www.sse.com.cn) on the same day.

III. Works done by the Company to consolidate and expand the achievements in poverty alleviation and rural revitalization

√ Applicable Not applicable

COOEC attaches great importance to consolidating and expanding the achievements in poverty alleviation and rural revitalization. Based on the actual conditions of its operations, COOEC earnestly fulfilled its corporate social responsibility as a central enterprise, actively carried out poverty alleviation, charity and public welfare undertakings, and volunteer services, and made positive contributions for passing on love, building a positive corporate image, and promoting social harmony.

- I. The Company continued with the work of poverty alleviation and carried out poverty alleviation among its employees in accordance with relevant policies. In 2021, by launching the special Spring Festival campaign under the theme of “Delivering Warmth to Needy Families” and paying visits to needy families before festivals, the Company visited 28 needy families, donated 279 thousand Yuan, and helped them solve their problems and difficulties as far as practicable. Besides poverty alleviation among its employees, the Company also actively carried out poverty alleviation through consumption of products from paired poverty alleviation areas and invested a total of about 3,617 thousand Yuan into poverty alleviation through consumption.
- II. The Company actively carried out the work of rural revitalization. In order to implement the national rural revitalization strategy and thoroughly implement the *Opinions on Continuously Selecting and Assigning First Secretary and Task Force to Key Towns and Villages* issued by the General Office of the CPC Central Committee, the Company selected and assigned three first secretaries and task force members to the key villages in Tianjin in accordance with the requirements of the upper-level Party organization. During visits to needy families and external communications, the Company actively promoted the sales of agricultural products for rural revitalization, assisted the cadres stationed in villages in expanding sales channels, achieved sales revenue of 1,001.1 thousand Yuan from the selling of agricultural products, and thereby made positive contributions for rural revitalization.

Important Matters

I. Fulfillment of commitments

(I) Commitments of the Company, its actual controller, shareholders, affiliates, acquirers, and other interested parties in the reporting period or continuing into the reporting period

Applicable Not applicable

Background of commitment	Type of commitment	Commitment party	Contents of commitment	Date and duration of commitment	Is there a time limit for fulfillment?	Has the commitment been fulfilled in a timely manner?
Commitment related to initial public offering (IPO)	Solution to horizontal competition	China National Offshore Oil Corporation (CNOOC)	During the existence of the Company, CNOOC and the legal persons controlled by it shall not conduct any business that is the same as or similar to any item within the Company's scope of business at present and in the future and shall not perform in any way any activities that may cause damage to the Company's interests.	Date of commitment: August 15, 2001; duration: the existence of the Company	No	Yes

(II) Where there is any profit forecast with respect to the Company's assets or projects and the reporting period is still within the period of such profit forecast, please specify if the Company has achieved such profit forecast with respect to the Company's assets or items, and state the reasons for achieving or not achieving such profit forecast

Achieved Not Achieved Not applicable

(III) Fulfillment status of performance commitment and its impact on the impairment test for goodwill

Applicable Not applicable

II. Non-operational fund occupancy by the controlling shareholder and any related parties of the Company in the reporting period

Applicable Not applicable

III. Guarantees provided in violation of relevant regulations

Applicable Not applicable

IV. Notes of the Board of Directors on the "standard unqualified audit report" issued by the accounting firm

Applicable Not applicable

V. Analysis and notes on the reasons for and impacts of changes in accounting policies and estimates or corrections of major errors

(I) Analysis and notes on the reasons for and impacts of changes in accounting policies and estimates

Applicable Not applicable

Changes in accounting policies

1. Chinese Accounting Standards for Business Enterprises No.21-Leases (amended in 2018) (the “new lease standards”)

The Ministry of Finance of the People’s Republic of China amended the *Chinese Accounting Standards for Business Enterprises No.21-Leases* (hereinafter referred to as the “new lease standards”) in 2018. The Company started to implement the new lease standards on January 1, 2021. The difference between the amount confirmed according to new lease standards on the first day of implementation and that confirmed according to the current lease standards was included into the retained earnings as of the beginning of 2021, and no adjustment was made to the corresponding financial statements. The main impacts of the implementation of new lease standards are summarized in the table below.

Unit: 10,000 Yuan Currency: RMB

Changes in accounting policies and reasons	Approval procedure	Affected items in financial statements	Affected amount of balance as of January 1, 2021	
			Consolidated	Parent company
Adjustments made by the Company to the operating leases existing before the first day of the implementation of new lease standards	2nd Meeting of the 7th Session of the Board of Directors	Right-of-use assets	11,435.23	7,852.58
		Long-term prepaid expenses	-157.93	0
		Lease liabilities	7,913.41	5,261.48
		No-current liabilities due within one year	3,565.36	2,794.59
		Surplus reserve	-20.02	-20.35
		Undistributed profits	-181.45	-183.14

(II) Analysis and notes on the reasons for and impacts of corrections of major errors

Applicable Not applicable

(III) Communication with the former accounting firm

Applicable Not applicable

(IV) Other notes

Applicable Not applicable

VI. Hiring and/or dismissal of accounting firms

Unit: 10,000 Yuan Currency: RMB

	Current accounting firm
Name of domestic accounting firm	BDO Shu Lun Pan CPAs (LLP)
Remuneration to domestic accounting firm	218
Cumulative period of auditing service from domestic accounting firm	6

	Name	Remuneration
Accounting firm performing internal audits	BDO Shu Lun Pan CPAs (LLP)	27

Hiring and/or dismissal of accounting firms

Applicable Not applicable

The Resolution on Continuing to Hire the Agency Performing Financial and Internal Audits for the Company in 2021 was deliberated and adopted at the 2nd Meeting of the 7th Session of the Board of Directors convened on March 19, 2021. The Board of Directors agreed on the continued hiring of BDO Shu Lun Pan CPAs (LLP) as the agency performing internal audits on the Company’s financial statements and reports and providing other auditing services to the Company in 2021 for a period of one year.

This matter was deliberated and adopted at the 2020 general meeting of shareholders convened on May 21, 2021.

Notes on the replacement of accounting firm during any audit

Applicable Not applicable

VII. Delisting risks

(I) Causes of any delisting risk warning

Applicable Not applicable

(II) Countermeasures to be taken by the Company

Applicable Not applicable

(III) Cases of termination of public offering and reasons

Applicable Not applicable

VIII. Matters related to bankruptcy and reorganization

Applicable Not applicable

IX. Major litigations and arbitrations

Major litigations and arbitrations in the reporting period No major litigation or arbitration in the reporting period

X. Breaches of laws/regulations committed by the listed company, its directors, supervisors, senior officers, controlling shareholder and actual controller, penalties imposed, and correction of breaches

Applicable Not applicable

XI. Credit status of the Company and its controlling shareholder and actual controller in the reporting period

Applicable Not applicable

No negative credit records issued by any regulatory authority.

XII. Significant connected transactions**(I) Connected transactions related to day-to-day operations****1. Matters disclosed in temporary announcements without subsequent progress or change**

Applicable Not applicable

2. Matters disclosed in temporary announcements with subsequent progress or change

Applicable Not applicable

3. Matters not disclosed in temporary announcements

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Counterparty of connected transaction	Relationship	Type of connected transaction	Scope of connected transaction	Principle for the pricing of connected transaction	Price of connected transaction	Amount of connected transaction	Proportion in the amount of similar transactions (%)	Settlement of connected transaction
CNOOC Limited	Subsidiary controlled by the parent company	Provision of labor services	Provision of engineering, installation, construction, and other professional services by the Company to related parties	Contract price determined by bidding based on market principles	1,072,897.58	1,072,897.58	54.20	Normal settlement in accordance with the contract
CNOOC Gas & Power Group	Wholly owned subsidiary of the parent company	Provision of labor services	Provision of engineering, installation, construction, and other professional services by the Company to related parties	Contract price determined by bidding based on market principles	32,929.91	32,929.91	1.66	Normal settlement in accordance with the contract
CNOOC Energy Technology & Services Limited	Subsidiary controlled by the parent company	Provision of labor services	Provision of engineering, installation, construction, and other professional services by the Company to related parties	Contract price determined by bidding based on market principles	16,463.14	16,463.14	0.83	Normal settlement in accordance with the contract

Counterparty of connected transaction	Relationship	Type of connected transaction	Scope of connected transaction	Principle for the pricing of connected transaction	Price of connected transaction	Amount of connected transaction	Proportion in the amount of similar transactions (%)	Settlement of connected transaction
China Oilfield Services Limited (COSL)	Subsidiary controlled by the parent company	Provision of labor services	Provision of transportation and shipping services by the Company to related parties	Contract price determined by bidding based on market principles	-0.17	-0.17	-0.00001	Normal settlement in accordance with the contract
CNOOC Research Institute Co., Ltd	Wholly owned subsidiary of the parent company	Provision of labor services	Provision of engineering, installation, construction, and other professional services by the Company to related parties	Contract price determined by bidding based on market principles	288.28	288.28	0.01	Normal settlement in accordance with the contract
COOEC-Fluor Heavy industries Co., Ltd	Joint venture	Provision of labor services	Provision of labor dispatch services and material selling and testing services by the Company to related parties	Contract price determined by bidding based on market principles	561.76	561.76	0.03	Normal settlement in accordance with the contract
CNCCC International Tendering Co., Ltd	Wholly owned subsidiary of the parent company	Provision of labor services	Provision of engineering, installation, construction, and other professional services by the Company to related parties	Contract price determined by bidding based on market principles	50.00	50.00	0.003	Normal settlement in accordance with the contract
China National Offshore Oil Corporation (CNOOC)	Parent company	Provision of labor services	Provision of engineering, installation, construction, and other professional services by the Company to related parties	Contract price determined by bidding based on market principles	3,560.50	3,560.50	0.17986	Normal settlement in accordance with the contract
China Ocean Oilfields Services (Hong Kong) Limited	Wholly owned subsidiary of the parent company	Provision of labor services	Provision of engineering, installation, construction, and other professional services by the Company to related parties	Contract price determined by bidding based on market principles	3.29	3.29	0.0002	Normal settlement in accordance with the contract
Associates and joint ventures of other subordinate members of the parent company	Other related parties	Provision of labor services	Provision of engineering, installation, construction, and other professional services by the Company to related parties	Contract price determined by bidding based on market principles	16.64	16.64	0.0008	Normal settlement in accordance with the contract
CNOOC Energy Technology & Services Limited	Subsidiary controlled by the parent company	Receipt of labor services	Provision of project subcontracting, procurement, transportation, fuel, property management and other services to the Company	Contract price determined by bidding based on market principles	127,399.97	127,399.97	7.19	Normal settlement in accordance with the contract
COOEC-Fluor Heavy industries Co., Ltd	Joint venture	Receipt of labor services	Provision of project subcontracting services to the Company	Contract price determined by bidding based on market principles	70,155.57	70,155.57	3.96	Normal settlement in accordance with the contract
CNOOC	Parent company	Receipt of labor services	Provision of employee insurance, software and other services to the Company	Contract price determined by bidding based on market principles	1,069.34	1,069.34	0.06	Normal settlement in accordance with the contract

Counterparty of connected transaction	Relationship	Type of connected transaction	Scope of connected transaction	Principle for the pricing of connected transaction	Price of connected transaction	Amount of connected transaction	Proportion in the amount of similar transactions (%)	Settlement of connected transaction
CNOOC Bohai Corporation	Wholly owned subsidiary of the parent company	Water, power, steam and other utilities (purchase)	Provision of power, water, medical examination for employees, and other services to the Company	Contract price determined by bidding based on market principles	3,750.38	3,750.38	0.21	Normal settlement in accordance with the contract
China Ocean Oilfields Services (Hong Kong) Limited	Wholly owned subsidiary of the parent company	Purchase of goods	Provision of procurement services to the Company	Contract price determined by bidding based on market principles	4,570.31	4,570.31	0.26	Normal settlement in accordance with the contract
COSL	Subsidiary controlled by the parent company	Receipt of labor services	Provision of transportation, shipping and other services to the Company	Contract price determined by bidding based on market principles	6,352.21	6,352.21	0.36	Normal settlement in accordance with the contract
Zhonghai Industry Co., Ltd	Wholly owned subsidiary of the parent company	Receipt of labor services	Provision of project subcontracting, project subcontracting, fuel, power, water, and other services to the Company	Contract price determined by bidding based on market principles	1,265.72	1,265.72	0.07	Normal settlement in accordance with the contract
CNOOC Nanhai East Corporation	Wholly owned subsidiary of the parent company	Receipt of labor services	Provision of project subcontracting services to the Company	Contract price determined by bidding based on market principles	83.37	83.37	0.005	Normal settlement in accordance with the contract
CNOOC Oil & Petrochemicals Co., Ltd	Wholly owned subsidiary of the parent company	Receipt of labor services	Provision of project subcontracting services to the Company	Contract price determined by bidding based on market principles	241.39	241.39	0.01	Normal settlement in accordance with the contract
CNOOC Gas & Power Group	Wholly owned subsidiary of the parent company	Receipt of labor services	Provision of project subcontracting services to the Company	Contract price determined by bidding based on market principles	15,807.59	15,807.59	0.89	Normal settlement in accordance with the contract
CNOOC Nanhai West Corporation	Wholly owned subsidiary of the parent company	Receipt of labor services	Provision of property management services to the Company	Contract price determined by bidding based on market principles	31.05	31.05	0.002	Normal settlement in accordance with the contract
China BlueChemical Ltd	Subsidiary controlled by the parent company	Receipt of labor services	Provision of project subcontracting services to the Company	Contract price determined by bidding based on market principles	183.09	183.09	0.01	Normal settlement in accordance with the contract
CNOOC Research Institute Co., Ltd	Wholly owned subsidiary of the parent company	Receipt of labor services	Provision of project subcontracting services to the Company	Contract price determined by bidding based on market principles	37.33	37.33	0.002	Normal settlement in accordance with the contract
CNOOC Limited	Subsidiary controlled by the parent company	Receipt of labor services	Provision of port services to the Company	Contract price determined by bidding based on market principles	21.55	21.55	0.001	Normal settlement in accordance with the contract
CNCCC International Tendering Co., Ltd	Wholly owned subsidiary of the parent company	Receipt of labor services	Provision of tendering services to the Company	Contract price determined by bidding based on market principles	30.47	30.47	0.002	Normal settlement in accordance with the contract

Counterparty of connected transaction	Relationship	Type of connected transaction	Scope of connected transaction	Principle for the pricing of connected transaction	Price of connected transaction	Amount of connected transaction	Proportion in the amount of similar transactions (%)	Settlement of connected transaction
CNOOC East Sea Co., Ltd	Wholly owned subsidiary of the parent company	Receipt of labor services	Provision of project subcontracting services to the Company	Contract price determined by bidding based on market principles	1.26	1.26	0.0001	Normal settlement in accordance with the contract
Associates and joint ventures of other subordinate members of the parent company	Other related parties	Receipt of labor services	Provision of project subcontracting services to the Company	Contract price determined by bidding based on market principles	68,339.92	68,339.92	3.86	Normal settlement in accordance with the contract
Total				/	/	1,426,111.45	73.83	/
Details about large-amount sales returns								None

Description of connected transactions

- (1) Main scope of connected transactions
The Company is one of the largest EPCI contractors of offshore oil and gas projects in Asia. Its main business includes the provision of professional technical services for oil production in the seas of China. There are many connected transactions in the area of offshore services between the Company and related parties such as CNOOC Limited. For example, the Company provides professional EPCI services to related parties, while the related parties provide project subcontracting, transportation, shipping, fuel, water, power and other services to the Company.
- (2) Price and fairness of connected transactions
These connected transactions provide long-term stable markets for the Company and are indispensable for the Company's development. The contract prices of connected transactions are determined through open bidding. Moreover, the Company signs long-term service agreements with related parties to ensure that the prices of connected transactions are determined in a fair, just and open manner. Connected transactions are beneficial for the development of the Company's main business and for maximizing the interests of its shareholders.
- (3) Continuity of connected transactions
It's a proven fact that these connected transactions are necessary. With the rapid development of China's offshore oil industry, the Company will continue making transactions with related parties in the future.

(II) Connected transactions arising from asset or share acquisition and/or sale

- Matters disclosed in temporary announcements without subsequent progress or change
 Applicable Not applicable
- Matters disclosed in temporary announcements with subsequent progress or change
 Applicable Not applicable
- Matters not disclosed in temporary announcements
 Applicable Not applicable
- Information on the achievement of performance goals in the reporting period shall be disclosed where such performance goals have been agreed.
 Applicable Not applicable

(III) Significant connected transactions related to joint investments

1. Matters disclosed in temporary announcements without subsequent progress or change
 Applicable Not applicable
2. Matters disclosed in temporary announcements with subsequent progress or change
 Applicable Not applicable
3. Matters not disclosed in temporary announcements
 Applicable Not applicable

(IV) Connected credit and debt transactions

1. Matters disclosed in temporary announcements without subsequent progress or change
 Applicable Not applicable
2. Matters disclosed in temporary announcements with subsequent progress or change
 Applicable Not applicable
3. Matters not disclosed in temporary announcements
 Applicable Not applicable

(V) Financial transactions between the Company and related financial companies, financial companies controlled by the Company and/or and related parties

Applicable Not applicable

1. Deposits

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Related party	Relationship	Maximum daily deposit amount	Interest rate	Opening balance	Accrued amount in the reporting period		Closing balance
					Cumulative amount deposited in the reporting period	Cumulative amount withdrawn in the reporting period	
CNOOC Finance Corporation Ltd	Related financial company	86,610.23	0.35%-1.69%	86,506.39	3,054,387.77	3,064,098.42	76,795.74
Total	/	/	/	86,506.39	3,054,387.77	3,064,098.42	76,795.74

Note: Deposit interest rate ranges from 0.35% to 1.69%. 0.35% is the rate of interest on demand deposits, and 1.69% is the rate of interest on 6-month term deposits. The rate of interest on the Company's deposits with CNOOC Finance Corporation Ltd is 0.35% to 1.30% higher than that on deposits with the same term in commercial banks.

2. Loans

Applicable Not applicable

3. Credit granting and other financial transactions

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Related party	Relationship	Type of transaction	Total amount	Actual accumulated amount
CNOOC Finance Corporation Ltd	Related financial company	Credit granting	450,000.00	216,930.58

4. Other notes

Applicable Not applicable

(VI) Other

Applicable Not applicable

For details about accounts receivable and payable between the Company and related parties, entrusted research topics, the interests of the Company's deposits with CNOOC Finance Corporation Ltd and the Company's investment income in connection therewith in the reporting period, please refer to "Note XII: Related Parties and Connected Transactions" in Section X Financial Reports.

XIII. Major contracts and the performance of these contracts**(I) Entrustment, contracting and leasing****1. Entrusting**

Applicable Not applicable

2. Contracting

Applicable Not applicable

3. Leasing

Applicable Not applicable

(II) Guarantees

Applicable Not applicable

/Unit: 100 Million Yuan Currency: USD

External security (excluding guarantee for subsidiaries)	
Total amount of guarantees in the reporting period (not including the guarantees for subsidiaries)	0
Total balance of guarantees as of the end of the reporting period (A) (not including the guarantees for subsidiaries)	0
The Company's guarantees for its subsidiaries	
Total amount of guarantees for subsidiaries in the reporting period	1.58
Total balance of guarantees for subsidiaries as of the end of the reporting period (B)	6.20
Total amount of the Company's guarantees (including those for its subsidiaries)	
Aggregate amount of guarantees (A+B)	6.20
Ratio of the aggregate amount of guarantees to the Company's net assets (%)	17.38
Including:	
Amount of guarantees provided for shareholders, actual controller, and related parties (C)	0
Amount of debt guarantees provided directly or indirectly to guaranteed parties whose debt-to-assets ratios are higher than 70% (D)	0.19
Amount of the portion of the aggregate amount of guarantees in excess of 50% of the Company's net assets (E)	0
Total of the three amounts of guarantees listed above (C+D+E)	0.19

As of the end of the reporting period, five guarantees were in effect. The details of these guarantees are given below.

- (1) After the relevant resolution was deliberated and adopted at the 9th meeting of the 6th Session of the Board of Directors convened on May 21, 2018, the Company provided a parent company guarantee to COOEC CANADA COMPANY LTD (Canada subsidiary) for the performance of the contract for Long Lake Southwest EPC Project. The guarantee amount is 75 million CAD (Canadian dollars). The guarantee period is from the date of issuance of the guarantee to December 20, 2026. This matter need not be deliberated and approved at the general meeting of shareholders (for details, see the announcement on the resolutions of the Board of Directors and the announcement on the provision of this guarantee published by the Company on the website of Shanghai Stock Exchange on May 22, 2018).
- (2) After the relevant resolution was deliberated and adopted at the 10th meeting of the 6th Session of the Board of Directors convened on August 17, 2018, the Company provided a performance guarantee and an advance payment guarantee to COOEC NIGERIA FZE for the performance of the contract for Dangote Petroleum Refinery offshore transportation and installation project. Due to the increase in the contract price, the total amount of the guarantees was increased from 33.2 million USD to 38.2 million USD. The amount of the performance guarantee is 19.1 million USD, and that of the advance payment guarantee is 19.1 million USD. The maximum guarantee period was extended from December 31, 2018 to June 30, 2020.
After the relevant resolutions were adopted at the 24th meeting of the 6th session of the Board of Directors convened on June 23, 2020 and the 28th meeting of the 6th session of the Board of Directors convened on December 4, 2020, the guarantees were adjusted accordingly. Firstly, the period of performance guarantee (parent company guarantee) was extended from December 31, 2020 to April 30, 2021. In the event of any change in project schedule, the valid period of the parent company guarantee will be adjusted according to the change in the valid period of corresponding bank guarantee. Secondly, the advance payment guarantee (parent company guarantee) was reinitiated. The amount of the advance payment guarantee is 19.1 million USD, and the advance payment guarantee shall remain valid until April 30, 2021. In the event of any change in project schedule, the valid period of the parent company guarantee would be adjusted according to the change in the valid period of corresponding bank guarantee. Thirdly, the Company provided a warranty bond with an amount of 19.1 million USD. When the performance guarantee is terminated upon completion of the project, the warranty bond will be initiated. The warranty bond shall remain valid for 24 months from the date on which the certificate of completion is issued by the owner (for details, see the announcement of the resolutions adopted by the Board of Directors and announcement on the adjustments to guarantees published by the Company on the official website of Shanghai Stock Exchange on December 7, 2020). As of the end of the reporting period, the advance payment guarantee had been terminated upon expiry of its term. Therefore, the amount of guarantee decreased to 19.1 million USD.
- (3) After the relevant resolution was deliberated and adopted at the 17th meeting of the 6th Session of the Board of Directors convened on June 6, 2019, the Company provided a parent company guarantee to Offshore Oil Engineering (Qing Dao) Co., Ltd for the performance of the contract for LNG module construction signed with JGC Fluor. The amount of this guarantee is 2,449 million Yuan. The guarantee period is from the date of issuance of the guarantee to September 15, 2025. The matter related to this guarantee was deliberated and approved at the first extraordinary general meeting of shareholders convened on June 25, 2019 (for details, see the announcement on the resolutions adopted by the Board of Directors and the announcement on the provision of guarantees published by the Company on the official website of Shanghai Stock Exchange on June 7, 2019 and the announcement of the resolutions adopted at the general meeting of shareholders disclosed by the Company on June 26, 2019).
- (4) After the relevant resolution was deliberated and adopted at the 3rd meeting of the 7th Session of the Board of Directors convened on April 28, 2021, the Company provided a parent company guarantee for COOEC International Co., Ltd (Hong Kong Subsidiary) to apply for three-year bank loans with a total amount not exceeding 60 million USD from the Bank of China. The amount of the guarantee shall not exceed 64 million USD (principal + interest). The guarantee period is three years from the date of collection of funds by COOEC International Co., Ltd (for details, see the announcement on the resolutions adopted at the meeting of the Board of Directors and the announcement on the provision of guarantees published by the Company on the official website of Shanghai Stock Exchange on April 30, 2021).
- (5) After the relevant resolution was deliberated and adopted at the 7th meeting of the 7th Session of the Board of Directors convened on December 28, 2021, the Company used its line of credit and provided bank guarantees and letters of credit to COOEC SUBSEA TECHNOLOGY CO., LTD and Offshore Oil Engineering (Qing Dao) Co., Ltd for their day-to-day operations such as bidding, performance of contracts, and payments. The amount of guarantee for COOEC SUBSEA TECHNOLOGY CO., LTD shall not exceed 500 million Yuan, the amount of guarantee for Offshore Oil Engineering (Qing Dao) Co., Ltd shall not exceed 100 million Yuan, and the aggregate amount of guarantees shall be no more than 600 million Yuan. The guarantee period is from the date of approval by the Board of Directors to December 31, 2023 (for details, see the announcement on the resolutions adopted by the Board of Directors and the announcement on the provision of guarantees published by the Company on the official website of Shanghai Stock Exchange on December 30, 2021).

Guarantees terminated during the reporting period:

- (1) The advance payment guarantee for the Dangote Petroleum Refinery offshore transportation and installation project in Nigeria with an amount of 19.1 million USD was terminated on April 30, 2021 upon expiry of the term.
- (2) The guarantee with an amount of 26 million USD provided by the Company to Offshore Oil Engineering (Qing Dao) Co., Ltd with respect to Train 2 modules of Yamal LNG Project was terminated on March 23, 2021 upon expiry of the term.
- (3) The parent company guarantee with an amount of 575 million USD effective from the date of its issuance to September 23, 2021 provided by the Company for Offshore Oil Engineering (Qing Dao) Co., Ltd to undertake the module construction project for Yamal LNG Project was terminated upon expiry of the term.
- (4) The Company provided three performance guarantees to Offshore Oil Engineering (Qing Dao) Co., Ltd for the construction of modules for Train 1, Train 2, and Train 3 of Yamal LNG Project. The valid periods of these three performance guarantees cover the warranty periods of the modules for Train 1, Train 2, and Train 3. The total amount of these guarantees is 131 million USD. The expiry dates of the three guarantees for the modules of Train 1, Train 2 and Train 3 are December 23, 2020, March 23, 2021, and September 23, 2021, respectively. These three guarantees were terminated upon expiry of their terms.
- (5) The Company used its line of credit and provided bank guarantees and letters of credit to COOEC SUBSEA TECHNOLOGY CO., LTD, Offshore Oil Engineering (Qing Dao) Co., Ltd, and COTEC INC. (Beijing) for their day-to-day operations such as bidding, performance of contracts, and payments. The amount of the guarantee for COOEC SUBSEA TECHNOLOGY CO., LTD is no more than 700 million Yuan, the amount of the guarantee for Offshore Oil Engineering (Qing Dao) Co., Ltd is no more than 80 million Yuan, and the amount of guarantee for COTEC INC. (Beijing) is no more than 20 million Yuan. The aggregate amount of guarantees is no more than 800 million Yuan. The guarantee period is from the date of approval by the Board of Directors to December 31, 2021. All of these guarantees were terminated upon expiry of their terms.

Detailed description of guarantees

(III) Entrusted management of cash assets

1. Entrusted management of cash assets

(1) General information on entrusted management of cash assets

√ Applicable □ Not applicable

Unit: 100 Million Yuan Currency: RMB

Type	Source of fund	Accrued amount	Undue balance	Overdue amount not recovered
Financial products issued by banks, monetary market funds	Self-owned funds	77.30	77.30	0

Note: The accrued amount of 7.730 billion Yuan refers to the maximum daily balance. The balance reached the highest level on December 31, 2021.

Other information

□ Applicable √ Not applicable

(2) Items of cash assets under entrusted management

√ Applicable □ Not applicable

Unit: 10,000 Yuan Currency: RMB

Trustee	Type	Amount	Start date	End date	Source of funds	Direction of investment	Type of return	Expected annual growth rate	Actual gain or loss	Actual recovery	Has the legal procedure been followed?	Is there a plan for entrusted managed in the future?
Tianjin Branch, China Construction Bank	Bank financial product	50,000.00	2020-7-10	2021-1-11	Self-owned fund	Structured deposit	Floating rate	3.02%	23.52	50,000.00	Yes	Yes
Tianjin Branch, Industrial and Commercial Bank of China	Bank financial product	40,000.00	2020-9-29	2021-4-1	Self-owned fund	Structured deposit	Floating rate	3.80%	353.58	40,000.00	Yes	Yes
Tianjin Branch, Bank of China	Bank financial product	40,000.00	2020-10-19	2021-1-21	Self-owned fund	Structured deposit	Floating rate	3.50%	39.07	40,000.00	Yes	Yes
Tianjin Branch, Industrial and Commercial Bank of China	Bank financial product	60,000.00	2020-10-20	2021-4-29	Self-owned fund	Structured deposit	Floating rate	3.60%	658.77	60,000.00	Yes	Yes
Tianjin Branch, Industrial and Commercial Bank of China	Bank financial product	40,000.00	2020-10-29	2021-5-10	Self-owned fund	Structured deposit	Floating rate	3.50%	466.79	40,000.00	Yes	Yes
Tianjin Branch, China Guangfa Bank	Bank financial product	40,000.00	2020-10-30	2021-2-2	Self-owned fund	Structured deposit	Floating rate	3.40%	112.48	40,000.00	Yes	Yes
Tianjin Branch, Bank of China	Bank financial product	40,000.00	2020-10-30	2021-7-27	Self-owned fund	Structured deposit	Floating rate	3.54%	890.46	40,000.00	Yes	Yes
Tianjin Tanggu Branch, Agricultural Bank of China	Bank financial product	20,000.00	2020-12-4	2023-12-4	Self-owned fund	Large-denomination certificate of deposit	Fixed income	3.99%	752.36	Undue at the end of the reporting period	Yes	Yes
Tianjin Tanggu Branch, Agricultural Bank of China	Bank financial product	30,000.00	2020-12-4	2023-12-4	Self-owned fund	Large-denomination certificate of deposit	Fixed income	3.99%	1,128.54	Undue at the end of the reporting period	Yes	Yes
Tianjin Branch, China Guangfa Bank	Bank financial product	50,000.00	2020-12-14	2021-3-15	Self-owned fund	Structured deposit	Floating rate	3.50%	292.25	50,000.00	Yes	Yes
Tianjin Branch, Bank of China	Bank financial product	50,000.00	2020-12-14	2021-3-15	Self-owned fund	Structured deposit	Floating rate	3.50%	376.71	50,000.00	Yes	Yes
Tianjin Branch, Industrial and Commercial Bank of China	Bank financial product	20,000.00	2020-12-21	2023-12-21	Self-owned fund	Large-denomination certificate of deposit	Fixed income	3.99%	752.36	Undue at the end of the reporting period	Yes	Yes
Tianjin Branch, Industrial and Commercial Bank of China	Bank financial product	20,000.00	2020-12-21	2023-12-21	Self-owned fund	Large-denomination certificate of deposit	Fixed income	3.99%	752.36	Undue at the end of the reporting period	Yes	Yes
Tianjin Branch, Bank of China	Bank financial product	40,000.00	2020-12-25	2021-5-6	Self-owned fund	Bank financial product	Floating rate	3.65%	514.79	40,000.00	Yes	Yes
Tianjin Branch, Industrial and Commercial Bank of China	Bank financial product	20,000.00	2020-12-30	2023-12-30	Self-owned fund	Large-denomination certificate of deposit	Fixed income	3.99%	752.36	Undue at the end of the reporting period	Yes	Yes
Tianjin Branch, Industrial and Commercial Bank of China	Bank financial product	10,000.00	2020-12-31	2023-12-31	Self-owned fund	Large-denomination certificate of deposit	Fixed income	3.99%	376.18	Undue at the end of the reporting period	Yes	Yes
Tianjin Tanggu Branch, Agricultural Bank of China	Bank financial product	30,000.00	2021-1-15	2024-1-15	Self-owned fund	Large-denomination certificate of deposit	Fixed income	3.99%	1,100.32	Undue at the end of the reporting period	Yes	Yes

Trustee	Type	Amount	Start date	End date	Source of funds	Direction of investment	Type of return	Expected annual growth rate	Actual gain or loss	Actual recovery	Has the legal procedure been followed?	Is there a plan for entrusted managed in the future?
Tianjin Branch, China Guangfa Bank	Bank financial product	50,000.00	2021-1-25	2021-6-9	Self-owned fund	Structured deposit	Floating rate	3.50%	293.83	50,000.00	Yes	Yes
Tianjin Branch, China Construction Bank	Bank financial product	40,000.00	2021-1-29	2021-6-11	Self-owned fund	Bank financial product	Floating rate	3.60%	528.64	40,000.00	Yes	Yes
Tianjin Branch, China Merchants Bank	Bank financial product	50,000.00	2021-3-19	2021-8-2	Self-owned fund	Bank financial product	Floating rate	4.00%	602.29	50,000.00	Yes	Yes
Beijing Branch, Bank of Communications	Bank financial product	30,000.00	2021-3-29	2021-4-19	Self-owned fund	Structured deposit	Floating rate	3.10%	50.48	30,000.00	Yes	Yes
Tianjin Branch, Bank of China	Bank financial product	40,000.00	2021-3-29	2021-7-5	Self-owned fund	Structured deposit	Floating rate	1.30%	131.71	40,000.00	Yes	Yes
Tianjin Branch, Industrial and Commercial Bank of China	Bank financial product	80,000.00	2021-4-29	2021-10-26	Self-owned fund	Structured deposit	Floating rate	3.73%	1,388.04	80,000.00	Yes	Yes
Tianjin Branch, China Everbright Bank	Bank financial product	40,000.00	2021-4-30	2021-9-2	Self-owned fund	Structured deposit	Floating rate	3.65%	470.60	40,000.00	Yes	Yes
Tianjin Branch, China CITIC Bank	Bank financial product	20,000.00	2021-5-27	2021-12-6	Self-owned fund	Bank financial product	Floating rate	3.80%	402.00	20,000.00	Yes	Yes
Tianjin Branch, China Guangfa Bank	Bank financial product	60,000.00	2021-5-28	2021-11-22	Self-owned fund	Structured deposit	Floating rate	3.75%	1,035.15	60,000.00	Yes	Yes
Tianjin Branch, Bank of China	Bank financial product	20,000.00	2021-6-29	2021-10-12	Self-owned fund	Structured deposit	Floating rate	3.70%	200.83	20,000.00	Yes	Yes
Beijing Branch, Bank of Communications	Bank financial product	25,000.00	2021-6-30	2021-7-14	Self-owned fund	Structured deposit	Floating rate	1.48%	13.39	25,000.00	Yes	Yes
Beijing Branch, Bank of Communications	Bank financial product	25,000.00	2021-6-30	2021-7-14	Self-owned fund	Structured deposit	Floating rate	5.42%	49.03	25,000.00	Yes	Yes
Tianjin Branch, China Guangfa Bank	Bank financial product	16,000.00	2021-6-30	2021-10-13	Self-owned fund	Structured deposit	Floating rate	3.70%	160.66	16,000.00	Yes	Yes
Tianjin Branch, China Construction Bank	Bank financial product	30,000.00	2021-7-16	2021-11-16	Self-owned fund	Structured deposit	Floating rate	3.70%	352.88	30,000.00	Yes	Yes
Tianjin Branch, China Everbright Bank	Bank financial product	50,000.00	2021-7-16	2021-12-16	Self-owned fund	Structured deposit	Floating rate	3.65%	717.37	50,000.00	Yes	Yes
Tianjin Branch, Industrial and Commercial Bank of China	Bank financial product	20,000.00	2021-7-20	2022-1-6	Self-owned fund	Structured deposit	Floating rate	3.80%	-	Undue at the end of the reporting period	Yes	Yes
Tianjin Branch, Industrial and Commercial Bank of China	Bank financial product	20,000.00	2021-7-29	2022-2-14	Self-owned fund	Structured deposit	Floating rate	3.70%	-	Undue at the end of the reporting period	Yes	Yes
Tianjin Branch, Bank of China	Bank financial product	40,000.00	2021-7-30	2022-2-15	Self-owned fund	Bank financial product	Floating rate	3.70%	-	Undue at the end of the reporting period	Yes	Yes
Tianjin Branch, China Everbright Bank	Bank financial product	40,000.00	2021-7-30	2021-12-27	Self-owned fund	Structured deposit	Floating rate	3.65%	562.42	40,000.00	Yes	Yes
Tianjin Branch, China Construction Bank	Bank financial product	70,000.00	2021-8-27	2022-7-13	Self-owned fund	Bank financial product	Floating rate	4.00%	-	Undue at the end of the reporting period	Yes	Yes
Tianjin Branch, Bank of China	Bank financial product	40,000.00	2021-9-30	2022-4-2	Self-owned fund	Structured deposit	Floating rate	3.60%	-	Undue at the end of the reporting period	Yes	Yes

