

An aerial photograph of an offshore oil and gas platform in the middle of a deep blue ocean. The platform is a complex of yellow and white structures with a central helipad. Two support vessels are nearby: a larger green and red supply ship with a crane and a smaller blue and white tugboat. The water shows some whitecaps and ripples.

COOEC

Stock abbreviation COOEC
Stock code 600583

2020 Annual Report

Offshore Oil Engineering Co., Ltd.

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Engineering design

Offshore installation

Onshore construction

Submarine pipeline laying



➤ Installation Site of
Lingshui 17-2 Gasfield
Development Project



Important Notices

- I. The Company's Board of Directors, Board of Supervisors and directors, supervisors and senior managers guarantee the contents of the annual report are true, accurate and complete, without false records, misleading statements or major omissions, and assume joint and several liabilities.
- II. All directors of the Company attended the board meeting.
- III. BDO China Shu Lun Pan Certified Public Accountants (Special General Partnership) has issued a standard unqualified audit report to the Company.
- IV. Yu Yi, the principal of the Company, Li Peng, the principal of accounting, and Yao Baoqin, the principal of accounting agency (accountant in charge) state: authenticity, accuracy and completeness of financial statements in annual reports are secured.
- V. The profit-sharing plan or the plan of transferring public accumulation fund to capital stock during the report period deliberated and approved by the Board of Directors

The Company plans to distribute cash dividends of RMB 0.70 (tax inclusive) for each 10 shares to all shareholders, without distributing stock dividends and utilizing capital reserves to increase capital stock, on the basis of year-end total capital stock of 4,421,354,800 shares in 2020. The total cash dividends of about RMB 309 million will be allocated this time, accounting for 85.19% of the combined net profit realized in 2020, and the unallocated profits will be carried forward to subsequent years.

This distribution plan needs to be submitted to the shareholders meeting of 2020 for deliberation and approval.

VI. Risk statement for forward-looking statements

☒ Applicable " ☐ Inapplicable "

Forward-looking statements, such as Section IV in the annual report involving operation plans and objectives, are not regarded as the actual commitment to investors who should be alert to investment risks.

VII. Is there any situation relating to non-operating funds occupation by the controlling shareholders and their related parties?

No

VIII. Is there any situation relating to tendering external guarantee in violation of violating decision-making procedures?

No

IX. Is there any situation that a majority of directors fail to guarantee the authenticity, accuracy and integrity of the issued annual report of the Company?

No

X. Serious risks warnings

The Report analyzed the general risks to which the Company is exposed, for raising attention of investors. See analysis details in (IV) Potential Risks in Section IV Discussion and Analysis on Operation.

XI. Others

" ☐ Applicable " ☒ Inapplicable "



Address from the Chairman

Dear shareholders and friends,

On behalf of the board of directors and the top management, I would like to deliver to you the annual report 2020 of COOEC to report the Company's performance and development changes in 2020 and brief you on the Company's development trends and main tasks in 2021.

Chairman and Secretary of the
Party Committee | Yu Yi

"1235" Development Strategy

Taking the design-led EPCI capacity construction as the only core, with the operation management capacity construction and the technical leading capacity construction as two bases, following the international, deep and new-industrial development directions, and focusing on five aspects including talent, market, cost, risk control and information construction.

2020, an extremely challenging but fruitful year

2020 is an extraordinary and challenging year in the Company's history of development. In the face of the sudden outbreak of Covid-19, sharp fluctuations in international oil prices and other complicated and severe external impacts, the Company's board of directors and top management, always standing at the height of increasing domestic oil and gas reserves and production, have been focusing on its main business and seeking development opportunities with firm confidence in accordance with the "1235" Development Strategy. While winning the victory of epidemic prevention and control and production and operation, the Company has made positive achievements through continuous deepening of reforms, optimizing corporate governance, strengthening risk prevention and control of overseas projects and building EPCI general contracting capabilities.

During the whole year of 2020, 51 projects were efficiently operated, the construction workload exceeded the peak in the past, all major milestones were achieved, and the quality and safety performance fully met the expected standards. The "10+1" projects were put into production ahead of schedule after overcoming all the challenges, and the deepwater projects represented by the Lingshui Project and the Liuhua Project made major breakthroughs. The Company's deepwater project construction capabilities have made significant



△ FPSO South China Sea Installation Site of Lihua 16-2 Oilfield Group Project

progress, and epidemic prevention and control, market development, cost reduction, quality improvement and efficiency enhancement, reform deepening and other work have also achieved positive results.

The annual operating revenue is 17.863 billion yuan and the net profit attributable to shareholders of listed companies is 363 million yuan, marking a significant increase in operating efficiency. As of the end of 2020, the total assets are 33.282 billion yuan, the net assets are 22.665 billion yuan, and the asset-liability ratio is 32%.

In order to share the development achievements with the shareholders, the board of directors proposed the distribution of a cash dividend of 0.07 yuan per share (tax included) for 2020, with a dividend amount of 309 million yuan, accounting for 85% of the net profit achieved in the year.

In 2021, let's forge ahead and start a new journey

2021 is the first year of the "14th Five-Year Plan". Standing at a new historical starting point, the Company will implement new development concepts, build a new development pattern, and create a new chapter of high-quality development.

Compared with 2020, the Company's production tasks in 2021 will be even more challenging. There are 17 domestic offshore oil and gas field projects to be completed and put into production. The overall workload of onshore construction

and offshore installation will exceed the peak in the past, therefore the pressure on safety, quality and resource protection will multiply. In the face of a more challenging production situation, the Company will vigorously change its work style, improve efficiency and promote safe, efficient and high-quality execution of projects to ensure that major milestones of each project are achieved as planned. The Company will continue to do a good job in the normal prevention and control of the Covid-19 epidemic, deepen reforms, vigorously explore both domestic and international markets, vigorously reduce costs, improve quality and increase efficiency and strengthen party building so as to ensure the successful completion of all tasks in 2021 and achieve high-quality and efficient development by means of lean management, safeguarding a good start for the "14th Five-Year Plan".

Finally, on behalf of the board of directors and the top management, I would like to express my heartfelt thanks to the employees for their hard work for the development of the Company! I sincerely thank all shareholders and friends from all walks of life for their help and support!

Chairman and Secretary of the Party Committee

Yu Yi

✓ Offshore Installation
of Lingshui 17-2
Gasfield Development
Project



Definitions

I. Definitions

In the Report, unless otherwise defined, the following words shall have meanings set forth as follows:

Definitions of common words		
EPCI	Referring to	Engineering design, procurement, construction and installation.
FPSO	Referring to	Floating production storage and offloading.
LNG	Referring to	Liquefied natural gas.
FEED	Referring to	Front end engineering design.
PLET	Referring to	Pipeline end termination.
"10+1" Projects	Referring to	10 domestic offshore oil and gas filed project including Liuhua 16-2 Oilfield Group Project, Liuhua 29-1 Project, Lvda 16-3/21-2 Project and Jinzhou 25-1 project to be completed and put into operation by CNOOC in 2020, and Lingshui 17-2 Deepwater Gas field Project to be completed and put into operation in 2021.
"One Construction" development objective	Referring to	Building the Company into an international leading energy engineering company with the Chinese characteristics.
"Three Insists" development orientation	Referring to	1) insist on building design-led EPCI capacities for offshore oil projects; 2) insist on pushing forward the international development of the Company by relying on serving the national energy strategies; and 3) insist on expanding the integrated service capacities of energy projects.
"1235" development layout	Referring to	Taking the design-led EPCI capacity construction as the only core, with the operation management capacity construction and the technical leading capacity construction as two bases, following the international, deep and new-industrial development directions, and focusing on five aspects including talent, market, cost, risk control and information construction.
Three news and three criteria	Referring to	New technologies, new materials, new processes; standard, simple and domestic



◀ Installation of Suction Piles with Offshore Oil 285 and Offshore Oil 287 Vessels

Company Profile and Primary Financial Indexes

I. Company information

Company Name in Chinese	海洋石油工程股份有限公司
Company Name in Chinese for Short	海油工程
Company Name in English	OFFSHORE OIL ENGINEERING CO., LTD.
Company Name in English for Short	COOEC
Company Legal Representative	Yu Yi

II. Contact person and contact information

	Secretary of the Board of Directors
Name	Liu Lianju
Contact Address	No. 199, Haibin 15 Road, Tianjin Port Free Trade Zone
Telephone:	022-59898808
Fax:	022-59898800
E-mail:	mingyf@cooec.com.cn

III. Company basic information

Registered address	Apartment 202-F105, 2/F, Skirt Building, Ligang Plaza, No. 82, West Road 2, Tianjin Pilot Free Trade Zone (Airport Economic Zone)
Zip code of registered address	300308
Business address	No. 199, Haibin 15 Road, Tianjin Port Free Trade Zone
Zip code of company office address	300461
Website of the Company	https://www.cnoocengineering.com
E-mail	mingyf@cooec.com.cn

IV. Information disclosure and report storage place

Name of the media for information disclosure selected by the Company	China Securities Journal, Shanghai Security News
Website designated by China Securities Regulatory Commission (CSRC) for publishing annual report	www.sse.com.cn
Annual report storage place	Board Secretary Office

V. Company stock briefing

Company stock briefing			
Stock class	Stock exchange	Stock abbreviation	Stock code
A-share	Shanghai Stock Exchange	COOEC	600583

VI. Other related data

Accounting firm employed by the Company (in China)	Name	BDO China Shu Lun Pan Certified Public Accountants (Special General Partnership)
	Business address	Floors 17-20, Block A, Zhonghai International Center, Building 7, No. 5, Anding Road, Chaoyang District, Beijing
	Name of Signatory Accountant	Cai Xiaoli, Xiu Jun

VII. Main accounting data and financial indexes of last three years

(I) Main accounting data

Unit: Yuan Currency: RMB

Main accounting data	2020	2019	Increase and decrease in current period compared with last year (%)	2018
Operating income	17,862,576,310.97	14,710,394,330.48	21.43	11,052,121,177.54
Net profit attributable to the shareholders of the listed company	363,299,190.50	27,926,761.89	1,200.90	79,778,008.87
Net profit attributable to the shareholders of the listed company after deducting non-recurring profits/losses	51,798,807.25	-260,127,897.37	Inapplicable	-149,211,028.41
Net cash flow from business activities	2,020,794,626.56	-74,807,104.70	Inapplicable	376,455,428.85
	End of 2020	End of 2019	Increase or decrease at end of current period compared with that of last year (%)	End of 2018
Net assets attributable to the shareholders of the listed company	22,651,060,042.87	22,660,640,434.49	-0.04	22,892,941,649.83
Total assets	33,281,896,169.53	31,856,542,935.10	4.47	30,149,200,569.79
Total capital stock at end of the period (shares)	4,421,354,800	4,421,354,800	0	4,421,354,800

(II) Main financial indexes

Main financial indexes	2020	2019	Increase and decrease in current period compared with last year (%)	2018
Basic earnings per share (EPS) (yuan/share)	0.08	0.01	700.00	0.02
Diluted EPS (yuan/share)	0.08	0.01	700.00	0.02
Basic earnings per share after deducting non-recurring profit and loss (yuan/share)	0.01	-0.06	Inapplicable	-0.03
Weighted average rate of return on (common shareholders') equity (%)	1.61	0.12	+1.49 percentage points	0.35
Weighted average rate of return on (common shareholders') equity after deduction of non-recurring profit and loss (%)	0.23	-1.15	+1.38 percentage points	-0.65

Main accounting data and financial indexes in the last three years at the end of report period

" ☐ Applicable " ☒ Inapplicable "

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

(I) Differences in net profits and net assets attributable to shareholders of listed company in financial reports disclosed under international accounting standards and Chinese accounting standards

" ☐ Applicable " ☒ Inapplicable "

(II) Differences in net profits and net assets attributable to shareholders of the listed company in financial reports disclosed under foreign accounting standards and Chinese accounting standards

" ☐ Applicable " ☒ Inapplicable "

(III) Differences between domestic and foreign accounting standards:

" ☐ Applicable " ☒ Inapplicable "

IX. Main financial data by quarters in 2020

Unit: Yuan Currency: RMB

	First quarter (January - March)	Second quarter (April - June)	Third quarter (July - September)	Fourth quarter (October - December)
Operating income	2,301,740,715.23	4,185,235,522.61	5,382,709,238.43	5,992,890,834.70
Net profit attributable to the shareholders of the listed company	-304,689,662.46	61,151,730.37	323,144,744.57	283,692,378.02
Net profit attributable to the shareholders of the listed company after deducting non-recurring profits/losses	-335,619,376.30	19,026,928.84	235,695,295.47	132,695,959.24
Net cash flow from business activities	-531,314,150.18	947,392,674.97	750,321,896.83	854,394,204.94

Differences between quarterly data and data in disclosed regular reports

“ ☐ Applicable ” “ ☒ Inapplicable ”

X. Items and amount of non-recurring profit and loss

“ ☒ Applicable ” “ ☐ Inapplicable ”

Unit: Yuan Currency: RMB

Items of non-recurring profit and loss	Amount in 2020	Note (if applicable)	Amount in 2019	Amount in 2018
Profit and loss from disposal of non-current assets			-32,133.67	-2,210,381.13
Government subsidies included in the current profit and loss, except those which are closely related to the Company's normal business operations and in compliance with applicable national policies, and to which the Company is continuously entitled on the basis of a certain standard quota or fixed amount	176,588,021.69	Mainly consumption tax refund, appropriation for national scientific research projects, post subsidies, etc.	135,529,241.09	198,410,227.13
Profit and loss from investment or assets management by others entrusted	117,175,002.69	Income mainly from buying bank financial products	147,704,228.94	80,005,983.59
Profit and loss from fair value changes generated by the holding of trading and derivative financial assets and liabilities, and investment income from the disposal of trading and derivative financial assets and liabilities and other creditors' investments, except profit and loss from effective hedging operations related to the Company's normal business operations	24,560,697.85			-43,985,000.00
Other non-operating incomes and expenses than the items above	22,183,925.88		29,548,112.76	9,821,718.39
Other profit and loss items in conformity with definition of non-recurring profit and loss	35,482,951.41	Mainly the unrealized internal trading profit and loss return of COOEC-Fluor Heavy Industries Co., Ltd.	36,105,352.77	36,515,210.65
Affected minority interest	-1,347,135.28		-657,288.85	-286,812.73
Affected income tax	-63,143,080.99		-60,142,853.78	-49,281,908.62
Total	311,500,383.25		288,054,659.26	228,989,037.28

XI. Items measured at fair value

"√ Applicable" "□ Inapplicable"

Unit: Yuan Currency: RMB

Item	Balance at beginning of period	Balance of bad debt reserves at end of period	Changes in current period	Affected amount of profit in current period
Other equity instrument investments - ST Lanpec's shares held by the Company	110,351,700.00	103,421,400.00	-6,930,300.00	0
Total	110,351,700.00	103,421,400.00	-6,930,300.00	0

XII. Others

"□ Applicable" "√ Inapplicable"

√ "Offshore Oil 286"
Vessel and Hose Drum



Summary of Company Business

I. Major businesses engaged in the report period, business model and industry conditions

(I) Major businesses

The Company is the only large-scale EPCI company in China which integrates engineering design of offshore oil and natural gas development projects, onshore manufacturing and offshore installation, commissioning, maintenance and LNG projects. It is also one of the biggest general contractors for EPCI (engineering design, procurement, construction and installation) of offshore oil and gas engineering in the Asian-Pacific region.

COOEC has nearly 80,00 (8,000) employees, constituting a multi-level and wide-range professional team for general contracting of various projects, and has established the operation procedures and management standards that align with international standards. It owns an ocean engineering manufacturing base with a total area of over 1,200,000 m² in Qingdao, Shandong, an ocean engineering equipment manufacturing base with a total area of 575,000 m² in Lingang Industrial Area of Binhai New District, Tianjin, which is under construction, and an ocean engineering manufacturing base with a total area of 2,070,000 m² in Zhuhai, Guangdong which is owned by the joint venture of COOEC-Fluor Heavy Industries Co., Ltd. (51% share held by COOEC and 49% held by FLUOR). These bases form a construction base layout pattern facing the international market, which crosses south and north and covers both deep and shallow waters with complementary functions. The Company owns 21 offshore construction ships, including 3-level dynamic positioning deepwater pipeline laying ship, 7,500 t crane vessels, underwater engineering vessels, deepwater trenching vessels, and 50,000 t semi-submersible type self-propelled vessels, with offshore installation and pipe laying capabilities of leading level in Asia.

offshore oil and gas field maintenance, underwater engineering inspection and installation, high-end skid-mounted product manufacturing, offshore project quality inspection, offshore EPCI management and LNG project construction. It has a series of core technologies, such as technologies for the engineering design, construction and installation of 30,000-ton extra-large offshore platforms, underwater testing and repair and subsea pipeline recovery in 300 m deep waters, and old offshore platform dismantling. It also has the capability of laying subsea pipelines in 1,500m deep waters.

In recent years, the Company, on the basis of reinforcing and improving its own capacities for traditional offshore projects, has grasped the opportunity in the great development trend of global oil and gas industries, accelerated the transformation and grading to green, low carbon and high value-added products and industries, cultivated and formed a group of key industries adapting to the main trend of industry development, such as LNG industry (including global LNG module construction, domestic LNG receiving terminal and liquefaction plant projects), deepwater and underwater project industry and FPSO industry, formed the new core competitiveness and new growth poles, remarkably enhanced its operation capacities and comprehensive strength and further expanded the space for development.

Through construction and development over 40 years, the Company has developed nine major capacities, including engineering design, construction and installation of offshore projects,

✓ FPSO South China Sea Installation Site of Lihua 16-2 Oilfield Group Project



1,500 m

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



Platform of Lingshui
17-2 Deepwater
Gasfield Development
Towed to the South
China Sea

1.2 million
m²

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

million m²
0.575

Ocean engineering manufacturing base around Tianjin Harbor (under construction)

2.07 million
m²

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

300 m

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

21 sets

21 offshore construction vessels including 7,500 t crane vessel

t
30,000

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



(II) Business model

The Company undertakes projects as a general contractor or subcontractor to engage in the construction of offshore oil and gas field projects, LNG, FPSO and offshore wind power projects.

The Company successively provided engineering services to domestic and foreign clients, such as CNOOC Limited, Shell, ConocoPhillips, Saudi Aramco, Petrobras, Husky, Kerr-McGee, Technip, MODEC, AkerSolutions and FLUOR, for offshore oil and gas resource development, and has made its mark in more than 20 countries and regions such as Southeast Asia, the Middle East, Australia, Russia, Brazil, Europe and Africa, in addition to sea areas of China.

Subsea Manifold
Installation of Lihua
16-2 Oilfield Group
Project

(III) Industry conditions

1. The "Seven-Year Action Plan" drove the continuous sharp increase of the domestic demands in the domestic offshore oil and gas engineering industry

China's good control over the COVID-19 outbreak lays an essential basis for the orderly arrangement of different economic activities, and makes it possible that the "Seven-Year Action Plan" drives the continuous increase of the domestic demands in the domestic offshore oil and gas engineering industry. In 2020, CNOOC maintained relatively high oil and gas capital expenditure under the guidance of the "Seven-Year Action Plan". According to the public information, CNOOC's capital expenditure was estimated to be RMB 79.5 billion in 2020, and its budget in 2021 is 90-100 billion yuan. Driven by the "Seven-Year Action Plan", the Company has carried out various engineering projects, and focused on the construction of "10+1" domestic key engineering projects in 2020. Under the premise of preventing and controlling the COVID-19 and guaranteeing the safety and quality, the Company organized and allocated labor forces, materials and resources, sped

or caught up the process, and provided customers with high-quality and high-efficiency services, to ensure the projects in the "10-1" projects which shall be put into operation in 2020 are all completed in advance, contributing to increased storage of oil and gas in China. The Company actively develops the domestic market, signs LNG engineering contracts with the value exceeding RMB 10 billion, keeps a continuous increase of the total annual market contract amount, and thus has a promising market.

2. The overseas offshore oil and gas engineering activities were declined sharply and the industry suffered severe impact in 2020

As the overseas economic activities have been impacted by the COVID-19 pandemic, the global economy suffered severe shock, the crude oil price dropped sharply as the crude oil demands declined further. The annual average Brent crude price was 40.49 dollars/barrel in 2020, decreased by 37% compared with that in 2019. Large oil and gas companies had to reduce their capital expenditure. According to the forecast by an internationally authoritative agency, IHS

Umbilical Cable
Installation of Lihua
29-1 Deepwater
Project



Markit in December 2020, the global oil and gas capital expenditure was dropped to USD 89.5 billion in 2020, decreased by 14% compared with that in 2019; the quantity of global offshore installation works was reduced by 64% compared with the previous year; the comprehensive utilization rate of construction sites was also at a low level; and the total prices in the offshore oil and gas engineering industry tended to lower down. Main engineering contractors overseas in 2020 experienced a general decline of their incomes, but a markable rise of operating cost, which leads to a new high record of their operating loss in recent years.

II. Significant changes in main assets of the Company in the report period

“√ Applicable” “□ Inapplicable”

No great change occurs in long-term equity investment, fixed assets and intangible assets in the report period. The total value of projects under construction was RMB 2,044 million, increased by RMB 1,373 million, viz. 204.68%, mainly because “Offshore oil 291” was upgraded and converted from fixed assets to projects under construction.

Wherein: overseas assets amount to RMB 19.12 (unit: 100 million yuan, currency: RMB) accounting for 6.72% of total assets.

✓ Zhejiang Ningbo LNG Receiving Terminal Phase II Project



III. Analysis on core competitiveness

in the report period

“√ Applicable” “□ Inapplicable”

√ Installation Site of
Lingshui 17-2 Gasfield
Development Project



(I) Having the market position as a domestic offshore oil and gas engineering pioneer

The Company is the only large-scale offshore oil and gas projects EPCI company in China, a leading company that represents China's technical level of offshore oil projects and a critical force for offshore oil and gas engineering construction in China. For decades, over 200 offshore oil and gas projects have been engineered and constructed by the Company relying on its unique position as the frontier and the offshore project EPCI contractor in the domestic market and dominant advantages in financial support, equipment development, research and development, etc.

(II) It has EPCI contracting capability

High EPCI contracting capability in conventional waters. EPCI contracting capability is the core advantage of the Company and makes the Company distinguish from most offshore oil and gas engineering companies both at home and abroad. Based on 40 years of development and accumulation, the Company has developed a complete set of proven technology, equipment and capability systems for the design, construction, installation and maintenance of offshore oil and gas field projects in waters within a depth of 300 m and can provide turnkey projects and diversified services for the clients. The Company continuously promotes and diversifies the overall contracting services around the offshore engineering, and expands them to FPSO and LNG projects. The Company insists on the design-led EPCI capacity construction, continuously improves the organization efficiency, reinforces the core technology breakthrough, boosts the equipment capacity, and reduce the comprehensive cost, to provide clients with better-quality and more efficient services and drive the continuous improvement of the general contracting capacities.

Relatively complete detailed design capability.

The Company has over 1,000 designers to provide professional services in the areas of feasibility study, conceptual design, FEED, detailed design, processing design, installation design, etc. It possesses mature design capacity for various oil and gas field projects in conventional waters within depth of 300 m. Meanwhile, it actively carries out the design capability construction for deepwater oil and gas field projects beyond depth of 300 m, and gradually accumulates key design technologies of deepwater products such as deepwater floating platform system, deepwater pipelines and risers and subsea systems, thus gradually improving the deepwater design capability.

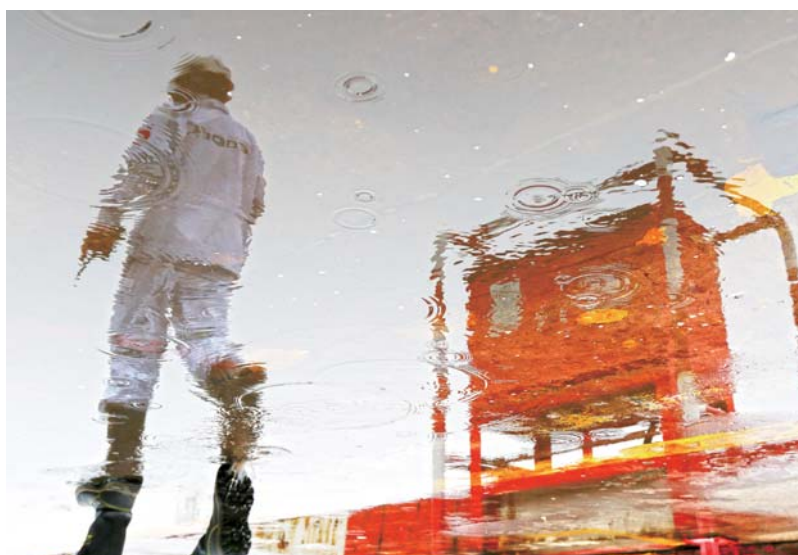
With 30,000-ton topside offshore float-over installation capacity and 30,000-ton jacket launching capacity, the Company has largely improved the offshore oil and gas development efficiency, and accelerated the

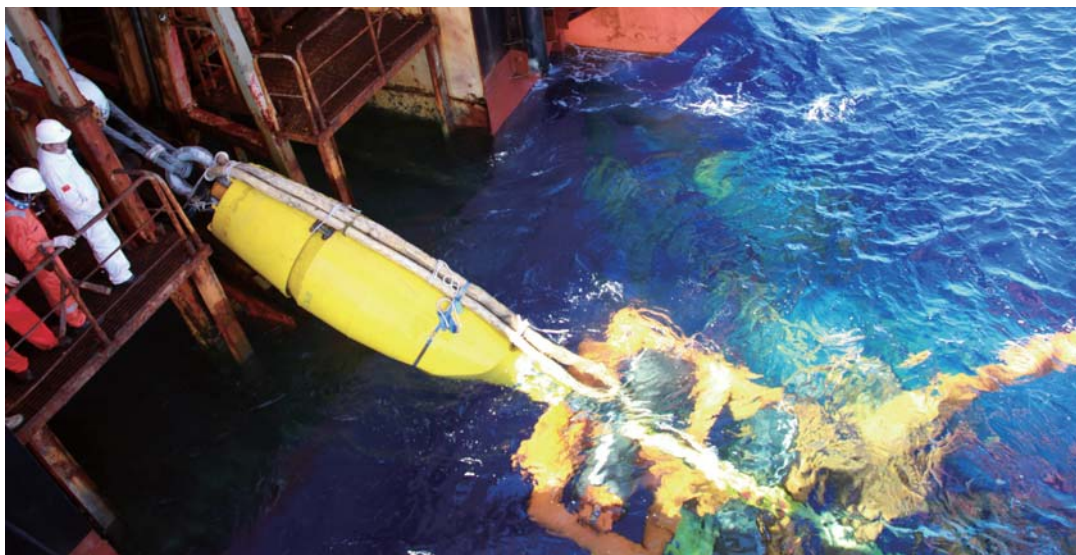
offshore oil and gas development course in China. Upon years of R&D and accumulation, the Company has the capacities for DP float-over installation and mooring system float-over installation in different waters at different depths under different climate conditions. It has completed multiple 10,000-ton platform offshore floating installation works, and even the 30,000-ton extra-large offshore platform float-over installation and 30,000-ton jacket launching works. The Company's application of float-over installation technology thoroughly changes China's traditional construction mode of large offshore oil and gas platforms from cutting, fabrication, offshore installation to offshore commissioning, significantly decreasing the construction period, ship fleets and resources, and reducing the offshore oil and gas field development costs in China, and largely push forward China's offshore oil and gas development course.

Rich experience in offshore oil engineering project management. The Company has more than 40 years of domestic oil and gas field project construction experience and has constructed over 200 oil and gas field projects. It possesses abundant experience in construction and management of projects in conventional waters within a depth of 300 m. In terms of international project operation, in recent years, the Company has provided engineering services to owners from Russia, Australia, Saudi Arabia, Myanmar, Brunei and Malaysia and accumulated certain international project management and operation experience.

Mature manufacturing site and extra-large offshore platform construction capability. In the areas such as Binhai New District of Tianjin and Qingdao, the Company has built up construction sites with area of more than 1.4 million m², with annual processing and manufacturing capacity of over 200,000 tons of steel structures, and has the

✓ Inspection in the Rain





› Installation Site of Lingshui 17-2 Gasfield Development Project

construction capacity for 30,000-ton extra-large offshore platforms such as jacket and topsides as well as large topside construction capacity.

(III) The modular construction capability has global competitiveness and establishes an international brand

Modular construction is a name card for the Company's overseas business. In recent years, relying on its strong onshore construction resources and capabilities, the Company has developed vigorously the modular construction technology, undertaken and executed a large number of international LNG modular construction projects, including Yamal project in Russia, Gorgon project in Australia, and Ichthys project in Australia. The contract amount of Yamal Project is over RMB 10 billion. Upon its high-quality operation and timely delivery of the project, the Company has established its position in the global modular construction market. In 2020, the Company was undertaking Shell LNG module construction project in the North America, with the contract amount of about RMB 5 billion, and continued to improve its competitiveness in the modular construction market.

(IV) The Company has increasing the FPSO general contracting capability and gradually becomes a global participant

The Company has actively explored new offshore engineering services according to changes of the market environment, continuously increased its scientific and technological input to the FPSO field relying on independent innovation, undertaken in succession a number of large domestic and foreign FPSO projects such as Brazil FPSO, Shell Penguin FPSO and "Offshore Oil 119" FPSO, accumulated

rich project experience and technical experience in the field of extra-large FPSO general contracting management, and become a FPSO general contractor and a global participant in international FPSO general contracting.

(V) The deepwater capability is developed continuously

The Company has an engineering ship fleet consisting of 21 vessels including crane vessels, pipe-laying ships, underwater engineering vessels and engineering auxiliary vessels. It owns such large equipment as 6 DP underwater vessels, 17 ROVs, one deepwater flexible pipe-laying system and one trenching plough, and is capable of underwater operations in 3,000 m deep waters. It has accumulated the execution experience of tens of underwater engineering projects involving such underwater engineering works as subsea production system installation, handling of mooring system, deepwater flexible pipe laying, seabed trenching and underwater facility inspection and maintenance. Lihua 16-2, Lihua 29-1 and Lingshui 17-2 executed by the Company in 2020 are the first batch of large deepwater projects in the true sense in China, and through scientific and technological innovation surrounding the technical demands for these large projects, the Company breaks through a number of technical bottlenecks which restrict the development of the deepwater business of the Company and even China, gradually forms a series of comprehensive deepwater business capabilities including deepwater semi-submersible platform, deepwater steel catenary riser, subsea production system and deep sea pipeline laying, thus making the Company's deepwater capability move a big step forward.

› Installation Site of Lingshui 17-2 Gasfield Development Project





Deployment of Rigid Spool to 1,200m Deep into the Water for the Lihua 29-1 Project

FPSO Installation Site of Lihua 16-2 Oilfield Group Project

Successful Float-over Installation of 12,500t Topsides of Caofeidian 6-4 Oilfield Development Project



List of the Company's Ship Equipment:

SN	Type	Ship name	Means of acquisition	Year of construction	Year of purchase	Investment (RMB 10,000)	Capacity introduction
1	Crane vessel	Binhai 108	Purchased	1979	1979	7,567	Rated lifting capacity: 900 t
2	Pipe-laying crane vessel	Binhai 109	Purchased	1976	1987	6,272	Rated lifting capacity: 318 t; range of pipe diameter: 6-60"; tensioner 67.5 t
3	Pipe-laying crane vessel	Lanjiang	Investment and construction	2001	-	105,734	Rated lifting capacity: 3,800 t; range of pipe diameter: 4.5-48"; tensioner 72.5×2 t
4	Crane vessel	Lanjing	Purchased	2009	2009	150,538	Rated lifting capacity: 7,500 t
5	Pipe-laying crane vessel	Offshore Oil 201	Investment and construction	2012	-	296,115	Rated lifting capacity: 4,000 t; range of pipe diameter: 6-60"; tensioner 200×2 t
6	Pipe-laying crane vessel	Offshore Oil 202	Investment and construction	2009	-	102,502	Rated lifting capacity: 1,200 t; range of pipe diameter: 4-60"; tensioner 100×2 t
7	Engineering auxiliary vessel	Offshore Oil 221	Investment and construction	2004	-	9,555	Load capacity: 29,000 t
8	Engineering auxiliary vessel	Offshore Oil 222	Investment and construction	2005	-	3,314	Load capacity: 7,000 t
9	Engineering auxiliary vessel	Offshore Oil 223	Investment and construction	2005	-	3,348	Load capacity: 7,000 t
10	Engineering auxiliary vessel	Offshore Oil 228	Investment and construction	2013	-	28,078	Load capacity: 57,784 t
11	Engineering auxiliary vessel	Offshore Oil 229	Investment and construction	2008	-	58,508	Load capacity: 98,000 t
12	Engineering auxiliary vessel	Offshore Oil 278	Investment and construction	2012	-	84,212	Load capacity: 53,500 t
13	Engineering auxiliary vessel	Offshore Oil 225	Purchased	2009	2009	23,976	Load capacity: 17,289 t
14	Engineering auxiliary vessel	Offshore Oil 226	Purchased	2009	2009	24,177	Load capacity: 16,800 t
15	Engineering auxiliary vessel	Offshore Oil 698	Purchased	2009	2009	25,633	Load capacity: 2,940 t; maximum speed: 14.5 sea miles/h; cruising ability: 12,000 sea miles
16	Underwater vessel	Offshore Oil 289	Purchased	2014	2014	95,654	Working moonpool: 7.2×7.2 m; ROV moonpool: 4.8×5.5 m; rated lifting capacity: 250 t
17	Underwater vessel	Offshore Oil 286	Investment and construction	2014	-	104,108	Hoisting capacity of main crane is 400 t (active heave compensation (AHC), with operating depth of 3,000 m); equipped with two working ROVs for 3,000 m depth, with one moonpool capable of supporting deepwater hoisting, umbilical cable/hose/cable laying, saturated diving/ROV/IMR operation.
18	Underwater vessel	Offshore Oil 291	Purchased	2015	2015	111,116	Hoisting capacity of main crane is 250 t (AHC, bollard towing force of 361 t, operating moonpool 7 m×7 m; equipped with two 150 HP working ROVs; three hoist drums winch for handling of mooring system.
19	Underwater vessel	Offshore Oil 285	Purchased	2016	2017	51,475	Hoisting capacity of main crane is 250 t (AHC); moonpool parameters: 7.2x7.2 m
20	Underwater vessel	Offshore Oil 287	Purchased	2016	2017	51,484	Hoisting capacity of main crane is 250 t (AHC); moonpool parameters: 7.2x7.2 m
21	Underwater vessel	Offshore Oil 295	Investment and construction	2017	-	31,447	Hoisting capacity of main crane is 100 t (AHC; bollard towing force of 90 t); hoisting capacity of gantry crane is 100 t; maximum speed: 14 sea miles/h; cruising ability: 12,000 sea miles

Discussion and Analysis on Operation

I. Discussion and analysis on operation

2020 was a very extraordinary year for the Company in its development history because it struggled to achieve the double victory of the epidemic prevention & control and the production & operation under the impact of COVID-19 outbreak and low oil price. On one hand, in the report period, the offshore oil and gas engineering sector was "cold abroad and warm at home", and under the impact of the epidemic and drastic fluctuations of international crude oil prices, foreign offshore engineering sector was at a very depressed state. On the other hand, as the

epidemic is under strict control in China, the "Seven-Year Action Plan" for oil and gas storage increase, the offshore oil and gas engineering construction in China was growing vigorously, and the construction of "10+1" offshore oil and gas filed projects resulted in a continuous growth of the Company's quantity of works exceeding the historic peak. However, the Company was still under a huge pressure in production and operation due to the tough construction period, heavy tasks, high technical requirements, large pressure for cost control, complex risk prevention and control, plus the lagged project progress caused by the COVID-19 at the beginning of 2020.

"10+1" Projects

"10+1" Projects refer to 10 domestic offshore oil and gas filed projects including Lihua 16-2 Oilfield Group Project, Lihua 29-1 Project, Lvda 16-3/21-2 Project and Jinzhou 25-1 Project to be completed and put into operation by CNOOC in 2020, and Lingshui 17-2 Deepwater Gasfield Project to be completed and put into operation in 2021.

➤ The "Lanjing" vessel is carrying out hoisting and installation of the semi-submersible platform of the Lingshui 17-2 Gasfield Development Project







^ Semi-submersible
Platform Offshore
Installation
of Lingshui
17-2 Gasfield
Development Project





In the face of opportunities and unprecedented challenges, the Company maintained its willpower, withstood the pressure, accurately exerted its strength, kept a close eye on the annual production and operation objectives, focused on the construction of "10+1" projects, completed "10+1" projects ahead of the schedule, put Lihua 16-2 Oilfield into production in advance, caught up the scheduled progress and achieved the progress ahead for Lingshui 17-2 Deepwater Project, made significant progress of its deepwater project construction capabilities, and achieved positive results in the COVID-19 epidemic prevention and control, cost reduction, quality improvement, market development, reform deepening, Party building and other aspects.

The annual operating income was RMB 17.863 billion, a year-on-year increase of 21%. The net profit attributable to shareholders of listed company was RMB 363 million, a marked improvement year-on-year, indicating the Company won the turnaround and achieved the operating efficiency.

Hoisting and Installation of FPSO Manifold Platform of Lihua 16-2 Oilfield Group Project

FPSO of Lihua 16-2 Oilfield Group Project leaves the port after completion



Delivery Site of the First Batch of 1,500m Deepwater Central Manifolds of Lingshui Project

Main work completed in 2020:

(I) With scientific COVID-19 epidemic prevention and control, the Company achieved the “double zero” goal, and effectively maintained the production and operation as scheduled

The Company attached great importance to the COVID-19 epidemic prevention and control, earnestly implemented the national requirements for the prevention and control of the COVID-19 epidemic, strictly followed the prevention and

control requirements of both the offshore oil industry and the local governments, always put the life safety and health of employees first, carried out the epidemic prevention and control response at the first time, made timely decisions and deployments, established an epidemic prevention and control leading group and working groups, and formulated and strictly implemented comprehensive and thorough prevention and control plans and schemes. Good epidemic prevention and control created conditions for the Company to resume work and production in the first time. After achieving major strategic results in the national epidemic prevention and control, the Company still did not relax and implemented normalized prevention and control. In Qingdao, Tianjin, Zhuhai and other construction sites, it not only did a good job in epidemic prevention and control of its own employees, but also guided and managed its subcontractors for good epidemic prevention and control. In all domestic sea areas, the Company did its best to prevent and control

Independent Laying of Flexible Dynamic Risers of Liuhua 16-2 Oilfield Group Project





the epidemic from ships at sea, implemented the “one ship, one policy”, and resolutely prevented the epidemic entering the offshore from onshore. In overseas operations areas with complex environments such as Saudi Arabia, Nigeria, and Canada, the Company actively coordinated resources to strengthen the protection and psychological counseling of overseas employees, guided these overseas employees to do their best to protect them, promoted “Lanjiang” ship and “Offshore Oil 202” to return to China safely

from the Middle East and Nigeria, and effectively protected the employees’ lives, health and safety.

Through the above work, the Company has achieved the “double zero” goal of confirmed and suspected COVID-19 cases for its own employees, which has played a positive role in ensuring the normal production and operation throughout the year through efforts to catch up the progress of projects affected by the COVID-19 epidemic.

Semi-submersible Platform Hoisting and Installation of Lingshui Project

Independent
Dynamic Umbilical
Cable Installation
by Offshore Oil 286
Vessel for Lihua 20-2
Oilfield Project





Offshore Installation
of Jinzhou 25-1
Oilfield Block 6-11
Development Project

(II) “10+1” projects represented by Lingshui 17-2 and Liuhua 16-2 have achieved remarkable results, and the project management has reached a new level


1. The Company made every effort to fight the tough battle of “10+1” projects, caught up the progress of projects affected by the COVID-19 epidemic, and completed 10 projects and put them into production ahead of schedule

According to relevant data, CNOOC achieved an increase in domestic offshore crude oil production by 2.4 million tons in 2020, accounting for more than 80% of the domestic increase of the three major oil companies, and that “10+1” projects are put into operation on time is an important link to achieve the offshore oil and gas increase. In order to ensure that “10+1” projects are completed on schedule, the Company established a headquarters to tackle tough problems in five aspects: progress, safety, quality, technology, and efficiency. Taking the progress as an example, affected by the COVID-19 epidemic in early 2020, the project

progress was 10% behind the schedule. After the resumption of work and production, the Company actively worked out the countermeasures and policies, strengthened the project progress tracking and early warning, optimized the site and ship resource arrangements, and allocated nearly 10,000 persons for onshore construction and 100 ships for offshore installation in peak time. Through hard work, the Company basically caught up the lagged project progress in the second quarter. After continuous efforts in the third quarter, the project construction was advanced efficiently, and the project progress

Subsea Pipeline
Bevel Grinding





went ahead of schedule. All 10 projects that shall be completed in 2020 were put into production in advance, making active efforts to increase the oil and gas reserves and production in China.

2. Lingshui 17-2 Deepwater Project was constructed with high quality, and the project execution was significantly better than the expected

Lingshui 17-2 Project was also affected by the COVID-19 epidemic in the first quarter of 2020, and its progress was delayed for a while. The Company actively organized its forces. After six month of hard work, the main structure of the oil storage platform with a total weight of 53,000 tons was completed at the end of October 2020; the project progress went ahead of schedule in December; the platform was delivered in mid-January 2021 and headed to Lingshui 17-2 Gas Field in the South China Sea; the mooring lines were tied back on Lingshui Platform during the Spring Festival of 2021 and the platform was successfully settled in the operating waters, indicating a solid step forward for the project to be put into production in 2021. Lingshui 17-2 Platform is a masterpiece in the field of China's ocean engineering construction. Its successful delivery marks a major breakthrough in China's deepwater ocean engineering equipment construction, and is of great significance to enhancing the deepwater ocean resource development capabilities in China.

"10+1" projects represented by Lingshui and Liuhua demonstrates the Company's production organization response capabilities and operational management and control capabilities in the face of urgent, difficult, dangerous and heavy tasks, proves that the Company has made positive achievements in adjusting and optimizing its strategic layout, upgrading its EPCI general contracting capabilities and deepening the reform in recent years, and makes the Company more confident to face more arduous engineering construction in the future.



^ The "Offshore Oil 201" vessel is carrying out hoisting and installation for the Lingshui 17-2 Gasfield Development Project

51

Throughout the year, the Company has operated a total of 51 projects, 12 of which have been completed

3. The construction workload reached a new high, and the overall workload further increased

Throughout the year, the Company has operated a total of 51 projects, including 32 offshore oil and gas engineering projects, 6 LNG onshore construction projects and Tianjin Lingang offshore engineering equipment manufacturing base project, as well as preliminary preparations for some projects that have not been commenced. 12 projects including Lihua 29-1 Project, Qinhuangdao 33-1 South Oilfield Phase I Development Project, Nexen Oil Sands Long Lake Project and Zhejiang Ningbo LNG Project have been completed.

12

✓ Offshore Hoisting and Installation of Qinhuangdao 33-1 Project



› Underwater Installation of 1,000m-level Deepwater Suction Piles of Lingshui 17-2 Gasfield Development Project





ORE

9.0

8.0

7.0

6.0

5.0

4.0

3.0

2.0

1.0

TP SWL 20T



11

Onshore construction
of 11 jackets and 12
topsides

12

10

Offshore installation
of 10 jackets and 13
topsides

13

324

Laying of 324 km of
subsea pipelines

^ Penglai 25-6
Oilfield's Wellsite
3 Development
Engineering Project

During the year, the Company completed the onshore construction of 11 jackets and 12 topsides, implemented the offshore installation of 10 jackets and 13 topsides, and completed the laying of 324 km of subsea pipelines.

The construction business achieved 267,000 structural tons of steel processing, exceeding the 2014 peak of 250,000 structural tons for the first time, an increase of 71% from 156,000 structural tons in the same period of the previous year. 15,800 ship days

267,000

267,000 tons of steel are processed for
construction activities

structural tons

➤ Penglai 19-3 Oilfield
Development
Engineering Project

15,800

15,800 ship days are spent on
offshore operations such as
installation

ship days



were spent on offshore operations such as installation, slightly increased compared with 15,600 ship days in the same period of the previous year.

✓ The 1500 m Deepwater Pipe Laying for Offshore Installation of Lingshui 17-2 Gas Field Development Engineering Project



- ✓ Offshore Installation of Qinhuangdao 33-1 Project



- ✓ Offshore Hoisting and Installation of Nanpu 35-2 Project

- ✓ Installation of Jackets and Topsides of Sheyang Offshore Wind Power Project Completed



The progress of key projects (as of the end of report period) is presented as follows:

SN	Project name	Cumulative progress
1	Shell LNG modular construction project in the North America	19%
2	Phase II of LNG Receiving Terminal Project in Tianjin	19%
3	Hong Kong Offshore LNG Terminal Project	23%
4	Phase I of LNG Receiving Terminal Project in Tangshan	34%
5	LNG Receiving Terminal and Storage Tank Project in Zhangzhou, Fujian	59%
6	Phase II of LNG Receiving Terminal Project in Ningbo, Zhejiang	100%
7	Lufeng Oilfield Group Regional Engineering Project	42%
8	Lingshui 17-2 Gas field Development Project	89%
9	Liuhua 29-1 Deepwater Project	100%
10	Liuhua 16-2 Oilfield Group Project	96%
11	Lvda 6-2 Oilfield Development Project	43%
12	Caofeidian 6-4 Oilfield Development Project	83%
13	Comprehensive Adjustment Project of Bozhong 19-4 Oilfield	27%
14	Development Project of Well Area 3 of Penglai 25-6 Oilfield	100%
15	Development Project of Well Area 6-11 of Jinzhou 25-1 Oilfield	100%
16	Lvda 21-2/Lvda 16-3 Oilfield Area Development Project	100%
17	Dangote Project in Nigeria	88%
18	IK Contract of CRPO3648 Offshore Transportation and Installation Project in Saudi Arabia	70%
	OOK Contract of CRPO3648 Offshore Transportation and Installation Project in Saudi Arabia	96%
19	Hull Portion of Shell Penguin FPSO Project	99%
	Onshore Construction of Upper Modules of Shell Penguin FPSO Project	78%
20	Nexen LLSW Project	100%
21	Upper Modules of P70 of FPSO Project in Brazil	98%
22	NFA Project in Qatar	99%

✓ Bend Restrictor
Installation of
Liuhua 16-2 Oilfield
Group Project



4. Major overseas projects were fully promoted on the basis of COVID-19 prevention and control

The company strived to overcome the adverse effects of the overseas COVID-19 epidemic on the suspension, shutdown, personnel transfer and resource allocation of the projects, and on the premise of ensuring the safety of personnel and ships, made every effort to accelerate the construction of major overseas projects. As of the end of the report period, NFA Project in Qatar has been substantially completed, with project execution progress of 99%. The subsea pipeline laying and onshore pipeline construction of 3648 Project in Saudi have been completed; the underwater pat has resumed work; the relevant ship equipment has been put in place; the riser removal and offshore installation operations are in progress, and some works are accelerated and about to be closed. For Dangote Project in Nigeria, 11 submarine pipelines with a total length of about 107 km have been laid and the associated underwater production system has been installed. The overall project is nearing completion.

(III) The market kept developing and growing, with RMB 22.009 billion of contracts signed, a year-on-year increase of 11%

During the report period, the Company overcame the impact of COVID-19 epidemic and vigorously explored the market, thus the market kept developing and growing. The newly signed market development contract amounted to RMB 22.009 billion, an increase of 11% on the basis of the previous year's high base of RMB 19.882 billion, and the established target for market development for the year has been successfully achieved. Among them, the contract value from the Chinese market was RMB 21.975 billion, accounting for 99.8% of the total contract value. From the perspective of market structure, the contract from CNOOC's internal market was amounted to about RMB 9.3 billion, accounting for 42%; while the contract outside CNOOC's system was amounted to about RMB 12.7 billion, accounting for 58%.

✓ Platform of Lingshui
17-2 Deepwater
Gasfield Development
Towed to the Project
Site





Umbilical Cable
Installation Scene
by Offshore Oil 286
Vessel

1. Paying close attention to the “seven-year action plan” for increasing the domestic oil and gas reserves and production, and vigorously developing the offshore oil and gas engineering market

During the report period, the Company undertook a number of domestic offshore oil and gas production platform projects such as Lufeng Oilfield Group Regional Development Project, Lvda 6-2 Project, Lvda 4-2 Oilfield 4-3 Block Project, and Bozhong 19-4 Project, among which, Lufeng Project is a large-scale deepwater project in the South China Sea, continuing to consolidate the Company's position in the domestic offshore oil and gas engineering market.

Bozhong 19-6
Condensate Gasfield
Development Project





➤ Tangshan LNG Receiving Terminal Phase I Project

✓ The jackets of the Hong Kong Offshore LNG Terminal Project are shipped after fabrication

2. Continuing to strengthen the green and low-carbon transformation and expanding the market share of LNG projects

The Company highly emphasizes and consistently develops the LNG clean energy market in recent years, and this market has also produced important orders and revenue to the Company. During the report period, the Company continued to seize the

opportunity of the construction of the national natural gas production, supply, storage and marketing system, actively developed the LNG engineering market, and signed contracts for the Hong Kong Offshore LNG Receiving Terminal Project, Longkou Nanshan LNG Phase I Project Receiving Terminal Project, and Tianjin LNG Phase II Receiving Terminal Project. The above-mentioned three LNG projects have a large scale of construction, and the contract



value of each project exceeds RMB 4 billion, totaling more than RMB 12 billion.

By the end of the report period, the total amount of orders outstanding on hand was about RMB 27 billion. Under the context that the global COVID-19 epidemic is spreading and the overseas offshore oil and gas engineering industry is quite depressed, the Company's orders keep increasing, which provides strong support for its future workload and sustainable development.

(IV) The cost reduction, quality improvement and efficiency enhancement are deeply promoted, and thus good results achieved

The Company won the cost control battles throughout the year, which is a key part of achieving the annual business objectives. Based on the concept that "all costs can be reduced", the Company has clearly defined cost reduction objectives, formulated effective cost reduction and quality improvement measures, and made every effort to reduce costs and improve quality and efficiency.

The first was to establish an organization structure, form a leading group and 7 special working groups, and implement three rolling cost reduction plans. The second was to study the methods, deeply promote the "integration of businesses and finance", based on the "profit statement", "balance sheet" and "cash flow statement", systematically identify the space for cost reduction, build a management and control system, outline a road map, and form a cost reduction plan. The Company focused on four major costs of subcontracting, chartered ships, engineering materials, and oils, broke down the objectives and tasks level by level, defined, strengthened and put responsibilities into practice level by level, and performed regular inspections, analysis and evaluation. The third was to promote the involvement of all employees, make public the situation and tasks timely, transfer pressure and responsibilities to all employees, strengthen precise incentives and negative constraints, and form a cost-reducing environment where "Heavy burdens are carried together by the whole staff, and everyone shoulders their own responsibilities". The fourth was to optimize the evaluation guarantee, link the cost reduction benefits with the performance evaluation, and form a joint force. Through the joint efforts, the Company has made positive achievement in cost reduction, quality improvement and efficiency enhancement, laying foundation for realizing the business objectives of the year, and also providing a reference for the continuous cost reduction and efficiency enhancement in the future.

(V) Continuing to deepen the reform, strive to release the enterprise vitality, and enhance the motive force of development

The Company resolutely deepened the reform unwaveringly, and made it become the engine of the Company's development. The Company determined the overall development strategy of "one construction" development objective, "three insists" development orientation and "1235" development layout. Focusing on the implementation of the development strategy, the Company took a series of reform measures for the deep integration between operation management, procurement, work practice construction and party building with the production and operation. For example, the Company promoted reform measures such as "big design", "project manager responsibility system", and separation of "management" and "operation" in the procurement field; continuously strengthened the construction of all-staff work practice, refrained from formalism and bureaucracy, and promoted to implement the "strict, practical, fast, new" work practice and culture, to improve the organizational efficiency.

In terms of promoting the deep integration between the party building with the production and operation, the Company persevered in strengthening theoretical learning, improved its capabilities of applying theories to guide the practice and direct the reform, continuously consolidated the basic work of party building, strengthened the construction of grassroots party organizations, carried out party building brand activities, tackled the weak links in urgent, difficult, dangerous and important tasks, "10+1" projects and production management, gave full play to the role of the party organization as a fighting fortress; continued to improve Party conduct and build a clean government, and push forward the construction of the system and mechanism that

"1235" Development Strategy

Taking the design-led EPCI capacity construction as the only core, with the operation management capacity construction and the technical leading capacity construction as two bases, following the international, deep and new-industrial development directions, and focusing on five aspects including talent, market, cost, risk control and information construction.

✓ Onshore Fabrication of the Hong Kong Offshore LNG Terminal Project



“Nobody dares, can or want to corrupt”. Through comprehensive strengthening of party building, the Company further gathered the strength, wisdom, thought, leadership, driving force and source power, and gradually transformed party building advantages into the Company’s competitiveness and development advantages, significantly improving the Company’s production and operation quality and efficiency.

(VI) Relying on deep-water projects to strengthen the deepwater technological breakthrough, and form a series of core technologies for the construction and installation of deep-water semi-submersible platforms

Focusing on three deep-water projects, Lingshui 17-2, Liuhua 16-2, and Liuhua 29-1, which are milestones in the Company’s development history, the Company actively engaged in deep-water technology breakthrough, strengthened key technological innovation and process innovation, and formed a series of related technologies for construction, installation and commissioning of deep-water semi-submersible platforms, deep-water FPSOs and underwater production systems, including nearly 20 sub-project technologies, such as deep-water semi-submersible platform overall design technology, deep-water polyester mooring system design technology, deep-water steel catenary riser system design technology, deep-water semi-submersible platform construction, installation and commissioning technology, deep-water semi-submersible production, storage and offloading platform hull and topside integration technology, making the Company achieve important breakthroughs in multiple mainstream deep-water development models, and extended some marine engineering technologies from 300 meters to 1500 meters.

Since deepwater oil and gas development will be the focus and trend of global oil and gas development for a long period of time in the future, deepwater technologies have always been controlled by a few countries due to its “high-grade, high-precision, advanced” technical characteristics. That the Company mastered the deepwater technologies is of positive significance in facilitating the deep-water development of the South China Sea during the “14th Five-Year Plan” in China, and will also play a positive role in enhancing the Company’s position in the industry and developing its international business.

II. Core businesses in report period

In 2020, the Company achieved operating incomes of RMB 17.863 billion, a year-on-year increase of 21.43%. The net profit attributable to shareholders of the listed company was RMB 363 million. By the end of 2019, the total assets were RMB 33.282 billion, with the net assets attributable to the shareholders of the listed company of RMB 22.665 billion, and the asset-liability ratio of 31.94%.