Trustee	Type	Amount	Start date	End date	Source of funds	Direction of investment	Type of return	Expected annual growth rate	Actual gain or loss	Actual recovery	Has the legal procedure been followed?	Is there a plan for entrusted managed in the future?
Tianjin Branch, China Everbright Bank	Bank financial product	30,000.00	2021-9-30	2022-1-7	Self-owned fund	Structured deposit	Floating rate	3.50%	-	Undue at the end of the reporting period	Yes	Yes
Tianjin Branch, Bank of China	Bank financial product	60,000.00	2021-10-29	2022-5-10	Self-owned fund	Structured deposit	Floating rate	3.60%	-	Undue at the end of the reporting period	Yes	Yes
ICBC Credit Suisse Asset Management Co., Ltd	Monetary market fund	20,000.00	2021-10-28	2021-11-9	Self-owned fund	Monetary market fund	Floating rate	2.30%	13.86	20,000.00	Yes	Yes
ICBC Credit Suisse Asset Management Co., Ltd	Monetary market fund	40,000.00	2021-10-29	2021-12-14	Self-owned fund	Monetary market fund	Floating rate	2.30%	72.79	40,000.00	Yes	Yes
China Asset Management Co., Ltd	Monetary market fund	10,000.00	2021-10-29	2021-11-9	Self-owned fund	Monetary market fund	Floating rate	2.30%	5.41	10,000.00	Yes	Yes
Tianjin Branch, China Construction Bank	Bank financial product	30,000.00	2021-11-12	2022-3-14	Self-owned fund	Bank financial product	Floating rate	3.60%	-	Undue at the end of the reporting period	Yes	Yes
Tianjin Branch, China Guangfa Bank	Bank financial product	60,000.00	2021-11-29	2022-4-15	Self-owned fund	Structured deposit	Floating rate	3.30%	-	Undue at the end of the reporting period	Yes	Yes
Tianjin Branch, Bank of China	Bank financial product	40,000.00	2021-11-30	2022-6-10	Self-owned fund	Bank financial product	Floating rate	3.60%	-	Undue at the end of the reporting period	Yes	Yes
Tianjin Branch, China Everbright Bank	Bank financial product	80,000.00	2021-12-17	2022-3-17	Self-owned fund	Structured deposit	Floating rate	3.60%	-	Undue at the end of the reporting period	Yes	Yes
Tianjin Branch, China CITIC Bank	Bank financial product	60,000.00	2021-12-31	2022-8-3	Self-owned fund	Bank financial product	Floating rate	3.92%	-	Undue at the end of the reporting period	Yes	Yes
Beijing Branch, Bank of Communications	Bank financial product	20,000.00	2021-12-31	2022-1-18	Self-owned fund	Structured deposit	Floating rate	1.85%	-	Undue at the end of the reporting period	Yes	Yes
Beijing Branch, Bank of Communications	Bank financial product	20,000.00	2021-12-31	2022-1-18	Self-owned fund	Structured deposit	Floating rate	3.75%	-	Undue at the end of the reporting period	Yes	Yes
Tianjin Branch, China Merchants Bank	Bank financial product	20,000.00	2021-12-31	2022-1-26	Self-owned fund	Bank financial product	Floating rate	2.74%	-	Undue at the end of the reporting period	Yes	Yes
Tianjin Branch, Bank of China	Bank financial product	13,000.00	2021-12-31	2022-1-28	Self-owned fund	Bank financial product	Floating rate	2.76%	-	Undue at the end of the reporting period	Yes	Yes
Total	/	1,909,000.00							16,394.30	1,136,000.00	Yes	Yes

Notes:

- (1) "Actual gain or loss" refers to after-tax investment income in 2021.
- (2) The income from any large-denomination certificate of deposit that is recovered and undue as of the end of the reporting period is recognized as "investment income" and included in "actual gain or loss".
- (3) Due to the applicability of the new financial instruments standard, the income from structured deposits and bank financial products that are undue as of the end of the reporting period is recognized in "gains or losses arising from changes in fair value", and it is not recognized as investment income and not included in "actual gain or loss".

Other

Applicable Not applicable

- (3) Provision for impairment of entrusted assets

Applicable Not applicable

2. Entrusted loans

(1) General information of entrusted loans

Applicable Not applicable

Other

Applicable Not applicable

(2) Items of entrusted loans

Applicable Not applicable

Other

Applicable Not applicable

(3) Provision for impairment of entrusted loans

Applicable Not applicable

3. Other

Applicable Not applicable

(IV) Other major contracts

Applicable Not applicable

Payer	Project	Contract price	Cumulative payment as of the end of December 2021
CNOOC Limited	Domestic offshore oil projects	RMB 26.652 billion	RMB 14.331 billion
TUPI B.V.	Petrobras FPSO Project	USD 732 million	USD 685 million
JGC Fluor BC LNG Joint Venture	Module construction for Shell's LNG project in North America	RMB 5.052 billion	RMB 2.971 billion
Hong Kong LNG Terminal Limited; Castle Peak Power Company Limited; The Hongkong Electric Company, Limited	Hong Kong Offshore LNG Terminal Project	HKD 4.700 billion	HKD 332.5 million
PipeChina	Longkou Nanshan LNG Phase I Project, Tianjin LNG Phase II Project	RMB 8.233 billion	RMB 2.176 billion
Caofeidian Suntien Liquefied Natural Gas Co., Ltd	Tangshan LNG Phase I & Phase II Projects	RMB 5.994 billion	RMB 1.236 billion
Guangdong Zhuhai Golden Bay LNG Co., Ltd	Guangdong Zhuhai LNG Terminal Expansion Project-Phase II EPC Project	RMB 3.713 billion	RMB 399 million

Note: all the contracts listed above are contracts for the projects being executed as part of the Company's normal operations in the reporting period, and the contract price of each of these projects accounts for more than 10% of the Company's net assets.

XIV. Other important matters having significant impacts on investors in making value judgments and investment decisions

Applicable Not applicable

Changes in Share Capital and Information of Shareholders

I. Changes in share capital

(I) Changes in shares

1. Changes in shares

There was no change in the Company's total number of shares and share capital structure in the reporting report.

2. Description of changes in share capital

Applicable Not applicable

3. Effects of changes in share capital on financial indicators such as earnings per share and net asset value per share in the last year and last period (if any)

Applicable Not applicable

4. Other information to be disclosed as deemed necessary by the Company or as required by the securities regulatory commission

Applicable Not applicable

(II) Changes in restricted shares

Applicable Not applicable

II. Securities issuance and listing

(I) Securities issuance in the reporting period

Applicable Not applicable

Description of securities issuance in the reporting period (please specify existing bonds with different interest rates):

Applicable Not applicable

(II) Changes in the Company's total number of shares, shareholder structure, structure of assets and liabilities

Applicable Not applicable

(III) Existing employee stock/shares

Applicable Not applicable

III. Information of shareholders and actual controller

(I) Total number of shareholders

Total number of common shareholders as of the end of the reporting period	104,532
Total number of common shareholders as of the end of the month preceding the date of disclosure of this annual report	104,657
Total number of preferred shareholders whose voting rights have been restored as of the end of reporting period	0
Total number of preferred shareholders whose voting rights have been restored as of the end of the month preceding the date of disclosure of this annual report	0

(II) Shareholding information of top 10 shareholders and top 10 holders of tradable shares (holders of non-restricted shares) as of the end of the reporting period

/Unit: Share

Name of shareholder (full name)	Top 10 shareholders							Nature of shareholder
	Increase or decrease in the reporting period	Number of shares held as of the end of the reporting period	Shareholding ratio (%)	Number of restricted shares held	Pledged, marked, or frozen shares			
					Status	Number		
CNOOC	0	2,138,328,954	48.36	0	None	0	State	
CNOOC Nanhai West Corporation	0	294,215,908	6.65	0	None	0	Legal person of state-owned company	
Hong Kong Securities Clearing Company Limited	77,167,156	162,710,294	3.68	0	None	0	Overseas legal person	
China Securities Finance Corporation Limited	-58,496,000	66,157,942	1.50	0	None	0	Legal person of state-owned company	
Bank of China Limited-E Fund supply-side reform flexible, hybrid securities investment fund	33,078,027	40,252,420	0.91	0	None	0	Other	
Bosera Asset Management Co., Ltd-Agricultural Bank of China-Bosera Zhongzheng financial asset management plan	0	36,704,400	0.83	0	None	0	Unknown	
E Fund Management Co., Ltd-Agricultural Bank of China-E Fund Zhongzheng financial asset management plan	0	36,704,400	0.83	0	None	0	Unknown	
Dacheng Fund Management Co., Ltd-Agricultural Bank of China-Dacheng Zhongzheng financial asset management plan	0	36,704,400	0.83	0	None	0	Unknown	
Harvest Fund Management Co., Ltd-Agricultural Bank of China-Harvest Zhongzheng financial asset management plan	0	36,704,400	0.83	0	None	0	Unknown	
GF Fund Management Co., Ltd-Agricultural Bank of China-GF Zhongzheng financial asset management plan	0	36,704,400	0.83	0	None	0	Unknown	
Lombarda China Fund Management Co., Ltd-Agricultural Bank of China-Lombarda China Zhongzheng financial asset management plan	0	36,704,400	0.83	0	None	0	Unknown	
China Asset Management Co., Ltd (ChinaAMC)-Agricultural Bank of China-ChinaAMC Zhongzheng financial asset management plan	0	36,704,400	0.83	0	None	0	Unknown	
Yinhua Fund Management Co., Ltd-Agricultural Bank of China-Yinhua Zhongzheng financial asset management plan	0	36,704,400	0.83	0	None	0	Unknown	
China Southern Asset Management Co., Ltd-Agricultural Bank of China-Southern Asset Management Zhongzheng financial asset management plan	0	36,704,400	0.83	0	None	0	Unknown	
ICBC Credit Suisse Asset Management Company Limited-Agricultural Bank of China-ICBC Credit Suisse Zhongzheng financial asset management plan	0	36,704,400	0.83	0	None	0	Unknown	

Top 10 holders of non-restricted shares			
Name of shareholder	Number of non-restricted shares held	Type and number of shares	
		Type	Number
China National Offshore Oil Corporation (CNOOC)	2,138,328,954	A-shares	2,138,328,954
CNOOC Nanhai West Corporation	294,215,908	A-shares	294,215,908
Hong Kong Securities Clearing Company Limited	162,710,294	A-shares	162,710,294
China Securities Finance Corporation Limited	66,157,942	A-shares	66,157,942
Bank of China Limited-E Fund supply-side reform flexible, hybrid securities investment fund	40,252,420	A-shares	40,252,420
Bosera Asset Management Co., Ltd-Agricultural Bank of China-Bosera Zhongzheng financial asset management plan	36,704,400	A-shares	36,704,400
E Fund Management Co., Ltd-Agricultural Bank of China-E Fund Zhongzheng financial asset management plan	36,704,400	A-shares	36,704,400
Dacheng Fund Management Co., Ltd-Agricultural Bank of China-Dacheng Zhongzheng financial asset management plan	36,704,400	A-shares	36,704,400
Harvest Fund Management Co., Ltd-Agricultural Bank of China-Harvest Zhongzheng financial asset management plan	36,704,400	A-shares	36,704,400
GF Fund Management Co., Ltd-Agricultural Bank of China-GF Zhongzheng financial asset management plan	36,704,400	A-shares	36,704,400
Lombarda China Fund Management Co., Ltd-Agricultural Bank of China-Lombarda China Zhongzheng financial asset management plan	36,704,400	A-shares	36,704,400
China Asset Management Co., Ltd (ChinaAMC)-Agricultural Bank of China-ChinaAMC Zhongzheng financial asset management plan	36,704,400	A-shares	36,704,400
Yinhua Fund Management Co., Ltd-Agricultural Bank of China-Yinhua Zhongzheng financial asset management plan	36,704,400	A-shares	36,704,400
China Southern Asset Management Co., Ltd-Agricultural Bank of China-Southern Asset Management Zhongzheng financial asset management plan	36,704,400	A-shares	36,704,400
ICBC Credit Suisse Asset Management Company Limited-Agricultural Bank of China-ICBC Credit Suisse Zhongzheng financial asset management plan	36,704,400	A-shares	36,704,400
Repurchase accounts of top 10 shareholders			Not applicable
Description of voting rights entrusted by the aforementioned shareholders, voting rights entrusted to them, and their waiver of voting rights			Not applicable
Relationships between the aforementioned shareholders or their act in concert	Among the top 10 shareholders, CNOOC Nanhai West Corporation is a wholly owned subsidiary of CNOOC, and it has affiliate relationship with the Company. The existence of affiliate relationships between other shareholders or persons acting in concert is unknown.		
Preferred shareholders whose voting rights have been restored and the number of shares held by them			Not applicable

Number of shares held by top 10 holders of restricted shares and restrictions

Applicable Not applicable

(III) Strategic investors or general legal persons ranking among the top 10 shareholders due to the placement of new shares

Applicable Not applicable

IV. Information of controlling shareholder and actual controller

(I) Controlling shareholder

1. Legal person

Applicable Not applicable

Name	China National Offshore Oil Corporation (CNOOC)
Responsible person or legal representative	Wang Dongjin
Date of establishment	1982-02-15
Main business	① Licensed items of business: offshore oil (gas) production, well drilling, testing and logging, geophysical exploration, downhole operations, oil (gas) storage and transportation, etc.; ② General items of business: organization of oil and natural gas exploration, development, production and sale, oil refining, petrochemical and natural gas processing, use, sale and storage, development and use of liquefied natural gas, oil and gas transmission through pipeline networks, development, production, sale and related services of chemical fertilizers and products, provision of services for the exploration and production of oil, natural gas and other mineral products, general contracting of projects, scientific research, technical consulting, technical services and technology transfer related to the exploration, development and production of oil and natural gas, import of crude oil and refined petroleum products, compensation trade, re-export trade; Sino-foreign joint ventures; cooperative production; international tendering for electromechanical products; production and sale of new energy including wind energy, biomass energy, coal chemicals, and solar energy, and related services.
Other domestic and overseas listed companies with shares held by CNOOC as a controlling or non-controlling shareholder	Other domestic and overseas listed companies controlled by CNOOC in the reporting period: CNOOC Limited, China Oilfield Services Limited (COSL), CNOOC Energy Technology & Services Limited, China BlueChemical Limited.
Other notes	CNOOC 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 CNOOC's shares, and the National Council for Social Security Fund of the People's Republic of China holds 10% of CNOOC's shares.

2. Natural person

Applicable Not applicable

3. Special cases in which the Company does not have a controlling shareholder

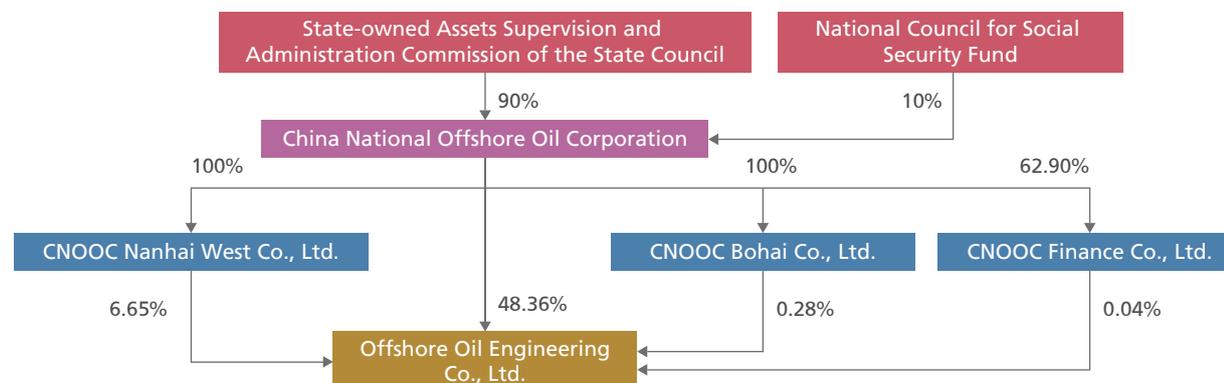
Applicable Not applicable

4. Changes in controlling shareholder in the reporting period

Applicable Not applicable

5. Block diagram showing the ownership and control relationship between the Company and its controlling shareholder

Applicable Not applicable



(II) Actual controller**1. Legal person**

Applicable Not applicable

China National Offshore Oil Corporation (CNOOC) is the Company's actual controller. For details, refer to the information of controlling shareholder contained in this section.

2. Natural person

Applicable Not applicable

3. Special cases in which the Company does not have a controlling shareholder

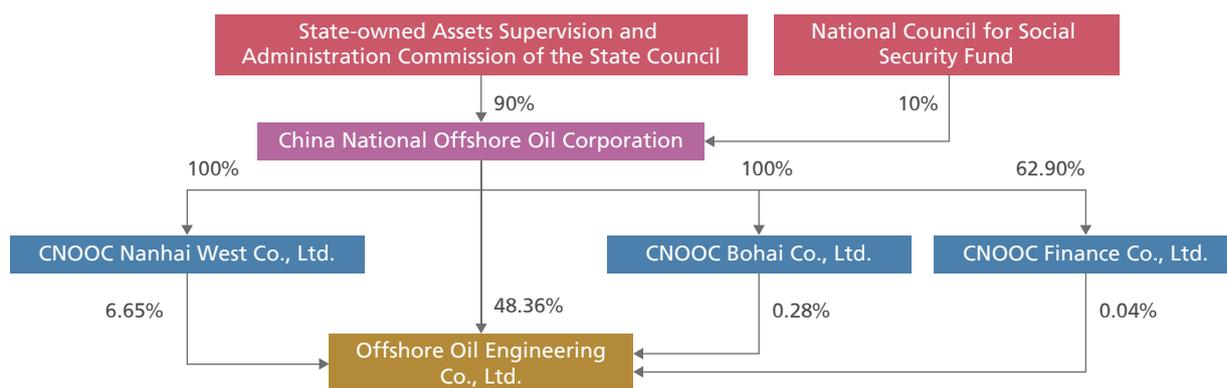
Applicable Not applicable

4. Changes in the control over the Company in the reporting period

Applicable Not applicable

5. Block diagram showing the ownership and control relationship between the Company and its controlling shareholder

Applicable Not applicable

**6. Actual controller's control over the Company through trust or by other means of asset management**

Applicable Not applicable

(III) Other information of the controlling shareholder and actual controller

Applicable Not applicable

V. Cases in which the cumulative number of pledged shares of the Company's controlling shareholder or largest shareholder and its persons acting in concert accounts for more than 80% of the total number of the Company's shares held by them

Applicable Not applicable

VI. Other legal persons holding more than 10% of the Company's shares

Applicable Not applicable

VII. Description of shareholding restrictions and reductions

Applicable Not applicable

VIII. Detailed information of any share repurchase in the reporting period

Applicable Not applicable

Preferred Shares

Applicable Not applicable

Bonds

I. Enterprise bonds, corporate bonds, and debt financing instruments of non-financial enterprises

Applicable ✓ Not applicable

II. Convertible bonds

Applicable ✓ Not applicable

Financial Reports



I. Audit report

√ Applicable □ Not applicable

Audit Report

BDO Audit Report No. [2022] ZG10042

To all shareholders of Offshore Oil Engineering Co., Ltd:

(I) Audit opinions

We have audited the financial statements of Offshore Oil Engineering Co., Ltd (hereinafter referred to as "COOEC"), which comprise the consolidated and parent company's balance sheets as of December 31, 2021, consolidated and parent company's income statements for 2021, consolidated and parent company's cash flow statements for 2021, consolidated statement of changes in owners' equity and statement of changes in parent company owners' Equity for 2021, and related notes to the financial statements.

In our opinion, the attached financial statements have been prepared in accordance with the *Chinese Accounting Standards for Business Enterprises* and represent fairly, in all material respects, COOEC's consolidated financial condition and the parent company's financial condition as of December 31, 2021, COOEC's consolidated operation results and cash flow in 2021, and the parent company's operation results and cash flow in 2021.

(II) Basis for opinion

We conducted our audit in accordance with the *Auditing Standards for Certified Public Accountants of China*. Our responsibilities under those standards are further described in the "responsibilities of certified public accountants for the audit of the financial statements" section of our report. We are independent of COOEC and have performed the audit and other responsibilities with respect to professional ethics in accordance with *China Code of Ethics for Certified Public Accountants*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(III) Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that the matter listed below are key audit matters that should be communicated in our report.

Key audit matters	How these matters were addressed during the audit
<p>Confirmation of income from project contracting</p> <p>For accounting policies on the confirmation of income, see Note V, 38. For disclosure of the type of income, see Note VII. 40 and Note XVII. 4. COOEC's consolidated operating income in 2021 is 19,795,481,200 Yuan, and the confirmed income from project contracting is 19,656,512,800 Yuan, which accounts for 99.30% of the consolidated operating income and is of importance for the financial statements. According to the <i>Accounting Standards for Business Enterprises No. 14-Revenue</i>, for COOEC's project contracting services, the main work is the performance of contractual obligations in a certain period, and the income is confirmed based on the progress of contract performance determined by the input method during the contract period. COOEC's management (hereinafter referred to as "management") makes reasonable estimates of the total income and total cost of a project based on the project budget to determine the progress of contract performance and continuously carry out evaluation and modification during the performance of the contract. This involves management's significant accounting estimates and judgements. Such estimates are affected by judgments on future market and economic situations, which may further affect COOEC's confirmation of income based on the progress of contract performance in the appropriate accounting period. For these reasons, we consider the confirmation of income from project contracting as a key audit matter.</p>	<p>Our audit procedures mainly include:</p> <ol style="list-style-type: none"> 1. Testing and evaluating the effectiveness of key internal controls relevant to the preparation of estimated total project cost and the confirmation of income from the project; 2. Sampling and verifying certain contracts included in the register of project contracts, and evaluating the correctness of management's judgment on contract performance at a certain point in time or in a certain period and the rationality of management's evaluation of transaction price and variable consideration; 3. Sampling and selecting certain projects, reviewing the project contracts and cost budget documents used as the basis for estimated total income and estimated total cost, and evaluating if the estimates made by management are reasonable and sufficiently supported; 4. Taking samples and testing the contract costs incurred in the year; 5. Sampling certain projects included in the register of project contracts, and recalculating the progress of contract performance to verify its correctness; 6. Selecting certain major projects, carrying out onsite inspection on the visual progress of the projects, discussing and confirming the visual progress with the project management teams, comparing the visual progress against the recorded progress, and performing further inspection on any abnormal deviation.

(IV) Other information

Management is responsible for other information. Other information consists of the information included in COOEC's *Annual Report 2021* other than the financial statements and our audit report thereon.

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

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

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

(V) Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the *Chinese Accounting Standards for Business Enterprises*, design, implement and maintain such internal control as deemed necessary by it to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

(VI) Responsibilities of certified public accountants for the audit of the financial statements

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

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- (2) obtain an understanding of internal control relevant to the audit in order to design appropriate audit procedures;
- (3) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- (4) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on COOEC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to express our non-unqualified opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause COOEC to cease to continue as a going concern;
- (5) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- (6) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within COOEC to express an opinion on the financial statements and bear all liability for the opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and 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 the current period and are therefore the key audit matters. We describe

these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



BDO China Shu Lun Pan Certified
Public Accountants
(Special General Partnership)

Chinese certified public accountant:
Wang Shouyi

Chinese certified public accountant:
Xiu Jun

March 18, 2022



II. Financial statements

Consolidated Balance Sheet

December 31, 2021

Prepared by: Offshore Oil Engineering Co., Ltd

Unit: 10,000 Yuan Currency: RMB

Item	Note	December 31, 2021	December 31, 2020
Current assets:			
Monetary capital	VII.1	117,078.06	157,197.23
Financial assets held for trading	VII.2	625,617.90	452,456.07
Accounts receivable	VII.3	565,721.97	737,082.01
Advance payments	VII.4	63,428.24	30,719.47
Other receivables, including	VII.5	1,790.19	1,963.52
Including: interest receivable	VII.5	0	25.24
Dividends receivable		0	0
Inventory	VII.6	115,109.66	101,122.29
Contract assets	VII.7	291,266.84	192,758.98
Other current assets	VII.8	24,821.26	12,844.53
Total current assets		1,804,834.12	1,686,144.10
Non-current assets:			
Loans and advances			
Debt investment	VII.9	155,811.97	120,197.49
Long-term equity investment	VII.10	152,908.21	208,661.50
Other equity instrument investment	VII.11	16,302.34	17,409.28
Fixed assets	VII.12	1,071,041.58	928,476.32
Ongoing projects	VII.13	93,920.99	204,401.28
Right-of-use assets	VII.14	9,509.82	
Intangible assets	VII.15	109,515.43	110,915.43
Goodwill	VII.16	0	1,307.51
Long-term prepaid expenses	VII.17	19,754.09	10,096.67
Deferred tax assets	VII.18	31,827.83	40,580.04
Total non-current assets		1,660,592.26	1,642,045.52
Total assets		3,465,426.38	3,328,189.62
Current liabilities:			
Short-term loans	VII.19	0	23,320.95
Notes payable	VII.20	18,267.37	
Accounts payable	VII.21	833,710.71	753,431.45
Accounts received in advance	VII.22	154.86	128.59
Contract liabilities	VII.23	98,447.47	61,342.05
Wages payable	VII.24	37,839.59	29,852.24
Taxes payable	VII.25	14,057.34	55,347.64
Other payables	VII.26	41,956.47	37,910.81
including: interest payable		0	0
Dividends payable	VII.26	0.17	0
Non-current liabilities due within one year	VII.27	16,498.45	10.89
Other current liabilities	VII.28	48,824.58	0
Total current liabilities		1,109,756.84	961,344.62

Non-current liabilities:			
Long-term loans	VII.29	47,505.75	43,619.97
Lease liabilities	VII.30	3,965.89	0
Long-term payables	VII.31	0	2,650.06
Estimated liabilities	VII.32	9,106.93	32,845.10
Deferred revenue	VII.33	16,005.90	18,161.91
Deferred tax liabilities	VII.18	3,255.61	3,046.26
Total non-current liabilities		79,840.08	100,323.30
Total liabilities		1,189,596.92	1,061,667.92
Owners' equity (or shareholder's equity):			
Paid-in capital (or share capital)	VII.34	442,135.48	442,135.48
Capital reserve	VII.35	424,802.17	424,802.17
Other comprehensive income	VII.36	14,178.07	11,740.53
Special reserve	VII.37	24,035.68	26,907.59
Surplus reserve	VII.38	178,083.31	171,810.91
Undistributed profits	VII.39	1,190,972.39	1,187,709.32
Total owners' equity (or shareholders' equity) attributable to the parent company		2,274,207.10	2,265,106.00
Minority interest		1,622.36	1,415.70
Total owners' equity (or shareholders' equity)		2,275,829.46	2,266,521.70
Total liabilities and owners' equity (or shareholders' equity)		3,465,426.38	3,328,189.62

The responsible person of COOEC: Yu Yi, the person in charge of accounting: Li Peng, the principal of the accounting agency (chief accounting officer): Yao Baoqin

Parent Company's Balance Sheet

December 31, 2021

Prepared by: Offshore Oil Engineering Co., Ltd

Unit: 10,000 Yuan Currency: RMB

Item	Note	December 31, 2021	December 31, 2020
Current assets:			
Monetary capital		92,183.62	89,591.60
Financial assets held for trading		625,617.90	452,456.07
Accounts receivable	XVII.1	571,699.34	755,161.42
Advance payments		61,048.71	23,419.65
Other receivables	XVII.2	31,985.23	74,008.87
Including: interest receivable	XVII.2	0	14.61
Dividends receivable		0	0
Inventory		61,178.85	41,066.61
Contract assets		319,334.25	189,283.04
Other current assets		5,678.89	596.73
Total current assets		1,768,726.79	1,625,583.99
Non-current assets:			
Debt investment		155,811.97	120,197.49
Long-term equity investment	XVII.3	920,597.42	920,597.42
Other equity instrument investment		16,302.34	17,409.28
Fixed assets		541,808.65	477,028.63
Ongoing projects		64,883.19	74,106.65
Right-of-use assets		68,146.69	0
Right-of-use assets			
Intangible assets		39,036.29	39,165.83
Long-term prepaid expenses		9,798.44	6,951.48
Deferred tax assets		14,476.32	20,821.44
Total non-current assets		1,830,861.31	1,676,278.22
Total assets		3,599,588.10	3,301,862.21
Current liabilities:			
Short-term loans		181,029.41	144,379.72
Notes payable		18,267.37	0
Accounts payable		1,059,360.66	975,659.79
Accounts received in advance		149.70	74.33
Contract liabilities		87,311.13	61,338.79
Wages payable		26,484.77	18,824.04
Taxes payable		8,712.77	25,307.56
Other payables		106,559.06	77,992.94
Non-current liabilities due within one year		29,689.27	10.89
Other current liabilities		46,073.81	
Total current liabilities		1,563,637.95	1,303,588.06
Non-current liabilities:			
Long-term loans		22,002.95	43,619.97
Lease liabilities		38,334.60	
Long-term payables		0	2,650.06
Estimated liabilities		4,975.64	11,376.28

Deferred revenue	8,307.82	10,117.98
Deferred income tax liabilities	1,455.92	1,369.47
Total non-current liabilities	75,076.93	69,133.76
Total liabilities	1,638,714.88	1,372,721.82
Owners' equity (or shareholder's equity):		
Paid-in capital (or share capital)	442,135.48	442,135.48
Capital reserve	424,538.80	424,538.80
Other comprehensive income	10,966.24	8,451.57
Special reserve	22,730.29	25,283.41
Surplus reserve	177,118.73	170,846.66
Undistributed profits	883,383.68	857,884.47
Total owners' equity (or shareholders' equity)	1,960,873.22	1,929,140.39
Total liabilities and owners' equity (or shareholders' equity)	3,599,588.10	3,301,862.21

The responsible person of COOEC: Yu Yi, the person in charge of accounting: Li Peng, the principal of the accounting agency (chief accounting officer): Yao Baoqin

Consolidated Income Statement

January-December 2021

Unit: 10,000 Yuan Currency: RMB

Item	Note	2021	2020
I. Gross operating income, including		1,979,548.12	1,786,257.63
Operating income	VII.40	1,979,548.12	1,786,257.63
II. Gross operating expenses, including		1,901,981.38	1,752,720.18
Operating expenses	VII.40	1,770,706.57	1,602,194.98
Taxes and surcharges	VII.41	7,729.12	14,450.81
Selling expenses	VII.42	2,220.02	2,555.13
Administrative expenses	VII.43	23,979.40	23,248.11
R&D expenses	VII.44	92,881.87	98,270.92
Financial expenses, including	VII.45	4,464.40	12,000.23
Interest expense	VII.45	1,802.32	493.37
Interest income	VII.45	2,037.26	1,480.83
plus: other income	VII.46	17,801.08	17,991.16
Investment income (losses are marked with "-")	VII.47	-38,582.43	3,118.73
including: investment income from associates and joint ventures	VII.47	-55,753.29	-9,513.41
Gains on changes in fair value (losses are marked with "-")	VII.48	2,617.90	2,456.07
Credit impairment loss (losses are marked with "-")	VII.49	-2,075.19	-2,354.93
Asset impairment loss (losses are marked with "-")	VII.50	-2,716.36	-3,022.66
Gains on disposal of assets (losses are marked with "-")	VII.51	1,406.48	0
III. Operating profit (losses are marked with "-")		56,018.22	51,725.82
plus: non-operating income	VII.52	1,324.87	2,413.27
less: non-operating expenses	VII.53	92.33	194.88
IV. Gross profit (total losses are marked with "-")		57,250.76	53,944.21
less: income tax expenses	VII.54	20,051.47	17,391.08
V. Net profit (net losses are marked with "-")		37,199.29	36,553.13
(I) Classified by the continuity of operations			
1. Net profit from continuous operations (net losses are marked with "-")		37,199.29	36,553.13
2. Net profit from discontinued operations (net losses are marked with "-")		0	0
(II) Classified by ownership			
1. Net profit attributable to the parent company (net losses are marked with "-")		36,979.89	36,329.92
2. Gains and losses attributable to minority shareholders (net losses are marked with "-")		219.40	223.21
VI. Other comprehensive income net of tax	VII.55	2,424.91	4,825.37
(I) Other comprehensive income net of tax attributable to the owners of the parent company	VII.55	2,437.54	4,852.36
1. Other comprehensive income that cannot be reclassified into gains and losses	VII.55	352.33	-589.08
(1) Changes in the fair value of other equity instruments	VII.55	352.33	-589.08
2. Other comprehensive income that can be reclassified into gains and losses	VII.55	2,085.21	5,441.44
(1) Difference arising from currency conversion in financial statements	VII.55	2,085.21	5,441.44
(II) Other comprehensive income net of tax attributable to minority shareholders	VII.55	-12.63	-26.99
VII. Total comprehensive income		39,624.20	41,378.50

(I) Total comprehensive income net of tax attributable to the owners of the parent company		39,417.43	41,182.28
(II) Total comprehensive income net of tax attributable to minority shareholders		206.77	196.22
VIII. Earnings per share:			
(I) Basic earnings per share (Yuan/share)	VII.63	0.08	0.08
(II) Diluted earnings per share (Yuan/share)	VII.63	0.08	0.08