(I) Analysis on major business

1. Change analysis on items relating to profit statement and cash flow statement

Unit: Yuan Currency: RMB

Item	Amount in current period	Amount of same period of previous year	Change ratio (%)
Operating income	17,862,576,310.97	14,710,394,330.48	21.43
Operating cost	16,021,949,803.31	12,921,911,289.74	23.99
Sales cost	25,551,316.68	35,838,837.23	-28.70
Administration expense	232,481,076.06	239,128,657.45	-2.78
R&D expense	982,709,219.11	874,350,961.81	12.39
Financial expense	120,002,296.76	-12,788,747.28	Inapplicable
Net cash flow from business activities	2,020,794,626.56	-74,807,104.70	Inapplicable
Net cash flows from investing activities:	-2,326,551,774.34	81,620,360.71	-2,950.46
Net cash flows from financing activities	190,765,833.35	-222,046,142.78	Inapplicable
Taxes and surcharges	144,508,051.90	73,864,584.68	95.64
Other incomes	179,911,550.01	135,199,241.09	33.07
Investment income	31,187,308.21	-66,288,499.95	Inapplicable
Impairment loss of credit	-23,549,323.57	-17,618,434.85	Inapplicable
Asset impairment loss	-30,226,576.12	-450,485,251.77	Inapplicable
Net profits attributable to shareholders of the parent company	363,299,190.50	27,926,761.89	1,200.90
Other net after-tax comprehensive incomes	48,253,728.47	21,319,269.84	126.34

2. Income and cost analysis

“√ Applicable” “□ Inapplicable”

During the report period, the Company achieved operating incomes of RMB 17.863 billion, an increase of 22.43% over the same period of the last year. The main reason was that with the development of the “10+1” projects and different LNG projects, the Company has produced 267,000 tons of steel structures for onshore construction, increased by 71% compared

with the 156,000 ton over the same period of the last year; the operational days of vessels put into the offshore installation was also increased slightly; and the income in this period increased as the total annual workloads increased.

The operating cost was RMB 16.022 billion, an increase of 23.99% over the same period of the last year. The main reason was that the increased workload in current period compared with the same period of the last year and the increase of operating cost accordingly, as well as the increased cost to catch up the progress for the projects affected by COVID-19, led to the corresponding increase of the operating cost.

The net profit attributable to shareholders of the parent company was RMB 363 million, an decrease of 1,200.90% over the same period of the last year, mainly because: 1) the Company pushed forward the construction of "10+1" projects in high quality, took effective measures to overcome the impact of COVID-19 and catch up the project progress, such that 10 projects which shall be completed in 2020 have been completed and put into production in advance with the safety, quality and progress superior to the expectations, and the overall performance under good conditions; and 2) the Company insisted on the annual production and operation objectives, took powerful measures to reduce cost and improve quality and efficiency, and sought the potential of cost reduction and efficiency improvement, to increase the benefits.

(1) Major businesses by industries, products and areas

Unit: 100 million Yuan Currency: RMB

Major businesses by industries						
Industry	Operating income	Operating cost	Gross profit ratio (%)	Increase and decrease of operating income over that of last year (%)	Increase and decrease of operating cost over that of last year (%)	Increase and decrease of gross profit rate over that of last year (%)
Offshore engineering	143.60	129.95	9.51	6.30	9.65	-2.76 percentage points
Non-offshore engineering	35.03	30.28	13.56	203.29	185.93	+5.25 percentage points
Major businesses by areas						
Area	Operating income	Operating cost	Gross profit ratio (%)	Increase and decrease of operating income over that of last year (%)	Increase and decrease of operating cost over that of last year (%)	Increase and decrease of gross profit rate over that of last year (%)
Inland	149.50	125.32	16.17	38.57	50.53	-6.67 percentage points
Bohai Sea	48.08	37.70	21.59	7.32	12.74	-3.77 percentage points
South China Sea	84.62	72.58	14.23	60.78	79.52	-8.95 percentage points
East China Sea	0.93	0.97	-5.01	-7.92	0.00	-8.97 percentage points
Onshore LNG construction	15.87	14.06	11.35	67.94	67.18	+0.34 percentage points
Abroad	29.13	34.90	-19.82	-24.83	-23.88	-1.50 percentage points

Statement of major businesses by industries, products and areas

① Analysis on major businesses by industries

Judging from industries, the increase in revenue and cost from the offshore engineering industry was mainly due to the fact that with the continuous promotion of CNOOC's "Seven-Year Action Plan", Lingshui and Liuhua deepwater projects in the South China Sea came to the construction peak, and the workloads of onshore construction and offshore installation completed by the Company within the report period increased quick, which led to the corresponding increase of the revenue and cost of the offshore engineering industry. The gross profit ratio of offshore projects was 9.51%, a decrease of 2.76 percentage points from the gross profit ratio of 12.27% in the previous year. The main reason was that the loss of overseas projects in the previous year was incurred and led to the asset impairment losses of RMB 447 million, and the accounting item was presented in the "asset impairment losses" item, not included in operating costs; however, after the Company implemented the new revenue standards in 2020, the impairment losses of overseas projects were included in operating costs. For comparison with the same criterion after deducting the accounting criterion impact, the gross profit ratio of the offshore engineering industry in the previous period was about 8.96%, and that in this year was increased by 0.55 percentage points.

The income from non-offshore engineering industry mainly came from the construction income of projects such as LNG storage tank and receiving terminal projects in Tianjin, Zhangzhou and Hong Kong. The significant increase of the project workloads compared with those in the last year led to the corresponding increase of the incomes, and the overall gross profit ratio was also increased largely compared with that in the previous year.

② Analysis of major businesses by areas

Judging from areas, the revenue from domestic business increased significantly, and the operating income increased by

39% year-on-year. The operating income of the South China Sea increased greatly compared with the last year due to that Lingshui 17-2 and Liuhua 16-2 Projects were constructed by the Company with the report period. Onshore LNG construction revenue was mainly from the construction income of onshore LNG storage tank and receiving terminal projects in Tianjin, Zhangzhou and Ningbo. The fact that the projects came to the construction peak led to the corresponding increase in the income. The income of overseas projects fell by 25% compared with the previous year, showing an overall loss, mainly because Dangote Project in Nigeria caused a loss of RMB 541 million and the 3648 Project in Saudi led to a loss of RMB 108 million.

(2) Analysis schedule of production and sales

“□ Applicable” “√ Inapplicable”

(3) Analysis schedule of costs

Unit: 100 million yuan

By industry						
Industry	Cost composition items	Amount in current period	Proportion to the total cost in current period (%)	Amount in the same period of last year	Proportion to the total cost in the same period of last year (%)	Proportion of change in amount in current period compared with that in the same period of last year (%)
Oil and gas engineering	Material costs	23.80	14.85	24.10	18.65	-1.24
	Labor costs	23.06	14.40	20.71	16.03	11.35
	Depreciation and amortization	9.75	6.09	9.83	7.61	-0.81
	Fuel costs	4.41	2.75	4.36	3.37	1.15
	Engineering costs	99.20	61.91	70.22	54.34	41.27
	Total	160.22	100.00	129.22	100.00	23.99

Other statement on cost analysis

According to industry features, engineering costs accounted for a high proportion to the cost, mainly including onshore construction sub-contracting cost and vessel sub-contracting cost, etc. The Company completed some works in the form of sub-contracting. As the onshore construction workload in 2020 includes the onshore LNG construction, together with the quick increase of onshore construction workloads, the construction sub-contracting cost, vessel sub-contracting cost, vessel berthing and port surcharges increased accordingly.

The cost composition details are shown as follows:

Unit: 100 million yuan

Cost composition items	Cost composition details	Amount in current period	Proportion to the cost in current period (%)	Amount in the same period of last year	Proportion to the cost in the same period of last year (%)	Proportion of change in amount in current period compared with that in the same period of last year (%)
Project Costs	Onshore construction subcontracting cost	78.58	79.21	54.49	77.60	44.21
	Vessel subcontracting cost	12.94	13.04	11.47	16.33	12.82
	Vessel berthing cost, port surcharges, etc.	7.68	7.74	4.26	6.07	80.28
	Total	99.20	100.00	70.22	100.00	41.27

(4) Information of major sales customers and suppliers

“√ Applicable” “□ Inapplicable”

The sales amount of the top five customers was RMB 16.043 billion, accounting for 89.81% of the total annual sales amount, among which the sales amount of the related parties was RMB 13.620 billion, accounting for 76.25% of the total annual sales amount.

The purchase amount of the top five suppliers was RMB 3,631 million, accounting for 18.36% of the total annual purchase amount, among which the sales amount of the related parties was RMB 1,994 million, accounting for 10.37% of the total annual purchase amount.

Other description

The purchase amount of the top five suppliers includes both the amount of material purchase and the amount of business subcontracting.

3. Costs

√ Applicable ☐ Inapplicable

- (1) Sales expenses were RMB 26 million, a decrease of RMB 10 million over the same period of the last year, viz. 28.70%, mainly because under the impact of the COVID-19 epidemic, the Company's overseas marketing and development activities decreased, and sales expenses decreased accordingly.
- (2) Administrative expenses were RMB 232 million, showing a decrease of RMB 7 million over the same period of the last year, viz. 2.78%, mainly due to the following reasons: 1) The Company comprehensively carried out cost reduction and efficiency improvement and fully tapped the potential of cost reduction and efficiency improvement; and 2) the unnecessary expenses were reduced, so the administrative expenses decreased on the whole.
- (3) Financial expenses achieved RMB 120 million, showing a year-on-year increase of RMB 133 million mainly due to the following reasons: ① the Company's overall assets in USD were smaller than liabilities in USD, but because of different domestic and foreign distributions, the depreciation of the US dollar had a negative impact on the Company's profits. At the end of the period, the USD/CNY exchange rate was 6.52, a decrease of 6.47% from the beginning of the period. Compared with the USD appreciated by 1.65% over the same period of the last year, the net exchange loss increased by RMB 121 million on a year-on-year basis; and ② as the shares undertaken by the Company in the market increased in the period, the commission charges for bond business and procedures undertaken by financial institutions increased accordingly, increased by RMB 500 million on a year-on-year basis. The above two factors led to an increase in financial expenses.

4. R&D investment

- (1) Table of R&D investment

√ Applicable ☐ Inapplicable

Unit: Yuan

Expensing R&D investment in current period	982,709,219.11
Capitalized R&D investment in current period	0
Total R&D investment	982,709,219.11
Proportion of total R&D investment to operating income (%)	5.50
Number of R&D personnel in the Company	1,734
Proportion of R&D personnel to total number of the Company (%)	22
Proportion of R&D investment capitalization (%)	0

- (2) Description

√ Applicable ☐ Inapplicable

The R&D investment in the current period was RMB 983 million, increasing by RMB 108 million compared with RMB 874 million in the same period of the last year, mainly due to the increased R&D investment to meet the technical demands of the production projects.

In 2020, the Company developed 83 R&D projects at and above the company level, focusing on deepwater floating systems, underwater production systems, and deepwater FPSOs, including 7 national major special R&D projects, 8 R&D projects of the Ministry of Industry and Information Technology of the People's Republic of China, and 3 R&D projects of the Chinese Academy of Engineering, with more than 100 achievements made.

Significant breakthroughs were made in some key technologies. Breakthroughs were made in the construction, commissioning and installation technologies of deepwater semi-submersible oil storage platforms, single-point mooring high-strength steel welding, and precision control. The Company has overcome difficulties in the underwater production system design technology of the 1,500 m-level deepwater full-sea development oil and gas field, developed the construction, testing and installation technologies of core underwater products such as central manifolds with control systems. It has made breakthroughs in the design and installation technologies of 1,500 m deepwater SCR risers and other pipe cables, developed the automatic welding technology of vertical welds in the inner tank of a LNG large-scale storage tank, broken the monopoly by foreign countries. The Company has also developed a number of localized alternative units such as the deepwater pre-commissioning systems, shipboard side lowering units for underwater equipment, and LPG (liquefied petroleum gas) light hydrocarbon recovery units, providing technical conditions for the execution of such deepwater projects as Lingshui 17-2, Liuhua 16-2 and Liuhua 29-1.

The Company attached great importance to the transformation of R&D achievement, with the transformation of 31 technological achievements and 129 "Three New" and "Three Modernizations" achievements, and the optimization of 81 project proposals. In Particular, deepwater subsea pipeline drainage and drying, LPG light hydrocarbon recovery and treatment unit, subsea product manufacturing and testing technologies and other achievements have been applied to projects under construction, creating better direct economic benefits.

The Company's R&D investment plays an important role in helping to tackle the technical problems, improve the technical strength, improve the operation efficiency and reduce the costs.

5. Cash flow

√Applicable ☐ Inapplicable

- (1) The net cash inflow from operating activities was RMB 2,021 million, an increase of RMB 2,096 million on a year-on-year basis. The obvious improvement in cash flow was mainly contributed to the Company's continuous optimization of project cash flow tracking and management this year, full implementation of the "three-curve" management model of the "workload curve, income-cost curve and cash flow curve" in project operations, and strengthening the collections in projects, especially projects outside the CNOOC system. The collections from some large projects such as the LNG project in Hong Kong have increased on a year-on-year basis, bringing a significant increase in net cash inflow from operating activities.
- (2) The net cash flow from investment activities was RMB - 2,327 million, an increase of RMB 2,408 billion in outflow from the same period of the previous year, with main reasons as follows: first of all, the net investment in wealth management for the current period increased by RMB 1,630 million on a year-on-year basis; then, the Tianjin Linggang Marine Engineering Equipment Manufacturing Base Construction Project was at the peak of construction this year, with the cash expenditure of the project increased by RMB 238 million on a year-on-year basis; then, RMB 176 million was injected into the JV, COOEC-Fluor Heavy Industries Co., Ltd. this year, and there was no such a transaction in the same period of the previous year; finally, the investment & wealth management income and the dividends received from CNOOC Finance Co., Ltd. totaled RMB 137 million in cash, a decrease of RMB 27 million on a year-on-year basis. The combined effects of the above factors resulted in the increase of the net cash outflow from investment activities.
- (3) The net cash flow from financing activities was RMB 191 million, an increase of RMB 413 million in inflow on a year-on-year basis, with the main reasons as follows: firstly, the Company received the short-term loans totaling RMB 230 million from the China Development Bank and the USD long-term loans totaling RMB 228 million from the Export-Import Bank of China this year, and there were no such transactions in the same period of the previous year; secondly, the dividends distributed to the shareholders this year amounted to RMB 265 million, an increase of RMB 44 million on a year-on-year basis. The combination of the above factors resulted in an increase in the net cash inflow from financing activities.

(ii) Description of significant profit change due to non-major business

√Applicable ☐ Inapplicable

1. Taxes and surcharges amounted to RMB 145 million, an increase of RMB 71 million or 95.64% on a year-on-year basis. This was mainly contributed to the settlement of export tax rebates for the FPSO project in Brazil and other projects, which resulted in a tax deduction of RMB 68 million.
2. Other income totaled RMB 180 million, an increase of RMB 45 million or 33.07% on a year-on-year basis, mainly from the increase in consumption tax rebates, research subsidies and government subsidies over the same period of the previous year.
3. The investment income was RMB 31 million, an increase of RMB 97 million on a year-on-year basis. The main contributions were as follows: firstly, COOEC-Fluor Heavy Industries Co., Ltd., of which the Company owned 51% shares, had a significant effect in improving quality and efficiency, reducing losses by RMB 127 million compared with the same period of the previous year; secondly, the market interest rate declined, and the Company's financial income this year decreased by RMB 30 million compared with the same period of the previous year. The investment income increased correspondingly in the combination of these two factors.
4. The credit impairment loss amounted to RMB - 24 million, a loss increase of RMB 6 million on a year-on-year basis, mainly due to the RMB 18 million provision for bad debts of accounts receivable for the 3648 Project in Saudi Arabia this year.
5. The asset impairment loss amounted to RMB - 30 million, a decrease of RMB 420 million on a year-on-year basis, mainly due to the provision for impairment of RMB 394 million for the loss in the 3648 Project in Saudi Arabia and the provision for impairment of RMB 52 million for the loss in the Dangote Project in Nigeria in accordance with the construction contract standards in the same period of the previous year.
6. The other consolidated income net of tax amounted to RMB 48 million, an increase of RMB 27 million or 126.34% on a year-on-year basis. The main reasons were as follows: firstly, the change in the stock price of the ST Lanpec Technologies held by the Company resulted in the decrease of the other consolidated income net of tax by RMB 25 million compared with the same period of the previous year; secondly, due to the translations in the foreign currency statements, the other consolidated income net of tax increased by RMB 52 million compared with the same period of the previous year. With the effects of these two factors, the other consolidated income net of tax increased.

(iii) Analysis of assets and liabilities

√Applicable ☐ Inapplicable

1. Assets and liabilities

Unit: Yuan

Item	Amount at the end of current period	Ratio of the amount at the end of current period to total assets (%)	Amount at the end of last period	Ratio of amount at the end of last period to total assets (%)	Change ratio of the amount at the end of current period compared with that at the end of last period (%)
Accounts receivable	7,370,820,084.11	22.15	4,837,527,877.62	15.19	52.37
Trading financial assets	4,524,560,697.85	13.59	N/A	N/A	N/A
Inventory	1,011,222,853.24	3.04	5,129,378,265.89	16.10	-80.29
Contract assets	1,927,589,788.76	5.79	N/A	N/A	N/A
Other current assets	128,445,296.39	0.39	4,443,701,920.87	13.95	-97.11
Bond investment	1,201,974,941.04	3.61	N/A	N/A	N/A
Construction in progress	2,044,012,818.65	6.14	670,874,018.36	2.11	204.68
Long-term deferred expenses	100,966,709.41	0.30	77,665,431.11	0.24	30.00
Short-term loan	233,209,458.35	0.70	0	0	N/A
Advances from customers	1,285,904.12	0.00	896,841,046.83	2.82	-99.86
Contract liabilities	613,420,507.86	1.84	N/A	N/A	N/A
Employee benefits payable	298,522,420.97	0.90	137,424,595.62	0.43	117.23
Other payables	379,108,083.77	1.14	153,816,145.87	0.48	146.47
Long-term loan	436,199,699.03	1.31	220,000,000.00	0.69	98.27
Deferred income tax liabilities	30,462,627.79	0.09	22,721,581.87	0.07	34.07
Other comprehensive income	117,405,267.49	0.35	68,881,661.47	0.22	70.44
Special reserve	269,075,949.82	0.81	421,769,177.09	1.32	-36.20
Total assets	33,281,896,169.53	100.00	31,856,542,935.10	100.00	4.47
Total liabilities	10,616,679,129.72	31.90	9,183,707,123.78	28.83	15.60
Net assets attributable to the shareholders of the listed company	22,651,060,042.87	68.06	22,660,640,434.49	71.13	-0.04

Other descriptions

- (1) Accounts receivable increased by RMB 2,533 million or 52.37% from the end of the previous year, which was mainly due to the increase in the Company's tasks this year and the resulting increase in settlement with customers.
- (2) Trading financial assets increased by RMB 4,525 million from the end of the previous year, mainly due to the Company's purchase of structured deposits and non-guaranteed wealth management products totaling RMB 4.5 billion this year, which were presented in this account.
- (3) Inventories decreased by RMB 4,118 million or 80.29% compared with the end of the previous year. The main reason was that the Company applied the new revenue standard this year, and the self-made semi-finished products under the previous inventory account were transferred to and presented in the contract asset account.
- (4) Contract assets amounted to RMB 1,928 million, and there was no such an account at the end of the previous year. This was mainly because that the Company applied the new revenue standard this year, and the self-made semi-finished products under the previous inventory account were transferred to and presented in the contract asset account.
- (5) Other current assets decreased by RMB 4,315 million from the end of the previous year. The main reason was that the purchase of wealth management products was accounted for in this account in the same period of the previous year, but it was presented in the trading financial assets this year due to changes in the business nature of wealth management products.
- (6) Construction in progress increased by RMB 1,373 million or 204.68% from the end of the previous year, mainly due to the renewal and transformation of the Offshore Oil 291 this year, with the Offshore Oil 291 transferred from the fixed assets to the construction in progress.
- (7) Long-term deferred expenses increased by RMB 23 million or 30% from the end of the previous year, mainly due to new intermediate survey expenses of large-scale equipment that were included in the long-term deferred expenses.
- (8) Short-term loans increased by RMB 233 million from the end of the previous year, mainly because the Company received loans of RMB 230 million from the China Development Bank this year.
- (9) Advances from customers decreased by RMB 896 million or 99.86% compared with the end of the previous year. This was mainly because that the Company applied the new revenue standard this year, and the previous advances from customers for engineering projects were transferred from the advances from customers to and presented in the contract liabilities account.

- (10) Contract liabilities amounted to RMB 613 million, and there was no such an account at the end of the previous year. The main reason was that the Company applied the new revenue standard this year, and the previous advances from customers for engineering projects were transferred from the advances from customers to and presented in the contract liabilities account.
- (11) Employee benefits payable increased by RMB 161 million or 117.23% from the end of the previous year, mainly due to the increase in bonuses accrued at the end of the year compared with those accrued in the same period of the previous year.
- (12) Other payables increased by RMB 225 million or 146.47% compared with the end of the previous year, mainly due to the year-on-year increase in costs of engineering project materials and subcontract quality guarantees payable. In addition, the year-on-year increase in R&D funding also increased other payables.
- (13) Long-term loans increased by RMB 216 million or 98.27% from the end of the previous year. The main reason was that the Company received USD long-term loans of USD 33 million from the Export-Import Bank of China in order to reduce the foreign exchange risk exposure, optimize the capital structure, reduce the impact of fluctuations in the US dollar exchange rate on the Company's operating performance, and increase the Company's gains on equity.
- (14) Deferred income tax liabilities increased by RMB 8 million compared with the end of the previous year, an increase of 34.07%, mainly due to the following: first of all, the influence of changes in the fair value of trading financial assets increased by RMB 4 million, and secondly, the influence of temporary differences in fixed asset depreciation increased by RMB 5 million.
- (15) Other comprehensive income increased by RMB 49 million or 70.44% from the end of the previous year. The main reasons were as follows: the influence of the decline in the stock price of stock price of the ST Lanpec Technologies in the current period decreased by RMB 6 million, and the influence of translations in the foreign currency statements increased by RMB 54 million, resulting in the increase in the other comprehensive income item from the end of the previous year.
- (16) Special reserves decreased by RMB 153 million or 36.20% from the end of the previous year, mainly due to the increase in work safety costs this year that resulted in the decrease in the special reserve accordingly.
- (17) Total assets increased by RMB 1,425 million or 4.47% from the end of the previous year, mainly due to the increase in workload and the corresponding increase in accounts receivable.
- (18) Total liabilities increased by RMB 1,433 million or 15.60% from the end of the previous year. The main reasons were as follows: firstly, the loans of RMB 230 million were received from the China Development Bank this year, resulting in increase in short-term borrowings; secondly, the loans of USD 33 million were received from the Export-Import Bank of China this year, resulting in increase in long-term borrowings; and thirdly, the increase in workload resulted in the corresponding increase in accounts payable. The combination of the three factors resulted in increase in total liabilities compared with the end of the previous year.
- (19) Net assets attributable to the shareholders of listed companies decreased by RMB 10 million or 0.04% from the end of the previous year. The main reasons were as follows: firstly, the cash dividends of RMB 265 million of the previous year were distributed this year; secondly, the cumulative profit this year increased the undistributed profit by RMB 366 million; thirdly, surplus reserves of RMB 61 million were accrued this year; fourthly, special reserves decreased by RMB 153 million; and finally, other comprehensive income increased by RMB 49 million. The combination of the five factors resulted in the decrease.

2. Main restricted assets by the end of the reporting period

☐ Applicable ☒ Inapplicable

3. Other description

☐ Applicable ☒ Inapplicable

(iv) Analysis on industry business information

☐ Applicable ☒ Inapplicable

(v) Investment analysis

1. General analysis on foreign equity investment

☐ Applicable ☒ Inapplicable

(1) Significant equity investment

☐ Applicable ☒ Inapplicable

(2) Significant non-equity investment

☒ Applicable ☐ Inapplicable

① Zhuhai Deepwater Ocean Engineering Equipment Manufacturing Base Construction Project

The Base is located at Huangmaohai Work Area, Gaolan Port Economic Zone, Zhuhai and has a total area of 2.07 million m² and a shoreline length of 1,349 m. The Project is divided into five phases, with a total investment amounting to RMB 10.1 billion.

The Phases I and II have been completed by the Company's subsidiary - Offshore Oil Engineering (Zhuhai) Co., Ltd. and put into operation.

The scope of works in Phase I includes: 1.41 million m² of ground treatment, Slide #1, Terminal #1, rear platform and rear revetment of Terminal #1, cutting shop and its auxiliary building, Painting Shop #1, general warehouse, oil depot and chemical warehouse, radioactive source storage, Design Buildings #1 and #2, public power and auxiliary works, etc. The cost of Phase I was RMB 2,692 million.

The approved scope of works in Phase II covers: Terminal #1 (193 m), Terminal #5 (183 m), related public power facilities in final assembly space, expansion of steel storage yard, component workshop and its auxiliary building, pipe painting shop, auxiliary building of painting shop, painting storage yard, general warehouse and its auxiliary, hazardous waste repository, solid waste storage yard, service shop and its auxiliary, Section #1 and advanced outfitting yard, Section #2 and advanced outfitting yard, large equipment storage yard, flaw detection room, the owner's building, other supporting facilities. The final settlement of accounts and acceptance of the Phase II have been completed, with a cost of RMB 1,332 million.

Phase III is undertaken by the Company's joint venture, COOEC-Fluor Heavy Industries Co., Ltd. It covers a total gross floor area of 56,548 m² and mainly consists of Slide #3, Painting Shop #2 and supporting shops. The investment is estimated to be RMB 926 million. As the project is undertaken by the joint venture, the project investment is not included in the Company's annual production and construction plans. As of the end of December 2020, the cumulative progress of Phase III reached 100%, and the audit of final accounts and other closure work are being carried out.

② Tianjin Marine Engineering Equipment Manufacturing Base Construction Project, Phase I

Upon deliberation and approval at the 7th Meeting of the 6th Board of Directors held by the Company on March 27, 2018, the Company will build a marine engineering equipment manufacturing base at the port-surrounding area in the free trade zone, Binhai New Area, Tianjin (hereinafter to be referred as "Tianjin Marine Engineering Equipment Manufacturing Base Construction Project"). According to the planning, the base has a total area of about 575,000 m² (approximately 965 m long and 600 m wide), with a total terminal length of 1,631 m and a total investment of around RMB 3,989 million. (For more details, see the Notification on Investing and Constructing the Marine Engineering Equipment Manufacturing Base at the Port-surrounding Area in the Free Trade Zone, Binhai New Area, Tianjin (No.: 2018-011) disclosed by the Company on March 20, 2018)

At present, Phase I of the Project is under construction, with an estimated investment of RMB 2,495 million. It mainly includes such major production facilities as intelligent steel structure manufacturing, mechanical equipment, piping, electrical equipment and instrument manufacturing center, intelligent storage center, spraying workshop, final assembly site and terminal, as well as supporting facilities for research and development, power and environmental protection. The Phase I, once completed, will substantially meet the demands of the main equipment of the marine engineering manufacturing facilities.

As of the end of December 2020, the investment approval and government approval related to the construction of Phase I have been completed as required; the preliminary design, construction drawing design, drawing review and preparation of BoQs have been completed; the earthwork filling & reclamation and site leveling have been completed; and the construction of Bid Sections I & II and terminal works has been commenced in succession, with 65% completed. The investment in 2020 amounted to RMB 445 million.

The project construction will be fully executed in 2021, and it is expected to be completed and put into operation in September 2021.

(3) Financial assets at fair value through profit or loss

☒ Applicable ☐ Inapplicable

By the end of the reporting period, the Company holds 17.77 million shares of Lanpec Technologies Limited. ("ST Lanpec Technologies" for short in stock market), at a shareholding proportion of 5.01%, showing no change in the reporting period.

Unit: 10,000 Yuan

Stock code	Stock for short	Initial investment cost	Shareholding proportion at the beginning of period (%)	Shareholding proportion at the end of period (%)	Book value at end of the period	Profit and loss in the reporting period	Changes in fair value in reporting period	Accounting Items	Source of shares
601798	ST Lanpec Technologies	3,668.41	5.01	5.01	10,342.14	0	-693.03	Investment in other equity instruments	Investment in original issue stock
Total		3,668.41	/	/	10,342.14	0	-693.03	/	/

(vi) Significant assets and equity offering

☐ Applicable ☒ Inapplicable

(vii) Analysis of main holding and participating companies

☒ Applicable ☐ Inapplicable

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

Unit: 10,000 Yuan Currency: RMB

No.	Company Name	Paid-in Capital	Major Businesses and Products	Total Assets	Net Assets	Net Profit	Shareholding Ratio
1	COOEC Subsea Technology Co., Ltd.	228,561.47	Technical services, submarine pipeline maintenance and other services of offshore oil underwater projects	641,952.08	435,299.49	16,921.29	100%
2	Offshore Oil Engineering (Qing Dao) Co., Ltd.	300,000.00	Construction, installation, design and maintenance, etc. of offshore oil and gas projects	710,352.57	463,066.84	10,212.76	100%
3	Offshore Oil Engineering (Zhuhai) Co., Ltd.	395,000.00	Construction, installation, design and repair of offshore oil and gas projects	366,382.91	363,102.80	-8,160.77	100%
4	COOEC International Engineering Co., Ltd.	6000.00	EPCI contracting and specialized contracting	18,026.59	4,739.71	35.18	100%
5	PT. COOEC Indonesia	195.21	Oil and gas field development and repair service business	8,355.14	8,349.94	57.50	100%
6	COOEC Nigeria Limited	54.88	Contract, design, installation, repair and relevant business of offshore oil and gas field development engineering	51.38	31.54	0.70	100%
7	COOEC NIGERIA FZE	0	Set for the implementation of Nigeria Dangote Project	41,720.06	-67,149.62	-52,564.22	100%
8	A.E.S. Destructive and Non-destructive Testing Limited	114.57	Nondestructive testing and welding testing	1,743.68	1,278.79	263.72	90%
9	Lanhai International Limited	669.81	EPCI contracting of offshore oil projects	639.47	639.37	0.07	100%
10	COTEC INC.	956.87	EPCI contracting of offshore oil projects	2,166.06	1,249.07	120.19	70%
11	Beijing Gaotai Deep-sea Technologies Co., Ltd.	500.00	Consulting services for deep-sea projects	14,597.65	3,104.86	535.93	70%
12	COOEC International Co., Limited	669.11	EPCI contracting and design, construction and installation, etc. of oil and gas development projects	127,937.60	42,463.95	1,712.52	100%
13	COOEC Canada Company Ltd.	2,067.66	Design, procurement, construction and installation of oil and gas projects	21,351.22	11,030.50	5,721.25	100%
14	COOEC (Thailand) Co., Ltd.	283.04	Project contracting	1749.49	695.88	164.52	100%
15	COOEC Brasil Offshore Ltda.	314.30	Project contracting	182.11	159.74	54.15	100%

(1) Analysis on individual subsidiaries with a proportion greater than 10% in the Company's net profits:

In 2020, Offshore Oil Engineering (Qing Dao) Co., Ltd. gained revenue of RMB 3,928 million, operating profits of RMB 112 million, and net profits of RMB 102 million, accounting for more than 10% of the Company's consolidated net profits. This was mainly because its income scale was large, and the work of improving quality, reducing costs and increasing efficiency achieved significant results this year, resulting in the increase of the gross profit margins of projects and the significant improvement in net profits, bringing a year-on-year increase of 168% from the RMB 38 million of the previous period.

In 2020, COOEC Canada Company Ltd. gained revenue of RMB 279 million, operating profits of RMB 75 million and net profits of RMB 57 million, accounting for more than 10% of the consolidated net profits of the Company. It was mainly because the costs of the Nexen LLSW undertaken by the Company in 2018 were well controlled compared with the estimate, with the profits released after completion in this year, leading to a net profit increase of 30% from the RMB 44 million in the same period of the previous year.

In 2020, COOEC Subsea Technology Co., Ltd. gained revenue of RMB 2,620 million and net profits of RMB 169 million, accounting for more than 10% of the Company's consolidated net profits. This was mainly because its income scale was large, and the work of improving quality, reducing costs and increasing efficiency achieved significant results this year, resulting in the increase of the gross profit margins of projects executed during this period, bringing a significant increase from the RMB 9 million of the previous period.

In 2020, Offshore Oil Engineering (Zhuhai) Co., Ltd. gained investment income of RMB - 60 million, operating profits of RMB - 67 million, and net profits of RMB - 82 million. This was a decrease of RMB 118 million from the loss of the same period of the previous year, which has a great influence on consolidated net profit. The main reason was that COOEC-Fluor Heavy Industries Co., Ltd., of which the Company owned 51% shares, increased the utilization of sites during the current period, and supplemented by measures to reduce costs and increase efficiency, significant losses were reduced significantly.

- (2) Analysis on individual subsidiaries with large performance fluctuations that cause significant impacts on net profits of the Company:

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

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

In 2020, COOEC NIGERIA FZE gained revenue of RMB 180 million, operating profits of RMB -526 million and net profits of RMB -526 million, a decrease of RMB 349 million on a year-on-year basis, which has a significant influence on the consolidated net profits of the Company. The main reason was that the Dangote Project in Nigeria being executed by the Company was severely affected by the pandemic in this period, with the project period extended and the expected total cost increased, resulting in an additional loss of RMB 541 million this year.

- (3) Acquisition and disposal of key subsidiaries in the reporting period:

N/A.

2. Basic conditions of the Company's major shareholding enterprises in the reporting period

Company Name	Registered Capital (10,000 Yuan)	Registration Time	Scope of Business	Actual Capital Contribution (10,000 Yuan)	Shareholding Ratio
CNOOC Finance Co., Ltd.	400,000	June 2002	Taking deposit, loan, financial leasing, etc. of member organizations	7,067.14	1.77%
Lanpec Technologies Limited	35,453	December 2008	Oil drilling machineries, refining chemical equipment, offshore and desert oil equipment and engineering, and refining chemical, etc.	3,668.41	5.01%

3. Conditions of key joint ventures

COOEC-Flour Heavy Industries Co., Ltd. is a key joint venture held by the wholly-owned subsidiary Offshore Oil Engineering (Zhuhai) Co., Ltd. For its basic information, please refer to the information of related joint ventures disclosed in financial notes "IX. Rights and Interests in Other Entities" of the Report.

(viii) Structured entities controlled by the Company

☐ Applicable ☒ Inapplicable

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

(i) Industry structure and trends

☒ Applicable ☐ Inapplicable

Looking ahead to the development structure and trends of the offshore oil and gas industry, it is expected that the oil and gas industry will also usher in a gradual recovery trend with the pandemic gradually under effective control, the global economy being in gradual recovery and the international oil price rebounding. Overall, however, the domestic offshore project market has benefited from the advancement of CNOOC's "Seven-Year Action Plan", while overseas markets are facing certain uncertainties in the pace and strength of recovery.

For future development, the Company faces both good opportunities and great challenges.

Opportunities are mainly reflected in the following: China is the world's largest energy consumer, and fossil energy will continue to be the dominant energy source for a long time in the future; according to the general predictions of institutions, the growth rate of domestic oil and gas consumption will continue to increase before 2030. In the context of China's increasing dependence on overseas oil and gas supplies, making more efforts in oil and gas exploration and development to ensure the security of energy supply in China remains the most important task for oil enterprises. At present, China's oil and gas reserves and production continue to increase, and the trend of offshore oil and gas as the main force in increasing reserves and production in China has not changed. CNOOC is continuously and vigorously implementing the "Seven-Year Action Plan" for increasing reserves and production, which will bring larger-scale energy project construction demand. Therefore, the Company is still in a period of promising strategic opportunities. CNOOC recently expressed that it will continue to increase its domestic exploration and development efforts, and strive to achieve the ambitious goal of more than 80 million t of oil and gas production by 2025. Under the guidance of this goal, the capital expenditure scale of the "Seven-Year Action Plan" is expected to rise further. This will provide a relatively solid guarantee for the domestic sea area project construction volumes during the 14th Five-Year Plan period of the Company. According to the 2021 strategic outlook disclosed by CNOOC, the capital expenditure budget for 2021 amounts to RMB 90-100 billion, an increase of 13%-

26% from the RMB 79.5 billion in 2020, a growth rate faster than the previous ones. In the field of LNG engineering, benefiting from the transition of China's energy consumption structure to a clean and low-carbon structure in recent years, the demand for construction of LNG storage tanks and receiving terminals has continued to be released, and the construction scales of individual buildings in projects have also been significantly expanded, bringing important development opportunities to the Company. In 2021, the Company is still expected to seize large-scale LNG projects by virtue of its competitiveness.

The challenges are mainly reflected in the following: First of all, due to the impact of the pandemic, the deep turbulence of the global political environment and other factors, the global economy is in deep recession, and there are great uncertainties in the strength and pace of future recovery; there are also uncertainties in international crude oil prices; according to data analysis released by the authoritative information agency IHS Markit in December 2020, the average price of Brent crude oil is unlikely to exceed USD 60/barrel during the 14th Five-Year Plan period. From the perspective of capital expenditures in the industry, IHS Markit predicts that the total global offshore oil and gas exploration and development expenditures for 2021-2025 will be USD 542 billion, which is 6.7% lower than the USD 581 billion in the 13th Five-Year Plan period. The overall market size of the industry will scale down. Based on this analysis, the operation and development of the overseas offshore oil and gas industry will still be full of challenges. Then, the Covid-19 pandemic is still continuing around the world, and the Company's production and operations are still facing the test and impact of the pandemic to varying extents. The Company will face more difficult project tasks in 2021. 17 offshore oil and gas field projects in China will be put into operation, and the workload will be even greater than in 2020. The steel processing volumes and ship days of operations at sea will both maintain a year-on-year growth. The corresponding pressure on work safety and quality control will be huge.

The Company always believes that under external environment changes, the key is to fulfill own responsibilities. In the face of challenges and opportunities, the Company will maintain strategic determination, continue to deepen reforms, continuously improve EPCI general contracting capabilities, continue to reduce costs, improve quality and efficiency, accelerate industrial upgrading, and strive to improve management and technical levels. The Company is still expected to maintain a relatively stable development trend in the offshore oil and gas development.



Secretary Yu Yi gives a lecture on the party

(ii) The Company's development strategy

√Applicable □ Inapplicable

1. Overall orientation

Serving the national strategies, keeping customer-centric, insisting on high-quality development, and turning to be the world-leading energy engineering company with Chinese characteristics.

2. Development

Implementing the "Marine Potestatem" strategy, "Four Revolutions and One Cooperation" energy security strategy and "Increase Domestic Oil and Gas Exploration and Development" requirement, sticking to the "1235" development layout of COOEC, i.e. "taking the design-led EPCI capacity construction as the only core, with the operation management capacity construction and the technical leading capacity construction as two bases, following the international, deep and new-industrial development directions, and focusing on five aspects including talent, market, cost, risk control and information construction".

3. Planning goals

Service integration: realizing leaping development in project construction capabilities, overcoming key core technology research, and improving the Company's general contracting capabilities with design; basically possessing the design and construction capabilities for deepwater and underwater projects at a depth of 1,500 m; initially cultivating the underwater product development and construction capabilities; further optimizing equipment structure, and building the operation capabilities at a depth of 3,000 m.

Industry diversification: significantly improving the competitiveness in the traditional offshore oil and gas business chain; continuing to expand LNG businesses; basically establishing the advantages in domestic deepwater floating offshore wind power

field; exploring the technology and market foundation of new industries such as marine ranching and hydrogen energy.

Business digitalization: accelerating the cultivation of digital and intelligent product delivery capabilities, accelerating the digital transformation of business processes, and transforming and upgrading from traditional production processes to digital and intelligent manufacturing.

Operation internationalization: with a market demand-oriented mode, possessing the capabilities to provide cost-leading engineering and technical solutions for global customers, and to allocate global resources in a market-oriented manner; forming an international and diversified customer structure with the Company's brand value; steadily improving international project management capabilities and international procurement capabilities.

Governance modernization: implementing the two "consistencies", improving the Party's unified leadership over state-owned enterprises, implementing the three-year action plan for state-owned enterprise reforms, and stimulating corporate vitality; continuously improving the board of directors management system; continuously improving the operation management capabilities, project management capabilities and procurement capabilities, as well as the organizational structure and institutional mechanisms.

(iii) Business plan

√Applicable □ Inapplicable

1. Explanations of the situation that business objectives are not achieved as planned

Looking back on the implementation of the 2020 business objectives, the Company gained revenue of RMB 17,863 million, an increase of 21% from RMB 14,710 million in 2019, which is lower than the expected revenue growth target of 40% disclosed in the Company's 2019 annual report. The main reasons are as follows: (1) The commencement of the Marjan Project in Saudi Arabia was delayed due to the pandemic and other factors, reducing the revenue in 2020 by approximately RMB 1.36 billion; (2) The progress of the LNG project in Hong Kong was affected by the pandemic, reducing the revenue by approximately RMB 1.83 billion. Excluding the impact of these two projects, the actual revenue and the expected revenue target are consistent. Operating costs accounted for 89.6% of the revenue, better than the expected target of 91%; three categories of expenses (sales expenses, general and administrative expenses including R&D expenses, and financial expenses) accounted for 7.6% of the revenue, higher than the expected target of up to 5%, mainly due to an increase of RMB 108 million in R&D expenses and an increase of RMB 133 million in financial expenses. However, in terms of the final net profit and the gross margin level, it is basically the same as the expectations in the 2019 annual report, benefiting from the Company's efforts to overcome the influences of the Marjan Project in Saudi Arabia and the LNG project in Hong Kong, reduce costs and improve the efficiency, with the performance goals achieved finally.

In addition, it needs to be noted that the business plan disclosed in the Company's annual report is only the Company's judgment and forecasts based on the situation at the beginning of the year, and does not constitute any actual commitment to investors.

2. Business plan for 2021

Looking forward to 2021, the Company will have workload exceeding the historical peak level. It is estimated that 17 offshore oil and gas field projects in China will be completed and put into operation. The steel processing volume will be about 320,000 tons of structures, an increase of 20% on a year-on-year basis; ship days of operations will be about 18,800 days, an increase of 19% on a year-on-year basis (the final workload will be subject to the actual situation, and changes are not ruled out). The onshore construction workload will continue to grow, mainly from the large-scale onshore construction of such projects as Kenli 6-1 in the Bohai Sea, Lufeng Project in the South China Sea, Enping, and Lihua 11-1, as well as the increase in construction businesses brought about by a variety of LNG projects. The increase in offshore installation workload mainly comes from the implementation of the offshore LNG project in Hong Kong and the Lufeng oilfield group project.

With the increase in overall workload, the Company's revenue in 2021 is expected to increase by 20% compared with that in 2020. The Company will try to control the proportion of operating costs to operating income below 91.5%, and the proportion of three categories of expenses (selling expenses, general and administrative expenses including R&D expenses and financial expenses) to operating income below 5%.

Facing the extremely challenging production situation in 2021, the Company will continue to adjust its work style and improve efficiency, promote the construction of projects in a safe, efficient and high-quality manner, ensure the achievement of major milestones of each project as planned, continue to implement measures for cost reduction, quality improvement and efficiency improvement, guarantee the smooth completion of various tasks in 2021 with lean management, achieve high-quality and high-efficiency development, ensure a good start in the "14th Five-Year Plan" period, and welcome the 100th anniversary of the founding of the Communist Party of China with good engineering performance.

Main work arrangements of 2021:

(1) Sticking to strategic determination to ensure a good start in the "14th Five-Year Plan" period

2021 is the first year of the "14th Five-Year Plan" period. The Company will base itself on a new development stage, implement new development concepts, help build a new development pattern with the domestic cycle as the main body and promoting the mutual interaction of domestic and international dual cycles, and implement the national energy security strategy. Following the Company's "1235" development concept set and the 14th Five-Year Plan, the Company will continue to improve strategic

thinking capabilities, adhere to the strategic goal orientation, enhance the implementation of strategic tasks, and seek in-depth implementation of strategic tasks. Specifically, these include the following: continuing to make efforts in fully ensuring the increase of reserves and production, accelerating the improvement of integrated service capabilities, speeding up the promotion of industrial upgrading and digital transformation, steadily promoting international development and deepening reforms. The Company will break down strategic tasks and indicators into annual, quarterly, monthly, departmental, branch and specific position levels, and specify the task completion schedule, road map and responsible persons, so as to form a good level-by-level implementation pattern.

- (2) Making efforts to ensure that 17 projects are completed and put into operation, and continuing to make more contributions to the increase of oil and gas reserves and production in China

In 2021, the Company will ensure that the Lingshui 17-2 Deepwater Gas Field Project will be put into operation by June 25, the coast power project in the Bohai Sea put into operation in June, and the Lufeng oilfield group, Caofeidian 6-4 and other projects with great contributions in the increase of oil and gas volumes put into operation as scheduled during the year. The Company will take project milestones as the focuses of process management and control, do its best to manage resources, ensure the achievement of work safety and quality objectives, and ensure that offshore oil and gas fields are put into production as planned, so as to continue to contribute CNOOC's values and power in increasing the oil and gas reserves and production in China and ensuring national energy security.

- (3) Paying close attention to work safety and project management and control to provide safety guarantee for the smooth operation of projects

Safety is the best benefit and accidents the greatest payoffs. The high-risk, high-tech and high-investment characteristics of the offshore oil industry determine that work safety is the cornerstone, and safety has priority over everything. In 2021, the Company's workload will reach a new high, and the safety risks to be brought will increase exponentially. The Company will continue to strictly implement a series of national requirements on work safety, actively practice the safe development concept, continue to implement the safety and environmental protection concepts of "safety first, environmental protection first, people-oriented and intact equipment", and seize the opportunity of the three-year action plan for the comprehensive promotion of special work safety rectification. With the goal of "resolutely preventing major accidents, comprehensively preventing all accidents, and always pursuing zero deaths", the Company will strengthen risk management and control, focus on the special improvement of QHSE management, reinforce the leadership responsibilities and primary responsibilities, deepen the responsibilities of all employees, and ensure that positive results are made in the management and control of high-risk operations, maritime emergency response capabilities and QHSE management in project subcontracting, creating optimal safety guarantees for the smooth operation of projects.

- (4) Continuing to deepen reforms to unleash the vitality and effectiveness of reforms and innovations

The Company will deepen reforms with greater determination and strength. The Company will comprehensively promote the reform of the cadre and talent teams, implement the managerial tenure system and contract management, highlight the matching of powers and responsibilities, the performance orientation and the rigid fulfillment, and focus on making breakthroughs in the adjustments of cadres based on actual needs. The Company will improve the assessment and incentive mechanism, improve the differentiated compensations system closely linked to performance, and promote the monthly assessment and fulfillment mechanism for linking middle-level and above executives' compensations to performance, so that capable and practical cadres and employees gain a sense of happiness and satisfaction. The Company will do well in the construction of four teams, making the management team "more refined", the technical team "larger", the R&D team "more specialized", and the skilled team "stronger", so as to create high-level talent teams. The Company will continue to promote the reform of the management model, actively improve the cost management system, and improve the lean management, promote the design-led EPCI project general contracting capacity. The Company will use the benefits from sites and ship assets as the starting point to promote the restructuring of the cost advantages in the construction sector and the restructuring of structures in the installation sector, promote the efficiency improvement of ship equipment and accelerate the improvement of the Company's integrated service capabilities.

- (5) Continuing to strengthen the cost reduction and quality and efficiency improvement, providing solid guarantee for achieving the business goals

The Company will adhere to the concept of "all costs are controllable", implement cost awareness from top to bottom, and persevere in fostering a corporate culture of "costs are the responsibility of everyone". In 2021, the Company will consolidate the results of cost reduction and efficiency improvement in 2020, continuously promote the integration of financial personnel into business activities, take the "five budgets into one" (bid estimates, budget estimates, control budgets, construction budgets and accounting budgets) as the main line of management and control, and use the "three lines of projects" (i.e. workload curve, revenue-cost curve and cash flow curve) as the basic method, and focus on the "four major categories of expenses" of a project (i.e. subcontracting costs, chartered ship expenses, project material costs and fuel costs). The Company will make in-depth exploration of the cost reduction space in all steps of the project, systematically improve and strictly implement the cost control system, strengthen the assessment of cost reduction and efficiency improvement, and strive to ensure that the annual cost reduction and efficiency improvement targets are achieved, so as to create competitive cost advantages.

- (6) Continuing to vigorously expand the market and keeping steady order growth

The expansion of the domestic market will continue to focus on the "Seven-Year Action Plan". The Company will actively

explore the offshore oil and gas project market, serve customers with initiatives, and grasp and follow up on the latest developments in projects in a systematic and timely manner, so as to achieve rapid growth in the traditional offshore oil and gas field businesses. In the LNG field, the Company will continue to make efforts to develop domestic and overseas markets, closely follow the identified key LNG receiving terminal projects, and strive to achieve the contract targets. The overseas market will be based on CNOOC's existing international market, and other international markets will be explored on a steady pace. In addition, the Company will actively broaden its diversified development path, focusing on offshore wind power and other new energy fields.

In February 2021, the Company was awarded the general contract for the Phase II of the LNG receiving terminal project in Tangshan City, China, with a price of approximately RMB 1.6 billion.

(iv) Potential risks

☒ Applicable ☐ Inapplicable

1. Risks from operation of international market

For the relatively short-time participation in international market, the Company has relatively insufficient international talents, weak capacity on international project operation and risk prevention & control, and different kinds of policies, marine environment, remote resource allocation in different politics, different countries or areas may bring risks in operation of international projects.

Countermeasures: (1) The Company will plan and prepare the international development strategy, determine the scientific development ideology and path, steadily promote the project development, and cooperate with its main clients in international development; (2) It will strengthen basic capacity construction, speed up the training for international talents, improve its capacity in international business, legal affairs, procurement, technology and management, analyze and identify the risks in overseas project operation scientifically and comprehensively, and take the specific countermeasures; and (3) It will further improve the overseas organization structure, enhance the resource allocation and core capacity, and constantly improve the overseas project management systems.

2. Risks in project implementation

Offshore oil and gas field projects of the Company are developed toward the deepwater area of more than 300 m, with larger execution difficulty and more stringent technical requirements, but the Company is relatively weak in technology, management and construction experience in the deepwater engineering field, resulting in higher construction risks.

Countermeasures: The Company will strengthen the system construction of the work safety and quality control, expedite deepwater technique reserve and manufacturing of deepwater equipment, accumulate experience in actual operation of deepwater projects, and improve the technique, management and operation of deepwater projects as soon as possible, so as to reduce construction risks.

3. Risks brought by factors as natural disaster and bad weather

Unpredictable natural disaster and severe weather like frequent typhoon may cause negative effects and unpredictable risks to production and operation of the Company, especially the offshore installation business.

Countermeasures: The Company always regards the security management as the top priority and will pay close attention to severe weather such as typhoon for tracking and preparation, prevent, get prepared, track closely, report timely and launch the emergency response to any unexpected incident, and take measures to cut losses at the lowest level.

4. Risks in exchange rate fluctuation

The recording currency is RMB, so rate fluctuation may affect the Company's profit and loss with the expansion of overseas business scale and increase in foreign exchange income of the Company.

Countermeasures: The Company will enhance ability of response to exchange rate fluctuation in the routine funds management through measures of taking exchange rate risks into cost control when the contract price is offered, taking hedging in import and export into consideration and using financial instruments in carry-forward settlement.

In addition to the risks described above, the Company may also be faced with some common risks in its business development, such as the risk of the crude oil demand decline caused by the decline in world economic growth, the risk of cyclical fluctuations in the offshore oil and gas industry caused by large fluctuations in international oil prices, the risk of the impact of new energy on the traditional oil industry, the work safety risk, and the risk of talent outflows. The Company will make its best efforts to effectively avoid and respond to these risks based on actual conditions.

(v) Others

☐ Applicable ☒ Inapplicable

IV. Situations of disclosure not in accordance with criteria due to inapplicable criteria, national secrets, business secrets or other special reasons and the cause description

☐ Applicable ☒ Inapplicable

Important Matters

I. Plan on common share profit distribution or capital reserve capitalization

(i) Formulation, implementation and adjustment of cash dividend policies

√Applicable ☐ Inapplicable

According to requirements in Notice of Implementation on Relevant Affairs of Cash Dividends in Listed Companies of China Securities Regulatory Commission in 2012 and actual operation of the Company, related terms in Articles of Association and Rules of Procedure for the General Shareholders Meeting have been revised, and fundamental principles, specific distribution policies, procedures and mechanism of decision deliberation as well as implementation involved in profit distribution have been further clarified by the Company.

No adjustment on cash dividend policies has been made by the Company in 2020.

Distribution policies in Articles of Association are:

1. Basic principles of profit distribution of the Company

- (1) In taking fully consideration of the shareholder's return and without violating rules of cash dividends in Articles of Association, profits of shareholder shall be distributed according to stipulated ratio of net profits that belongs to parent company in consolidated statement of the year.
- (2) Profit-sharing policies of the Company remains continuous and stable and given consideration to the long-term interests of the Company and whole benefits of shareholders and sustainable development.
- (3) Cash dividend is the preferential method adopted for profit distribution.

2. Specific policies on profit distribution

(1) Profit distribution methods

Methods for profit distribution are: cash, stock, cash and stock or other means allowed in laws and regulations; interim profit distribution is also feasible if possible.

(2) Conditions and ratios of cash dividends

Except for special occasion and under the case that the financing can guarantees continuous operation and long-term development of the Company and the undistributed profits of the year is positive without violating distribution stipulations of Company Law, cash dividends shall be adopted for distribution and the profits distributed in this manner shall account for no less than 10% of the net profits attributable to the parent company's shareholders in consolidated financial statement. Cumulative profits distributed in cash dividends in the latest three years shall account for no less than 30% of average distributable profits of last three years.

Special occasions:

- ① Major investment or cash outflow in the coming 12 months of the Company (except project of raised fund) reaches or is higher than 30% of the net assets audited in the latest term; investment plan or cash outflow includes proposed external investment, asset acquisition, external debt payment or equipment procurement, etc.
- ② Standard unqualified audit report to the annual financial report of the Company is not issued by audit agency.

(3) Specific condition for distribution of stock dividend

When the Company runs well and the stock price and equity size are regarded as mismatched in the view of the Board of Directors, and the distribution of stock dividend is for the overall benefit of all shareholders of the Company, a preliminary distribution plan of stock dividend can be put forward under the premise of satisfying the above cash dividend conditions.

3. Process of deliberating profit distribution plan

- (1) The profit distribution plan shall be put forward and drawn up by the management in combination with the regulations of Articles of Association, profit condition and capital demand plan for submission to Board of Directors for review. Board of Directors of the Company shall fully discuss the rationality of profit distribution plan, and then submit to shareholders meeting for deliberation after special resolution is formed.

When deliberating concrete cash dividends schemes, the Company shall fully listen to minority shareholders' opinions and demands on the shareholders meeting, and communicate with shareholders, esp. minority shareholders by hotline or fax to reply to the issues that minority shareholders concern in a timely manner.

(2) In case the Company fails to determine profit distribution plan of the year according to the existing cash dividends policy due to special conditions stated above in Item 2, the Board of Directors shall specially explain detailed reasons for no conducting of cash dividends, purpose of company's retained earnings, expected investment income, etc., submit to shareholders' meeting after independent directors show their opinions, and then disclose on media specified by the Company. When profit distribution plan of the year is submitted to shareholders meeting for review, it shall be agreed by more than 2/3 of the shareholders attending the meeting.

(3) Decision-making process for profit distribution policy adjustment or modification of the Company

In case company production and management is significantly impacted by war, natural disaster or change of external business environment or the Company's own business status changes greatly, the Company can adjust or modify cash dividends policy determined in the Articles of Association if necessary after detailed demonstration. Board of Directors shall fully discuss the rationality of profit distribution policy, and then submit to shareholders meeting for deliberation after independent directors shows their opinions and special resolution is formed. During deliberation on the shareholders meeting, it shall be agreed by more than 2/3 voting power held by shareholders attending the meeting.