The responsible person of COOEC: Yu Yi, the person in charge of accounting: Li Peng, the principal of the accounting agency (chief accounting officer): Yao Baoqin

Parent Company's Income Statement

January-December 2021

Unit: 10,000 Yuan Currency: RMB

Item	Note	2021	2020
I. Operating income	XVII.4	1,684,746.47	1,548,982.05
less: operating expenses	XVII.4	1,571,142.79	1,398,255.07
Taxes and surcharges		4,685.55	11,674.17
Selling expenses		57.02	168.40
Administrative expenses		14,154.00	13,684.77
R&D expenses		69,391.11	66,416.80
Financial expenses, including		8,151.46	7,147.60
Interest expense		6,183.27	1,693.77
Interest income		1,624.88	1,695.79
plus: other income		11,395.88	9,353.86
Investment income (losses are marked with "-")	XVII.5	36,970.86	11,832.13
Gains on changes in fair value (losses are marked with "-")		2,617.90	2,456.07
Credit impairment loss (losses are marked with "-")		99.98	-1,851.35
Asset impairment loss (losses are marked with "-")		-509.64	-2,984.40
Gains on disposal of assets (losses are marked with "-")		34.06	8.63
II. Operating profit (losses are marked with "-")		67,773.58	70,450.18
plus: non-operating income		844.61	1,597.30
less: non-operating expenses		75.41	160.86
III. Gross profit (total losses are marked with "-")		68,542.78	71,886.62
less: income tax expenses		9,325.06	10,424.19
IV. Net profit (net losses are marked with "-")		59,217.72	61,462.43
(I) Net profit from continuous operations (net losses are marked with "-")		59,217.72	61,462.43
(II) Net profit from discontinued operations (net losses are marked with "-")		0	0
V. Other comprehensive income net of tax		2,514.67	5,426.59
(I) Other comprehensive income that cannot be reclassified into gains and losses		352.33	-589.08
1. Changes in the fair value of other equity instruments		352.33	-589.08
(II) Other comprehensive income that can be reclassified into gains and losses		2,162.34	6,015.67
1. Difference arising from currency conversion in financial statements		2,162.34	6,015.67
VI. Total comprehensive income		61,732.39	66,889.02

The responsible person of COOEC: Yu Yi, the person in charge of accounting: Li Peng, the principal of the accounting agency (chief accounting officer): Yao Baoqin

Consolidated Cash Flow Statement

January-December 2021

Unit: 10,000 Yuan Currency: RMB

Item	Note	2021	2020
I. Cash flow from operating activities:			
Cash receipts from the sale of goods or provision of services		2,226,728.48	1,940,048.55
Tax refunds received		12,583.81	35,430.06
Other cash receipts related to operating activities	VII.56	44,861.02	32,608.46
Sub-total of cash inflow from operating activities		2,284,173.31	2,008,087.07
Cash paid for goods and services		1,625,945.19	1,483,503.12
Cash paid to and for employees		276,025.42	246,508.26
Taxes paid		43,024.21	54,765.46
Other cash payments related to operating activities	VII.56	35,856.54	21,230.77
Sub-total of cash outflow to operating activities		1,980,851.36	1,806,007.61
Net cash flow from operating activities	VII.57	303,321.95	202,079.46
II. Cash flow from investment activities:			
Cash receipts from the recovery of investments		1,141,227.98	1,017,000.00
Cash receipts from returns on investments		14,864.31	13,655.32
/Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		2,103.34	623.37
Sub-total of cash inflow from investment activities		1,158,195.63	1,031,278.69
Cash paid to acquire fixed assets, intangible assets and other long-term assets		113,742.63	66,384.22
Cash paid for investments		1,339,007.97	1,197,549.65
Sub-total of cash outflow to investment activities		1,452,750.60	1,263,933.87
Net cash flow from investment activities		-294,554.97	-232,655.18
III. Cash flow from financing activities:			
Cash receipts from borrowings		38,633.93	45,769.26
Sub-total of cash inflow from financing activities		38,633.93	45,769.26
Cash repayments for debts		44,137.86	
Cash payments for dividends, profits or interests		32,367.12	26,692.67
including: dividends and profits paid by subsidiaries to minority shareholders		0	0.06
Other cash payments related to financing activities	VII.56	9,011.01	0
Sub-total of cash outflow to financing activities		85,515.99	26,692.67
Net cash flow from financing activities		-46,882.06	19,076.59
IV. Impacts of fluctuations in exchange rates on cash and cash equivalents			
		-2,004.09	-4,510.91
V. Net increase in cash and cash equivalents			
	VII.57	-40,119.17	-16,010.04
plus: balance of cash and cash equivalents as of the beginning of the reporting period	VII.57	157,197.23	173,207.27
VI. Balance of cash and cash equivalents as of the end of the reporting period			
	VII.57	117,078.06	157,197.23

The responsible person of COOEC: Yu Yi, the person in charge of accounting: Li Peng, the principal of the accounting agency (chief accounting officer): Yao Baoqin

Parent Company's Cash Flow Statement

January-December 2021

Unit: 10,000 Yuan Currency: RMB

Item	Note	2021	2020
I. Cash flow from operating activities:			
Cash receipts from the sale of goods or provision of services		1,924,453.53	1,614,553.10
Tax refunds received		10,955.92	33,624.52
Other cash receipts related to operating activities		69,648.26	52,815.15
Sub-total of cash inflow from operating activities		2,005,057.71	1,700,992.77
Cash paid for goods and services		1,491,427.42	1,372,189.40
Cash paid to and for employees		196,975.33	177,573.71
Taxes paid		22,613.02	32,642.37
Other cash payments related to operating activities		26,986.04	21,713.68
Sub-total of cash outflow to operating activities		1,738,001.81	1,604,119.16
Net cash flow from operating activities		267,055.90	96,873.61
II. Cash flow from investment activities:			
Cash receipts from the recovery of investments		1,186,171.08	913,290.75
Cash receipts from returns on investments		34,477.43	32,425.40
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		5.28	694.56
Sub-total of cash inflow from investment activities		1,220,653.79	946,410.71
Cash paid to acquire fixed assets, intangible assets and other long-term assets		92,545.08	45,010.69
Cash paid for investments		1,375,520.00	1,150,314.60
Sub-total of cash outflow to investment activities		1,468,065.08	1,195,325.29
Net cash flow from investment activities		-247,411.29	-248,914.58
III. Cash flow from financing activities:			
Cash receipts from borrowings		0	45,769.26
Other cash receipts related to financing activities		348,763.18	261,318.82
Sub-total of cash inflow from financing activities		348,763.18	307,088.08
Cash repayments for debts		44,137.86	0
Cash payments for dividends, profits or interests		33,841.83	27,169.28
Other cash payments related to financing activities		286,321.51	140,260.05
Sub-total of cash outflow to financing activities		364,301.20	167,429.33
Net cash flow from financing activities		-15,538.02	139,658.75
IV. Impacts of fluctuations in exchange rates on cash and cash equivalents			
		-1,514.57	-818.17
V. Net increase in cash and cash equivalents			
		2,592.02	-13,200.39
plus: balance of cash and cash equivalents as of the beginning of the reporting period		89,591.60	102,791.99
VI. Balance of cash and cash equivalents as of the end of the reporting period			
		92,183.62	89,591.60

The responsible person of COOEC: Yu Yi, the person in charge of accounting: Li Peng, the principal of the accounting agency (chief accounting officer): Yao Baoqin

Consolidated Statement of Changes in Owners' Equity

January-December 2021

Item	Paid-in capital (or share capital)	Capital reserve	Other comprehensive income
I. Balance at the end of the previous year	442,135.48	424,802.17	11,740.53
plus: changes in accounting policies			
II. Balance at the beginning of the current period	442,135.48	424,802.17	11,740.53
III. Increase or decrease in the current period (decrease is marked with "-")			2,437.54
(I) Total comprehensive income			5,368.69
(II) Profit distribution			
1. Withdrawal of surplus reserve			
2. Distribution to owners (or shareholders)			
(III) Internal carry-over of owners' equity			-2,931.15
1. Other comprehensive income carried over into retained earnings			-2,931.15
(IV) Special reserve			
1. Amount withdrawn in the current period			
2. Amount used in the current period			
(V) Other			
IV. Balance at the end of the current period	442,135.48	424,802.17	14,178.07

Item	Paid-in capital (or share capital)	Capital reserve	Other comprehensive income
I. Balance at the end of the previous year	442,135.48	424,794.02	6,888.17
plus: changes in accounting policies			
II. Balance at the beginning of the current period	442,135.48	424,794.02	6,888.17
III. Increase or decrease in the current period (decrease is marked with "-")		8.15	4,852.36
(I) Total comprehensive income			4,852.36
(II) Capital contributed and reduced by owners		8.15	
1. Other		8.15	
(III) Profit distribution			
1. Withdrawal of surplus reserve			
2. Distribution to owners (or shareholders)			
(IV) Special reserve			
1. Amount withdrawn in the current period			
2. Amount used in the current period			
IV. Balance at the end of the current period	442,135.48	424,802.17	11,740.53

The responsible person of COOEC: Yu Yi, the person in charge of accounting: Li Peng, the principal of the accounting agency (chief accounting officer): Yao Baoqin

Unit: 10,000 Yuan Currency: RMB

2021						
Owners' equity attributable to the parent company				Sub-total	Minority interest	Total owners' equity
Special reserve	Surplus reserve	Undistributed profits				
26,907.59	171,810.91	1,187,709.32	2,265,106.00	1,415.70	2,266,521.70	
	-20.02	-181.45	-201.47		-201.47	
26,907.59	171,790.89	1,187,527.87	2,264,904.53	1,415.70	2,266,320.23	
-2,871.91	6,292.42	3,444.52	9,302.57	206.66	9,509.23	
		36,979.89	42,348.58	206.77	42,555.35	
	5,921.77	-36,871.25	-30,949.48	-0.11	-30,949.59	
	5,921.77	-5,921.77				
		-30,949.48	-30,949.48	-0.11	-30,949.59	
	293.11	2,638.04				
	293.11	2,638.04				
-2,871.91			-2,871.91		-2,871.91	
31,350.84			31,350.84		31,350.84	
34,222.75			34,222.75		34,222.75	
	77.54	697.84	775.38		775.38	
24,035.68	178,083.31	1,190,972.39	2,274,207.10	1,622.36	2,275,829.46	

2020						
Owners' equity attributable to the parent company				Sub-total	Minority interest	Total owners' equity
Special reserve	Surplus reserve	Undistributed profits				
42,176.91	165,664.67	1,184,404.79	2,266,064.04	1,219.54	2,267,283.58	
		-351.02	-351.02		-351.02	
42,176.91	165,664.67	1,184,053.77	2,265,713.02	1,219.54	2,266,932.56	
-15,269.32	6,146.24	3,655.55	-607.02	196.16	-410.86	
		36,329.92	41,182.28	196.22	41,378.50	
			8.15		8.15	
			8.15		8.15	
	6,146.24	-32,674.37	-26,528.13	-0.06	-26,528.19	
	6,146.24	-6,146.24				
		-26,528.13	-26,528.13	-0.06	-26,528.19	
-15,269.32			-15,269.32		-15,269.32	
30,843.35			30,843.35		30,843.35	
46,112.67			46,112.67		46,112.67	
26,907.59	171,810.91	1,187,709.32	2,265,106.00	1,415.70	2,266,521.70	

Statement of Changes in Parent Company Owners' Equity

January-December 2021

Item	Paid-in capital (or share capital)	Capital reserve
I. Balance at the end of the previous year	442,135.48	424,538.80
plus: changes in accounting policies		
II. Balance at the beginning of the current period	442,135.48	424,538.80
III. Increase or decrease in the current period (decrease is marked with "-")		
(I) Total comprehensive income		
(II) Profit distribution		
1. Withdrawal of surplus reserve		
2. Distribution to owners (or shareholders)		
(III) Internal carry-over of owners' equity		
1. Other comprehensive income carried over into retained earnings		
(IV) Special reserve		
1. Amount withdrawn in the current period		
2. Amount used in the current period		
(V) Other		
IV. Balance at the end of the current period	442,135.48	424,538.80

Item	Paid-in capital (or share capital)	Capital reserve
I. Balance at the end of the previous year	442,135.48	424,538.80
plus: changes in accounting policies		
II. Balance at the beginning of the current period	442,135.48	424,538.80
III. Increase or decrease in the current period (decrease is marked with "-")		
(I) Total comprehensive income		
(II) Profit distribution		
1. Withdrawal of surplus reserve		
2. Distribution to owners (or shareholders)		
(IV) Special reserve		
1. Amount withdrawn in the current period		
2. Amount used in the current period		
IV. Balance at the end of the current period	442,135.48	424,538.80

The responsible person of COOEC: Yu Yi, the person in charge of accounting: Li Peng, the principal of the accounting agency (chief accounting officer): Yao Baoqin

Unit: 10,000 Yuan Currency: RMB

2021				
Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
8,451.57	25,283.41	170,846.66	857,884.47	1,929,140.39
		-20.35	-183.14	-203.49
8,451.57	25,283.41	170,826.31	857,701.33	1,928,936.90
2,514.67	-2,553.12	6,292.42	25,682.35	31,936.32
5,445.82			59,217.72	64,663.54
		5,921.77	-36,871.25	-30,949.48
		5,921.77	-5,921.77	
			-30,949.48	-30,949.48
-2,931.15		293.11	2,638.04	
-2,931.15		293.11	2,638.04	
	-2,553.12			-2,553.12
	27,259.29			27,259.29
	29,812.41			29,812.41
		77.54	697.84	775.38
10,966.24	22,730.29	177,118.73	883,383.68	1,960,873.22

2020				
Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
3,024.98	41,231.27	164,700.41	829,369.40	1,905,000.34
			-272.98	-272.98
3,024.98	41,231.27	164,700.41	829,096.42	1,904,727.36
5,426.59	-15,947.86	6,146.25	28,788.05	24,413.03
5,426.59			61,462.43	66,889.02
		6,146.25	-32,674.38	-26,528.13
		6,146.25	-6,146.25	
			-26,528.13	-26,528.13
	-15,947.86			-15,947.86
	24,604.93			24,604.93
	40,552.79			40,552.79
8,451.57	25,283.41	170,846.66	857,884.47	1,929,140.39

III. Company profile

1. Company profile

Applicable Not applicable

(1) Establishment

Offshore Oil Engineering Co., Ltd (hereinafter referred to as “the Company” or “Company”) established on April 20, 2000 is a joint stock company with limited liabilities jointly sponsored by CNOOC Design Company, CNOOC Platform Manufacturing Company, CNOOC Maritime Engineering Company, CNOOC Bohai Corporation and CNOOC Nanhai West Corporation. Uniform social credit code: 91120116722950227Y. The Company listed the shares on Shanghai Stock Exchange on February 5, 2002. It is mainly engaged in mining auxiliary activities. As of December 31, 2021, the Company issued share capital of 4.4213548 billion shares totally with registered capital of RMB 4.4213548 billion; registered address: Apartment 202-F105, 2/F, Skirt Building, Ligang Plaza, No. 82, West 2nd Road, Tianjin Port Free Trade Zone; headquarter address: No. 199, Haibin 15 Road, Tianjin Port Free Trade Zone, with Yu Yi as the legal representative.

(2) Business scope

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

(3) Initial offering of the company's stock

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

(4) Capital increases after initial public offering of company's stock

- 1) The Company approved the *Plan of Conversion of Capital Reserves into Share Capital* at the first extraordinary general meeting in 2003, deciding to issue additional 1 share for each 10 shares with the capital reserves based on the total of 250 million shares. Upon the completion of the above plan, general share capital of the Company reached 275 million shares, including 88 million tradable shares. The Company completed the procedures of industrial and commercial registration alteration on January 12, 2004, with registered capital of RMB two hundred and seventy-five million after the alteration.
- 2) The Company approved the *Plan of Conversion of Capital Reserves and Undistributed Profits into Share Capital* at the general meeting of shareholders in 2003, deciding to issue 1 additional share for each 10 shares (27.5 million shares in total) to the shareholders with the capital reserves and distribute 1 dividend share for each 10 shares (27.5 million shares in total) to the shareholders based on the total of 275 million shares, which increased the share capital by 55 million shares aggregately. The Company completed the procedures of industrial and commercial registration alteration on October 27, 2004, with registered capital of RMB three hundred and thirty million after the alteration.
- 3) The Company approved the *2004 Profit-sharing Plan* and the *Plan of Conversion of Capital Reserves into Share Capital for 2004* at the general meeting of shareholders in 2004, deciding to distribute share dividend of 1 share for each 10 shares to the shareholders with the undistributed profit (33 million shares in total) and issue 1 additional share for each 10 shares to the shareholders with the capital reserves (33 million shares in total) based on the total of 330 million shares, which increased the share capital by 66 million shares aggregately. The Company completed the procedures of industrial and commercial registration alteration on July 15, 2005, with registered capital of RMB three hundred and ninety-six million after the alteration.
- 4) The Company approved the *2005 Profit-sharing Plan* and the *Plan of Conversion of Capital Reserves into Share Capital for 2005* at the general meeting of shareholders in 2005, deciding to distribute share dividend of 7 share for each

10 shares to the shareholders with the undistributed profit (277.2 million shares in total) and issue 3 additional share for each 10 shares to the shareholders with the capital reserves (118.8 million shares in total) based on the total of 396 million shares, which increased the share capital by 396 million shares aggregately. The Company finished the procedures of industrial and commercial registration alteration on January 31, 2007, with registered capital of RMB seven hundred and ninety-two million after the alteration.

- 5) The Company approved the *2006 Profit-sharing Plan* at the general meeting of shareholders in 2006, deciding to distribute share dividends of 2 shares for each 10 shares to the shareholders with the undistributed profit (158.4 million shares in total) based on the total of 792 million shares. The Company finished the procedures of industrial and commercial registration alteration on September 6, 2007, with registered capital of RMB nine hundred and fifty million four hundred thousand.
- 6) The Company approved the *2007 Profit-sharing Plan* at the general meeting of shareholders in 2007, deciding to distribute share dividends of 5 shares for each 10 shares to the shareholders with the undistributed profit (475.2 million shares in total) and issue 5 additional share for each 10 shares to the shareholders with the capital reserve (475.2 million shares in total) based on the total of 950.4 million shares, which increased the share capital by 950.4 million shares aggregately. The Company finished the procedures of industrial and commercial registration alteration on July 31, 2008, with registered capital of RMB one billion nine hundred million eight hundred thousand after the alteration.
- 7) As approved in CSRC Permit [2008] No.1091, the Company issued 260 million ordinary shares (A share) by means of non-public offering of stocks to 8 specific investors including China National Offshore Oil Corporation. After the raised funds were in place, the Company handled the procedures for A share registration and restrictions on sales of the shares in China Securities Depository and Clearing Co., Ltd Shanghai Branch on December 29, 2008, and completed the industrial and commercial registration alteration on February 16, 2009. The registered capital of the Company after the alteration is RMB two billion one hundred and sixty million eight hundred thousand.
- 8) The Company approved the *2008 Profit-sharing Plan* at the general meeting of shareholders in 2008, deciding to distribute share dividends of 1 shares for each 10 shares to the shareholders with the undistributed profit (216.08 million shares in total) and issue 4 additional share for each 10 shares to the shareholders with the capital reserve (864.32 million shares in total) based on the total of 2,160.8 million shares, which increased the share capital by 1,080.4 million shares aggregately. The Company finished the procedures of industrial and commercial registration alteration on December 31, 2009, with registered capital of RMB three billion two hundred and forty-one million two hundred thousand after the alteration.
- 9) The Company approved the *2009 Plan of Increasing Share Capital with Reserves* at the general meeting of shareholders in 2009, deciding to issue 2 additional shares for each 10 shares to the shareholders with the capital reserve (648.24 million shares in total) based on the total of 3,241.20 million shares, which increased the share capital by 648.24 million shares aggregately. The registered capital of the Company is RMB three billion eight hundred and eighty-nine million four hundred and forty thousand after the alteration.
- 10) As approved in CSRC Permit [2013] No.1180, the Company issued 531,914,800 ordinary shares (A share) by means of non-public offering of stocks to 6 specific investors including China National Offshore Oil Corporation. After the raised funds were in place, the Company handled the procedures for A share registration and restrictions on sales of the shares in China Securities Depository and Clearing Co., Ltd Shanghai Branch on October 9, 2013, and completed the industrial and commercial registration alteration on October 14, 2013. The registered capital of the Company is RMB four billion four hundred and twenty-one million three hundred and fifty-four thousand eight hundred after alteration.

(5) Equity change to the initiators

- 1) On September 28, 2003, by means of agreement, the actual controller of the Company (China National Offshore Oil Corporation) obtained shares totaling 159,233,800 shares held by Platform Construction Company, CNOOC Offshore Engineering Company and CNOOC Engineering Design Company without payment, which accounted for 57.91% of shares of the Company at that time. CNOOC became the first majority shareholder of the Company. The formality of share transfer was gone through on February 13, 2004. The 3 sponsors (CNOOC Platform Construction Company, CNOOC Offshore Engineering Company and CNOOC Engineering Design Company) no longer held the Company's shares.
- 2) According to the non-tradable share reform plan approved by the *Official Replies to Relevant Issues of Non-tradable Share Reform of Offshore Oil Engineering Co., Ltd* (GZCQ [2006] No.2) issued by the State-owned Assets Supervision and Administration Commission of the State Council and approved at the meeting of shareholders on non-tradable share reform held on January 16, 2006, holders of non-tradable shares of the Company shall pay a consideration of 2.4 shares for each 10 shares to the holders of tradable shares registered with Shanghai Branch of China Securities Depository and Clearing Corporation Limited as of January 20, 2006, involving total payment of 30,412,800 shares by the holders of non-tradable shares. After the consideration was paid, China National Offshore Oil Corporation, CNOOC Bohai Corporation and CNOOC Nanhai West Corporation (holders of non-tradable shares of the Company) held 203,399,600 shares, 1,414,800 shares and 34,052,800 shares respectively in the Company, representing a ratio of 51.36%, 0.36% and 8.60% respectively. On the first trading day after the non-tradable share reform was executed, all

non-tradable shares held by the holders of the Company obtained the rights of circulation.

- 3) As approved in CSRC Permit [2008] No.1091, the Company issued 260 million ordinary shares (A share) by means of non-public offering of stocks to 8 specific investors including China National Offshore Oil Corporation. After the raised funds were in place, the Company handled the procedures for A share registration and restrictions on sales of the shares in China Securities Depository and Clearing Co., Ltd on December 29, 2008. After the private placement this time, China National Offshore Oil Corporation, CNOOC Nanhai West Corporation and CNOOC Bohai Corporation held 1,054,318,252 shares, 163,453,282 shares and 6,791,026 shares respectively, accounting for 48.79%, 7.56% and 0.32% respectively.
- 4) As approved in CSRC Permit [2013] No.1180, the Company issued 531,914,800 ordinary shares (A share) by means of non-public offering of stocks to 6 specific investors including China National Offshore Oil Corporation. After the raised funds were in place, the Company handled the procedures for A share registration and restrictions on sales of the shares in China Securities Depository and Clearing Co., Ltd on October 9, 2013. After the private placement this time, China National Offshore Oil Corporation, CNOOC Nanhai West Corporation and CNOOC Bohai Corporation held 2,270,113,454 shares, 294,215,908 shares and 12,223,847 shares respectively, accounting for 51.34%, 6.65% and 0.28% respectively.
- 5) In 2015, the controlling shareholder China National Offshore Oil Corporation and persons acting in concert - CNOOC Finance Co., Ltd purchased 856,100 shares and 1,571,800 shares of the Company from July 9, 2015 to August 25, 2015 respectively on trading system of SSE. After buy-ins, China National Offshore Oil Corporation and CNOOC Finance Co., Ltd held 2,270,969,554 shares and 1,571,800 shares respectively, accounting for 51.36% and 0.04% respectively.
- 6) In October 2018, according to the requirements of the state, China National Offshore Oil Corporation subscribed CSI Central Enterprise Structure Adjustment ETF managed by the China Asset Management Co., Ltd, Bosera Asset Management Co., Ltd and Yinhuafund Management Co., Ltd with 132,640,600 shares (3% of the total shares) of COOEC. Upon completion of the subscription procedure, China National Offshore Oil Corporation holds 2,138,328,954 shares decreased from 2,270,969,554 shares, with a shareholding ratio decreased from 51.36% to 48.36%.

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

The financial statement was approved and reported by board of directors of the Company on March 18, 2022.

2. Scope of consolidated financial statement

Applicable Not applicable

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

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

IV. The basis for the formulation of financial statements

1. Basis of preparation

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

2. Continuing operation

Applicable Not applicable

The financial statement is prepared based on continuing operations.

V. Significant accounting policy and accounting estimate

Notes to accounting policies and accounting estimate:

Applicable Not applicable

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

The financial statements are in accordance with the requirements of the Accounting Standards for Business Enterprises released by the Ministry of Finance, which have truly and completely presented the consolidated and parent company financial position as of December 31, 2021, as well as the consolidated and parent company operating results and cash flow in 2021.

2. Accounting period

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

3. Operating cycle

Applicable Not applicable

The operating cycle of the Company is 12 months.

4. Recording currency

The Company and its domestic subsidiaries - COOEC SUBSEA TECHNOLOGY CO., LTD, Offshore Oil Engineering (Qing Dao) Co., Ltd, COOEC International Engineering Co., Ltd, Offshore Oil Engineering (Zhuhai) Co., Ltd and Beijing Gaotai Deep-sea Technology Co., Ltd all adopt RMB as recording currency.

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

PT. COOEC Indonesia adopts IDR as the recording currency.

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

COOEC CANADA COMPANY LTD adopts Canadian dollar as recording currency.

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

COOEC Brasil Offshore Ltd adopts BRL as recording currency.

The financial statements are presented in Renminbi (RMB).

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

Applicable Not applicable

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

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

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

6. Preparation methods of consolidated financial statements

Applicable Not applicable

(1) Consolidation scope

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

(2) Consolidation procedures

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

Shares of minority shareholders in the ownership interest, current net gains or losses and comprehensive income are

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

1) Expanding subsidiaries or businesses

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

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

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

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

2) Disposing subsidiaries

① General disposal method

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

② Disposing subsidiaries by steps

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

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

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

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

3) Purchasing minor equity from subsidiaries

According to the difference between the long-term equities after purchasing minor equity from subsidiaries, and the

net assets shares from purchasing date or merger date based on the new shareholding ratio, share premium of capital reserve in the asset balance sheet shall be adjusted. If the share premium of capital reserve is insufficient to offset, the retained earnings shall be adjusted.

4) Partially disposing subsidiary equity investment without losing control right

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

7. Joint venture classification and joint operation accounting methods

Applicable Not applicable

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

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

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

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

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

8. Criteria for determining cash and cash equivalents

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

9. Foreign currency transaction and conversion of foreign currency statement

Applicable Not applicable

(1) Foreign currency transactions

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

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

(2) Conversion of foreign currency financial statement

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

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

10. Financial instruments

Applicable Not applicable

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

(1) Classification of financial instruments

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

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

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

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

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

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

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

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

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

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

(2) Recognition basis and measurement method of financial instruments

1) Financial assets measured at amortized cost

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) Derecognition and transfer of financial assets

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

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

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

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

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

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

In case the partial transfer of the financial asset meets the derecognition conditions, the entire book value of the transferred

financial asset shall be respectively amortized at the relative fair values of the part derecognized and the part not derecognized, and the difference between the following two items shall be included in the current profit and loss account:

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

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

(4) Derecognition of financial liabilities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11. Bills receivable

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

Applicable Not applicable

12. Accounts receivable

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

Applicable Not applicable

The receivables include accounts receivable and other receivables. Accounts receivable gained from selling goods or providing labor services by the Company are recognized as the initially recognized amount based on fair value of contract or agreement price paid to the buyer. Receivables are shown in terms of net amortized cost minus bad debt reserves using the real interest rate method.

For accounts receivable and commercial acceptance bills receivable, whether including major financing composition or not, the Company will always measure the loss reserves according to the amount equal to the expected credit loss in the whole duration. The increase or reversed amount due to such loss reserves is included in the current profit and loss account as the impairment loss or gains.

The Company will combine the accounts receivable and commercial acceptance bills receivable according to the features of similar credit risks (accounting age) and accrue the accounts receivable loss reserves based on all reasonable and well-founded information, including forward-looking information.

If objective evidence is available to prove that credit impairment occurs to a certain accounts receivable, the Company will withdraw bad debt reserves for such accounts receivable and recognize the expected credit loss.

Judgment basis or amount standard for significant single amount: receivable with single amount of over RMB 10 million is regarded as important receivable.

As for other accounts receivable (including other receivables, long-term receivables, etc.) other than those accounts receivable and commercial acceptance bills receivable, the impairment loss shall be measured according to "V. 10 (6) Financial Instruments - Test Method and Accounting Method of Financial Asset Impairment".

13. Accounts receivable financing

Applicable Not applicable

14. Other receivables

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

Applicable Not applicable

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

15. Inventory

Applicable Not applicable

(1) Classification and cost of inventory

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

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

(2) Valuation method of inventory under delivery

The weighted average method is used when issuing the inventory.

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

On the balance sheet date, an inventory is measured by the lower of cost and net realizable value. If the inventory cost is higher than its net realizable value, the inventory falling price reserves shall be calculated and accrued. Net realizable value refers to the value that the estimated selling expense of inventory deducting the costs to occur at estimated time of completion, estimated cost of sales, as well as the amount after relevant tax.

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

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

(4) Inventory system

The perpetual inventory system shall be adopted.

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

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

2) Packages are amortized with one-time charge-off method.

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

Applicable Not applicable

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

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

Applicable Not applicable

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

17. Assets held for sale

Applicable Not applicable

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

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

- 1) According to the practice in similar transaction selling such assets or disposal groups, it can be immediately sold out under the present situation;
- 2) Selling is rather likely to happen, that is, the Company has made resolution on one selling plan with ascertained purchase commitment, and the selling is to be finished in one year. Those to be sold after approval of relevant authority of the Company or supervision department have been approved.

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

18. Debt investment

(1) The determination method and accounting treatment method for expected credit loss of debt investment

Applicable Not applicable

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

19. Other creditors' investment

(1) The determination method and accounting treatment method for expected credit loss of other debt investment

Applicable Not applicable

20. Long-term receivables

(1) The determination method and accounting treatment method for expected credit loss of long-term receivables

Applicable Not applicable

21. Long-term equity investment

Applicable Not applicable

(1) Judgment basis on joint control and significant impact

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

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

(2) Determination of initial investment cost

1) Long-term equity investment formed under merger

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

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

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

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

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

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

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

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

2) Long-term equity investment accounted with equity method

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

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

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

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

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

3) Disposal of long-term equity investment

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

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

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

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

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

22. Investment property

(1) If the cost measurement model is adopted:

Depreciation or amortization methods

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

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

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

23. Fixed assets

(1) Recognition conditions

Applicable Not applicable

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

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

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

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

When fixed assets are disposed or economic benefits cannot be produced due to expected use or disposal, fixed assets are derecognized. The disposal income obtained from selling, transferring, scrapping or damaging the fixed assets shall be included in the current profit and loss account after deducting the amount of its book value and relevant taxes and dues.

(2) Depreciation method

Applicable Not applicable

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

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

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

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

Applicable Not applicable

24. Construction in progress√Applicable Not applicable

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

25. Borrowing costs√Applicable Not applicable**(1) Recognition principle for borrowing costs capitalization**

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

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

(2) Borrowing cost capitalization period

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

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

- 1) The asset expenditure has been incurred, which includes the cash paid to acquire, construct or produce the assets in line with the capitalization conditions and expenditures incurred to transfer the non-monetary assets or bear the debts with interest;
- 2) The borrowing costs have been incurred;
- 3) Acquisition, construction or production activities required for the assets to reach the anticipated usable or salable status have begun.

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

(3) Capitalization suspension period

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

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

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

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

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

26. Biological assets Applicable Not applicable**27. Oil and gas assets** Applicable Not applicable

28. Right-of-use assets

Applicable Not applicable

See “42. Lease (3) Determination method and accounting treatment method of lease under the new lease standards” in the section.

29. Intangible assets

(1) Valuation method, service life and impairment test

Applicable Not applicable

1) Valuation method of intangible assets

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

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

- ② Subsequent measurement

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

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

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

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

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

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

Judgment basis for assets with uncertain service life:

- ① Service life depends on contract rights or other legal rights, but contracts or other legal provisions do not expressly define service life;

- ② The duration of the intangible assets to bring profits to the Company cannot be determined based on peer feedback and expert argumentation.

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

(2) Internal research and development expenditures accounting policies

Applicable Not applicable

1) Specific criteria for dividing of research and development stages

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

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

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

2) Specific conditions for expenditure capitalization in development stage

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

- ① It is technically feasible to complete the intangible assets so that they can be used or sold;

- ② It is intended to complete, use or sell the intangible assets;
- ③ The ways for intangible assets to generate economic benefits can prove that there is a market for the products produced by using the intangible assets or there is a market for the intangible assets themselves; if the intangible assets will be used internally, their usefulness can be proved;
- ④ There are enough technical and financial resources and other resources support in order to finish the development of such intangible asset, and the Company is able to use or sell such intangible asset;
- ⑤ The expenditure attributable to the development stage of the intangible assets can be measured reliably.

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

30. Long-term asset impairment

Applicable Not applicable

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

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

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

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

Once recognized, the above-mentioned asset impairment loss will not be reversed in later accounting period.

31. Long-term prepaid expenses

Applicable Not applicable

Long-term prepaid expenses refer to all expenses which are already incurred but shall be borne during the current period and the following periods and with amortization duration over one year. Long-term prepaid expenses are amortized based on benefit period of the expenses. As for items of long-term prepaid expenses which do not yield any benefits in later accounting period, the amortized values will be included in the current profit and loss account.

32. Contract liabilities

(1) Methods for recognition of contract liabilities

Applicable Not applicable

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Company's obligation to transfer commodities or services to customers for consideration received or receivable by the Company is listed as contract liability. Contract assets and contract liabilities under the same contract are listed as net amount.

33. Employee compensation

(1) Accounting treatment methods for short-term compensation

Applicable Not applicable

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

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

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

(2) Accounting treatment method for resignation welfare

Applicable Not applicable

1) Defined contribution plan

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

2) Defined benefit plans

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

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

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

Service cost and net interest of the net liabilities or asset generated from the defined benefit plan are included in the current profits and losses or related asset costs. The changes generated from rechecking net liabilities or asset of the defined benefit plan are included in other comprehensive income, and will not be included in the profit or loss account in the following accounting period. The parts included in other comprehensive income shall be carried forward to undistributed profit when the defined benefit plan terminates within the equity scope.