4. Implementation of profit distribution plan

After resolution on the profit distribution plan is made at the shareholders meeting of the Company, Board of Directors shall complete matters of dividends (or share) distribution within two months after the shareholders meeting.

(ii) Scheme or plan on common share profit distribution or capital reserve capitalization of the Company during last three years (including reporting period)

Unit: 10,000 Yuan Currency: RMB

Dividend Distribution Year	Number of stock dividends every 10 shares (shares)	Amount of dividend distributed every 10 shares (RMB Yuan) (including tax)	Capitalizing No. every 10 shares (shares)	Amount of cash dividends (including tax)	Net profits attributable to ordinary shareholders of the Company in the consolidated statements of dividend year	Proportion to net profits attributable to ordinary shareholders of the Company in the consolidated statements (%)
2020	0	0.70	0	30,949.48	36,329.92	85.19
2019	0	0.60	0	26,528.13	2,792.68	949.92
2018	0	0.50	0	22,106.77	7,977.80	277.10

(iii) Offering for share repurchase with cash to be included into cash dividends

☐ Applicable ☒ Inapplicable

(iv) In case it is gained during reporting period and undistributed profits of the parent company to ordinary shareholders are positive but no plan for profit distribution is proposed, the Company shall disclose the reasons, purposes and use plan of undistributed profits.

☐ Applicable ☒ Inapplicable

II. Performance of the commitment

(i) Commitments of the Company, shareholders, actual controller, purchaser or other related parties in the reporting period or continued to the reporting period

☒ Applicable ☐ Inapplicable

Commitment Background	Commitment Type	Committed by	Commitment Contents	Date and Duration of Commitment	With Implementation Duration or not	Implemented Timely and Strictly or not
Commitment Related to Initial Public Offering	Solve horizontal competition	China National Offshore Oil Corporation	During existence of the Company, CNOOC and controlled legal person thereof shall not conduct any business the same as or similar to business scope of the Company now or in the future and shall not hold activities in any way which might reduce the Company's benefits.	Date of commitment: August 15, 2001, duration: existence of the Company.	No	Yes

(ii) If the Company's assets or project profits are expected to be promising, and the reporting period is still in the profit forecast period, the Company shall state if assets or project profits fulfill the forecast and explain the reasons.

☐ Yes ☐ No ☒ Inapplicable

(iii) Completion of performance commitments and its influence on goodwill impairment tests

☐ Applicable ☒ Inapplicable

III. Fund occupation or progress of debt paying off during reporting period

☐ Applicable ☒ Inapplicable

IV. Statement on "Non-standard Audit Report" of Accounting Firm from the Company

☐ Applicable ☒ Inapplicable

V. Analysis on reasons and effects caused by changes in accounting policies, accounting estimate or major accounting mistakes by the Company

(i) Analysis on reasons for and effects of the changes in accounting policies, accounting estimate by the Company

☒ Applicable ☐ Inapplicable

Changes in accounting policies

1. Implementing the Accounting Standards for Business Enterprises No.14-Revenue (revised in 2017) (hereinafter referred to as the "New Revenue Standards")

The Ministry of Finance revised the Accounting Standards for Business Enterprises No.14-Revenue in 2017. The revised standards stipulate that the amount of retained earnings at the beginning of the current year and other related items in the financial statements shall be adjusted according to the cumulative effects when the standards are implemented for the first time, and the information of comparable periods shall not be adjusted.

The Company shall implement the New Revenue Standards from January 1, 2020. In accordance with the Standards, the Company shall adjust the retained earnings at the beginning of 2020 and the amount of other related items in the financial statements according to the cumulative effects of unfinished contracts on the first implementation date, and not adjust the comparative financial statements. The main impacts of implementing the Standards are as follows:

Contents of and reasons for the changes in accounting policies	Approval process	Influenced report items	Affected amount on the balance on January 1, 2020 (yuan)	
			Merged company	Parent company
Reclassify the completed and unsettled account receivable related to the construction contract that do not meet the unconditional collection right to the contract assets, and reclassify the settled and uncompleted accounts related to the construction contract and the advances from customers related to the construction contract to the contract liabilities.	The 22nd meeting of the 6th Board of Directors	Receivables		
		Inventory	-4,400,909,758.38	-3,436,544,172.59
		Contract assets	4,565,834,970.37	3,550,962,076.21
		Advances from customers	-896,271,614.58	-671,109,588.94
		Contract liabilities	852,757,160.18	627,595,134.54
		Other current assets	-43,514,454.40	-43,514,454.40
		Estimated liabilities	168,982,424.43	117,618,217.22
		Deferred income tax assets	547,002.84	470,563.00
		Undistributed profits	-3,510,209.60	-2,729,750.60

Compared with the original revenue standards, the impact of implementing the New Revenue Standards on related items in the 2020 financial statements is as follows (increase/(decrease)):

Affected balance sheet items	Affected amount on the balance on December 31, 2020 (yuan)	
	Merged company	Parent company
Inventory	-1,929,320,826.23	-1,894,530,082.80
Contract assets	1,927,589,788.76	1,892,830,356.99
Contract liabilities	613,420,507.86	613,387,909.12

Affected balance sheet items	Affected amount on the balance on December 31, 2020 (yuan)	
	Merged company	Parent company
Advances from customers	-627,600,837.38	-627,568,238.64
Taxes payable	14,180,329.52	14,180,329.52
Deferred income tax assets	202,318.17	228,732.10
Undistributed profits	-1,528,719.30	-1,470,993.71

The Company's implementation of the above standards has no significant impact on the revenue statement items in 2020.

(ii) Analysis on reasons for and effects of major accounting mistakes by the Company

☐ Applicable ☒ Inapplicable

(iii) Communication with former accounting firms

☐ Applicable ☒ Inapplicable

(iv) Other description:

☐ Applicable ☒ Inapplicable

VI. Recruitment and decruitment of accounting firms

Unit: 10,000 Yuan Currency: RMB

Currently engaged		
Name of domestic accounting firms	BDO China Shu Lun Pan Certified Public Accountants (Special General Partnership)	
Reward of domestic accounting firms	180	
Audit term of domestic accounting firms	5	
	Name	Reward
Accounting firm responsible for internal control and audit	BDO China Shu Lun Pan Certified Public Accountants (Special General Partnership)	27

Recruitment and decruitment of accounting firms

☒ Applicable ☐ Inapplicable

Proposal on Further Employment of Financial and Internal Control & Audit Institution of the Company in 2020 was deliberated on the 22nd meeting of the 6th Board of Directors convened on March 13, 2020. It was agreed to employ BDO China Shu Lun Pan Certified Public Accountants (Special General Partnership) as the financial and internal control audit organization of the Company in 2020 to offer internal control audit service and other services centered on financial statement audit and financial reports. The employment term is one year.

The issue above has been approved upon deliberation on the 2019 general meeting of stockholders held on May 18, 2020.

Changing the accounting firm during audit

☐ Applicable ☒ Inapplicable

VII. Facing the risk of suspending listing

(i) Reasons for suspending listing

☐ Applicable ☒ Inapplicable

(ii) Actions to follow by the Company

☐ Applicable ☒ Inapplicable

VIII. Conditions and causes of suspending listing

☐ Applicable ☒ Inapplicable

IX. Bankruptcy and reorganization matters

☐ Applicable ☒ Inapplicable

X. Significant litigation or arbitration

☐ There's significant litigation or arbitration occurred to the Company in the year. ☒ There's no significant litigation or arbitration occurred to the Company in the year.

XI. Punishment and rectification to listed company and its director, supervisor, senior manager, controlling shareholder, actual controller and purchaser

☐ Applicable ☒ Inapplicable

XII. Credit condition of the Company and its controlling shareholder and actual controller in report period

☒ Applicable ☐ Inapplicable

No bad faith records issued by supervision organization.

XIII. Condition and impact of Company stock incentive plan, employee stock ownership plan or other employee incentive measures

(i) Incentives disclosed in the interim announcement without subsequent implementation progresses or changes

☐ Applicable ☒ Inapplicable

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

Equity incentive

☐ Applicable ☒ Inapplicable

Other description

☐ Applicable ☒ Inapplicable

Employee stock ownership plan

☐ Applicable ☒ Inapplicable

Other incentive measures

☐ Applicable ☒ Inapplicable

XIV. Significant connected transaction

(i) Connected transactions related to daily operation

1. Matters disclosed in the interim announcement without subsequent implementation progresses or changes

☐ Applicable ☒ Inapplicable

2. Matters disclosed in the interim announcement with subsequent implementation progresses or changes

☐ Applicable ☒ Inapplicable

3. Matters not disclosed in interim announcement

√Applicable □ Inapplicable

Unit: Yuan Currency: RMB

Connected transaction party	Connected relation	Type of connected transaction	Contents of connected transaction	Pricing principle for connected transaction	Price for connected transaction	Amount of connected transaction	Proportion to the total amount of same transactions (%)	Settlement method of related-party transactions
CNOOC Energy Technology & Services Limited	Holding subsidiary of parent company	Accepting labor service	Provide the Company with following services: engineering subcontracting, material procurement, transportation, fuel, estate management, etc.	Determine contract price by tendering based on market principle.	1,305,760,651.05	1,305,760,651.05	7.31	Normal clearing according to the contract agreement
COOEC-Fluor Heavy Industries Co., Ltd.	Joint ventures	Accepting labor service	Provide the Company with engineering subcontracting	Determine contract price by tendering based on market principle.	776,331,590.48	776,331,590.48	4.35	Normal clearing according to the contract agreement
China National Offshore Oil Corporation	Parent company	Accepting labor service	Provide staff insurance, software use and other services for the Company	Determine contract price by tendering based on market principle.	7,225,020.11	7,225,020.11	0.04	Normal clearing according to the contract agreement
CNOOC Bohai Co., Ltd.	Wholly owned subsidiary of parent company	Expenses for water, electricity, gas and other utilities (sales)	Provide water, electricity and staff physical examination for the Company	Determine contract price by tendering based on market principle.	32,521,257.88	32,521,257.88	0.18	Normal clearing according to the contract agreement
China Offshore Oil Service (Hong Kong) Co., Ltd.	Wholly owned subsidiary of parent company	Purchase commodities	Provide material purchase service for the Company	Determine contract price by tendering based on market principle.	59,762,968.88	59,762,968.88	0.33	Normal clearing according to the contract agreement
China Oilfield Services Limited	Holding subsidiary of parent company	Accepting labor service	Provide the Company with following services: transportation, vessel, etc.	Determine contract price by tendering based on market principle.	4,486,469.89	4,486,469.89	0.03	Normal clearing according to the contract agreement
CNOOC Industrial Co., Ltd.	Wholly owned subsidiary of parent company	Expenses for water, electricity, gas and other utilities (sales)	Provide the Company with following services: real estate, engineering subcontracting, fuel, water & power, etc.	Determine contract price by tendering based on market principle.	37,182,494.21	37,182,494.21	0.21	Normal clearing according to the contract agreement
China Offshore Oil Nanhai East Corporation	Wholly owned subsidiary of parent company	Accepting labor service	Provide the Company with engineering subcontracting	Determine contract price by tendering based on market principle.	2,924,514.68	2,924,514.68	0.02	Normal clearing according to the contract agreement
CNOOC Oil & Petrochemicals Co., Ltd.	Wholly owned subsidiary of parent company	Accepting labor service	Provide the Company with engineering subcontracting	Determine contract price by tendering based on market principle.	837,964.70	837,964.70	0.00	Normal clearing according to the contract agreement

Connected transaction party	Connected relation	Type of connected transaction	Contents of connected transaction	Pricing principle for connected transaction	Price for connected transaction	Amount of connected transaction	Proportion to the total amount of same transactions (%)	Settlement method of related-party transactions
CNOOC Gas & Power Group	Wholly owned subsidiary of parent company	Accepting labor service	Provide the Company with engineering subcontracting	Determine contract price by tendering based on market principle.	8,104,665.79	8,104,665.79	0.05	Normal clearing according to the contract agreement
CNOOC Nanhai West Co., Ltd.	Wholly owned subsidiary of parent company	Accepting labor service	Provide estate management for the Company	Determine contract price by tendering based on market principle.	841,039.16	841,039.16	0.00	Normal clearing according to the contract agreement
China BlueChemical Ltd.	Holding subsidiary of parent company	Accepting labor service	Provide the Company with engineering subcontracting	Determine contract price by tendering based on market principle.	9,289,452.82	9,289,452.82	0.05	Normal clearing according to the contract agreement
CNOOC Research Institutes Co., Ltd.	Wholly owned subsidiary of parent company	Accepting labor service	Provide the Company with engineering subcontracting	Determine contract price by tendering based on market principle.	-37,784.14	-37,784.14	-0.0002	Normal clearing according to the contract agreement
China National Offshore Oil Corporation	Holding subsidiary of parent company	Accepting labor service	Provide the Company with wharf service	Determine contract price by tendering based on market principle.	388,140.06	388,140.06	0.0022	Normal clearing according to the contract agreement
CNCCC International Tendering Co., Ltd.	Wholly owned subsidiary of parent company	Accepting labor service	Provide bidding and tendering services for the Company	Determine contract price by tendering based on market principle.	564,706.60	564,706.60	0.0032	Normal clearing according to the contract agreement
China National Offshore Oil Corporation	Holding subsidiary of parent company	Providing labor service	The Company provides specialized services such as design, construction, installation, construction, etc. for related parties	Determine contract price by tendering based on market principle.	12,939,447,633.79	12,939,447,633.79	80.76	Normal clearing according to the contract agreement
CNOOC Gas & Power Group	Wholly owned subsidiary of parent company	Providing labor service	The Company provides specialized services such as design, construction, installation, construction, etc. for related parties	Determine contract price by tendering based on market principle.	680,908,667.91	680,908,667.91	4.25	Normal clearing according to the contract agreement
CNOOC Energy Technology & Services Limited	Holding subsidiary of parent company	Providing labor service	The Company provides specialized services such as design, construction, installation, construction, etc. for related parties	Determine contract price by tendering based on market principle.	5,528,111.99	5,528,111.99	0.03	Normal clearing according to the contract agreement

Connected transaction party	Connected relation	Type of connected transaction	Contents of connected transaction	Pricing principle for connected transaction	Price for connected transaction	Amount of connected transaction	Proportion to the total amount of same transactions (%)	Settlement method of related-party transactions
China Oilfield Services Limited	Holding subsidiary of parent company	Providing labor service	The Company provides transportation and ship services for related parties	Determine contract price by tendering based on market principle.	20,054,477.11	20,054,477.11	0.13	Normal clearing according to the contract agreement
CNOOC Research Institutes Co., Ltd.	Wholly owned subsidiary of parent company	Providing labor service	The Company provides specialized services such as design, construction, installation, construction, etc. for related parties	Determine contract price by tendering based on market principle.	4,592,885.28	4,592,885.28	0.03	Normal clearing according to the contract agreement
COOEC-Fluor Heavy Industries Co., Ltd.	Joint ventures	Providing labor service	The Company provides related parties with personnel sent abroad, material sales and detection service	Determine contract price by tendering based on market principle.	2,995,748.45	2,995,748.45	0.02	Normal clearing according to the contract agreement
Total			/	/	15,899,710,676.70	97.79	/	
Description of connected transactions	<p>(1) Main content of connected transactions The Company is one of the largest EPCI companies of Offshore Oil Engineering in Asia. It mainly provides professional technical service for oil exploitation of China Sea area. There are comparatively many connected transactions in offshore engineering services between the Company and related parties such as CNOOC Limited. For instance, the Company provides EPCI overall contract professional service for connected company, and the connected company provides subcontracting transportation, vessel, fuel, water and electricity for the Company.</p> <p>(2) Price and fairness of connected transactions The connected transaction provides long-term stable market for the Company serves as an integrated part of the Company's development. The contract price for connected transaction is determined by public tender. In addition, the Company signed long-term service agreement with related parties, so as to ensure the fairness of connected transaction price, reflecting principles of equity, fairness, and openness, which helps develop major business of the Company and maximize the interests of shareholders.</p> <p>(3) Continuity of connected transactions It is proved by facts that these connected transactions are necessary, and in the foreseeable future, connected transactions between the Company and connected companies will continue with the rapid development of offshore oil industry in China.</p>							

(ii) Connected transaction from asset or equity acquisition and sale

- Matters disclosed in the interim announcement without subsequent implementation progresses or changes
☐ Applicable ☒ Inapplicable
- Matters disclosed in the interim announcement with subsequent implementation progresses or changes
☐ Applicable ☒ Inapplicable
- Matters not disclosed in interim announcements
☐ Applicable ☒ Inapplicable
- Performance fulfillment in the report period to be disclosed in case of performance agreement involved
☐ Applicable ☒ Inapplicable

(iii) Significant connected transaction of joint external investment

- Matters disclosed in the interim announcement without subsequent implementation progresses or changes
☐ Applicable ☒ Inapplicable
- Matters disclosed in the interim announcement with subsequent implementation progresses or changes
☐ Applicable ☒ Inapplicable

3. Matters not disclosed in interim announcements

☐ Applicable ☒ Inapplicable

(iv) Related credits and debts**1. Matters disclosed in the interim announcement without subsequent implementation progresses or changes**

☐ Applicable ☒ Inapplicable

2. Matters disclosed in the interim announcement with subsequent implementation progresses or changes

☐ Applicable ☒ Inapplicable

3. Matters not disclosed in interim announcements

☐ Applicable ☒ Inapplicable

(v) Others

☒ Applicable ☐ Inapplicable

For entrusted research subjects and the Company's related party deposits and interest income, investment income, etc. in CNOOC Finance Co., Ltd., please refer to note "XII. Related-party Transactions" to Section XI Financial Reports in this Report.

XV. Significant contracts and performance**(i) Trusteeship, contracting and leasing****1. Trusteeship**

☐ Applicable ☒ Inapplicable

2. Contracting

☐ Applicable ☒ Inapplicable

3. Leasing

☐ Applicable ☒ Inapplicable

(ii) Guarantee

☒ Applicable ☐ Inapplicable

Unit: 100 million, Currency: USD

External security (excluding guarantee for subsidiaries)	
Total guarantee accrual in report period (excluding guarantee to subsidiaries)	0
Total guarantee balance at end of report period (A) (excluding guarantee to subsidiaries)	0
The Company and its subsidiary's guarantee to subsidiaries	
Total guarantee accrual to subsidiaries in the report period	1.42
Total guarantee balance to subsidiaries at end of report period (B)	12.22
Total guarantee amount of the Company (including guarantee to subsidiary company)	
Total guarantee amount (A + B)	12.22
Proportion (%) of total guarantee amount in net asset of the Company	35.20
Wherein:	
Total guarantee amount towards shareholders, actual controllers and related parties (C)	0
Guarantee amount directly or indirectly provided to the guaranteed party whose asset liability ratio is more than 70% (D)	0.38
Amount with total guarantee amount more than 50% of net assets (E)	0
Total guarantee amount of three items above (C+D+E)	0.38

The Company provided the following 6 guarantees to subsidiaries as of the end of the report period:

- (1) As approved by the 4th Meeting of the 5th Board of Directors held on July 23, 2014, the Company issued parent company guarantee for the Russia Yamal project undertaken by Offshore Oil Engineering (Qing Dao) Co., Ltd. The guaranteed party is Yamgaz SNC Company (general contractor of the 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 shareholders meeting of 2014 held on September 16, 2014. (See resolution announcement and guarantee announcement and resolution announcement of shareholders meeting published on www.sse.com.cn, website of Shanghai Stock Exchange on July 25, 2014 and September 17, 2014 respectively)
- (2) 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 columns of modules involved in the Yamal project of Offshore Oil Engineering (Qing Dao) Co., Ltd., with the validity period same as the warranty period of respective modules. The total amount guaranteed is USD 131 million. Wherein, the guarantee period of Train 1 module is as of December 23, 2020, that of Train 2 module is as of March 23, 2021 and that of Train 3 module is as of September 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). As of the end of the report period, the guarantee period of Train 1 module ended on December 23, 2020, which has expired and been reduced accordingly, while Train 2 module and Train 3 module remain unchanged, so the guarantee amount is reduced to USD 52 million at present.
- (3) 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 the Nexen LLSW (Long Lake Southwest) EPC Project undertaken by its subsidiary COOEC CANADA COMPANY LTD., with the guarantee amount of CAD 75 million and guarantee period from the issue date till December 20, 2026. The above guarantee does not have to be submitted to the general shareholders' meeting of the Company 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)
- (4) 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 the Dangote petrochemical offshore transportation and installation project 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. Among them, the guarantee amount of performance guarantee is USD 19.1 million, and the guarantee amount of advance payment guarantee is USD 19.1 million. And the maximum guarantee period extended from December 31, 2018 to June 30, 2020. Upon approval on the 24th meeting of the 6th Board of Directors of the Company held on June 23, 2020 and the 28th meeting of the 6th Board of Directors held on December 4, 2020, the guarantee was adjusted accordingly. First, the parent company's guarantee of the performance guarantee was extended from December 31, 2020 to April 30, 2021. If the project duration changes, the parent company's guarantee will be adjusted accordingly with the change of the validity period of the bank guarantee. Second, the parent company's guarantee of advance payment guarantee was restarted, with the guarantee amount of USD 19.1 million and the guarantee period as of April 30, 2021. If the project duration changes, the parent company's guarantee will be adjusted accordingly with the change of the validity period of the bank guarantee. Third, the parent company's guarantee of the quality guarantee is provided. When the project is completed, the performance guarantee ends and the quality guarantee is started accordingly. The guarantee amount of the quality guarantee is USD 19.1 million, and the validity period of the quality guarantee is 24 months from the date when the owner issues the completion certificate. (See resolution announcement and guarantee adjustment announcement of Board of Directors published on www.sse.com.cn, website of Shanghai Stock Exchange on December 7, 2020).
- (5) As approved upon deliberation by the 17th Meeting of the 6th Board of Directors held on June 06, 2019, the Company issued parent company guarantee for Offshore Oil Engineering (Qing Dao) Co., Ltd. for performing the LNG Module Construction Contract signed with JGC Fluor BC LNG JV, with the guarantee amount of RMB 2,449 million and guarantee period from the issue date till September 15, 2025. Commitments as above have been reviewed and approved in the first extraordinary shareholders meeting of 2019 held on June 25, 2019. (See resolution announcement and guarantee announcement and resolution announcement of the shareholders meeting published on www.sse.com.cn, website of Shanghai Stock Exchange on June 07, 2019 and June 26, 2019 respectively).
- (6) As approved upon deliberation by the 22nd meeting of the 6th Board of Directors held on March 20, 2020, the Company used the credit line of the Company for three subsidiaries, including COOEC SUBSEA TECHNOLOGY CO., LTD., Offshore Oil Engineering (Qing Dao) Co., Ltd. and Beijing Gaotai Deep-sea Technologies Co., Ltd., and issued bank guarantees and letters of credit for daily operations such as bidding, performance and payment. The guarantee amount for COOEC SUBSEA TECHNOLOGY CO., LTD. shall not exceed RMB 700 million, Offshore Oil Engineering (Qing Dao) Co., Ltd. RMB 80 million, and Beijing Gaotai Deep-sea Technologies Co., Ltd. RMB 20 million, totaling 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).

Guarantee

Guarantees released in the report period:

- (1) As approved upon deliberation by the 19th Meeting of the 5th Board of Directors held on July 6, 2016, the Company issued parent company guarantee for Offshore Oil Engineering (Qing Dao) Co., Ltd. for undertaking Shell SDA project. The guaranteed party is the owner of the project, Shell Netherlands. Total guarantee amount is USD 2,692,000. The guarantee period is from the issue date to April 7, 2020. (See resolution announcement and guarantee announcement of Board of Directors published on www.sse.com.cn, website of Shanghai Stock Exchange on July 8, 2016)
- (2) Upon approval on the 14th Meeting of the 6th Board of Directors of the Company held on March 22, 2019, the Company issued parent company guarantee for the Dismantlement Project of Two Platforms in SKL-C Block undertaken by its subsidiary COOEC (Thailand) Co., Ltd., with the guarantee amount of USD 8.15 million and guarantee period from the issue date till January 31, 2021. The above guarantee does not have to be submitted to the general shareholders' meeting of the Company for approval. (See resolution announcement and guarantee announcement of Board of Directors published on www.sse.com.cn, website of Shanghai Stock Exchange on Tuesday, March 26, 2019)
- (3) 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 columns of modules involved in the Yamal project of Offshore Oil Engineering (Qing Dao) Co., Ltd., with the validity period same as the warranty period of respective modules. The total amount guaranteed is USD 131 million. Wherein, the guarantee period of Train 1 module is as of December 23, 2020, that of Train 2 module is as of March 23, 2021 and that of Train 3 module is as of September 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). As of the end of the report period, the guarantee period of Train 1 module ended on December 23, 2020, which has expired and been reduced accordingly, while Train 2 module and Train 3 module remain unchanged, so the guarantee amount is reduced to USD 52 million at present.

The above guarantees have been released upon expiration.

(iii) Entrusting others for cash assets management**1. Entrusted financing****(1) Overview of entrusted financing**

√Applicable □ Inapplicable

Unit: 100 million Yuan Currency: RMB

Type	Capital source	Amount incurred	Undue balance	Amount not withdrawn upon expiration
Bank financial products	Self-owned fund and funds raised through private placement	57.00	57.00	0

Note: The amount of RMB 5.7 billion refers to the highest balance of financing on a single day, and the Company had the highest balance of financing on December 31, 2020.

Other conditions

□ Applicable √Inapplicable

(2) Single entrusted financing

√Applicable □ Inapplicable

Unit: 10,000 Yuan Currency: RMB

Trustee	Type of entrusted financing	Amount of entrusted financing	Start date of entrusted financing	End date of entrusted financing	Fund source	Fund allocation	Mode of determining remuneration	Annual yield rate	Actual income or loss	Amount actually withdrawn	Passing legal procedures or not	Entrusted financing plan or not in future
Tianjin Branch of China Citic Bank	Bank financial products	50,000.00	2019-10-25	2020-1-23	Self-owned funds	Structured deposits	Floating return type	3.95%	459.42	50,000.00	Yes	Yes
Tianjin Branch of Everbright Bank	Bank financial products	50,000.00	2019-10-28	2020-2-28	Self-owned funds	Structured deposits	Guaranteed return type	3.85%	277.45	50,000.00	Yes	Yes
Tianjin Branch of China Guangfa Bank	Bank financial products	30,000.00	2019-11-29	2020-3-2	Self-owned funds	Structured deposits	Floating return type	3.90%	284.26	30,000.00	Yes	Yes
Tianjin Branch of China Guangfa Bank	Bank financial products	50,000.00	2019-12-19	2020-4-2	Self-owned funds	Structured deposits	Floating return type	3.95%	535.99	50,000.00	Yes	Yes
Beijing Branch of Bank of Communications	Bank financial products	50,000.00	2019-12-20	2020-7-2	Self-owned funds	Structured deposits	Floating return type	4.00%	1,008.01	50,000.00	Yes	Yes
Tianjin Branch of China Citic Bank	Bank financial products	80,000.00	2019-12-27	2020-7-1	Self-owned funds	Structured deposits	Floating return type	4.02%	1,554.39	80,000.00	Yes	Yes
Tianjin Branch of China Guangfa Bank	Bank financial products	40,000.00	2019-12-30	2020-4-2	Self-owned funds	Structured deposits	Floating return type	3.95%	383.87	40,000.00	Yes	Yes
Tianjin Branch of Everbright Bank	Bank financial products	40,000.00	2020-2-28	2020-5-28	Self-owned funds	Structured deposits	Floating return type	3.90%	367.92	40,000.00	Yes	Yes
Tianjin Branch of China Guangfa Bank	Bank financial products	20,000.00	2020-2-28	2020-8-26	Self-owned funds	Structured deposits	Floating return type	3.58%	332.68	20,000.00	Yes	Yes
Tianjin Branch of China Guangfa Bank	Bank financial products	15,000.00	2020-4-13	2020-7-13	Self-owned funds	Structured deposits	Floating return type	3.95%	139.36	15,000.00	Yes	Yes
Tianjin Branch of China Guangfa Bank	Bank financial products	35,000.00	2020-4-13	2020-10-9	Self-owned funds	Structured deposits	Floating return type	3.95%	639.62	35,000.00	Yes	Yes
Tianjin Branch of China Guangfa Bank	Bank financial products	49,000.00	2020-4-30	2020-10-26	Self-owned funds	Structured deposits	Floating return type	3.80%	861.46	49,000.00	Yes	Yes
Tianjin Branch of China Citic Bank	Bank financial products	20,000.00	2020-5-1	2020-8-7	Self-owned funds	Structured deposits	Floating return type	3.45%	174.77	20,000.00	Yes	Yes

Trustee	Type of entrusted financing	Amount of entrusted financing	Start date of entrusted financing	End date of entrusted financing	Fund source	Fund allocation	Mode of determining remuneration	Annual yield rate	Actual income or loss	Amount actually withdrawn	Passing legal procedures or not	Entrusted financing plan or not in future
Tianjin Tanggu Branch of Agricultural Bank of China	Bank financial products	40,000.00	2020-5-29	2020-12-11	Self-owned funds	Structured deposits	Floating return type	1.60%	324.22	40,000.00	Yes	Yes
Tianjin Tanggu Branch of Agricultural Bank of China	Bank financial products	40,000.00	2020-5-29	2020-12-11	Self-owned funds	Structured deposits	Floating return type	6.20%	1,256.35	40,000.00	Yes	Yes
Tianjin Tanggu Branch of Agricultural Bank of China	Bank financial products	20,000.00	2020-5-29	2020-8-21	Self-owned funds	Structured deposits	Floating return type	1.65%	71.65	20,000.00	Yes	Yes
Tianjin Branch of China Guangfa Bank	Bank financial products	18,000.00	2020-6-30	2020-9-23	Self-owned funds	Structured deposits	Floating return type	1.50%	59.32	18,000.00	Yes	Yes
Tianjin Branch of China Construction Bank	Bank financial products	50,000.00	2020-7-10	2021-1-11	Self-owned funds	Structured deposits	Floating return type	3.02%	731.21	Undue within the year	Yes	Yes
Tianjin Branch of China Citic Bank	Bank financial products	50,000.00	2020-7-10	2020-10-12	Self-owned funds	Structured deposits	Floating return type	3.17%	385.09	50,000.00	Yes	Yes
Beijing Branch of China Industrial Bank	Bank financial products	50,000.00	2020-7-17	2020-10-15	Self-owned funds	Structured deposits	Floating return type	3.17%	368.87	50,000.00	Yes	Yes
Tianjin Branch of China Guangfa Bank	Bank financial products	36,000.00	2020-7-31	2020-10-26	Self-owned funds	Structured deposits	Floating return type	3.35%	271.19	36,000.00	Yes	Yes
Tianjin Branch of Bank of China	Bank financial products	70,000.00	2020-8-31	2020-12-1	Self-owned funds	Structured deposits	Floating return type	3.39%	564.27	70,000.00	Yes	Yes
Tianjin Branch of Industrial and Commercial Bank of China	Bank financial products	40,000.00	2020-9-29	2021-4-1	Self-owned funds	Structured deposits	Floating return type	3.80%	369.29	Undue within the year	Yes	Yes
Tianjin Branch of China Guangfa Bank	Bank financial products	50,000.00	2020-9-30	2020-12-30	Self-owned funds	Structured deposits	Floating return type	3.40%	399.84	50,000.00	Yes	Yes
Tianjin Branch of Bank of China	Bank financial products	40,000.00	2020-10-19	2021-1-21	Self-owned funds	Structured deposits	Floating return type	3.50%	267.77	Undue within the year	Yes	Yes
Tianjin Branch of Industrial and Commercial Bank of China	Bank financial products	60,000.00	2020-10-20	2021-4-29	Self-owned funds	Structured deposits	Floating return type	3.60%	407.55	Undue within the year	Yes	Yes
Tianjin Branch of Industrial and Commercial Bank of China	Bank financial products	40,000.00	2020-10-29	2021-5-10	Self-owned funds	Structured deposits	Floating return type	3.50%	231.58	Undue within the year	Yes	Yes
Tianjin Branch of China Guangfa Bank	Bank financial products	40,000.00	2020-10-30	2021-2-2	Self-owned funds	Structured deposits	Floating return type	3.40%	221.45	Undue within the year	Yes	Yes
Tianjin Branch of Bank of China	Bank financial products	40,000.00	2020-10-30	2021-7-27	Self-owned funds	Structured deposits	Floating return type	3.54%	97.70	Undue within the year	Yes	Yes
Tianjin Tanggu Branch of Agricultural Bank of China	Bank financial products	20,000.00	2020-12-4	2023-12-4	Self-owned funds	Certificate of deposit	Constant return type	3.99%	58.52	Undue within the year	Yes	Yes
Tianjin Tanggu Branch of Agricultural Bank of China	Bank financial products	30,000.00	2020-12-4	2023-12-4	Self-owned funds	Certificate of deposit	Constant return type	3.99%	87.78	Undue within the year	Yes	Yes
Tianjin Branch of China Guangfa Bank	Bank financial products	50,000.00	2020-12-14	2021-3-15	Self-owned funds	Structured deposits	Floating return type	3.50%	81.42	Undue within the year	Yes	Yes
Tianjin Branch of Bank of China	Bank financial products	50,000.00	2020-12-14	2021-3-15	Self-owned funds	Structured deposits	Floating return type	3.50%	34.89	Undue within the year	Yes	Yes

Trustee	Type of entrusted financing	Amount of entrusted financing	Start date of entrusted financing	End date of entrusted financing	Fund source	Fund allocation	Mode of determining remuneration	Annual yield rate	Actual income or loss	Amount actually withdrawn	Passing legal procedures or not	Entrusted financing plan or not in future
Tianjin Branch of Industrial and Commercial Bank of China	Bank financial products	20,000.00	2020-12-21	2023-12-21	Self-owned funds	Certificate of deposit	Constant return type	3.99%	22.99	Undue within the year	Yes	Yes
Tianjin Branch of Industrial and Commercial Bank of China	Bank financial products	20,000.00	2020-12-21	2023-12-21	Self-owned funds	Certificate of deposit	Constant return type	3.99%	22.99	Undue within the year	Yes	Yes
Tianjin Branch of Bank of China	Bank financial products	40,000.00	2020-12-25	2021-5-6	Self-owned funds	BOC Stable Financing Plan - Zhihui Series (Issue 207250)	Floating return type	3.65%	13.21	Undue within the year	Yes	Yes
Tianjin Branch of Industrial and Commercial Bank of China	Bank financial products	20,000.00	2020-12-30	2023-12-30	Self-owned funds	Certificate of deposit	Constant return type	3.99%	4.18	Undue within the year	Yes	Yes
Tianjin Branch of Industrial and Commercial Bank of China	Bank financial products	10,000.00	2020-12-31	2023-12-31	Self-owned funds	Certificate of deposit	Constant return type	3.99%	1.04	Undue within the year	Yes	Yes
Zhuhai Branch of Bank of Communications	Bank financial products	36,000.00	2019-11-8	2020-2-10	Raised funds	Structured deposits	Floating return type	3.10%	115.38	36,000.00	Yes	Yes
Zhuhai Branch of Bank of China	Bank financial products	21,000.00	2019-12-24	2020-3-27	Raised funds	Structured deposits	Floating return type	3.65%	170.38	21,000.00	Yes	Yes
Zhuhai Branch of Bank of China	Bank financial products	36,000.00	2020-2-19	2020-5-22	Raised funds	Structured deposits	Floating return type	3.75%	324.50	36,000.00	Yes	No
Zhuhai Branch of Bank of China	Bank financial products	21,000.00	2020-3-31	2020-7-1	Raised funds	Structured deposits	Floating return type	3.80%	189.75	21,000.00	Yes	No

Note: The item "Actual income or loss" is the after-tax investment income obtained in 2020 (please see the income statement).

Other conditions

☐ Applicable ☒ Inapplicable

(3) Provision for impairment of entrusted financing

☐ Applicable ☒ Inapplicable

2. Entrusted loans

(1) Overview of entrusted loans

☐ Applicable ☒ Inapplicable

Other conditions

☐ Applicable ☒ Inapplicable

(2) Single entrusted loans

☐ Applicable ☒ Inapplicable

Other conditions

☐ Applicable ☒ Inapplicable

(3) Provision for impairment of entrusted loans

☐ Applicable ☒ Inapplicable

3. Other conditions

☐ Applicable ☒ Inapplicable

(IV) Other significant contracts

√Applicable □ Inapplicable

Payer	Project type	Contract amount	Cumulative payment amount by the end of December 2020
China National Offshore Oil Corporation	Domestic offshore oil engineering contracting	RMB 17,005,000,000	RMB 10,292,000,000
TUPI B.V.	FPSO Project in Brazil	USD 732,000,000	USD 667,000,000
JGC Fluor BC LNG Joint Venture	LNG Module Construction Project of Shell in North America	RMB 4,898,000,000	RMB 904,000,000
Hong Kong LNG Terminal Limited; Castle Peak Power company Limited; The Hongkong Electric Company, Limited	Hong Kong Offshore LNG Receiving Terminal Project	HKD 4,691,000,000	HKD 1,326,000,000
National Petroleum and Natural Gas Pipe Network Group Co., Ltd.	LNG Project Phase I in Nanshan, Longkou, LNG Project Phase II in Tianjin	RMB 8,233,000,000	RMB 497,000,000
Caofeidian Xintian LNG Co., Ltd.	LNG Project Phase I in Tangshan	RMB 4,378,000,000	RMB 744,000,000

The above contracts are daily production and operation business contracts with amount accounting for 10% and above of net assets of the Company.

XVI. Other significant matters

□ Applicable √Inapplicable

XVII. Positive fulfillment of social responsibilities

(i) Poverty alleviation work of listed companies

√Applicable □ Inapplicable

1. Summary of targeted poverty alleviation in this year

√Applicable □ Inapplicable

In 2020, the Company prudently fulfilled social responsibilities of central enterprises in combination with its own business practice, and did relevant work in social assistance activities such as poverty alleviation, education, culture, health and sports, as well as youth volunteer activities such as serving the society, making positive contributions to the transmission of corporate love, the establishment of the image of CNOOC and the promotion of social harmony, with the total investment amount of RMB 1,530,400.

(1) Poverty alleviation work

In 2020 Spring Festival special activity "Visit Underprivileged Families of Workers" and the work of visiting workers in difficulties before festivals, the Company visited underprivileged families of 24 workers, with total poverty alleviation amount of RMB 244,000. The Company helped 35 children of the workers in difficulties to study, and granted RMB 119,400. Two people were rescued at one time for six serious diseases, with the expenditure of RMB 40,000. Three hundred and seventy-five disabled people were rescued, with the expenditure of RMB 865,000. The total investment amount was RMB 1,268,400.

(2) Social charitable contribution

The Company continuously subsidizes the aided "CNOOC Hope Primary School" in Longhua County of Hebei Province. In 2020, RMB 79,100 were donated for the heat insulated ceiling transformation of two hope primary schools, and RMB 20,900 were donated to reward outstanding teachers and merit students and fund poverty-stricken students. The total donation amount was RMB 100,000. Offshore Oil Engineering (Qing Dao) Co., Ltd. established the COOEC naming sponsorship fund of RMB 3.5 million for 2019-2021, during which 3% added value of the fund (RMB 105,000) is donated annually to Charity Federation of Qingdao Economic and Technical Developing Zone for helping those in distress and aiding those in peril. RMB 105,000 was donated in 2020. The total investment amount was RMB 205,000.

(3) Social activities for public good

Young volunteers of the Company held voluntary service activities such as the "Love and Sunny Day" stalls, raised charity sales and donations of RMB 57,000, and more than 2,000 pieces of anti-epidemic materials such as masks and disinfectants, and all of these items were donated to two "CNOOC Hope Primary Schools" in Longhua County, Hebei Province. In addition, volunteers have actively carried out the "3·5" commemoration activity of learning from Lei Feng, theme activities (World Environment Day and World Ocean Day), serving the elderly, caring for mentally handicapped and autistic children and other voluntary service activities to earnestly fulfill social responsibilities. The total investment amount was RMB 57,000.

2. Performance of targeted poverty alleviation

√Applicable ☐ Inapplicable

Unit: 10,000 Yuan Currency: RMB

Index	Quantity and implementation
I. General condition	
Wherein: 1. Capital	153.04
2. Materials converted into cash	
3. Number of registered workers overcoming poverty with help (people)	
II. Items	
1. Shaking off poverty on industry development	
2. Shaking off poverty on transfer employment	
3. Shaking off poverty on relocation	
4. Shaking off poverty on education	
Wherein: 4.1 Amount for helping poverty-stricken students	11.94
4.2 Number of assisted poverty-stricken students (people)	35
4.3 Amount for improving education resources in poverty-stricken areas	10
5. Poverty alleviation on health	
Wherein: 5.1 Amount for inputting medical & health resources in poverty-stricken areas	5.7
6. Poverty alleviation on ecological protection	
7. Safeguard measures	
Wherein: 7.1 Amount for assisting "three kinds of countryside leftover people"	
7.2 Number of "three kinds of countryside leftover people" assisted (person)	
7.3 Amount for helping poverty-stricken people with disabilities	86.5
7.4 Number of poverty-stricken people with disabilities getting help (people)	375
8. Social poverty alleviation	
Wherein: 8.1 Amount of poverty alleviation cooperation between the East and the West	
8.2 Amount for fixed-point poverty alleviation	
8.3 Charitable fund for poverty alleviation	10.5
9. Other items	
Wherein: 9.1 Quantity of projects (Nr.)	
9.2 Amount invested	28.4
9.3 Number of registered workers overcoming poverty with help (people)	
9.4 Description of other items	

(ii) Work of implementing social responsibility

√Applicable ☐ Inapplicable

Refer to Social Responsibility Report on Offshore Oil Engineering Co., Ltd. in 2020 disclosed at www.sse.com.cn, website of Shanghai Stock Exchange, on the same day.

(iii) Environmental information

1. Environmental protection of companies and their major branches listed as main pollutant discharging companies by national department of environmental protection

√Applicable ☐ Inapplicable

(1) Pollution discharge information

√Applicable ☐ Inapplicable

The wholly-owned subsidiary Offshore Oil Engineering (Qing Dao) Co., Ltd. (hereinafter referred to as "Qing Dao Subsidiary")

was determined as one of key pollution discharge units of Qingdao, Shandong in 2020, with regulatory categories involved including water environment, atmospheric environment and soil environment. Pollutants of Offshore Oil Engineering (Qing Dao) Co., Ltd. mainly refer to domestic wastewater in the plant area, organic waste gas from painting operation and hazardous waste generated in the production.

During the report period, the Qingdao subsidiary had no environmental pollution accidents and was awarded the title of National Green Factory by the Ministry of Industry and Information Technology.

1) Forming process and reason of pollutants:

- ① Wastewater refers to the domestic sewage of Offshore Oil Engineering (Qing Dao) Co., Ltd., instead of production wastewater. Domestic sewage mainly contains the following pollutants: COD (chemical oxygen demand), ammonia nitrogen, suspended matter, etc. The reason why Offshore Oil Engineering (Qing Dao) Co., Ltd. is listed as a key pollution discharge unit of water environment is that Qingdao Site is 1.2 million m² with numerous production personnel, and high water consumption leads to high drainage, and though the discharge concentration of ammonia nitrogen, COD and other pollutants in the wastewater meets the standard and relevant provisions, yet large discharge volume causes high discharge of ammonia nitrogen and COD.
- ② Pollutants in waste gas mainly include benzene, toluene, xylene and non-methane hydrocarbon and particles, from welding dust generated in the production and operation process, grinding dust generated in the grinding process, particulate dust generated in the sand blasting process, and organic waste gas generated in the painting and drying process. Although the emission concentration is up to the standard and in line with the relevant regulations, Offshore Oil Engineering (Qing Dao) Co., Ltd. is listed as a key regulatory unit because of its large annual use of paint and large exhaust emission.
- ③ Soil pollutants mainly refer to hazardous wastes that may pollute the soil during the construction of marine works in Qingdao site, including waste paint buckets, waste oil paint slags, waste mineral oil, paint-stained garbage, waste paint, waste thinners, waste antifreezes, etc. In the process of collection and temporary storage, these wastes may leak and pollute the soil, so Offshore Oil Engineering (Qing Dao) Co., Ltd. is listed as a key unit of soil protection by the local environmental protection department.

2) Mode of pollutant discharge:

- ① The domestic wastewater produced by Offshore Oil Engineering (Qing Dao) Co., Ltd. is pretreated by the integrated wastewater treatment equipment in the plant area to reach the class A standard in Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015), and then discharged into the municipal sewage pipeline and into Nibuwan Wastewater Treatment Plant. The online wastewater monitoring system has been installed in the plant area of Offshore Oil Engineering (Qing Dao) Co., Ltd., realizing 24-hour networking with the local environmental protection authority.
- ② The welding dust and grinding dust produced in the production process of Offshore Oil Engineering (Qing Dao) Co., Ltd. are collected with the mobile welding purification unit with a smoke trapping arm, which is equipped with an electrostatic precipitator. In 2020, the Qingdao subsidiary completed the upgrading and transformation of welding fume control in the structural workshop. After the transformation, the workshop was equipped with a self-circulating welding fume dedusting devices. The collection pipes on both sides of each device are set within 4-6 m, which may effectively collect the fume and purify the fume through a built-in nano-level filter unit, and fresh air exhaust devices were installed within 8-10 m. The device may radiate the purified fresh air 30 m outwards to form a circulating air flow blowing up and sucking down to achieve the air circulation purification effect, and combined with a reasonable layout of 18 devices on the site, they may assist each other to form a flat air flow, so as to achieve overall purification. At present, the Qingdao subsidiary is in the process of upgrading and transforming the welding fume control of the remaining workshops, and it is expected to complete all the transformation in 2021.

The metal oxide dust produced by shot blasting is subject to secondary dedusting with the secondary cyclone filter cylinder, and is discharged through the 25 m high exhaust funnel after treated qualified.

After the paint mist and dust produced by paint spraying are adsorbed and purified by the zeolite runner adsorption device, the organic waste gas enters the procedure of regenerative catalytic combustion (RCO) treatment, and the purified waste gas is discharged from a 25 m high exhaust cylinder. The online VOCs monitoring system has been installed in the plant area of Offshore Oil Engineering (Qing Dao) Co., Ltd., realizing 24-hour networking with the local environmental protection authority.

- ③ For disposal of waste that may cause soil pollution, Offshore Oil Engineering (Qing Dao) Co., Ltd. has totally entrusted third-party units qualified for hazardous waste disposal according to relevant laws and regulations. Before disposal, the hazardous waste is stored in a temporary hazardous waste warehouse which has received ground anti-leakage and anti-spill treatment with relevant measures like spill tanks and recovery tanks, so as to protect soil from pollution during temporary storage of hazardous waste.

3) Discharge concentration and total amount:

① Organized emission of waste gas:

Benzene: 0.04 tons;

Toluene: 0.07 tons;

Xylene: 1.38 tons;

Non-methane hydrocarbon: 3.52 tons;

Total particulate emissions: 2.74 tons.

The emission concentration at various vents is lower than the emission concentration limit specified in regulations.

② Wastewater discharge:

The water discharge is 27,145 m³;

The average COD emission concentration is 94.8 mg/L, and the total COD emission is 3.04 tons;

The average discharge concentration of ammonia nitrogen is 15.1 mg/L, and the total discharge of ammonia nitrogen is 0.415 tons;

It should be noted that all domestic sewage of the Qingdao subsidiary is discharged to the sewage treatment plant through the municipal pipe network. The discharges of COD and ammonia nitrogen are the quantities discharged to the sewage treatment plant, but the quantities directly discharged into the environment; therefore, there will be no pollution to the water environment.

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

5) Discharge beyond the standard: none.

6) Pollutants discharge standard implemented: Table 1 in Emission Standard of Volatile Organic Compounds-Part 5: Surface Coating Industry (DB37/2801.5-2018) for organic waste gas emission; Table 1 (Emission Concentration Limit of Air Pollutants (Phase III)) in Regional and Integrated Emission Standard of Air Pollutants (DB37/2376-2013) for organized emission of particles; Table 2 in Integrated Emission Standard of Air Pollutants (GB16297-1996) for unorganized emission of particles; Class A standard in Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015) for wastewater discharge.

During the report period, the Qingdao subsidiary adhered to the green and low-carbon development strategy and started the green factory establishment in 2019. It has successfully implemented a series of energy-saving and low-carbon technological innovation projects, such as the adsorption drying optimization of the air compressor station, the bottom deck closing plan of the SPMT (self-propelled modular transporter), the recycling of water purifier wastewater, and the optimization of workshop lighting, which have achieved positive energy-saving and emission-reduction effects. In October 2020, the Ministry of Industry and Information Technology officially issued the "Notice on Announcement of the Fifth Batch of Green Manufacturing List", and the Qingdao subsidiary finally won the title of green factory after self-evaluation, expert evaluation and demonstration, and publicity.

(2) Construction and operation of facilities for pollution prevention and control

√Applicable ☐ Inapplicable

A set of integrated wastewater treatment equipment has been arranged in the plant area of Offshore Oil Engineering (Qing Dao) Co., Ltd., with the treatment capacity of 200 tons/day, and the effluent meets Class B standard in Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015).

The coating workshop in the plant area is equipped with organic waste gas purification and dedusting equipment, the environmental protection equipment is regularly maintained and the corresponding maintenance records are filled in. All environmental protection facilities operate normally and organic waste gas is discharged up to standard.

(3) Environmental impact assessment on construction project and other administrative licensing on environmental protection

√Applicable ☐ Inapplicable

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

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

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

(4) Emergency plan for sudden environmental incidents

☒ Applicable ☐ Inapplicable

Offshore Oil Engineering (Qing Dao) Co., Ltd. has prepared emergency plans for sudden environmental incidents, including special emergency plan for toxic and harmful substances and special emergency plan for terminal oil spilling.

(5) Independent environmental monitoring plan

☒ Applicable ☐ Inapplicable

Offshore Oil Engineering (Qing Dao) Co., Ltd. prepares independent environmental monitoring plans and submits them to the Headquarters of COOEC for approval.

(6) Other environmental information that should be disclosed

☐ Applicable ☒ Inapplicable

2. Environmental protection of companies other than main pollutant discharging companies

☒ Applicable ☐ Inapplicable

The Company has 21 construction ships by the end of the report period. It continuously attaches great importance to the environmental protection management of the ships. In details, it focuses on the management and control of the ships from the source, introduces leading ideas on environmental protection, and constantly improves its ship environmental protection management level by optimizing equipment structure, scientific and technological innovation and other effective management means, thereby ensuring an accord development between ship operation in accordance with laws and regulations and environmental protection. In the report period, the Company was free from environmental pollution accident from ships.

(1) Promoting the transformation of zero discharge of domestic sewage from large ships

In accordance with the requirements of Regulations of Lead Sealing Management of Ship Sewage Disposal Equipment in Coastal Area (JHF [2007] No. 165), oily sewage from ships of the Company is disposed in the principle of zero discharge, and transferred to a qualified pollutant treatment organization that has signed a recycling agreement with the Company for recycling.

All sites formulate on-site emergency disposal plans for potential emergencies such as oil spill, and organize special emergency exercise regularly in accordance with relevant laws and regulations to improve emergency response and disposal capacity.

The Company strictly implements the Discharge Standard for Water Pollutants from Ships (GB 3552-2018), and the renovation plan has been implemented for the domestic sewage system of 8 ships owned by the Company. By the end of December 2020, five ships, including Offshore Oil 225, Offshore Oil 226, Binhai 108, Lanjing, Lanjiang have completed the renovation of domestic sewage facilities; it is planned to carry out the construction and renovation of domestic sewage facilities for three ships, i.e. Offshore Oil 221, Offshore Oil 228 and Offshore Oil 229 in 2021.

(2) Pollution control measures taken in the air pollutant control areas

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

(3) Disposal of garbage and oily sewage from ships

The safety management system for ships of the Company defines requirements for disposal of garbage and oily sewage from ships; all garbage and oily sewage are received by qualified professional companies, which provide the acceptance certificates meeting the requirements of the maritime authority. Filling type vehicles are adopted to receive garbage and pollutants on the terminals and lands, and ships are adopted to receive and reshipe garbage and pollutants at sea.

(4) Emergency management

All ships of the Company are provided with the Garbage Management Plan (GMP) and Shipboard Oil Pollution Emergency Plan (SOPEP) approved by the China MSA, which are mandatory for all ship-related operations. The Company carries out exercises within the offices and ships regularly to improve the Company and staff emergency response and on-site disposal capacity and reduce the impact on the environment. The Company actively introduces leading environmental protection ideas and concepts, and constantly improves its environmental protection management level by optimizing equipment structure, scientific and technological innovation and other effective management means, thereby ensuring an accord development between ship operation in accordance with laws and regulations and environmental protection.

3. Reasons for non-disclosure of environmental information by companies other than main pollutant discharging companies

☐ Applicable ☒ Inapplicable

4. Subsequent progress or changes of the environment information disclosed in the report period

☐ Applicable ☒ Inapplicable

(IV). Other description

☐ Applicable ☒ Inapplicable

XVIII. Convertible corporate bonds

☐ Applicable ☒ Inapplicable

Ordinary Share Changes and Shareholders

I. Changes in ordinary share capital

(i) List of changes in ordinary share

1. List of changes in ordinary share

In the report period, total shares and capital structure of the Company have no change.

2. Statement on changes in ordinary share

☐ Applicable ☒ Inapplicable

3. Impact of changes in ordinary share on return and net asset per share and other financial indexes in the most recent year and recent term (if any)

☐ Applicable ☒ Inapplicable

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

☐ Applicable ☒ Inapplicable

(ii) Changes in shares subject to the restrictions on sales

☐ Applicable ☒ Inapplicable

II. Securities issuance and listing

(i) Securities issuance by the end of report period

☐ Applicable ☒ Inapplicable

Securities issuance by the end of report period (separately describe securities with variable interest rates in duration):

☐ Applicable ☒ Inapplicable

(ii) Total ordinary shares and changes in shareholder structure, asset and liability structure of the Company

☐ Applicable ☒ Inapplicable

(iii) Existing staff shares

☐ Applicable ☒ Inapplicable

III. Shareholders and actual controllers

(i) Total number of shareholders

Total number of shareholders by the end of report period (nos.)	104,721
Total number of ordinary shareholders by the end of last month prior to disclosure of annual report (nos.)	100,537
Total number of preferred shares shareholders with recovered voting right by the end of report period (nos.)	0
Total number of preferred shareholders with voting right recovered by the end of last month prior to disclosure of annual report (nos.)	0

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

Unit: share

Shareholding of Top 10 Shareholders							
Name of shareholder (Full name)	Increase and decrease in report period	Amount of holding shares by the end of period	Percentage (%)	Number of held shares subject to the restrictions on sales	Pledge or freezing conditions		Nature of shareholders
					Share status	Quantity	
China National Offshore Oil Corporation	0	2,138,328,954	48.36	0	None	0	State
CNOOC Nanhai West Co., Ltd.	0	294,215,908	6.65	0	None	0	State-owned legal-person

Shareholding of Top 10 Shareholders							
Name of shareholder (Full name)	Increase and decrease in report period	Amount of holding shares by the end of period	Percentage (%)	Number of held shares subject to the restrictions on sales	Pledge or freezing conditions		Nature of shareholders
					Share status	Quantity	
China Securities Finance Co., Ltd.	0	124,653,942	2.82	0	None	0	State-owned legal-person
Central Huijin Asset Management Co., Ltd.	0	89,714,500	2.03	0	None	0	State-owned legal-person
Hong Kong Securities Clearing Company Ltd.	-113,847,344	85,543,138	1.93	0	None	0	Foreign legal-person
Bosera Funds - Agricultural Bank of China - Bosera CSF Financial Assets Management Plan	0	36,704,400	0.83	0	None	0	Unknown
E Fund - Agricultural Bank of China - E Fund CSF Financial Assets Management Plan	0	36,704,400	0.83	0	None	0	Unknown
Dacheng Funds - Agricultural Bank of China - Dacheng CSF Financial Assets Management Plan	0	36,704,400	0.83	0	None	0	Unknown
Harvest Fund - Agricultural Bank of China - Harvest Fund CSF Financial Assets Management Plan	0	36,704,400	0.83	0	None	0	Unknown
Guangdong Development Fund - Agricultural Bank of China - Guangdong Development Fund CSF Financial Assets Management Plan	0	36,704,400	0.83	0	None	0	Unknown
Lombarda China Fund - Agricultural Bank of China - Lombarda China Fund CSF Financial Assets Management Plan	0	36,704,400	0.83	0	None	0	Unknown
China Asset Management - Agricultural Bank of China - China Asset Management CSF Financial Assets Management Plan	0	36,704,400	0.83	0	None	0	Unknown
Yinhua Fund - Agricultural Bank of China - Yinhua Fund CSF Financial Assets Management Plan	0	36,704,400	0.83	0	None	0	Unknown
China Southern Fund - Agricultural Bank of China - China Southern Fund CSF Financial Assets Management Plan	0	36,704,400	0.83	0	None	0	Unknown
ICBCCS Funds - Agricultural Bank of China - ICBCCS CSF Financial Assets Management Plan	0	36,704,400	0.83	0	None	0	Unknown

Shareholding of Top 10 Shareholders Not Subject to Restrictions on Sales				
Name of shareholder	Amount of held circulating shares not subject to restriction on sales	Types and quantity of shares		
		Type	Quantity	
China National Offshore Oil Corporation	2,138,328,954	RMB ordinary shares	2,138,328,954	
CNOOC Nanhai West Co., Ltd.	294,215,908	RMB ordinary shares	294,215,908	
China Securities Finance Co., Ltd.	124,653,942	RMB ordinary shares	124,653,942	
Central Huijin Asset Management Co., Ltd.	89,714,500	RMB ordinary shares	89,714,500	
Hong Kong Securities Clearing Company Ltd.	85,543,138	RMB ordinary shares	85,543,138	
Bosera Funds - Agricultural Bank of China - Bosera CSF Financial Assets Management Plan	36,704,400	RMB ordinary shares	36,704,400	
E Fund - Agricultural Bank of China - E Fund CSF Financial Assets Management Plan	36,704,400	RMB ordinary shares	36,704,400	
Dacheng Funds - Agricultural Bank of China - Dacheng CSF Financial Assets Management Plan	36,704,400	RMB ordinary shares	36,704,400	
Harvest Fund - Agricultural Bank of China - Harvest Fund CSF Financial Assets Management Plan	36,704,400	RMB ordinary shares	36,704,400	
Guangdong Development Fund - Agricultural Bank of China - Guangdong Development Fund CSF Financial Assets Management Plan	36,704,400	RMB ordinary shares	36,704,400	
Lombarda China Fund - Agricultural Bank of China - Lombarda China Fund CSF Financial Assets Management Plan	36,704,400	RMB ordinary shares	36,704,400	
China Asset Management - Agricultural Bank of China - China Asset Management CSF Financial Assets Management Plan	36,704,400	RMB ordinary shares	36,704,400	
Yinhua Fund - Agricultural Bank of China - Yinhua Fund CSF Financial Assets Management Plan	36,704,400	RMB ordinary shares	36,704,400	
China Southern Fund - Agricultural Bank of China - China Southern Fund CSF Financial Assets Management Plan	36,704,400	RMB ordinary shares	36,704,400	
ICBCCS Funds - Agricultural Bank of China - ICBCCS CSF Financial Assets Management Plan	36,704,400	RMB ordinary shares	36,704,400	
Particulars about connected relation or concerted action among the shareholders mentioned above		Among the top 10 shareholders, CNOOC Nanhai West Corporation is a wholly-owned subsidiary of and connected to CNOOC. It is unknown that whether there is connected relation or concerted action among other shareholders.		
Particulars about preferred shareholders with restored voting rights and the amount of shareholdings		Inapplicable.		

Number of shares held by top 10 shareholders subject to restrictions on sales and the restrictions

☐ Applicable ☒ Inapplicable

(iii) Strategic investor or ordinary legal person becomes one of top 10 shareholders due to new shares issued

☐ Applicable ☒ Inapplicable

IV. Controlling shareholders and actual controllers

(I) Controlling shareholders

1 Legal person

☒ Applicable ☐ Inapplicable

Name	China National Offshore Oil Corporation
Unit leader or legal representative	Wang Dongjin
Date of establishment	February 15, 1982
Main business	① Allowed business: offshore oil (gas) production, drilling, geophysical exploration, well logging, logging, downhole operation, storage and transportation, etc.; wholesale of gasoline, kerosene and diesel. ② General operating items: organization of exploration, development, production and sale of petroleum and natural gas, refining of petroleum, processing and utilization of petroleum and chemicals and natural gas, sale and storage of products, development and utilization of liquefied natural gas, transport of petroleum and natural gas by pipeline and pipe network, development, production and sale of fertilizer and chemical products and relevant business, provision of services for exploration and exploitation of petroleum, natural gas and other geological mining products, EPC, technology research, technology consulting, technical service and technology transfer related to exploration, development and production of petroleum and natural gas, import of crude oil and product oil, compensation trade and intermediary trade; undertaking Sino-foreign joint venture; cooperative production; international bidding of mechanical and electrical products; production, sales of wind energy, biomass energy, aquo-complex, coal chemical industry, solar energy, etc. and relevant services.
Equity of other domestic and foreign listed companies holding and sharing stocks during report period	During report period, other domestic and foreign listed companies whose shares are held by China National Offshore Oil Corporation are listed as follows: CNOOC Limited, China Oilfield Services Limited, CNOOC Energy Technology & Services Limited and China BlueChemical Ltd.
Other conditions	China National Offshore Oil Corporation is a central enterprise directly controlled by State-owned Assets Supervision and Administration Commission of the State Council. The State-owned Assets Supervision and Administration Commission of the State Council transferred 10% of the shares held to the National Council for Social Security Fund. After the transfer, the Commission currently holds 90% of the shares of China National Offshore Oil Corporation and the National Council for Social Security holds 10%.

2 Natural person

☐ Applicable ☒ Inapplicable

3 Special statement on no controlling shareholders in the Company

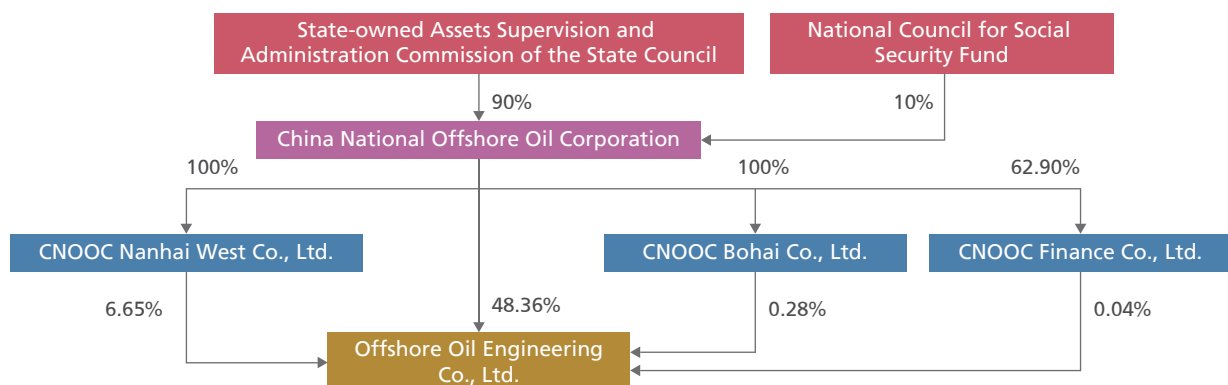
☐ Applicable ☒ Inapplicable

4 List and date of changes in controlling shareholders in the report period

☐ Applicable ☒ Inapplicable

5 Block diagram of property right and controlling relations between the Company and controlling shareholders

☒ Applicable ☐ Inapplicable



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

☒ Applicable ☐ Inapplicable

The actual controller of the Company is China National Offshore Oil Corporation. See details of controlling shareholders in this section.

2 Natural person

☐ Applicable ☒ Inapplicable

3 Special statement on no actual controllers in the Company

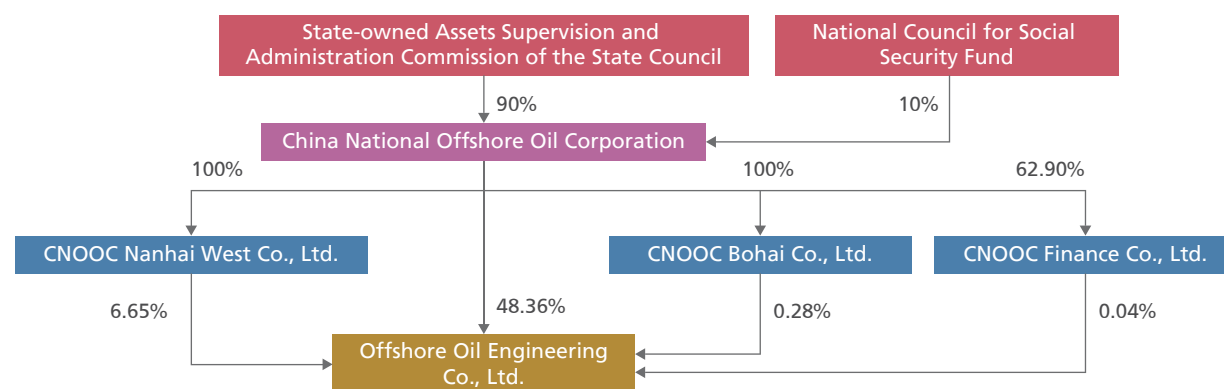
☐ Applicable ☒ Inapplicable

4 List and date of changes in the actual controller in the report period

☐ Applicable ☒ Inapplicable

5 Block diagram of property right and controlling relations between the Company and its actual controller

☒ Applicable ☐ Inapplicable

**6 The actual controller controls the Company by means of trust or other ways of assets management**

☐ Applicable ☒ Inapplicable

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

☐ Applicable ☒ Inapplicable

V. Institutional shareholders holding over 10% of shares

☐ Applicable ☒ Inapplicable

VI. Restricted reduction of shares held

☐ Applicable ☒ Inapplicable

Particulars about Preferred Shares

☐ Applicable ☒ Inapplicable

Directors, Supervisors, Senior Managers and Employees

I. Shareholding change and remuneration

(I) Shareholding change and remuneration of incumbent or outgoing directors, supervisors and senior managers in the report period

√Applicable □ Inapplicable

Unit: share

Name	Position	Gender	Age	Starting date of term of office	Ending date of term of office	Shares held at the beginning of the year	Shares held at the end of the year	Increase and decrease of shares in the year	Reasons of increase and decrease	Total pre-tax remunerations obtained from the Company during the report period (RMB 10,000)	Receiving remunerations from related parties of the Company or not
Yu Yi	Chairman and Secretary of the Party Committee	Male	56	May 17, 2019		0	0	0		111.72	No
Wang Zhangling	President, Director and Deputy Secretary of the Party Committee	Male	52	December 4, 2020		0	0	0		57.24	No
Yang Jinghong	Director, Deputy Secretary of the Party Committee and Chairman of the Labor Union	Male	57	December 22, 2020		0	0	0		91.21	No
Kang Zhuowei	Director	Female	49	December 22, 2020		0	0	0		0	Yes
Qiu Xiaohua	Independent Director	Male	62	November 23, 2016		0	0	0		12.80	No
Guo Tao	Independent Director	Male	65	May 20, 2015		0	0	0		12.80	No
Huang Yongjin	Independent Director	Male	54	May 20, 2015		0	0	0		12.80	No
Peng Wen	Chairman of the Board of Supervisors	Male	51	December 22, 2020		0	0	0		0	Yes
Che Yonggang	Supervisor	Male	57	December 22, 2020		0	0	0		0	Yes
Li Tao	Staff Supervisor	Male	38	August 26, 2020		0	0	0		72.51	No
Yu Changsheng	Vice President	Male	55	July 6, 2016		0	0	0		88.08	No
Li Peng	CFO	Male	43	August 30, 2019		0	0	0		88.09	No
Kong Linghai	Vice President	Male	48	July 22, 2020		0	0	0		64.84	No
Xie Ribin	Vice President	Male	41	August 14, 2020		0	0	0		51.26	No
Meng Jun	Former Director	Male	60	January 10, 2014	December 22, 2020	22,680	22,680	0		0	Yes
Lin Yaosheng	Former Director, Former Executive Vice-president	Male	59	May 19, 2017	December 22, 2020	25,000	25,000	0		15.83	No
Zhang Wukui	Former Director	Male	61	April 25, 2018	December 22, 2020	0	0	0		0	Yes
Chen Baojie	Former Vice President	Male	55	July 6, 2016	March 20, 2020	10,000	20,000	10,000	Increasing the shares held after leaving office	4.20	No
Li Xiaowei	Former Vice President	Male	51	July 6, 2016	July 22, 2020	15,000	15,000	0		19.95	No
Wu Hanming	Former Chairman of the Board of Supervisors	Male	61	April 25, 2018	December 22, 2020	0	0	0		0	Yes

Name	Position	Gender	Age	Starting date of term of office	Ending date of term of office	Shares held at the beginning of the year	Shares held at the end of the year	Increase and decrease of shares in the year	Reasons of increase and decrease	Total pre-tax remunerations obtained from the Company during the report period (RMB 10,000)	Receiving remunerations from related parties of the Company or not
Rao Shicai	Former Staff Supervisor	Male	52	September 16, 2013	August 26, 2020	0	0	0		23.10	No
Zhao Yanbo	Former Supervisor	Female	49	April 23, 2014	December 22, 2020	0	0	0		0	Yes
Liu Lianju	Secretary of the Board of Directors	Male	55	April 10, 2007		40,000	40,000	0		70.97	No
Total	/	/	/	/	/	112,680	122,680	10,000	/	797.40	/

Name	Main working experience
Yu Yi	From January 1988 to September 2002, he worked in Bohai Oil Corporation and Tianjin Branch of CNOOC (China). From September 2003 to April 2004, he worked in CNOOC Gas &Power. From April 2004 to October 2006, he served as the Deputy General Manager of CNOOC Fujian LNG Co., Ltd. From October 2006 to February 2007, he served as the General Manager of Yuedong LNG Integrated Project preparatory group of CNOOC Gas &Power. From February 2007 to June 2009, he served as the Vice President of Guangdong Dapeng LNG Company Ltd. From June 2009 to July 2012, he served as the General Manager of Guangdong Zhuhai Golden Bay LNG Ltd. From July 2012 to November 2012, he served as the Deputy General Manager of Engineering Construction Department of CNOOC and the General Manager of Guangdong Zhuhai Golden Bay LNG Ltd. From November 2012 to November 2017, he served as the Deputy General Manager of Engineering Construction Department of CNOOC. From November 2017 to June 2018, he served as the Deputy General Manager of Engineering Construction Department of CNOOC Limited. From November 2018 to June 2019, he served as the Deputy General Manager of Engineering Construction Department of CNOOC Limited. From April 2019 to now, he has served as the Secretary of the Party Committee of Offshore Oil Engineering Co., Ltd. From May 2019 to now, he has served as the Director and President of Offshore Oil Engineering Co., Ltd.
Wang Zhangling	From June 2003 to April 2007, he served as the Manager of the Project Construction Office of Tianjin Branch of CNOOC (China). From April 2007 to December 2010, he served as the General Manager of the Specially Authorized Project of CNOOC (China). From December 2010 to February 2016, he served as the Deputy General Manager and Member of the Party Committee of CNOOC Infrastructure Management Co., Ltd. From March 2016 to August 2019, he served as the Secretary of the Party Committee and General Manager of the Project Construction Center of CNOOC Bohai Petroleum Administrative Bureau. From August 2019 to November 2020, he served as the Deputy General Manager of the Procurement Department of CNOOC Limited. From December 2020 to now, he has served as the President and Director of Offshore Oil Engineering Co., Ltd.
Yang Jinghong	From August 1984 to 1995 February, he worked in Bohai Petroleum Drilling Company. From February 1995 to November 2001, he successively served as the Deputy Manager of the Safety Department, the Manager of the Technology and Safety Department and the Manager of the HR Department of China Offshore Oil Northern Drilling Company. From November 2001 to October 2002, he served as the HR Development Manager of the HR Department of China Oilfield Services Limited. From October 2002 to January 2010, he successively served as the Deputy General Manager of the Oilfield Technology Division and the General Manager of the HR Department of China Oilfield Services Limited. From January 2010 to July 2010, he served as the General Manager of the Geophysical Exploration Division of China Oilfield Services Limited. From July 2010 to December 2013, he served as the General Manager of the Geophysical Exploration Division and the Director of the Geophysical Research Institute of China Oilfield Services Limited. From December 2013 to June 2017, he served as the Deputy Director of China Offshore Oil Nanhai West Petroleum Administrative Bureau and the General Manager and Secretary of the Party Committee of China Offshore Oil Nanhai West Corporation. From June 2017 to November 2017, he served as the Deputy Director General, Deputy Secretary of the Party and Chairman of the Labor Union of China Offshore Oil Nanhai West Petroleum Administrative Bureau and the General Manager and Secretary of the Party Committee of China Offshore Oil Nanhai West Corporation. From November 2017 to April 2019, he served as the Deputy Director General, Deputy Secretary of the Party and Chairman of the Labor Union of China Offshore Oil Nanhai West Petroleum Administrative Bureau and the Chairman, General Manager and Secretary of the Party Committee of China Offshore Oil Nanhai West Corporation. From April 2019 to July 2019, he served as the Secretary of the Party Committee of Offshore Oil Engineering Co., Ltd. From July 2019 to now, he has served as the Deputy Secretary of the Party Committee and the Chairman of the Labor Union of Offshore Oil Engineering Co., Ltd. From December 2020, he has taken an additional post of the Director of Offshore Oil Engineering Co., Ltd.
Kang Zhuowei	From July 1994 to September 1999, she served as the Tax Director of the Finance and Accounting Department of CNOOC. From September 1999 to January 2010, she successively served as the Accounting Director of the Finance and Accounting Department, the Fund Director of the Financing Department, the Financial Statement and Business Analysis Director (Hong Kong) of the Financial Management Department, the Senior Director of Budget Review and Supervision Management of the Financing Department, and the Fund Settlement Management Manager of CNOOC (China) Co., Ltd. From January 2010 to April 2020, she successively served as the Manager of the Fund Settlement Office and the Manager of the Cash Management Office of the Fund Department of CNOOC. From April 2020 to now, she has served as the Deputy General Manager of the Fund Department of CNOOC. From December 2020, she has taken an additional post of the Director of Offshore Oil Engineering Co., Ltd.
Qiu Xiaohua	Since February 1982, he was assigned to National Bureau of Statistics, and successively served as the Deputy Director, the Director, and the Deputy Head of the Comprehensive Division under National Bureau of Statistics, the Chief Economist and the News Spokesman, the Deputy Director General, and the Director General of National Bureau of Statistics. From August 1998 to September 1999, he served as the Governor Assistant of People's Government of Anhui Province. From June 2008 to August 2012, he served as the Chief Economist (Policy Research Center) in the Energy Economy Research Institute of CNOOC. From September 2012 to February 2018, he served as the Chief Economist of Minsheng Securities Co., Ltd., and the Director of China Oceanwide Holdings Group, the Director, Employee Representative Supervisor of Oceanwide Holdings Co., Ltd. and the President of Oceanwide Research Institute. From January 2016 to December 2018, he served as the Chief Economist of Guangdong Huaxing Bank Co., Ltd. He now serves as the Chairman of BRICS FUND, the Chief Economist of Sunshine Insurance Group, the CSO of Asset Management Co., Ltd. of Sunshine Insurance Group, the Professor of Newhuadu Business School, the Director of the Institute of Economic Research of City University of Macau, the Independent Director of Fujian Newchoice Pipe Technology Co., Ltd., the Independent Director of Beijing Capital Development Co., Ltd., the Independent Director of YLZ Information Technology Co., Ltd, the Independent Director of Longzhou Group Co., Ltd., and the Academic Committee Member and the Senior Researcher of CCIEE. From November 2016, he has taken an additional post of the Independent Director of COOEC.
Guo Tao	From October 2012 to now, he has served as the partner of Zhongzhun Certified Public Accounts (Special General Partnership). From May 2015, he has taken an additional post of the Independent Director of COOEC. From June 2017, he has taken an additional post of the Independent Director of Guorong Securities.
Huang Yongjin	From January 2011 to now, he has served as the Director and the Vice President of Shanghai Investigation & Design Institute Co., Ltd. From December 2013 to now, he has served as the President of Shanghai Skygeo Information Technology Co., Ltd. From January 2019, he has served as the Director of Shanghai Changkai Geotechnical Engineering Co., Ltd. From December 2019, he has served as the Director of Shanghai Sinking Program Management Consulting Co., Ltd. From May 2020, he has taken an additional post of the Independent Director of Shanghai Xinpeng Industry Co., Ltd. From May 2015, he has taken an additional post of the Independent Director of COOEC.

Peng Wen	From July 1991 to April 1999, he successively served as the Cashier and Accountant of the Finance Section of the Geological Prospecting Team, the Accountant of the Finance Section of Special Building Foundation Engineering Corporation, the Financial Accountant of the Social Insurance Coordination Office, the Deputy Section Chief and Principal Staff Member of the Financial Fund Section in Datun Coal and Electricity Company. From April 1999 to April 2006, he successively served as the Section Chief of the Finance Section of Kongzhuang Mine of Datun Coal and Electricity (Group) Co., Ltd., and the Chief Accountant and General Counsel of Construction and Installation Engineering Co., Ltd. From April 2006 to September 2007, he served as the Deputy General Manager and Chief Accountant of Hunan Ordnance Industry Group Co., Ltd. From September 2007 to April 2013, he served as the Chief Accountant of China United Coalbed Methane Co., Ltd. From April 2013 to February 2016, he served as the Chief Accountant of China United Coalbed Methane Co., Ltd., and the Chief Accountant of Unconventional Oil and Gas Branch of CNOOC (China) Co., Ltd. From February 2016 to February 2017, he served as the Vice President of CNOOC International Financial Leasing (Hong Kong) Limited. From February 2017 to June 2020, he served as the Vice President of CNOOC International Financial Leasing (Hong Kong) Limited, and the Deputy General Manager of CNOOC Investment Holdings Co., Ltd. From June 2020 to now, he has served as the full-time Supervisor of CNOOC. He now serves as the Chairman of the Board of Supervisors of China Oilfield Services Limited, CNOOC Research Institutes Co., Ltd., China United Coalbed Methane Co., Ltd. and CNOOC Hainan Energy Co., Ltd. From December 2020, he has taken an additional post of the Board of Supervisors of Offshore Oil Engineering Co., Ltd.
Che Yonggang	From July 1984 to December 2000, he worked in China Offshore Oil Northern Drilling Company. From July 2001 to November 2004, he served as the Manager of the General Management Department of the Drilling Division of China Oilfield Services Limited. From November 2004 to March 2006, he served as the Chief Equipment Engineer of the Drilling Division of China Oilfield Services Limited. From March 2006 to November 2008, he served as the Team Leader of the Mexico Module Rig Project Team of the Drilling Division of China Oilfield Services Limited. From November 2008 to June 2012, he served as the Deputy General Manager of the Drilling Division of China Oilfield Services Limited. From June 2012 to January 2015, he served as the Deputy General Manager of the Shipping Division of China Oilfield Services Limited. From January 2015 to January 2016, he served as the Secretary of the Party Committee and Deputy General Manager of the Shipping Division of China Oilfield Services Limited. From January 2016 to June 2020, he served as the Secretary of the Party Committee and General Manager of the Shipping Division of China Oilfield Services Limited. From July 2020 to now, he has served as the full-time Supervisor of CNOOC. From December 2020, he has taken an additional post of the Supervisor of Offshore Oil Engineering Co., Ltd.
Li Tao	From July 2005 to December 2005, he served as an inspector of the Inspection Company of Offshore Oil Engineering Co., Ltd. From December 2005 to December 2008, he served as the Office Administration Manager and Administrative Director of the Design Company of Offshore Oil Engineering Co., Ltd. From December 2008 to April 2011, he served as the Product System Director of the Quality Management Department of Offshore Oil Engineering Co., Ltd. From April 2011 to January 2012, he served as the Quality Engineer and Deputy Manager of the Quality and Technology Department of the Design Company of Offshore Oil Engineering Co., Ltd. From January 2012 to September 2016, he served as the HR Department Manager and Assistant General Manager of the Design Company of Offshore Oil Engineering Co., Ltd. From September 2016 to March 2018, he served as the Deputy General Manager of the General Manager Office and the Deputy Director of the Party Committee Office of Offshore Oil Engineering Co., Ltd. From March 2018 to November 2018, he served as the Deputy General Manager of the HR Department, the Deputy Director of the Party Committee Organization Department, the Secretary of the Party Committee of Offshore Oil Engineering Co., Ltd. (From September 2018 to October 2019, he took an additional post of the Deputy General Manager of the International Exchange Center.) From November 2018 to October 2019, he served as the Deputy General Manager of the HR Department, the Director of the Party Committee Organization Department, the Secretary of the Party Committee of Offshore Oil Engineering Co., Ltd. (From March 2019 to now, he is taken an additional post of the Deputy Director of the Project Management Office.) From October 2019 to now, he has served as the General Manager of the HR Department, the Director of the Party Committee Organization Department, the Secretary of the Party Committee of Offshore Oil Engineering Co., Ltd. From August 2020, he has taken an additional post of the Staff Supervisor of Offshore Oil Engineering Co., Ltd. From January 2021, he has taken an additional post of the Assistant President of Offshore Oil Engineering Co., Ltd.
Yu Changsheng	He successively served as the Deputy Director and then the Director in the process office of CNOOC Design Company, the Director in the process office of COOEC Engineering Company, the Project Manager of Penglai 19-3 Project and Penglai 19-3 Phase II Development Engineering Project, the Class-A Project Manager and the General Manager in the Production Management Department of COOEC. From September 2008 to April 2016, he served as the General Manager in the Installation Division of COOEC. From July 2016, he has served as the Vice President of COOEC.
Li Peng	From July 2002 to December 2005, he served as the Senior Finance Manager of Beijing Capital Group Co., Ltd. From December 2005 to November 2007, he served as the Senior Director of External Disclosure of CNOOC Limited. From November 2007 to March 2010, he served as the Senior Director of Financial Reporting and Business Analysis of CNOOC Limited. From March 2010 to January 2012, he served as the Manager of Financial Reporting and Business Analysis of CNOOC Limited. From January 2012 to June 2013, he served as the Director of Financial Reporting and External Disclosure Division of CNOOC Limited. From June 2013 to November 2014, he served as the Director (Manager) of Financial Policy Division of the Finance Department of CNOOC Limited. From November 2014 to October 2016, he served as the Director of Accounting Policy and M&A Support Division of the Finance Department of CNOOC Limited. From October 2016 to August 2019, he served as the Deputy General Manager of CNOOC Finance Co., Ltd. From August 2019 to now, he has served as the CFO of Offshore Oil Engineering Co., Ltd.
Kong Linghai	From July 1995 to February 1998, he worked in the Engineering Department of Bohai Oil Corporation. From February 1998 to June 2003, he worked in the Foreign Cooperation Office of Tianjin Branch of CNOOC (China) Co., Ltd. From June 2003 to February 2006, he served as the Deputy General Manager of Nanpu 35-2 Oilfield Development Project Team of CNOOC (China) Co., Ltd. From February 2006 to February 2009, he served as the Deputy General Manager of Bozhong 34-1 Oilfield Project Team of CNOOC (China) Co., Ltd. From February 2009 to June 2009, he served as the Senior Engineer of the Pipeline Network Information Monitoring Center of CNOOC Gas & Power Group. From June 2009 to January 2010, he served as the Deputy General Manager of CNOOC Hainan Gas Co., Ltd. From January 2010 to May 2016, he successively served as the Deputy General Manager, Acting General Manager, General Manager and Secretary of the Party Committee of Guangdong Zhuhai Golden Bay LNG Ltd. From May 2016 to March 2018, he served as the Secretary of the Party Committee in Zhuhai of CNOOC Gas & Power Group, the General Manager and Secretary of the Party Committee of Guangdong Zhuhai Golden Bay LNG Ltd., and the General Manager of CNOOC Guangdong LNG Co., Ltd. From March 2008 to June 2020, he served as the Deputy General Manager of the Project Construction Department of CNOOC. From July 2020 to now, he has served as the Vice President of COOEC.
Xie Ribin	From July 2003 to April 2004, he served as a technician in PetroChina Dagang Oilfield. From April 2004 to March 2007, he served as the Production Operator and Chief Operator of Lihua Oilfield Operation Area of CNOOC Shenzhen Branch. From March 2007 to March 2012, he served as the Production Supervisor and Production Director of Lihua Oilfield Operation Area of CNOOC Shenzhen Branch. From June 2010 to October 2012, he served as Lihua 4-1 Production Representative and Production Preparation Team Manager of CNOOC Shenzhen Branch. From March 2012 to October 2016, he served as the Production Manager of Lihua Oilfield Operation Area of CNOOC Shenzhen Branch (from August 2012 to April 2015, he took an additional post of the Chairman of the Labor Union of Lihua Oilfield Operation Area of CNOOC Shenzhen Branch). From October 2016 to May 2018, he served as the Deputy General Manager of Lihua Oilfield Operation Area of CNOOC Shenzhen Branch (from November 2016 to November 2017, he took an additional post of the Deputy Secretary of the Party Committee and Secretary of the Committee for Discipline Inspection of Lihua Oilfield Operation Area of CNOOC Shenzhen Branch; from November 2017 to May 2018, he took an additional post of the Secretary of the Party Committee and Acting General Manager of Lihua Oilfield Operation Area of CNOOC Shenzhen Branch). From May 2018 to June 2020, he served as the Secretary of the Party Committee and General Manager of Lihua Oilfield Operation Area of CNOOC Shenzhen Branch. From August 2020 to now, he has served as the Vice President of COOEC.
Liu Lianju	From February 2001 to now, he has served as the Secretary of Board of Directors of COOEC. From March 2005 to December 2010, he served as the General Manager of the Bond Department. From December 2010, he has served as the General Manager of Board Secretary Office.

Others

√Applicable ☐ Inapplicable

It is hereby stated that Lin Yaosheng, the former Executive Vice President, Rao Shicai, the former Staff Supervisor, and Chen Baojie and Li Xiaowei, the former Vice Presidents of the Company, received remunerations from the Company during their term of office in the Company. They took office in the controlling shareholders or the subsidiaries controlled by the controlling shareholders after leaving office, and received corresponding remunerations from the controlling shareholders or the subsidiaries controlled by the controlling shareholders.

(II) Equity incentive awarded to directors and senior managers in the report period

☐ Applicable ☒ Inapplicable

II. Posts of current and outgoing directors, supervisors and senior managers

(I) Post-holding in the shareholder entity

☒ Applicable ☐ Inapplicable

Name of staff	Name of shareholder entity	Position at shareholder entity	Starting date of term of office	Ending date of term of office
Kang Zhuowei	China National Offshore Oil Corporation	Deputy General Manager of the Fund Department	April 2020	
Peng Wen	China National Offshore Oil Corporation	Full-time Supervisor	June 2020	
Che Yonggang	China National Offshore Oil Corporation	Full-time Supervisor	July 2020	
Kong Linghai	China National Offshore Oil Corporation	Deputy General Manager of Engineering Construction Department	March 2018	June 2020
Post-holding in the shareholder entity The post-holding is ongoing, so the end of term is unknown.				

(II) Post-holding in other entities

☒ Applicable ☐ Inapplicable

Name of staff	Name of other entity	Position at other entity	Starting date of term of office	Ending date of term of office
Guo Tao	Zhongzhun Certified Public Accountants (Special General Partner)	Partner	2012	
	Guorong Securities	Independent Director	June 2017	
Huang Yongjin	Shanghai Investigation & Design Institute Co., Ltd.	Director and Vice President	2011	
	Shanghai Skygeo Information Technology Co., Ltd.	Chairman	2013	
	Shanghai Changkai Geotechnical Engineering Co., Ltd.	Director	January 2019	
	Shanghai Sinking Program Management Consulting Co., Ltd.	Director	December 2019	
	Shanghai Xinpeng Industry Co., Ltd.	Independent Director	May 2020	
Xie Ribin	CNOOC Shenzhen Branch	Secretary of the Party Committee and General Manager of Lihua Oilfield Operation Area	May 2018	June 2020
Post-holding in other entities	Qiu Xiaohua, the Independent Director, and Peng Wen, the Chairman of the Board of Supervisors, take additional posts in other entities, and refer to the relevant contents of Part I of this Section, the main working experience of the directors, supervisors and senior managers, for details.			

III. Remunerations of the directors, supervisors and senior managers

☒ Applicable ☐ Inapplicable

Process of decision-making for remunerations of directors, supervisors and senior managers	Establish the remuneration standards according to the responsibility and complexity of the post as well as the work performance and achievements, and by sticking to the principle of stabilizing personnel and combining the incentive and restriction.
Basis of determining remunerations of directors, supervisors and senior managers	Refer to the remunerations of directors, supervisors and senior managers of this industry.
Actual payment of remunerations of directors, supervisors and senior managers	1. Director's subsidies The subsidy for the three independent directors of the Company is RMB 128,000 (before tax) per person year. Travel expenses for participating in the meetings of board of directors and shareholders and other expenses required for exercising their powers in accordance with the Articles of Association can be reimbursed by the Company. 2. Directors and supervisors who do not receive their remunerations and subsidies from the Company include Ms. Kang Zhuowei, Mr. Peng Wen and Mr. Che Yonggang, as well as Mr. Meng Jun, Mr. Zhang Wukui, Mr. Wu Hanming and Ms. Zhao Yanbo who have left office. Above mentioned directors and supervisors would receive their remunerations and subsidies from China National Offshore Oil Corporation or its subsidiaries.
Total remunerations actually gained by all directors, supervisors and senior managers by the end of the report period	RMB 7,974,000

IV. Turnover of directors, supervisors and senior managers

√Applicable □ Inapplicable

Name	Post	Change	Reasons for change
Wang Zhangling	Director and President	Elected	Newly appointed, according to corporate requirements on management and development
Yang Jinghong	Director	Elected	Newly appointed, according to corporate requirements on management and development
Kang Zhuowei	Director	Elected	Newly appointed, according to corporate requirements on management and development
Peng Wen	Chairman of the Board of Supervisors	Elected	Newly appointed, according to corporate requirements on management and development
Che Yonggang	Supervisor	Elected	Newly appointed, according to corporate requirements on management and development
Li Tao	Staff Supervisor	Elected	Newly appointed, according to corporate requirements on management and development
Kong Linghai	Vice President	Employed	Newly appointed, according to corporate requirements on management and development
Xie Ribin	Vice President	Employed	Newly appointed, according to corporate requirements on management and development
Meng Jun	Former Director	Former	Reaching mandatory age for retirement
Lin Yaosheng	Former Director, Former Executive Vice-president	Former	Reaching mandatory age for retirement
Zhang Wukui	Former Director	Former	Reaching mandatory age for retirement
Chen Baojie	Former Vice President	Former	Job transfer
Li Xiaowei	Former Vice President	Former	Job transfer
Wu Hanming	Former Chairman of the Board of Supervisors	Former	Reaching mandatory age for retirement
Rao Shicai	Former Staff Supervisor	Former	Job transfer
Zhao Yanbo	Former Supervisor	Former	Job transfer

V. Punishments by securities regulatory institutions in recent three years

□ Applicable √Inapplicable

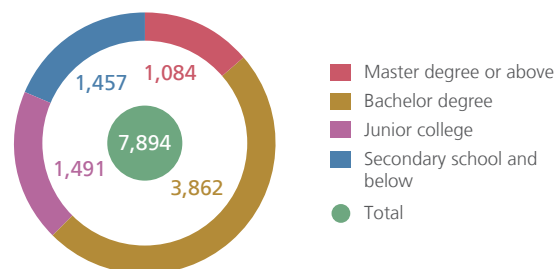
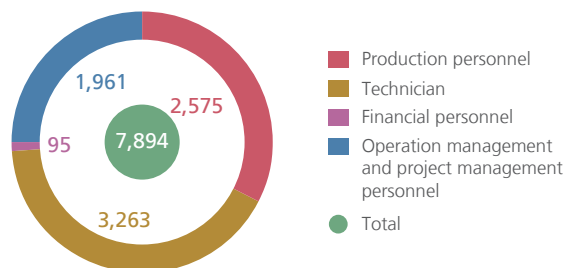
VI. Employees in parent company and main subsidiaries

(I) Employees

Number of in-service employees in parent company	5,467
Number of in-service employees in main subsidiaries	2,427
Total number of in-service employees	7,894
Number of retired employees whose payment was borne by parent company and main subsidiaries	0

Specialty component	
Category of specialty component	Number of specialty component
Production personnel	2,575
Technician	3,263
Financial personnel	95
Operation management and project management personnel	1,961
Total	7,894

Education background	
Type of education background	Quantity (persons)
Master degree or above	1,084
Bachelor degree	3,862
Junior college	1,491
Secondary school and below	1,457
Total	7,894



(II) Remuneration policy

√Applicable □ Inapplicable

The Company implements the remuneration system consisting of the post & performance-based pay system and other distribution systems. Establishing the benefit bonus distribution mode in combination with the Company's business performance and the employees' personal performance, the Company explores diversified salary incentive methods, strengthens the differentiated salary distribution, highlights the incentive for important and key positions, and forms an incentive mechanism that focuses on actual performance and contribution, allocates resources to excellent talents and key positions in various forms, and attracts and retains excellent talents, thus providing talent guarantee for the development of the Company.



✓ The Company's Calligraphy and Painting Association held the "Spring Festival Couplets" event, and Chairman Yu Yi delivered a speech



(III) Training plan

✓Applicable □ Inapplicable

In 2020, the Company conscientiously implemented the strategy of "talents to revitalize the enterprise" and the "3+1" project of cadre talent team construction, continued to improve and optimize the training management system, vigorously promoted the knowledge management project, continuously improved the employees' comprehensive quality and competence level, organized and implemented 4299 training sessions throughout the year, with the training hours per person meeting the target requirements, vigorously promoted the use of "Haixue" platform to carry out online training, innovated the training methods, improved the training efficiency, and provided talent support and guarantee for building an international first-class energy engineering company with Chinese characteristics.

(IV) Labor outsourcing

□ Applicable ✓Inapplicable

✓ The Company's board of directors, top management and new employees who stayed at the project site celebrated the Spring Festival together

◀ The Company held the "Youth Warmed by the Love at COOEC" 2020 Spring Festival greeting activity for new employees
Scene of Greeting and Discussion by the Company Leaders

Corporate Governance



Site of the shareholders' meeting

I. Corporate governance

√Applicable □ Inapplicable

The Company establishes standardized and clear corporate governance structure and forms scientific and effective assignment of responsibilities and balance mechanism meeting requirements of Company Law, Securities Law, Code of Corporate Governance for Listed Companies in China, Rules Governing the Listing of Stocks on Shanghai Stock Exchange, etc., and supervision requirements of China Securities Regulatory Committee, Shanghai Stock Exchange, etc. The shareholders meeting enjoys all rights specified by laws, regulations and Articles of Association, exerts decision-making rights to guideline for management, financing, investment, profit-sharing and other significant matters of the Company legally; Board of Directors is responsible for the shareholders meeting, and enjoys implementation rights to resolutions of the shareholders meeting and operating decision rights specified; Board of Supervisors shall be responsible for the shareholders meeting and inspect and supervise implementation, etc. of corporate financial staff, internal control personnel and senior managers; and management layer is responsible for organizing and implementing resolutions of the shareholders meeting and Board of Directors and being in charge of daily operation and management of the Company. The actual governance of the Company shall comply with requirements in the Company Law and relevant regulations of CSRC.

(I) Establishment and soundness of corporate governance system

The Company formulates Articles of Association, Rule of Procedure for Shareholders Meeting, Rule of Procedure for Board of Directors, Rule of Procedure for Board of Supervisors, Description of President's Work, System of Independent Directors, Management System of Information Disclosure and Investor Relations, Investment Management System and other standardized documents for corporate governance and forms systematical framework of corporate governance based on Company Law, Securities Law, Guide for Charter of Listed Companies, and relevant documents and requirements of securities market supervision authorities.

(II) Shareholders meeting

The Company complies with Company Law, Securities Law, Rules Governing the Listing of Stocks and Rules of Procedure for Shareholders Meeting and is in strict accordance with relevant requirements during meeting convening, holding, meeting bill, meeting procedure, meeting resolution, information disclosure, etc. to ensure all shareholders, especially minority shareholders, can exert their own legal rights and enjoy equal positions. The Company has invited the lawyer to participate in all shareholders meeting to confirm and witness holding procedures and audited events of the meeting and identification of participants and provide legal opinion ensuring legal and efficient shareholders meeting effectively.

In 2020, three shareholders meetings were held by the Company respectively in January, May, July and December. Fourteen proposals such as the Annual Report 2019, profit-sharing plan, work reports of Board of Directors, work reports of Board of Supervisors, final account report, further employment of financial and internal control audit institutions of the Company, election of directors were deliberated and approved, which safeguarded the shareholders' legal rights practically.



^ All directors of the 7th Board of Directors of the Company

(III) Board of Directors

1. Composition of Board of Directors

The Company, strictly following the selecting and engaging procedures stipulated in the Articles of Association, selects and engages directors with the legal quorum and member constitution. The Board of Directors is composed of seven people, including three independent directors and the number of independent directors accounts for more than one-third of total number of Board of Directors.

During the report period, the Sixth Board of Directors of the Company was re-elected due to the expiration of the term of office, and the Seventh Board of Directors was elected and established. Mr. Yu Yi was elected as the Chairman of the Board of Directors again, and three new directors, Mr. Wang Zhangling, Mr. Yang Jinghong and Ms. Kang Zhuowei, joined the Board of Directors. Mr. Wang Zhangling serves as the President and Deputy Secretary of the Party Committee of the Company, Mr. Yang Jinghong serves as the Deputy Secretary of the Party Committee and Chairman of the Labor Union of the Company, and Ms. Kang Zhuowei is the director assigned by the controlling shareholder and the first female director since the Company went public, which reflect that the Board of Directors of the Company attaches great importance to the continuous improvement of the director structure. The three new directors have rich experience in engineering construction, party building and financial and funds management respectively, and will play an important role in the scientific and efficient decision-making of the Board of Directors and promoting the healthy and sustainable development of the Company.

Standing in a new era and a new starting point, the Seventh Board of Directors of the Company will continue with the past and open up the future, firmly implement the spirit of the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China, deeply plan the beginning of the "14th Five-Year", give full play to the strategic leading role, and guide the Company to develop in a high quality and healthy and sustainable way.

Within the report period, Mr. Meng Jun, Mr. Lin Yaosheng and Mr. Zhang Wukui, the former directors, resigned from their positions on account of reaching the mandatory age for retirement, and the Company would like to express its heartfelt thanks to them for their contributions to the development of the Company during their term of office.

2. Performance of Board of Directors

The Board of Directors enhances the principle of standard operation and legal management, perseveringly follows the principle of group discussion for decision making, and pays high attention to the role of independent directors. All the proposals in the board meeting and reporting matters are jointly discussed by the Board of Directors, guarantying all the important decisions in the Company are made after discussion of the Board of Directors, and maintaining overall interests of the shareholders.

The Company held eight board meetings in March, April, June, July, August, October and December 2019, deliberated the regular reports, social responsibility reports, profit-sharing plans, financial budget plans, capital expenditure plans and "14th

Five-Year" development planning, elected directors and supervisors, appointed the President and Vice Presidents, provided guarantees for the subsidiaries to perform the project contracts, handled the use of plans raised funds, commission financing and other important matters, listened to the Company's reports on such important matters as epidemic prevention and control, resumption of work and production, requirements and implementation conditions of board resolutions, and operation risk assessment of overseas projects, and provided decision-making guarantee for the normal operation of the production and operation of the Company.

During the report period, the Board of Directors gave play to the strategic leading role, urged the company management to go all out to properly carry out epidemic prevention and control and production and operation management, strove to achieve the annual business objectives, focused on the "10+1" key project construction, enhanced cost reduction, quality improvement and benefit increase, comprehensively strengthened project management and risk control, continuously deepen the reform, stimulated the endogenous power and internal potential of the Company, strengthened management innovation and technological innovation, and promoted the continuous improvement of EPCI general contracting capacity of the Company.

The Board of Directors thinks that the improvement of corporate governance in 2020 is mainly reflected in the following aspects:

1. It strengthened the organization construction, and promoted detailed implementation of epidemic prevention and control measures. It guided the Company to establish good leadership mechanism, organization system and guarantee system, promoted solid progress of the epidemic prevention and control, implemented comprehensive grid management mechanism, focused on the epidemic prevention and control of overseas projects and ships at sea, strengthened the safety management of overseas staff and overseas ships, achieved the objective of zero confirmed case and zero suspected case of COVID-19 among Chinese employees, effectively protected the employees' life health and safety, and laid a good foundation for the resumption of work and production and normal production and operation.
2. It continued to deepen the reform, and accelerated the implementation of the development strategies of the Company. The Company defined the development objective of "one construction", the development orientation of "three insistences" and the "1235" development layout, deepened the implementation of the reform of "one department and three centers", strengthened the business coordination, optimized the cost control system, comprehensively enhanced the operation control capacity and operation analysis capacity, and improved the lean management and control level. It promoted such reform measures as "grand design", "project manager responsibility system" and separation of "management" and "procurement" in the procurement field, and the reform objectives and paths have become clearer. It strengthened Party building, promoted the deep integration of Party building with production and operation, comprehensively enhanced work style construction, sought truth from facts, worked hard and took responsibilities, and promoted further improvement of the operation efficiency.
3. It strengthened the risk management and control, and improved the compliant operation capacity. It systemically and deeply summarized the experience and lessons of overseas projects, formed an improvement list, continuously improved the risk assessment system of overseas business, checked the loopholes of the system processes, carried out dynamic tracking and assessment of overseas high-risk areas, and developed the countermeasures. It carried out special rectification in the procurement field, optimized the system processes, strictly investigated the violations, optimized the supply chain resources, properly carried out refined management of outsourcing resources, and reduced the subcontracting costs. It gave full play to the role of tour inspection, walkaround inspection and audit, and timely and immediately rectified the problems.
4. It optimized the internal control management system and management standards. It continuously followed up domestic and foreign laws and regulations and regulatory requirements, improved the internal control management level of the Company, optimized the allocation of audit resources, made prudent decisions on major matters, ensured effective operation of the supervision and management mechanism, and promoted and ensured efficient development of the domestic and overseas business of the Company.
5. It strengthened the governance effort of the Boards of Directors of the shareholding enterprises. It improved the management systems of the Boards of Directors of the subordinate units and their decision-making review mechanisms, strengthened the training of performance of duty for the directors assigned to the subsidiaries, enhanced the regulation restraints, urged the exercise of rights according to law, promoted effective governance of losing enterprises, effectively inhibited the increase of operating losses of COOEC-Fluor Heavy Industries Co., Ltd., and practically safeguarded shareholders' rights and interests.
6. It attached importance to and promoted ESG management concept. In 2020, the Company's ESG (environment, society and corporate governance) was rated as BBB by MSCI (Morgan Stanley Capital International Index), ranking at the forefront of domestic companies in the same industry. The Company promoted the ESG concept in the daily management, established an ecological and environmental protection leading group, developed green and low-carbon development plans and special implementation schemes, vigorously explored the LNG engineering business markets, and strove to be a builder of clean energy, a promoter of green development and a practitioner of ecological civilization construction. In accordance with the opinions of the third party, the Company improved the ESG work, including improving the director structure and increasing the number of female directors, improving the composition of audit committee members, disclosing the strategies and mechanisms to prevent corruptions of the business departments and supply chains of the Company, disclosing the energy conservation and emission reduction data of the Company, and further optimizing the corporate governance.
7. It continued to properly carry out information disclosure and maintain good relationship between investors. In accordance with the industry environments and actual operation conditions, the Company timely made risk warnings to the investors in the regular reports, gave clear prospects to the business trends and business plans as far as possible, maintained



▲ All supervisors of the 7th Board of Supervisors of the Company

smooth communication with the investors, and strove to safeguard the legitimate rights and interests of the investors. The information disclosure of the Company in 2019-2020 was rated as Class A by Shanghai Stock Exchange.

(IV) Board of Supervisors

The composition of Board of Supervisors conforms to the law requirements. It is composed of three supervisors, including two supervisors of shareholders, one supervisor of employee's representative, and the supervisors of the Company has professional knowledge and work experience in terms of accounting, auditing, human resources management, etc. The supervisors can perform their duties in accordance with the Articles of Association and the Rules of Procedure for Board of Supervisors, supervise production and operation management and internal control of the Company and regularly conduct investigation and research on the Company and propose suggestions for improvement, so they gave full play to their supervision function and protected the legal rights and interests of the Company and all shareholders.

The Board of Supervisors held 6 meetings in the year. All supervisors attended the meeting and reviewed the Company's regular reports, internal control evaluation reports, financial statements, assets depreciation reserves withdrawn, profit-sharing plan, changes in accounting policies, usage of raised money, procurement of bank financing products and other important matters, and provided review opinions in writing form to regular reports prepared by the Board of Directors. They also actively attended the shareholders meetings and all board meetings. All supervisors conscientiously performed their duties, and paid close attention to the overseas project operation, cost reduction and benefit increase, "10+1" project construction, financial status, regular reports, and performance of duties by the Board of Directors and the management of the Company.

Within the report period, Mr. Wu Hanming resigned from the Chairman of the Board of Supervisors on account of reaching the mandatory age for retirement, and Mr. Rao Shicai and Ms. Zhao Yanbo also resigned from the Staff Supervisor and the Shareholder Supervisor respectively on account of job transfer, and the Company would like to express its heartfelt thanks to them for their contributions to the operation and development of the Company.

During the report period, Mr. Peng Wen was elected as the new Chairman of the Board of Supervisors, Mr. Che Yonggang was elected as the Supervisor, and Mr. Li Tao was elected as the Staff Supervisor, jointly forming the new Board of Supervisors, which will give full play to its supervisory function and safeguard the legitimate rights and interests of the Company and all shareholders.

(V) Management and senior managers

There is 1 Secretary of Party Committee, 1 President (concurrently as Deputy Secretary of Party Committee), 1 Deputy Secretary of Party Committee, 1 Chief Financial Officer and several Vice Presidents in the Company with pragmatic, professional, and experienced managers. According to relevant regulations of Company Law and Articles of Association, the assignment of businesses among senior managers was explicit with clear rights and liabilities. Board of Directors and Board of Supervisors could supervise and control senior managers effectively.

In the report period, the management and all senior managers were diligent and responsible and actively implemented all resolutions of the Board of Directors and the development strategies. In the face of the sudden COVID-19 epidemic, the Company responded to the call of the CPC Central Committee, always put the protection of employees' life and health in the first place, adhered to the "prevention of input externally, prevention of rebound internally, strict control of output", achieved the objective of zero infection in the workplaces, and realized the fastest resumption of work and production with effective measures. Facing huge workloads and epidemic effects in this year, the management led all staff to make arduous efforts, overcome various difficulties, and efficiently operate the projects. All major milestones were archived, all quality and safety performances were up to standard, all 10+1 projects were put into production in advance, all storage and production increasing tasks were completed successfully. Lingshui Project, i.e. the world's first 100,000t deepwater semi-submersible production and oil storage platform was delivered, and major breakthroughs were made in many projects represented by Lingshui and Liuhua. It continued to deepen the reform, optimized the operation and management system of the Company, comprehensively improved the cost control level, insisted on the objective of cost reduction, focused on the four major expenses, deeply tapped the potential of cost reduction, and played an important role in the achievement of the overall operation objectives. It also made positive achievements in Party building, market development, tackling key problems in science and technology, team construction, compliant operation and a series of other work, providing an important guarantee for the healthy and sustainable development of the Company.

(VI) Information disclosure

During the report period, the Company timely learned and understood the new Securities Law and the Opinions of the State Council on Further Improving the Quality of Listed Companies, and earnestly implemented the relevant requirements. It carefully studied the requirements of CSRC on "Four Reverences" (Reverence for the market, the rule of law, the profession, and investors) and "four bottom lines" (not disclosing false information, not engaged in insider trading, not manipulating the stock price, not harming the interests of the listed company), paid high attention to the information disclosure work, constantly consolidated the Company's standardized operation foundation. The Company, in strict accordance with the stock listing rules and requirements of all regulations and specifications for information disclosure of Shanghai Stock Exchange, properly disclosed the information in accordance with laws and regulations, and completed the preparation and disclosure of 4 regular reports and 34 interim notices during the report period. In the regular reports, the Company paid attention to disclosing business key points and detailed production data, made effectiveness analysis of financial indexes according to industry changes, made an effective outlook on the industry development trend and the Company's future development trend, and strove to provide valuable information for the investors to make decisions. Besides, the Company also paid great attention to voluntary disclosure through enterprise portals in accordance with laws and regulations, and timely transferred the dynamic production conditions to various interested parties, and made better use of information disclosure.

(VII) Strengthening the leadership of the Party

As a state-owned holding listed company, the Company actively implemented the two "persistence" concepts and requirements in corporate governance practice, and embedded the Party's leadership into corporate governance in combination with the actual situation of the Company. Firstly, it built a strong and powerful Party Committee of the Company to ensure that the major decisions on production and operation of the Company are fully discussed by the Party Committee. Secondly, it revised and perfected the management system, implemented the prepositive review procedures of the Party Committee and embedded them into the articles of association in the early Party building, and revised the "Three Important and One Major" decision-making management regulations of the Company. On the basis of implementing the prepositive review procedures of the Party Committee, in 2020, it further revised and perfected such cooperate governance systems as investment management system of the Company and rules of procedure of the Board of Directors of the Company, defined the different approval authorities of the Party Committee, the Board of Directors and the management in the investment and sale of the fixed assets of the Company, further developed a corporate governance mechanism with statutory rights and liabilities, transparent rights and liabilities, coordinated operation and effective checks and balances, and promoted better conversion of system advantages to governance effectiveness. Thirdly, it practically played the leadership role of the Party Committee. The Party Committee of the Company regularly or irregularly held the Party Committee meeting to implement all decisions and deployments of the Party Central Committee, persistently strengthened the political construction, persistently implemented strict party governance, persistently promoted the production and operation, and practically played the leadership role of the Party Committee in grasping the direction, managing the overall situation and ensuring the implementation.

Indicate if the actual governance of the Company greatly deviates from requirements of CSRC. If so, explain the causes.