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

(3) Accounting treatment method of dismissal welfare

Applicable Not applicable

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

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

Applicable Not applicable

34. Lease liabilities

Applicable Not applicable

See "42. Lease (3) Determination method and accounting treatment method of lease under the new lease standards" in the section.

35. Estimated liabilities

Applicable Not applicable

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

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

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

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

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

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

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

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

36. Share-based payment

Applicable Not applicable

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

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

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

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

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

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

The cash-settled share-based payment will be measured at fair value of the liabilities determined based on the share or other equity instruments undertaken by the Company. The Company shall include the share-based payment transactions that can be exercised immediately after grant in relevant costs or expenses based on the fair value of the liabilities on the grant date, and increase the liabilities accordingly. For the share-based payment transactions that can only be exercised after completing the services in the waiting period or meeting the specified performance conditions after grant, on each balance sheet date in the waiting period, the Company will include the services obtained in the current period in relevant costs or expenses

according to the best estimate of the exercisable right and the fair value of the liabilities undertaken by the Company on the grant date, and include them in the liabilities accordingly. On each balance sheet date and settlement date prior to the settlement of relevant liabilities, the fair value of the liabilities will be re-measured, with the change included in the current profit and loss account.

37. Preferred shares, perpetual bond and other financial instruments

Applicable Not applicable

38. Income

(1) Accounting policies adopted for income recognition and measurement

Applicable Not applicable

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

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

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

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

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

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

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

Applicable Not applicable

39. Contract cost

Applicable Not applicable

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

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

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

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

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

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

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

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

40. Government grants

Applicable Not applicable

(1) Type

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

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

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

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

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

(2) Time of recognition

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

(3) Accounting treatment

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

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

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

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

- 2) If the financial department directly allocates discounted interest to the Company, the Company will offset relevant borrowing costs with discounted interest accordingly.

41. Deferred income tax assets/liabilities

Applicable Not applicable

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

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

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

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

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

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

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

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

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

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

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

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

42. Lease

(1) Accounting treatment method for operating lease

Applicable Not applicable

Accounting policies applicable before January 1, 2021

- 1) The rental fees paid by the Company to rent assets is amortized with the straight-line method during the whole lease period without rent-free period deducted, and is included in the current expenses. The initial direct expenses paid by the Company that are related to the lease transactions are included in the current expenses.

If the lessor of assets has borne the lease-related expenses that shall be borne by the Company, the remaining rents after the Company deducts such expenses from the total rents are amortized during the lease period, and included in the current expenses.

As for operating lease following the Simplified Method for Rent Reduction Caused by the COVID-19, the Company continues including the rent of the original contract in relevant asset cost or expense according to the method consistent with that before concession. In case of rent deduction, the Company regards the deducted rent as contingent rent and includes it in the gains or losses during deduction; upon delayed rent payment, the Company recognizes the rent payable as accounts payable in the original payment period and writes down the amount payable recognized in the previous period during actual payment.

- 2) The rental fees received by the Company to lease assets are amortized with the straight-line method during the whole lease period without rent-free period deducted, and is recognized as lease income. The initial direct expenses paid by the Company that are related to the lease transaction are included in the current expenses; if the amount is large, it shall be capitalized, and included in the current income at the same recognition basis of the lease income during the whole lease period.

If the Company has borne the lease-related expenses that shall be borne by the lessee, the remaining rents after the Company deducts such expenses from the total rents are allocated during the lease period.

As for operating lease following the Simplified Method for Rent Reduction Caused by the COVID-19, the Company continues recognizing the rent of the original contract as rental income according to the method consistent with that before concession; in case of rent deduction, the Company regards the deducted rent as contingent rent and uses it to write down rental income during deduction; upon delayed rent collection, the Company recognizes the rent to be collected as accounts receivable in the original collection period and writes down the amount receivable recognized in the previous period during actual receipt.

(2) Accounting treatment method for financial lease

Applicable Not applicable

Accounting policies applicable before January 1, 2021

- 1) Assets acquired under financial rent: the Company sets the lower one between the fair value on the lease commencement day and the present value of the minimum lease payment as the book value of rent assets, and regards the minimum lease payment as the book value of the long-term payables. The difference thereof is confirmed as the unconfirmed financing expenses. The Company amortizes unrecognized financial charges with effective interest method during the asset lease period and includes the charges in financial expense. The initial direct expenses occurred in the Company are included in the value of the rent assets.

As for financial lease following the Simplified Method for Rent Reduction Caused by the COVID-19, the Company continues recognizing the unrecognized financing expense as the financing expense of the current period according to the discount rate consistent with that before concession and continues accrual of depreciation on assets acquired under financial rent according to the method consistent with that before concession; in case of rent deduction, the Company regards the deducted rent as contingent rent and includes it in the current profit and loss account during conclusion of concession agreement or other actions of relieving the original rent payment obligations, and adjusts the long-term payables accordingly or discounts and includes it in the current profit and loss account according to the discount rate before concession and adjusts the unrecognized financing expense; upon delayed rent payment, the Company writes down the long-term payables recognized in the previous period during actual payment.

- 2) Assets acquired under financial lease: the Company confirms the difference between the sum of financial lease receivables and non-guarantee balance and the present value as the unrealized financing income, and as rental income during each period after receiving rent. The initial direct expense associated with the lease transaction is included by the Company in the initial financial lease receivables, with the recognized profit amount within the lease period decreased.

As for financial lease following the Simplified Method for Rent Reduction Caused by the COVID-19, the Company continues recognizing unrealized financing income as rental income according to the interest rate implicit in lease consistent with that before concession. In case of rent deduction, the Company regards the deducted rent as contingent rent and uses it to write down the originally recognized rental income during conclusion of concession agreement or other actions of giving up the original rent collection rights, includes the part not enough for concession in the return on investment and adjusts the long-term receivables accordingly or discounts and includes it in the current profit and loss account according to the discount rate before concession and adjusts the unrealized financing income; upon delayed rent collection, the Company writes down the long-term receivables recognized in the previous period during actual receipt.

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

Applicable Not applicable

Accounting policies applicable since January 1, 2021

Lease refers to a contract in which the lessor transfers the rights-of-use of assets to the lessee for consideration within a certain period of time. On the commencement date, the Company shall evaluate whether the contract is a lease contract

or involves a lease. If one party of the contract transfers the right to control the use of one or more identified assets for consideration, the contract is a lease contract or involves a lease.

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

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

- The lease consideration after concession is reduced or basically unchanged compared with that before the concession. And the lease consideration may be undiscounted or discounted at the discount rate before the concession;
- The concession is targeted only at the lease payments payable before June 30, 2022. The increase in the lease payments payable after June 30, 2022 does not affect the satisfaction of this condition, and the decrease in the lease payments payable after June 30, 2022 does not meet this condition; and
- Other terms and conditions for lease are identified as free from significant changes in consideration of qualitative and quantitative factors.

(1) The Company acting as the lessee

1) Right-of-use assets

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

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

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

The Company determines whether the right-of-use assets have been impaired according to the principles as stated in "30. Long-term asset impairment" in the Section, and carries out accounting treatment for the recognized impairment losses.

2) Lease liabilities

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

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

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

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

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

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

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

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

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

4) Lease change

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

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

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

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

5) Rent reduction caused by the COVID-19

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

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

(2) The Company acting as the lessor

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

1) Accounting treatment for operating lease

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

2) Financial lease accounting treatment

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

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

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

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

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

If the change in financial lease is not accounted for as a separate lease, the Company will carry out accounting treatment for the lease after such change under the following circumstances:

- If such change comes into effect on the commencement date of lease term, the lease will be classified as an operating lease. The Company will carry out accounting treatment for the lease as a new lease from the effective date of such change, and take the net investment in the lease before the effective date of such change as the book value of the leased assets;
- If such change comes into effect on the commencement date of lease term, the lease will be classified as a financial lease. The Company will carry out accounting treatment for the lease according to the policy on contract modification or renegotiation under "10. Financial instrument" in the Section.

3) Rent reduction caused by the COVID-19

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

(3) Sale and leaseback transaction

The Company evaluates and determines whether the asset transfer in the sale and leaseback transaction is a sale according to the principle described under "38. Income" in the Section.

1) As the lessee

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

2) As the lessor

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

43. Other significant accounting policy and accounting estimate

Applicable Not applicable

(1) Discontinuing operation

Discontinuing operation indicates the part that meets any of the following conditions and can be distinguished separately when it has been disposed of or been characterized as the asset held for sale.

- 1) It represents one independent major business or one independent major operation area;
- 2) It is one part of the disposal plan of one independent major business or one major operation area;
- 3) It is the subsidiary obtained only for resales.

Gains or losses from continuous operation and discontinuing operation are listed in profit statement respectively. Operating gains or losses and disposal gains and losses, such as impairment loss and reversed amount of discontinuing operation, are reported as gains or losses of discontinuing operation. For the discontinuing operation reported in the current period, the Company will re-present the information as gains or losses of discontinuing operation reported originally as gains or losses of continuing operation in the comparable accounting period in the current financial statements.

(2) Hedging accounting**1) Category of hedging**

- ① Fair value hedging refers to hedging for risk to changes in fair values of recognized assets or liabilities and unrecognized firm commitments (except for foreign exchange risk).
- ② A cash flow hedging refers to a hedging of the risk to changes in cash flow. Such changes in cash flow are attributable to a particular risk related to a recognized asset or liability or a highly probable forecast transaction or an unrecognized firm commitment including foreign exchange risk.
- ③ Hedging of net investment in overseas operations refers to hedging for foreign exchange risk of net investment for overseas operations. Net investment in an overseas operation refers to the equity share of an enterprise in the net assets in an overseas operation.

2) Designation of hedging relationship and identification of hedging effectiveness

At the beginning of the hedging relationship, the Company formally designated the hedging relationship and prepared formal written documents about the hedging relationship, risk management objectives and hedging strategies. This document specifies the nature and quantity of hedging instruments, the nature and quantity of hedged items, the nature of hedged risks and the types of hedging, as well as the Company's assessment on the effectiveness of hedging instruments. Hedging effectiveness refers to the extent to which changes in fair value or cash flow of the hedging instrument can offset the changes in fair value or cash flow of the hedged item caused by the hedged risk.

The Company continuously evaluates the effectiveness of hedging and judge whether this hedging meets the requirements on effectiveness of hedge accounting in accounting period in which the hedging relationship is specified. If not, the use of hedging relationship will be terminated.

The use of hedge accounting shall meet the following requirements on effectiveness of hedge accounting:

- ① There is an economic relationship between the hedged items and the hedging instrument.
- ② The impact of credit risk is not dominant in the value changes caused by the economic relationship between hedged items and hedging instruments.
- ③ Proper hedge ratio is adopted, which will not cause the imbalance of relative weight between the hedged items and hedging instruments, thus leading to the accounting results inconsistent with the hedge accounting objectives. If the hedge ratio is not proper any longer but the hedging risk management objectives are not changed, the quantity of hedged items or hedging instruments shall be adjusted, to make the hedge ratio meet the requirements on effectiveness again.

3) Accounting treatment methods for hedging

① Fair value hedging

Fair value changes for hedging derivatives are included in the current profit and loss account. The changes in fair value of hedged items due to hedging risk shall be included in the current profit and loss account, and the book value of hedged items shall also be adjusted.

For the fair value hedging related to financial instruments measured at amortized cost, the adjustment made for the book value of hedged items shall be amortized within the remaining period between the adjustment date and the expiry date and included in the current profit and loss account. The amortization using actual interest rate method may begin right after the adjustment of book value and shall not be later than the termination of adjustment aiming at the change in fair value arising from hedging risk of the hedged item.

If the recognition of hedged items is terminated, the unamortized fair value shall be recognized as the current profit and loss.

If the hedged item is unrecognized firm commitment, the accumulated fair value change of such firm commitment caused by the hedged risk shall be recognized as an asset or liability, and the relevant profits or losses are included in the current profits and losses. Fair value changes for hedging derivatives are included in the current profits and losses.

② Cash flow hedging

The part belonging to effective hedging in the gains or losses of hedging instruments shall be directly recognized as other comprehensive incomes; the part belonging to ineffective hedging shall be included in the current profit and loss account.

If the hedged transaction affects the current profit and loss, the amount confirmed in other comprehensive incomes shall be transferred into the current profit and loss when the hedged financial incomes or financial expenses are confirmed or the expected sales occur. If the hedged item is a cost of non-financial asset or non-financial liability, the amount originally confirmed in other comprehensive incomes shall be transferred out and included in the initially recognized amount of the non-financial asset or non-financial liability (or the amount originally confirmed in other comprehensive incomes shall be transferred out in the same period in which the non-financial asset or non-financial liability affects the gains or losses and included in the current profit and loss account).

If the expected transaction or ascertained commitment is not expected to occur, the accumulated gains or losses of hedging instruments previously included in other comprehensive income will be transferred out and included in the current profit and loss. If the hedging instruments have expired, been sold, the contract has been terminated or exercised (but has not been replaced or extended), or the designation of hedging relationship has been revoked, the amount previously included in other comprehensive income will not be transferred out until the expected transaction or ascertained commitment affects the current profit and loss.

③ Hedging of net investment in overseas operations

Hedging of net investment in overseas operations, including hedging of monetary items as a part of net investment, is treated in the same manner as that of cash flow. The part identified as effective hedging in the gains or losses of hedging instruments shall be included into other comprehensive incomes; the part belonging to ineffective hedging shall be recognized as the current profit and loss. In disposal on oversea operation, any accumulated gains or losses included in other comprehensive incomes shall be transferred out and included in the current profit and loss.

44. Change of significant accounting policies and accounting estimate

(1) Change of significant accounting policies

Applicable Not applicable

Content and reason of accounting policy change	Approval procedure	Remarks (name and amount of items in financial statements greatly influenced)
The Ministry of Finance revised <i>No.21 Accounting Standards for Business Enterprises - Lease</i> in 2018 (hereinafter referred to as "new lease standards"). The Company has implemented the new lease standards since January 1, 2021. It shall make retroactive adjustment to and include the difference between the new lease standards and the current lease standards on the first implementation date in the retained earnings at the beginning of 2021. At the same time, the Company has not made adjustment to the comparative financial statement data.	2nd meeting of the 7th Board of Directors	Refer to other instructions.
On February 2, 2021, the Ministry of Finance issued the <i>Interpretation of Accounting Standards for Enterprises No. 14</i> , which came into force as of the date of promulgation.	/	The implementation of this provision has not had a significant impact on the Company's financial position and operating results.
On May 26, 2021, the Ministry of Finance issued the <i>Notice on Adjusting the Application Scope of the Regulations for Accounting Treatment of Rent Reduction Caused by the COVID-19</i> , which came into force as of May 26, 2021. This Notice adjusts the application scope for simplified accounting treatment of rent reduction caused by COVID-19 as stated under the <i>Regulations for Accounting Treatment of Rent Reduction Caused by the COVID-19</i> to "reduction only for lease payables before June 30, 2022" from "reduction only for lease payables before June 30, 2021". Other applicable conditions remain unchanged.	/	The implementation of this provision has not had a significant impact on the Company's financial position and operating results.
On December 30, 2021, the Ministry of Finance issued the <i>Interpretation of Accounting Standards for Enterprises No. 15</i> , and the contents of "Relevant Presentation on Centralized Management of Funds" will come into force as of the date of promulgation, and the financial statement data of comparable period will be adjusted accordingly.	/	The implementation of this provision has not had a significant impact on the Company's financial position and operating results.

Other descriptions

1) Subject to the *Accounting Standards for Enterprises No. 21 - Lease* (revised in 2018)

The Ministry of Finance revised *No.21 Accounting Standards for Business Enterprises - Lease* in 2018 (hereinafter referred to as "new lease standards"). The Company has implemented the new lease standards since January 1, 2021. According to the revised standards, the Company chooses, on the first implementation date, not to reevaluate whether the contracts before the first implementation date are leases or include leases.

- **The Company acting as the lessee**

The Company adjusted the amount of retained earnings and other related items in the financial statements at the beginning of the year when the new lease standards were first implemented according to the cumulative effect of the first implementation of the new revenue standards, and did not adjust the information in the comparable period.

For the operating lease before the first implementation date, the Company, on the first implementation date, measures the lease liabilities according to the present value of the remaining lease payment discounted at the Company's incremental borrowing rate on the first implementation date, and chooses one of the following two methods to measure the right-of-use assets depending on each lease;

- It is assumed that the book value under the new lease standards will be adopted from the commencement date of the lease term, and the Company's incremental borrowing rate on the first implementation date will be taken as the discount rate.
- Necessary adjustment will be made according to the amount equal to the lease liabilities, and the prepaid rent.

For operating lease before the first implementation date, the Company applies the above methods and selects one or more of the following simplified treatments according to each lease:

- ① The lease completed within 12 months after the first implementation date is regarded as a short-term lease;
- ② When measuring the lease liabilities, the same discount rate will be taken for leases of similar characteristics;
- ③ The measurement of the right-of-use assets excludes the initial direct cost;
- ④ In case of lease renewal options or lease termination options, the lease term will be determined according to the actual exercise of the option before the first implementation date and other latest information;
- ⑤ As an alternative to the impairment test of the right-of-use assets, the Company will evaluate whether the contracts including lease are loss contracts before the first implementation date according to "V. 35. Estimated liabilities" in the notes, and adjust the right-of-use assets according to the loss reserves included in the balance

sheet before the first implementation date;

- ⑥ The lease change before the first implementation date will not be retroactively adjusted, but will be subject to accounting treatment according to the final arrangement of lease change and the new lease standards.

When measuring the lease liabilities, the Company discounts the lease payment at the lessee's incremental borrowing rate (weighted average: 4.20%) on January 1, 2021.

The unpaid minimum lease payment of major operating leases disclosed in the consolidated financial statements on December 31, 2020	12,326.04
According to the present value discounted at the Company's incremental borrowing rate on January 1, 2021	11,478.77
Lease liabilities under the new lease standards on January 1, 2021	11,478.77
Difference between the above present value discounted and the lease liabilities	

For the financial lease before the first implementation date, the Company measures the right-of-use assets and lease liabilities on the first execution date according to the original book value of assets acquired under financial rent and the accrued financial lease outlay.

- **The Company acting as the lessor**

For the sublease that is classified as an operating lease before the first implementation date and still exists after the first implementation date, the Company, on the first implementation date, carries out reevaluation according to the remaining contract period and terms of the original lease and sublease, and makes classification according to the new lease standards. If it is reclassified as a financial lease, the Company will carry out accounting treatment for it as a new financial lease.

Except for sublease, the Company is not required to adjust the lease, for which it acts as the lessor, according to the new lease standards. The Company carries out accounting treatment in accordance with the new lease standards from the first implementation date.

- **The main impact of the Company's implementation of the new lease standards on the financial statements is as follows:**

Unit: 10,000 Yuan Currency: RMB

Content and reason of accounting policy change	Approval procedure	Items in financial statements influenced	Amount affecting the balance as of January 1, 2021	
			Consolidation	Parent company
Adjustment on the operating lease before the first implementation date by the Company as the lessee	2nd meeting of the 7th Board of Directors	Right-of-use assets	11,435.23	7,852.58
		Long-term prepaid expenses	-157.93	
		Lease liabilities	7,913.41	5,261.48
		Non-current liability due within one year	3,565.36	2,794.59
		Surplus reserve	-20.02	-20.35
		Undistributed profit	-181.45	-183.14

2) Subject to the *Interpretation of Accounting Standards for Enterprises No. 14*.

On February 2, 2021, the Ministry of Finance issued the *Interpretation of Accounting Standards for Enterprises No. 14* (CK [2021] No. 1) (hereinafter referred to as the "Interpretation No. 14"), which came into force as of the date of promulgation. The relevant new businesses from January 1, 2021 to the implementation date shall be adjusted according to the Interpretation No. 14.

① Public-private partnership (PPP) project contracts

The Interpretation No. 14 is applicable to PPP project contracts in line with "dual characteristics" and "dual control" mentioned herein. The relevant PPP project contracts that have been implemented before December 31, 2020 and have not been completed by the implementation date should be subject to retrospective adjustment. If retrospective adjustment is not feasible, the Interpretation No. 14 shall be applied from the beginning of the earliest period of retrospective adjustment. It is required to adjust the amount of retained income and other relevant items in the financial statements at the beginning of the year for the implementation date based on the cumulative effect. The information of the comparable period shall not be adjusted.

② Reform of benchmark interest rate

The Interpretation No. 14 makes provision for the simplified accounting treatment in the situation that the basis for

determining cash flows related to financial instrument contracts and lease contracts changes due to the reform of benchmark interest rate.

According to the Interpretation, the businesses related to reform of benchmark interest rate before December 31, 2020 shall be subject to retrospective adjustment, except that retrospective adjustment is not feasible. The comparative financial statement data in early stage need no adjustment. On the implementation date of the Interpretation, the difference between the original book value and the new book value of financial assets and financial liabilities is included in the retained income or other comprehensive income at the beginning of the reporting period in the year for the implementation of the Interpretation.

The implementation of this provision has not had a significant impact on the Company's financial position and operating results.

3) Subject to the *Notice on Adjusting the Application Scope of the Regulations for Accounting Treatment of Rent Reduction Caused by the COVID-19*

On June 19, 2020, the Ministry of Finance issued the *Regulations for Accounting Treatment of Rent Reduction Caused by the COVID-19* (CK [2020] No. 10). For eligible rent deduction and deferred payment of rent directly caused by the COVID-19, the enterprise may choose the simplified method to carry out accounting treatment.

On May 26, 2021, the Ministry of Finance issued the *Notice on Adjusting the Application Scope of the Regulations for Accounting Treatment of Rent Reduction Caused by the COVID-19* (CK [2021] No. 9), which came into force as of May 26, 2021. This Notice adjusts the application scope for simplified accounting treatment of rent reduction caused by COVID-19 as stated under the *Regulations for Accounting Treatment of Rent Reduction Caused by the COVID-19* to "reduction only for lease payables before June 30, 2022" from "reduction only for lease payables before June 30, 2021". Other applicable conditions remain unchanged.

The Company has chosen the simplified method to carry out the accounting treatment for all eligible lease contracts before the adjustment of the application scope, and all eligible similar lease contracts after the adjustment of the application scope, and made retrospective adjustment for relevant lease contracts for which the lease change has been adopted to carry out the accounting treatment before issuance of this Notice, without adjustment of the comparative financial statement data in the early stage. The relevant rent reduction from January 1, 2021 to the implementation date of the Notice, for which the accounting treatment has not been carried out according to the provisions under this Notice, has been adjusted by the Company according to this Notice.

The implementation of this provision has not had a significant impact on the Company's financial position and operating results.

4) Implementation of the relevant presentation on centralized management of funds in the *Interpretation of Accounting Standards for Enterprises No. 15*.

On December 30, 2021, the Ministry of Finance issued the *Interpretation of Accounting Standards for Enterprises No. 15* (CK [2021] No. 35) (hereinafter referred to as the "Interpretation No. 15"), and the contents of "Relevant Presentation on Centralized Management of Funds" will come into force as of the date of promulgation, and the financial statement data of comparable period will be adjusted accordingly.

Interpretation No. 15 clearly stipulates how the balance of the funds of the parent company and members managed in a centralized and unified manner by internal settlement centers or financial companies on behalf of enterprises should be presented and disclosed in the balance sheet.

The implementation of this provision has not had a significant impact on the Company's financial position and operating results.

(2) Change of significant accounting estimate

Applicable Not applicable

(3) Status of implementing new lease standards and implementing relevant items in the financial statements at the beginning of the year for the first time from 2021

Applicable Not applicable

Consolidated Balance Sheet

Unit: 10,000 Yuan Currency: RMB

Item	December 31, 2020	January 01, 2021	Amount adjusted
Current assets:			
Monetary fund	157,197.23	157,197.23	
Deposit reservation for balance			

Item	December 31, 2020	January 01, 2021	Amount adjusted
Lending funds			
Financial assets held for trading	452,456.07	452,456.07	
Derivative financial assets			
Bills receivable			
Accounts receivable	737,082.01	737,082.01	
Accounts receivable financing			
Advance payment	30,719.47	30,719.47	
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	1,963.52	1,963.52	
Including: interest receivables	25.24	25.24	
Dividends receivable			
Redemptory monetary capital for sale			
Inventory	101,122.29	101,122.29	
Contract assets	192,758.98	192,758.98	
Assets held for sale			
Non-current assets due within one year			
Other current assets	12,844.53	12,844.53	
Total current assets	1,686,144.10	1,686,144.10	
Non-current assets:			
Released loans and advances			
Debt investment	120,197.49	120,197.49	
Other creditors' investment			
Long-term receivables			
Long-term equity investment	208,661.50	208,661.50	
Other equity instruments investment	17,409.28	17,409.28	
Other non-current financial assets			
Investment property			
Fixed assets	928,476.32	928,476.32	
Construction in progress	204,401.28	204,401.28	
Productive biological assets			
Oil and gas assets			
Right-of-use assets		11,435.23	11,435.23
Intangible assets	110,915.43	110,915.43	
Development expenditure			
Goodwill	1,307.51	1,307.51	
Long-term prepaid expenses	10,096.67	9,938.74	-157.93
Deferred income tax assets	40,580.04	40,580.04	
Other non-current assets			
Total non-current assets	1,642,045.52	1,653,322.82	11,277.30
Total assets	3,328,189.62	3,339,466.92	11,277.30
Current liabilities:			
Short-term loan	23,320.95	23,320.95	
Loans from the central bank			
Borrowing funds			
Financial liabilities held for trading			

Item	December 31, 2020	January 01, 2021	Amount adjusted
Derivative financial liabilities			
Bills payable			
Accounts payable	753,431.45	753,431.45	
Advance payment	128.59	128.59	
Contract liabilities	61,342.05	61,342.05	
Financial assets sold for repurchase			
Deposits from customers and interbank			
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Payroll payable	29,852.24	29,852.24	
Taxes payable	55,347.64	55,347.64	
Other payables	37,910.81	37,910.81	
Including: interest payable			
Dividends payable			
Handling charges and commission payable			
Dividends payable for reinsurance			
Liabilities held for sale			
Non-current liability due within one year	10.89	3,576.25	3,565.36
Other current liabilities			
Total current liabilities	961,344.62	964,909.98	3,565.36
Non-current liabilities:			
Insurance contract reserves			
Long-term loans	43,619.97	43,619.97	
Bonds payable			
Including: preferred shares			
Perpetual bonds			
Lease liabilities		7,913.41	7,913.41
Long-term payables	2,650.06	2,650.06	
Long-term payroll payable			
Estimated liabilities	32,845.10	32,845.10	
Deferred income	18,161.91	18,161.91	
Deferred income tax liabilities	3,046.26	3,046.26	
Other non-current liabilities			
Total non-current liabilities	100,323.30	108,236.71	7,913.41
Total liabilities	1,061,667.92	1,073,146.69	11,478.77
Owner's equity (or shareholders' equity):			
Paid-in capital (or share capital)	442,135.48	442,135.48	
Other equity instruments			
Including: preferred shares			
Perpetual bonds			
Capital reserves	424,802.17	424,802.17	
Minus: treasury stock			
Other comprehensive income	11,740.53	11,740.53	
Special reserve	26,907.59	26,907.59	
Surplus reserve	171,810.91	171,790.89	-20.02
General risk reserves			
Undistributed profit	1,187,709.32	1,187,527.87	-181.45

Item	December 31, 2020	January 01, 2021	Amount adjusted
Total owners' equity (or shareholders' equity) attributable to the parent company	2,265,106.00	2,264,904.53	-201.47
Minority interests	1,415.70	1,415.70	
Total owner's equity (or shareholders' equity)	2,266,521.70	2,266,320.23	-201.47
Total liabilities and owners' equity (or shareholders' equity)	3,328,189.62	3,339,466.92	11,277.30

Description to the adjustment of each item:

Applicable Not applicable

According to the new lease standards, the Company shall make retroactive adjustment to and include the difference between the new lease standards and the current lease standards on the first implementation date in the retained earnings at the beginning of 2021. At the same time, the Company has not made adjustment to the comparative financial statement data.

Balance Sheet of Parent Company

Unit: 10,000 Yuan Currency: RMB

Item	December 31, 2020	January 01, 2021	Amount adjusted
Current assets:			
Monetary fund	89,591.60	89,591.60	
Financial assets held for trading	452,456.07	452,456.07	
Derivative financial assets			
Bills receivable			
Accounts receivable	755,161.42	755,161.42	
Accounts receivable financing			
Advance payment	23,419.65	23,419.65	
Other receivables	74,008.87	74,008.87	
Including: interest receivables	14.61	14.61	
Dividends receivable			
Inventory	41,066.61	41,066.61	
Contract assets	189,283.04	189,283.04	
Assets held for sale			
Non-current assets due within one year			
Other current assets	596.73	596.73	
Total current assets	1,625,583.99	1,625,583.99	
Non-current assets:			
Debt investment	120,197.49	120,197.49	
Other creditors' investment			
Long-term receivables			
Long-term equity investment	920,597.42	920,597.42	
Other equity instruments investment	17,409.28	17,409.28	
Other non-current financial assets			
Investment property			
Fixed assets	477,028.63	477,028.63	
Construction in progress	74,106.65	74,106.65	
Productive biological assets			
Oil and gas assets			
Right-of-use assets		7,852.58	7,852.58
Intangible assets	39,165.83	39,165.83	

Item	December 31, 2020	January 01, 2021	Amount adjusted
Development expenditure			
Goodwill			
Long-term prepaid expenses	6,951.48	6,951.48	
Deferred income tax assets	20,821.44	20,821.44	
Other non-current assets			
Total non-current assets	1,676,278.22	1,684,130.80	7,852.58
Total assets	3,301,862.21	3,309,714.79	7,852.58
Current liabilities:			
Short-term loan	144,379.72	144,379.72	
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable			
Accounts payable	975,659.79	975,659.79	
Advance payment	74.33	74.33	
Contract liabilities	61,338.79	61,338.79	
Payroll payable	18,824.04	18,824.04	
Taxes payable	25,307.56	25,307.56	
Other payables	77,992.94	77,992.94	
Including: interest payable			
Dividends payable			
Liabilities held for sale			
Non-current liability due within one year	10.89	2,805.48	2,794.59
Other current liabilities			
Total current liabilities	1,303,588.06	1,306,382.65	2,794.59
Non-current liabilities:			
Long-term loans	43,619.97	43,619.97	
Bonds payable			
Including: preferred shares			
Perpetual bonds			
Lease liabilities		5,261.48	5,261.48
Long-term payables	2,650.06	2,650.06	
Long-term payroll payable			
Estimated liabilities	11,376.28	11,376.28	
Deferred income	10,117.98	10,117.98	
Deferred income tax liabilities	1,369.47	1,369.47	
Other non-current liabilities			
Total non-current liabilities	69,133.76	74,395.24	5,261.48
Total liabilities	1,372,721.82	1,380,777.89	8,056.07
Owner's equity (or shareholders' equity):			
Paid-in capital (or share capital)	442,135.48	442,135.48	
Other equity instruments			
Including: preferred shares			
Perpetual bonds			
Capital reserves	424,538.80	424,538.80	
Minus: treasury stock			
Other comprehensive income	8,451.57	8,451.57	
Special reserve	25,283.41	25,283.41	

Item	December 31, 2020	January 01, 2021	Amount adjusted
Surplus reserve	170,846.66	170,826.31	-20.35
Undistributed profit	857,884.47	857,701.33	-183.14
Total owner's equity (or shareholders' equity)	1,929,140.39	1,928,936.9	-203.49
Total liabilities and owners' equity (or shareholders' equity)	3,301,862.21	3,309,714.79	7,852.58

Description to the adjustment of each item:

Applicable Not applicable

According to the new lease standards, the Company shall make retroactive adjustment to and include the difference between the new lease standards and the current lease standards on the first implementation date in the retained earnings at the beginning of 2021. At the same time, the Company has not made adjustment to the comparative financial statement data.

(4) Status of retroactive adjustment of early comparative data upon the first implementation of new lease standards in 2021

Applicable Not applicable

45. Others

Applicable Not applicable

VI. Tax item

1. Key taxes and tax rate

Key taxes and tax rate

Applicable Not applicable

Tax type	Taxation basis	Tax rate
VAT	According to the tax law, the output tax is calculated based on the income from selling commodities and taxable services. After deducting the deductible input VAT in the current period, the difference is the VAT payable.	13%, 9%, 6%, 3%
Urban maintenance and construction tax	Based on the value-added tax payable and tax amount for the exempted tax reviewed and approved by the State Taxation Administration	7%
Corporate income tax	Calculate the payments based on the taxable income	Refer to description for details
Education surcharge	Based on the value-added tax payable and tax amount for the exempted tax reviewed and approved by the State Taxation Administration	3%
Local education surcharge	Based on the value-added tax payable and tax amount for the exempted tax reviewed and approved by the State Taxation Administration	2%
House property tax	70% of the original value of property / rental income of property	1.2%/12%

With regard to taxpayers with different corporate income tax rates, disclosure statement is as follows:

Applicable Not applicable

Name of taxpayer	Income tax rate (%)
Offshore Oil Engineering Co., Ltd	15
A.E.S. Destructive and Non-destructive Testing Limited	16.50
Offshore Oil Engineering (Qing Dao) Co., Ltd	15
COOEC SUBSEA TECHNOLOGY CO., LTD	15
PT. COOEC Indonesia	25
COOEC Nigeria Limited	30
COOEC International Co., Limited	25
COOEC International Engineering Co., Ltd	25
Lanhai International Limited	0
Offshore Oil Engineering (Zhuhai) Co., Ltd	25

Name of taxpayer	Income tax rate (%)
COOEC NIGERIA FZE	30
COTEC INC.	21
Beijing Gaotai Deep-sea Technologies Co., Ltd	15
COOEC Canada Company Ltd	23
COOEC (Thailand) Co., Ltd	20
COOEC Brasil Offshore Ltd	34

2. Tax preference

Applicable Not applicable

- (1) In October 2021, the Company was jointly identified as a high-tech enterprise by Tianjin Municipal Science and Technology Bureau, Tianjin Finance Bureau and Tianjin Municipal Tax Service, State Taxation Administration, and obtained the Certificate of Hi-tech Enterprise with No. of GR202112000342, validity of 3 years and income tax rate of 15%.
- (2) In November 2021, Offshore Oil Engineering (Qing Dao) Co., Ltd was jointly identified as a high-tech enterprise by the Qingdao Municipal Science and Technology Commission, Finance Bureau of Qingdao and Qingdao Tax Service, State Taxation Administration, and obtained the Certificate of Hi-tech Enterprise with No. of GR202137100184, validity of 3 years and income tax rate of 15%.
- (3) In December 2020, COOEC SUBSEA TECHNOLOGY CO., LTD was jointly identified as a high-tech enterprise by Science and Technology Innovation Committee of Shenzhen Municipality, Financial Commission of Shenzhen Municipality, Shenzhen Tax Service, State Taxation Administration, and Shenzhen Local Taxation Bureau, and obtained the Certificate of Hi-tech Enterprise with No. of GR202044203585, validity of 3 years and income tax rate of 15%.
- (4) In December 2019, Beijing Gaotai Deep-sea Technology Co., Ltd was jointly identified as a high-tech enterprise by Beijing Municipal Science and Technology Commission, Beijing Finance Bureau, Beijing Municipal Tax Service, State Taxation Administration and Beijing Local Taxation Bureau, and obtained the Certificate of Hi-tech Enterprise with No. of GR201911007589, validity of 3 years and income tax rate of 15%.

3. Others

Applicable Not applicable

- (1) The method of "tax exemption, offset and reimbursement" is adopted during the sales of originating offshore engineering structure products for the offshore oil and gas exploitation enterprises by the Company and its subsidiaries - Offshore Oil Engineering (Qing Dao) Co., Ltd and Offshore Oil Engineering (Zhuhai) Co., Ltd according to the *Notice on VAT and Consumption Tax Policies for Exported Goods and Labor Services* (CS [2012] No. 39) released by the Ministry of Finance and the State Taxation Administration. The policy of "tax exemption, offset and reimbursement" is no longer applicable to the contract of the sales of originating offshore engineering structure products to the offshore oil and gas exploitation enterprises after January 1, 2017 by the Company and its subsidiaries - Offshore Oil Engineering (Qing Dao) Co., Ltd and Offshore Oil Engineering (Zhuhai) Co., Ltd according to the *Notice on Specifying VAT Policies of Financial Services, Real Estate Development and Education Services* (CS [2016] No. 140) released by the Ministry of Finance and the State Taxation Administration.
- (2) Upon the approval of the State Council and according to the *Notice on the Pilot Work of Levying Value-Added Tax in Lieu of Business Tax* (CS [2016] No. 36) released by the Ministry of Finance and the State Taxation Administration, the Company and domestic subsidiaries began to adopt relevant provisions of the above Notice since May 1, 2016. According to Article I in the announcement of the State Taxation Administration (2017 No.11) - *Announcement of the State Taxation Administration on Further Clarifying the Collection and Management of Replacing Business Tax with VAT*, namely "provision of construction and installation services by the taxpayer while selling such self-produced goods as portable house, machines and equipment and steel structures does not belong to mixed sale specified in Article XL of the *Measures for the Pilot Implementation of Replacing Business Tax with VAT* (CS (2016) No. 36), so the sales volume of the goods and construction services shall be separately calculated with different tax rates or charge rates applied respectively", in the EPC contract or sub-contract signed by the Company, different tax rates or charge rates shall be adopted for the labor price of the construction industry, and price of self-produced goods and provision of VAT taxable labor service.

VII. Notes to items of consolidated financial statement

1. Monetary fund

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Cash on hand		1.64
Bank deposits	117,078.06	157,195.59
Other monetary capital		
Total	117,078.06	157,197.23
Including: total amount of the deposit abroad	26,498.15	28,067.23

2. Financial assets held for trading

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Financial asset measured at fair value with their changes included in the current profit and loss	625,617.90	452,456.07
Including:		
Structured deposits	421,270.06	452,456.07
Financial products with non-principal-guaranteed floating income	204,347.84	
Total	625,617.90	452,456.07

Other notes:

Applicable Not applicable

Bills receivable

(1) Classified listing of bills receivable

Applicable Not applicable

(2) Bills receivable pledged by the Company at the end of the period

Applicable Not applicable

(3) Bills receivable endorsed or discounted by the Company at the end of the period and not due yet on balance sheet date

Applicable Not applicable

(4) Notes converted into accounts receivable at the end of the period due to unfulfillment of the drawer

Applicable Not applicable

Accrual of bad debt reserves by combination:

Applicable Not applicable

3. Accounts receivable

(1) Disclosure by accounting age

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Accounting age	Book balance at the end of the period
Within 1 year	
Including: subentry within 1 year	
Subtotal within 1 year	560,481.76
1-2 year(s)	7,437.08
2-3 years	
Above 3 years	5,206.13
Total	573,124.97

(2) Classified disclosure by bad debt provision method

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Category	Closing balance				Book value
	Book balance		Bad debt reserve		
	Amount	Percentage (%)	Amount	Accrual proportion (%)	
Accrual of bad debt reserves by single item					
Accrual of bad debt reserves by combination	573,124.97	100.00	7,403.00	1.29	565,721.97
Including:					
Accounting age portfolio	85,425.70	14.91	7,403.00	8.67	78,022.70
Portfolio of related parties	487,699.27	85.09			487,699.27
Total	573,124.97	/	7,403.00	/	565,721.97

Category	Opening balance				Book value
	Book balance		Bad debt reserve		
	Amount	Percentage (%)	Amount	Accrual proportion (%)	
Accrual of bad debt reserves by single item					
Accrual of bad debt reserves by combination	742,636.42	100.00	5,554.41	0.75	737,082.01
Including:					
Accounting age portfolio	82,681.29	11.13	5,554.41	6.72	77,126.88
Portfolio of related parties	659,955.13	88.87			659,955.13
Total	742,636.42	/	5,554.41	/	737,082.01

Accrual of bad debt reserves by single item:

Applicable Not applicable

Accrual of bad debt reserves by combination:

Applicable Not applicable

Items accrued by combination: Accounting age portfolio

Unit: 10,000 Yuan Currency: RMB

Name	Closing balance		
	Accounts receivable	Bad debt reserve	Accrual proportion (%)
Accounting age portfolio	85,425.70	7,403.00	8.67
Portfolio of related parties	487,699.27		
Total	573,124.97	7,403.00	

Recognition standard and description for accrual of bad debt reserves by combination:

Applicable Not applicable

For accrual of bad debt reserves according to the general model of expected credit loss, please refer to the disclosure on other receivables:

Applicable Not applicable

(3) Bad debt reserve

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Category	Opening balance	Amount changed in the current period				Closing balance
		Accrual	Withdrawn or reversed	Charge-off or write-off	Other changes	
Bad debt reserves of accounts receivable	5,554.41	2,075.15		75.82	-150.74	7,403.00
Total	5,554.41	2,075.15		75.82	-150.74	7,403.00

Including withdrawn or reversed amount of important bad debt reserves in this period:

Applicable Not applicable

(4) Accounts receivable written-off actually after verification in current period

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Written-off amount
Accounts receivable written-off actually after verification	75.82

Write-off of significant accounts receivable:

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Unit name	Nature of accounts receivable	Written-off amount	Reason for write-off	Write-off procedures implemented	Whether the payment is generated from connected transactions
Zhejiang Huadian Resource Co., Ltd	Transaction payment	53.49	Debts overdue for more than 3 years	Approved by the Party Committee	No
Baoji Tonghua Petroleum Equipment Manufacturing Co., Ltd	Transaction payment	7.79	Debts overdue for more than 3 years	Approved by the Party Committee	No
Zetian International Limited	Transaction payment	4.35	Debts overdue for more than 3 years	Approved by the Party Committee	No
Other unit	Transaction payment	10.19	Debts overdue for more than 3 years	Approved by the Party Committee	No
Total	/	75.82	/	/	/

Notes to write-off of accounts receivable:

Applicable Not applicable

(5) Receivables gathered based on debt party with top five balances at the end of the period

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Unit name	Closing balance	Proportion to the total closing balance of accounts receivable (%)	Closing balance of bad debt reserve
China National Offshore Oil Corporation	464,221.25	81.00	
DANGOTE OIL REFINING COMPANY LIMITE	27,964.87	4.88	
National Petroleum and Natural Gas Pipeline Network Group Co., Ltd	27,860.40	4.86	
CNOOC Energy Technology & Services Limited	17,484.49	3.05	
SK Innovation Co., Ltd	6,635.97	1.16	
Total	544,166.98	94.95	

(6) Accounts receivable derecognized due to the transfer of financial assets

Applicable Not applicable

(7) Amount of asset and debt formed by transferring accounts receivable and constant involvement

Applicable Not applicable

Other notes:

Applicable Not applicable

4. Advance payment

(1) Advance payment listed by the accounting age

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Accounting age	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	61,776.21	97.40	26,709.46	86.95
1-2 year(s)	1,652.03	2.60	3,882.04	12.64
2-3 years			127.97	0.41
Above 3 years				
Total	63,428.24	100.00	30,719.47	100.00

(2) Advance payment of the top five closing balances collected by prepaid object

Applicable Not applicable

Unit name	Closing balance	Proportion to the total closing balance of advance payment (%)
Tianjin TISCO Sales Co., Ltd	11,970.42	18.87
Hu'nan Xiangling Industry & Trade Co., Ltd	10,370.75	16.35
Shanghai Yaolong Industrial Co., Ltd	9,330.47	14.71
Panyu Chu Kong Steel Pipe Co., Ltd	4,465.62	7.04
China Baowu Echeng Steel Co., Ltd	4,251.27	6.70
Total	40,388.53	63.67

Other descriptions

Applicable Not applicable

5. Other receivables

Items listed

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest receivable		25.24
Dividends receivable		
Other receivables	1,790.19	1,938.28
Total	1,790.19	1,963.52

Other notes:

Applicable Not applicable

Interest receivable**(1) Classification of interest receivable**√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Fixed accounts		
Entrusted loans		
Bond investment		
Interest on deposit of CNOOC Finance Co., Ltd	0	25.24
Total	0	25.24

(2) Important overdue interest Applicable Not applicable**(3) Accrual of bad debt reserve** Applicable Not applicable

Other notes:

 Applicable Not applicable**Dividends receivable****(4) Dividends receivable** Applicable Not applicable**(5) Significant dividends receivable with accounting age over 1 year** Applicable Not applicable**(6) Accrual of bad debt reserve** Applicable Not applicable

Other notes:

 Applicable Not applicable

Other receivables

(7) Disclosure by accounting age

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Accounting age	Book balance at the end of the period
Within 1 year	
Including: subentry within 1 year	
Subtotal within 1 year	709.33
1-2 year(s)	65.30
2-3 years	373.83
Above 3 years	1,126.08
Minus: bad debt reserve	484.35
Total	1,790.19

(8) Classification by nature of payment

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Nature	Book balance at the end of the period	Book balance at the beginning of the period
Deposit, imprest and margin	1,782.35	1,362.93
Advance money	492.19	1,061.57
Total	2,274.54	2,424.50

(9) Accrual of bad debt reserve

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Bad debt reserve	Stage I	Stage II	Stage III	Total
	Expected credit loss in the next 12 months	Expected credit loss in the whole duration (without credit impairment)	Expected credit loss in the whole duration (with credit impairment)	
Balance on January 1, 2021	17.96		468.26	486.22
Balance on January 1, 2021 in the current period				
-- Transferred into Stage II				
-- Transferred into Stage III				
-- Transferred back to Stage II				
-- Transferred back to Stage I				
Amount accrued in the current period	0.04			0.04
Amount reversed in the current period				
Amount charged off in the current period				
Amount written off in the current period				
Other changes			-1.91	-1.91
Balance on December 31, 2021	18.00		466.35	484.35

Description to the obvious changes in book balance of other accounts receivable with loss reserves change in the current period:

Applicable Not applicable

Book balance	Stage I	Stage II	Stage III	Total
	Expected credit loss in the next 12 months	Expected credit loss in the whole duration (without credit impairment)	Expected credit loss in the whole duration (with credit impairment)	
Balance on January 1, 2021	1,956.24		468.26	2,424.50
Balance on January 1, 2021 in the current period				
-- Transferred into Stage II				
-- Transferred into Stage III				
-- Transferred back to Stage II				
-- Transferred back to Stage I				
Increase in the current period				
Current derecognition	148.05			148.05
Other changes			-1.91	-1.91
Balance on June 30, 2021	1,808.19		466.35	2,274.54

The basis for deciding obvious increase in the accrued amount of bad debt reserves in the current period and the credit risk of evaluating financial instrument:

Applicable Not applicable

(10) Bad debt reserve

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Category	Opening balance	Amount changed in the current period			Closing balance	
		Accrual	Withdrawn or reversed	Charge-off or write-off		Other changes
Accrual of bad debt reserves by single item	468.26				-1.91	466.35
Accrual of bad debt reserves by combination	17.96	0.04				18.00
Total	486.22	0.04			-1.91	484.35

Including reversed or withdrawn amount of important bad debt reserves in the current period:

Applicable Not applicable

(11) Other receivables written off actually after verification in the current period

Applicable Not applicable

(12) Other accounts receivable gathered based on debt party with top five balances at the end of the period

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Unit name	Nature of accounts	Closing balance	Accounting age	Proportion to the total closing balance of other receivables (%)	Bad debt reserve Closing balance
Shenzhen Customs District People's Republic of China	Security	557.37	Above 3 years	24.50	
Taiyuan Rongli Trading Co. Ltd	Transaction payment	215.15	Above 3 years	9.46	215.15
Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd	Transaction payment	171.13	Above 3 years	7.52	171.13
Shenzhen Keda Real Estate Management Co., Ltd	Deposit	151.37	2-3 years	6.66	
Shenzhen Merchants Apartment Development Co., Ltd	Deposit	123.21	Within 1 year	5.42	
Total	/	1,218.23	/	53.56	386.28

Note 1: For Shenzhen Keda Real Estate Management Co., Ltd, the closing balance is RMB 1,513,700, including RMB 210,500 for accounting age within 1 year and RMB 1,303,200 for 2-3 years;

Note 2: For Shenzhen Merchants Apartment Development Co., Ltd, the closing balance is RMB 1,232,100, including RMB 116,400 for accounting age within 1 year and RMB 1,115,700 for 2-3 years;

(13) Accounts receivable involving government grants

(14) Other receivables derecognized due to the transfer of financial assets

 Applicable Not applicable

(15) Amount of asset and debt formed by transferring other receivables and constant involvement

 Applicable Not applicable

Other notes:

√Applicable Not applicable

Classified disclosure by bad debt provision method:

Category	Closing balance				Book value
	Book balance		Bad debt reserve		
	Amount	Percentage (%)	Amount	Accrual proportion (%)	
Accrual of bad debt reserves by single item	466.35	20.50	466.35	100.00	
Accrual of bad debt reserves by combination	1,808.19	79.50	18.00	1.00	1,790.19
Including:					
Accounting age portfolio					
Combination of reserve fund and deposit	1,806.34	79.42	18.00	1.00	1,788.34
Portfolio of related parties	1.85	0.08			1.85
Total	2,274.54	100.00	484.35		1,790.19

Category	Opening balance				Book value
	Book balance		Bad debt reserve		
	Amount	Percentage (%)	Amount	Accrual proportion (%)	
Accrual of bad debt reserves by single item	468.26	19.31	468.26	100.00	
Accrual of bad debt reserves by combination	1,956.24	80.69	17.96	0.92	1,938.28
Including:					
Accounting age portfolio	29.06	1.20	17.96	61.80	11.10
Combination of reserve fund and deposit	1,362.93	56.22			1,362.93
Portfolio of related parties	564.25	23.27			564.25
Total	2,424.50	100.00	486.22		1,938.28

Accrual of bad debt reserves by single item:

Name	Closing balance				Accrual cause
	Book balance	Bad debt reserve	Accrual proportion (%)		
Taiyuan Rongli Trading Co. Ltd	215.15	215.15	100.00		The other party is insolvent.
Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd	171.13	171.13	100.00		The other party is insolvent.
Bassam Mohsen Foundations Contractors	46.76	46.76	100.00		The other party is insolvent.
Abdullah Hashim Industrial Gases	33.31	33.31	100.00		The other party is insolvent.
Total	466.35	466.35			

Accrual of bad debt reserves by combination:

Name	Closing balance		
	Other receivables	Bad debt reserve	Accrual proportion (%)
Accounting age portfolio			
Including: Within 1 year (including 1 year)			
1-2 year(s) (including 2 years)			
2-3 years (including 3 years)			
Above 3 years			
Combination of reserve fund and deposit	1,806.34	18.00	1.00
Portfolio of related parties	1.85		
Total	1,808.19	18.00	

6. Inventory

(1) Type of inventories

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Inventory falling price reserves / contract performance cost impairment reserves	Book value	Book balance	Inventory falling price reserves / contract performance cost impairment reserves	Book value
Raw materials						
Unfinished products						
Commodity stock						
Revolving materials						
Consumable biological assets						
Contract performance cost	1,648.47		1,648.47	2,717.77		2,717.77
Project material preparation	120,118.44	6,657.25	113,461.19	106,662.56	8,258.04	98,404.52
Total	121,766.91	6,657.25	115,109.66	109,380.33	8,258.04	101,122.29

Including: engineering material preparation detailed as follows:

Item	Closing balance			Opening balance		
	Book balance	Inventory falling price reserves / contract performance cost impairment reserves	Book value	Book balance	Inventory falling price reserves / contract performance cost impairment reserves	Book value
Project material preparation	120,118.44	6,657.25	113,461.19	106,662.56	8,258.04	98,404.52
Including:						
Common steel products	40,241.60	3,300.41	36,941.19	27,680.91	5,109.86	22,571.05
Imported material	12,645.24	918.24	11,727.00	5,626.73	223.49	5,403.24
Electrical engineering materials	4,092.54	593.30	3,499.24	5,689.81	662.07	5,027.74
Other materials	63,139.06	1,845.30	61,293.76	67,665.11	2,262.62	65,402.49
Total	120,118.44	6,657.25	113,461.19	106,662.56	8,258.04	98,404.52

(2) Inventory falling price reserves and contract performance cost impairment reserves

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Opening balance	Increased amount in the current period		Decreased amount in the current period		Closing balance
		Accrual	Others	Reversal or charge-off	Others	
Raw materials						
Unfinished products						
Commodity stock						
Revolving materials						

Item	Opening balance	Increased amount in the current period		Decreased amount in the current period		Closing balance
		Accrual	Others	Reversal or charge-off	Others	
Consumable biological assets						
Contract performance cost						
Project material preparation	8,258.04	1,746.66		3,347.45		6,657.25
Total	8,258.04	1,746.66		3,347.45		6,657.25

Including: engineering material preparation detailed as follows:

Item	Opening balance	Increased amount in the current period		Decreased amount in the current period		Closing balance
		Accrual	Others	Reversal or charge-off	Others	
Project material preparation	8,258.04	1,746.66		3,347.45		6,657.25
Including:						
Common steel products	5,109.86	1,051.91		2,861.36		3,300.41
Imported material	223.49	694.75				918.24
Electrical engineering materials	662.07			68.77		593.30
Other materials	2,262.62			417.32		1,845.30
Total	8,258.04	1,746.66		3,347.45		6,657.25

(3) Description on inventory closing balance including capitalization of the borrowing costs

Applicable Not applicable

(4) Description of amortization of contract performance cost in the current period

Applicable Not applicable

Other descriptions

Applicable Not applicable

7. Contract assets

(1) Contract assets

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment reserves	Book value	Book balance	Impairment reserves	Book value
Asset completed but not settled under construction contract	291,587.66	320.82	291,266.84	192,932.08	173.10	192,758.98
Total	291,587.66	320.82	291,266.84	192,932.08	173.10	192,758.98

(2) Amount and causes for any significant change in book value in the reporting period

Applicable Not applicable

(3) Accrual of impairment reserves for contract assets in the current period

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount accrued in the current period	Amount reversed in the current period	Amount charged-off/written-off in the current period	Cause
Asset completed but not settled under construction contract	148.28			The amount of impairment reserve of contract asset influenced by foreign currency conversion difference is RMB -5600.
Total	148.28			/

For accrual of bad debt reserves according to the general model of expected credit loss, please refer to the disclosure on other receivables:

Applicable Not applicable

Other notes:

Applicable Not applicable

The contract assets are classified and disclosed according to the method of accruing impairment reserves:

Category	Closing balance				Book value
	Book balance		Impairment reserves		
	Amount	Percentage (%)	Amount	Accrual proportion (%)	
Accrual of impairment reserves by combination	291,587.66	100.00	320.82	0.11	291,266.84
Including:					
Combination of credit risk characteristics	291,587.66	100.00	320.82	0.11	291,266.84
Total	291,587.66	100.00	320.82		291,266.84

Accrual of impairment reserves by combination:

Name	Closing balance		
	Contract assets	Impairment reserves	Accrual proportion (%)
Combination of credit risk characteristics	291,587.66	320.82	0.11
Total	291,587.66	320.82	

8. Other current assets

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Offset against input VAT	22,593.37	11,941.86
Advance payment of corporate income tax	1,763.52	620.23
Others	464.37	282.44
Total	24,821.26	12,844.53

9. Debt investment

(1) Debt investment

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment reserves	Book value	Book balance	Impairment reserves	Book value
Three-year negotiable certificate of deposit	155,811.97		155,811.97	120,197.49		120,197.49
Total	155,811.97		155,811.97	120,197.49		120,197.49

(2) Important debt investment at the end of the period

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance				Opening balance			
	Face value	Coupon rate	Actual interest rate	Expiry date	Face value	Coupon rate	Actual interest rate	Expiry date
Tianjin Tanggu Branch, Agricultural Bank of China	20,000.00	3.9875%	3.9875%	2023/12/4	20,000.00	3.9875%	3.9875%	2023/12/4
Tianjin Tanggu Branch, Agricultural Bank of China	30,000.00	3.9875%	3.9875%	2023/12/4	30,000.00	3.9875%	3.9875%	2023/12/4
Tianjin Municipal Branch, Industrial and Commercial Bank of China	20,000.00	3.9875%	3.9875%	2023/12/21	20,000.00	3.9875%	3.9875%	2023/12/21
Tianjin Municipal Branch, Industrial and Commercial Bank of China	20,000.00	3.9875%	3.9875%	2023/12/21	20,000.00	3.9875%	3.9875%	2023/12/21
Tianjin Municipal Branch, Industrial and Commercial Bank of China	20,000.00	3.9875%	3.9875%	2023/12/30	20,000.00	3.9875%	3.9875%	2023/12/30
Tianjin Municipal Branch, Industrial and Commercial Bank of China	10,000.00	3.9875%	3.9875%	2023/12/31	10,000.00	3.9875%	3.9875%	2023/12/31
Tianjin Tanggu Branch, Agricultural Bank of China	30,000.00	3.9875%	3.9875%	2024/1/15				
Total	150,000.00	/	/	/	120,000.00	/	/	/

(3) Accrual of impairment reserves

Applicable Not applicable

The basis for deciding obvious increase in the accrued amount of impairment reserves in the current period and the credit risk of evaluating financial instrument

Applicable Not applicable

10. Long-term equity investment

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Investee	Opening balance	Increase and decrease variation in the current period								Closing balance	Impairment reserve balance at the end of the period
		Additional investment	Reduced investment	Recognized gains or losses on investment under equity method	Adjustment of other comprehensive income	Change in other equities	Cash dividends or benefit to be issued	Accrual of impairment reserves	Others		
I. Joint venture											
COOEC-Fluor Heavy Industries Co., Ltd	208,661.50			-59,992.10					4,238.81	152,908.21	
Subtotal	208,661.50			-59,992.10					4,238.81	152,908.21	
II. Associated enterprise											
Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd											
Tianjin Zhonghe Ocean Energy Engineering Co., Ltd											
Subtotal											
Total	208,661.50			-59,992.10					4,238.81	152,908.21	

Other descriptions

- (1) Shareholding ratio of the subsidiary - Offshore Oil Engineering (Qing Dao) Co., Ltd in Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd in Qingdao is 40.00%, with initial investment cost of RMB 8,125,800, and adjusted gains or losses of RMB -8,125,800, and closing balance of RMB 0.00;
- (2) Shareholding ratio of the subsidiary - Beijing Gaotai Deep-sea Technologies Co., Ltd in Tianjin Zhonghe Ocean Energy Engineering Co., Ltd is 33.33%, with initial investment cost of RMB 1,666,700, and adjusted gains or losses of RMB -1,666,700, and closing balance of RMB 0.00.

11. Other equity instruments investment

(1) Other equity instruments investment

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Gansu Lanke Petrochemical Equipment Co., Ltd	9,235.20	10,342.14
CNOOC Finance Co., Ltd	7,067.14	7,067.14
Total	16,302.34	17,409.28

(2) Non-transaction equity instrument investment

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Dividends income recognized in the current period	Cumulated gains	Cumulated losses	Amount of other comprehensive income transferred to the retained earnings	Reasons for measurement at fair value with the changes included in other comprehensive income	Reasons for other comprehensive income transferred to the retained earnings
Gansu Lanke Petrochemical Equipment Co., Ltd		7,088.24		2,931.15	Non-transaction equity instrument	Partial disposal
CNOOC Finance Co., Ltd	776.56				Non-transaction equity instrument	

Other notes:

Applicable Not applicable

12. Fixed assets

Items listed

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Fixed assets	1,069,873.93	927,928.70
Liquidation of fixed assets	1,167.65	547.62
Total	1,071,041.58	928,476.32

Other notes:

Applicable Not applicable

Fixed assets

(1) Fixed assets

√Applicable □ Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Houses and buildings	Machinery and equipment	Transportation means	Electronic equipment	Office equipment	Total
I. Original book value:						
1. Opening balance	365,930.06	343,743.53	1,228,007.79	16,108.26		1,953,789.64
2. Increased amount in the current period	105,156.09	27,412.21	93,156.73	-5,852.38	15,166.76	235,039.41
(1)Purchase		13,519.21	2,864.73	243.82	411.89	17,039.65
(2)Transferred from projects under construction	105,161.91	21,753.18	94,117.62	668.60	156.69	221,858.00
(3)Increased from merger						
(4)Converted from foreign currency statement	-5.82	-21.48	-3,825.62	-5.15	-0.17	-3,858.24
(5)Re-classification		-7,838.70		-6,759.65	14,598.35	
3. Decreased amount in the current period	0.85	5,809.68	6,947.38	367.4	43.5	13,168.81
(1)Disposal or scrapping	0.85	5,809.68	6,947.38	367.4	43.5	13,168.81
4. Closing balance	471,085.30	365,346.06	1,314,217.14	9,888.48	15,123.26	2,175,660.24
II. Cumulative depreciation						
1. Opening balance	167,168.90	260,757.78	567,837.91	13,546.81		1,009,311.40
2. Increased amount in the current period	16,097.90	12,346.04	58,866.61	-5,218.02	9,582.44	91,674.97
(1)Accrual	16,100.99	16,019.01	61,937.21	499.66	211.35	94,768.22
(2)Converted from foreign currency statement	-3.09	-15.29	-3,070.6	-4.12	-0.15	-3,093.25
(3)Re-classification		-3,657.68		-5,713.56	9,371.24	
3. Decreased amount in the current period	0.76	5,126.64	6,252.64	330.66	38.9	11,749.60
Disposal or scrapping	0.76	5,126.64	6,252.64	330.66	38.9	11,749.60
4. Closing balance	183,266.04	267,977.18	620,451.88	7,998.13	9,543.54	1,089,236.77
III. Impairment reserve						
1. Opening balance	15,467.50	1,082.04				16,549.54
2. Increased amount in the current period						
Accrual						
3. Decreased amount in the current period						
Disposal or scrapping						
4. Closing balance	15,467.50	1,082.04				16,549.54
IV. Book value						
1. Closing book value	272,351.76	96,286.84	693,765.26	1,890.35	5,579.72	1,069,873.93
2. Opening book value	183,293.66	81,903.71	660,169.88	2,561.45		927,928.70

(2) Temporarily idle fixed assets

Applicable Not applicable

(3) Fixed assets rented through financial lease

Applicable Not applicable

(4) Fixed assets leased through operating lease

Applicable Not applicable

(5) Fixed assets without property certificate

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Book value	Reasons for the property certificate failure
House buildings	25,900.28	In progress

Other notes:

Applicable Not applicable

Liquidation of fixed assets

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
House buildings	0.09	
Machinery and equipment	1,015.10	426.62
Transportation equipment	2.07	
Electronic equipment	150.39	121.00
Total	1,167.65	547.62

13. Construction in progress**Items listed**

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Construction in progress	93,920.99	204,401.28
Engineering materials		
Total	93,920.99	204,401.28

Other notes:

Applicable Not applicable

Construction in progress

(1) Projects under construction

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment reserves	Book value	Book balance	Impairment reserves	Book value
Procurement project of trenching plough and A-shaped crane	5,933.88		5,933.88	92,692.45		92,692.45
Port-surrounding base construction project	60,960.89		60,960.89	69,334.53		69,334.53
ROV-type flexible pipe cable ditcher				11,294.92		11,294.92
Phase III water dredging project				8,247.15		8,247.15
National oil and gas pipe emergency rescue project	17,509.45		17,509.45	7,097.51		7,097.51
New construction of first section of stinger for Vessel HYSY201				3,797.64		3,797.64
3# painting workshop construction project				2,972.22		2,972.22
Two 3,000 m working ROVs-LARS part	2,251.76		2,251.76	2,236.98		2,236.98
Transformation of hook head of Blue Whale Ship	1,589.53		1,589.53	1,626.73		1,626.73
Upgrading project of overhead guide pulley for deepwater flexible pipe-laying system tower				921.44		921.44
50 t tensioner procurement project				889.6		889.6
Emergency command center construction project				668.6		668.6
Ultra-deep pile hammer	2,871.26		2,871.26			
Other items	2,804.22		2,804.22	2,621.51		2,621.51
Total	93,920.99		93,920.99	204,401.28		204,401.28

(2) Changes in major construction projects of the current period

√Applicable □ Not applicable

Unit: 10,000 Yuan Currency: RMB

Project name	Budget amount	Opening balance	Increased amount in the current period	Amount of transferred fixed assets in the current period	Other amount decreased in the current period	Closing balance	Proportion of project cumulative investment in budget (%)	Project progress	Total amount of interest capitalized	Including: amount of interest capitalized in the current period	Interest capitalization rate in the current period (%)	Source of funds
Procurement project of trenching plough and A-shaped crane	22,847.21	92,692.45	599.88	87,358.45		5,933.88	52.33	53.00%				Self-raised funds
Port-surrounding base construction project	249,514.30	69,334.53	89,473.86	97,847.50		60,960.89	98.25	99.99%				Self-raised funds
ROV-type flexible pipe cable ditcher	15,002.97	11,294.92	403.1	11,698.02			77.97	100.00%				Self-raised funds
Phase III water dredging project	8,982.00	8,247.15	107.11		8,354.26		93.01	100.00%				Self-raised funds
National oil and gas pipe emergency rescue project	22,000.00	7,097.51	10,411.94			17,509.45	79.59	84.00%				Government appropriation
New construction of first section of stinger for Vessel HYSY201	4,842.00	3,797.64	1,045.94	4,843.58			100.03	100.00%				Self-raised funds
3# painting workshop construction project	9,688.00	2,972.22	4,006.78	6,979.00			72.04	100.00%				Self-raised funds
Two 3,000 m working ROVs-LARS part	2,291.37	2,236.98	14.78			2,251.76	98.27	99.00%				Self-raised funds
Transformation of hook head of Blue Whale Ship	2,505.09	1,626.73			37.20	1,589.53	63.45	67.96%				Self-raised funds
Upgrading project of overhead guide pulley for deepwater flexible pipe-laying system tower	980.00	921.44		855.04	66.40		87.24	100.00%				Self-raised funds
50 t tensioner procurement project	3,075.63	889.6	57.81	898.84	48.57		29.25	100.00%				Self-raised funds
Emergency command center construction project	750.00	668.60		668.60			89.15	100.00%				Self-raised funds
Ultra-deep pile hammer	17,262.00		2,871.26			2,871.26	16.63	20.00%				Self-financing and government compensation
Other items		2,621.51	12,409.21	10,708.97	1,517.53	2,804.22						Self-raised funds
Total	359,740.57	204,401.28	121,401.67	221,858.00	10,023.96	93,920.99	/	/			/	/

(3) Impairment reserve accrued for works under construction in the current period

□ Applicable √Not applicable

Other descriptions

Applicable Not applicable

Engineering materials

(4) Engineering materials

Applicable Not applicable

14. Right-of-use assets

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Land	Sites and buildings	Ship	Machinery and equipment	Total
I. Original book value					
1. Opening balance	6,169.38	2,503.12	10,793.47		19,465.97
2. Increased amount in the current period		9,615.72		164.58	9,780.3
(1) New lease		9,633.1		164.58	9,797.68
(2) Converted from foreign currency statement		-17.38			-17.38
3. Decreased amount in the current period		169.12	10,793.47		10,962.59
(1) Transferred to fixed assets					
(2) Disposal		169.12	10,793.47		10,962.59
4. Closing balance	6,169.38	11,949.72		164.58	18,283.68
II. Cumulative depreciation					
1. Opening balance	3,801.61	181.58	4,047.55		8,030.74
2. Increased amount in the current period	468.93	4,393.77	1,798.91	42.02	6,703.63
(1) Accrual	468.93	4,397.82	1,798.91	42.02	6,707.68
(2) Converted from foreign currency statement		-4.05			-4.05
3. Decreased amount in the current period		114.05	5,846.46		5,960.51
(1) Disposal		114.05	5,846.46		5,960.51
(2) Transferred to fixed assets					
4. Closing balance	4,270.54	4,461.3		42.02	8,773.86
III. Impairment reserve					
1. Opening balance					
2. Increased amount in the current period					
(1) Accrual					
(2) Converted from foreign currency statement					
3. Decreased amount in the current period					
(1) Disposal					
(2) Transferred to fixed assets					
4. Closing balance					
IV. Book value					
1. Closing book value	1,898.84	7,488.42		122.56	9,509.82
2. Opening book value	2,367.77	2,321.54	6,745.92		11,435.23

15. Intangible assets

(1) Intangible assets

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Land-use right	Patent right	Total
I. Original book value			
1. Opening balance	132,065.91	19,044.52	151,110.43
2. Increased amount in the current period		2,730.40	2,730.40
(1)Purchase		2,735.08	2,735.08
(2)Internal R&D			
(3)Increased from merger			
(4)Converted from foreign currency statement		-4.68	-4.68
3. Decreased amount in the current period		161.26	161.26
(1)Disposal		161.26	161.26
(2)Invalid and derecognized part			
(3)Others			
4. Closing balance	132,065.91	21,613.66	153,679.57
II. Cumulative amortization			
1. Opening balance	23,659.75	16,535.25	40,195.00
2. Increased amount in the current period	2,699.74	1,400.98	4,100.72
(1)Accrual	2,699.74	1,405.03	4,104.77
(2)Converted from foreign currency statement		-4.05	-4.05
3. Decreased amount in the current period		131.58	131.58
(1)Disposal		131.58	131.58
(2)Invalid and derecognized part			
(3)Others			
4. Closing balance	26,359.49	17,804.65	44,164.14
III. Impairment reserve			
1. Opening balance			
2. Increased amount in the current period			
(1)Accrual			
3. Decreased amount in the current period			
(1)Disposal			
(2)Invalid and derecognized part			
4. Closing balance			
IV. Book value			
1. Closing book value	105,706.42	3,809.01	109,515.43
2. Opening book value	108,406.16	2,509.27	110,915.43

At the end of the period, the intangible assets formed through internal R&D of the Company accounted for 0% of the rest intangible assets.