√Inapplicable

II. Brief introduction to the shareholders meeting

Session	Date	Index of query on specified website where the resolution is published	Disclosure date of published resolution
1st Extraordinary Shareholders Meeting in 2020	January 8, 2020	http://www.sse.com.cn	January 9, 2020
2019 Shareholders Meeting	May 18, 2020	http://www.sse.com.cn	May 19, 2020
2nd Extraordinary Shareholders Meeting in 2020	July 10, 2020	http://www.sse.com.cn	July 13, 2020
3rd Extraordinary Shareholders Meeting in 2020	December 22, 2020	http://www.sse.com.cn	December 23, 2020

Shareholders Meeting

☐ Applicable ☒ Inapplicable

III. Responsibilities fulfillment of directors

(I) Directors' participation in Board of Directors and shareholders meetings

Director Name	Whether independent director or not	Board meeting attendance						Shareholders meeting attendance
		Number of board meeting attendances this year	Number of attendances in person	Attendance in the form of communication	Number of attendances by entrustment	Number of absences Time	Failure to attend board meetings in person for twice consecutively	Number of shareholders meeting attendances
Yu Yi	No	8	8	1	0	0	No	4
Meng Jun	No	7	7	5	0	0	No	2
Lin Yaosheng	No	7	7	3	0	0	No	1
Zhang Wukui	No	7	7	2	0	0	No	1
Qiu Xiaohua	Yes	8	8	5	0	0	No	3
Guo Tao	Yes	8	8	5	1	0	No	4
Huang Yongjin	Yes	8	8	5	0	0	No	3
Wang Zhangling	No	1	1	0	0	0	No	N/A
Yang Jinghong	No	1	1	1	0	0	No	N/A
Kang Zhuowei	No	1	1	1	0	0	No	N/A

Explanation of failure to attend board meetings in person twice consecutively

☐ Applicable ☒ Inapplicable

Number of board meetings held in the year	8
Wherein: number of on-site meetings	2
Number of meetings held in the form of communication	1
Number of meetings held on site in combination with communications	5

(II) Objection of independent directors to related issues of the Company

☐ Applicable ☒ Inapplicable

(III) Others

☐ Applicable ☒ Inapplicable

IV. Important opinions and suggestions proposed by special committee directly under Board of Directors while fulfilling responsibilities during report period, and disclosure of specific situations (if any disputed items)

☒ Applicable ☐ Inapplicable

During the report period, special committee directly under the Board of Directors shall carefully fulfill their duties and implement their own responsibilities fairly and transparently according to relevant work systems.

(I) Performance of audit committee

During the report period, the audit committee of the Board of Directors held 4 meetings (including 2 on-site meetings and 2 telephone meetings due to the epidemic effects), carefully audited 11 proposals, including regular reports, accounting policy changes, allowance for assets depreciation reserves, annual financial statements, internal control evaluation reports, annual audit work of 4 terms, further employment of audit agency, and performance of audit committee, and published clear opinions and issued resolutions and minutes of the audit committee meeting.

The audit committee of the Board of Directors communicated and discussed with the Company's management the regular reports, quarterly financial situation, operational cash flow and effects of the epidemic on the Company, and paid much attention to and prompted such management work and risks as risk management and control system construction, overseas project operation risk management, expense reduction and benefit increase, subcontracting benefit improvement and loss reduction of COOEC-Fluor Heavy Industries Co., Ltd. The audit committee carefully reviewed the annual, semi-annual and quarterly financial reports of the Company, gave review opinions on the financial reports of the regular reports of the Company, and thought that the Company's financial reports were true, complete and accurate, and there were no relevant cheats, frauds or material misstatements, assessed and supervised the external audit institutions, and inspected the audit and financial work of the annual report of the Company. The audit committee highly affirmed the Company's efforts in terms of cost reduction, benefit increase, financial management and tax reimbursement.

The audit committee recommended that the Company should attach importance to the development of digital intelligence, strengthen investment and capacity building, combine new technology with industrial development, carefully draw lessons from the

loss of Saudi Arabia 3648 project take effective measures to change the long-term loss of COOEC Fluor, sort out the crux affecting profitability from all aspects, control cost growth, optimize subcontracting business and improve subcontract efficiency, reduce subcontract cost, take comprehensive measures to make every effort to ensure the realization of the annual budget goal, improve the performance level to a greatest extent and return to shareholders.

The audit committee recommended that the Company should make a scientific layout in both domestic and international markets, make use of the experience and lessons accumulated in the process of implementing overseas projects in the past few years, and further promote the Company's development to the overseas markets from the aspects of system, capability, planning and implementation.

Refer to the Report on the Performance of the Audit Committee of the Board of Directors in 2020 disclosed on the same day as this annual report for details of the performance of the audit committee during the report period.

(II) Performance of nomination committee

In the report period, the nomination committee held 3 meetings (two of which were held by communication means), respectively deliberated and approved the proposal of nominating Mr. Kong Linghai, as the Vice President of the Company, that of nominating Mr. Xie Ribin as the Vice President of the Company, and that of nominating Mr. Wang Zhangling as the President of the Company, and deliberated and approved the Proposal on Nominating the Candidate Directors of the Seventh Board of Directors of the Company in the reelection of the Board of Directors, nominating Mr. Yu Yi, Mr. Wang Zhangling, Mr. Yang Jinghong and Ms. Kang Zhuowei as the candidate directors of the Seventh Board of Directors of the Company, and nominating Mr. Qiu Xiaohua, Mr. Guo Tao and Mr. Huang Yongjin as the candidate independent directors of the Seventh Board of Directors of the Company.

The committee regarded the nominators meet all the relevant provisions of Company Law and Articles of Association, their qualifications are legal and meet the qualification conditions of directors and senior managers in listed company, agreed to submit the nominators to the Boards of Directors for deliberation, making sure that the nomination work is in compliance with laws and regulations.

(III) Performance of strategy committee

In the report period, the strategy committee held 1 on-site meeting, deliberated and approved the Proposal on the Company's "14th Five-Year" Development Plan.

V. Risks of the Company discovered by Board of Supervisors

☐ Applicable ☒ Inapplicable

VI. Non-guaranteed independence and the non-retained independent operation capacity of the Company relative to the controlling shareholder in the businesses, human resources, assets, institutions or finance

☐ Applicable ☒ Inapplicable

Solutions, work progress and subsequent work plan of the Company in case of horizontal competition

☐ Applicable ☒ Inapplicable

VII. Establishment and implementation status in the report period of the appraisal system and the incentive system for senior managers

☒ Applicable ☐ Inapplicable

During the report period, the Company carried out the assessment towards the senior managers in accordance with their work performance and the completion of annual objectives and plans.

VIII. Whether to disclose the internal control self-evaluation report

☒ Applicable ☐ Inapplicable

The Internal Control Self-assessment Report is disclosed on the same day of this report, as detailed at <http://www.sse.com.cn>, website of Shanghai Stock Exchange.

Major defects in internal control during report period

☐ Applicable ☒ Inapplicable

IX. Relevant situations of internal control audit reports

☒ Applicable ☐ Inapplicable

BDO China Shu Lun Pan Certified Public Accountants (Special General Partnership) audited internal control of the Company in 2020, provided the standardized Internal Control Audit Report without remained opinions and believed the Company kept effective internal control of financial report on all important aspects according to Guidelines for Enterprise Internal Control and relevant regulations.

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

Whether the internal control audit report is disclosed: Yes

Type of opinion on the internal control audit report: standard unqualified opinion

X. Others

☐ Applicable ☒ Inapplicable

Relevant Condition of Corporate Bonds

☐ Applicable ☒ Inapplicable

Financial Report



I. Audit Report

√Applicable □ Inapplicable

Audit Report

XKSZ [2021] No. ZG10194

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 the COOEC), including the consolidated balance sheet and balance sheet of parent company as of December 31, 2020, consolidated profit statement and profit statement of the parent company, consolidated cash flow statement and cash flow statement of the parent company, and consolidated statement of changes in owner's equity and statement of changes in owner's equity of the parent company, and notes to financial statement of the parent company in 2020.

In our opinion, all significant aspects of the financial statements attached have been prepared based on the Accounting Standards for Business Enterprises and present fairly the consolidated financial position and financial position of the parent company as of December 31, 2020, and the consolidated operating results and cash flows, and operating results and cash flows of the parent company in 2020.

II. Basis for the formation of audit opinions

We carried out the audit work in accordance with the provisions of the China CPA audit guidelines. "Certified Public Accountants' Responsibility for Audit of Financial Statements" in audit report further elaborates on our responsibility under these guidelines. In accordance with the Code of Ethics of Certified Public Accountants in China, we are independent of COOEC and have fulfilled other responsibilities in professional ethics. We believe that our audit evidence is sufficient and appropriate to provide the basis for the issuance of audit opinions.

III. Key items for audit

The key items for audit are items that we consider the most important for the audit of the financial statements of the current period according to the professional judgment. The response of these items is based on an audit of the overall financial statements and the formation of audit opinions, and we do not individually express views on these items. We have determined that the following are key items for audit that need to be communicated in the audit report.

Key items for audit	Handling method
Income confirmation of project contracting	
<p>The disclosure of accounting policies applied for income confirmation is shown in Note V. 26, and the disclosure of income classification is shown in Note VII. 36 and XVII. 4. In 2020, the combined operating income from COOEC projects is RMB 17,862,576,310.97, of which the income confirmed for the project contracting is RMB 17,693,160,600.64, accounting for 99.05% of the combined operating income, which is of great importance to the overall financial statements. New income accounting standards have been adopted for COOEC projects since January 1, 2020. For the difference between the new standards conducted firstly and the current standards, the undistributed profits at the beginning of the report period have been retroactively adjusted, with the disclosure of adjusted amounts shown in Note V. 32.</p> <p>According to the Accounting Standards for Enterprises No.14-Revenues, the project contracting of COOEC mainly refers to a performance obligation fulfilled within a certain period, and the income shall be confirmed according to the performance schedule determined by the input method during the contract period. The management, according to the contract budget of the contracting project, reasonably estimates the estimated total revenue and the estimated total cost of the contract to determine the contract performance schedule, and continuously evaluates and revises the contract during the execution, which requires the management to use the significant accounting estimates and judgments. Such estimates are affected by the judgment on the future market and economic situation, and may further affect the income confirmation by COOEC during the appropriate accounting period in accordance with the performance schedule. For the above reasons, we recognize the income confirmation of the project contracting as a key audit matter.</p>	<p>The procedures we implemented mainly include:</p> <ol style="list-style-type: none"> 1. We tested and evaluated the effectiveness of key internal control related to the total estimated cost budgeting and income confirmation of contracting projects; 2. We sampled and reviewed the project contracts in the project contract account, evaluated the correctness of the management's judgment on the contract performance at a certain time point or within a certain period, and evaluated the rationality of the management's evaluation on the transaction price and variable consideration; 3. We selected some contracting projects as samples, reviewed the project contracts and cost budget data on which the estimated total revenue and estimated total cost are based, and evaluated the rationality of the management's estimates and the sufficiency of the basis. 4. We selected some samples to test the contract cost incurred in 2020; 5. We selected some projects in the project contract account as samples and recalculated their performance schedules to verify their accuracy; and 6. We selected major projects, checked the visual schedules of them on site, discussed with the project management departments to confirm the visual schedules, compared them with the performance schedules recorded in the account, and executed further inspection procedures for abnormal deviations.

IV. Other information

The COOEC management (hereinafter referred to as “the Management”) is responsible for other information. Other information includes information covered in the 2019 Annual Report of COOEC, but does not include financial statements and our audit reports.

We do not cover other information on the audit opinions issued for the financial statements, nor do we have any form of attestation conclusions on other information.

In conjunction with our audit of the financial statements, our responsibility is to read other information, and in this process, consider whether other information is materially inconsistent with the financial statements or what we have learned in the audit process or it appears to be significant misstatement.

Based on the work we have carried out, we should report the fact if we determine the existence of a significant misstatement in other information. In this regard, we have no item for reporting.

V. Responsibilities of management and governance for the financial statements

The Management is responsible for preparing the financial statements in accordance with the provisions of the Accounting Standards for Enterprises to make it fair reflection, then designing, implementing and maintaining the necessary internal controls so that the financial statements do not have any significant misstatement resulting from fraud or error.

In the preparation of financial statements, management is responsible for assessing the constant operational capacity of COOEC, disclosing matters related to constant operations (if applicable), and applying constant operational assumptions, unless they plan liquidation, suspension of operations, or have no other realistic options.

The Management is responsible for overseeing the financial reporting process of COOEC.

VI. Certified public accountant’s responsibility for audit of financial statements

Our goal is to ensure that the overall financial statements get reasonable assurance whether they have no major misstatements resulting from frauds or errors and issue audit reports with opinions. The reasonable assurance is a high-level assurance, but it is not guaranteed that the audit carried out in accordance with the audit guidelines can always find out major misstatements in the presence. The misstatements may be caused by frauds or errors. If misstatements alone or in summary are reasonably expected to affect the economic decision of the users of financial statements, the misstatements are generally considered to be significant.

In the process of performing the audit in accordance with the audit guidelines, we apply professional judgment and maintain professional doubts. Meanwhile, we also execute the following works:

- (1) Identify and evaluate the risks of major misstatement in financial statements due to fraud or error, design and implement audit procedures to address these risks, and obtain sufficient and appropriate audit evidence as the basis for issuing audit opinions. Since fraud may involve collusion, forgery, intentional omission, false representation or not be subject to internal control, failure to find the risk of significant misstatement due to fraud is higher than the risk of failure to find a major misstatement due to errors.
- (2) Understand internal controls related to auditing to design appropriate audit procedures.
- (3) Evaluate the appropriateness of accounting policies adopted by management and the rationality of accounting estimation and related disclosure.
- (4) Make an appropriate conclusion of the Management’s use of constant operational assumptions. At the same time, on the basis of the acquired audit evidence, make a conclusion whether there is a significant uncertainty in matters or circumstances that cause significant doubts about constant operational capacity of COOEC. If we come to the conclusion that there are significant uncertainties, the audit guidelines require that we draw the attention of the report users to the relevant disclosures in the financial statements in the audit report; If the disclosure is not sufficient, we should issue a modified audit report. Our conclusions are based on information available as of the date of the audit report. However, future events or conditions may cause COOEC to discontinue operation.
- (5) Evaluate the overall presentation (including disclosures), structure and content of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient and appropriate audit evidence on the financial information of entities or business activities under COOEC to make an audit opinion on the financial statements. We are responsible for directing, supervising and implementing the Group’s audits and assuming full responsibility for the audit opinion.

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

We also provide a statement to governance regarding compliance with the independence-related professional ethics requirements and communicate with the governance all the relationships and other matters that may reasonably be considered to affect our independence, as well as the relevant preventive measures (if applicable).

In items communicated with the governance, we determine those items most important to the audit of the financial statements of the current period and constitute a key item for audit. We describe these items in the audit report unless laws and regulations prohibit the disclosure of these items, or in rare cases, the negative consequences of communicating an item in the audit report are beyond the benefits of public interest, we determine that the item should not be communicated in the audit report.



Chinese certified public accountant:
Cai Xiaoli (partner)

Chinese certified public accountant:
Xiu Jun

March 19, 2021



II. Financial Statements

Consolidated Balance Sheet

December 31, 2020

Prepared by: Offshore Oil Engineering Co., Ltd.

Unit: Yuan Currency: RMB

Item	Notes	December 31, 2020	December 31, 2019
Current assets:			
Monetary capital	VII. 1	1,571,972,271.52	1,732,204,670.31
Trading financial assets	VII. 2	4,524,560,697.85	N/A
Accounts receivable	VII. 3	7,370,820,084.11	4,837,527,877.62
Advance payment	VII. 4	307,194,726.81	338,402,162.27
Other receivables	VII. 5	19,635,222.39	23,055,015.71
Wherein: interest receivable		252,417.74	2,815,811.42
Dividends receivable		0	0
Inventory	VII. 6	1,011,222,853.24	5,129,378,265.89
Contract assets	VII. 7	1,927,589,788.76	N/A
Other current assets	VII. 8	128,445,296.39	4,443,701,920.87
Total current assets		16,861,440,941.07	16,504,269,912.67
Non-current assets:			
Debt investment	VII. 9	1,201,974,941.04	N/A
Long-term equity investment	VII. 10	2,086,614,962.79	2,006,252,573.18
Investment in other equity instruments	VII. 11	174,092,778.00	181,023,078.00
Fixed assets	VII. 12	9,284,763,178.84	10,761,571,159.30
Projects under construction	VII. 13	2,044,012,818.65	670,874,018.36
Intangible assets	VII. 14	1,109,154,298.14	1,134,629,544.48
Business reputation	VII. 15	13,075,057.26	13,075,057.26
Long-term unamortized expenses	VII. 16	100,966,709.41	77,665,431.11
Deferred income tax assets	VII. 17	405,800,484.33	507,182,160.74
Total non-current assets		16,420,455,228.46	15,352,273,022.43
Total assets		33,281,896,169.53	31,856,542,935.10
Current liabilities:			
Short-term loan	VII. 18	233,209,458.35	0
Accounts payable	VII. 19	7,534,314,527.32	6,862,938,533.84
Advance receipts	VII. 20	1,285,904.12	896,841,046.83
Contract liabilities	VII. 21	613,420,507.86	N/A
Employee benefits payable	VII. 22	298,522,420.97	137,424,595.62
Payable taxes	VII. 23	553,476,350.71	439,122,831.37
Other payables	VII. 24	379,108,083.77	153,816,145.87
Wherein: interest payable		0	29,486.11
Dividends payable		0	0
Non-current liabilities due within one year	VII. 25	108,890.71	0
Total current liabilities		9,613,446,143.81	8,490,143,153.53
Non-current liabilities:			
Long-term loan	VII. 26	436,199,699.03	220,000,000.00
Long-term payables	VII. 27	26,500,563.57	26,908,456.91
Estimated liabilities	VII. 28	328,450,998.83	265,339,417.06
Deferred income	VII. 29	181,619,096.69	158,594,514.41

Item	Notes	December 31, 2020	December 31, 2019
Deferred income tax liabilities	VII. 17	30,462,627.79	22,721,581.87
Total non-current liabilities		1,003,232,985.91	693,563,970.25
Total liabilities		10,616,679,129.72	9,183,707,123.78
Owners' equity (or shareholders' equity) :			
Paid-in capital (or share capital)	VII. 30	4,421,354,800.00	4,421,354,800.00
Capital reserves	VII. 31	4,248,021,742.84	4,247,940,206.11
Other comprehensive incomes	VII. 32	117,405,267.49	68,881,661.47
Special reserve	VII. 33	269,075,949.82	421,769,177.09
Surplus reserves	VII. 34	1,718,109,131.98	1,656,646,711.49
Undistributed profit	VII. 35	11,877,093,150.74	11,844,047,878.33
Total equity attributable to the owners of parent company (or shareholders' equity)		22,651,060,042.87	22,660,640,434.49
Minority shareholders' interest		14,156,996.94	12,195,376.83
Total owners' equity (or shareholders' equity) :		22,665,217,039.81	22,672,835,811.32
Total liability and owners' equity (or shareholders' equity)		33,281,896,169.53	31,856,542,935.10

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

Balance Sheet of the Parent Company

December 31, 2020

Prepared by: Offshore Oil Engineering Co., Ltd.

Unit: Yuan Currency: RMB

Item	Notes	December 31, 2020	December 31, 2019
Current assets:			
Monetary capital		895,916,041.61	1,027,919,930.29
Trading financial assets		4,524,560,697.85	N/A
Accounts receivable	XVII. 1	7,551,614,207.43	4,986,278,619.15
Advance payment		234,196,460.86	223,621,157.20
Other receivables	XVII. 2	740,088,655.95	781,889,429.28
Wherein: interest receivable		146,097.13	524,340.95
Dividends receivable		0	198,000,000.00
Inventory		410,666,088.28	3,755,938,983.16
Contract assets		1,892,830,356.99	N/A
Other current assets		5,967,251.41	3,691,196,789.04
Total current assets		16,255,839,760.38	14,466,844,908.12
Non-current assets:			
Debt investment		1,201,974,941.04	N/A
Long-term equity investment	XVII. 3	9,205,974,170.87	9,205,974,170.87
Investment in other equity instruments		174,092,778.00	181,023,078.00
Fixed assets		4,770,286,335.75	5,138,969,760.13
Projects under construction		741,066,470.31	252,546,461.11
Intangible assets		391,658,315.11	394,760,198.24
Long-term unamortized expenses		69,514,821.75	67,666,483.17
Deferred income tax assets		208,214,454.57	289,477,864.43
Total non-current assets		16,762,782,287.40	15,530,418,015.95
Total assets		33,018,622,047.78	29,997,262,924.07
Current liabilities:			
Short-term loan		1,443,797,179.81	0
Accounts payable		9,756,597,861.95	9,198,197,454.16
Advance receipts		743,276.91	671,462,667.45
Contract liabilities		613,387,909.12	N/A
Employee benefits payable		188,240,415.73	96,835,849.98
Payable taxes		253,075,648.70	54,769,050.85
Other payables		779,929,426.75	423,444,835.96
Wherein: interest payable		0	29,486.11
Dividends payable		0	0
Non-current liabilities due within one year		108,890.71	0
Total current liabilities		13,035,880,609.68	10,444,709,858.40
Non-current liabilities:			
Long-term loan		436,199,699.03	220,000,000.00
Long-term payables		26,500,563.57	26,908,456.91
Estimated liabilities		113,762,778.23	159,593,029.77
Deferred income		101,179,756.69	84,998,060.25
Deferred income tax liabilities		13,694,698.11	11,050,138.43
Total non-current liabilities		691,337,495.63	502,549,685.36

Item	Notes	December 31, 2020	December 31, 2019
Total liabilities		13,727,218,105.31	10,947,259,543.76
Owners' equity (or shareholders' equity) :			
Paid-in capital (or share capital)		4,421,354,800.00	4,421,354,800.00
Other comprehensive incomes		84,515,738.85	30,249,777.59
Special reserve		252,834,094.22	412,312,659.65
Surplus reserves		1,708,466,570.09	1,647,004,149.60
Undistributed profit		8,578,844,741.44	8,293,693,995.60
Total owners' equity (or shareholders' equity) :		19,291,403,942.47	19,050,003,380.31
Total liability and owners' equity (or shareholders' equity)		33,018,622,047.78	29,997,262,924.07

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

Consolidated Profit Statement

January to December 2020

Prepared by: Offshore Oil Engineering Co., Ltd.

Unit: Yuan Currency: RMB

Item	Notes	2020	2019
I. Gross operating income		17,862,576,310.97	14,710,394,330.48
Wherein: operating income	VII. 36	17,862,576,310.97	14,710,394,330.48
II. Gross operating cost		17,527,201,763.82	14,132,305,583.63
Wherein: operating costs	VII. 36	16,021,949,803.31	12,921,911,289.74
Taxes and surcharges	VII. 37	144,508,051.90	73,864,584.68
Sales cost	VII. 38	25,551,316.68	35,838,837.23
Administration expense	VII. 39	232,481,076.06	239,128,657.45
R&D expense	VII. 40	982,709,219.11	874,350,961.81
Financial expense	VII. 41	120,002,296.76	-12,788,747.28
Wherein: interest expense	VII. 41	4,933,710.82	978,402.78
Interest income	VII. 41	14,808,307.92	18,094,932.98
Plus: other incomes	VII. 42	179,911,550.01	135,199,241.09
Investment income (loss indicated with "-")	VII. 43	31,187,308.21	-66,288,499.95
Wherein: investment income from associates and joint ventures	VII. 43	-95,134,095.86	-222,251,710.31
Income from changes in fair value (loss indicated with "-")	VII. 44	24,560,697.85	0
Credit impairment losses (loss indicated with "-")	VII. 45	-23,549,323.57	-17,618,434.85
Asset impairment losses (loss indicated with "-")	VII. 46	-30,226,576.12	-450,485,251.77
Profit from disposal of assets (loss indicated with "-")	VII. 47	0	151,900.93
III. Operation profit (loss indicated with "-")		517,258,203.53	179,047,702.30
Plus: non-operating income	VII. 48	24,132,753.92	34,642,043.51
Less: non-operating expenses	VII. 49	1,948,828.04	4,947,965.35
IV Total profit (total loss indicated with "-")		539,442,129.41	208,741,780.46
Less: income tax expense	VII. 50	173,910,854.01	180,095,526.74
V. Net profit (net loss indicated with "-")		365,531,275.40	28,646,253.72
(i) Classified as per business continuity			
1. Net profit from continuing operation (net loss indicated with "-")		365,531,275.40	28,646,253.72
2. Net profit from discontinuing operation (Net loss indicated with "-")		0	0
(ii) Classified as per attribution of ownership			
1. Net profits attributable to shareholders of the parent company (Net loss indicated with "-")		363,299,190.50	27,926,761.89
2. Profit and loss of minority shareholders (Net loss indicated with "-")		2,232,084.90	719,491.83
VI. Net of other comprehensive incomes after tax		48,253,728.47	21,319,269.84
(i) After-tax net of other comprehensive incomes attributable to owners of parent company		48,523,606.02	21,341,488.86
1. Other comprehensive incomes which cannot be reclassified into the profit and loss in future		-5,890,755.00	19,484,805.00
(1) Changes in fair value caused by other equity instrument investments		-5,890,755.00	19,484,805.00
2. Other comprehensive incomes which will be reclassified into the profit and loss		54,414,361.02	1,856,683.86
(1) Translation differences in foreign currency financial statements		54,414,361.02	1,856,683.86
(ii) After-tax net of other comprehensive incomes attributable to minority shareholders		-269,877.55	-22,219.02

Item	Notes	2020	2019
VII. Total comprehensive income		413,785,003.87	49,965,523.56
(i) Total comprehensive income attributable to the owners of parent company		411,822,796.52	49,268,250.75
(ii) Total comprehensive income attributable to minority shareholder		1,962,207.35	697,272.81
VIII. Earnings per share:			
(i) Basic earnings per share (EPS) (RMB /share)	VII. 57	0.08	0.01
(ii) Diluted Earnings Per Share (RMB /share)	VII. 57	0.08	0.01

Merger of enterprises under same control doesn't exist in current period.

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

Profit Statement of Parent Company

January to December 2020

Prepared by: Offshore Oil Engineering Co., Ltd.

Unit: Yuan Currency: RMB

Item	Notes	2020	2019
I. Operating income	XVII. 4	15,489,820,453.42	12,094,038,406.81
Less: operating costs	XVII. 4	13,982,550,655.05	10,806,093,260.20
Taxes and surcharges		116,741,726.50	36,429,444.67
Sales cost		1,683,953.03	5,596,916.57
Administration expense		136,847,727.02	138,545,672.57
R&D expense		664,168,035.12	494,995,784.53
Financial expense		71,475,973.55	-11,864,980.13
Wherein: interest expense		16,937,663.81	3,135,464.13
Interest income		16,957,908.89	15,648,967.62
Plus: other incomes		93,538,571.88	65,018,371.93
Investment income (loss indicated with "-")	XVII. 5	118,321,274.85	331,957,465.44
Income from changes in fair value (loss indicated with "-")		24,560,697.85	0
Credit impairment losses (loss indicated with "-")		-18,513,536.26	15,282.66
Asset impairment losses (loss indicated with "-")		-29,843,969.33	-394,277,816.10
Profit from disposal of assets (loss indicated with "-")		86,261.32	0
II. Operation profit (loss indicated with "-")		704,501,683.46	626,955,612.33
Plus: non-operating income		15,973,005.65	10,041,578.57
Less: non-operating expenses		1,608,559.77	3,570,322.75
III. Total profit (total loss indicated with "-")		718,866,129.34	633,426,868.15
Less: income tax expense		104,241,924.41	145,235,333.79
IV. Net profit (net loss indicated with "-")		614,624,204.93	488,191,534.36
(i) Net profit from continuing operation (net loss indicated with "-")		614,624,204.93	488,191,534.36
(ii) Net profit from discontinuing operation (Net loss indicated with "-")		0	0
V. Net of other comprehensive incomes after tax		54,265,961.26	10,278,160.82
(i) Other comprehensive incomes which cannot be reclassified into the profit and loss in future		-5,890,755.00	19,484,805.00
1. Changes in fair value caused by other equity instrument investments		-5,890,755.00	19,484,805.00
(ii) Other comprehensive incomes which will be reclassified into the profit and loss		60,156,716.26	-9,206,644.18
1. Translation differences in foreign currency financial statements		60,156,716.26	-9,206,644.18
VI. Total comprehensive income		668,890,166.19	498,469,695.18

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

Consolidated Cash Flow Statement

January to December 2020

Prepared by: Offshore Oil Engineering Co., Ltd.

Unit: Yuan Currency: RMB

Item	Notes	2020	2019
I. Cash flows from operating activities:			
Cash received from sale of goods or provisions of services		19,400,485,531.41	11,717,163,115.62
Refund of tax and fare received		354,300,574.69	252,408,352.11
Other cash received relating to operating activities	VII. 51	326,084,578.38	521,781,038.23
Sub-total of cash inflows from operating activities		20,080,870,684.48	12,491,352,505.96
Cash paid for goods and services		14,835,031,193.44	9,498,133,150.14
Cash paid to and for staff and workers		2,465,082,612.21	2,390,772,420.54
Payments for various taxes		547,654,570.30	461,541,070.50
Other cash paid relating to operating activities	VII. 51	212,307,681.97	215,712,969.48
Sub-total of cash outflows from operating activities		18,060,076,057.92	12,566,159,610.66
Net cash flow from business activities	VII. 52	2,020,794,626.56	-74,807,104.70
II. Cash flows from investment activities:			
Cash received from disposal of investments		10,170,000,000.00	13,150,000,000.00
Cash received from returns on investments		136,553,229.67	163,525,877.55
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		6,233,664.98	3,460.00
Sub-total of cash inflows from investment activities		10,312,786,894.65	13,313,529,337.55
Cash paid to acquire fixed assets, intangible assets and other long-term assets		663,842,183.52	320,242,311.84
Cash paid to acquire investments		11,975,496,485.47	12,911,666,665.00
Sub-total of cash outflows from investment activities		12,639,338,668.99	13,231,908,976.84
Net cash flow from investment activities		-2,326,551,774.34	81,620,360.71
III. Cash flows from financing activities:			
Cash received from borrowings		457,692,558.86	0
Sub-total of cash inflows from financing activities		457,692,558.86	0
Cash paid for distribution of dividends, profits and repayment of interests		266,926,725.51	222,046,142.78
Wherein: Cash paid for distribution of dividends or profit or reimbursing interests by subsidiary		589.64	0
Sub-total of cash outflows from financing activities		266,926,725.51	222,046,142.78
Net cash flow from financing activities		190,765,833.35	-222,046,142.78
IV. Effect of exchange rate changes on cash and cash equivalents		-45,109,155.10	3,541,966.55
V. Net increase in cash and cash equivalents	VII. 52	-160,100,469.53	-211,690,920.22
Plus: Balance of cash and cash equivalents at the beginning of period	VII. 52	1,732,072,741.05	1,943,763,661.27
VI. Balance of cash and cash equivalents at end of period	VII. 52	1,571,972,271.52	1,732,072,741.05

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

Cash Flow Statement of the Parent Company

January to December 2020

Prepared by: Offshore Oil Engineering Co., Ltd.

Unit: Yuan Currency: RMB

Item	Notes	2020	2019
I. Cash flows from operating activities:			
Cash received from sale of goods or provisions of services		16,145,531,009.97	9,475,702,148.93
Refund of tax and fare received		336,245,154.82	94,176,078.29
Other cash received relating to operating activities		528,151,501.81	651,976,889.96
Sub-total of cash inflows from operating activities		17,009,927,666.60	10,221,855,117.18
Cash paid for goods and services		13,721,893,994.36	8,171,854,962.31
Cash paid to and for staff and workers		1,775,737,084.79	1,678,989,024.44
Payments for various taxes		326,423,709.87	219,349,448.70
Other cash paid relating to operating activities		217,136,799.25	130,010,758.23
Sub-total of cash outflows from operating activities		16,041,191,588.27	10,200,204,193.68
Net cash flow from business activities		968,736,078.33	21,650,923.50
II. Cash flows from investment activities:			
Cash received from disposal of investments		9,132,907,500.00	10,333,450,500.00
Cash received from returns on investments		324,254,024.19	138,040,346.73
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		6,945,628.98	3,460.00
Subtotal of cash inflows from investment activities		9,464,107,153.17	10,471,494,306.73
Cash paid to acquire fixed assets, intangible assets and other long-term assets		450,106,946.01	157,391,650.34
Cash paid to acquire investments		11,503,146,000.00	10,300,000,000.00
Sub-total of cash outflows from investment activities		11,953,252,946.01	10,457,391,650.34
Net cash flow from investment activities		-2,489,145,792.84	14,102,656.39
III. Cash flows from financing activities:			
Cash received from borrowings		457,692,558.86	0
Other cash received relating to financing activities		2,613,188,223.02	0
Sub-total of cash inflows from financing activities		3,070,880,781.88	0
Cash paid for distribution of dividends, profits and repayment of interests		271,692,840.05	222,046,142.78
Other cash paid relating to financing activities		1,402,600,501.56	0
Sub-total of cash outflows from financing activities		1,674,293,341.61	222,046,142.78
Net cash flow from financing activities		1,396,587,440.27	-222,046,142.78
IV. Effect of exchange rate changes on cash and cash equivalents		-8,181,614.44	-3,110,445.28
V. Net increase in cash and cash equivalents		-132,003,888.68	-189,403,008.17
Plus: Balance of cash and cash equivalents at the beginning of period		1,027,919,930.29	1,217,322,938.46
VI. Balance of cash and cash equivalents at end of period		895,916,041.61	1,027,919,930.29

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

Consolidated Statement of Changes in Owner's Equity

January to December 2020

Prepared by: Offshore Oil Engineering Co., Ltd.

Item	Paid-in capital (or share capital)	Capital reserves	Other comprehensive incomes
I. Balance at end of last year	4,421,354,800.00	4,247,940,206.11	68,881,661.47
Plus: accounting policy change			
II. Balance at beginning of current year	4,421,354,800.00	4,247,940,206.11	68,881,661.47
III. Increase/decrease change of the year (decrease is marked with "-")		81,536.73	48,523,606.02
(i) Total comprehensive incomes			48,523,606.02
(ii) Capital invested and decreased by the owner		81,536.73	
1. Others		81,536.73	
(iii) Profit-sharing			
1. Withdrawal of surplus reserves			
2. Distribution to owners (or shareholders)			
(iv) Special reserve			
1. Withdrawal in current period			
2. Use in current period			
IV. Balance at end of current period	4,421,354,800.00	4,248,021,742.84	117,405,267.49

Item	Paid-in capital (or share capital)	Capital reserves	Other comprehensive incomes
I. Balance at end of last year	4,421,354,800.00	4,247,940,206.11	47,540,172.61
II. Balance at beginning of current year	4,421,354,800.00	4,247,940,206.11	47,540,172.61
III. Increase/decrease change of the year (decrease is marked with "-")			21,341,488.86
(i) Total comprehensive incomes			21,341,488.86
(ii) Profit-sharing			
1. Withdrawal of surplus reserves			
2. Distribution to owners (or shareholders)			
(iii) Special reserve			
1. Withdrawal in current period			
2. Use in current period			
IV. Balance at end of current period	4,421,354,800.00	4,247,940,206.11	68,881,661.47

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

Unit: Yuan Currency: RMB

2020

Equity attributable to the owners of parent company				Minority shareholders' interest	Total owners' equity
Special reserve	Surplus reserves	Undistributed profit	Subtotal		
421,769,177.09	1,656,646,711.49	11,844,047,878.33	22,660,640,434.49	12,195,376.83	22,672,835,811.32
		-3,510,209.60	-3,510,209.60		-3,510,209.60
421,769,177.09	1,656,646,711.49	11,840,537,668.73	22,657,130,224.89	12,195,376.83	22,669,325,601.72
-152,693,227.27	61,462,420.49	36,555,482.01	-6,070,182.02	1,961,620.11	-4,108,561.91
		363,299,190.50	411,822,796.52	1,962,207.35	413,785,003.87
			81,536.73		81,536.73
			81,536.73		81,536.73
	61,462,420.49	-326,743,708.49	-265,281,288.00	-587.24	-265,281,875.24
	61,462,420.49	-61,462,420.49			
		-265,281,288.00	-265,281,288.00	-587.24	-265,281,875.24
-152,693,227.27			-152,693,227.27		-152,693,227.27
308,433,483.89			308,433,483.89		308,433,483.89
461,126,711.16			461,126,711.16		461,126,711.16
269,075,949.82	1,718,109,131.98	11,877,093,150.74	22,651,060,042.87	14,156,996.94	22,665,217,039.81

2019

Equity attributable to the owners of parent company				Minority shareholders' interest	Total owners' equity
Special reserve	Surplus reserves	Undistributed profit	Subtotal		
482,270,903.18	1,607,827,558.05	12,086,008,009.88	22,892,941,649.83	11,498,104.02	22,904,439,753.85
482,270,903.18	1,607,827,558.05	12,086,008,009.88	22,892,941,649.83	11,498,104.02	22,904,439,753.85
-60,501,726.09	48,819,153.44	-241,960,131.55	-232,301,215.34	697,272.81	-231,603,942.53
		27,926,761.89	49,268,250.75	697,272.81	49,965,523.56
	48,819,153.44	-269,886,893.44	-221,067,740.00		-221,067,740.00
	48,819,153.44	-48,819,153.44			
		-221,067,740.00	-221,067,740.00		-221,067,740.00
-60,501,726.09			-60,501,726.09		-60,501,726.09
206,604,225.40			206,604,225.40		206,604,225.40
267,105,951.49			267,105,951.49		267,105,951.49
421,769,177.09	1,656,646,711.49	11,844,047,878.33	22,660,640,434.49	12,195,376.83	22,672,835,811.32

Statement of Changes in Owners' Equity of the Parent Company

January to December 2020

Prepared by: Offshore Oil Engineering Co., Ltd.

Item	Paid-in capital (or share capital)	Capital reserves
I. Balance at end of last year	4,421,354,800.00	4,245,387,997.87
Plus: accounting policy change		
II. Balance at beginning of current year	4,421,354,800.00	4,245,387,997.87
III. Increase/decrease change of the year (decrease is marked with "-")		
(i) Total comprehensive incomes		
(ii) Profit-sharing		
1. Withdrawal of surplus reserves		
2. Distribution to owners (or shareholders)		
(iii) Special reserve		
1. Withdrawal in current period		
2. Use in current period		
IV. Balance at end of current period	4,421,354,800.00	4,245,387,997.87

Item	Paid-in capital (or share capital)	Capital reserves
I. Balance at end of last year	4,421,354,800.00	4,245,387,997.87
II. Balance at beginning of current year	4,421,354,800.00	4,245,387,997.87
III. Increase/decrease change of the year (decrease is marked with "-")		
(i) Total comprehensive incomes		
(ii) Profit-sharing		
1. Withdrawal of surplus reserves		
2. Distribution to owners (or shareholders)		
(iii) Special reserve		
1. Withdrawal in current period		
2. Use in current period		
IV. Balance at end of current period	4,421,354,800.00	4,245,387,997.87

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

Unit: Yuan Currency: RMB

2020				
Other comprehensive incomes	Special reserve	Surplus reserves	Undistributed profit	Total owners' equity
30,249,777.59	412,312,659.65	1,647,004,149.60	8,293,693,995.60	19,050,003,380.31
			-2,729,750.60	-2,729,750.60
30,249,777.59	412,312,659.65	1,647,004,149.60	8,290,964,245.00	19,047,273,629.71
54,265,961.26	-159,478,565.43	61,462,420.49	287,880,496.44	244,130,312.76
54,265,961.26			614,624,204.93	668,890,166.19
		61,462,420.49	-326,743,708.49	-265,281,288.00
		61,462,420.49	-61,462,420.49	
			-265,281,288.00	-265,281,288.00
	-159,478,565.43			-159,478,565.43
	246,049,336.32			246,049,336.32
	405,527,901.75			405,527,901.75
84,515,738.85	252,834,094.22	1,708,466,570.09	8,578,844,741.44	19,291,403,942.47
2019				
Other comprehensive incomes	Special reserve	Surplus reserves	Undistributed profit	Total owners' equity
19,971,616.77	438,785,312.37	1,598,184,996.16	8,075,389,354.68	18,799,074,077.85
19,971,616.77	438,785,312.37	1,598,184,996.16	8,075,389,354.68	18,799,074,077.85
10,278,160.82	-26,472,652.72	48,819,153.44	218,304,640.92	250,929,302.46
10,278,160.82			488,191,534.36	498,469,695.18
		48,819,153.44	-269,886,893.44	-221,067,740.00
		48,819,153.44	-48,819,153.44	
			-221,067,740.00	-221,067,740.00
	-26,472,652.72			-26,472,652.72
	167,886,975.53			167,886,975.53
	194,359,628.25			194,359,628.25
30,249,777.59	412,312,659.65	1,647,004,149.60	8,293,693,995.60	19,050,003,380.31

III. Basic information of the Company

1. Profile of the Company

√Applicable □ Inapplicable

(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 Co., Ltd. and CNOOC Nanhai West Co., Ltd.. Uniform social credit code: 91120116722950227Y. The Company listed the shares on Shanghai Stock Exchange on February 5, 2002. It is in the oil and gas exploitation industry. As of December 31, 2020, the Company issued share capital of 4,421,354,800 shares totally with registered capital of RMB 4,421,354,800; 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; legal representative: Yu Yi

(2) Business scope

The Company and its subsidiaries (collectively called “the Company”) are 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; leasing of self-owned house; sales of steel, pipes, cables, valves, instruments, meters, hardware and electrical equipment (projects requiring approval according to laws can have business activities carried out upon approval of relevant departments).

(3) Initial offering of corporate stock

Upon the approval (Zh.J.F.X.Z.[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 yuan only after alteration.

(4) Capital increases after initial public offering

- 1) The Company approved the Plan of Increasing Share Capital with Capital Reserves at the first extraordinary shareholders 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 capital of the Company reached 275 million shares, including 88 million tradable shares. The Company finished the procedures of industry & commerce alteration registration on January 12, 2004, with registered capital of RMB two hundred and seventy-five million yuan only after the alteration.
- 2) The Company approved the Plan of Increasing Share Capital with Capital Reserves and Undistributed Profits 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 finished the procedures of industry & commerce alteration registration on October 27, 2004, with registered capital of RMB three hundred and thirty million yuan only after the alteration.
- 3) The Company approved the 2004 Profit-sharing Plan and the Plan of Converting Capital Reserve to Share Capital for 2004 at the shareholders meeting 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 finished the procedures of industry & commerce alteration registration on July 15, 2005, with registered capital of RMB three hundred and ninety-six million yuan only after the alteration.
- 4) The Company approved the 2005 Profit-sharing Plan and the Plan of Converting Capital Reserve to Share Capital for 2005 at the shareholders meeting 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 industry & commerce alteration registration on January 31, 2007, with registered capital of RMB seven hundred and ninety-two million yuan only after the alteration.

- 5) The Company approved the 2006 Profit-sharing Plan at the shareholders meeting 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) to the shareholders based on the total of 792 million shares. The Company finished the procedures of industry & commerce alteration registration on September 6, 2007, with registered capital of RMB nine hundred fifty million four hundred thousand yuan only after the alteration.
- 6) The Company approved the 2007 Profit-sharing Plan at the shareholders meeting in 2007, deciding to distribute share dividends of 5 shares for each 10 shares to the shareholders with the undistributed profit (475.2 million shares in total) and issue 5 additional share for each 10 shares to the shareholders with the capital reserve (475.2 million shares in total) based on the total of 950.4 million shares, which increased the share capital by 950.40 million shares aggregately. The Company finished the procedures of industry & commerce alteration registration on July 31, 2008, with registered capital of RMB one billion nine hundred million eight hundred thousand yuan only 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 registration of alteration on industry and commerce 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 yuan only.
- 8) The Company approved the 2008 Profit-sharing Plan at the shareholders meeting in 2008, deciding to distribute share dividends of 1 share for each 10 shares to the shareholders with the undistributed profit (216.08 million shares in total) and issue 4 additional shares for each 10 shares to the shareholders with the capital reserve (864.32 million shares in total) based on the total of 216.08 million shares, which increased the share capital by 1,080.4 million shares aggregately. The Company finished the procedures of industry & commerce alteration registration on December 31, 2009, with registered capital of RMB three point two billion and forty-one point two million after the alteration.
- 9) The Company approved the 2009 Plan of Increasing Share Capital with Reserves at the shareholders meeting in 2009, deciding to issue 2 additional share 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 Company is RMB three point eight billion and eighty-nine point forty-four million 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 registration of alteration on industry and commerce 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 yuan only after alteration.

(5) Equity change to the initiators

- 1) On September 28, 2003, by means of agreement without payment, the actual controller of the Company CNOOC was transferred with shares totaling 159,233,800 shares held by CNOOC Platform Construction Company, CNOOC Offshore Engineering Company and CNOOC Engineering Design Company, 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. (G.Z.Ch.Q.[2006] No.2) issued by the State-owned Assets Supervision and Administration Commission of the State Council and approved at the shareholders' meeting on non-tradable share reform held on January 16, 2006, holders of non-tradable shares of the Company should 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 Co., Ltd. and CNOOC Nanhai West Co., Ltd., holders of non-tradable shares of the Company, held 203,399,600 shares, 1,414,800 shares and 34,052,800 shares respectively in the Company, representing a ratio of 51.36%, 0.36% and 8.60% respectively. On the first trading day after the non-tradable share reform was executed, all non-tradable shares held by the holders of the Company obtained the rights of circulation.
- 3) As approved in CSRC Permit [2008] No.1091, the Company issued 260 million ordinary shares (A share) by means of non-

public offering of stocks to 8 specific investors including China National Offshore Oil Corporation. After the raised funds were in place, the Company handled the procedures for A Share registration and restrictions on sales of the shares in China Securities Depository and Clearing Co., Ltd. on December 29, 2008. After the private placement this time, CNOOC, CNOOC Nanhai West Co., Ltd. and CNOOC Bohai Co., Ltd. held 1,054,318,252 shares, 163,453,282 shares and 6,791,026 shares respectively, accounting for 48.79%, 7.56% and 0.32% respectively.

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

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

The financial statement was approved and reported by board of directors of the Company on March 19, 2021.

2. Scope of consolidated financial statement

☒ Applicable ☐ Inapplicable

The scope and changes of the consolidated financial statements in the report period are shown in the Note "VIII. Change of Merger Scope", and the relevant information of the subsidiaries is shown in the Note "IX. Equities in Other Subjects".

IV. Basis for preparing the financial statements

1. Preparation basis

The financial statements of the Company are prepared based on continuous operation. The financial statement is prepared with reference to the Accounting Standards for Business Enterprises - Basic Standards and specific accounting standards issued by the Ministry of Finance, the application guide and interpretations of the aforesaid standards and other relevant provisions (hereinafter referred to as the "Accounting Standards for Business Enterprises"), as well as the relevant provisions in the Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports issued by China Securities Regulatory Commission.

2. Continuous operation

☒ Applicable ☐ Inapplicable

The financial statement is prepared based on continuous operation.

V. Significant accounting policy and accounting estimate

Notes to accounting policies and accounting estimate:

☐ Applicable ☒ Inapplicable

1. Statement of obeying the enterprise accounting standards

The financial statements prepared by the Company are in accordance with the requirements of accounting standards for business enterprises, and presents truly and completely the financial position, operation results, changes in shareholders' interest and cash flows of the Company.

2. Accounting period

The Company's fiscal year is from January 1 to December 31.

3. Operating cycle

☒ Applicable ☐ Inapplicable

The operating cycle 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 Technologies Co., Ltd. all adopt RMB as the recording currency.

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

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

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

COOEC Brasil Offshore Ltda. adopts BRL as the recording currency.

The financial statement is presented in RMB.

5. Accounting treatment for mergers under the same or different controls

☒ Applicable ☐ Inapplicable

For merger under the same control, the assets and liabilities obtained by the merging party in a business merger, including the business reputation formed for the final controller acquiring the merged party, are measured as the book value of the merged party's assets and liabilities in the consolidated financial statement of the final controller on the merger date. For the difference between the book value of the net assets gained from merger and the book value of the paid merger consideration (or total book value of the issued share), the capital stock premium in the capital reserve is adjusted; if the capital stock premium in the capital reserve is insufficient to charge off, the retained earnings are adjusted.

For merger under different controls, the merger cost is the fair value of the assets given, liabilities incurred or assumed and equity securities issued by the acquirer on the date of acquisition to obtain control of the acquiree. The difference of the merger cost more than the fair value of the net identifiable assets gained by the acquiree in merger shall be recognized as the business reputation. The difference of the merger cost lower than the fair value of the net identifiable assets gained by the acquiree in merger is included in the current profit and loss. Various identifiable assets, liabilities and contingent liabilities gained by the acquiree in merger, which meet the confirmation requirements, are measured according to the fair value on the date of acquisition.

The directly related expenses generated during the merger are included in the current profit and loss. The transaction expenses of equity securities or debt securities for merger are included in the initially recognized amount of equity securities or debt securities.

6. Preparation method for consolidated financial statements

☒ Applicable ☐ Inapplicable

(1) Consolidation scope

The consolidation scope of consolidated financial statements is defined based on the control scope, covering the Company and all its subsidiaries. Control means that the Company has the power over the invested entity, enjoys variable returns by

participating in related activities of the invested entity, and has the ability to use the power over the invested entity to affect its return amount.

(2) Consolidation procedure

The Company regards the whole enterprise as an accounting entity and prepares consolidated financial statements in accordance with unified accounting policies to reflect the overall financial position, operating results and cash flows of the Company. The effect of internal transactions between the Company and the subsidiaries and between the subsidiaries is offset. If internal transactions indicate that impairment loss has occurred to relevant assets, such loss will be recognized in full. 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 minor shareholders in the ownership interest, current net profit and loss and comprehensive income are respectively listed under the ownership interest item 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 beginning owner's equity vested in the minority shareholders of this subsidiary, the equity of the minority shareholders is offset.

1) Expanding subsidiaries or businesses

During the report period, in case of expanding subsidiaries or businesses due to merger under the same control, the operating results and cash flows of the subsidiaries or businesses from the beginning of the current merger period to the end of the report period are included in the consolidated financial statements. Meanwhile, the opening balance of the consolidated financial statements and the relevant items of compared statements are adjusted as if the main reporting body after merger has come into being all the time from the start control point of the final control party.

Where the acquiree under the same control can be controlled due to additional investment and the like, profit and loss from equity investment held before the consolidated parties being controlled, from acquiring original equity date (or the date when the consolidating party and the consolidated party are under the same control, whichever is the later) to the merger date, and other comprehensive profits and the net profit change offset the original retained earnings or the current profit and loss during the financial statement comparison date.

During the report period, in case of expanding subsidiaries or business due to merger under different controls, the operating results and cash flows of the subsidiaries or businesses from the beginning of the current merger period to the end of the report period are included in the consolidated financial statements from the date of acquisition on the basis of the fair value of the identifiable assets, liabilities and contingent liabilities determined on the date of acquisition.

If an invested entity under the different controls can be controlled due to additional investment, the equity owned by the acquiree prior to the date of acquisition is remeasured at the 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 profits that are involved in the acquiree equity held before the date of acquisition and may be reclassified into the profit and loss in future, and other owner's equity calculated according to the equity method, are transferred to the current investment income at the date of acquisition.

2) Disposing subsidiaries

① General disposal method

Where the Company loses the control over an invested entity due to disposal of part of equity investment or other reasons, the remaining equity investment after disposal is re-measured at the fair value on the date when the Company loses its control over the invested entity. 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 business reputation of the original subsidiary enjoyed based on original stake ratio from the Brazil date of acquisition or merger is included in the investment income of current period when the control power is lost. Other comprehensive incomes related to the equity investment of the original subsidiary and to be reclassified into the profit and loss in future or other owner's equity changes calculated according to the equity method are transferred to the current investment income when the control power is lost.

② Disposing subsidiaries by steps

Where subsidiary equity investment is disposed in steps through multiple transactions until the loss of control, 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; or
- iv. A single transaction is regarded as uneconomic, while being economic when being regarded along with other

transactions.

Where multiple transactions are treated as package deal for accounting treatment, the Company would implement the accounting treatment by regarding such multiple transactions as one transaction with loss of control power; however, the difference of net asset share balance of the subsidiary enjoyed corresponding to the disposal price and investment for each transaction before loss of control power is recognized as the other comprehensive incomes in the consolidated financial statement, and it is transferred to the current profit and loss when the control power is lost.

Where multiple transactions are not treated as package deal, before the control power is lost, accounting is subject to methods for disposing subsidiary equity investment with no loss of control power. If the Company loses the control, accounting is subject to general accounting methods.

3) Acquiring minor equity from subsidiaries

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

4) Partially disposing subsidiary equity investment without losing control

According to the difference between the disposal price and the net assets shares from the date of acquisition or merger based on the disposal of long-term equity investment, the share premium of capital reserve in the consolidated asset balance sheet is adjusted. If the share premium of capital reserve is insufficient to offset, the retained earnings will be adjusted.

7. Joint arrangement classification and accounting methods for joint operation

☒ Applicable ☐ Inapplicable

A joint arrangement means joint operation and joint venture.

Joint operation refers to a joint arrangement in which the Company enjoys the assets related to the arrangement and assumes liabilities related to the arrangement.

The Company acknowledges the following terms related to profit shares of joint operation:

- (1) The assets separately held by the Company and the assets jointly held based on the share ratio;
- (2) The assets separately held by the Company and the liabilities jointly held based on the share ratio;
- (3) Income from selling of the Company's output share generated from joint operation;
- (4) Income from selling of the output share generated from joint operation based on the Company's share ratio; and
- (5) Separately incurred expense and the expense generated from joint operation based on the Company's share ratio.

The Company's investment in joint ventures is calculated according to the equity method, as detailed in the Note "V. (14) Long-term Equity Investment".

8. Standard-setting for cash and cash equivalent

Cash refers to the Company's cash on hand and deposits available for payment from time to time. Cash equivalent refers to the investment held by the Company, which features short term, strong floating and little risk on change of value, and is prone to convert to known amounts of cash.

9. Foreign currency transaction and conversion of foreign currency statement

☒ Applicable ☐ Inapplicable

(1) Foreign currency transaction

The foreign currency amount is converted into RMB at the exchange rate released by People's Bank of China on the last workday of last month of the transaction date of foreign currency transaction.

On the date of balance sheet, the balances of foreign currency monetary items are translated at the spot exchange rate intraday, and exchange differences arising thereof, except for exchange differences related to the acquisition, construction, and other eligible assets for capitalization, are included in current profit and loss.

(2) Conversion of foreign currency financial statement

On the date of balance sheet, the assets and liabilities items in the balance sheet are converted at the spot exchange rate on the date of balance sheet. Except for the undistributed profits under the stockholders' equity, other items are converted at the spot exchange rate on the date of occurrence. The income and expenses as stated in the profit statement are converted at the spot exchange rate at the date of occurrence.

When the overseas operation is disposed, the conversion balance of foreign currency financial statement related to the overseas operation is converted from owner's equity to the current disposal profit and loss.

10. Financial instruments

☒ Applicable ☐ Inapplicable

If the Company becomes a party to a financial instrument contract, it shall determine financial assets, financial liabilities or equity instruments.

(1) Classification of financial instruments

Based on the Company's business model for management of financial assets and the characteristics of contractual cash flows of financial assets, financial assets are classified at initial recognition as: financial assets measured at amortized cost, financial assets measured at fair value, whose changes are included in other comprehensive incomes and financial assets measured at fair value whose changes are included in the current profit and loss.

The Company classifies financial assets that meet the following conditions and are not designated to be accounted at the fair value with fluctuations included in the current profit and loss as financial assets measured at amortized cost:

- Where the business model aims at collection of contractual cash flows;
- The contractual cash flows are only payments for the principal and the interest based on the outstanding principal amount.

The Company classifies financial assets that meet the following conditions and are not designated to be accounted at the fair value with changes included in the current profit and loss as financial assets measured at the fair value with changes included in other comprehensive incomes (debt instruments).

- Where the business model aims at collection of contractual cash flows and selling of the financial assets.
- The contractual cash flows are only payments for the principal and the interest based on the outstanding principal amount.

For non-trading investments in equity instrument, the Company, at initial recognition, irrevocably designates them as the financial assets (equity instruments) measured at fair value with changes are included in other comprehensive incomes. Such designation is made on the basis of a single investment, and the relevant investment conforms to the definition of equity instrument from the perspective of the issuer.

Except for the above-mentioned financial assets measured at amortized cost and those measured at fair value with the changes included in other comprehensive incomes, the Company classifies all the other financial assets into financial assets measured at fair value with the changes included in the current profit and loss. At initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company may irrevocably designate financial assets that should be classified into financial assets measured at amortized cost or financial assets measured at fair value with the changes included in other comprehensive incomes as those measured at fair value with the changes included in the current profit and loss.

At initial recognition, financial liabilities are classified into financial liabilities measured at the fair value with the changes included in the current profit and loss, and financial liabilities measured at amortized cost.

Financial liabilities that meet any of the following conditions may be designated as the financial liabilities measured at fair value, whose changes are included in the current profit and loss at initial recognition.

- 1) Such designation can eliminate or significantly reduce accounting mismatches.
- 2) Management and performance evaluation of financial liability portfolios or portfolios of financial assets and financial liabilities based on the fair value shall be conducted according to the enterprise risk management or investment strategies stated in the formal written documents, and reporting to the key management accordingly is required.
- 3) Financial liabilities include embedded derivatives that need to be separated.

(2) Recognition basis and measurement method of financial instruments

1) Financial assets measured at amortized cost

Financial assets measured at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables, debt investments, etc. They are initially measured at fair value, and relevant transaction costs are included in the initially recognized amount. Accounts receivable excluding significant financing components and those for which the Company has decided not to consider the financing components less than one year are initially measured at the contract transaction price.

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

During collection or disposal, the balance between the gained funds and the book value of these financial assets is included in the current profit and loss.

- 2) Financial assets (debt instruments) measured at fair value, whose changes are included in other comprehensive incomes

Financial assets (debt instruments) measured at fair value, whose changes are included in other comprehensive incomes, include receivables financing, other debt investments and etc. They are initially measured at fair value, and relevant transaction costs are included in the initially recognized amount. The financial assets are subsequently measured at fair value. Changes in the fair value are included in other comprehensive incomes, except for the interest, impairment losses or gains and exchange gains and losses calculated using the effective interest rate method.

During derecognition, the accumulated gains or losses previously recorded in other comprehensive incomes are transferred from other comprehensive incomes and included in the current profit and loss.

- 3) Financial assets (equity instruments) measured at fair value, whose changes are included in other comprehensive incomes

Financial assets (equity instruments) measured at fair value, whose changes are included in other comprehensive incomes, include other equity instrument investments, and are initially measured at fair value. Relevant transaction costs are included in the initially recognized amount. The financial assets are subsequently measured at fair value and the changes in the fair value are included in other comprehensive incomes. Dividends received are included in the current profit and loss.

During derecognition, the accumulated gains or losses previously recorded in other comprehensive incomes are transferred from other comprehensive incomes and included in retained earnings.

- 4) Financial assets measured at fair value, whose changes are included in the current profit and loss

Financial assets measured at fair value, whose changes are included in the current profit and loss, include held-for-trading financial assets, derivative financial assets, other non-current financial assets and etc. They are initially measured at fair value, and relevant transaction costs are included in the current profit and loss. The financial assets are subsequently measured at fair value and the changes in the fair value are included in the current profit and loss.

- 5) Financial liabilities measured at fair value, whose changes are included in the current profit and loss

Financial liabilities measured at fair value, whose changes are included in the current profit and loss, include held-for-trading financial liabilities, derivative financial liabilities and etc. They are initially measured at fair value, and relevant transaction costs are included in the current profit and loss. The financial liabilities are subsequently measured at fair value and the changes in the fair value are included in the current profit and loss.

During derecognition, the difference between the book value and the consideration paid is included in the current profit and loss.

- 6) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost include short-term loans, notes payable, accounts payable, other payables, long-term loans, bonds payable and long-term payables. They are initially measured at fair value, and relevant transaction costs are included in the initially recognized amount.

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

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

(3) Derecognition and transfer of financial assets

In case of one of the following circumstances, the Company shall terminate the recognition of financial assets:

- Termination of contractual rights to receive cash flows from financial assets;
- The financial assets have been transferred, and almost all the risks and rewards in connection with the ownership of the financial assets have been transferred to the transferee;
- The financial assets have been transferred. Although the Company neither transfers nor retains almost all the risks and rewards in connection with the ownership of the financial assets, it does not retain the control over the financial assets.

For the transfer of financial assets, if almost all risks and remuneration in connection with the ownership of the financial assets have been kept, the determination of the financial assets shall not be terminated.

In judgment whether the transfer of the financial assets meets the above-mentioned recognition termination conditions of financial assets, the principle of substance surpassing form is adopted.

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

- 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 assets related to the transfer are the financial assets (debt instruments) measured at fair value with changes included in other comprehensive incomes).

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

- 1) The book value of the part whose recognition is terminated;
- 2) The sum of the consideration of the part whose recognition is terminated and the amount corresponding to the part whose recognition is terminated in the cumulative amount of changes in the fair value which is initially included in the owners' equity (in case the financial assets related to the transfer are the financial assets (debt instruments) measured at fair value with the changes included in other comprehensive incomes).

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

(4) Recognition termination 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 recognition of the existing financial liabilities or a part thereof is terminated. Meanwhile, the financial liabilities after the modification of the terms and conditions are recognized as a new financial liability.

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

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 recognition is terminated on the date of repurchase. The difference between the book value of the financial liabilities for which the recognition is terminated and the payment consideration (including the transferred non-cash assets or the borne new financial liabilities) is included in the current profit and loss.

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

The fair value of financial instruments having active market is determined by its quoted price. Valuation techniques are adopted to determine the fair values of financial instruments having no 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 for impairment of financial assets

Expected credit losses of financial assets measured at amortized cost and financial assets (debt instruments) measured at fair value with their changes included in other comprehensive incomes are estimated as single financial assets or portfolios of financial assets.

The Company considers the reasonable and reliable information about past events, current situation and forecast of future economic situation, takes the risk of default as the weight, calculates the probability weighted amount of the present value of the difference between the cash flow receivable in the contract and the cash flow expected to be received to determine expected credit losses.

If the credit risk of the financial instruments has increased significantly since initial recognition, the Company measures its loss provision at an amount equivalent to the expected credit loss of the financial instruments over the entire duration. If the credit risk of the financial instruments hasn't increased significantly since initial recognition, the Company measures its loss provision at an amount equivalent to the expected credit loss of the financial instruments in 12 months. The increased amount or turned back amount of the loss provision incurred therefrom is included in the current profit and loss as impairment losses or gains.

The Company determines the relative change of default risk within the expected duration of financial instruments and assesses whether the credit risk of financial instruments has increased significantly from the initial recognition by comparison of the default risk of financial instruments on the balance sheet date with the default risk on the initial recognition date. Usually if the

financial instruments are overdue for more than 30 days, the Company believes that the credit risk has increased significantly, unless there is conclusive evidence that the credit risk of the financial instruments has not increased significantly after initial recognition.

If the credit risk of the financial instruments at the date of balance sheet is low, the Company believes that the credit risk of the financial instruments has not increased significantly since initial recognition.

If there is objective evidence that a certain financial asset has been impaired, the Company shall make provision for the impairment of the financial asset on a single item basis.

For the receivables and contract assets generated by the transactions in accordance with the Accounting Standards for Business Enterprises No.14-Revenues (2017), regardless of whether there is a significant financing component, the Company always measures the loss provision at an amount equivalent to the expected credit loss over the entire duration.

For lease receivables, the Company always measures the loss provision at an amount equivalent to the expected credit loss over the entire duration.

If the Company no longer reasonably expects that the contractual cash flow of the financial asset can be fully or partially recovered, the book balance of the financial asset shall be directly written down.

11. Inventory

☒Applicable ☐ Inapplicable

(1) Classification and cost of inventories

The inventory is classified as the contract performance cost with the amortization period of no more than one year or one normal business cycle at the time of project preparation and initial recognition.

Inventory is initially measured at cost. Inventory cost includes procurement cost, processing cost and other expenses to make inventory reach the current location and state.

(2) Valuation method on delivery of inventories

The weighted average method is used when issuing the inventory.

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

On the date of the balance sheet, inventories are measured at the lower value of the cost and the net realizable value. When the inventory cost is higher than its net realizable value, the falling price reserve of inventory is withdrawn. The net realizable value is determined by subtracting the cost going to occur at the time of completion, estimated selling expenses and related expenses of taxation from the estimated sale price of the inventory during normal production process in daily activities.

For the finished products, merchandise inventories, materials for sale, and other inventories of merchandise that can be sold directly, the net realizable value is determined by subtracting the estimated selling expenses and related expenses of taxation from the estimated sale price during normal production process; for the materials that need processing, the net realizable value is determined by subtracting the cost going to occur at the time of completion, estimated selling expenses and related expenses of taxation from the estimated sale price of finished products being produced during normal production process; for the inventories held for the execution of sales contract or labor contract, the net realizable value is calculated on the basis of contract value, and if the quantity of inventories is more than the ordered quantity of sales contract, the net realizable value of surplus part is calculated on the basis of general sale price.

After calculating and withdrawing of inventory falling price reserves, it shall be reversed within the originally calculated and withdrawn inventory falling price reserves, and the reversed amount shall be included in the current profits and losses if the factors affecting the previous write-down inventory value have disappeared, resulting in the net realizable value of inventory being higher than its book value.

(4) Inventory system

The perpetual inventory system shall be adopted.

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

- 1) Low-value and easily-worn articles are amortized with one-time amortization method.
- 2) Packages are amortized with one-time amortization method.

12. Contract assets

(1) Recognition method and standard of contract assets

☒Applicable ☐ Inapplicable

The Company presents contract assets or liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The right of the Company to receive consideration for goods or services transferred to

customers (and such right depends on factors other than the time) is presented as contract assets. The contract assets and liabilities under the same contract are presented in net amount. The Company's right to collect consideration from customers unconditionally (only depending on the time factor) is presented separately as receivables.

(2) Recognition and accounting methods of expected credit losses of contract assets

√Applicable ☐ Inapplicable

For recognition and accounting methods of expected credit losses of contract assets, see 10.(6) Test method and accounting method for impairment of financial assets.

13. Assets held for sale

√Applicable ☐ Inapplicable

When the Company mainly recovers its book value by selling (including the exchange of non-monetary assets with commercial substance) rather than continuously using a non-current asset or disposal group, the non-current asset or disposal group is classified as held for sale.

Non-current assets or disposal groups meeting the following requirements at the same time are regarded as available-for-sale.

- 1) According to the practice in the similar transaction selling this 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 that can be sold after approval of relevant authority of the Company or supervision department have been approved.

If the book value of non-current assets held for sale (excluding financial assets, deferred income tax assets and assets in the form employee compensation) or disposal group is higher than the net amount of fair value minus selling expenses, the book value shall be written down to the net amount of fair value minus selling expenses, and the written-down amount shall be recognized as asset impairment loss and included in current profits and losses, and the impairment reserves for available-for-sale assets shall be withdrawn at the same time.

14. Long-term equity investment

√Applicable ☐ Inapplicable

(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 when the parties sharing control agree. Where the Company and other parties jointly control and have right over the acquiree, such acquiree is a joint venture of the Company.

A significant impact means that the investor has the right to make decision about the finance and business policy of the acquiree but cannot control the formulation of policies separately or with other parties. Where the Company is able to exert significant impacts on an acquiree, the acquiree shall be associates of the Company.

(2) Determination of initial investment cost

- 1) Long-term equity investment formed under merger

Long term equity investment in subsidiaries formed by merger under the same control: the book value of owner's equity of the consolidated party in the consolidated financial statements of the final control side on the merger date is regarded as the initial investment cost of the long-term equity investment. The equity premium in the capital reserve is adjusted by the difference between the initial investment cost of long-term equity investment and the book value of the payment consideration; when the share premium in the capital reserve is insufficient to offset, the retained earnings are adjusted. Where the acquiree under the same control can be controlled due to additional investment, adjust the share premium based on the balance between the original investment cost of long-term equity investment on the merger date 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, offset the retained earnings.

Long term equity investment in subsidiaries formed by merger under the same 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 acquiree under the same control can be controlled due to additional investment, the sum of original book value of holding shares and the newly added investment cost is recognized as the original investment cost measured with cost method.

- 2) For long-term equity investment gained in other forms excluding merger:

The acquisition price paid actually is regarded as the initial investment cost for the long-term equity investment gained in the form of payment in cash.

The fair value of the issued equity securities is regarded as the initial investment cost for the long-term equity investment

gained in the form of issuance of equity securities.

(3) Subsequent measurement and profit and loss recognition method

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

The cost method is used by the Company to calculate the long-term equity investment in its subsidiaries, unless the investment meets the conditions for 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 acquiree, except for the price actually paid in acquisition of investment, or the consideration that are included in the cash dividends or profits that has 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 associates and joint ventures. Recognizing the difference that initial investment cost exceeds the identifiable net assets fair value share of acquiree, adjustment for initial investment cost of long-term equity investment is not required; the book value of long-term equity investment is adjusted and the difference is included in the current profit and loss recognizing the difference that long-term equity investment cost is less than the identifiable net assets fair value share of acquiree.

The Company measures the investment income and other comprehensive incomes based on the ratio of the net profit and loss and other comprehensive incomes fulfilled by the acquiree that is to be enjoyed or shared, and adjusts the book value of long-term equity investment. The Company calculates the deserved part based on the profits and cash announced by the acquiree, and reduce the book value of long-term equity investment. For other changes of the owner's equity except for net profit and loss (referred to as "other changes in owner's equity"), other comprehensive incomes and profit-sharing, the book value of long-term equity investment is adjusted and included in the owner's equity.

Upon recognition of the shares of net profit and loss, other comprehensive incomes and other changes in owner's equity of the acquiree, based on the fair value of identifiable assets of the acquiree when obtaining the investment, the adjusted net profit and other comprehensive incomes of the acquiree are recognized in accordance with the Company's accounting policies during accounting periods.

The unrealized profit and loss of the internal transaction between the Company, associates and joint ventures and the part belongs to the Company based on enjoyed ratio are offset, and the investment profit and loss is recognized on this basis, except that the assets invested or sold constituting a business. Losses generated from the unrealized internal transaction with the acquiree being impairment loss are recognized in full amount.

Apart from the Company's obligations to bear additional losses, the net loss incurred by the Company to associates or joint ventures shall be limited to the book value of the long-term equity investment and other long-term equity substantially constituting the net investment in associates or joint ventures being written down to zero. If a joint venture or an associate realizes net profits later, the Company shall resume to recognize the share of income after the share of income makes up for the unrecognized share of loss.

3) Disposal of long-term equity investment

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

If the long-term equity investment accounted with the equity method is partially disposed and the remaining equity is still accounted with the equity method, the other comprehensive incomes recognized with the original equity method is carried forward on the same basis as the acquiree's direct disposal of relevant assets or liabilities proportionally, and the other changes in the owner's equity are carried forward to the current profits and losses proportionally.

If the joint control or significant influence on the acquiree is lost due to the disposal of equity investment and other reasons, other comprehensive incomes of the original equity investment recognized with the equity method the equity method shall be accounted on the same basis as the acquiree's direct disposal of related assets or liabilities when the equity method is terminated, and other changes in owner's equity are transferred to the current profits and losses when the equity method is terminated.

If the Company loses control over the acquiree due to disposal of some equity investment, in preparing individual financial statement, the remaining equity which can impose joint control or significant impact on the acquiree is calculated with the equity method and is adjusted as if the equity method had been adopted since it was acquired. Other comprehensive incomes recognized before obtaining the control right of the acquiree are carried forward in proportion on the same basis as the acquiree's direct disposal of relevant assets or liabilities, and other changes in owner's equity recognized with the equity method are carried forward in proportion to the current profits and losses. If the remaining equity cannot exercise joint control or exert significant influence on the acquiree, it shall be recognized as a financial asset, and the difference between the fair value and the book value on the date of loss of control shall be included in the current profits and losses. All other comprehensive incomes and other changes in owner's equity recognized before obtaining the control right of the acquiree are carried forward.

Where subsidiary equity investment is disposed in steps through multiple transactions until losing control, and multiple transactions are treated as package deal for accounting treatment, the difference between each disposal price and the book value of the long-term equity investment corresponding to the disposed equity before loss of control is recognized as the other comprehensive incomes in the individual financial statement, and it is transferred to the current profits and losses when the control right is lost. If each transaction does not belong to a package deal, it shall be subject to accounting.

15. Investment real estate

(1) If the cost measurement model is used:

Depreciation or amortization methods

Investment real estate refers to the real estate held to earn rent or capital appreciation, or both, including the leased land use right, the land use right held and ready to be transferred after appreciation, the leased buildings, etc. (including buildings to be rented after construction or development and buildings under construction or development to be rented in the future)

The Company adopts the cost model to measure the existing investment real estate. The follow-up expenditure related to the investment real estate is included in the cost of the investment real estate when the relevant economic benefits are likely to flow in and the cost can be reliably measured; otherwise, such expenditure is included in the current profits and losses when it occurs. For the investment real estate measured with cost method, the buildings used to rent is 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.

16. Fixed assets

(1) Recognition conditions

☒ Applicable ☐ Inapplicable

The fixed assets refer to tangible assets which are held for producing commodity, providing labor, lease or operation and management and whose useful life is more than a fiscal year. When all 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 with cost (taking into account the impact of the expected disposal expenses).

The follow-up expenditure related to fixed assets is included in the cost of fixed assets when the relevant economic benefits are likely to flow in and the cost can be reliably measured; the recognition of the book value of the replaced part is terminated. Other subsequent expenditures other than this shall be included in the current profit and loss when incurred.

When a fixed asset is disposed of, or it is not expected to generate economic benefits through use or disposal, the recognition of the fixed asset shall be terminated. The amount of the disposal income from the sale, transfer, scrapping or damage of fixed assets after deducting its book value and relevant taxes is included in the current profits and losses.

(2) Depreciation methods

☒ Applicable ☐ Inapplicable

Category	Depreciation methods	Depreciation period (year)	Residual ratio (%)	Annual depreciation rate
House buildings	Straight-line depreciation	20-30	5%-10%	3%-4.75%
Machinery 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%

(3) Basis of recognition for fixed assets acquired under financial leases, valuation and depreciation methods

☒ Applicable ☐ Inapplicable

If one of the following conditions listed in leasing agreement signed by the Company and the lessee is met, the asset involved is recognized as financing leased asset:

- 1) The leased asset is owned by the Company when the lease term expires;
- 2) The Company has the right of choice to purchase the assets, and the purchase price is much lower than fair value of the asset when the Company performs the right.
- 3) The leasing period occupies a large part of service life of the leased asset.

- 4) There is no great difference between the present value of the minimum lease payment and the fair value of the asset on the leasing date.
- 5) In view of the special nature of the leased assets, only the lessee can use the leased assets without major transformation.

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 entry value of leased assets, and regards the minimum lease payment as the entry value of the long-term payables. The difference thereof is recognized as the unacknowledged financial charges.

17. Projects under construction

☒ Applicable ☐ Inapplicable

A project under construction is measured with the actual cost. The actual cost includes the construction cost, the installation cost, the borrowing cost meeting the capitalization conditions and other necessary expenses incurred before the project under construction reaches the expected serviceable state. When the project under construction reaches the expected serviceable state, it is transferred into fixed assets and the depreciation will be calculated from the next month.

18. Borrowing expenses

☒ Applicable ☐ Inapplicable

(1) Recognition principle of borrowing cost capitalization

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

The assets complying with the capitalization condition refer to the fixed assets, investment real estate, inventories and other assets which need quite a long time of purchasing or construction activities to reach use or sales status.

(2) Borrowing cost capitalization period

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

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

- 1) The asset expenditure has been incurred, which includes the cash paid to purchase, 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 expenses have been incurred;
- 3) Purchase, construction or production activities required for the assets to reach the anticipated usable state or salable state have begun.

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

(3) Capitalization suspension period

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 the acquisition, construction or production conditions meeting the capitalization the asset for its intended use or sale necessary procedures, the borrowing costs continue to be capitalized. Borrowing costs incurred during current period shall be recognized as a profit and loss, until after the acquisition, construction or production of the asset re-start borrowing costs continue to be capitalized.

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

As for special borrowings for the acquisition and construction or production of assets eligible for capitalization, the capitalization amount of borrowings shall be determined in light of the actual cost incurred of the specially borrowings 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 exceeding over special borrowings is multiplied by capitalization rate of occupied general borrowing, to obtain general borrowing cost to be capitalized. Capitalization rate is determined by the weighted average interest rate of general borrowings.

During the period of capitalization, the exchange difference of the principal and interest of foreign currency special loans shall be capitalized and included in the cost of assets meeting the conditions of capitalization. Exchange differences arising from the principal and interest of foreign currency loans other than special foreign currency loans are included in the current profits and losses.

19. Intangible assets

(1) Valuation method, service life, and impairment test

√Applicable ☐ Inapplicable

1) Valuation methods of intangible assets

- ① Intangible assets are measured initially with the cost when the Company gains the intangible assets.

The cost of outsourcing intangible assets includes the purchase price, relevant taxes and other necessary expenditures directly attributable to intangible assets for the expected purpose.

- ② Subsequent measurement

When acquiring the intangible assets, the service life of the intangible assets shall be analyzed and judged.

Intangible assets with limited service life are amortized through straight-line method 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 is not going to be amortized.

2) Service life estimate of intangible assets with limited service life

Land use right is amortized averagely according to transfer term from the transfer date. Other intangible assets are averagely amortized by the minimum value among the expected service life, beneficial years provided by the contract and validity years stipulated by law by stages. Amortized amount is included in cost of relevant assets and current profit and loss of its beneficial object.

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

Assets whose useful period for benefiting the Company cannot be foreseen by the Company, or assets whose service life is uncertain are recognized as the assets with uncertain service life.

Judgment basis for assets with uncertain service life:

- ① Service life depends on contract rights or other legal rights, or contracts or other legal provisions do not expressly define service life;
- ② The duration of the 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 checked with the from-bottom-to-top method. The relevant department who uses such intangible assets performs 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 ☐ Inapplicable

1) Specific standards for dividing of research and development stage

The Company expenditures for research and development projects 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

Expenditures at the research stage are included in the current profit and loss at the time when the expenditure occurs. Expenditures at the development stage are recognized as intangible assets when the following conditions are met at the same time; otherwise the expenditures at the development stage shall be included in the current profits and losses.

- ① The intangible asset is completed, so that it is feasible technically to use or sell such intangible asset;
- ② There is intention to finish and use or sell such intangible asset;
- ③ The ways of intangible assets to generate economic benefits include the ability to prove the existence of the market where there are the products produced by the intangible assets or the existence of that of the intangible assets, and prove its usefulness if intangible assets will be used internally;
- 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 such intangible asset can be measured reliably.

If it is impossible to distinguish the research stage expenditure from the development stage expenditure, the R & D expenditure will be included in the current profits and losses.

20. Long-term asset impairment

☒ Applicable ☐ Inapplicable

The Company will perform the impairment test when the impairment evidence exists on the long-term assets such as long-term equity investment, investment real estate measured with the cost model, fixed assets, projects under construction, intangible assets with the limited service life and oil & gas assets on each balance sheet date. If the impairment test result shows that recoverable amount of assets is lower than their book value, calculate and withdraw asset impairment reserves according to the difference between the recoverable amount and book value and include it in impairment loss. The recoverable amount is the higher one between the fair value of assets deducting the net value of asset disposal and present value of expected future cash flow. The impairment reserves of assets are calculated and recognized based on single asset. If it is difficult to estimate the recoverable amount of single asset, determine recoverable amount of asset group to which the single asset belongs. Asset group is the minimum asset portfolio that can independently produce cash inflow.

For the intangible assets with uncertain service life and uncertain business reputation caused by merger and intangible assets not yet available, regardless of whether there is any sign of impairment, the impairment test shall be conducted at least at the end of each year.

When the Company makes an impairment test of assets, it shall, as of the date of acquisition, apportion the book value of the business reputation formed by 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 group or combination of asset groups is the asset group or combination of asset groups that can benefit from the synergy effect of merger.

When making an impairment test on the relevant asset groups or combination of asset groups containing business reputation, 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 business reputation, calculate the recoverable amount, compare it with the relevant book value and recognize the corresponding impairment loss. Then, the asset group or combination of asset groups containing business reputation is tested for impairment, and the book value and recoverable amount are compared. If the recoverable amount is lower than the book value, the amount of impairment loss first offsets the book value of the allocated asset group or combination of asset groups with business reputation, and then the book value of other assets will be offset in the proportion of the book value of other assets (excluding business reputation) in the asset group or combination of asset groups.

Once recognized, the above-mentioned assets will not be transferred back in later accounting period.

21. Long-term unamortized expenses

☒ Applicable ☐ Inapplicable

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

22. Contract liabilities

(1) Recognition method of contract liabilities

☒ Applicable ☐ Inapplicable

Accounting policies applicable from January 1, 2019

The Company presents contract assets or liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The obligation of the Company to receive consideration for goods or services transferred to customers is presented as contract liabilities. The contract assets and liabilities under the same contract are presented in net amount.

23. Employee salary

(1) Accounting treatment methods for short-term salary

☒ Applicable ☐ Inapplicable

During the accounting period when employees provide services for the Company, the actual short-term salary is recognized as liabilities and included in the current profits and losses or the relevant assets costs.

The Company calculates and determines employee salary 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 withdrawal base and proportion.

The employee welfare expenses of the Company are included in the current profit and loss or related asset cost, with the amount equal to the actual incurred amount, of which the non-monetary welfare is measured at the fair value.

(2) Accounting treatment methods for post-employment benefits

☒ Applicable ☐ Inapplicable

1) Defined contribution plan

The Company pays basic endowment insurance and unemployment insurance according to the relevant regulations of the local government. During the accounting period when employees provide services for the Company, the amount to be paid is calculated based on local payment cardinality and proportion and recognized as liabilities, and included in the current profits and losses or related asset costs. In addition, the Company also participated in the enterprise annuity plan/supplementary endowment insurance fund approved by the relevant state departments. The Company shall pay to the annuity plan/local social insurance institution a certain proportion of the total wages of employees, and the corresponding expenses shall be included in the current profits and losses or relevant asset costs.

2) Defined benefit plan

The Company counts the welfare obligations generated from defined benefit plans for period when employees provide services for the Company based on the formula confirmed according to the provision of expected cumulative total welfare unit, and includes the expense in the current profits and losses or the related asset costs.

The deficit or surplus generated by subtracting fair value of defined benefit plans from the current value of defined benefit plans are recognized as the net liabilities or assets of a 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 obligations of the defined benefit plan including obligations 12 months after the annual reporting when employees provide services for the Company will be paid in cash at the market rate at return at balance sheet date, of national bonds and the company bonds corresponding to obligation period of the defined benefit plan and the currency.

Service cost and net interest of the net liabilities or asset generated from the defined benefit plan are included in current profits and losses or the related asset costs. The changes generated from rechecking net liabilities or asset of the defined benefit plan are included in the other comprehensive incomes, and will not be transferred back to the profits and losses in the following accounting period. If the original defined benefit plan is terminated, the part originally included in other comprehensive incomes shall be carried forward to the undistributed profit within the scope of equity.

During the settlement of the defined benefit plan, the profit and loss is recognized based on the difference between the current obligation value of the defined benefit plan and the settlement price measured at settlement date.

(3) Accounting treatment method of dismissal welfare

☒ Applicable ☐ Inapplicable

If the Company provides dismissal benefits to employees, the employee salary liabilities arising from the dismissal benefits and recognized on the earlier of the following two dates are included in the current profits and losses: when the Company cannot unilaterally withdraw the dismissal benefits provided by the labor relationship termination plan or layoff proposal; when the Company recognizes the costs or expenses related to the restructuring of the dismissal benefit payments.

(4) The accounting treatment method for other long-term employee benefits

☐ Applicable ☒ Inapplicable

24. Estimated liabilities

☒ Applicable ☐ Inapplicable

Where obligations relating to contingent events meet all the following conditions, the expenses are recognized as estimated liabilities:

- (1) This obligation is a current obligation undertaken by the Company;
- (2) Fulfillment of such obligations is likely to lead to outflow of the economic benefits from the Company;
- (3) The amount of this obligation can be reliably measured.

The Company's 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, currency time value and other factors. In case of great significance on the currency time value, the best estimates are determined

after the relevant future cash outflow is discounted.

If the required expenditure has a continuous range, and probability on occurrence of various results within such range is the same, then the best estimates are determined based on the median of such range, that is, the average of the upper limit and the lower limit. In other cases, the best estimates are determined as follows:

- If the contingent matters involve single item, then the best estimates are determined based on the most possible amount.
- If the contingent matters involve multiple items, then the best estimates are calculated and determined based on various possible results and relevant probabilities.

When all or some of the expenses required for the liquidation of an estimated debt of the Company is expected to be compensated by the third party, they should be separately recognized as an asset only when it is virtually certain that the amount of compensation will be obtained, and the recognized amount of compensation doesn't exceed the book value of the estimated liabilities.

The Company reviews the book value of the estimated liabilities on the balance sheet date. If there is conclusive evidence that the book value cannot reflect the current best estimate, the book value shall be adjusted by the current best estimate.

25. Stock payment

☒Applicable ☐Inapplicable

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 the employees or other parties. Share-based payments shall consist of equity-settled share-based payments and cash-settled share-based payments.

(1) Stock payment settled by equities and equity instrument

The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to the employees. The share-based payment transactions that can be exercised immediately after the grant are included in the relevant costs or expenses at the fair value of the equity instruments on the grant date, and the capital reserves are increased accordingly. For the share-based payment transactions that can only be exercised after the completion of the service within the waiting period or meeting the specified performance conditions after the grant, the Company, on each balance sheet date within the waiting period, includes the services obtained in the current period into the relevant costs or expenses based on the best estimate of the number of exercisable equity instruments and the fair value on the grant date, and increases the capital reserves 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 granted equity instruments are canceled, the Company accelerates right performance for the cancellation of the granted equity instruments, and the amount that should be recognized in the remaining waiting period is immediately included in the current profits and losses, and the capital reserves are recognized at the same time. However, if new equity instruments are granted and the new instrument is recognized as replacing the canceled equity instruments, the replaced instrument is treated with the same method on provisions of original equity instrument as that on the modified conditions.

(2) Stock payment settled by cash and equity instrument

The cash-settled share-based payment will be measured at the fair value of the liabilities determined based on the share or other equity instruments undertaken by the Company. The share-based payment transactions that can be exercised immediately after the grant are included in the relevant costs or expenses at the fair value of the liabilities on the grant date, and the liabilities are increased accordingly. For the share-based payment transactions that can only be exercised after the completion of the service within the waiting period or meeting the specified performance conditions after the grant, the Company, on each balance sheet date within the waiting period, includes the services obtained in the current period into the relevant costs or expenses based on the best estimate of the exercisable conditions and the fair value of liabilities, and also includes them into liabilities. 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 profit and loss at current period.

26. Income

(1) Accounting policy adopted for recognition and measurement of income

☒Applicable ☐Inapplicable

Accounting policy adopted for recognition and measurement of income from January 1, 2020

The Company will recognize income when it has fulfilled its performance obligations in the contract, i.e., when the customer has obtained control of relevant goods or services. Obtaining control of relevant goods or services means being able to dominate the use of the goods or services and obtain almost all the economic benefits from them.

Where there are two or more performance obligations in the contract, the Company will, on the commencement date of the contract, allocate the transaction price to each single performance obligation according to the relative proportion of the individual selling price of the goods or services promised by each single performance obligation. The Company measures income according to the transaction price allocated to each single performance obligation.

The transaction price means the amount of consideration that the Company is expected to be entitled to receive due to the transfer of goods or services to the customer, excluding the sum collected on behalf of the third party and the sum expected to be returned to the customer. The Company determines the transaction price in accordance with the conditions of the contract and based on its past practices. When determining the transaction price, the Company will take into account the impact of factors, such as variable consideration, significant financing components in the contract, non-cash consideration, and consideration payable to the customer. The Company determines the transaction price including variable consideration at an amount that does not exceed the amount at which the accumulated recognized income is highly unlikely to have a significant reversal when relevant uncertainties are eliminated. Where there is a significant financing component in the contract, the Company will determine the transaction price based on the amount payable in cash when the customer is assumed to obtain the control of goods or services, and will use the effective interest method to amortize the difference between the transaction price and the contract consideration during the contract period.

Whether a performance obligation shall be fulfilled within a certain period of time or at a certain point of time depends on the conditions of the contract and relevant legal provisions. If one of the following conditions is met, the performance obligation shall be fulfilled within a certain period of time; otherwise, the performance obligation shall be fulfilled at a certain point of time:

- The customer obtains and consumes the economic benefits brought by the Company's performance while the Company performs the contract.
- The customer can control the goods being made during the Company's performance of the contract.
- The goods produced by the Company during the performance of the contract have irreplaceable uses, and the Company is entitled to receive money for the cumulative performance part that has been completed so far during the entire contract period.

Where a project contract performance obligation is fulfilled within a certain period of time, the Company will recognize income according to the performance progress. When the performance progress can be determined reasonably, the total contractual income multiplied by performance progress minus the cumulative recognized income for the previous accounting period will be recognized as the contractual income for the current period on the balance sheet date; at the same time, the estimated total contract cost multiplied by the completion progress minus the cumulative recognized cost for the previous accounting period will be recognized as the contract cost for the current period. The performance progress is measured by the expenditure or input incurred by the Company to fulfill its performance obligations, and the progress is determined based on the proportion of the cumulative cost of each contract as of the balance sheet date to the estimated total cost. When the performance progress cannot be determined reasonably, if compensation is expected to be made for the cost incurred, the income will be recognized based on the cost incurred until the performance progress can be determined reasonably.

Accounting policy before January 1, 2020

(1) General principles of recognition and measurement of income from sale of goods

Income is realized when: the Company has transferred main risks and rewards of goods' ownership to the buyer, the Company no longer retains the continuously managing right related to the ownership and no longer implements effective control of the goods, and the related costs which have occurred or will be occurred can be measured reliably. The income amount from the sale of goods is recognized based on the received or receivable contract or agreement prices from the buyer, except for the not-fair part of the received or receivable contract or agreement price. The contract or agreement price is acquired in the deferred way. Where the price bears financing nature, the income amount is recognized at the fair value of contract or agreement price.

(2) Provision of labor services

At the date of balance sheet, labor income is recognized by using the percentage-of-completion method when the results of providing service transaction can be estimated reliably; otherwise the amount of labor income shall be recognized by labor costs which have occurred and are expected to be compensated. The service transaction result can be reliably evaluated in accordance with the following conditions simultaneously: the incurred service cost can be reliably calculated; the related economic interests may flow into the Company; the completion progress of the transaction can be reliably determined; the cost incurred or to be incurred can be calculated reliably. The completion progress of the labor service transaction is determined by the Company based on the proportion of the cost incurred to the estimated total cost. The Company ascertains the total income from the provision of labor services based on the received or to-be-received price of the party that receives the labor services as stipulated in the contract or agreement, unless the received or to-be-received price as stipulated in the contract or agreement is unfair.

(3) Transfer of assets use rights

The Company recognizes income of transferred assets use rights when economic interests related to the transaction may flow into the Company and the sum of the income can be calculated reliably.

(4) Basis and method to determine the contract completion progress when the income from provision of labor service and the income from construction contract are recognized with the percentage-of-completion method.

On the balance sheet date, the labor income is recognized by using the percentage-of-completion method when the results of providing service transaction can be estimated reliably. The completion progress of the service transaction is determined based on the percentage of completed work measurement and cumulative actual cost investment in the budget cost.

The Company ascertains the total income from the provision of labor services based on the received or to-be-received price of the party that receives the labor services as stipulated in the contract or agreement, unless the received or to-be-received price as stipulated in the contract or agreement is unfair. On the balance sheet date, the labor service income for the current period is recognized according to the total labor service income multiplied by the completion progress minus the accumulated recognized labor service income for the previous accounting period. At the same time, the current labor costs are carried forward according to the estimated total cost of provision of labor services multiplied by the completion progress minus the accumulated recognized labor service costs in the previous accounting period.

If the service transaction result cannot be reliably evaluated on the balance sheet date, it shall be treated according to the following conditions respectively:

- 1) If the labor cost incurred is expected to be compensated, the income from provision of labor services shall be recognized according to the amount of labor cost incurred, and the labor cost shall be carried forward according to the same amount.
- 2) If the labor cost incurred is not expected to be compensated, labor costs incurred are included in the profit and loss of the current period, and the income from provision of labor services is not recognized.

The Company recognizes contract income and expenditure as the percentage of completion on the balance sheet date when the contract overall income can be measured reliably, the economic interests related to the contract may flow into the Company, and the actual incurred cost can be distinguished explicitly and measured reliably, and contract completion progress and costs necessary for completing contract can be reliably determined. When the percentage-of-completion method is adopted, the contract completion progress will be determined based on the proportion of the incurred contract cost to the expected total contract cost.

If the contract cost can be recovered and the contract income can be determined based on the actual recoverable contract cost, the contract cost is included in expenditure during incurred period when the outcome of construction contract cannot be estimated reliably; if the contract cost cannot be recovered, it shall be recognized as expenditure immediately with income not recognized.

The Company inspects the construction contract at the end of the term. If the estimated overall cost of construction cost surpasses estimated overall contract income, the loss provision will be made and the expected loss will be recognized as the current expense.

(2) Differences in accounting policy for income recognition caused by adoption of different business models in similar types of business

☐ Applicable ☒ Inapplicable

27. Contract cost

☒ Applicable ☐ Inapplicable

Accounting policy from January 1, 2020

Contract cost includes contract performance cost and contract acquisition cost.

Where the cost incurred by the Company to perform the contract is not within the scope of standards and codes on inventory, fixed assets or intangible assets, it shall be recognized to be an asset as the contract performance cost when the following conditions are met:

- The cost is directly related to a contract currently or expected to be acquired.
- The cost increases the Company's future resources to fulfill its performance obligations.
- The cost is expected to be recovered.

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

Assets related to the contract cost are amortized on the same basis as the income recognition for goods or services related to the assets; however, if the amortization period of the contract acquisition cost does not exceed one year, the Company will include it in the current profits and losses when it is incurred.

Where the book value of assets related to the contract cost is higher than the difference between the following two items, the Company will make provision for impairment of the excess part and recognize it as an asset impairment loss:

- (1) The remaining consideration expected to be acquired due to the transfer of goods or services related to the assets;
- (2) The cost estimated to be incurred for the transfer of the related goods or services.

Where the impairment factors in the previous period change afterwards and this causes the aforementioned difference to be higher than the book value of the assets, the Company will reverse the original provision for impairment and include it in the current profits and losses, but the book value of the reversed assets shall not exceed the book value of the assets on the date of reversal without provision for impairment.

28. Government subsidies

☒ Applicable ☐ Inapplicable

(1) Type

Government subsidies refer to monetary assets and non-monetary assets acquired by the Company from the government free of charge. Government subsidies are divided into government subsidies related to assets and government subsidies related to income.

Government subsidies related to assets refer to government subsidies obtained by the Company and used for purchase and construction of long-term assets or formation by other ways. Government subsidies pertinent to income refer to government subsidies other than government subsidies pertinent to assets.

The criterion for the Company to recognize government subsidies as government subsidies related to assets is: appropriations from the government and with the nature of assets.

The criterion for the Company to recognize government subsidies as income-related subsidies is: appropriations from the government other than government subsidies related to assets.

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

(2) Time of recognition

Government subsidies will be recognized when the Company can meet the attached conditions for them and receive them.

(3) Accounting treatment

Government subsidies 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 current profits and losses by a reasonable and systematic method within the service life of underlying assets (those related to daily activities of the Company included in other income; while irrelevant to daily activities, included in non-operating income).

If income-related government subsidies are used for compensating the Company's future relevant cost expenses or losses, such subsidies are recognized as the deferred income and included in the current profit and loss (those related to daily activities of the Company included in other income; while irrelevant to daily activities, included in non-operating income) at the time of confirming relevant cost or loss or used for offsetting relevant cost or loss; if it is used for compensating the incurred relevant cost expenses or losses, such subsidies are directly included in the current profit and loss (those related to daily activities of the Company included in other income; while irrelevant to daily activities, 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) As for the case that 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 entry loan value and calculate relevant borrowing costs based on loan principal and such policy preferential interest rate.
- 2) As for the case that financial department directly allocates discounted interest to the Company, the Company will offset relevant borrowing costs with discounted interest accordingly.

29. Deferred income tax assets/liabilities

☒ Applicable ☐ Inapplicable

Income tax includes current income tax and deferred income tax. Except for the income tax arising from business combination and transactions or events directly included in the owners' equity (including other comprehensive income), the Company will include current income tax and deferred income tax in the current profits and losses.

Deferred income tax assets and deferred income tax liabilities are calculated and recognized based on the difference (temporary difference) between the tax base of assets and liabilities and their book value.

As to the deductible temporary difference, deferred income tax assets are recognized with the future taxable income that is

likely to be used to offset the deductible temporary difference as limit. As for any deductible loss or tax deduction that can be carried forward to the next year, corresponding deferred income tax assets shall be determined to the extent that the amount of future taxable income to be offset by the deductible loss or tax deduction to be likely obtained.

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

The special circumstances under which deferred income tax assets or deferred income tax liabilities are not recognized include:

- Initial recognition of goodwill;
- Transactions or events that are not business combination and do not affect accounting profits or taxable income (or deductible losses) at the time of occurrence.

For taxable temporary differences related to investments in subsidiaries, joint ventures and associates, deferred income tax liabilities are recognized, unless the Company can control the timing of reversal of the temporary differences and the temporary differences are not likely to be reversed in the foreseeable future. For deductible temporary differences related to investments of subsidiaries, joint ventures and associates, deferred income tax assets are recognized if the temporary differences are likely to be reversed in the foreseeable future and the taxable income used to offset the deductible temporary differences is likely to be obtained in the future.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are calculated in accordance with the tax law at the applicable tax rate for the period when related assets are expected to be recovered or related liabilities are expected to be settled.

The Company rechecks the book value of deferred income tax assets on the balance sheet date. If it is not likely to obtain sufficient taxable income in the future to offset the benefits of deferred income tax assets, the book value of deferred income tax assets is written down. When it is likely to obtain sufficient taxable income, the reduced amount is 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 the tax liabilities of the current income.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are presented as the net offset amount when the following conditions are met at the same time:

- The taxpayer has the legal right to settle current income tax assets and current income tax liabilities with net amount;
- Deferred income tax assets and deferred income tax liabilities are related to the income taxes imposed by the same competent tax department against the same taxpayer or different taxpayers; however, the involved taxpayer intends to settle the current income tax assets and liabilities with net amount or gains assets and pays off liabilities at the same time during each future period when significant deferred income tax assets and liabilities are transferred back.

30. Lease

(1) Accounting treatment method for operating lease

☒ Applicable ☐ Inapplicable

- 1) The rent paid by the Company to hire 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.

- 2) The rent received by the Company to lease assets is amortized with the straight-line method during the whole lease period without rent-free period deducted, and is recognized as lease-related 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 considerably hung, then such expenses are capitalized, and included in the current income at the same recognition base of the lease income during the whole lease period.

If the Company has borne the expenses related to the lease 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.

(2) Accounting treatment method for finance lease

☒ Applicable ☐ Inapplicable

- 1) Financing lease-in assets: 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 entry value of leased assets, and regards the minimum lease payment as the entry value of the long-term payables. The difference thereof is recognized as the unacknowledged financial charges. 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 incurred by the Company are included in the value of the leased assets.

- 2) Financing lease-out assets: the Company recognizes the balance between the sum of receivable financing lease payment and non-guarantee remaining value and the present value as the unrealized financing income, and as lease income after receiving rent. The initial direct expense related to lease transactions incurred by the Company is included in the initial measurement of receivable financing lease payment, and recognized income amount during the lease period is reduced.

31. Other significant accounting policy and accounting estimate

√Applicable ☐ Inapplicable

Discontinuing operation

Discontinuing operation indicates the constituent part that meets any of the following conditions and can be distinguished separately when the part has been disposed of or been characterized as available for sale.

- (1) The constituent part represents one independent major business or one independent major operation area;
- (2) The constituent part is one part of the disposal plan of one independent major business or one major operation area;
- (3) The constituent part is the subsidiary obtained only for resales.

The profit and loss from continuing operations and the profit and loss from discontinuing operation are presented separately in the profit statement. Profit and loss from operations such as impairment loss and reversal amount of discontinuing operation and profit and loss from disposal are presented as the profit and loss from discontinuing operation. For the discontinuing operation presented in the current period, the information originally reported as the profit and loss of continuing operation is re-presented as the profit and loss of discontinuing operation in the comparable accounting period in the current financial statement.

32. Other significant accounting policy and change of accounting estimate

(1) Change of significant accounting policies

√Applicable ☐ Inapplicable

Other descriptions

- 1) Implementation of the Accounting Standards for Business Enterprises No. 14 - Income (revised in 2017) (hereinafter referred to as "the new income standards")

In 2017, the Ministry of Finance revised the Accounting Standards for Business Enterprises No. 14 - Income. According to the revised standards, the enterprise that implements the standards for the first time shall adjust the retained earnings at the beginning of the year and the amount of other related items in the financial statements according to the cumulative impact amount, and the information for the comparable period shall not be adjusted.

The Company has implemented the new income standards since January 1, 2020. According to the standards, the Company only adjusts the retained earnings at the beginning of 2020 and the amount of other related items in the financial statements for the cumulative impact amount of contracts that have not been completed on the first implementation date, and the comparative financial statements are not adjusted. The main impact of the implementation of the standards is as follows:

Content and cause of accounting policy change	Approval process	Affected statement item	Amount of impact on the balance on January 1, 2020	
			Consolidated	Parent company
The accounts receivable related to the construction contract, not meeting the unconditional collection right and unsettled for completed work are reclassified as contract assets; the advance receipts related to the construction contract and already settled for uncompleted work and the advance receipts related to the construction contract are reclassified as contract liabilities.	The 22nd meeting of the 6th Board of Directors	Accounts receivable		
		Inventory	-4,400,909,758.38	-3,436,544,172.59
		Contract assets	4,565,834,970.37	3,550,962,076.21
		Advance receipts	-896,271,614.58	-671,109,588.94
		Contract liabilities	852,757,160.18	627,595,134.54
		Other current assets	-43,514,454.40	-43,514,454.40
		Estimated liabilities	168,982,424.43	117,618,217.22
		Deferred income tax assets	547,002.84	470,563.00
		Undistributed profit	-3,510,209.60	-2,729,750.60

Compared with the original income standards, the impact of the implementation of the new income standards on the related items in the financial statements for 2020 is as follows (increase/(decrease)):

Affected balance sheet item	Amount of impact on the balance on December 31, 2020	
	Consolidated	Parent company
Inventory	-1,929,320,826.23	-1,894,530,082.80
Contract assets	1,927,589,788.76	1,892,830,356.99
Contract liabilities	613,420,507.86	613,387,909.12
Advance receipts	-627,600,837.38	-627,568,238.64
Taxes payable	14,180,329.52	14,180,329.52
Deferred income tax assets	202,318.17	228,732.10
Undistributed profit	-1,528,719.30	-1,470,993.71

The Company's implementation of the above standards has no significant impact on the items in the profit statement for 2020.

2) Implementation of Interpretation No. 13 of the Accounting Standards for Business Enterprises

On December 10, 2019, the Ministry of Finance issued Interpretation No. 13 of the Accounting Standards for Business Enterprises (CK [2019] No. 21, hereinafter referred to as "interpretation No. 13"), which came into force on January 1, 2020 and does not require retroactive adjustment.

① Identification of related parties

Interpretation No. 13 specifies that the following cases constitute related parties: the enterprise and the joint ventures or associates of other members (including the parent company and subsidiaries) of its enterprise group; a joint venture of the enterprise and other joint ventures or associates of the enterprise. In addition, interpretation No. 13 specifies that two or more enterprises that are significantly affected by the same party only do not constitute related parties, and adds that associates include associates and their subsidiaries and joint ventures include joint ventures and their subsidiaries.

② Definition of business

Explanation No. 13 perfects the three elements of business composition, refines the judgment conditions of business composition, and introduces the selection of "concentration test" to simplify the judgment of whether the combination acquired under different control constitutes business to a certain extent.

The Company has implemented interpretation No. 13 since January 1, 2020. The comparative financial statements are not adjusted, and the implementation of interpretation No. 13 has no significant impact on the financial position and operating results of the Company.

3) Implementation of the Interim Provisions on Accounting Treatment of Carbon Emissions Trading

On December 16, 2019, the Ministry of Finance issued the Interim Provisions on Accounting Treatment of Carbon Emissions Trading (CK [2019] No. 22), which is applicable to relevant enterprises in key emission organizations that carry out carbon emissions trading in accordance with the Interim Measures for Administration of Carbon Emissions Trading and other relevant provisions (hereinafter referred to as "key emission enterprises"). The provisions came into force on January 1, 2020, and key emission enterprises shall use the prospective application method to apply the provisions.

The Company has implemented the provisions since January 1, 2020. The comparative financial statements are not adjusted, and the implementation of the provisions has no significant impact on the financial position and operating results of the Company.

4) Implement the Provisions on Accounting Treatment of Covid-19-Related Rent Concessions

On June 19, 2020, the Ministry of Finance issued the Provisions on Accounting Treatment of Covid-19-Related Rent Concessions (CK [2020] No. 10), which came into effect on June 19, 2020 and allow enterprise to adjust the relevant rent concessions that occurred between January 1, 2020 and the implementation date of the provisions. According to the provisions, enterprises can choose to adopt simplified accounting treatment methods for the rent concessions (such as rent reductions and exemptions and deferred payment of rent) that are caused directly by the Covid-19 pandemic and meet the conditions.

The Company has adopted simplified accounting treatment methods for all the rent concessions within the scope of application of the provisions, and has adjusted the related rent concessions that occurred between January 1, 2020 and the implementation date of the provisions in accordance with the provisions.

The Company implemented the provisions from January 1, 2020 to the implementation date, which has no significant impact on the financial position and operating results of the Company.

(2) Change of significant accounting estimate

☐ Applicable ☒ Inapplicable

(3) Relevant information of financial statements at the beginning of the year since the implementation of the new income rules in 2020 for the first time and the implementation of adjustments in accordance with the new lease standards for the first time

☒ Applicable ☐ Inapplicable

Consolidated Balance Sheet

Unit: Yuan Currency: RMB

Item	December 31, 2019	January 1, 2020	Adjustments
Current assets:			
Monetary capital	1,732,204,670.31	1,732,204,670.31	
Settlement reserves			
Funds for inter-banking lending			
Trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	4,837,527,877.62	4,837,527,877.62	
Receivable financing			
Advance payment	338,402,162.27	338,402,162.27	
Premium receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	23,055,015.71	23,055,015.71	
Wherein: interest receivable	2,815,811.42	2,815,811.42	
Dividends receivable			
Redemptory monetary capital for sale			
Inventory	5,129,378,265.89	728,468,507.51	-4,400,909,758.38
Contract assets		4,565,834,970.37	4,565,834,970.37
Assets held for sale			
Non-current assets due within one year			
Other current assets	4,443,701,920.87	4,400,187,466.47	-43,514,454.40
Total current assets	16,504,269,912.67	16,625,680,670.26	121,410,757.59
Non-current assets:			
Issued loans and advances			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment	2,006,252,573.18	2,006,252,573.18	
Investment in other equity instruments	181,023,078.00	181,023,078.00	
Other non-current financial assets			
Investment real estate			
Fixed assets	10,761,571,159.30	10,761,571,159.30	
Projects under construction	670,874,018.36	670,874,018.36	
Productive biological assets			
Oil and gas assets			
Right-of-use asset			
Intangible assets	1,134,629,544.48	1,134,629,544.48	

Item	December 31, 2019	January 1, 2020	Adjustments
Development expenditure			
Business reputation	13,075,057.26	13,075,057.26	
Long-term unamortized expenses	77,665,431.11	77,665,431.11	
Deferred income tax assets	507,182,160.74	507,729,163.58	547,002.84
Other non-current assets			
Total non-current assets	15,352,273,022.43	15,352,820,025.27	547,002.84
Total assets	31,856,542,935.10	31,978,500,695.53	121,957,760.43
Current liabilities:			
Short-term loan			
Loans from the Central Bank			
Loans from other banks			
Transaction financial liabilities			
Derivative financial liability			
Notes payable			
Accounts payable	6,862,938,533.84	6,862,938,533.84	
Advance receipts	896,841,046.83	569,432.25	-896,271,614.58
Contract liabilities		852,757,160.18	852,757,160.18
Financial assets sold for repurchase			
Accepting money deposits and due from banks			
Receiving from vicariously traded securities			
Receiving from vicariously sold securities			
Employee benefits payable	137,424,595.62	137,424,595.62	
Taxes payable	439,122,831.37	439,122,831.37	
Other payables	153,816,145.87	153,816,145.87	
Wherein: interest payable	29,486.11	29,486.11	
Dividends payable			
Handling charges and commission payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	8,490,143,153.53	8,446,628,699.13	-43,514,454.40
Non-current liabilities:			
Insurance contract reserves			
Long-term loan	220,000,000.00	220,000,000.00	
Bonds payable			
Wherein: preferred shares			
Perpetual bond			
Lease liability			
Long-term payables	26,908,456.91	26,908,456.91	
Employee benefits payable for long term			
Estimated liabilities	265,339,417.06	434,321,841.49	168,982,424.43
Deferred income	158,594,514.41	158,594,514.41	
Deferred income tax liabilities	22,721,581.87	22,721,581.87	
Other non-current liabilities			
Total non-current liabilities	693,563,970.25	862,546,394.68	168,982,424.43

Item	December 31, 2019	January 1, 2020	Adjustments
Total liabilities	9,183,707,123.78	9,309,175,093.81	125,467,970.03
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)	4,421,354,800.00	4,421,354,800.00	
Other equity instruments			
Wherein: preferred shares			
Perpetual bond			
Capital reserves	4,247,940,206.11	4,247,940,206.11	
Less: treasury stock			
Other comprehensive incomes	68,881,661.47	68,881,661.47	
Special reserve	421,769,177.09	421,769,177.09	
Surplus reserves	1,656,646,711.49	1,656,646,711.49	
General risk reserves			
Undistributed profit	11,844,047,878.33	11,840,537,668.73	-3,510,209.60
Total equity attributable to the owners of parent company (or shareholders' equity)	22,660,640,434.49	22,657,130,224.89	-3,510,209.60
Minority stockholders' interest	12,195,376.83	12,195,376.83	
Total owners' equity (or shareholders' equity)	22,672,835,811.32	22,669,325,601.72	-3,510,209.60
Total liability and owners' equity (or shareholders' equity)	31,856,542,935.10	31,978,500,695.53	121,957,760.43

Description of adjustment of each item:

√Applicable □ Inapplicable

The Company began to apply the new income standards on January 1, 2020. According to the new income standards, the completed and unsettled project construction that was originally classified as self-made semi-finished inventory products are adjusted and classified as contract assets, the project retention money that was originally classified as accounts receivable is adjusted and classified as contract assets, the project advance receipts that were originally classified as accounts received in advance are adjusted and classified as contract liabilities, and the onerous contract impairment loss that was originally classified as inventory falling price reserves is adjusted and classified as estimated liabilities.