(2) Land use right without the property certificate

Applicable Not applicable

Other notes:

Applicable Not applicable

16. Goodwill

(1) Goodwill original book value

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Investee name or goodwill-related matters	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Formed by business merger	Others	Disposal	Others	
A.E.S. Destructive and Non-destructive Testing Limited	1,307.51					1,307.51
Total	1,307.51					1,307.51

(2) Impairment reserves for goodwill

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Investee name or goodwill-related matters	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Accrual	Others	Disposal	Others	
A.E.S. Destructive and Non-destructive Testing Limited		1,307.51				1,307.51
Total		1,307.51				1,307.51

(3) Information about the asset group or combination of asset groups of goodwill

√Applicable Not applicable

The Company's goodwill was formed by means of the M&A of 90% equities from A.E.S. Destructive and Non-destructive Testing Limited other than under the same control in 2009. The asset group of A.E.S. Destructive and Non-destructive Testing Limited to be recognized at the end of this period includes those formed its goodwill, which is consistent with the asset groups tested during the goodwill impairment test on the acquisition date and previous years. The fixed assets are included in the scope of evaluation. The recoverable amount of the asset group or combination of asset groups of goodwill is based on the evaluation results of the asset evaluation report of the goodwill impairment test of A.E.S. Destructive and Non-destructive Testing Limited issued by Beijing Guorongxinghua Assets Appraisal Co., Ltd for the purpose of financial report.

(4) Explain the process and major parameters of goodwill impairment testing (such as growth rate in the forecast period and in the stable period, profit rate, discount rate, forecast period (as applicable) in estimation of present value of expected future cash flow), as well as the method of confirming impairment loss

√Applicable Not applicable

1) Goodwill impairment testing process

Item	A.E.S. Destructive and Non-destructive Testing Limited
Book amount of goodwill ①	1,307.51
Amount of goodwill impairment reserve at the beginning of the period ②	
Book value of goodwill ③ (③ = ① - ②)	1,307.51
Value of goodwill not recognized as attributable to minority shareholders ④	145.28
Including the value of goodwill that is not recognized as attributable to minority shareholders ⑤ (⑤ = ③ + ④)	1,452.79
Book value of asset group ⑥	184.82
Value of the asset group containing the overall goodwill ⑦ (⑦ = ⑤ + ⑥)	1,637.61
Recoverable amount of asset group ⑧	183.54
Impairment amount of goodwill	1,307.51

2) Key assumptions and parameters

① Key assumptions

- i. The appraised unit can carry out normal and continuous production and operation activities according to the scale, capacity, conditions, scope and policy of business operations planned by the enterprise management.
- ii. The appraised unit can keep the current status of existing business operations, and the national macro-monetary policy is in a balanced state in the long term.
- iii. After the base date of appraisal, the appraised unit shall remain at the current level of R&D capability and technological advancement, and can apply for renewal of all qualification certificates that it has obtained by the base date of appraisal after the expiration.

② Key parameters

Organization	Forecast period	Discount rate (before-tax WACC)
A.E.S. Destructive and Non-destructive Testing Limited	2022 -2026 (followed by a stable period)	14.41%

(5) Impact of goodwill impairment testing

Applicable Not applicable

Other descriptions

Applicable Not applicable

17. Long-term prepaid expenses

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Opening balance	Increased amount in the current period	Current amortization amount	Other amount of decrease	Closing balance
Cost of parking space usage	5,983.54		207.62		5,775.92
Renovation expense	633.78		481.35		152.43
Charges for software	357.12		175.19		181.93
Cost of ship dock repair	2,964.30	2,988.00	1,632.92	25.82	4,293.56
Dredging in terminal waters		8,354.26	278.48		8,075.78
Premium		1,457.69	183.22		1,274.47
Total	9,938.74	12,799.95	2,958.78	25.82	19,754.09

18. Deferred income tax assets / liabilities

(1) Deferred income tax assets without offset

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Asset impairment reserve	22,791.51	3,418.73	22,916.81	3,437.58
Internal unrealized profit	51,719.94	12,929.98	55,958.75	13,989.68
Deductible loss	2,705.01	500.43	82,560.02	12,483.13
Estimated liabilities	7,006.03	1,050.90	10,574.64	1,586.20
Not-invoiced costs on account	77,128.06	11,569.21	40,114.37	6,017.15
Deferred income	15,723.88	2,358.58	20,441.98	3,066.30
Total	177,074.43	31,827.83	232,566.57	40,580.04

(2) Deferred income tax liabilities without offset

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Fair value change in other equity instruments investment	7,088.24	1,063.24	6,673.73	1,001.06
Difference in depreciation, amortization and depletion of assets	11,997.94	1,799.69	11,178.62	1,676.79
Estimation of trading financial instruments and derivative financial instruments	2,617.90	392.68	2,456.07	368.41
Total	21,704.08	3,255.61	20,308.42	3,046.26

(3) Deferred income tax assets and deferred income tax liabilities listed by the offset net amount

 Applicable √Not applicable

(4) Details of unrecognized deferred income tax assets

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Deductible temporary difference	5,348.70	24,404.69
Deductible loss		14.20
Total	5,348.70	24,418.89

(5) Deductible losses of unrecognized deferred income tax assets will expire in the following years√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Year	Amount at the end of the period	Amount at the beginning of the period	Remarks
2021		11.80	
2022			
2023		2.40	
Total		14.20	/

Other notes:

 Applicable Not applicable**19. Short-term loan****(1) Short-term loan type**√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Pledge loan		
Mortgage loan		
Guaranteed loan		
Credit loan		23,320.95
Total		23,320.95

Description on short-term loan classification:

Note: In June 2020, a loan contract was concluded between the Company and China Development Bank, with a loan amount of RMB 230 million and a loan period from June 18, 2020 to June 18, 2021. The loan funds are used in supporting the procurement of means of production, salary payment of employees, upstream and downstream loan payment, social security payment, daily operating expenses and other purposes required by the enterprise to resume work and production and reach production after COVID-19, so as to guarantee the requirements for the early commencement and construction of major projects and key projects. The balance of short-term borrowings at the end of last year includes an accrued interest of RMB 3.2095 million.

(2) Overdue and outstanding short-term borrowings Applicable Not applicable

Important overdue and outstanding short-term borrowings are as follows:

 Applicable Not applicable

Other descriptions

 Applicable Not applicable

20. Bills payable

(1) List of notes payable

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Type	Closing balance	Opening balance
Commercial acceptance bills		
Bank acceptance	18,267.37	
Total	18,267.37	

The total of bills payable due but not paid at the end of the current period is RMB 0.00.

21. Accounts payable

(1) List of accounts payable

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Engineering project and material collections	833,710.71	753,431.45
Total	833,710.71	753,431.45

(2) Major accounts payable with accounting age over 1 year

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Reasons for non-payment or carryover
China Harbour Engineering Company Ltd	3,060.34	Unfinished settlement
MARINE PLATFORMS LIMITED	2,255.78	Unfinished settlement
Jiangsu Fanzhou Shipping Co., Ltd	1,117.02	Unfinished settlement
Guangzhou Haiming Marine Engineering Co., Ltd	1,006.08	Unfinished settlement
Orient (Tianjin) Corrosion Engineering Ltd	1,000.24	Unfinished settlement
CSSC Huangpu Wenchong Shipbuilding Company Limited	980.03	Unfinished settlement
Tianjin Harbour Marine Engineering Co., Ltd	973.51	Unfinished settlement
WORLEYCORD LP	750.69	Unfinished settlement
CCCC INTERNATIONAL SHIPPING CORP.,	687.57	Unfinished settlement
Branch of Maridive Offshore Project	649.08	Unfinished settlement
TZ (Tianjin) Binhai Heavy Machinery Co., Ltd	646.66	Unfinished settlement
Site Resource Group	545.02	Unfinished settlement
Total	13,672.02	/

Other descriptions

Applicable Not applicable

22. Advance payment

(1) List of advance payment

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Others	154.86	128.59
Total	154.86	128.59

(2) Major advance payment with accounting age over 1 year

Applicable Not applicable

Other descriptions

Applicable Not applicable

23. Contract liabilities

(1) Contract liabilities

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Payment of settled and uncompleted project in construction contract	98,447.47	61,342.05
Total	98,447.47	61,342.05

(2) Amount and causes for any significant change in book value in the reporting period

Applicable Not applicable

Other notes:

Applicable Not applicable

24. Payroll payable

(1) Presentation of employee compensation payable

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term compensation	29,846.28	250,894.74	242,925.61	37,815.41
II. Defined contribution plans for welfare after dismissal		36,715.21	36,714.94	0.27
III. Dismissal welfare	5.96	24.93	6.98	23.91
IV. Other welfares to expire within one year				
Total	29,852.24	287,634.88	279,647.53	37,839.59

(2) List of short-term compensation

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Wages, bonuses, allowances and subsidies	19,052.05	201,007.74	191,171.24	28,888.55
II. Employee welfare		9,363.12	9,363.12	
III. Social insurance fee		15,286.74	15,286.74	
Including: medical insurance expense		14,018.18	14,018.18	
Industrial injury insurance expense		700.45	700.45	
Birth insurance expense		568.11	568.11	
IV. Housing accumulation fund		19,189.08	19,189.08	
V. Labor union expenditure and personnel education fund	7,359.60	6,574.58	5,007.32	8,926.86
VI. Short-term compensated absences				
VII. Short-term profits sharing plan				
VIII. Others	3,434.63	-526.52	2,908.11	
Total	29,846.28	250,894.74	242,925.61	37,815.41

(3) List of defined contribution plans

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Primary endowment insurance		23,522.40	23,522.13	0.27
2. Unemployment insurance expense		766.83	766.83	
3. Enterprise annuity		12,425.98	12,425.98	
Total		36,715.21	36,714.94	0.27

Other notes:

 Applicable Not applicable

25. Taxes payable

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
VAT	2,359.80	44,502.96
Corporate income tax	6,142.16	7,897.29
Individual income tax	2,295.58	1,364.62
House property tax	325.04	304.68
Urban maintenance and construction tax	464.01	41.36
Stamp tax	229.46	351.76
Education surcharge	331.29	29.4
Land use tax	139.56	139.56
Others	1,770.44	716.01
Total	14,057.34	55,347.64

26. Other payables

Items listed

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest payable		
Dividends payable	0.17	
Other payables	41,956.30	37,910.81
Total	41,956.47	37,910.81

Other notes:

Applicable Not applicable

Interest payable

(1) Classified listing

Applicable Not applicable

Dividends payable

(2) Classified listing

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Common stock dividends	0.17	
Preferred stock\perpetual bond dividend divided into equity instruments		
Total	0.17	

Other payables

(1) Other payables listed by nature of payment

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Suspense credits	7,044.17	7,541.40
Retention money and deposit	29,965.14	18,327.03
Cost of scientific research		9,425.58
Amount withheld and remitted	4,946.99	2,212.91
Transaction payment		403.89
Total	41,956.30	37,910.81

(2) Other major payables with accounting age over 1 year

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Reasons for non-payment or carryover
Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd	151.37	Undue settlement period
Total	151.37	/

Other notes:

 Applicable Not applicable

27. Non-current liability due within one year

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Long-term loans expired within one year	12,760.74	10.89
Bond due and payable within one year		
Long-term payables within one year		
Lease liability due within one year	3,737.71	3,565.36
Total	16,498.45	3,576.25

28. Other current liabilities

Other current liabilities

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Short-term bond payable		
Refund payable		
Pending output taxes	48,824.58	
Total	48,824.58	

Increase/decrease of short-term bond payable:

 Applicable Not applicable

Other notes:

 Applicable Not applicable

29. Long-term loans

(1) Long-term loan classification

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Pledge loan		
Mortgage loan		
Guaranteed loan	25,502.80	
Credit loan	22,002.95	43,619.97
Total	47,505.75	43,619.97

Description on long-term loan classification:

Note 1: In March 2017 and February 2018, the Company signed three-party entrusted loan contract with China National Offshore Oil Corporation and CNOOC Finance Co., Ltd China National Offshore Oil Corporation entrusted CNOOC Finance Co., Ltd to provide a loan of RMB 90 million and RMB 130 million for the Company respectively with the loan period of five years. All loan funds will be used in constructing national oil and gas pipe for emergency rescue of the South China Sea Base project. The closing balance includes an accrued interest of RMB 29,500.

Note 2: In July 2020, a loan contract was concluded between the Company and Tianjin Branch of Export-Import Bank of China regarding the provision of supplier credit up to a maximum of USD 84 million to the Company by Tianjin Branch of Export-Import Bank of China, with loan period of two years from the date of first loan disbursement to the date of last repayment. As of December 31, 2021, the Company had loaned USD 33,134,600 totally from Tianjin Branch of Export-Import Bank of China, and repaid in advance in the reporting period. All loan funds will be used to meet the capital requirements of general mechanical and electrical products (which may be used to replace the self-owned funds paid in the previous period).

Note 3: In July, 2021, the Company's subsidiary - COOEC International Co., Limited and Zhuhai Branch of Bank of China entered into a loan contract, with a loan amount of USD 60 million and a loan term of 35 months from the actual withdrawal date. The loan funds are used for payment of the loan between the subsidiary and the Company.

Other notes, including interest rate interval:

Applicable Not applicable

30. Lease liabilities

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Land	1,894.49	2,207.31
Sites and buildings	5,809.11	2,324.18
Ship		6,947.28
Machinery and equipment		
Minus: lease liability due within one year	-3,737.71	-3,565.36
Total	3,965.89	7,913.41

31. Long-term payables

Items listed

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Long-term payables		
Special payables		2,650.06
Total		2,650.06

Other notes:

Applicable Not applicable

Long-term payables

(1) Long-term payables listed by nature of payment

Applicable Not applicable

Special payables

(2) Special payables listed by nature of payment

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Causes
Appropriation of scientific research funds for 863 Project	2,650.06		2,650.06		State appropriation
Total	2,650.06		2,650.06		/

32. Estimated liabilities

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Opening balance	Closing balance	Causes
Pending matters	10,574.64		Note 1
Product quality assurance		1,547.33	Note 2
Anticipated loss of the contract	22,270.46	7,559.60	Note 3
Total	32,845.10	9,106.93	/

Other description, including description of relevant important assumption and estimation of important estimated liabilities:

Note 1: The subsidiary - Offshore Oil Engineering (Qing Dao) Co., Ltd received question investigation report from paint supplier and insulation subcontractor of ICHTHYS project respectively on February 24, 2017 and June 1, 2017, stating that quality problem was discovered in the paint used and insulation system of the module constructed by Offshore Oil Engineering (Qing Dao) Co., Ltd, but no consensus was reached upon the reasons of defect by the parties. Based on the fact that quality guarantee is a demand guarantee and according to the contract term that Offshore Oil Engineering (Qing Dao) Co., Ltd should bear certain guarantee liability for no defect of project in terms of material, design, construction and process, the guarantee amount of USD 16,183,600 is adopted for compensation. As of December 31, 2021, the warranty guarantee has expired and been paid. In view of the fact that on August 27, 2021, the Company and the general contractor of ICHTHYS project entered into a memorandum to discharge the certain defect liability of guaranty for the materials, design, construction and process under the contract terms, and the liabilities is expected to be reversed in the reporting period.

Note 2: According to the requirements of the *Accounting Standards for Enterprises No. 14 - Income* and the *Accounting Standards for Enterprises No. 13 - Contingencies*, if the purpose of quality assurance is to assure customers that the commodities sold meet established standards, and the obligations arising from the quality guarantee terms meet relevant conditions, the estimated liabilities shall be recognized for the quality guarantee.

Note 3: According to the requirements of the *Accounting Standards for Enterprises No. 14 - Income* and the *Accounting Standards for Enterprises No. 13 - Contingencies*, if the contract to be executed turns to be a loss contract, and the obligations arising from the loss contract meet the relevant conditions, the estimated liabilities shall be recognized for the loss contract. The estimated contract loss of RMB 75,596,000 is the remaining estimated loss to be incurred in completing the project with the estimated total contract cost exceeding the total contract revenue, which is recognized based on the performance progress.

33. Deferred income

Deferred income

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Causes
Government grants	18,161.91	11,016.02	13,172.03	16,005.90	Government appropriation
Total	18,161.91	11,016.02	13,172.03	16,005.90	/

Projects involving government grants:

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Liabilities	Opening balance	Newly-added grant amount in the current period	Amount included in non-operating income of the current period	Other income amount included in the current period	Other changes	Closing balance	Related to assets/income
Return of site supporting facilities fee	4,959.95			136.51		4,823.44	Related to assets
Deed tax return of office building in bonded area	414.78			35.30		379.48	Related to assets
Special fund from the central government for air pollution prevention and control	487.50			50.00		437.50	Related to assets
863 deepwater submarine pipeline laying technology		2,650.06		1,997.39		652.67	Related to assets
Financial allocation for scientific research of significant national projects	12,299.68	8,365.96		8,210.32	-2,742.51	9,712.81	Related to income
Total	18,161.91	11,016.02		10,429.52	-2,742.51	16,005.90	

Other notes:

Applicable Not applicable

34. Share capital

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

	Opening balance	Increase and decrease in this change (+, -)				Subtotal	Closing balance
		Newly issued shares	Donated shares	Shares transferred from additional paid-in capital	Others		
Total shares	442,135.48					442,135.48	

35. Capital reserves

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Capital premium (share capital premium)	422,970.20			422,970.20
Other capital reserve	1,831.97			1,831.97
Total	424,802.17			424,802.17

36. Other comprehensive income

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Opening balance	Amount incurred in the current period						Closing balance
		Amount before current income tax	Minus: amount included in other comprehensive income and then transferred into current profit and loss	Minus: amount included in other comprehensive income and then transferred into retained earnings in current period	Minus: income tax expenses	Attributable to parent company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive incomes which cannot be reclassified into the profit and loss in future	5,672.67	3,345.66		2,931.15	62.18	352.33		6,025.00
Including: Change due to re-measurement of defined benefit plans								
Other comprehensive incomes that cannot be reclassified into the profit and loss with the equity method								
Fair value change in other equity instruments investment	5,672.67	3,345.66		2,931.15	62.18	352.33		6,025.00
Fair value change in the credit risk of the Company								
II. Other comprehensive income which will be reclassified into the profit and loss	6,067.86	2,072.58				2,085.21	-12.63	8,153.07
Including: Other comprehensive incomes that can be reclassified into the profit and loss with the equity method								
Fair value change in other creditors' investment								
Amount of financial assets reclassified and included in other comprehensive income								
Credit impairment reserves for other creditors' investment								
Hedging reserves of cash flow								
Conversion difference in the foreign currency statements	6,067.86	2,072.58				2,085.21	-12.63	8,153.07
Other comprehensive income sum	11,740.53	5,418.24		2,931.15	62.18	2,437.54	-12.63	14,178.07

37. Special reserve√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Safety production cost	26,907.59	31,350.84	34,222.75	24,035.68
Total	26,907.59	31,350.84	34,222.75	24,035.68

38. Surplus reserve√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Legal surplus reserve	162,876.30	6,292.42		169,168.72
Other surplus reserve	8,914.59			8,914.59
Reserve funds				
Enterprise development fund				
Others				
Total	171,790.89	6,292.42		178,083.31

39. Undistributed profit√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Current period	Last period
Undistributed profit at the end of previous period before adjustment	1,187,709.32	1,184,404.79
Total undistributed profit at the beginning of adjustment (increase +, decrease -)	-181.45	-351.02
Undistributed profit at the end of adjustment	1,187,527.87	1,184,053.77
Plus: Net profit attributable to owners of the parent company	36,979.89	36,329.92
Minus: withdrawn legal surplus reserve	5,921.77	6,146.24
Withdrawn optional surplus reserve		
General risk reserve accrued		
Common stock dividends payable	30,949.48	26,528.13
Common stock dividends converted into share capital		
Others	-3,335.88	
Undistributed profit at the end of the period	1,190,972.39	1,187,709.32

Details on undistributed profit at the beginning of the period:

1. Retroactive adjustment shall be made according to the *Accounting Standards for Business Enterprises* and related new regulations, and undistributed profit affected at the beginning of the period is RMB -181.45.
2. The undistributed profit affected by alteration of accounting policy at the beginning of the period is RMB 0.
3. The undistributed profit affected by correction of significant accounting errors at the beginning of the period is RMB 0.
4. The undistributed profit affected by changes in merger scope caused by the same control at the beginning of the period is RMB 0.
5. The undistributed profit affected by other adjustments at the beginning of the period is RMB 3,335.88.

40. Operating income and operating expenses

(1) Operating income and operating expenses

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period		Amount incurred in last period	
	Income	Cost	Income	Cost
Main business	1,965,651.28	1,767,869.82	1,769,316.06	1,600,295.01
Other business	13,896.84	2,836.75	16,941.57	1,899.97
Total	1,979,548.12	1,770,706.57	1,786,257.63	1,602,194.98

(2) Income from contracts

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Contract category	Total
(1) Revenue from offshore engineering EPCI contract project	975,187.17
(2) Revenue from offshore engineering Non-EPCI contract project	169,814.75
Including: revenue from offshore installation and subsea pipe-laying	110,309.1
Maintenance service income	26,364.93
Revenue from onshore construction	18,596.77
Engineering design income	14,543.95
(3) Income from non-ocean engineering projects	820,649.36
Total	1,965,651.28

Description of income from contracts:

√Applicable Not applicable

Operating income of top five customers

Customer name	Amount in the current period	Proportion to total operating income (%)
China National Offshore Oil Corporation	1,072,897.58	54.20
Hong Kong LNG Terminal Limited	264,785.77	13.38
National Petroleum and Natural Gas Pipeline Network Group Co., Ltd	196,651.25	9.93
JGC Fluor BC LNG Joint Venture	195,354.17	9.87
Caofeidian Xintian LNG Co., Ltd	147,152.48	7.43
Total	1,876,841.25	94.81

(3) Explanation of performance obligations

Applicable Not applicable

(4) Explanation of allocation to remaining performance obligations

Applicable Not applicable

41. Taxes and surcharges

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
Urban maintenance and construction tax	1,900.13	5,707.54
Education surcharge	817.89	2,451.19
Local education surcharge	545.26	1,634.13
House property tax	2,131.68	1,936.11
Land use tax	611.96	570.03
Vehicle and vessel use tax	62.97	63.32
Stamp tax	1,523.07	2,051.52
Others	136.16	36.97
Total	7,729.12	14,450.81

42. Sales cost

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
Employee compensation	1,628.81	1,818.34
Publicity and exhibition expenses	106.37	123.17
Travel expenses	63.13	21.07
Amortization of long-term prepaid expenses	96.27	96.27
Low-value consumables	3.65	3.45
Depreciation cost and amortization of intangible assets	140.86	52.08
Office, water, electricity and communication expenses	86.16	60.67
Rental fees	72.6	54.29
Others	22.17	325.79
Total	2,220.02	2,555.13

43. Management cost

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
Employee compensation	17,081.05	16,499.83
Depreciation cost and amortization of intangible assets	1,618.14	1,333.83
Auditing and consulting expense	973.24	865.84
Rental fees	757.06	656.5
Property management and afforestation expense	851.54	730.11
Travel expenses	406.26	281.14
Taxes	420.13	398.66
Transportation expense	297.22	286.41
Office, water, electricity and communication expenses	299.34	292.6

Item	Amount incurred in the current period	Amount incurred in last period
Others	1,275.42	1,903.19
Total	23,979.40	23,248.11

44. R&D expense

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
Cost of outsourcing services	26,198.53	35,193.28
Employee compensation	20,913.44	16,362.40
Ship service cost	8,856.10	11,743.17
Machinery consumables	13,221.20	12,187.91
Manufacturing cost	6,083.88	6,853.28
Technical service cost	1,053.24	2,094.75
Rental fees	135.27	593.59
Travel expenses	916.39	839.1
Design fee	1,022.02	280.41
Others	14,481.80	12,123.03
Total	92,881.87	98,270.92

45. Financial cost

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
Interest expense	1,802.32	493.37
Including: interest expenses on lease liabilities	602.53	
Minus: interest income	-2,037.26	-1,480.83
Gains or losses from exchange	3,034.15	11,097.44
Others	1,665.19	1,890.25
Total	4,464.40	12,000.23

46. Other incomes

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
Consumption tax refund	6,964.94	9,576.35
Government grants	10,429.52	7,925.93
Return of fees related to personal income tax	232.94	332.35
VAT refund	28.94	117.8
Others	144.74	38.73
Total	17,801.08	17,991.16

Other notes:

Government grants included in other income:

Grant items	Amount in the current period	Amount in last period	Related to assets/income
Return of land supporting facilities fee	136.51	136.51	Related to assets
Deed tax return of office building in bonded area	35.30	35.30	Related to assets
Special fund from the central government for air pollution prevention and control	50.00	12.50	Related to assets
863 deepwater submarine pipeline laying technology	1,997.39		Related to assets
R&D grant	5,628.98	4,416.68	Related to income
Stable job grant	278.09	773.57	Related to income
Economic reward fund		884.82	Related to income
Commission allowance for processing trade guarantee		331.00	Related to income
Relocation subsidies	131.13	300.00	Related to income
Industrial added value reward program	530.50	300.00	Related to income
Grant for stable growth		230.93	Related to income
Port and shipping grant		147.86	Related to income
Subsidy for Comprehensive Award of Technological Transformation of Qingdao Enterprises		146.00	Related to income
Talent Subsidy of Administration Committee of Binhai New Area	471.00		Related to income
Subsidy for talents setting down	418.17		Related to income
Housing and living allowance for reserve talents in Tianjin Binhai New Area	248.20		Related to income
Rent subsidy for industrial enterprises	199.27		Related to income
Policy funds for strengthening and supplementing chain of marine industry in West-Coast Economic New Area	100.00		Related to income
Others	204.98	210.76	Related to income
Total	10,429.52	7,925.93	

47. Investment income

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
Long-term equity investment income accounted by equity method	-55,753.29	-9,513.41
Investment income from the disposal of long-term equity investment		
Investment income for financial assets held for trading during the holding period	10,779.82	11,520.01
Dividends income from other equity instruments investment during the holding period	776.56	914.64
Interests income from creditors' investment during the holding period	5,614.48	197.49
Interests income from other creditors' investment during the holding period		
Investment income from the disposal of financial assets held for trading		
Investment income from the disposal of other equity instruments investment		
Investment income from the disposal of creditors' investment		
Investment income from the disposal of other creditors' investment		
Gains from debt restructuring		
Total	-38,582.43	3,118.73

48. Income from changes in fair value

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Sources for income from change in fair value	Amount incurred in the current period	Amount incurred in last period
Financial assets held for trading	2,617.90	2,456.07
Including: income from changes in fair value generated by derivative financial instruments.		
Income from changes in fair value generated by financial products with non-principal-guaranteed floating income	1,347.84	
Income from changes in fair value generated by structured deposits	1,270.06	2,456.07
Financial liabilities held for trading		
Investment property calculated based on fair value		
Total	2,617.90	2,456.07

49. Credit impairment loss

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
Bad debt loss of bills receivable		
Bad debt loss of accounts receivable	2,075.15	2,378.96
Bad debt loss of other accounts receivable	0.04	-24.03
Impairment loss of creditors' investment		
Impairment loss of other creditors' investment		
Bad debt loss of long-term accounts receivable		
Impairment loss of contract assets		
Total	2,075.19	2,354.93

50. Asset impairment loss

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
I. Bad debt loss		
II. Inventory falling price loss and contract performance cost impairment loss	1,260.57	3,252.90
III. Impairment loss of contract assets	148.28	-230.24
IV. Impairment loss of long-term equity investment		
V. Impairment loss of investment property		
VI. Impairment loss of fixed assets		
VII. Impairment loss of engineering materials		
VIII. Impairment losses on projects under construction		
IX. Impairment loss of productive biological asset		
X. Impairment loss of oil and gas assets		
XI. Impairment loss of intangible assets		
XII. Impairment loss on goodwill	1,307.51	
XIII. Miscellaneous		
Total	2,716.36	3,022.66

51. Asset disposal income√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period	Amount included in the current non-recurring gains or losses
Gains or losses from the disposal of fixed assets	1,404.77		1404.77
Gains or losses from the disposal of right-of-use assets	1.71		1.71
Total	1,406.48		1,406.48

52. Non-operating income**Non-operating income**√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period	Amount included in the current non-recurring gains or losses
Total gains or losses from the disposal of non-current assets			
Including: gains or losses from the disposal of fixed assets			
Gains or losses from the disposal of intangible assets			
Gains or losses from exchange of non-monetary assets			
Donation received			
Government grants		5.60	
Others	1,324.87	2,407.67	1,324.87
Total	1,324.87	2,413.27	1,324.87

Government grants included in the current profit and loss√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Grant items	Amount incurred in the current period	Amount incurred in last period	Related to assets/income
Subsidy for installation and networking of automatic pollution source monitoring facilities	0	5.60	Related to income

Other notes:

 Applicable Not applicable

53. Non-operating expenses

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period	Amount included in the current non-recurring gains or losses
Total losses from the disposal of non-current assets	65.34	148.21	65.34
Including: losses from the disposal of fixed assets			
Losses from the disposal of intangible assets			
Losses from exchange of non-monetary assets			
External donation	20.5	20.5	20.5
Others	6.49	26.17	6.49
Total	92.33	194.88	92.33

54. Income tax expense

(1) Table of income tax expense

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
Income tax expense for the current period	11,175.64	6,345.89
Deferred income tax expense	8,875.83	11,045.19
Total	20,051.47	17,391.08

(2) Adjustment process of accounting profit and income tax expense

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period
Total profit	57,250.76
Income tax expense calculated according to legal/applicable tax rate	8,587.61
Influence of different tax rate application of subsidiaries	-5,460.66
Influence of income tax before adjustment	-1,200.19
Influence of non-taxable income	14,881.54
Influence of cost, expense and losses that cannot be deducted	544.3
Influence of deductible losses from unrecognized deferred income tax assets in the former period	-3.94
Influence of deductible temporary difference or deductible losses of unrecognized deferred income tax assets in this period	
Others	2,702.81
Income tax expense	20,051.47

Other notes:

 Applicable Not applicable

55. Other comprehensive income√Applicable Not applicable

See "36. Other comprehensive income" in this section.

56. Items of cash flow statement**(1) Cash received relating to other operating activities**√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
R&D and government appropriation	38,931.09	12,213.24
Insurance claim payment	860.03	2,796.95
Interest income	2,037.26	1,480.83
Imprest, deposit and cash deposit	2,154.26	13,343.63
Others	878.38	2,773.81
Total	44,861.02	32,608.46

(2) Cash paid relating to other operating activities√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
Short-term and low-value lease payment	7,953.99	
Imprest, deposit and cash deposit	6,175.15	3,592.64
Auditing and consulting expense	973.24	865.84
Service charge	1,665.19	1,890.25
Travel expenses	1,385.78	1,141.31
Rental fees		1,304.38
Property management and afforestation expense	851.54	730.11
Material consumption and repair cost	7,697.41	4,561.94
Publicity and advertising expense	106.37	454.09
Office expense	385.5	353.27
Transportation expense	297.22	423.46
Design fee	1,022.02	280.41
Others	7,343.13	5,633.07
Total	35,856.54	21,230.77

(3) Other cash received relating to investment activities Applicable √Not applicable**(4) Other cash paid relating to investment activities** Applicable √Not applicable**(5) Other cash received relating to financing activities** Applicable √Not applicable

(6) Other cash paid relating to financing activities

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
Cash paid to repay lease liabilities	9,004.18	
Others	6.83	
Total	9,011.01	

57. Supplementary data of cash flow statement

(1) Supplementary data of cash flow statement

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Supplementary data	Amount in the current period	Amount in last period
1. Adjustment of net profit to cash flows from business activities:		
Net profit	37,199.29	36,553.13
Plus: Asset impairment reserve	2,716.36	3,022.66
Credit impairment loss	2,075.19	2,354.93
Depreciation of fixed assets, depletion of oil and gas assets as well as depreciation of productive biological assets	94,768.22	93,908.44
Amortization of right-of-use assets	6,707.68	
Amortization of intangible assets	4,104.77	3,788.90
Amortization of long-term prepaid expenses	2,958.78	1,642.50
Losses from the disposal of fixed assets, intangible assets and other long-term assets (earnings indicated with "-")	-1,406.48	
Losses from retirement of fixed assets (earnings indicated with "-")	65.34	148.21
Losses from fair value change (earnings indicated with "-")	-2,617.90	-2,456.07
Financial expenses (earnings indicated with "-")	4,836.47	11,590.81
Investment loss (earnings indicated with "-")	38,582.43	-3,118.73
Decrease of deferred income tax assets (increase indicated with "-")	8,752.21	10,167.14
Increase of deferred income tax liabilities (decrease indicated with "-")	147.17	878.06
Inventory decrease (increase indicated with "-")	-12,386.58	-30,482.52
Decrease of business receivables (increase indicated with "-")	108,137.53	11,294.10
Increase of business receivables (decrease indicated with "-")	11,553.38	78,057.22
Others	-2,871.91	-15,269.32
Net cash flow from operating activities	303,321.95	202,079.46
2. Major investment and financing events excluding cash deposit and withdrawal:		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under financial leases		
3. Net amount variations of cash and cash equivalent:		
Cash balance at the end of the period	117,078.06	157,197.23
Minus: cash balance at the beginning of the period	157,197.23	173,207.27
Plus: cash equivalent balance at the end of the period		
Minus: cash equivalent balance at the beginning of the period		
Net increase in cash and cash equivalent	-40,119.17	-16,010.04

(2) Net cash paid for obtaining subsidiaries in the current period Applicable Not applicable**(3) Net cash received for disposal of subsidiaries in the current period** Applicable Not applicable**(4) Composition of cash and cash equivalents** Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
I. Cash	117,078.06	157,197.23
Including: Cash on hand		1.64
Bank deposits payable at any time	117,078.06	157,195.59
Other monetary capital payable at any time		
Fund payable in Central Bank		
Deposits in other banks		
Inter-bank borrowing		
II. Cash equivalents		
Including: bond investment maturing within three months		
III. Cash and cash equivalent balance at the end of the period	117,078.06	157,197.23
Including: Cash and cash equivalent in limited use for the parent company or subsidiaries of the Group		

Other notes:

 Applicable Not applicable**58. Note to statement of changes in owners' equity**

Specify the name, adjustment amount and other matters of "other" items with closing balance in last year adjusted:

 Applicable Not applicable**59. Assets with the ownership or use right limited** Applicable Not applicable

60. Foreign currency monetary items

(1) Foreign currency monetary items

√Applicable □ Not applicable

Unit: 10,000 Yuan

Item	Closing balance in foreign currency	Exchange rate for conversion	RMB converted at the end of the period Balance
Monetary fund			34,904.30
Including: USD	2,913.30	6.3757	18,574.30
HKD	6,015.47	0.8176	4,918.25
CAD	2,166.09	5.0046	10,840.43
QAR	8.52	1.7377	14.80
SAR	68.77	1.6990	116.83
IDR	976,617.64	0.0004	434.68
NGN	214.06	0.0155	3.31
Dirham	0.41	1.7358	0.71
UGX	550.92	0.0018	0.99
Accounts receivable			7,995.30
Including: USD	1,180.74	6.3757	7,528.07
EUR	36.40	7.2197	262.78
HKD	20.37	0.8176	16.66
CAD	37.52	5.0046	187.79
Other receivables			24,129.93
Including: USD	3,766.14	6.3757	24,011.81
HKD	39.58	0.8176	32.36
QAR	3.08	1.7377	5.36
SAR	47.12	1.6990	80.05
Dirham	0.20	1.7358	0.35
Accounts payable			46,865.55
Including: USD	5,364.49	6.3757	34,202.40
EUR	962.08	7.2197	6,945.93
HKD	6,750.90	0.8176	5,519.54
GBP	0.08	8.6064	0.67
CAD	2.09	5.0046	10.47
QAR	4.51	1.7377	7.83
SAR	93.43	1.6990	158.73
BRL	15.67	1.1250	17.62
Dirham	1.36	1.7358	2.36
Other payables			23,618.46
Including: USD	1,141.70	6.3757	7,279.11
EUR	29.30	7.2197	211.52
HKD	306.64	0.8176	250.71
CAD	3,170.00	5.0046	15,864.58
QAR	0.69	1.7377	1.21
Dirham	6.53	1.7358	11.33

(2) Specification for business entity overseas, including the disclosure of the main business location overseas, recording currency and selection criterion for the important business entity overseas as well as the reason for the change of recording currency.