Balance Sheet of the Parent Company

Unit: Yuan Currency: RMB

Item	December 31, 2019	January 1, 2020	Adjustments
Current assets:			
Monetary capital	1,027,919,930.29	1,027,919,930.29	
Trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	4,986,278,619.15	4,986,278,619.15	
Receivable financing			
Advance payment	223,621,157.20	223,621,157.20	
Other receivables	781,889,429.28	781,889,429.28	
Wherein: interest receivable	524,340.95	524,340.95	
Dividends receivable	198,000,000.00	198,000,000.00	
Inventory	3,755,938,983.16	319,394,810.57	-3,436,544,172.59
Contract assets	Inapplicable	3,550,962,076.21	3,550,962,076.21
Assets held for sale			
Non-current assets due within one year			
Other current assets	3,691,196,789.04	3,647,682,334.64	-43,514,454.40
Total current assets	14,466,844,908.12	14,537,748,357.34	70,903,449.22

Item	December 31, 2019	January 1, 2020	Adjustments
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment	9,205,974,170.87	9,205,974,170.87	
Investment in other equity instruments	181,023,078.00	181,023,078.00	
Other non-current financial assets			
Investment real estate			
Fixed assets	5,138,969,760.13	5,138,969,760.13	
Projects under construction	252,546,461.11	252,546,461.11	
Productive biological assets			
Oil and gas assets			
Right-of-use asset			
Intangible assets	394,760,198.24	394,760,198.24	
Development expenditure			
Business reputation			
Long-term unamortized expenses	67,666,483.17	67,666,483.17	
Deferred income tax assets	289,477,864.43	289,948,427.43	470,563.00
Other non-current assets			
Total non-current assets	15,530,418,015.95	15,530,888,578.95	470,563.00
Total assets	29,997,262,924.07	30,068,636,936.29	71,374,012.22
Current liabilities:			
Short-term loan			
Transaction financial liabilities			
Derivative financial liability			
Notes payable			
Accounts payable	9,198,197,454.16	9,198,197,454.16	
Advance receipts	671,462,667.45	353,078.51	-671,109,588.94
Contract liabilities	Inapplicable	627,595,134.54	627,595,134.54
Employee benefits payable	96,835,849.98	96,835,849.98	
Taxes payable	54,769,050.85	54,769,050.85	
Other payables	423,444,835.96	423,444,835.96	
Wherein: interest payable	29,486.11	29,486.11	
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	10,444,709,858.40	10,401,195,404.00	-43,514,454.40
Non-current liabilities:			
Long-term loan	220,000,000.00	220,000,000.00	
Bonds payable			
Wherein: preferred shares			
Perpetual bond			
Lease liability			
Long-term payables	26,908,456.91	26,908,456.91	
Employee benefits payable for long term			

Item	December 31, 2019	January 1, 2020	Adjustments
Estimated liabilities	159,593,029.77	277,211,246.99	117,618,217.22
Deferred income	84,998,060.25	84,998,060.25	
Deferred income tax liabilities	11,050,138.43	11,050,138.43	
Other non-current liabilities			
Total non-current liabilities	502,549,685.36	620,167,902.58	117,618,217.22
Total liabilities	10,947,259,543.76	11,021,363,306.58	74,103,762.82
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)	4,421,354,800.00	4,421,354,800.00	
Other equity instruments			
Wherein: preferred shares			
Perpetual bond			
Capital reserves	4,245,387,997.87	4,245,387,997.87	
Less: treasury stock			
Other comprehensive incomes	30,249,777.59	30,249,777.59	
Special reserve	412,312,659.65	412,312,659.65	
Surplus reserves	1,647,004,149.60	1,647,004,149.60	
Undistributed profit	8,293,693,995.60	8,290,964,245.00	-2,729,750.60
Total owners' equity (or shareholders' equity)	19,050,003,380.31	19,047,273,629.71	-2,729,750.60
Total liability and owners' equity (or shareholders' equity)	29,997,262,924.07	30,068,636,936.29	71,374,012.22

Description of adjustment of each item:

☒ Applicable ☐ Inapplicable

The Company began to apply the new income standards on January 1, 2020. According to the new income standards, the completed and unsettled project construction that was originally classified as self-made semi-finished inventory products are adjusted and classified as contract assets, the project retention money that was originally classified as accounts receivable is adjusted and classified as contract assets, the project advance receipts that were originally classified as accounts received in advance are adjusted and classified as contract liabilities, and the onerous contract impairment loss that was originally classified as inventory falling price reserves is adjusted and classified as estimated liabilities.

(4) Description of retroactive adjustment of previous comparative data since the implementation of the new income standards and new lease standards in 2020 for the first time

☒ Applicable ☐ Inapplicable

The Company began to apply the new income standards on January 1, 2020. According to the new income standards, the completed and unsettled project construction that was originally classified as self-made semi-finished inventory products are adjusted and classified as contract assets, the project retention money that was originally classified as accounts receivable is adjusted and classified as contract assets, the project advance receipts that were originally classified as accounts received in advance are adjusted and classified as contract liabilities, and the onerous contract impairment loss that was originally classified as inventory falling price reserves is adjusted and classified as estimated liabilities. After the adjustments, the opening balance of total assets in the consolidated statement increases by 121,957,760.43 yuan, and the opening balance of total liabilities in it increases by 125,467,970.03 yuan; the opening balance of total assets in the parent company's statement increases by 74,103,762.82 yuan, and the opening balance of total liabilities in it increases by 74,103,762.82 yuan.

33. Others

☐ Applicable ☒ Inapplicable

VI. Taxes

1. Key tax and tax rate

Key tax and tax rate

√Applicable ☐ Inapplicable

Tax type	Tax basis	Tax rate
VAT	Calculated as the balance of the output tax calculated based on the taxable income after deducting the input tax allowed to be deducted in the current period	13%, 9%, 6%, 3%
Urban maintenance and construction tax	The VAT payable and the current tax deduction amount officially approved by the State Taxation Administration	7%
Corporate income tax	Calculated based on taxable income	For details, see the details of taxpayers with different corporate income tax rates disclosed in the table below
Educational surtax	The VAT payable and the current tax deduction amount officially approved by the State Taxation Administration	3%
Local educational surtax	The VAT payable and the current tax deduction amount officially approved by the State Taxation Administration	2%
Property tax	70% of the original value of the property/ rental income from the property	1.2%/12%

Description of the disclosure of taxpayers with different corporate income tax rates

√Applicable ☐ Inapplicable

Name of taxpayer	Income tax rates (%)
Offshore Oil Engineering Co., Ltd.	15
A.E.S. Destructive and Non-destructive Testing Limited	16.5
Offshore Oil Engineering (Qingdao) Co., Ltd.	15
Offshore Oil Engineering (Zhuhai) Co., Ltd.	25
COOEC Subsea Technology Co., Ltd.	15
PT. COOEC Indonesia	25
COOEC Nigeria Limited	30
COOEC International Co., Limited	16.5
Lanhai International Limited	0
COOEC NIGERIA FZE	30
COTEC INC.	21
COOEC International Engineering Co., Ltd	25
Beijing Gaotai Deep-sea Technologies Co., Ltd.	15
COOEC Canada Company Ltd.	24
COOEC (Thailand) Co., Ltd.	20
COOEC Brasil Offshore Ltda.	34

Note: other taxes are calculated and paid in accordance with relevant tax provisions of the country.

2. Tax incentives

√Applicable ☐ Inapplicable

- (1) In November 2018, 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. GR201812000296 and validity of 3 years, and will pay enterprise income tax at rate of 15%.

- (2) In November 2018, Offshore Oil Engineering (Qingdao) Co., Ltd. was jointly identified as a high-tech enterprise by Qingdao Municipal Science and Technology Bureau, Qingdao Municipal Bureau of Finance and Qingdao Tax Service, State Taxation Administration, and obtained the Certificate of Hi-tech Enterprise with No. GR201837100123 and validity of 3 years, and will pay enterprise income tax at rate of 15%.
- (3) In October 2017, COOEC Subsea Technology Co., Ltd. was jointly identified as a high-tech enterprise by Science and Technology Innovation Committee of Shenzhen Municipality, Finance Commission of Shenzhen Municipality, Shenzhen Municipal Office, SAT, and Shenzhen Local Taxation Bureau, and obtained the Certificate of Hi-tech Enterprise with No. GR201744203099 and validity of 3 years, and will pay enterprise income tax at rate of 15%. In December 2020, COOEC Subsea Technology Co., Ltd. applied for 2020 high-tech enterprise qualification review and corporate income tax incentives from 2020 to 2022, and obtained the Certificate of Hi-tech Enterprise with No. GR202044203585 and validity of 3 years, and will pay enterprise income tax at rate of 15%.
- (4) In December 2016, Beijing Gaotai Deep-sea Technologies Co., Ltd. was jointly identified as a high-tech enterprise by Beijing Municipal Science & Technology Committee, Beijing Municipal Finance Bureau, Beijing Municipal Office, SAT, and Beijing Local Taxation Bureau, and obtained the Certificate of Hi-tech Enterprise with No. GR201611001366 and validity of 3 years (2016-2018). In December 2019, Beijing Gaotai Deep-sea Technologies Co., Ltd. applied for 2019 high-tech enterprise qualification review and corporate income tax incentives from 2019 to 2021, and obtained the Certificate of Hi-tech Enterprise with No. GR201911007589 and validity of 3 years, and will pay enterprise income tax at rate of 15%.
- (5) During the epidemic period, Offshore Oil Engineering (Qingdao) Co., Ltd. paid the urban land use tax and property tax of its own land and property in the first quarter of 2020 at a reduced rate of 70% according to the Notice on Clarifying Tax Reduction or Exemption Policies for Urban Land Use Tax and Property Tax During the Epidemic Prevention and Control Period of Qingdao Municipal Bureau of Finance and Qingdao Tax Service, State Taxation Administration (QCS [2020] No. 5).

3. Others

☒ Applicable ☐ Inapplicable

- (1) The management method of "tax exemption, offset and reimbursement" is adopted during the sales of self-produced offshore engineering structures to the offshore oil and gas exploitation enterprises by the Company and its subsidiaries (Offshore Oil Engineering (Qingdao) Co., Ltd. and Offshore Oil Engineering (Zhuhai) Co., Ltd.) according to the Notice on Value-added Tax and Consumption Tax Policies for Exported Goods and Labor Services of the Ministry of Finance and the State Taxation Administration (CS [2012] No. 39). The policy of "tax exemption, offset and reimbursement" is no longer applicable to the contract of the sales of self-produced offshore engineering structures of self-operated oilfields to the offshore oil and gas exploitation enterprises after January 1, 2017 by the Company and its subsidiaries (Offshore Oil Engineering (Qingdao) Co., Ltd. and Offshore Oil Engineering (Zhuhai) Co., Ltd.) according to the Notice on Clarifying Value-Added Tax Policies on Finance, Real Estate Development and Educational Auxiliary Services of the Ministry of Finance and the State Taxation Administration (CS [2016] No. 140).
- (2) According to the Notice on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner approved by the State Council and released by the Ministry of Finance and the State Taxation Administration (CS [2016] No. 36), the Company and domestic subsidiaries began to adopt relevant provisions of "replacing business tax with value-added tax" since May 1, 2016. According to Article I in 2017 No.11 announcement of the State Taxation Administration - Announcement of the State Taxation Administration on Further Clarifying the Collection and Management of Replacing Business Tax with VAT, which says that "provision of construction and installation services by the taxpayer while selling such self-produced goods as portable houses, machines and equipment and steel structures does not belong to mixed sale specified in Article XL of 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 capital

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period	Balance at beginning of period
Cash on hand	16,338.42	12,160.77
Bank deposits	1,571,955,933.10	1,732,060,580.28
Other monetary capital		131,929.26
Total	1,571,972,271.52	1,732,204,670.31
Wherein: total amount of the deposit abroad	280,672,305.55	413,690,415.23

Other description

The details of monetary funds that are restricted in use due to mortgage, pledge or frozen withdrawal, and that are placed overseas and whose remittance is restricted are as follows:

Item	Balance at end of period	Balance at end of last year
Guarantee security		131,929.26
Total		131,929.26

2. Trading financial assets

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period	Balance at beginning of period
Financial assets which are accounted at the fair value and of which the fluctuations are included in the current profit and loss		
Wherein:		
Structured deposits	4,524,560,697.85	
Total	4,524,560,697.85	

Other description:

☐ Applicable √Inapplicable

3. Accounts receivable

(1) Disclosure by accounting age

√Applicable □ Inapplicable

Unit: Yuan Currency: RMB

Accounting age	Book balance at end of period
< 1 year	
Of which: subentry within 1 year	
< 1 year (including 1 year)	7,309,545,037.89
Subtotal within 1 year	7,309,545,037.89
1 to 2 years	62,838,573.04
2 to 3 years	43,220,112.86
Above 3 years	10,760,462.30
Less: reserve for bad debt	55,544,101.98
Total	7,370,820,084.11

(2) Classification disclosure by withdrawal method of bad debt reserves

√Applicable □ Inapplicable

Unit: Yuan Currency: RMB

Category		Balance at end of period				Book value
		Book balance		Bad debt reserves		
		Amount	Percentage (%)	Amount	Provision proportion (%)	
Separate withdrawal of bad debt reserves						
Combined withdrawal of bad debt reserves		7,426,364,186.09	100.00	55,544,101.98	0.75	7,370,820,084.11
Wherein:						
	Accounting age combination	826,812,927.81	11.13	55,544,101.98	6.72	771,268,825.83
	Related parties combination	6,599,551,258.28	88.87			6,599,551,258.28
Total		7,426,364,186.09	/	55,544,101.98	/	7,370,820,084.11

Balance at beginning of period					
Category	Book balance		Bad debt reserves		Book value
	Amount	Percentage (%)	Amount	Provision proportion (%)	
Separate withdrawal of bad debt reserves					
Combined withdrawal of bad debt reserves	4,871,824,002.56	100.00	34,296,124.94	0.70	4,837,527,877.62
Wherein:					
Accounting age combination	571,920,118.02	11.74	34,296,124.94	6.00	537,623,993.08
Related parties combination	4,299,903,884.54	88.26			4,299,903,884.54
Total	4,871,824,002.56	/	34,296,124.94	/	4,837,527,877.62

Separate withdrawal of bad debt reserves:

□ Applicable √Inapplicable

Combined withdrawal of bad debt reserves:

√Applicable ☐ Inapplicable

Item for combined withdrawal: accounting age combination

Unit: Yuan Currency: RMB

Name	Balance at end of period		
	Accounts receivable	Bad debt reserves	Provision proportion (%)
Accounting age combination	826,812,927.81	55,544,101.98	6.72
Related parties combination	6,599,551,258.28		
Total	7,426,364,186.09	55,544,101.98	

Recognition standards of combined withdrawal of bad debt reserves and description

☐ Applicable ☒ Inapplicable

(3) Bad debt reserves

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Category	Balance at beginning of period	Change in current period				Balance at end of period
		Provision	Reclaimed or turned back	Retake or cancel	Others	
Bad debt reserve for accounts receivable	34,296,124.94	32,994,250.87	9,204,626.67		-2,541,647.16	55,544,101.98
Total	34,296,124.94	32,994,250.87	9,204,626.67		-2,541,647.16	55,544,101.98

(4) Receivables gathered based on debt party with top five balances at end of period

√Applicable ☐ Inapplicable

Company name	Balance at end of period		
	Accounts receivable	Proportion to total number of receivables at end of year (%)	Bad debt reserves
China National Offshore Oil Corporation	6,533,725,214.43	87.98	
PipeChina	356,759,074.38	4.80	
Dangote Oil Refining	137,066,273.69	1.85	
DYNAMIC INDUSTRIES SAUDI ARABIA LTD	61,605,132.73	0.83	18,481,539.85
CNOOC Gas & Power Group	52,030,146.47	0.70	
Total	7,141,185,841.70	96.16	18,481,539.85

4. Advance payment

(1) Prepayment listed by the accounting age

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Accounting age	Balance at end of period		Balance at beginning of period	
	Amount	Percentage (%)	Amount	Percentage (%)
< 1 year	267,094,660.40	86.95	331,916,719.03	98.08
1 to 2 years	38,820,393.61	12.64	6,485,443.24	1.92
2 to 3 years	1,279,672.80	0.41		
Above 3 years				
Total	307,194,726.81	100.00	338,402,162.27	100.00

(2) Repayment of the top five of balance at end of period collected by prepayment objects

√Applicable ☐ Inapplicable

Prepayment object	Balance at end of period	Proportion to the total number of prepayment balance at end of year (%)
Tianjin Wugang Steel Sales Co., Ltd.	37,298,301.17	12.14
MITSUI <input type="checkbox"/> CO.,LTD.	35,676,910.74	11.61
Oil States Industries Inc	25,797,675.18	8.40
Subsea 7 Singapore Contracting Pte	25,103,185.24	8.17
MARINE PLATFORMS LTD	21,554,764.95	7.02
Total	145,430,837.28	47.34

5. Other receivables

List of items

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period	Balance at beginning of period
Interest receivable	252,417.74	2,815,811.42
Dividends receivable	0	0
Other receivables	19,382,804.65	20,239,204.29
Total	19,635,222.39	23,055,015.71

Interest receivable

(1) Classification of interest receivable

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period	Balance at beginning of period
Fixed deposit		
Entrusted loans		
Bond investment		
Interest on deposits of CNOOC Finance Co., Ltd.	252,417.74	1,099,709.06
Interests of bank financial products		1,716,102.36

Item	Balance at end of period	Balance at beginning of period
Total	252,417.74	2,815,811.42

(2) Important overdue interest

☐ Applicable ☒ Inapplicable

(3) Withdrawal of bad debt reserves

☐ Applicable ☒ Inapplicable

Dividends receivable**(1) Dividends receivable**

☐ Applicable ☒ Inapplicable

(2) Important dividends receivable with accounting age over 1 year

☐ Applicable ☒ Inapplicable

(3) Withdrawal of bad debt reserves

☐ Applicable ☒ Inapplicable

Other receivables**(1) Disclosure by accounting age**

☒ Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Accounting age	Book balance at end of period
< 1 year	
Of which: subentry within 1 year	
< 1 year (including 1 year)	8,106,702.41
Subtotal within 1 year	8,106,702.41
1 to 2 years	4,753,145.43
2 to 3 years	523,837.00
Above 3 years	10,861,312.72
Less: reserve for bad debt	4,862,192.91
Total	19,382,804.65

(2) Classification by nature of payment

☒ Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Nature of fund	Book balance at end of period	Book balance at beginning of period
Insurance claim payment		3,449,064.00
Deposit, imprest and cash deposit	13,629,270.32	16,354,374.90
Advance money for another	10,615,727.24	5,461,973.76
Export tax rebate		189,709.43
Total	24,244,997.56	25,455,122.09

(3) Withdrawal of bad debt reserves

√Applicable □ Inapplicable

Unit: Yuan Currency: RMB

	First stage	Second stage	Third stage	
Bad debt reserves	Expected credit loss in the next 12 months	Expected credit loss during the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment occurred)	Total
Balance on January 1, 2020	467,397.37		4,748,520.43	5,215,917.80
Balance of current period on January 1, 2020				
-- carried forward to second stage				
-- carried forward to third stage				
-- carried forward to second stage				
-- carried forward to first stage				
Withdrawal in current period				
Retake in current period	231,185.04		9,115.59	240,300.63
Write-off in current period				
Cancellation in current period after verification				
Others	-56,621.82		-56,802.44	-113,424.26
Balance on December 31, 2020	179,590.51		4,682,602.40	4,862,192.91

Explanation of significant changes in the book balance of other receivables with changes in loss reserves in the current period:

√Applicable □ Inapplicable

Changes in the book balance of other receivables are as follows:

	First stage	Second stage	Third stage	
Book balance	Expected credit loss in the next 12 months	Expected credit loss during the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment occurred)	Total
Balance at end of last year	20,706,601.66		4,748,520.43	25,455,122.09
Balance of current period at end of last year				
-- carried forward to second stage				
-- carried forward to third stage				
-- carried forward to second stage				
-- carried forward to first stage				
Newly-added balance in current period				
Balance derecognized in current period	1,085,480.36		9,115.59	1,094,595.95
Others	-58,726.14		-56,802.44	-115,528.58
Balance at end of period	19,562,395.16		4,682,602.40	24,244,997.56

(4) Bad debt reserves

√Applicable □ Inapplicable

Unit: Yuan Currency: RMB

Category	Balance at beginning of period	Change in current period			Balance at end of period
		Provision	Reclaimed or turned back	Retake or cancel	Others
Separate withdrawal of bad debt reserves	4,748,520.43		9,115.59		-56,802.44
Combined withdrawal of bad debt reserves	467,397.37		231,185.04		-56,621.82
Total	5,215,917.80		240,300.63		-113,424.26

Among them, the amount of bad debt reserves claimed or turned back in the current period is important:

□ Applicable √Inapplicable

(5) Other receivables actually cancelled in the current period

□ Applicable √Inapplicable

(6) Other receivables with top five balance gathered by debt party at end of period

√Applicable □ Inapplicable

Unit: Yuan Currency: RMB

Company name	Nature of fund	Balance at end of period	Accounting age	Proportion of other receivables accounting for the total balance at end of the period (%)	Bad debt reserves Balance at end of period
CNOOC Energy Technology & Services Limited	Advance money for another	5,638,982.09	< 1 year	23.26	
Shenzhen Customs District People's Republic of China	Security	5,609,011.03	Notes	23.13	
Taiyuan Rongli Trading Co., Ltd.	Transaction expense	2,151,453.41	Above 3 years	8.87	2,151,453.41
Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd.	Transaction expense	1,711,324.79	Above 3 years	7.06	1,711,324.79
Shenzhen Keda Real Estate Management Co., Ltd.	Deposit	1,168,586.99	1 to 2 years	4.82	
Total	/	16,279,358.31	/	67.14	3,862,778.20

Note: The final balance of the security of Shenzhen Customs District of the People's Republic of China is 5,609,011.03 yuan, of which it is 1,500,000.00 yuan for 2-3 years and 4,109,011.03 yuan for more than 3 years.

(7) Receivables related to government subsidies

□ Applicable √Inapplicable

(8) Other receivables derecognized due to transfer of financial assets

□ Applicable √Inapplicable

(9) Amount of assets and liabilities formed by transfer of other receivables and their continuous involvement

□ Applicable √Inapplicable

Other description:

√Applicable □ Inapplicable

Classification disclosure by withdrawal method of bad debt reserves:

Category	Balance at end of period				Book value
	Book balance		Bad debt reserves		
	Amount	Percentage (%)	Amount	Provision proportion (%)	
Separate withdrawal of bad debt reserves	4,682,602.40	19.31	4,682,602.40	100.00	
Combined withdrawal of bad debt reserves	19,562,395.16	80.69	179,590.51	0.92	19,382,804.65
Wherein:					
Accounting age combination	290,607.49	1.20	179,590.51	61.80	111,016.98
Combination of imprest and deposit	13,629,270.32	56.22			13,629,270.32
Related parties combination	5,642,517.35	23.27			5,642,517.35
Total	24,244,997.56	100.00	4,862,192.91		19,382,804.65

Category	Balance at end of last year				Book value
	Book balance		Bad debt reserves		
	Amount	Percentage (%)	Amount	Provision proportion (%)	
Separate withdrawal of bad debt reserves	4,748,520.43	18.65	4,748,520.43	100.00	
Combined withdrawal of bad debt reserves	20,706,601.66	81.35	467,397.37	2.26	20,239,204.29
Wherein:					
Accounting age combination	4,236,726.09	16.65	467,397.37	11.03	3,769,328.72
Combination of imprest and deposit	16,354,374.90	64.25			16,354,374.90
Related parties combination	115,500.67	0.45			115,500.67
Total	25,455,122.09	100.00	5,215,917.80		20,239,204.29

Separate withdrawal of bad debt reserves:

Name	Balance at end of period			
	Book balance	Bad debt reserves	Provision proportion (%)	Cause for withdrawal
Taiyuan Rongli Trading Co., Ltd.	2,151,453.41	2,151,453.41	100.00	Insolvency of other party
Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd.	1,711,324.79	1,711,324.79	100.00	Insolvency of other party
Bassam Mohsen Foundations Contractors	478,810.73	478,810.73	100.00	Insolvency of other party
Abdullah Hashim Industrial Gases	341,013.47	341,013.47	100.00	Insolvency of other party
Total	4,682,602.40	4,682,602.40		

Combined withdrawal of bad debt reserves:

Name	Balance at end of period		
	Other receivables	Bad debt reserves	Provision proportion (%)
Accounting age combination	290,607.49	179,590.51	61.80
of which: < 1 year (including 1 year)	110,605.78		
1-2 years (including 2 years)			
2-3 years (including 3 years)	1,028.01	616.81	60.00
Above 3 years	178,973.70	178,973.70	100.00
Combination of imprest and deposit	13,629,270.32		
Related parties combination	5,642,517.35		
Total	19,562,395.16	179,590.51	

6. Inventory

(1) Classification of inventories

√Applicable □ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period			Balance at beginning of period		
	Book balance	Inventory falling price reserve/ Depreciation reserve of contract performance cost	Book value	Book balance	Inventory falling price reserve/ Depreciation reserve of contract performance cost	Book value
Raw material						
Work-in-process						
Inventory commodity						
Revolving materials						
Consumable biological assets						
Contract performance cost						
Project material preparation	1,066,625,621.77	82,580,449.61	984,045,172.16	788,978,069.34	60,509,561.83	728,468,507.51
Contract performance cost	27,177,681.08		27,177,681.08			
Project construction						
Total	1,093,803,302.85	82,580,449.61	1,011,222,853.24	788,978,069.34	60,509,561.83	728,468,507.51

Project material preparation is detailed as follows:

Item	Balance at end of period			Balance at end of period of last year		
	Book balance	Inventory falling price reserve/ Depreciation reserve of contract performance cost	Book value	Book balance	Inventory falling price reserve	Book value
Project material preparation	1,066,625,621.77	82,580,449.61	984,045,172.16	788,978,069.34	60,509,561.83	728,468,507.51
Wherein:						
Common steel products	276,809,096.26	51,098,606.87	225,710,489.39	96,799,548.40	50,616,843.65	46,182,704.75
Imported materials	56,267,282.76	2,234,890.03	54,032,392.73	59,043,756.14	1,441,755.57	57,602,000.57
Electrical engineering materials	56,898,090.93	6,620,721.98	50,277,368.95	52,708,837.62	416,325.18	52,292,512.44
Other materials	676,651,151.82	22,626,230.73	654,024,921.09	580,425,927.18	8,034,637.43	572,391,289.75

(2) Inventory falling price reserve and depreciation reserve of contract performance cost

√Applicable □ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at beginning of period	Increased amount in current period		Decreased amount in current period		Balance at end of period
		Provision	Others	Retake or write-off	Others	
Raw material						
Work-in-process						
Inventory commodity						
Revolving materials						
Consumable biological assets						
Contract performance cost						
Project material preparation	60,509,561.83	32,529,010.31		10,458,122.53		82,580,449.61
Contract performance cost						
Project construction						
Total	60,509,561.83	32,529,010.31		10,458,122.53		82,580,449.61

Project material preparation is detailed as follows:

Item	Balance at end of last year	Balance at the beginning of the year	Increased amount in current period		Decreased amount in current period		Balance at end of period
			Provision	Others	Retake or write-off	Others	
Project material preparation	60,509,561.83	60,509,561.83	32,529,010.31		10,458,122.53		82,580,449.61
Wherein:							
Common steel products	50,616,843.65	50,616,843.65	10,939,885.75		10,458,122.53		51,098,606.87
Imported materials	1,441,755.57	1,441,755.57	793,134.46				2,234,890.03
Electrical engineering materials	416,325.18	416,325.18	6,204,396.80				6,620,721.98
Other materials	8,034,637.43	8,034,637.43	14,591,593.30				22,626,230.73

7. Contract assets

(1) Contract assets

√Applicable □ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period			Balance at beginning of period		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
Asset completed but not settled under construction contract	1,929,320,826.23	1,731,037.47	1,927,589,788.76	4,569,892,182.81	4,057,212.44	4,565,834,970.37
Total	1,929,320,826.23	1,731,037.47	1,927,589,788.76	4,569,892,182.81	4,057,212.44	4,565,834,970.37

(2) Amount and reason of significant changes in book value during the reporting period

□ Applicable √Inapplicable

(3) Withdrawal of depreciation reserves of contract assets in the current period

√Applicable □ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at the beginning of the year	Withdrawal in current period	Retake in current period	Write-off in current period/ cancellation in current period after verification	Others	Balance at end of period
Asset completed but not settled under construction contract	4,057,212.44		2,302,434.19		-23,740.78	1,731,037.47
Total	4,057,212.44		2,302,434.19		-23,740.78	1,731,037.47

If the withdrawal of bad debt reserves is based on the general model of expected credit loss, please refer to the disclosure of other receivables:

□ Applicable √Inapplicable

Other description:

√Applicable □ Inapplicable

Classification disclosure by withdrawal method of depreciation reserves of contract assets

Category	Balance at end of period				Book value
	Book balance		Depreciation reserve		
	Amount	Percentage (%)	Amount	Provision proportion (%)	
Combined withdrawal of depreciation reserves	1,929,320,826.23	100.00	1,731,037.47	0.09	1,927,589,788.76
Wherein:					
Combination of credit risk characteristics	1,929,320,826.23	100.00	1,731,037.47	0.09	1,927,589,788.76
Total	1,929,320,826.23	100.00	1,731,037.47		1,927,589,788.76

Combined withdrawal of depreciation reserves:

Name	Balance at end of period		
	Contract asset	Depreciation reserve	Provision proportion (%)
Combination of credit risk characteristics	1,929,320,826.23	1,731,037.47	0.09
Total	1,929,320,826.23	1,731,037.47	

8. Other current assets

√Applicable □ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period	Balance at beginning of period
Contract acquisition cost		
Return cost receivable		
Bank financial products		4,070,000,000.00
Offset against VAT input tax	119,418,558.31	324,380,536.93
Advance payment of corporate income tax	6,202,306.93	5,806,929.54
Others	2,824,431.15	
Total	128,445,296.39	4,400,187,466.47

9. Debt investment

(1) Debt investment

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period			Balance at beginning of period		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
Three-year negotiable certificate of deposit	1,201,974,941.04		1,201,974,941.04			
Total	1,201,974,941.04		1,201,974,941.04			

(2) Important debt investment at end of period

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period				Balance at beginning of period			
	Face value	Stated interest rate	Actual interest rate	Due date	Face value	Stated interest rate	Actual interest rate	Due date
Certificate of deposit of Tianjin Branch of Industrial and Commercial Bank of China	100,000,000.00	3.9875%	3.9875%	December 31, 2023				
Certificate of deposit of Tianjin Branch of Industrial and Commercial Bank of China	200,000,000.00	3.9875%	3.9875%	December 21, 2023				
Certificate of deposit of Tianjin Branch of Industrial and Commercial Bank of China	200,000,000.00	3.9875%	3.9875%	December 30, 2023				
Certificate of deposit of Tianjin Branch of Industrial and Commercial Bank of China	200,000,000.00	3.9875%	3.9875%	December 21, 2023				
Certificate of deposit of Tianjin Tanggu Branch of Agricultural Bank of China	200,000,000.00	3.9875%	3.9875%	December 4, 2023				
Certificate of deposit of Tianjin Tanggu Branch of Agricultural Bank of China	300,000,000.00	3.9875%	3.9875%	December 4, 2023				
Total	1,200,000,000.00	/	/	/		/	/	/

(3) Withdrawal of depreciation reserves

☐ Applicable √Inapplicable

10. Long-term equity investment

√Applicable □ Inapplicable

Unit: Yuan Currency: RMB

Acquiree	Balance at beginning of period	Increase and decrease variation in current period							Balance at end of period	Depreciation reserve balance at end of period	
		Additional investment	Negative investment	Recognized profit and loss on investment under equity method	Adjustment of other comprehensive income	Other equity variation	Cash dividends or profits to be issued	Withdrawal of depreciation reserves			Others
I. Joint venture											
COOEC-Fluor Heavy Industries Co., Ltd.	2,004,893,086.87	175,496,485.47		-129,257,560.96					35,482,951.41	2,086,614,962.79	
Subtotal	2,004,893,086.87	175,496,485.47		-129,257,560.96					35,482,951.41	2,086,614,962.79	
II. Associates											
Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd.											
Tianjin Zhonghe Marine Energy Engineering Co., Ltd.	1,359,486.31			-1,359,486.31							
Subtotal	1,359,486.31			-1,359,486.31							
Total	2,006,252,573.18	175,496,485.47		-130,617,047.27					35,482,951.41	2,086,614,962.79	

Other description

The shareholding ratio of the subsidiary, Offshore Oil Engineering (Qingdao) Co., Ltd. in Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd. is 40.00%, with initial investment cost of RMB 8,125,788.00, adjusted profit and loss of RMB -8,125,788.00 and ending balance of RMB 0.00.

11. Investment in other equity instruments

(1) Investment in other equity instruments

√Applicable □ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period	Balance at beginning of period
Lanpec Technologies Limited	103,421,400.00	110,351,700.00
CNOOC Finance Co., Ltd.	70,671,378.00	70,671,378.00
Total	174,092,778.00	181,023,078.00

(2) Investment in non-trading equity instruments√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Dividend income recognized in the current period	Cumulative gains	Cumulative loss	Amount of retained earnings carried forward from other comprehensive incomes	Cause for being measured at fair value with changes included in other comprehensive incomes	Cause for carrying forward other comprehensive incomes to retained earnings
Lanpec Technologies Limited		66,737,289.51			Non-trading equity instruments	
CNOOC Finance Co., Ltd.	9,146,401.38				Non-trading equity instruments	

12. Fixed assets**List of items**√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period	Balance at beginning of period
Fixed assets	9,279,286,972.55	10,757,084,043.86
Liquidation of fixed assets	5,476,206.29	4,487,115.44
Total	9,284,763,178.84	10,761,571,159.30

Fixed assets**(1) Fixed assets**√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Housings and buildings	Machinery equipment	Transportation means	Electronic equipment	Total
I. Original book value:					
1. Balance at beginning of period	3,500,247,733.69	3,326,146,691.91	13,522,209,312.09	173,217,179.70	20,521,820,917.39
2. Increased amount in current period	159,052,881.77	167,666,330.50	-128,357,314.15	2,344,266.73	200,706,164.85
(1)Purchase		108,929,405.88	2,803,891.25	2,447,226.81	114,180,523.94
(2)Transferred from projects under construction	159,184,062.39	59,174,646.04	-15,504,960.78		202,853,747.65
(3)Increased from merger					
(4)Conversion of foreign currency financial statement	-131,180.62	-437,721.42	-115,656,244.62	-102,960.08	-116,328,106.74
3. Decreased amount in current period		56,377,695.95	1,113,774,090.33	14,479,023.91	1,184,630,810.19
(1)Disposal or scrapping		56,377,695.95	2,610,100.00	14,479,023.91	73,466,819.86
(2)Other (Note)			1,111,163,990.33		1,111,163,990.33
4. Ending balance	3,659,300,615.46	3,437,435,326.46	12,280,077,907.61	161,082,422.52	19,537,896,272.05
II. Cumulative depreciation					
1. Balance at beginning of period	1,522,760,406.67	2,505,219,695.53	5,428,654,131.32	142,607,284.91	9,599,241,518.43
2. Increased amount in current period	148,928,572.88	152,216,729.80	549,875,439.70	5,891,905.29	856,912,647.67
(1)Provision	149,001,779.88	152,563,756.44	631,545,233.54	5,973,594.25	939,084,364.11

Item	Housings and buildings	Machinery equipment	Transportation means	Electronic equipment	Total
(2) Conversion of foreign currency financial statement	-73,207.00	-347,026.64	-81,669,793.84	-81,688.96	-82,171,716.44
3. Decreased amount in current period		49,858,609.59	300,150,490.42	13,031,121.69	363,040,221.70
(1) Disposal or scrapping		49,858,609.59	2,349,090.00	13,031,121.69	65,238,821.28
(2) Other (Note 2)			297,801,400.42		297,801,400.42
4. Ending balance	1,671,688,979.55	2,607,577,815.74	5,678,379,080.60	135,468,068.51	10,093,113,944.40
III. Depreciation reserves					
1. Balance at beginning of period	154,675,004.24	10,820,350.86			165,495,355.10
2. Increased amount in current period					
(1) Provision					
3. Decreased amount in current period					
(1) Disposal or scrapping					
4. Ending balance	154,675,004.24	10,820,350.86			165,495,355.10
IV. Book value					
1. Book value at end of period	1,832,936,631.67	819,037,159.86	6,601,698,827.01	25,614,354.01	9,279,286,972.55
2. Book value at beginning of period	1,822,812,322.78	810,106,645.52	8,093,555,180.77	30,609,894.79	10,757,084,043.86

Note 1: Original book value - increased amount in current period - transferred from projects under construction means that the negative of being transferred from projects under construction of the transportation equipment of the Company refers to the adjusted estimated value at which the pipeline trenching engineering vessels (dynamic positioning) are transferred to fixed assets upon final account.

Note 2: Original book value - decreased amount in current period - other means that other decrease in original book value and cumulative depreciation of fixed assets in current period of the transportation equipment of the Company is due to the transformation item of installing the crane A trencher on Offshore Oil 291 Vessel being transferred to the construction in progress.

(2) Fixed assets with uncompleted certificate of property title

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Book value	Reasons for the property certificate failure
Housings and buildings	287,822,244.97	In progress

Liquidation of fixed assets

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period	Balance at beginning of period
Transportation equipment		4,487,115.44
Machinery equipment	4,266,180.90	
Electronic equipment	1,210,025.39	
Total	5,476,206.29	4,487,115.44

13. Projects under construction

List of items

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period	Balance at beginning of period
Projects under construction	2,044,012,818.65	670,874,018.36
Engineering materials		
Total	2,044,012,818.65	670,874,018.36

Projects under construction

(1) Projects under construction

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Project name	Balance at end of period			Balance at beginning of period		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
Purchase project of trenching plough and Crane A	926,924,488.07		926,924,488.07	104,318,084.51		104,318,084.51
Port-surrounding base construction project	693,345,256.30		693,345,256.30	248,458,199.84		248,458,199.84
ROV type flexible pipe and cable trencher	112,949,248.66		112,949,248.66	328,587.27		328,587.27
Phase III water dredging project	82,471,526.84		82,471,526.84	22,769,086.36		22,769,086.36
National oil and gas pipe for emergency rescue project phase I	70,975,081.10		70,975,081.10	70,262,291.45		70,262,291.45
First section of new stinger of HYSY201 vessel	37,976,435.13		37,976,435.13			
Construction project of painting workshop 3#	29,722,222.30		29,722,222.30	711,533.42		711,533.42
Two 3,000 m working ROVs-LARS part	22,369,809.63		22,369,809.63	22,213,809.63		22,213,809.63
Transformation of pipeline connection with existing pipelines of Lanjing	16,267,261.92		16,267,261.92	17,057,580.78		17,057,580.78
Upgrading project of tower-top guide wheel of deepwater flexible pipe-laying system	9,214,362.68		9,214,362.68	2,560,251.77		2,560,251.77
50t tensioner purchase project	8,896,007.07		8,896,007.07	50,019.07		50,019.07
Emergency command center construction project	6,686,045.73		6,686,045.73	5,681,598.13		5,681,598.13
Extension project of skidway #5				154,167,007.54		154,167,007.54
Other projects	26,215,073.22		26,215,073.22	22,295,968.59		22,295,968.59
Total	2,044,012,818.65		2,044,012,818.65	670,874,018.36		670,874,018.36

(2) Changes in major construction projects of current period

√Applicable □ Inapplicable

Unit: Yuan Currency: RMB

Project name	Budget amount	Balance at beginning of period	Increased amount in current period	Transferred fixed assets amount in current period	Other amount decrease in current period	Balance at end of period	Proportion of project cumulative investment in budget (%)	Project schedule	Cumulative amount of interest capitalization	Interest capitalization rate of current period (%)	Capital source
Purchase project of trenching plough and Crane A	228,472,100.00	104,318,084.51	822,606,403.56			926,924,488.07	49.70	50.00%			Self-raised
Port-surrounding base construction project	2,495,143,000.00	248,458,199.84	444,887,056.46			693,345,256.30	43.00	46.00%			Self-raised
ROV type flexible pipe and cable trencher	150,029,700.00	328,587.27	112,620,661.39			112,949,248.66	75.28	80.00%			Self-raised
Phase III water dredging project	89,820,000.00	22,769,086.36	59,702,440.48			82,471,526.84	91.82	95.00%			Self-raised
National oil and gas pipe for emergency rescue project phase I	90,000,000.00	70,262,291.45	712,789.65			70,975,081.10	78.86	80.00%			Fund allocated by the government
First section of new stinger of HYSY201 vessel	48,420,000.00		37,976,435.13			37,976,435.13	78.43	80.00%			Self-raised
Construction project of painting workshop 3#	96,880,000.00	711,533.42	29,010,688.88			29,722,222.30	30.68	35.00%			Self-raised
Two 3,000 m working ROVs-LARS part	22,300,000.00	22,213,809.63	156,000.00			22,369,809.63	100.31	99.00%			Self-raised
Transformation of pipeline connection with existing pipelines of Lanjing	26,781,800.00	17,057,580.78	313,159.57		1,103,478.43	16,267,261.92	60.74	64.90%			Self-raised
Upgrading project of tower-top guide wheel of deepwater flexible pipe-laying system	9,800,000.00	2,560,251.77	6,654,110.91			9,214,362.68	94.02	99.00%			Self-raised
50t tensioner purchase project	30,756,300.00	50,019.07	8,845,988.00			8,896,007.07	28.92	34.00%			Self-raised
Emergency command center construction project	7,500,000.00	5,681,598.13	1,004,447.60			6,686,045.73	89.15	94.00%			Self-raised
Extension project of skidway #5	98,950,000.00	154,167,007.54	2,714,152.04	156,881,159.58			82.64	100.00%			Self-raised
Other projects		22,295,968.59	53,727,576.42	45,972,588.07	3,835,883.72	26,215,073.22					Self-raised
Total	3,394,852,900.00	670,874,018.36	1,580,931,910.09	202,853,747.65	4,939,362.15	2,044,012,818.65	/	/		/	/

14. Intangible assets

(1) Intangible assets

√Applicable □ Inapplicable

Unit: Yuan Currency: RMB

Item	Land use right	Software	Total
I. Original book value			
1. Balance at beginning of period	1,320,659,101.97	178,144,912.57	1,498,804,014.54
2. Increased amount in current period		12,300,260.41	12,300,260.41
(1)Purchase		12,441,592.51	12,441,592.51
(2)Internal R&D			
(3)Increased from merger			
(4)Conversion of foreign currency financial statement		-141,332.10	-141,332.10
3. Decreased amount in current period			
(1)Disposal			
(2)Invalid and derecognized part			
(3)Others			
4. Ending balance	1,320,659,101.97	190,445,172.98	1,511,104,274.95
II. Cumulative amortization			
1. Balance at beginning of period	209,600,187.01	154,574,283.05	364,174,470.06
2. Increased amount in current period	26,997,350.83	10,778,155.92	37,775,506.75
(1)Provision	26,997,350.83	10,891,637.86	37,888,988.69
(2)Conversion of foreign currency financial statement		-113,481.94	-113,481.94
3. Decreased amount in current period			
(1)Disposal			
4. Ending balance	236,597,537.84	165,352,438.97	401,949,976.81
III. Depreciation reserves			
1. Balance at beginning of period			
2. Increased amount in current period			
(1)Provision			
3. Decreased amount in current period			
(1)Disposal			
4. Ending balance			
IV. Book value			
1. Book value at end of period	1,084,061,564.13	25,092,734.01	1,109,154,298.14
2. Book value at beginning of period	1,111,058,914.96	23,570,629.52	1,134,629,544.48

At the end of current period, the proportion of intangible assets formed through internal R&D of the Company to the balance of intangible assets is 0

15. Goodwill

(1) Goodwill original book value

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Acquiree name or goodwill-related matters	Balance at beginning of period	Increase in current period	Decrease in current period	Balance at end of period
		Formed by merger of enterprise	Disposal	
A.E.S. Destructive and Non-destructive Testing Limited	13,075,057.26			13,075,057.26
Total	13,075,057.26			13,075,057.26

(2) Depreciation reserves for goodwill

☐ Applicable √Inapplicable

(3) Information about the asset group or combination of asset groups of goodwill

☐ Applicable √Inapplicable

(4) Explaining the process and key 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 future cash flow), as well as the method of confirming goodwill impairment loss

☐ Applicable √Inapplicable

(5) Impact of goodwill impairment testing

☐ Applicable √Inapplicable

Other description

☐ Applicable √Inapplicable

16. Long-term unamortized expenses

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at beginning of period	Increased amount in current period	Current amortization amount	Other decreased amount	Balance at end of period
Rental charge	63,341,618.50	2,368,800.00	4,295,689.09		61,414,729.41
Renovation costs	11,788,747.13		5,450,971.45		6,337,775.68
Software royalty	2,535,065.48	1,954,892.94	918,720.58		3,571,237.84
Vessel maintenance cost		35,402,599.18	5,759,632.70		29,642,966.48
Total	77,665,431.11	39,726,292.12	16,425,013.82		100,966,709.41

17. Deferred income tax assets/liabilities

(1) Non-offset deferred income tax assets

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period		Balance at beginning of period	
	Deductible temporary difference	Deferred income tax asset	Deductible temporary difference	Deferred income tax asset
Assets depreciation reserve	229,168,114.99	34,375,806.56	237,481,140.46	35,622,171.09
Unrealized profit of internal transaction	559,587,483.36	139,896,870.84	595,034,461.05	148,767,608.68
Deductible loss	825,600,209.96	124,831,327.97	1,176,057,799.11	177,390,188.40
Estimated liabilities	105,746,387.29	15,861,958.09	105,746,387.29	15,861,958.09
Not-invoiced costs on account	401,143,658.78	60,171,548.82	682,879,527.03	102,431,928.84
Deferred income	204,419,813.63	30,662,972.05	180,722,037.66	27,108,305.64
Total	2,325,665,668.01	405,800,484.33	2,977,921,352.60	507,182,160.74

(2) Non-offset deferred income tax liabilities

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period		Balance at beginning of period	
	Taxable temporary difference	Deferred income tax liability	Taxable temporary difference	Deferred income tax liability
Asset evaluation increment of business combination under different common control				
Changes in fair value caused by other debt investments				
Changes in fair value caused by other equity instrument investments				
Changes in the fair value of financial assets included in other comprehensive incomes	66,737,289.51	10,010,593.43	73,667,589.51	11,050,138.43
Depreciation, amortization and depletion differences of assets	111,786,197.92	16,767,929.68	77,809,622.91	11,671,443.44
Estimated value of trading financial instruments and derivative financial instruments	24,560,697.87	3,684,104.68		
Total	203,084,185.30	30,462,627.79	151,477,212.42	22,721,581.87

(3) Deferred income tax assets or liabilities presented by the offset net amount

☐ Applicable √Inapplicable

(4) Details of unrecognized deferred income tax assets

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period	Balance at beginning of period
Deductible temporary difference	244,046,946.35	256,890,723.24
Deductible loss	142,043.97	6,696,294.83
Total	244,188,990.32	263,587,018.07

(5) Deductible losses of unrecognized deferred income tax assets will expire in the following years

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Year	Amount at end of period	Amount at beginning of period	Remarks
2021	118,015.86	1,637,276.12	
2022		2,163,379.04	
2023	24,028.11	2,895,639.67	
Total	142,043.97	6,696,294.83	/

18. Short-term loans

(1) Classification of short-term loans

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period	Balance at beginning of period
Pledge loan		
Mortgage loan		
Guaranteed loan		
Credit loan	233,209,458.35	
Total	233,209,458.35	

Description of short-term loan classification:

In June 2020, the Company signed a fund loan contract with China Development Bank, with a loan amount of RMB 230,000,000.00. The loan period is from June 18, 2020 to June 18, 2021. The loan funds are used to support the purchase of means of production, payment of staff wages, payment of upstream and downstream loans, payment of social security, daily operating expenses, etc., which are necessary for the enterprise to resume work and production and reach design capacity affected by the epidemic situation, and guarantee the liquidity demand for the early commencement and construction of major projects and key projects. The ending balance of the short-term loan includes the accrued interest of RMB 3,209,458.35.

(2) Short-term loans that have been overdue and have not been repaid

☐ Applicable √Inapplicable

The important short-term loans that have been overdue and have not been repaid are as follows:

☐ Applicable √Inapplicable

19. Accounts payable

(1) List of accounts payable

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period	Balance at beginning of period
Project payment and material payment	7,534,314,527.32	6,862,938,533.84
Total	7,534,314,527.32	6,862,938,533.84

(2) Important accounts payable with accounting age over 1 year√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period	Reasons for arrear or carry down
Yiu Lian Dockyards (Shekou) Limited	23,300,358.36	Unfinished settlement
CSSC Huangpu Wenchong Shipbuilding Company Limited	9,800,316.93	Unfinished settlement
CCCC INTERNATIONAL SHIPPING CORP.	7,036,582.66	Unfinished settlement
Total	40,137,257.95	/

20. Advance receipts**(1) List of advance receipts**√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period	Balance at beginning of period
Project payment		
Others	1,285,904.12	569,432.25
Total	1,285,904.12	569,432.25

21. Contract liabilities**(1) Contract liabilities**√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period	Balance at beginning of period
Payment settled but uncompleted under construction contract	613,420,507.86	852,757,160.18
Total	613,420,507.86	852,757,160.18

22. Payroll payable**(1) List of payroll payable**√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at beginning of period	Increase in current period	Decrease in current period	Balance at end of period
I. Short-term salary	63,356,314.60	2,345,082,432.59	2,109,975,974.91	298,462,772.28
II. Defined contribution plans for welfare after dismissal	74,068,281.02	293,333,931.71	367,402,212.73	
III. Dismissal welfare		193,548.56	133,899.87	59,648.69
IV. Other welfares to expire within one year				
Total	137,424,595.62	2,638,609,912.86	2,477,512,087.51	298,522,420.97

(2) List of short-term salary√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at beginning of period	Increase in current period	Decrease in current period	Balance at end of period
I. Salary, bonus, allowance, and subsidy		1,739,290,000.00	1,548,769,593.24	190,520,406.76
II. Employee welfare		74,971,472.20	74,971,472.20	
III. Social insurance fee		120,091,359.34	120,091,359.34	
Inc.: Medical insurance premiums		109,461,425.49	109,461,425.49	
Industrial injury insurance premium		5,121,774.92	5,121,774.92	
Birth insurance premium		5,508,158.93	5,508,158.93	
IV. Legal reserves of housing acquisition		186,065,854.72	186,065,854.72	
V. Labor union expenditure and personnel education fund	58,108,894.98	59,974,929.65	44,487,800.70	73,596,023.93
VI. Short-term compensated absences				
VII. Short-term profit sharing plan				
VIII. Others	5,247,419.62	164,688,816.68	135,589,894.71	34,346,341.59
Total	63,356,314.60	2,345,082,432.59	2,109,975,974.91	298,462,772.28

(3) List of defined contribution plans√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at beginning of period	Increase in current period	Decrease in current period	Balance at end of period
1. Primary endowment insurance		169,231,104.37	169,231,104.37	
2. Unemployment insurance expense		5,764,241.36	5,764,241.36	
3. Enterprise annuity	74,068,281.02	118,338,585.98	192,406,867.00	
Total	74,068,281.02	293,333,931.71	367,402,212.73	

23. Taxes payable√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period	Balance at beginning of period
VAT	445,029,634.76	291,516,418.71
Corporate income tax	78,972,888.23	94,834,238.52
Individual income tax	13,646,190.54	25,240,354.84
Urban maintenance and construction tax	413,610.59	3,943,491.89
Property tax	3,046,741.02	2,923,745.20
Stamp tax	3,517,547.99	2,872,488.84
Educational surtax	294,016.85	2,815,360.83
Land use tax	1,395,609.60	1,656,354.15
Land value increment tax		9,072,777.12
Others	7,160,111.13	4,247,601.27
Total	553,476,350.71	439,122,831.37

24. Other payables**List of items**√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period	Balance at beginning of period
Interest payable		29,486.11
Dividends payable		
Other payables	379,108,083.77	153,786,659.76
Total	379,108,083.77	153,816,145.87

Interest payable**(1) Classification list**√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period	Balance at beginning of period
Interest of long-term loans for which the interest is paid by installment and principal is repaid on maturity	0	29,486.11
Corporate bond interest		
Payable interest of short-term loans		
Preferred share\perpetual bond interest divided as financial liabilities		
Total	0	29,486.11

Important interest that has been overdue and has not been repaid:

☐ Applicable ☒ Inapplicable

Other description:

☐ Applicable ☒ Inapplicable**Dividends payable****(1) Classification list**☐ Applicable ☒ Inapplicable**Other payables****(1) Other payables listed by nature of payment**√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period	Balance at beginning of period
Temporary receipts	75,413,970.60	64,166,965.78
Retention money and deposit	183,270,341.57	52,832,480.53
Scientific research funds	94,255,800.55	21,311,656.43
Withholding contributions to be paid	22,129,072.75	12,450,791.82
Transaction expense	4,038,898.30	3,024,765.20
Total	379,108,083.77	153,786,659.76

(2) Important other payables with accounting age over 1 year

√Applicable □ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period	Reasons for arrear or carry down
Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd.	1,513,680.05	The settlement period is not expired
Total	1,513,680.05	/

Other description:

□ Applicable √Inapplicable

25. Non-current liabilities due within 1 year

√Applicable □ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period	Balance at beginning of period
Long-term loans due within 1 year	108,890.71	
Bonds payable due within 1 year		
Long-term accounts payable due within 1 year		
Lease liabilities due within 1 year		
Total	108,890.71	

26. Long-term loans

(1) Classification of long-term loans

√Applicable □ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period	Balance at beginning of period
Pledge loan		
Mortgage loan		
Guaranteed loan		
Credit loan	436,199,699.03	220,000,000.00
Total	436,199,699.03	220,000,000.00

Description of long-term loan classification:

Note 1: In March 2017 and February 2018, the Company signed the three-party entrusted loan contract with CNOOC and CNOOC Finance Co., Ltd. CNOOC entrusted CNOOC Finance Co., Ltd. to borrow a loan of RMB 90 million and RMB 130 million from 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.

Note 2: In July 2020, the Company signed a loan contract with the Tianjin Branch of the Export-Import Bank of China, and the Tianjin Branch of the Export-Import Bank of China will provide the Company with a maximum seller's credit on exports of no more than USD 84 million. The loan period is two years from the first loan date under the loan to the final repayment date. As of December 31, 2020, the Tianjin Branch of the Export-Import Bank of China has loaned USD 33.1346 million to the Company. The loan funds are all used for the fund demand of working fund required for general mechanical and electrical products (which may be used to replace the self-owned funds paid in the previous period).