√Applicable Not applicable

Important overseas operation entities	Main overseas operation location	Recording currency	Selection criterion
Lanhai International Limited	British Virgin Islands	USD	The business is mainly priced and settled with the currency.
COTECH INC. (originally translated into Ketai Co., Ltd)	Houston USA	USD	The business is mainly priced and settled with the currency.
COOEC International Co., Limited	Hong Kong	USD	The business is mainly priced and settled with the currency.
A.E.S. Destructive and Non-destructive Testing Limited	Hong Kong	HKD	The business is mainly priced and settled with the currency.
COOEC Nigeria Limited	Nigeria	USD	The business is mainly priced and settled with the currency.
PT. COOEC Indonesia	Indonesia	IDR	The business is mainly priced and settled with the currency.
COOEC NIGERIA FZE	Nigeria	USD	The business is mainly priced and settled with the currency.
COOEC Canada Company Ltd	Canada	CAD	The business is mainly priced and settled with the currency.
COOEC (Thailand) Co., Ltd	Thailand	THB	The business is mainly priced and settled with the currency.
COOEC Brasil Offshore Ltda.	Brazil	BRL	The business is mainly priced and settled with the currency.

61. Hedging

 Applicable Not applicable

62. Government grants

(1) Basic information of government grants

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Type	Amount	Items presented	Amount included in the current profit and loss
Government grants relevant to both business activities and assets	2,219.20	Other incomes	2,219.20
Government grants relevant to both business activities and income	8,210.32	Other incomes	8,210.32

(2) Return of government grants

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount	Cause
Research on installation, testing and technical research of subsea production system equipment	84.12	Return of research fund balance
Design and installation technology research project of deepwater submarine pipeline and riser	35.62	Return of research fund balance
Experiment and design technology research of deepwater flow safety	18.64	Return of research fund balance
Construction, transportation and installation technology research of deepwater floating platform	17.31	Return of research fund balance

Item	Amount	Cause
Polar energy development equipment and industrial strategy research of "Polar Silk Road"	13.41	Return of fund balance of Chinese Academy of Engineering consulting projects
Subsidy for installation and networking of automatic pollution source monitoring facilities	2.40	Qingdao Environmental Protection Bureau adjusted and reduced the original subsidy amount
Total:	171.50	/

63. Others

Applicable Not applicable

(1) Leasing

1) As the lessee

Item	Amount in the current period (RMB 10,000)
Interest expenses on lease liabilities	602.53
Simplified short-term rental fees included in relevant asset costs or current profits and losses	7,419.67
Simplified low-value asset rental fees included in relevant asset costs or current profits and losses (except for short-term low-value asset rental fees)	
Variable lease payment included in relevant asset costs or current profits and losses but not included in the measurement of lease liabilities	
Including: those generated from sale and leaseback transaction	
Income from subleasing the right-of-use assets	
Total cash outflow related to lease	16,958.17
Relevant gains or losses generated from sale and leaseback transaction	
Cash inflow related to sale and leaseback transaction	
Cash outflow related to sale and leaseback transaction	

2) As the lessor

Item	Amount in the current period (RMB 10,000)
Income from operating lease	283.32
Including: the income related to the variable lease payment that is not included in the lease payment	

(2) Earnings per share

1) Basic earnings per share

Basic earnings per share are calculated by dividing the combined net profit attributable to common shareholders of the parent company by the weighted average of common shares issued by the Company:

Item	Amount in the current period (RMB 10,000)	Amount in the last period (RMB 10,000)
Combined net profit attributable to common shareholders of the parent company	36,979.89	36,329.92
Weighted average of common shares issued by the Company	442,135.48	442,135.48
Basic earnings per share (Yuan)	0.08	0.08
Including: Basic earnings per share for continuing operation	0.08	0.08
Basic earnings per share for discontinuing operation		

2) Diluted EPS

Diluted EPS are calculated by dividing the combined net profit (diluted) attributable to common shareholders of the parent company by the weighted average (diluted) of common shares issued by the Company:

Item	Amount in the current period (RMB 10,000)	Amount in the last period (RMB 10,000)
Combined net profit attributable to common shareholders of the parent company (diluted)	36,979.89	36,329.92
Weighted average of common shares issued by the Company (diluted) (10,000 shares)	442,135.48	442,135.48
Diluted EPS (Yuan)	0.08	0.08
Including: Diluted EPS for continuing operation	0.08	0.08
Diluted EPS for discontinuing operation		

VIII. Change of consolidation scope

1. Business merger under different control

Applicable Not applicable

2. Business merger under the same control

Applicable Not applicable

3. Counter purchase

Applicable Not applicable

4. Disposal of subsidiary

Whether single disposal of subsidiary investment will lead to loss of control right

Applicable Not applicable

Other notes:

Applicable Not applicable

5. Change of merger scope by other reasons

Specify the change of merger scope and other related situation caused by other reasons (such as new establishment of subsidiaries and liquidation of subsidiaries):

Applicable Not applicable

6. Others

Applicable Not applicable

IX. Equities in other subjects

1. Equities in subsidiaries

(1) Composition of corporate group

Applicable Not applicable

Subsidiary name	Main operation location	Registration place	Business nature	Shareholding ratio (%)		Acquisition methods
				Direct	Indirect	
A.E.S. Destructive and Non-destructive Testing Limited	Hong Kong	Hong Kong	Test	90.00		Subsidiary obtained through business merger under different control
Offshore Oil Engineering (Qing Dao) Co., Ltd	Qingdao	Qingdao	Engineering contracting	99.00	1.00	Establishment
COOEC SUBSEA TECHNOLOGY CO., LTD	Shenzhen	Shenzhen	Engineering contracting and labor service	100.00		Establishment

Subsidiary name	Main operation location	Registration place	Business nature	Shareholding ratio (%)		Acquisition methods
				Direct	Indirect	
PT. COOEC Indonesia	Indonesia	Indonesia	Engineering contracting		100.00	Establishment
COOEC Nigeria Limited	Nigeria	Nigeria	Engineering contracting	95.00	5.00	Establishment
COOEC International Co., Limited	Hong Kong	Hong Kong	Engineering contracting	100.00		Establishment
COOEC International Engineering Co., Ltd	Beijing	Beijing	Engineering contracting	100.00		Establishment
Lanhai International Limited	British Virgin Islands	British Virgin Islands	Engineering contracting	100.00		Establishment
Offshore Oil Engineering (Zhuhai) Co., Ltd	Zhuhai	Zhuhai	Engineering contracting	100.00		Establishment
COOEC NIGERIA FZE	Nigeria	Nigeria	Engineering contracting		100.00	Establishment
COTEC INC.	Houston USA	Houston USA	Engineering contracting and labor service		70.00	Establishment
Beijing Gaotai Deep-sea Technologies Co., Ltd	Beijing	Beijing	Labor service		70.00	Establishment
COOEC Canada Company Ltd	Canada	Canada	Engineering contracting and labor service		100.00	Establishment
COOEC Brasil Offshore Ltda.	Brazil	Brazil	Engineering contracting and labor service		100.00	Establishment
COOEC (Thailand) Co., Ltd	Thailand	Thailand	Engineering contracting		100.00	Establishment

(2) Important non-wholly-owned subsidiaries

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Subsidiary name	Shareholding ratio of minority shareholders	Gains or losses attributable to minority shareholders in the current period	Dividends declared to distribute to minority shareholders in the current period	Balance of minority interest at the end of the period
A.E.S. Destructive and Non-destructive Testing Limited	10.00%	48.74		172.2
COTEC INC. (originally translated into Ketai Co., Ltd)	30.00%	170.66	0.11	1,450.16
Beijing Gaotai Deep-sea Technologies Co., Ltd	30.00%	132.97		1,064.43

Description on proportion of shareholding of minority shareholder in subsidiaries inconsistent with proportion of votes:

Applicable Not applicable

Other notes:

Applicable Not applicable

(3) Main financial information of important non-wholly-owned subsidiaries√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Subsidiary name	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
A.E.S. Destructive and Non-destructive Testing Limited	2,085.52	184.82	2,270.34	548.35		548.35
COTEC INC. (originally translated into Ketai Co., Ltd)	8,505.99	558.55	9,064.54	3,913.70	316.97	4,230.67
Beijing Gaotai Deep-sea Technologies Co., Ltd	6,561.33	543.05	7,104.38	3,239.31	316.97	3,556.28

Subsidiary name	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
A.E.S. Destructive and Non-destructive Testing Limited	1,533.85	209.84	1,743.69	464.9		464.9
COTEC INC. (originally translated into Ketai Co., Ltd)	16,103.55	360.31	16,463.86	11,801.14	369.98	12,171.12
Beijing Gaotai Deep-sea Technologies Co., Ltd	14,265.40	332.25	14,597.65	11,122.81	369.98	11,492.79

Subsidiary name	Amount incurred in the current period				Amount incurred in last period			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
A.E.S. Destructive and Non-destructive Testing Limited	3,008.36	487.39	443.21	754.91	2,298.69	263.72	189.66	251.97
COTEC INC. (originally translated into Ketai Co., Ltd)	13,035.88	568.86	541.51	-493.65	25,614.80	656.12	590.85	-96.18
Beijing Gaotai Deep-sea Technologies Co., Ltd	11,273.38	443.24	443.24	-556.15	22,027.68	535.93	535.93	389.41

(4) Major restrictions on the use of corporate group assets and the liquidation of corporate group debt Applicable Not applicable**(5) Financial and other supports provided with structured entity included in consolidated financial statement** Applicable Not applicable

Other notes:

 Applicable Not applicable**2. Transactions causing the owners' equity share change but still controlling the subsidiary** Applicable Not applicable**3. Equities in joint ventures or associated enterprises**√Applicable Not applicable**(1) Important joint ventures or associated enterprises**

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Name of the joint venture or associated enterprise	Main operation location	Registration place	Business nature	Shareholding ratio (%)		Accounting treatment method for investment for joint ventures or associated enterprises
				Direct	Indirect	
COOEC-Fluor Heavy Industries Co., Ltd	Zhuhai	Zhuhai	Engineering contracting	51.00		Perform subsequent measurement based on equity method
Tianjin Zhonghe Ocean Energy Engineering Co., Ltd	Tianjin	Tianjin	Service	33.33		Perform subsequent measurement based on equity method
Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd	Qingdao	Qingdao	Design and technical consultation services	40.00		Perform subsequent measurement based on equity method

Description on proportion of shareholding in joint ventures or associated enterprises inconsistent with proportion of votes:

Note: The Company's subsidiary - Offshore Oil Engineering (Zhuhai) Co., Ltd and Fluor Co., Ltd subordinated to Fluor Corporation jointly invested to found COOEC Fluor Heavy Industry Co., Ltd in February 2016, with 51% equity held by Offshore Oil Engineering (Zhuhai) Co., Ltd in the form of assets and cash, and 49% equity held by Fluor Co., Ltd. The Board of Directors of the joint venture comprises of 7 directors, including 4 from Offshore Oil Engineering (Zhuhai) Co., Ltd and 3 from Fluor Co., Ltd. Any board meeting needs at least 5 directors to vote, including two directors from each side. According to the joint venture agreement and *Articles of Association*, major operation decisions shall be agreed by all directors present in the board meeting. Any party cannot individually control decisions and can prevent the counterparty controlling such decisions. Therefore, COOEC Fluor Heavy Industry Co., Ltd is a joint venture.

(2) Main financial information of important joint ventures√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

	Closing balance/ amount incurred in the current period	Opening balance/amount incurred in last period
	COOEC-Fluor Heavy Industries Co., Ltd	COOEC-Fluor Heavy Industries Co., Ltd
Current assets	198,342.51	154,831.19
Including: cash and cash equivalent	60,476.72	48,900.93
Non-current assets	422,568.02	491,868.00
Total assets	620,910.53	646,699.19
Current liabilities	219,963.44	144,908.93
Non-current liabilities	609.32	521.31
Total liabilities	220,572.76	145,430.24
Minority interests		
Shareholders' equity attributable to the parent company	400,337.77	501,268.95
Net assets share calculated based on shareholding proportion	204,172.26	262,364.17
Events to be adjusted	-51,264.05	-53,702.67
- Goodwill		
--Profit unrealized in internal transaction	-51,719.94	-55,958.75
- Others	455.89	2,256.08

	Closing balance/ amount incurred in the current period	Opening balance/amount incurred in last period
	COOEC-Fluor Heavy Industries Co., Ltd	COOEC-Fluor Heavy Industries Co., Ltd
Book value for equity investment of joint venture	152,908.21	208,661.50
Fair value for equity investment of joint ventures with public offer		
Operating income	285,116.76	102,761.05
Financial cost	1,672.53	3,008.41
Income tax expense	25,582.61	-8,347.03
Net profit	-117,631.57	-25,344.62
Net profit for discontinuing operation		
Other comprehensive income		
Total comprehensive income	-117,631.57	-25,344.62
Dividend received from joint ventures in current year		

(3) Main financial information of important associated enterprises√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

	Closing balance/ amount incurred in the current period	Opening balance/amount incurred in last period
	Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd	Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd
Current assets	48.96	48.96
Non-current assets		
Total assets	48.96	48.96
Current liabilities	2,602.29	2,602.29
Non-current liabilities		
Total liabilities	2,602.29	2,602.29
Minority interests		
Shareholders' equity attributable to the parent company	-2,553.33	-2,553.33
Net assets share calculated based on shareholding proportion	-1,021.33	-1,021.33
Events to be adjusted		
- Goodwill		
--Profit unrealized in internal transaction		
- Others		
Book value for equity investment of associated enterprises		

	Closing balance/ amount incurred in the current period	Opening balance/amount incurred in last period
	Kvearner - COEC (Qingdao) Engineering Technology Co., Ltd	Kvearner - COEC (Qingdao) Engineering Technology Co., Ltd
Fair value for equity investment of associated enterprises with public offer		
Operating income		
Net profit		
Net profit for discontinuing operation		
Other comprehensive income		
Total comprehensive income		
Dividend received from associated enterprises in current year		

(4) Financial information summary of non-important joint ventures and associated enterprises

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

	Closing balance/ amount incurred in the current period	Opening balance/amount incurred in last period
Joint ventures:		
Total book value of investment		
Total number of the following items calculated in proportion to the shareholding ratio		
-Net profit		
-Other comprehensive income		
-Total comprehensive income		
Associated enterprises:		
Total book value of investment		
Total number of the following items calculated in proportion to the shareholding ratio		
-Net profit	-67.10	-272.82
-Other comprehensive income		
-Total comprehensive income	-67.10	-272.82

(5) Material restrictions on the ability of joint ventures or associated enterprises to transfer funds to the Company

Applicable Not applicable

(6) Excess deficit incurred in joint ventures or associated enterprises√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Name of the joint venture or associated enterprise	Cumulative unrecognized loss in previous period	Unrecognized loss in the current period (or net profit shared in the current period)	Cumulative unrecognized loss at the end of the period
Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd	1,019.62		1,019.62
Tianjin Zhonghe Ocean Energy Engineering Co., Ltd	136.87	67.10	203.97

(7) Unrecognized commitment related to the investments of the joint ventures Applicable Not applicable**(8) Contingent liabilities related to the investment of the joint ventures and associated enterprises** Applicable Not applicable**4. Important joint operation** Applicable Not applicable**5. Rights and interests in structured entity not included in consolidated financial statement**

Description of structured entity not included in consolidated financial statement:

 Applicable Not applicable**6. Others** Applicable Not applicable**X. Risks related to financial instruments**√Applicable Not applicable

The Company is subject to various financial risks during the operation, such as credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risk). Financial risks mentioned above and the risk management policies adopted by the Company for reducing those risks are as follows:

The Company diversifies the financial instrument risks through appropriate diversified investment and business portfolios, and reduces the risks concentrated in a single industry, a specific region or a specific party by formulating the corresponding risk management policies.

(I) Credit risk

Credit risk refers to the Company's financial loss risk caused by the failure of counterparty to fulfill its contractual obligations.

The Company's credit risk mainly arises from the monetary funds, bills receivable, accounts receivable, accounts receivable financing, other receivables, creditors' investment, other creditors' investment and financial guarantee contracts, as well as debt instrument investment and derivative financial assets which are not included in the scope of impairment evaluation but measured at fair value with changes included in the current profit and loss.

Monetary funds of the Company are mainly those deposited in state-owned banks and other large and medium-sized listed banks with good reputation and high credit rating. Therefore, the Company believes that there is no significant credit risk and almost no significant loss caused by bank default.

In addition, for bills receivable, accounts receivable, accounts receivable financing and other accounts receivable, the Company has set relevant policies to control credit risk exposure. The Company evaluates customers' credit qualifications and sets with corresponding credit periods based on customers' financial condition, the possibility of obtaining guarantees from the third party, credit records and other factors such as current market conditions. The Company will regularly monitor the customers' credit record. For customers with bad credit record, the Company will use written reminder, shorten or cancel the credit period to ensure that the Company's overall credit risk is under control.

(II) Liquidity risk

Liquidity risk refers to the risk of capital shortage when an enterprise fulfills its obligation to settle accounts in the form of cash or other financial assets.

The Company's policy is to ensure that sufficient cash is available to repay the matured debts. The liquidity risk is centrally controlled by the Company's financial department. By monitoring cash balances and securities available for realization at any time and rolling projection of cash flow in 12 months, the financial department ensures that the Company has sufficient funds to pay its debts under all reasonable forecasts. Moreover, it continuously monitors whether the Company meets the requirements of the loan agreement, and obtains the commitment of providing sufficient reserve funds from major financial institutions to meet the short-term and long-term capital needs.

Financial liability of the Company is listed as follows by undiscounted contract cash flow at due date:

Item	Closing balance					Total
	Immediate repayment	Within 1 year	1-2 year(s)	2-5 year(s)	Above 5 years	
Bills payable		18,267.37				18,267.37
Accounts payable		833,710.71				833,710.71
Other payables		41,956.47				41,956.47
Non-current liability due within one year		16,498.45				16,498.45
Long-term loans			34,754.35	12,751.40		47,505.75
Total		910,433.00	34,754.35	12,751.40		957,938.75

Item	Balance at the end of previous year					Total
	Immediate repayment	Within 1 year	1-2 year(s)	2-5 year(s)	Above 5 years	
Short-term loan		23,320.95				23,320.95
Accounts payable		753,431.45				753,431.45
Other payables		37,910.81				37,910.81
Non-current liability due within one year		10.89				10.89
Long-term loans			30,619.97	13,000.00		43,619.97
Total		814,674.10	30,619.97	13,000.00		858,294.07

(III) Market risks

Market risks of financial instruments indicate the fluctuation risks caused by changes of the fair value of financial instruments and future cash flow due to market price, including interest rate risk, exchange rate risk and other price risk.

1. Interest rate risk

Interest rate risk indicates the fluctuation risk caused by changes of the fair value of financial instruments and future cash flow due to market interest rate change.

The interest-bearing financial instruments with fixed interest rate and floating interest rate respectively expose the Company to fair value interest rate risk and cash flow interest rate risk. The Company determines the proportion of fixed interest rate and floating interest rate instruments based on the market environment, and maintains an appropriate combination of fixed and floating rate instruments through periodic review and supervision. When necessary, the Company will hedge the interest rate risk by means of interest rate swap.

On December 31, 2021, if the loan interest rate calculated by floating interest rate increases or decreases by 100 basis points under the assumption that other variables remain constant, the Company's net profit will decrease or increase by RMB 104,800 (on December 31, 2020: RMB 521,700). The Management believes that 100 basis points reasonably reflect a reasonable range of possible change in interest rate over the next year.

2. Exchange rate risk

Exchange rate risk means the fluctuation risk caused by changes of the fair value of financial instruments and future cash flow due to foreign exchange rate change.

The Company is responsible for continuously monitoring the foreign exchange transactions and foreign currency assets and liabilities scale to minimize foreign exchange risks. Besides, the Company may sign the forward foreign exchange contract or currency swap contract to avoid exchange rate risk. In the current and previous period, no forward foreign exchange contracts or currency swap contracts have been signed by the Company.

The exchange rate risk faced by the Company mainly arises from financial assets and financial liabilities denominated in USD. The amount of financial assets and financial liabilities in foreign currency converted into RMB is listed as follows:

Item	Closing balance			Balance at the end of previous year		
	USD	Other foreign currency	Total	USD	Other foreign currency	Total
Monetary fund	18,574.30	16,330.00	34,904.30	46,441.63	12,551.81	58,993.44
Accounts receivable	7,528.07	467.23	7,995.30	12,920.86		12,920.86
Other receivables	24,011.81	118.12	24,129.93	102.83	30.71	133.54
Total assets	50,114.18	16,915.35	67,029.53	59,465.32	12,582.52	72,047.84
Accounts payable	34,202.40	12,663.15	46,865.55	18,570.36	3,585.23	22,155.59
Other payables	7,279.11	16,339.35	23,618.46	461.41	88.34	549.75
Long-term loans				21,619.97		21,619.97
Total liabilities	41,481.51	29,002.50	70,484.01	40,651.74	3,673.57	44,325.31

From December 31, 2021, if RMB appreciates or depreciates by 5% against USD under the assumption that all other variables remain constant, the Company will increase or decrease the net profit by RMB 4.3163 million (from December 31, 2020: RMB 47,043,100). The Management believes that 5% reasonably reflects a reasonable range of possible change in RMB against USD in the next year.

3. Other price risk

Other price risk indicates the fluctuation risk caused by changes in fair value of financial instruments or future cash flow due to change in market price other than exchange rate risk and interest rate risk.

Other price risk of the Company mainly arises from various equity instrument investments, with change risk of equity instrument price.

On December 31, 2021, if value of equity instruments increases or decreases by 5% under the assumption that all other variables remain constant, the Company will increase or decrease the other comprehensive income by RMB 4,617,600 (other comprehensive income on December 31, 2020: RMB 5,171,100). The Management believes that 5% reasonably reflects a reasonable range of possible change in the value of equity instruments over the next year.

XI. Disclosure of fair value

1. Closing fair value of assets and liabilities measured at fair value

√Applicable □ Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing fair value			Total
	Measuring of level-1 fair value	Measuring of level-2 fair value	Measuring of level-3 fair value	
I. Measuring of continuous fair value				
(I) Financial assets held for trading		625,617.90		625,617.90
1. Financial assets measured at fair value with the changes included in the current profit and loss		625,617.90		625,617.90
(1) Debt instrument investment				
(2) Equity instrument investment				
(3) Derivative financial assets				
(4) Financial products with non-principal-guaranteed floating income		204,347.84		204,347.84
(5) Structural deposits		421,270.06		421,270.06
2. Designated as financial assets measured at fair value with the changes included in the current profit and loss				
(1) Debt instrument investment				
(2) Equity instrument investment				
(II) Other creditors' investment				
(III) Other equity instruments investment	9,235.20		7,067.14	16,302.34
(IV) Investment property				
1. Right to use the lands for rent				
2. Buildings leased				
3. Right to use the lands held and prepared for transfer after value-adding				
(V) Biological assets				
1. Consumable biological assets				
2. Productive biological assets				
Total assets measured continuously at fair value	9,235.20	625,617.90	7,067.14	641,920.24
(VI) Financial liabilities held for trading				
1. Financial liabilities measured at fair value with the changes included in the current profit and loss				
Including: issued trading bond				
Derivative financial liabilities				
Others				
2. Designated as financial liabilities measured at fair value with changes included in the current profit and loss				
Total liabilities measured continuously at fair value				
II. Measuring of the non-continuous fair value				
(I) Assets held for sale				
Total assets measured non-continuously at fair value				
Total liabilities measured non-continuously at fair value				

The input value used for fair value measurement is divided into three levels:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.

Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The level of the fair value measurement result is determined by the lowest level of the input value which is significant to the general fair value measurement.

2. Basis for determining the continuous and non-continuous project market price measured at the level-1 fair value

Applicable Not applicable

The other equity instrument investment measured at fair value of the Company is the stock of listed company held, and the fair value of the assets shall be determined based on the closing price of the stock at the end of the period.

3. Valuation technique adopted for continuous and noncontinuous level-2 fair value measurement items, and qualitative and quantitative information of important parameters

Applicable Not applicable

4. Valuation technique adopted for continuous and noncontinuous level-3 fair value measurement items, and qualitative and quantitative information of important parameters

Applicable Not applicable

The fair value shall be determined based on level-3 input value. If the recent information used for determining the fair value is insufficient, or the estimated amount of fair value is widely distributed and the cost represents the optimal estimation of the fair value within the scope, the cost can represent the proper estimate of the fair value within the distribution scope.

5. Information of adjustment between opening book value and closing book value of continuous level-3 fair value measurement items, and sensitivity analysis of unobservable parameters

Applicable Not applicable

6. Reason for conversion of continuous fair value measurement items among all levels in current period and the policy of determining conversion time

Applicable Not applicable

7. Change of valuation technique in the current period and reasons for change

Applicable Not applicable

8. Financial assets not calculated at fair value and fair value of financial assets

Applicable Not applicable

9. Others

Applicable Not applicable

XII. Related parties and connected transactions

1. Parent company of the Company

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Name of parent company	Registration place	Business nature	Registered capital	Shareholding proportion of parent company to the enterprise (%)	Proportion of voting rights of parent company to the Company (%)
China National Offshore Oil Corporation	Beijing	Offshore oil and gas exploration, development, production and refining; petroleum and chemical products sales	11,380,000.00	48.36	55.33

Description of parent company

China National Offshore Oil Corporation (hereinafter referred to as CNOOC for short) holds the equity of 6.65%, 0.28% and 0.04% respectively via the wholly-owned subsidiaries CNOOC Nanhai West Corporation, CNOOC Bohai Corporation and the holding subsidiary CNOOC Finance Co., Ltd, so the proportion for voting rights is 55.33%.

The final controlling party of the Company is China National Offshore Oil Corporation.

2. Subsidiaries of the Company

See notes for subsidiaries of the Company.

Applicable Not applicable

For subsidiaries of the Company, please refer to the Note "IX. Equities in other subjects".

3. Joint ventures and associated enterprises

See notes for key joint ventures and associated enterprises of the Company.

Applicable Not applicable

For key joint ventures and associated enterprise of the Company, please refer to Note "IX. Equities in other subjects".

Other joint ventures or associated enterprises having related transaction with us in the current period or in previous period to form balance are listed as follows.

Applicable Not applicable

Other descriptions

Applicable Not applicable

4. Other related parties

Applicable Not applicable

Name of other related parties	Relationship between other related parties and the Company
CNOOC Bohai Corporation	Wholly owned subsidiary of parent company
CNOOC Nanhai West Corporation	Wholly-owned subsidiary of parent company, shareholders holding more than 5% of the shares of the Company
China National Offshore Oil Corporation	Holding subsidiary of parent company
China Oilfield Services Ltd	Holding subsidiary of parent company
CNOOC Finance Co., Ltd	Holding subsidiary of parent company
CNOOC Nanhai East Corporation	Wholly owned subsidiary of parent company
CNOOC Industrial Co., Ltd	Wholly owned subsidiary of parent company
CNOOC Gas & Power Group	Wholly owned subsidiary of parent company
CNOOC Energy Technology & Services Limited	Holding subsidiary of parent company
CNOOC Oil & Petrochemicals Co., Ltd	Wholly owned subsidiary of parent company

Name of other related parties	Relationship between other related parties and the Company
China Offshore Oil Service (Hong Kong) Co., Ltd	Wholly owned subsidiary of parent company
CNOOC Research Institutes Co., Ltd	Wholly owned subsidiary of parent company
CNCCC International Tendering Co., Ltd	Wholly owned subsidiary of parent company
China Blue Chemical Ltd	Holding subsidiary of parent company
China Offshore Oil Donghai Corporation	Wholly owned subsidiary of parent company

5. Connected transactions

(1) Connected transactions for purchasing and selling commodities and providing and accepting labor service

Purchasing of commodities and accepting of labor services

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Related parties	Contents of connected transactions	Amount incurred in the current period	Amount incurred in last period
CNOOC Energy Technology & Services Limited	Engineering subcontracting, material procurement, transportation, fuel, estate management and other services	127,399.97	130,576.07
COOEC-Fluor Heavy Industries Co., Ltd	Engineering subcontracting	70,155.57	77,633.16
China National Offshore Oil Corporation	Staff insurance, software use and other services	1,069.34	722.5
CNOOC Bohai Corporation	Water, electricity, staff physical examination and other services	3,750.38	3,252.13
China Offshore Oil Service (Hong Kong) Co., Ltd	Material procurement	4,570.31	5,976.30
China Oilfield Services Ltd	Transportation, vessel and other services	6,352.21	448.65
CNOOC Industrial Co., Ltd	Property service, engineering subcontracting, fuel, water & power and other services	1,265.72	3,718.25
CNOOC Nanhai East Corporation	Engineering subcontracting	83.37	292.45
CNOOC Oil & Petrochemicals Co., Ltd	Engineering subcontracting	241.39	83.8
CNOOC Gas & Power Group	Engineering subcontracting	15,807.59	810.47
CNOOC Nanhai West Corporation	Property service	31.05	84.1
China Blue Chemical Ltd	Engineering subcontracting	183.09	928.95
CNOOC Research Institutes Co., Ltd	Engineering subcontracting	37.33	-3.78
China National Offshore Oil Corporation	Wharf service	21.55	38.81
CNCCC International Tendering Co., Ltd	Bidding and tendering service	30.47	56.47
China Offshore Oil Donghai Corporation	Engineering subcontracting	1.26	
Joint venture or associated enterprise established by other members of the Group to which the Company belongs	Engineering subcontracting	68,339.92	50,751.33

Selling of Commodities/Provision of Labor Services

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Related parties	Contents of connected transactions	Amount incurred in the current period	Amount incurred in last period
China National Offshore Oil Corporation	Design, installation, construction and other professional services	1,072,897.58	1,293,944.76
CNOOC Gas & Power Group	Design, installation, construction and other professional services	32,929.91	68,090.87

Related parties	Contents of connected transactions	Amount incurred in the current period	Amount incurred in last period
CNOOC Energy Technology & Services Limited	Design, installation, construction and other professional services	16,463.14	552.81
China Oilfield Services Ltd	Transportation and vessel services	-0.17	2,005.45
CNOOC Research Institutes Co., Ltd	Design, installation, construction and other professional services	288.28	459.29
COOEC-Fluor Heavy Industries Co., Ltd	Labor dispatching, material sales and detection	561.76	299.57
CNCCC International Tendering Co., Ltd	Design, installation, construction and other professional services	50.00	
China National Offshore Oil Corporation	Design, installation, construction and other professional services	3,560.50	
China Offshore Oil Service (Hong Kong) Co., Ltd	Design, installation, construction and other professional services	3.29	
Joint venture or associated enterprise established by other members of the Group to which the Company belongs	Design, installation, construction and other professional services	16.64	

Description of connected transactions for purchasing and selling commodities and providing and accepting labor service

Applicable Not applicable

(2) Related commissioned management/contracting and entrusted management/outsourcing

Commissioned management and contracting of the Company:

Applicable Not applicable

Description of related commissioned management/contracting

Applicable Not applicable

Commissioned management/outsourcing of the Company

Applicable Not applicable

Description of related management/outsourcing

Applicable Not applicable

Subject client	Subject name	Subject funds	
		Closing balance	Balance at the end of previous year
China National Offshore Oil Corporation	Safety operation simulation of large-scale deepwater offshore equipment and development of training simulation equipment; integrated application and verification of tension leg platform installation and design technology; engineering development of deepwater semi-submersible production, storage and unloading platform.	3,429.22	4,672.43
CNOOC Research Institutes Co., Ltd	Engineering technology research of multifunctional underwater manifold, emergency maintenance technology research of key subsea production system equipment, deepwater semi-submersible pipe-laying crane vessel and supporting engineering technology	546.99	1,365.47
China National Offshore Oil Corporation	Intelligent fabrication solution and key technologies research of topsides of offshore oil & gas production platform, integration test research of underwater oil & gas production system	639.36	1,891.27

(3) Related leasing

The Company acting as the lessor:

Applicable Not applicable

The Company acting as the lessee:

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Name of the lessor	Type of leased assets	Rental fees confirmed in the current period			Rental fees confirmed in the last period	
		Simplified short-term lease and low-value asset lease payment, and variable lease payment not included in the measurement of lease liabilities	Rent paid	Right-of-use assets increased		Interest expense on lease liabilities
CNOOC Bohai Corporation	Sites and buildings		121.26	129.42	9.12	91.40
CNOOC Nanhai East Corporation	Sites and buildings		189.51	66.04	7.30	225.67
CNOOC Energy Technology & Services Limited	Sites and buildings	436.35	912.21	672.12	45.91	479.44
CNOOC Nanhai West Corporation	Sites and buildings	31.05	57.90	50.58	1.51	76.85
CNOOC Industrial Co., Ltd	Sites and buildings	133.21	2,748.51	4,107.25	224.16	2,512.20
COOEC-Fluor Heavy Industries Co., Ltd	Sites and buildings		117.97	69.24	4.20	132.31

Description of related lease

Applicable Not applicable

(4) Related guarantee

The Company acting as the guarantor

Applicable Not applicable

The Company acting as the guaranteed party

Applicable Not applicable

Description of related guarantee

Applicable Not applicable

The Company's guarantee to subsidiaries is stated in "XIV. Commitments or contingencies" in this section.

(5) Lending of funds by related parties

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Related parties	Amount borrowed	Starting date	Expiry date	Description
Borrowed				
China National Offshore Oil Corporation	9,000.00	March 2017	March 2022	
China National Offshore Oil Corporation	13,000.00	February 2018	February 2023	

(6) Asset transfer and debt restructuring of related parties

Applicable Not applicable

(7) Salary of key management personnel

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
Salary of key management personnel	975.53	797.40

(8) Other connected transaction

Applicable Not applicable

1) Interest income on deposit of related parties

Related parties	Amount in the current period	Amount in last period
CNOOC Finance Co., Ltd	602.26	521.34
Total	602.26	521.34

2) Interest income on deposit of related parties

Related parties	Closing balance	Balance at the end of previous year
CNOOC Finance Co., Ltd	76,795.74	86,506.39
Total	76,795.74	86,506.39

3) Investment income gained by related parties

Related parties	Amount in the current period	Amount in last period
CNOOC Finance Co., Ltd	776.56	914.64
COOEC-Fluor Heavy Industries Co., Ltd	-55,753.29	-9,377.46
Tianjin Zhonghe Ocean Energy Engineering Co., Ltd		-135.95
Subtotal	-54,976.73	-8,598.77

4) Interest expense of related parties

Related parties	Amount in the current period	Amount in last period
China National Offshore Oil Corporation	97.84	98.11
Total	97.84	98.11

6. Receivables and payables of related parties**(1) Receivables**

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Project name	Related parties	Closing balance		Opening balance	
		Book balance	Bad debt reserve	Book balance	Bad debt reserve
Accounts receivable	CNOOC Energy Technology & Services Limited	17,484.49		479.6	
Accounts receivable	China National Offshore Oil Corporation	82.71			
Accounts receivable	CNOOC Gas & Power Group	5,807.15		5,203.01	

Project name	Related parties	Closing balance		Opening balance	
		Book balance	Bad debt reserve	Book balance	Bad debt reserve
Accounts receivable	CNOOC Research Institutes Co., Ltd	103.65		219.99	
Accounts receivable	China National Offshore Oil Corporation	464,221.25		653,372.52	
Accounts receivable	China Oilfield Services Ltd			680	
Accounts receivable	COOEC-Fluor Heavy Industries Co., Ltd	176.3		508.17	
Advance payment	CNOOC Energy Technology & Services Limited	404.86		404.97	
Advance payment	China Offshore Oil Service (Hong Kong) Co., Ltd	2,999.77			
Other receivables	CNOOC Energy Technology & Services Limited	1.5		563.9	
Other receivables	China National Offshore Oil Corporation	0.35		0.35	
Other receivables	Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd	171.13	171.13	171.13	171.13
Contract assets	CNOOC Energy Technology & Services Limited				
Contract assets	China National Offshore Oil Corporation	18,493.19	20.41	45,334.09	40.8
Contract assets	CNOOC Research Institutes Co., Ltd			122.25	0.11
Contract assets	COOEC-Fluor Heavy Industries Co., Ltd			182.08	0.16

(2) Payables√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Project name	Related parties	Book balance at the end of the period	Book balance at the beginning of the period
Accounts payable	CNOOC Bohai Corporation	1,914.83	572.03
Accounts payable	CNOOC Nanhai East Corporation	25.25	24.91
Accounts payable	China Offshore Oil Donghai Corporation	0.44	0.79
Accounts payable	CNOOC Energy Technology & Services Limited	57,088.79	76,789.46
Accounts payable	China National Offshore Oil Corporation	807.18	20.33
Accounts payable	China Offshore Oil Service (Hong Kong) Co., Ltd	1,915.07	3,454.84
Accounts payable	CNOOC Oil & Petrochemicals Co., Ltd	151.43	48.58
Accounts payable	CNOOC Gas & Power Group	137.08	633.6
Accounts payable	CNOOC Nanhai West Corporation	15.68	18.94
Accounts payable	China National Offshore Oil Corporation		156.1
Accounts payable	China Blue Chemical Ltd	186.79	886.51
Accounts payable	CNOOC Industrial Co., Ltd	98.79	282.15
Accounts payable	China Oilfield Services Ltd	788.92	1,377.83
Accounts payable	CNCCC International Tendering Co., Ltd		59.86
Accounts payable	COOEC-Fluor Heavy Industries Co., Ltd	60,444.89	64,661.47
Accounts payable	Joint venture or associated enterprise established by other members of the Group to which the Company belongs	46,597.41	41,428.88
Other payables	CNOOC Energy Technology & Services Limited	1,720.92	574.14
Other payables	China Offshore Oil Service (Hong Kong) Co., Ltd	89.25	89.25
Other payables	China National Offshore Oil Corporation		6,311.66
Other payables	China Oilfield Services Ltd		7.36
Other payables	Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd	151.37	151.37
Other payables	Joint venture or associated enterprise established by other members of the Group to which the Company belongs	139.09	185.61

Project name	Related parties	Book balance at the end of the period	Book balance at the beginning of the period
Contract liabilities	CNOOC Gas & Power Group	10,486.42	765.26
Contract liabilities	China National Offshore Oil Corporation	55,988.79	11,381.63
Contract liabilities	China National Offshore Oil Corporation	2,980.41	
Lease liability due within one year	CNOOC Bohai Corporation	93.96	
Lease liability due within one year	CNOOC Nanhai East Corporation	68.33	
Lease liability due within one year	CNOOC Energy Technology & Services Limited	685.94	
Lease liability due within one year	CNOOC Nanhai West Corporation	35.82	
Lease liability due within one year	CNOOC Industrial Co., Ltd	2,167.50	
Lease liabilities	CNOOC Bohai Corporation	40.13	
Lease liabilities	CNOOC Nanhai West Corporation	15.37	
Lease liabilities	CNOOC Industrial Co., Ltd	1,920.68	
Long-term loans	China National Offshore Oil Corporation	22,002.95	22,002.95

7. Commitment of related parties

Applicable Not applicable

8. Others

Applicable Not applicable

Centralized management of funds

(1) The main contents of the centralized fund management that the Company participated in and implemented are as follows

The closing balance of funds collected by the Company to CNOOC Finance Co., Ltd is RMB 767,957,400 (the opening balance is RMB 865,063,900), which is listed as "monetary funds". The interest income is RMB 6,022,600 in this year (RMB 5,213,400 in the previous year).

On May 11, 2020, the Company and CNOOC Finance Co., Ltd entered into a fund pool service agreement and opened an account for fund collection and allocation between the Company and its subsidiaries. The agreement is valid from the date of signing to May 10, 2021, and the validity period can be extended infinitely after expiration.

In March 2017 and February 2018, the Company signed three-party entrusted loan contract with China National Offshore Oil Corporation and CNOOC Finance Co., Ltd. China National Offshore Oil Corporation entrusted CNOOC Finance Co., Ltd to provide a loan of RMB 90 million and RMB 130 million for the Company respectively with the loan period of five years. All loan funds will be used in constructing national oil and gas pipe for emergency rescue of the South China Sea Base project.

(2) Funds collected by the Company to the Group

Funds collected by the Company to CNOOC Finance Co., Ltd

Project name	Closing balance		Balance at the end of previous year	
	Book balance	Bad debt reserve	Book balance	Bad debt reserve
Monetary fund	76,795.74		86,506.39	
Total	76,795.74		86,506.39	

Including: funds with restricted withdraw right due to centralized management.

(3) Funds borrowed by the Company from the parent company or members of the Group

Project name	Closing balance	Balance at the end of previous year
Long-term loans	22,002.95	22,002.95
Total	22,002.95	22,002.95

XIII. Share-based payment**1. Overall condition of share-based payment**

Applicable Not applicable

2. Share-based payment settled by equities

Applicable Not applicable

3. Share-based payment settled by cash

Applicable Not applicable

4. Modification and termination of share-based payment

Applicable Not applicable

5. Others

Applicable Not applicable

XIV. Commitments or contingencies**1. Important commitments**

Applicable Not applicable

2. Contingencies**(1) Important contingencies on balance sheet date**

Applicable Not applicable

1) Guarantee for subsidiaries

Guarantee performed by the Company as of December 31, 2021:

- ① Upon approval on the 9th Meeting of the 6th Board of Directors of the Company held on May 21, 2018, the Company issued parent company guarantee for Nexen LLSW EPC Project undertaken by its subsidiary COOEC CANADA COMPANY LTD, with the contract amount of CAD 150 million and guarantee amount of CAD 75 million. The guarantee period starts from the date of issuing to December 20, 2026. The guarantee does not have to be submitted to the general meeting of shareholders for approval. (See resolution announcement and guarantee announcement of Board of Directors published on www.sse.com.cn, website of Shanghai Stock Exchange on May 22, 2018)
- ② Upon approval on the 17th Meeting of the 6th Board of Directors of the Company held on June 6, 2019, the Company issued parent company guarantee to JGC Corporation - Fluor for LNG Module Construction Project undertaken by its subsidiary Offshore Oil Engineering (Qing Dao) Co., Ltd, with the contract amount of RMB 4.898 billion and guarantee amount of RMB 2.449 billion. The guarantee period starts from the date of issuing to September 15, 2025. Commitments as above have been reviewed and approved by the 1st extraordinary general meeting of 2019 held on June 25, 2019. (See resolution announcement and guarantee announcement published on www.sse.com.cn, website of Shanghai Stock Exchange on June 7, 2019 and resolution announcement of general meeting of shareholders on June 26 respectively)
- ③ Upon approval on the 10th Meeting of the 6th Board of Directors of the Company held on August 17, 2018, the Company issued a performance bank guarantee and an advance payment guarantee for offshore transportation and installation project of Dangote undertaken by its subsidiary COOEC NIGERIA FZE, with the guarantee amount adjusted from USD 33.2 million to USD 38.2 million due to increase of contract price, of which the guarantee amount of performance guarantee is USD 19.1 million and the guarantee amount of advance payment guarantee is USD 19.1 million. Maximum guarantee period is extended from December 31, 2018 to June 30, 2020. Later, upon approval on the 24th Meeting of the 6th Board of Directors of the Company held on June 23, 2020, the maximum period for the performance guarantee was extended from June 30, 2020 to December 31, 2020, and the guarantee amount of USD 19.1 million remained unchanged. The advance payment guarantee has been due

and released on June 30, 2020. (See resolution announcement and guarantee announcement of Board of Directors published on www.sse.com.cn, website of Shanghai Stock Exchange on June 24, 2020) Later, upon approval on the 28th Meeting of the 6th Board of Directors of the Company held on December 4, 2020, the maximum guarantee period for the performance bond was extended from December 31, 2020 to April 30, 2021, and the guarantee amount of USD 19.1 million remained unchanged. The advance payment guarantee has been reenabled, with the guarantee amount of USD 19.1 million and the guarantee period as of April 30, 2021. In case of change in the project duration, the guarantee of the parent company will be adjusted accordingly with change in validity of bank guarantee. On June 30, 2021, the performance guarantee was terminated upon the completion of the project, and the warranty guarantee was enabled, with the guarantee amount of USD 19.1 million. The warranty guarantee is valid for 24 months from the date when the owner issues the completion certificate. (See resolution announcement and guarantee announcement of Board of Directors published on www.sse.com.cn, website of Shanghai Stock Exchange on December 7, 2020).

- ④ Upon approval on the 3rd Meeting of the 7th Board of Directors of the Company held on April 28, 2021, the Company issued a parent company guarantee regarding the 3-year bank loan, with a total amount no more than USD 60 million, applied at the Bank of China by COOEC International Co., Limited, a wholly owned subsidiary of the Company, with the guarantee amount no more than USD 64 million (principal + interest). The guarantee period is 3 years from the date of drawing money by COOEC International Engineering Co., Ltd. (See resolution announcement and guarantee announcement of Board of Directors published on www.sse.com.cn, website of Shanghai Stock Exchange on April 30, 2021)
- ⑤ As approval on the 7th Meeting of the 7th Board of Directors of the Company held on December 28, 2021, the Company would provide credit guarantee for two wholly-owned subsidiaries: COOEC SUBSEA TECHNOLOGY CO., LTD and Offshore Oil Engineering (Qing Dao) Co., Ltd. The guarantee limit shall not exceed RMB 500 million for COOEC SUBSEA TECHNOLOGY CO., LTD and RMB 100 million for Offshore Oil Engineering (Qing Dao) Co., Ltd. The guarantee period is from the date of approval by the Board of Directors to December 31, 2023. (See resolution announcement and guarantee announcement of Board of Directors published on www.sse.com.cn, website of Shanghai Stock Exchange on December 28, 2021)

Guarantees released in the reporting period:

- ① As approved on the 26th Meeting of the 5th Board of Directors on March 17, 2017, the Company would reissue three performance guarantees for three trains of modules involved in Yamal project of the subsidiary - Offshore Oil Engineering (Qing Dao) Co., Ltd, with the validity period same as the warranty period of respective modules. Wherein, the guarantee amount of Train 2 module is USD 26 million, and the guarantee period is as of March 23, 2021. (See resolution announcement and guarantee announcement of Board of Directors published on www.sse.com.cn, website of Shanghai Stock Exchange on March 21, 2017).
- ② Upon approval on the 10th Meeting of the 6th Board of Directors of the Company held on August 17, 2018, the Company issued a performance bank guarantee and an advance payment guarantee for offshore transportation and installation project of Dangote undertaken by its subsidiary COOEC NIGERIA FZE, with the guarantee amount adjusted from USD 33.2 million to USD 38.2 million due to increase of contract price, of which the guarantee amount of performance guarantee is USD 19.1 million and the guarantee amount of advance payment guarantee is USD 19.1 million. Maximum guarantee period is extended from December 31, 2018 to June 30, 2020. Later, upon approval on the 24th Meeting of the 6th Board of Directors of the Company held on June 23, 2020, the maximum period for the performance guarantee was extended from June 30, 2020 to December 31, 2020, and the guarantee amount of USD 19.1 million remained unchanged. The advance payment guarantee has been due and released on June 30, 2020. (See resolution announcement and guarantee announcement of Board of Directors published on www.sse.com.cn, website of Shanghai Stock Exchange on June 24, 2020) Later, upon approval on the 28th Meeting of the 6th Board of Directors of the Company held on December 4, 2020, the maximum guarantee period for the performance bond was extended from December 31, 2020 to April 30, 2021, and the guarantee amount of USD 19.1 million remained unchanged. The advance payment guarantee has been reenabled, with the guarantee amount of USD 19.1 million and the guarantee period as of April 30, 2021. In case of change in the project duration, the guarantee of the parent company will be adjusted accordingly with change in validity of bank guarantee. On June 30, 2021, the advance payment guarantee has been due and released. (See resolution announcement and guarantee announcement of Board of Directors published on www.sse.com.cn, website of Shanghai Stock Exchange on December 7, 2020).
- ③ As approved upon deliberation by the 4th Meeting of the 5th Board of Directors held on July 23, 2014, the Company provided the parent company guarantee for the general contractor YAMZGA for Russia Yamal project undertaken by Offshore Oil Engineering (Qing Dao) Co., Ltd. The guaranteed party is YAMZGA Company (general contractor of Yamal project). The guarantee amount is 35% of the total contract amount (about USD 575 million), thereof the maximum cumulative liability upper limit is 25% and the maximum defer penalty is 10% of the contract amount. The guarantee period is from the issue date to September 23, 2021. Commitments as above have been reviewed and approved by the second extraordinary general meeting of 2014 held on September 16, 2014. (See resolution announcement and guarantee announcement published on www.sse.com.cn, website of Shanghai Stock

Exchange on July 25, 2014 and resolution announcement of general meeting of shareholders on September 17 respectively)

- ④ As approved on the 26th Meeting of the 5th Board of Directors on March 17, 2017, the Company would reissue three performance guarantees for three trains of modules involved in Yamal project of the subsidiary - Offshore Oil Engineering (Qing Dao) Co., Ltd, with the validity period same as the warranty period of respective modules. Wherein, the guarantee period of Train 3 module is as of September 23, 2021, and the guarantee amount is USD 26 million. (See resolution announcement and guarantee announcement of Board of Directors published on www.sse.com.cn, website of Shanghai Stock Exchange on March 21, 2017).
- ⑤ Upon approval on the 22nd Meeting of the 6th Board of Directors of the Company held on March 20, 2020, the Company issued the bank guarantee and letter of credit regarding the use of the Company's credit line by its three subsidiaries, including COOEC SUBSEA TECHNOLOGY CO., LTD, Offshore Oil Engineering (Qing Dao) Co., Ltd and Beijing Gaotai Deep-sea Technologies Co., Ltd, for purpose of daily business such as bidding, performance and payment. The guarantee limit shall not be more than RMB 700 million for COOEC SUBSEA TECHNOLOGY CO., LTD, RMB 80 million for Offshore Oil Engineering (Qing Dao) Co., Ltd, and RMB 20 million for Beijing Gaotai Deep-sea Technologies Co., Ltd, totally no more than RMB 800 million. The guarantee period is from the date of approval by the Board of Directors to December 31, 2021. (See resolution announcement and guarantee announcement of Board of Directors published on www.sse.com.cn, website of Shanghai Stock Exchange on March 24, 2020)

2) Arbitration

On July 13, 2021, Branch of Maridive Offshore Projects Company filed an arbitration with Dubai Arbitration Center for the subcontract payment of Saudi Arabia 3648 project, requesting the Saudi branch of the Company to pay the idle time expenses and the compensation for duration change, demanding the Saudi branch of the Company to hire Pinsent Masons to defend the arbitration and file a counterclaim, demanding it to pay the losses incurred by the Saudi branch of the Company due to the termination of the project. Currently, the arbitration is in early stage. According to the lawyer comment letter of Pinsent Masons, the arbitration result is uncertain. As of the date approving the financial statement, no clear progress has been made in the arbitration.

Except the aforesaid contingencies, the Company had no other major or contingent matters as of December 31, 2021.

(2) Important contingencies not required to be disclosed shall be explained as well:

Applicable Not applicable

3. Others

Applicable Not applicable

XV. Events after the balance sheet date

1. Major non-adjusting events

Applicable Not applicable

2. Profit-sharing

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Profits or dividends to be allocated	35,370.84
Profits or dividends to be released upon approval	35,370.84

3. Sales return

Applicable Not applicable

4. Explanation to events after the balance sheet date

Applicable Not applicable

XVI. Other important matters

1. Correction of early accounting error

(1) Retrospective restatement approach

Applicable Not applicable

(2) Prospective application approach

Applicable Not applicable

2. Debt restructuring

Applicable Not applicable

3. Assets replacement

(1) Non-monetary assets exchange

Applicable Not applicable

(2) Other assets replacement

Applicable Not applicable

4. Annuity plan

Applicable Not applicable

5. Discontinuing operation

Applicable Not applicable

6. Segment information

(1) Determination basis and accounting policy of reportable segments

Applicable Not applicable

(2) Financial information of reportable segments

Applicable Not applicable

(3) If there is no reportable segment or total assets or liabilities of report segments cannot be disclosed, explain the reasons.

Applicable Not applicable

(4) Other descriptions

Applicable Not applicable

7. Other critical transactions or matters impacting investment decision

Applicable Not applicable

8. Others

Applicable Not applicable

Gains or losses from continuing operation and discontinuing operation attributable to the owner of the parent company

Unit: 10,000 Yuan

Item	Amount in the current period	Amount in last period
Net profits from continuing operation attributable to the owner of the parent company	36,979.89	36,329.92
Net profits from discontinuing operation attributable to the owner of the parent company	0	0

XVII. Notes to main items of financial statements of the parent company

1. Accounts receivable

(1) Disclosure by accounting age

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Accounting age	Book balance at the end of the period
Within 1 year	
Including: subentry within 1 year	
Subtotal within 1 year	545,628.01
1-2 year(s)	7,811.74
2-3 years	
Above 3 years	20,237.25
Total	573,677.00

(2) Classified disclosure by bad debt provision method

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Category	Closing balance					Book value
	Book balance		Bad debt reserve		Accrual proportion (%)	
	Amount	Percentage (%)	Amount	Accrual proportion (%)		
Accrual of bad debt reserves by single item						
Including:						
Accrual of bad debt reserves by combination	573,677.00	100	1,977.66	0.34		571,699.34
Including:						
Accounting age portfolio	46,979.57	8.19	1,977.66	4.21		45,001.91
Portfolio of related parties	526,697.43	91.81				526,697.43
Total	573,677.00	/	1,977.66	/		571,699.34

Category	Opening balance					Book value
	Book balance		Bad debt reserve		Accrual proportion (%)	
	Amount	Percentage (%)	Amount	Accrual proportion (%)		
Accrual of bad debt reserves by single item						
Including:						
Accrual of bad debt reserves by combination	757,421.08	100	2,259.66	0.3		755,161.42
Including:						
Accounting age portfolio	56,397.75	7.45	2,259.66	4.01		54,138.09
Portfolio of related parties	701,023.33	92.55				701,023.33
Total	757,421.08	/	2,259.66	/		755,161.42

Accrual of bad debt reserves by single item:

Applicable Not applicable

Accrual of bad debt reserves by combination:

Applicable Not applicable

Items accrued by combination: Accounting age portfolio

Unit: 10,000 Yuan Currency: RMB

Name	Closing balance		
	Accounts receivable	Bad debt reserve	Accrual proportion (%)
Accounting age portfolio	46,979.57	1,977.66	4.21
Total	46,979.57	1,977.66	

Recognition standard and description for accrual of bad debt reserves by combination:

Applicable Not applicable

For accrual of bad debt reserves according to the general model of expected credit loss, please refer to the disclosure on other receivables:

Applicable Not applicable

(3) Bad debt reserve

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Category	Opening balance	Amount changed in the current period			Closing balance	
		Accrual	Withdrawn or reversed	Charge-off or write-off		Other changes
Accrual of bad debt reserves by combination	2,259.66	-100.02		61.28	-120.70	1,977.66
Total	2,259.66	-100.02		61.28	-120.70	1,977.66

Including withdrawn or reversed amount of important bad debt reserves in this period:

Applicable Not applicable

(4) Accounts receivable written-off actually after verification in current period

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Written-off amount
Accounts receivable written-off actually after verification	61.28

Write-off of significant accounts receivable:

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Unit name	Nature of accounts receivable	Written-off amount	Reason for write-off	Write-off procedures implemented	Whether the payment is generated from connected transactions
Zhejiang Huadian Resource Co., Ltd	Transaction payment	53.49	The other party is insolvent.	Approved by the Party Committee	No
Baoji Tonghua Petroleum Equipment Manufacturing Co., Ltd	Transaction payment	7.79	The other party is insolvent.	Approved by the Party Committee	No
Total	/	61.28	/	/	/

Notes to write-off of accounts receivable:

Applicable Not applicable

(5) Receivables gathered based on debt party with top five balances at the end of the period

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Unit name	Closing balance	Proportion to the total closing balance of accounts receivable (%)	Closing balance of bad debt reserve
China National Offshore Oil Corporation	443,643.17	77.33	
COOEC SUBSEA TECHNOLOGY CO., LTD	43,595.59	7.60	
National Petroleum and Natural Gas Pipeline Network Group Co., Ltd	27,860.40	4.86	
Offshore Oil Engineering (Qing Dao) Co., Ltd	15,281.85	2.66	
COOEC International Co., Limited	8,880.58	1.55	
Total	539,261.59	94.00	

(6) Accounts receivable derecognized due to the transfer of financial assets

Applicable Not applicable

(7) Amount of asset and debt formed by transferring accounts receivable and constant involvement

Applicable Not applicable

Other notes:

Applicable Not applicable

2. Other receivables

Items listed

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest receivable		14.61
Dividends receivable		
Other receivables	31,985.23	73,994.26
Total	31,985.23	74,008.87

Other notes:

Applicable Not applicable

Interest receivable

(1) Classification of interest receivable

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance	Opening balance
Fixed accounts		
Entrusted loans		
Bond investment		
Interest on deposit of CNOOC Finance Co., Ltd		14.61
Minus: bad debt reserve		
Total		14.61

(2) Important overdue interest

Applicable Not applicable

(3) Accrual of bad debt reserve

Applicable Not applicable

Other notes:

Applicable Not applicable

Dividends receivable

(4) Dividends receivable

Applicable Not applicable

(5) Significant dividends receivable with accounting age over 1 year

Applicable Not applicable

(6) Accrual of bad debt reserve

Applicable Not applicable

Other notes:

Applicable Not applicable

Other receivables

(1) Disclosure by accounting age

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Accounting age	Book balance at the end of the period
Within 1 year	
Including: subentry within 1 year	
Subtotal within 1 year	20,899.20
1-2 year(s)	650.01
2-3 years	389.95
Above 3 years	10,512.52
Total	32,451.68

(2) Classification by nature of payment

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Nature	Book balance at the end of the period	Book balance at the beginning of the period
Funds receivable under centralized management		
Loan and interest of related parties and other related current account	30,919.40	73,592.87
Imprest, deposit and cash deposit	1,361.15	787.27
Advance money	171.13	82.44
Total	32,451.68	74,462.58

(3) Accrual of bad debt reserve√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Bad debt reserve	Stage I	Stage II	Stage III	Total
	Expected credit loss in the next 12 months	Expected credit loss in the whole duration (without credit impairment)	Expected credit loss in the whole duration (with credit impairment)	
Balance on January 1, 2021	0.06		468.26	468.32
Balance on January 1, 2021 in the current period				
-- Transferred into Stage II				
-- Transferred into Stage III				
-- Transferred back to Stage II				
-- Transferred back to Stage I				
Amount accrued in the current period	0.04			0.04
Amount reversed in the current period				
Amount charged off in the current period				
Amount written off in the current period				
Other changes			-1.91	-1.91
Balance on December 31, 2021	0.10		466.35	466.45

Description to the obvious changes in book balance of other accounts receivable with loss reserves change in the current period:

√Applicable Not applicable

Book balance	Stage I	Stage II	Stage III	Total
	Expected credit loss in the next 12 months	Expected credit loss in the whole duration (without credit impairment)	Expected credit loss in the whole duration (with credit impairment)	
Balance on January 1, 2021	73,994.32		468.26	74,462.58
Balance on January 1, 2021 in the current period				
-- Transferred into Stage II				
-- Transferred into Stage III				
-- Transferred back to Stage II				
-- Transferred back to Stage I				
Increase in the current period				
Current derecognition	42,008.99			42,008.99
Other changes			-1.91	-1.91
Balance on December 31, 2021	31,985.33		466.35	32,451.68

The basis for deciding obvious increase in the accrued amount of bad debt reserves in the current period and the credit risk of evaluating financial instrument:

 Applicable Not applicable

(4) Bad debt reserve√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Category	Opening balance	Amount changed in the current period				Closing balance
		Accrual	Withdrawn or reversed	Charge-off or write-off	Other changes	
Accrual of bad debt reserves by single item	468.26				-1.91	466.35
Accrual of bad debt reserves by combination	0.06	0.04				0.10
Total	468.32	0.04			-1.91	466.45

Including reversed or withdrawn amount of important bad debt reserves in the current period:

 Applicable Not applicable**(5) Other receivables written off actually after verification in the current period** Applicable Not applicable**(6) Other accounts receivable gathered based on debt party with top five balances at the end of the period**√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Unit name	Nature of accounts	Closing balance	Accounting age	Proportion to the total closing balance of other receivables (%)	Bad debt reserve Closing balance
COOEC International Co., Limited	Loan and interest	18,860.27	Note 1	58.12	
COOEC International Engineering Co., Ltd	Advance money	10,669.45	Note 2	32.88	
Offshore Oil Engineering (Qing Dao) Co., Ltd	Transaction payment	875.93	Within 1 year	2.70	
COOEC SUBSEA TECHNOLOGY CO., LTD	Transaction payment	492.01	Within 1 year	1.52	
Shenzhen Customs District People's Republic of China	Security	557.37	Above 3 years	1.72	
Total	/	31,455.03	/	96.94	

Note 1: For COOEC International Co., Limited, the closing balance is RMB 188,602,700, including RMB 164,092,900 for accounting age within 1 year (including) and RMB 24,509,800 for more than 5 years;

Note 2: For COOEC International Co., Limited, the closing balance is RMB 106,694,500, including RMB 26,648,500 for accounting age within 1 year (including), RMB 6,496,300 for 1-2 year(s), RMB 3,715,300 for 2-3 years and RMB 69,834,400 for more than 5 years;

(7) Accounts receivable involving government grants Applicable Not applicable**(8) Other receivables derecognized due to the transfer of financial assets** Applicable Not applicable**(9) Amount of asset and debt formed by transferring other receivables and constant involvement** Applicable Not applicable

Other notes:

 Applicable Not applicable

3. Long-term equity investment

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment reserves	Book value	Book balance	Impairment reserves	Book value
Investment in subsidiaries	920,597.42		920,597.42	920,597.42		920,597.42
Investment for associated enterprise and joint ventures						
Total	920,597.42		920,597.42	920,597.42		920,597.42

(1) Investment in subsidiaries

√Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Investee	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Accrual of impairment reserves in the current period	Impairment reserve balance at the end of the period
Offshore Oil Engineering (Zhuhai) Co., Ltd	395,000.00			395,000.00		
Offshore Oil Engineering (Qing Dao) Co., Ltd	297,000.00			297,000.00		
COOEC SUBSEA TECHNOLOGY CO., LTD	219,247.36			219,247.36		
COOEC International Engineering Co., Ltd	6,000.00			6,000.00		
A.E.S. Destructive and Non-destructive Testing Limited	2,009.46			2,009.46		
Lanhai International Limited	669.81			669.81		
COOEC International Co., Limited	618.65			618.65		
COOEC Nigeria Limited	52.14			52.14		
Total	920,597.42			920,597.42		

(2) Investment for associated enterprise and joint ventures

Applicable Not applicable

4. Operating income and operating expenses

(1) Operating income and operating expenses

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period		Amount incurred in last period	
	Income	Cost	Income	Cost
Main business	1,674,076.52	1,570,588.23	1,544,170.75	1,397,561.35
Other business	10,669.95	554.56	4,811.30	693.72
Total	1,684,746.47	1,571,142.79	1,548,982.05	1,398,255.07

(2) Income from contracts

Applicable Not applicable

(3) Explanation of performance obligations

Applicable Not applicable

(4) Explanation of allocation to remaining performance obligations

Applicable Not applicable

Other notes:

Operating income of top five customers:

Item	Amount in the current period (RMB 10,000)	Proportion to total operating income (%)
China National Offshore Oil Corporation	1,072,897.58	63.68
Hong Kong LNG Terminal Limited	264,785.77	15.72
National Petroleum and Natural Gas Pipeline Network Group Co., Ltd	177,466.00	10.53
Caofeidian Xintian LNG Co., Ltd	132,509.71	7.87
SK Innovation Co., Ltd	30,710.05	1.82
Total	1,678,369.11	99.62

5. Investment income

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in last period
Investment income of long-term equity measured by cost method	19,800.00	
Long-term equity investment income accounted by equity method		
Investment income from the disposal of long-term equity investment		
Investment income for financial assets held for trading during the holding period	10,779.82	10,719.99
Dividends income from other equity instruments investment during the holding period		
Interests income from creditors' investment during the holding period	5,614.48	197.50
Interests income from other creditors' investment during the holding period		
Investment income from the disposal of financial assets held for trading		
Investment income from the disposal of other equity instruments investment		
Investment income from the disposal of creditors' investment		
Investment income from the disposal of other creditors' investment		
Dividends income from other equity instruments investment during the holding period	776.56	914.64
Investment income for other non-current financial assets during the holding period		
Investment income from disposal of other non-current financial assets		
Gains by measuring residual equity at fair value after losing of control rights		
Investment income generated by the disposal of disposal groups constituting the business		
Gains from debt restructuring		
Total	36,970.86	11,832.13

6. Others

Applicable Not applicable

XVIII. Supplementary data

1. Details of the current non-recurring gains or losses

Applicable Not applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount	Description
Gains or losses from the disposal of non-current assets	1,406.48	
Tax refund and allowance or exemption approved beyond authority level or without formal written approval		
Government grants included in the current profit and loss (closely related to business events, excluding government grants enjoyed in quota or fixed amount as per unified national standard)	17,394.46	Consumption tax rebate, research funding, government grants, etc.
Fund occupation expense charged from non-financial enterprises and included in the current profit and loss		
Income generated when the Company's cost of investment into subsidiaries, associated enterprises and joint ventures is less than the fair value of the investee's identifiable net assets to which the Company should be entitled when it obtains the investment		
Gains or losses from non-monetary assets exchange		
Gains or losses from investment or assets management by others entrusted	16,394.30	Income from buying financial products
Impairment reserve of various assets due to force majeure such as natural disaster		
Gains or losses from debt restructuring		
Corporate restructuring expenses, such as expenditure for staff settlement and integration expenses		
Gains or losses in excess of the fair value from transactions made at obviously unfair price		
Current net gains or losses of subsidiaries generated from business merger under the same control from the beginning of the period to the merger date		
Gains or losses from items irrelevant or relevant to the Company's normal operations		
Gains or losses arising from changes in the fair value of financial assets and liabilities held for trading and financial derivatives (assets and liabilities), except effective hedging instruments related to the Company's normal operations, and gains or losses from the disposal of financial assets and liabilities held for trading, financial derivatives, and other debt investments	2,617.90	
Reversal of impairment reserve in accounts receivable and contract assets for which impairment tests are carried out separately		
Gains or losses from external entrusted loans		
Gains or losses from changes in the fair value of investment property to be subsequently measured at fair value measurement model		
Impact of one-time adjustment of current gains or losses made according to the requirements of tax, accounting and other applicable laws and regulations on current gains or losses		
Custody income from entrusted operations		
Non-operating income and expenses other than the items above	1,232.54	
Other gains or losses in conformity with definition of non-recurring gains or losses	4,316.38	Profits and losses of RMB 42,388,100 in unfulfilled internal transaction between the Company and COOEC-Fluor Heavy Industries Co., Ltd, a joint venture.

Item	Amount	Description
Minus: Amount affecting income tax	7,052.84	
Amount affecting minority interest	38.06	
Total	36,271.16	

Reasons shall be given for non-recurring gains or losses defined according to *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses* and those listed in *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses* which are defined as recurring gains or losses.

Applicable Not applicable

2. Rate of return on net assets and earnings per share

Applicable Not applicable

Profit in the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted EPS
Net profit attributable to common shareholders of the Company	1.64	0.08	0.08
Net profit attributable to common shareholders of the Company after deducting non-recurring gains or losses	0.03	0.002	0.002

3. Differences in accounting data under domestic and foreign accounting standards

Applicable Not applicable

4. Others

Applicable Not applicable


 Chairman: Yu Yi
 Date of submission to and approval by Board of Directors: March 18, 2022


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