27. Long-term accounts payable

List of items

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period	Balance at beginning of period
Long-term accounts payable		
Special accounts payable	26,500,563.57	26,908,456.91
Total	26,500,563.57	26,908,456.91

Special accounts payable

(1) Special accounts payable listed by nature of payment

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at beginning of period	Increase in current period	Decrease in current period	Balance at end of period	Cause
Scientific research funds of 863 Project	26,908,456.91		407,893.34	26,500,563.57	State appropriation
Total	26,908,456.91		407,893.34	26,500,563.57	/

28. Estimated liabilities

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of last year	Balance at beginning of period	Balance at end of period	Cause
Provision of external guarantee				
Pending litigation				
Product quality guarantee				
Obligation to restructure				
Onerous contract to be executed				
Payable return payment				
Others				
Estimated contract loss	159,593,029.77	328,575,454.20	222,704,611.54	Note 1
Pending matters	105,746,387.29	105,746,387.29	105,746,387.29	Note 2
Total	265,339,417.06	434,321,841.49	328,450,998.83	/

Other description, including description of relevant important assumption and estimation of important estimated liabilities:

Note 1: According to the requirements of the Accounting Standards for Business Enterprises No.14 - Revenues and the Accounting Standards for Business Enterprises No.13 - Contingencies, if the contract to be executed becomes an onerous contract and the obligations arising from the onerous contract meet the relevant conditions, the estimated liabilities shall be recognized for the onerous contract. The estimated contract loss of RMB 222,704,611.54 is the remaining estimated loss to be incurred for the completion of the project recognized according to the performance schedule for the project whose estimated total contract cost exceeds the total contract income.

Note 2: The Company's subsidiary - Offshore Oil Engineering (Qingdao) Co., Ltd. received question investigation reports from the paint supplier and the insulation subcontractor of the ICHTHYS project respectively on February 24, 2017 and June 1, 2017, stating that quality problems were discovered in the paint applied in the project and the insulation system of the module constructed by Offshore Oil Engineering (Qingdao) Co., Ltd., but no consensus was reached upon the reasons of defect by the parties till the balance sheet date. Based on the fact that quality guarantee is a demand guarantee and according to the contract term that Offshore Oil Engineering (Qingdao) 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 will be the estimated compensation amount. This matter has no substantial progress as of the approval date of the financial report.

29. Deferred income

Deferred income

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at beginning of period	Increase in current period	Decrease in current period	Balance at end of period	Cause
Government subsidies	158,594,514.41	122,132,401.45	99,107,819.17	181,619,096.69	Fund allocated by the government
Total	158,594,514.41	122,132,401.45	99,107,819.17	181,619,096.69	/

Items involving government subsidies:

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Liabilities item	Balance at beginning of period	Newly-added subsidy amount in current period	Amount included in non-operating income of current period	Amount included in other incomes of current period	Others	Balance at end of period	Related to assets/income
Return of site supporting facilities fee	50,964,666.35			1,365,125.08		49,599,541.27	Related to assets
Deed tax return of office building in bonded area	4,500,750.00			353,000.00		4,147,750.00	Related to assets
Special funds allocated by the central government for air pollution prevention and control		5,000,000.00		125,000.01		4,874,999.99	Related to assets
Financial allocation for scientific research of significant national projects	103,129,098.06	117,132,401.45	56,000.00	77,416,194.08	-19,792,500.00	122,996,805.43	Related to income

30. Capital stock

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

	Balance at beginning of period	Increase and decrease in this change (+, -)					Balance at end of period
		Issued new shares	Donated shares	Shares transferred from accumulation fund	Others	Subtotal	
Total shares	4,421,354,800.00						4,421,354,800.00

31. Capital reserves

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at beginning of period	Increase in current period	Decrease in current period	Balance at end of period
Capital premium (share capital premium)	4,229,620,443.55	81,536.73		4,229,701,980.28
Other capital reserves	18,319,762.56			18,319,762.56
Total	4,247,940,206.11	81,536.73		4,248,021,742.84

32. Other comprehensive incomes

√Applicable □ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at beginning of period	Amount incurred in current period						Balance at end of period
		Pre-income tax accrual in current period	Minus: amount included in other delayed comprehensive income and then converted into current profit and loss	Minus: amount included in other delayed comprehensive income and then converted into retained earnings	Less: income tax expense	Attributable to parent company after tax	Attributable to minority stockholders after tax	
I. Other comprehensive incomes which cannot be reclassified into the profit and loss in future	62,617,451.08	-6,930,300.00			-1,039,545.00	-5,890,755.00		56,726,696.08
Of which: Change due to re-measurement of defined benefit plans								
Other comprehensive incomes that cannot be reclassified into the profit and loss under the Equity Method								
Changes in fair value caused by other equity instrument investments	62,617,451.08	-6,930,300.00			-1,039,545.00	-5,890,755.00		56,726,696.08
Changes in fair value caused by enterprise's own credit risk								
II. Other comprehensive incomes which will be reclassified into the profit and loss	6,264,210.39	54,144,483.47				54,414,361.02	-269,877.55	60,678,571.41
Of which: Other comprehensive incomes that can be reclassified into the profit and loss under the Equity Method								
Changes in fair value caused by other debt investments								
Amount of financial assets reclassified into other comprehensive incomes								
Other debt investment credit depreciation reserves								
Cash flow hedge reserve								
Translation differences in foreign currency financial statements	6,264,210.39	54,144,483.47				54,414,361.02	-269,877.55	60,678,571.41
Total of other comprehensive incomes	68,881,661.47	47,214,183.47			-1,039,545.00	48,523,606.02	-269,877.55	117,405,267.49

33. Special reserves

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at beginning of period	Increase in current period	Decrease in current period	Balance at end of period
Work safety expenses	421,769,177.09	308,433,483.89	461,126,711.16	269,075,949.82
Total	421,769,177.09	308,433,483.89	461,126,711.16	269,075,949.82

34. Surplus reserves

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at beginning of period	Increase in current period	Decrease in current period	Balance at end of period
Statutory surplus reserves	1,567,500,843.08	61,462,420.49		1,628,963,263.57
Discretionary surplus reserves	89,145,868.41			89,145,868.41
Reserve funds				
Enterprise development fund				
Others				
Total	1,656,646,711.49	61,462,420.49		1,718,109,131.98

35. Undistributed profits

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Current period	Last period
Undistributed profit at end of last period before adjustment	11,844,047,878.33	12,086,008,009.88
Total undistributed profit at beginning of adjustment (increase +, decrease -)	-3,510,209.60	
Undistributed profit at beginning of period after adjustment	11,840,537,668.73	12,086,008,009.88
Plus: Net profit attributable to owners of the parent company in current period	363,299,190.50	27,926,761.89
Minus: withdrawal of statutory surplus reserves	61,462,420.49	48,819,153.44
Withdrawal of discretionary surplus reserves		
Withdrawal of general risk reserves		
Common stock dividends payable	265,281,288.00	221,067,740.00
Common stock dividends that converted to capital stock		
Undistributed profit at end of period	11,877,093,150.74	11,844,047,878.33

Details of undistributed profit at beginning of adjustment:

1. Retroactive adjustment shall be made according to Accounting Standards for Business Enterprises and related new regulations, and undistributed profit affected at the beginning of period is RMB 0.
2. The undistributed profit affected by alteration of accounting policy at the beginning of period is RMB -3,510,209.60.
3. The undistributed profit affected by correction of significant accounting errors at the beginning of period is RMB 0.
4. The undistributed profit affected by changes in merger scope caused by the same control at the beginning of period is RMB 0.
5. The undistributed profit affected by other adjustments at the beginning of period is RMB 0.

36. Operating income and operating costs

(1) Operating income and operating costs

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Accrued in current period		Accrued in last period	
	Income	Cost	Income	Cost
Major business	17,693,160,600.64	16,002,950,131.39	14,663,904,759.14	12,909,869,936.76
Other businesses	169,415,710.33	18,999,671.92	46,489,571.34	12,041,352.98
Total	17,862,576,310.97	16,021,949,803.31	14,710,394,330.48	12,921,911,289.74

(2) Contract income

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Contract classification	Operating income in current period	Operating income in last period
Commodity type		
(1) Revenue from offshore engineering EPCI contract project	12,664,737,861.46	11,640,743,281.21
(2) Revenue from offshore engineering Non-EPCI contract project	2,151,396,431.99	1,868,115,446.95
Wherein: revenue from offshore installation and subsea pipe-laying	1,394,034,035.59	1,086,175,332.89
Maintenance service income	390,729,941.70	452,668,111.97
Revenue from onshore construction	196,052,917.55	180,893,102.17
Engineering design income	170,579,537.15	148,378,899.92
(3) Income from non-ocean engineering projects	2,877,026,307.19	1,155,046,030.98
Total	17,693,160,600.64	14,663,904,759.14

Description of contract income:

√Applicable ☐ Inapplicable

Top 5 clients' operating income:

Client name	Operating income	Proportion to total operating income (%)
China National Offshore Oil Corporation	12,939,447,633.79	72.44
JGC Fluor BC LNG Joint Venture	968,034,970.42	5.42
The Hongkong Electric Company, Limi	930,758,450.19	5.21
CNOOC Gas & Power Group	680,908,667.91	3.81
Husky	523,969,259.98	2.93
Total	16,043,118,982.29	89.81

(3) Description of performance obligations

☐ Applicable ☒ Inapplicable

(4) Description of apportionment to remaining performance obligations

☐ Applicable ☒ Inapplicable

37. Taxes and surcharges

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Accrued in current period	Accrued in last period
Urban maintenance and construction tax	57,075,438.28	16,679,572.79
Educational surtax	24,511,882.82	7,079,437.61
Property tax	19,361,125.19	22,222,357.20
Land use tax	5,700,316.34	6,119,536.97
Vehicle and vessel use tax	633,223.12	632,262.32
Stamp tax	20,515,217.74	17,051,129.71
Local educational surtax	16,341,255.19	4,847,422.09
Others	369,593.22	-767,134.01
Total	144,508,051.90	73,864,584.68

38. Sales cost

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Accrued in current period	Accrued in last period
Employee salary	18,183,410.16	17,846,564.68
Publicity and exhibition expenses	1,231,657.01	4,327,772.12
Traveling expense	210,710.32	2,971,375.16
Amortization of long-term unamortized expenses	962,686.00	962,685.96
Low-value consumables	34,542.05	85,010.56
Depreciation cost and amortization of intangible assets	520,805.51	450,561.60
Office, water, electricity and communication expenses	606,712.49	213,919.36
Rental charge	542,939.09	1,957,629.76
Others	3,257,854.05	7,023,318.03
Total	25,551,316.68	35,838,837.23

39. Administration expense

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Accrued in current period	Accrued in last period
Employee salary	164,998,306.93	140,477,988.56
Depreciation cost and amortization of intangible assets	13,338,307.33	13,317,867.05
Auditing and consulting expense	8,658,408.67	9,110,266.98
Rental charge	6,564,979.32	10,869,913.49
Property management and afforestation expense	7,301,142.14	8,557,069.04
Traveling expense	2,811,365.27	4,699,770.70
Tax	3,986,607.20	4,801,825.40
Transportation expense	2,864,100.37	4,673,473.34
Office, water, electricity and communication expenses	2,926,016.83	4,549,410.21
Others	19,031,842.00	38,071,072.68
Total	232,481,076.06	239,128,657.45

40. R&D costs√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Accrued in current period	Accrued in last period
Outsourcing service fee	351,932,812.25	266,529,051.28
Employee salary	163,623,992.81	148,916,909.11
Vessel service fee	117,431,705.91	126,013,922.59
Machinery consumables	121,879,148.46	99,481,073.02
Manufacturing expense	68,532,808.74	59,820,634.46
Technical service fee	20,947,490.77	30,017,500.83
Rental charge	5,935,891.47	4,787,940.49
Traveling expense	8,391,009.30	5,825,546.93
Design expenses	2,804,141.04	2,017,445.49
Others	121,230,218.36	130,940,937.61
Total	982,709,219.11	874,350,961.81

41. Financial expense√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Accrued in current period	Accrued in last period
Interest expenses	4,933,710.82	978,402.78
Minus: interest income	-14,808,307.92	-18,094,932.98
Exchange profit and loss	110,974,433.03	-9,559,847.86
Others	18,902,460.83	13,887,630.78
Total	120,002,296.76	-12,788,747.28

42. Other incomes√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Accrued in current period	Accrued in last period
Consumption tax refund	95,763,542.32	61,159,446.43
Government subsidies	79,259,319.17	72,677,295.70
Reimbursement of individual income tax commissions	3,323,528.32	1,224,144.79
Additional deduction of input tax	387,138.23	138,354.17
VAT refund	1,178,021.97	
Total	179,911,550.01	135,199,241.09

Other description:

Government subsidies included in other incomes:

Subsidy item	Amount in current period	Amount in last period	Related to assets/ income
Refund of land supporting facilities fee	1,365,125.04	1,365,125.04	Related to assets
Deed tax return of office building in bonded area	353,000.00	353,000.00	Related to assets
Special funds allocated by the central government for air pollution prevention and control	125,000.01		Related to assets
R&D subsidies	44,166,765.01	32,867,308.62	Related to income
Post subsidies	7,735,670.11	4,533,062.04	Related to income
Refund of charge for sea area utilization		32,336,700.00	Related to income
Reimbursement of guarantee commissions		1,222,100.00	Related to income
Financial reward funds	8,848,223.00		Related to income
Processing trade guarantee commissions subsidies	3,310,000.00		Related to income
Relocation subsidies	3,000,000.00		Related to income
Industrial added value award items	3,000,000.00		Related to income
Stable growth subsidies	2,309,300.00		Related to income
Port and shipping subsidies	1,478,600.00		Related to income
Comprehensive rewards and subsidies for technological transformation of enterprises in Qingdao	1,460,000.00		Related to income
Others	2,107,636.00		Related to income
Total	27,356,884.05	35,276,925.04	

43. Investment income

☒Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Accrued in current period	Accrued in last period
Long-term equity investment income accounted by equity method	-95,134,095.86	-222,251,710.31
Investment income during disposing long-term equity investment		
Investment income from trading financial assets during holding period	115,200,061.65	
Dividend income from investments in other equity instruments during the holding period	9,146,401.38	8,258,981.42
Interest income from debt investment during the holding period	1,974,941.04	
Interest income from other debt investments during the holding period		
Investment income gained by disposing trading financial assets		
Investment incomes obtained from the disposal of investments in other equity instruments		
Investment incomes obtained from the disposal of debt investment		
Investment incomes obtained from the disposal of other debt investments		
Investment income from bank financial products		147,704,228.94
Total	31,187,308.21	-66,288,499.95

44. Income from changes in fair value√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Sources of income from changes in fair value	Accrued in current period	Accrued in last period
Trading financial assets	24,560,697.85	0
Wherein: income from changes in fair value of derivative financial instruments	24,560,697.85	
Trading financial liabilities		
Investment real estate measured at fair value		
Total	24,560,697.85	0

The income of RMB 24,560,697.85 from changes in fair value of derivative financial instruments is the income from changes in fair value of structured deposits.

45. Impairment loss of credit√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Accrued in current period	Accrued in last period
Loss on bad debt of notes receivable		
Loss on bad debt of accounts receivable	23,789,624.20	16,463,361.07
Loss on bad debt of other accounts receivable	-240,300.63	1,155,073.78
Impairment loss of debt investment		
Impairment loss of other debt investment		
Loss on bad debt of long-term accounts receivable		
Contract asset impairment loss		
Total	23,549,323.57	17,618,434.85

46. Asset impairment loss√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Accrued in current period	Accrued in last period
I. Bad debt loss		
II. Inventory falling price loss and contract performance cost impairment loss	32,529,010.31	450,485,251.77
III. Impairment loss of long-term equity investment		
IV. Impairment loss of investment property		
V. Impairment loss of fixed assets		
VI. Impairment loss of project materials		
VII. Impairment loss of construction in progress		
VIII. Impairment loss of productive biological assets		
IX. Impairment loss of oil and gas assets		
X. Impairment loss of intangible assets		
XI. Impairment loss of goodwill		
XII. Others		
XIII. Contract asset impairment loss	-2,302,434.19	
Total	30,226,576.12	450,485,251.77

47. Gain on assets disposal

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Accrued in current period	Accrued in last period
Profit and loss from disposal of fixed assets	0	151,900.93
Total	0	151,900.93

48. Non-operating income

Non-operating income

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Accrued in current period	Accrued in last period	Amount included in extraordinary profit and loss of current period
Total gains from disposal of non-current assets			
Wherein: gains from disposal of fixed assets			
Gains from disposal of intangible assets			
Gains from debt restructuring			
Gains from exchange of non-monetary assets			
Donation received			
Government subsidies	56,000.00	330,000.00	56,000.00
Others	24,076,753.92	34,312,043.51	24,076,753.92
Total	24,132,753.92	34,642,043.51	24,132,753.92

Government subsidies included in current profit and loss

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Subsidy item	Amount incurred in current period	Amount incurred in last period	Related to assets/income
Subsidies for installation and networking of automatic monitoring facilities for pollution sources	56,000.00		Related to income
Science and technology award issued by Science and Technology Innovation Committee		300,000.00	Related to income
Subsidies by Market and Quality Supervision Committee of Shenzhen Municipality		30,000.00	Related to income
Total	56,000.00	330,000.00	

49. Non-operating expense√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Accrued in current period	Accrued in last period	Amount included in extraordinary profit and loss of current period
Total losses from disposal of non-current assets	1,482,052.83	184,034.60	1,482,052.83
Wherein: losses from disposal of fixed assets			
Losses from disposal of intangible assets			
Losses from debt restructuring			
Losses from exchange of non-monetary assets			
External donations	205,000.00	199,940.00	205,000.00
Others	261,775.21	4,563,990.75	261,775.21
Total	1,948,828.04	4,947,965.35	1,948,828.04

50. Income tax expense**(1) Table of income tax expense**√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Accrued in current period	Accrued in last period
Income tax expense for current period	63,458,895.15	33,792,464.09
Deferred income tax expense	110,451,958.86	146,303,062.65
Total	173,910,854.01	180,095,526.74

(2) Accounting profit and income tax expense adjustment process√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Accrued in current period
Total profit	539,442,129.41
Income tax expense calculated according to legal/applicable tax rate	80,916,319.41
Influence of different tax rate application of subsidiary corporation	82,270,445.83
Adjustment for influence of income tax in former period	679,070.12
Influence for non-taxable income	31,455,620.99
Influence for cost, expense and losses that cannot be deductible	-12,049,235.43
Influence of deductible losses from using unconfirmed deferred income taxes in former period	-11,530,304.34
Deductible temporary difference or influence for deductible losses of unconfirmed deferred income taxes in this period	-2,293.12
Others	2,171,230.55
Income tax expenses	173,910,854.01

Other description:

☐ Applicable ☒ Inapplicable

51. Items of cash flow statement

(1) Other cashes received relating to operating activities

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Accrued in current period	Accrued in last period
R&D and fund allocated by the government	122,132,401.45	163,481,835.62
Insurance claim payment	27,969,506.76	234,879,783.27
Interest income	14,808,307.92	18,094,932.98
Imprest, deposit and cash deposit	133,436,271.48	15,163,069.31
Others	27,738,090.77	90,161,417.05
Total	326,084,578.38	521,781,038.23

(2) Other cashes paid relating to operating activities

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Accrued in current period	Accrued in last period
Imprest, deposit and cash deposit	35,926,371.39	51,747,323.86
Auditing and consulting expense	8,658,408.67	10,804,080.76
Service charge	18,902,460.83	13,887,630.78
Traveling expense	11,413,084.89	12,313,468.53
Rental charge	13,043,809.88	22,768,443.87
Property management and afforestation expense	7,301,142.14	10,412,503.52
Article of consumption and repair charge	45,619,352.71	33,343,998.86
Publicity and advertising expense	4,540,893.14	6,517,231.15
Office expense	3,532,729.32	5,589,121.30
Transportation expense	4,234,557.98	5,200,544.21
Design expenses	2,804,141.04	2,017,445.49
Others	56,330,729.98	41,111,177.15
Total	212,307,681.97	215,712,969.48

52. Supplementary data of cash flow statement

(1) Supplementary data of cash flow statement

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Supplementary data	Amount in current period	Amount in last period
1. Adjust the net profit into the cash flow from business activities:		
Net Profit	365,531,275.40	28,646,253.72
Plus: Assets depreciation reserve	30,226,576.12	450,485,251.77
Impairment loss of credit	23,549,323.57	17,618,434.85
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets	939,084,364.11	973,492,534.69
Amortization of use right assets		
Amortization of intangible assets	37,888,988.69	37,891,030.78
Amortization of long-term unamortized expenses	16,425,013.82	12,030,896.87
Loss on disposal of fixed assets, intangible assets and other long-term assets (list earnings with "-")		-151,900.93
Loss on retirement of fixed assets (list earnings with "-")	1,482,052.83	184,034.60
Loss from fair value change (list earnings with "-")	-24,560,697.85	
Financial expense (list earnings with "-")	115,908,143.85	-8,581,445.08
Investment loss (list earnings with "-")	-31,187,308.21	66,288,499.95
Decrease of deferred income tax assets (list increase with "-")	101,671,367.94	146,006,614.59
Increase of deferred income tax liabilities (list decrease with "-")	8,780,590.92	383,817.96
Inventory decrease (list increase with "-")	-304,825,233.51	-2,265,532,744.23
Decrease of business receivables (list increase with "-")	112,941,005.17	-796,720,469.99
Increase of business payables (list decrease with "-")	780,572,390.98	1,323,653,811.84
Others	-152,693,227.27	-60,501,726.09
Net cash flow from business activities	2,020,794,626.56	-74,807,104.70
2. Major investment and financing activities not involving cash deposit and withdrawal:		
Conversion of debt into capital		
Convertible corporate bonds to mature within one year		
Fixed assets acquired under finance leases		
3. Net amount variations of cash and cash equivalent:		
Cash balance at end of period	1,571,972,271.52	1,732,072,741.05
Less: cash balance at beginning of period	1,732,072,741.05	1,943,763,661.27
Plus: cash equivalent balance at end of period		
Less: cash equivalent balance at beginning of period		
Net increase of cash and cash equivalent	-160,100,469.53	-211,690,920.22

(2) Composition of cash and cash equivalents

√Applicable ☐ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period	Balance at beginning of period
I. Cash	1,571,972,271.52	1,732,072,741.05
Wherein: Cash on hand	16,338.42	12,160.77
Bank deposits payable anytime	1,571,955,933.10	1,732,060,580.28
Other monetary capital payable anytime		
Fund payable in Central Bank		
Deposits in other banks		
Inter-bank borrowing		
II. Cash equivalents		
Wherein: bond investment maturing within three months		
III. Cash and cash equivalent balance at end of period	1,571,972,271.52	1,732,072,741.05
Wherein: Cash and cash equivalent in limited use for the parent company or subsidiaries of the Group		

Other description:

☐ Applicable ☒ Inapplicable

53. Notes to items in change statement of owner's equity

Describe the names of "other" items and adjustment amounts for adjusting the ending balance of last year:

√Applicable ☐ Inapplicable

The Company has implemented the new income standards since January 1, 2020. According to the standards, the Company only adjusts the retained earnings at the beginning of 2020 and the amount of other related items in the financial statements for the cumulative impact amount of contracts that have not been completed on the first implementation date, and the comparative financial statements are not adjusted. The undistributed profit affected by alteration of above accounting policy at the beginning of the year is RMB -3,510,209.60.

54. Assets with the ownership or use right limited

" ☐ Applicable " " ☒ Inapplicable "

55. Foreign currency monetary items

(1) Foreign currency monetary items

“√ Applicable” “□ Inapplicable”

Unit: Yuan

Item	Foreign currency balance at end of period	Exchange rate for conversion	RMB converted at end of period Balance
Monetary capital	-	-	
Wherein: USD	71,176,007.53	6.5249	464,416,331.53
HKD	130,099,731.33	0.8416	109,491,933.89
HKD	9,687,539,402.00	0.0005	4,843,769.70
IDR	194,897.63	1.7765	346,235.64
AED	2,076,978.53	4.8793	10,134,201.34
BND	4,328,034.70	0.0172	74,442.20
NGN	350,091.00	1.7921	627,398.08
Qatari Rial	96.23	1.7399	167.43
SAR			
Accounts receivable	-	-	
Wherein: USD	19,802,389.61	6.5249	129,208,611.97
Other receivables	-	-	
Wherein: USD	157,592.10	6.5249	1,028,272.69
Wherein: HKD	360,668.00	0.8416	303,538.19
Wherein: AED	2,000.00	1.7765	3,553.00
Accounts payable	-	-	
Wherein: USD	28,460,764.29	6.5249	185,703,640.92
Wherein: AED	26,243.00	1.7765	46,620.69
Wherein: BND	7,026,190.00	4.8793	34,282,888.87
Wherein: EUR	189,761.69	8.0250	1,522,837.56
Other payables	-	-	
Wherein: USD	707,146.21	6.5249	4,614,058.31
Wherein: EUR	110,061.20	8.0250	883,241.13
Wherein: UGX	69,000.00	0.0018	124.20
Long-term loans	-	-	
Wherein: USD	33,134,561.30	6.5249	216,199,699.03

(2) Specification for business entity overseas, including the disclosure of the main business location overseas, recording currency and selection basis for the important business entity overseas as well as the reason for the change of recording currency.

“√ Applicable” “□ Inapplicable”

Important overseas operation entities	Main overseas operation location	Recording currency	Selection criterion
Lanhai International Limited	British Virgin Islands	USD	Operation business is mainly priced and settled with the currency.
COTEC INC. (originally translated into Ketai Co., Ltd.)	Houston USA	USD	Operation business is mainly priced and settled with the currency.
COOEC International Co., Limited	Hong Kong	USD	Operation business is mainly priced and settled with the currency.
A.E.S. DESTRUCTIVE AND NON-DESTRUCTIVE TESTING LIMITED	Hong Kong	HKD	Operation business is mainly priced and settled with the currency.

Important overseas operation entities	Main overseas operation location	Recording currency	Selection criterion
COOEC Nigeria Limited	Nigeria	USD	Operation business is mainly priced and settled with the currency.
PT. COOEC Indonesia	Indonesia	IDR	Operation business is mainly priced and settled with the currency.
COOEC NIGERIA FZE	Nigeria	USD	Operation business is mainly priced and settled with the currency.
COOEC CANADA COMPANY LTD.	Canada	CAD	Operation business is mainly priced and settled with the currency.
COOEC (Thailand) Co., Ltd.	Thailand	THB	Operation business is mainly priced and settled with the currency.
COOEC Brasil Offshore Ltda.	Brazil	BRL	Operation business is mainly priced and settled with the currency.

56. Government subsidies

(1) Basic information of government subsidies

“√ Applicable” “□ Inapplicable”

Unit: Yuan Currency: RMB

Type	Amount	Projects presented	Amount included in the current profit and loss
Government subsidy relevant to both business activities and assets	1,843,125.05	Other incomes	1,843,125.05
Government subsidy relevant to both business activities and income	77,416,194.12	Other incomes	77,416,194.12
Government subsidy irrelevant to business activities but relevant to income	56,000.00	Non-operating income	56,000.00

(2) Government subsidies return

“□ Applicable” “√ Inapplicable”

57. Others

“√ Applicable” “□ Inapplicable”

Earnings per share

1. Basic earnings per share

Basic earnings per share is calculated as the consolidated net profit attributable to the ordinary shareholders of the parent divided by the weighted average number of ordinary shares issued by the Company:

Item	Amount at current period	Amount at last period
Consolidated net profit attributable to ordinary shareholders of the parent company	363,299,190.50	27,926,761.89
Weighted average number of outstanding ordinary shares of the Company	4,421,354,800.00	4,421,354,800.00
Basic earnings per share		
Wherein: Basic earnings per share from continuing operations	0.08	0.01
Basic earnings per share from discontinued operations		

2. Diluted earnings per share

Diluted earnings per share is calculated as the consolidated net profit (diluted) attributable to the ordinary shareholders of the parent divided by the weighted average number (diluted) of ordinary shares issued by the Company:

Item	Amount at current period	Amount at last period
Consolidated net profit attributable to ordinary shareholders of the parent company (diluted)	363,299,190.50	27,926,761.89
Weighted average number of ordinary shares issued by the Company (diluted)	4,421,354,800.00	4,421,354,800.00
Diluted earnings per share		
Wherein: Diluted earnings per share from continuing operations	0.08	0.01
Diluted earnings per share from discontinued operations		

VIII. Change of Merger Scope

1. Merger under different controls

" ☐ Applicable" "√ Inapplicable"

2. Merger under same control

" ☐ Applicable" "√ Inapplicable"

3. Counter purchase

" ☐ Applicable" "√ Inapplicable"

4. Disposing subsidiaries or businesses

Whether single disposal of subsidiary investment will lead to loss of control right.

" ☐ Applicable" "√ Inapplicable"

Other description:

" ☐ Applicable" "√ Inapplicable"

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" "√ Inapplicable"

IX. Equities in other subjects

1. Equities in subsidiaries

(1) Composition of corporate group

"√ Applicable" "□ Inapplicable"

Subsidiary Name	Main operation location	Registration place	Business nature	Shareholding proportion (%)		Acquisition Mode of determining remuneration
				Direct	Indirect	
A.E.S. DESTRUCTIVE AND NON-DESTRUCTIVE TESTING LIMITED	Hong Kong	Hong Kong	Detection	90.00		Subsidiary obtained through business combination not under common control
Offshore Oil Engineering (Qing Dao) Co., Ltd.	Qingdao	Qingdao	Project contracting	99.00	1.00	Establishment
COOEC SUBSEA TECHNOLOGY CO., LTD.	Shenzhen	Shenzhen	Project contracting and labor service	100.00		Establishment
PT. COOEC Indonesia	Indonesia	Indonesia	Project contracting		100.00	Establishment
COOEC Nigeria Limited	Nigeria	Nigeria	Project contracting	95.00	5.00	Establishment
COOEC International Co., Limited	Hong Kong	Hong Kong	Project contracting	100.00		Establishment
COOEC International Engineering Co., Ltd	Beijing	Beijing	Project contracting	100.00		Establishment
Lanhai International Limited	British Virgin Islands	British Virgin Islands	Project contracting	100.00		Establishment
Offshore Oil Engineering (Zhuhai) Co., Ltd.	Zhuhai	Zhuhai	Project contracting	100.00		Establishment
COOEC NIGERIA FZE	Nigeria	Nigeria	Project contracting		100.00	Establishment
COTEC INC.	Houston USA	Houston USA	Project 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	Project contracting and labor service		100.00	Establishment
COOEC Brasil Offshore Ltd.	Brazil	Brazil	Project contracting and labor service		100.00	Establishment
COOEC (Thailand) Co., Ltd.	Thailand	Thailand	Project contracting		100.00	Establishment

(2) Important non-wholly-owned subsidiaries

"√ Applicable" "□ Inapplicable"

Unit: Yuan Currency: RMB

Subsidiary name	Shareholding of minority shareholders Proportion	Profit and loss attributable to minority shareholders in the current period	Dividends declared to distribute to minority stockholders in current period	Balance of minority shareholders' equities at end of period
A.E.S. DESTRUCTIVE AND NON-DESTRUCTIVE TESTING LIMITED	10.00%	263,721.11		1,278,785.40
COTEC INC.	30.00%	1,968,363.79	587.24	12,878,211.54
Beijing Gaotai Deep-sea Technologies Co., Ltd.	30.00%	1,607,800.13		9,314,566.00

Description on proportion of shareholding of minority shareholder in subsidiaries inconsistent with proportion of votes:

"□ Applicable" "√ Inapplicable"

Other description:

" ☐ Applicable " " ☒ Inapplicable "**(3) Main financial information of important non-wholly-owned subsidiaries**" ☒ Applicable " " ☐ Inapplicable "

Unit: Yuan Currency: RMB

Subsidiary name	Balance at end of period					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
A.E.S. DESTRUCTIVE AND NON-DESTRUCTIVE TESTING LIMITED	15,338,457.59	2,098,379.64	17,436,837.23	4,648,982.89		4,648,982.89
COTEC INC.	161,035,479.20	3,603,105.71	164,638,584.91	118,011,366.43	3,699,846.64	121,711,213.07
Beijing Gaotai Deep-sea Technologies Co., Ltd.	142,653,989.68	3,322,474.98	145,976,464.66	111,228,064.66	3,699,846.64	114,927,911.30
Subsidiary name	Balance at beginning of period					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
A.E.S. DESTRUCTIVE AND NON-DESTRUCTIVE TESTING LIMITED	13,402,621.86	1,471,382.60	14,874,004.46	3,982,729.12		3,982,729.12
COTEC INC.	80,566,973.61	5,203,709.69	85,770,683.30	43,968,918.53	4,780,933.66	48,749,852.19
Beijing Gaotai Deep-sea Technologies Co., Ltd.	67,138,158.14	4,773,201.69	71,911,359.83	41,441,206.59	4,780,933.66	46,222,140.25
Subsidiary name	Accrued in current period					
	Operating income	Net Profit	Total comprehensive income	Cash flow from operating activities		
A.E.S. DESTRUCTIVE AND NON-DESTRUCTIVE TESTING LIMITED	22,986,916.41	2,637,211.18	1,896,579.00	2,519,702.80		
COTEC INC.	256,148,019.62	6,561,212.66	5,908,498.20	-961,801.46		
Beijing Gaotai Deep-sea Technologies Co., Ltd.	220,276,835.26	5,359,333.78	5,359,333.78	3,894,108.73		
Subsidiary name	Accrued in last period					
	Operating income	Net Profit	Total comprehensive income	Cash flow from operating activities		
A.E.S. DESTRUCTIVE AND NON-DESTRUCTIVE TESTING LIMITED	19,797,163.60	236,288.56	397,525.74	-2,801,536.49		
COTEC INC.	116,080,078.09	2,319,543.27	2,191,734.24	6,071,467.33		
Beijing Gaotai Deep-sea Technologies Co., Ltd.	92,928,815.72	2,006,550.64	2,006,550.64	-524,752.29		

2. Equities in joint venture or associates

“√ Applicable” “□ Inapplicable”

(1) Important joint venture or associates

“√ Applicable” “□ Inapplicable”

Unit: Yuan Currency: RMB

Name of the joint venture or associates	Main operation location	Registration place	Business nature	Shareholding proportion (%)		Accounting treatment method for investment for joint venture or associates
				Direct	Indirect	
COOEC-Fluor Heavy Industries Co., Ltd.	Zhuhai	Zhuhai	Project contracting	51.00		Perform subsequent measurement based on equity method
Tianjin Zhonghe Marine 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

Proportion of shareholding in joint venture or associates is inconsistent with description of 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 need to be agreed by all directors present in the board meeting. Any party cannot individually control and can prevent the counterparty controlling such decisions.

(2) Main financial information of important joint ventures

“√ Applicable” “□ Inapplicable”

Unit: Yuan Currency: RMB

	Balance at end of period/amount incurred in current period	Balance at beginning of period/amount incurred in last period
	COOEC-Fluor Heavy Industries Co., Ltd.	COOEC-Fluor Heavy Industries Co., Ltd.
Current assets	1,572,582,217.13	830,515,438.16
Wherein: cash and cash equivalent	548,483,387.47	187,997,393.70
Non-current assets	4,918,680,017.88	4,960,363,091.74
Total assets	6,491,262,235.01	5,790,878,529.90
Current liabilities	1,473,359,576.82	693,279,295.09
Non-current liabilities	5,213,135.88	6,960,000.00
Total liabilities	1,478,572,712.70	700,239,295.09
Minority stockholders' interest		
Stockholders' equity attributable to the parent company	5,012,689,522.31	5,090,639,234.81
Net assets share calculated based on shareholding proportion	2,623,641,695.98	2,596,226,009.75
Adjusting events	-537,026,733.19	-591,332,922.88
- Goodwill		
--Profit unrealized in internal transaction	-559,587,483.36	-595,034,461.05
- Others	22,560,750.17	3,701,538.17
Book value for equity investment of cooperative enterprises	2,086,614,962.79	2,004,893,086.87
Fair value for equity investment of cooperative enterprises with public offer		
Operating income	1,027,610,486.16	411,472,120.58

	Balance at end of period/amount incurred in current period	Balance at beginning of period/amount incurred in last period
	COOEC-Fluor Heavy Industries Co., Ltd.	COOEC-Fluor Heavy Industries Co., Ltd.
Financial expense	30,084,140.98	-4,468,543.82
Income tax expenses	-83,470,263.30	-170,641,611.29
Net Profit	-253,446,197.97	-505,980,165.47
Net profit for discontinuing operation		
Other composite incomes		
Total comprehensive income	-253,446,197.97	-505,980,165.47
Dividend received from cooperative enterprises in current year		

(3) Main financial information of important associates

“√ Applicable” “□ Inapplicable”

Unit: Yuan Currency: RMB

	Balance at end of period/amount incurred in current period	Balance at beginning of period/amount incurred in last period
	Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd.	Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd.
Current assets	489,617.68	509,679.06
Non-current assets		158,216.35
Total assets	489,617.68	667,895.41
Current liabilities	26,022,908.93	26,158,517.53
Non-current liabilities		
Total liabilities	26,022,908.93	26,158,517.53
Minority stockholders' interest		
Stockholders' equity attributable to the parent company	-25,533,291.25	-25,490,622.12
Net assets share calculated based on shareholding proportion	-10,213,316.50	-10,196,248.85
Adjusting events		
- Goodwill		
--Profit unrealized in internal transaction		
- Others		
Book value for equity investment of associates		
Fair value for equity investment of associates with public offer		
Operating income		
Net Profit		-1,131,537.75
Net profit for discontinuing operation		
Other composite incomes		
Total comprehensive income		-1,131,537.75
Dividend received from associates in current year		

(4) Financial information of unimportant joint venture or associates

“√ Applicable” “□ Inapplicable”

Unit: Yuan Currency: RMB

	Balance at end of period/amount incurred in current period	Balance at beginning of period/amount incurred in last period
Joint venture:		
Total book value of investment		
The total number of the following items calculated according to the shareholding ratio		
--Net Profit		
--Other composite incomes		
--Total comprehensive income		
Associate:		
Total book value of investment		1,359,486.31
The total number of the following items calculated according to the shareholding ratio		
--Net Profit	-2,728,210.12	-307,178.69
--Other composite incomes		
--Total comprehensive income	-2,728,210.12	-307,178.69

(5) Excess deficit incurred in joint venture or associates

“√ Applicable” “□ Inapplicable”

Unit: Yuan Currency: RMB

Name of the joint venture or associates	Cumulative unrecognized pre-period loss	Unrecognized loss at end of current period (or net profit shared in current period)	Cumulative unrecognized loss at end of current period
Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd.	10,196,248.85		10,196,248.85
Tianjin Zhonghe Marine Energy Engineering Co., Ltd.		1,368,723.81	1,368,723.81

X. Risks in Connection to Financial Instruments

“√ Applicable” “□ Inapplicable”

The Company is exposed to various financial risks in the course of operation: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risk). The risk management policies adopted by the Company to reduce the above financial risks are described below.

The Company spreads the risk of financial instruments through appropriate diversified investment and business portfolio, and reduces the risk of concentration in a single industry, a specific region or a specific counterparty by formulating corresponding risk management policies.

(I) Credit risk

Credit risk refers to the risk of financial loss of the Company caused by the failure of counterparties to perform their contractual obligations.

The credit risk of the Company mainly arises from monetary funds, bills receivable, accounts receivable, receivables financing, other receivables, debt investment, other debt investment and financial guarantee contracts, as well as debt instrument investment and derivative financial assets measured at fair value through profit or loss that are not included in the scope of impairment assessment.

The monetary capital of the Company is mainly the bank deposits of state-owned banks and other large and medium-sized listed

banks with good reputation and high credit rating. The Company believes that there is no significant credit risk and almost no significant loss due to bank default.

In addition, for notes receivable, accounts receivable, receivables financing and other receivables, the Company has set relevant policies to control credit risk exposure. The Company assesses the credit qualification of customers and sets the corresponding credit period based on their financial conditions, the possibility of obtaining guarantees from third parties, credit records and other factors such as current market conditions. The Company will regularly monitor the credit records of customers. For customers with poor credit records, the Company will use written payment reminders, shorten the credit period or cancel the credit period to ensure that the overall credit risk of the Company is under control.

(II) Liquidity risk

Liquidity risk refers to the risk of capital shortage when an enterprise performs its obligations of settlement by paying cash or delivering other financial assets.

The Company's policy is to ensure that it has sufficient cash to repay the debts due. Liquidity risk is centrally controlled by the financial department of the Company. The finance department monitors cash balances, marketable securities that can be readily cashed and rolling forecasts of cash flows over the next 12 months to ensure that the Company has sufficient funds to repay its debts under all reasonable forecasts. At the same time, the financial department continuously monitors whether the Company complies with the provisions of the loan agreement, and obtains the commitment to provide sufficient reserve funds from major financial institutions to meet the short-term and long-term fund demands.

Financial liability of the Group is listed as follows by undiscounted contract cash flow at due date:

Item	Balance at end of period					Total
	Immediate repayment	< 1 year	1 to 2 years	2 to 5 years	Above 5 years	
Short-term loan		233,209,458.35				233,209,458.35
Accounts payable		7,534,314,527.32				7,534,314,527.32
Other payables		379,108,083.77				379,108,083.77
Non-current liabilities due within one year		108,890.71				108,890.71
Long-term loans			306,199,699.03	130,000,000.00		436,199,699.03
Total		8,146,740,960.15	306,199,699.03	130,000,000.00		8,582,940,659.18

(Cont'd)

Item	Balance at end of last year					Total
	Immediate repayment	< 1 year	1 to 2 years	2-5 years	Above 5 years	
Accounts payable		6,862,938,533.84				6,862,938,533.84
Other payables		153,816,145.87				153,816,145.87
Long-term loans				220,000,000.00		220,000,000.00
Total		7,016,754,679.71		220,000,000.00		7,236,754,679.71

(III) Market risks

Market risk of financial instruments refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market prices, including exchange rate risk, interest rate risk and other price risks.

1. Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market interest rates.

Fixed rate and floating rate interest bearing financial instruments expose the Company to fair value interest rate risk and cash flow interest rate risk respectively. The Company determines the ratio of fixed interest rate instruments to floating interest rate instruments according to the market environment, and maintains an appropriate portfolio of fixed and floating interest rate instruments through regular review and supervision. When necessary, the Company will use interest rate swap instruments to hedge interest rate risk.

As at 31 December 31, 2020, if the interest rate of borrowings calculated at floating rate increases or decreases by 100 basis points with other variables remaining unchanged, the net profit of the Company will decrease or increase by RMB 47,043,079.12 (December 31, 2019: RMB 0.00). The management believes that the 100 basis points reasonably reflect a

reasonable range of possible changes in interest rates in the next year.

2. Exchange rate risk

Exchange rate risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in foreign exchange rates.

The Company continuously monitors the scale of foreign currency transactions and foreign currency assets and liabilities to minimize the foreign exchange risk. In addition, the Company may also sign forward foreign exchange contracts or currency swap contracts to avoid exchange rate risk. During the current and previous periods, the Company did not enter into any forward foreign exchange contracts or currency swap contracts.

The exchange rate risk faced by the Company mainly comes from the financial assets and financial liabilities denominated in US dollars. The amount of foreign currency financial assets and foreign currency financial liabilities converted into RMB is as follows:

Item	Balance at end of period		
	USD	Other foreign currencies	Total
Monetary capital	464,416,331.53	125,518,148.28	589,934,479.81
Accounts receivable	129,208,611.97		129,208,611.97
Other receivables	1,028,272.69	307,091.19	1,335,363.88
Total assets	594,653,216.19	125,825,239.47	720,478,455.66
Accounts payable	185,703,640.92	35,852,347.12	221,555,988.03
Other payables	4,614,058.31	883,365.33	5,497,423.64
Long-term loans	216,199,699.03		216,199,699.03
Total liabilities	406,517,398.25	36,735,712.45	443,253,110.70

(Cont'd)

Item	Balance at end of last year		
	USD	Other foreign currencies	Total
Monetary capital	699,232,225.49	83,697,398.25	782,929,623.74
Accounts receivable	271,476,424.02	166,884,916.04	438,361,340.06
Other receivables	1,370,212.32	1,275,144.55	2,645,356.87
Total assets	972,078,861.83	251,857,458.84	1,223,936,320.67
Accounts payable	681,213,327.29	108,066,797.29	789,280,124.58
Other payables	3,165,093.99	1,078,350.23	4,243,444.22
Long-term loans			
Total liabilities	684,378,421.28	109,145,147.52	793,523,568.80

As at December 31, 2020, if the RMB appreciates or depreciates by 5% against the US dollar with all other variables remaining unchanged, the net profit of the Company will decrease or increase RMB 47,043,079.12 (December 31, 2019: RMB 19,763,242.88). The management believes that 5% reasonably reflects the reasonable range of possible changes in RMB against USD in the next year.

3. Other price risk

Other price risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market prices other than exchange rate risk and interest rate risk.

The Company's other price risk arises mainly from the investment in various equity instruments and there is a risk of price changes in equity instruments.

As at December 31, 2020, if the value of equity instruments increases or decreases by 5% with all other variables remaining unchanged, other comprehensive income of the Company will increase or decrease by RMB 5,171,070.00 (December 31, 2019: other comprehensive income by RMB 5,171,070.00). The management believes that 5% reasonably reflects the reasonable range of possible changes in the value of equity instruments in the next year.

XI. Disclosure of Fair Value

1. Fair value at end of period of assets and liabilities measured by fair value

“√ Applicable” “□ Inapplicable”

Unit: Yuan Currency: RMB

Item	Fair value at end of period			Total
	Measuring of the first layer fair value	Measuring of the second layer fair value	Measuring of the third layer fair value	
I. Measuring of the continuous fair value				
(I) Trading financial assets			4,524,560,697.85	4,524,560,697.85
1. Financial assets which are measured at the fair value and of which the fluctuations are included in the current profit and loss			4,524,560,697.85	4,524,560,697.85
(1) Debt instrument investment				
(2) Equity instrument investment				
(3) Derivative financial assets			4,524,560,697.85	4,524,560,697.85
2. Designation of financial assets measured at their fair values and with the variation included in the current profit and loss				
(1) Debt instrument investment				
(2) Equity instrument investment				
(II) Other debt investment				
(III) Investment in other equity instruments	103,421,400.00		70,671,378.00	174,092,778.00
(IV) Investment real estate				
1. Right to use for lands for rent				
2. Buildings leased				
3. Use to right for lands held and prepared for transfer after value-adding				
(V) Biological assets				
1. Consumable biological assets				
2. Productive biological assets				
Total assets measured continuously by fair value	103,421,400.00		4,595,232,075.85	4,698,653,475.85
(VI) Trading financial liabilities				
1. Financial liabilities which are measured at the fair value and of which the fluctuations are included in the current profit and loss				
Wherein: issued trading bond				
Derivative financial Liabilities				
Others				
2. Designated as financial liabilities measured by fair value with their changes included in current profit and loss				
Total liabilities measured continuously by fair value				
II. Metering of the non-continuous fair value				
(I) Assets held for sale				
Total assets measured non-continuously by fair value				
Total liabilities measured non-continuously by fair value				

Note: derivative financial assets of RMB 4,524,560,697.85 are structured deposits.

2. Basis for determining of the continuous and non-continuous project market price metered by the first layer of fair value

☒ Applicable ☐ Inapplicable

The investment in other equity instruments metering by fair value of the Company are 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 end of period.

3. Qualitative and quantitative information on valuation techniques and important parameters for continuous and non-continuous project market price metered by the second layer of fair value

☐ Applicable ☒ Inapplicable

4. Qualitative and quantitative information on valuation techniques and important parameters for continuous and non-continuous project market price metered by the third layer of fair value

☒ Applicable ☐ Inapplicable

For the determination of fair value, the input value of the third layer shall be used. If the recent information used to determine the fair value is insufficient, or the estimated amount of the fair value is widely distributed, and the cost represents the best estimate of the fair value within the range, the cost may represent the appropriate estimate of the fair value within the distribution range.

5. The sensitivity analysis of the adjustment information and unobservable parameters between the book value at the beginning and the end of the period for the continuous third level fair value measurements

☐ Applicable ☒ Inapplicable

XII. Related Parties and Connected Transactions

1. Profile of parent company of the enterprise

☒ Applicable ☐ Inapplicable

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 enterprise (%)
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 of the enterprise

China National Offshore Oil Corporation (hereinafter referred to as CNOOC for short) holds the stock rights of 6.65%, 0.28% and 0.04% respectively via the wholly-owned subsidiaries CNOOC Nanhai West Co., Ltd., CNOOC Bohai Co., Ltd. and the holding subsidiary CNOOC Finance Co., Ltd., so the proportion for voting rights is 55.33%.

The final controlling party of the enterprise is China National Offshore Oil Corporation.

2. Profile of subsidiaries of the enterprise

☒ Applicable ☐ Inapplicable

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

3. Profile of joint venture or associates of the enterprise

For details of key joint venture and associates of the enterprise, please refer to Note "IX. Equities in Other Subjects".

☒ Applicable ☐ Inapplicable

For details of key joint venture and associates of the enterprise, please refer to Note "IX. Equities in Other Subjects".

Other joint venture or associates having related-party transaction in current period or in previous period to form balance are listed as follows.

☐ Applicable ☒ Inapplicable

Other description

☐ Applicable ☒ Inapplicable

4. Profile of other related parties

“√ Applicable” “□ Inapplicable”

Name of other related parties	Relationship between other related parties and the enterprise
CNOOC Bohai Co., Ltd.	Wholly owned subsidiary of parent company
CNOOC Nanhai West Co., Ltd.	Wholly owned subsidiary of parent 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
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 BlueChemical Ltd.	Holding subsidiary of parent company
CNOOC Energy Technology & Development Institute	Wholly owned 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

Table for Purchasing Commodities and Accepting Labor Service

“√ Applicable” “□ Inapplicable”

Unit: Yuan Currency: RMB

Related parties	Contents of connected transaction	Accrued in current period	Accrued in last period
CNOOC Energy Technology & Services Limited	Project subcontracting, material procurement, transportation, fuel, estate management, etc.	1,305,760,651.05	1,509,386,955.72
COOEC-Fluor Heavy Industries Co., Ltd.	Project subcontracting	776,331,590.48	71,161,699.39
China National Offshore Oil Corporation	Staff insurance, software use and other services	7,225,020.11	25,311,232.85
CNOOC Bohai Co., Ltd.	Water, electricity and staff physical examination	32,521,257.88	22,034,026.78
China Offshore Oil Service (Hong Kong) Co., Ltd.	Material procurement	59,762,968.88	48,954,633.57
China Oilfield Services Ltd.	Transportation, vessel, etc.	4,486,469.89	30,555,861.60
CNOOC Industrial Co., Ltd.	Services such as real estate, project subcontracting, fuel, water & power, etc.	37,182,494.21	17,058,567.78
CNOOC Nanhai East Corporation	Project subcontracting	2,924,514.68	1,867,077.63
CNOOC Oil & Petrochemicals Co., Ltd.	Project subcontracting	837,964.70	4,979,706.73
CNOOC Gas & Power Group	Project subcontracting	8,104,665.79	666,245.37
CNOOC Nanhai West Co., Ltd.	Property services	841,039.16	810,939.85
China BlueChemical Ltd.	Project subcontracting	9,289,452.82	30,362.38
CNOOC Research Institutes Co., Ltd.	Project subcontracting	-37,784.14	624,960.00
CNOOC Energy Technology & Development Institute	Water, electricity and other services		1,121,825.66
China National Offshore Oil Corporation	Wharf service	388,140.06	4,145,977.52
CNCCC International Tendering Co., Ltd.	Bidding and tendering service	564,706.60	1,092,346.23

Table for Selling Commodities/Providing Labor Services

"√ Applicable" "□ Inapplicable"

Unit: Yuan Currency: RMB

Related parties	Contents of connected transaction	Accrued in current period	Accrued in last period
China National Offshore Oil Corporation	Design, installation, construction and other professional services	12,939,447,633.79	9,446,778,143.38
CNOOC Gas & Power Group	Design, installation, construction and other professional services	680,908,667.91	732,520,277.37
CNOOC Energy Technology & Services Limited	Design, installation, construction and other professional services	5,528,111.99	3,198,768.52
China Oilfield Services Ltd.	Transportation, vessel, etc.	20,054,477.11	11,928,647.40
CNOOC Research Institutes Co., Ltd.	Design, installation, construction and other professional services	4,592,885.28	11,946,417.25
COOEC-Fluor Heavy Industries Co., Ltd.	Personnel sent abroad, material sales and detection	2,995,748.45	11,346,520.90

Description for connected transactions for purchasing and selling commodities and providing and accepting labor service.

"□ Applicable" "√ Inapplicable"

(2) Associated commissioned management/contracting and entrusted management/outsourcing

Table for Trusteeship Management and Contracting of the Company:

"□ Applicable" "√ Inapplicable"

Associated management/contract description

"□ Applicable" "√ Inapplicable"

Commissioned management/contracting out of the Company

"□ Applicable" "√ Inapplicable"

Related Management/Contracting Out

"√ Applicable" "□ Inapplicable"

The scientific research projects commissioned by our company are as follows:

Subject client	Subject name	Subject funds	
		Balance at end of period	Balance at end of last year
China National Offshore Oil Corporation	Construction technology research of Liwan 3-1 and its peripheral deepwater oil and gas fields, development of key construction machinery, application research of Liwan 3-1 and its peripheral gas field underwater pipeline back jointing technology and supporting equipment, underwater production system failure mode analysis, and emergency maintenance technology application	46,724,304.61	45,407,777.33
CNOOC Research Institutes Co., Ltd.	Technology research of floating platform construction and installation, design and research of FLNG/FLPG device oil and gas pretreatment and upper liquidation module, key technology research of outward transportation system and cross-over pipe connection of West Africa deepwater technology research subject, research of platform module construction and installation technology, deepwater semi-submersible hoisting pipe-laying ship and auxiliary works	13,654,656.98	14,308,842.57
China National Offshore Oil Corporation	Light semi-submersible, deepwater riser monitoring, real-time analysis of pipe 201 laying system, new SAPR oil storage technology (phase II)	18,912,732.05	15,137,898.40

(3) Associated lease

The Company is the lessor:

" ☐ Applicable" " ☒ Inapplicable"

The Company is the lessee:

" ☐ Applicable" " ☒ Inapplicable"

Description of related lease

" ☐ Applicable" " ☒ Inapplicable"

(4) Associated guarantee

The Company is the guarantee

" ☐ Applicable" " ☒ Inapplicable"

The Company is the guaranteed party

" ☐ Applicable" " ☒ Inapplicable"

Description of associated guarantee

" ☒ Applicable" " ☐ Inapplicable"

Refer to "XIV, (II)" for details of the Company's guarantee to subsidiaries.

(5) Borrowing of funds by related parties

" ☒ Applicable" " ☐ Inapplicable"

Unit: Yuan Currency: RMB

Related parties	Amount borrowed	Starting day	Due date	Remarks
Borrowed				
China National Offshore Oil Corporation	90,000,000.00	March 1, 2017	March 1, 2022	
China National Offshore Oil Corporation	130,000,000.00	February 1, 2018	February 1, 2023	

(6) Remuneration of key management personnel

" ☒ Applicable" " ☐ Inapplicable"

Unit: 10,000 Yuan Currency: RMB

Item	Accrued in current period	Accrued in last period
Remuneration of key management personnel	797.40	790.53

(7) Other connected transactions

" ☒ Applicable" " ☐ Inapplicable"

1) Interest income on deposit of related parties

Related parties	Amount at current period	Amount at last period
CNOOC Finance Co., Ltd.	5,213,436.19	12,084,571.03
Total	5,213,436.19	12,084,571.03

2) Interest income on deposit of related parties

Related parties	Balance at end of period	Balance at end of last year
CNOOC Finance Co., Ltd.	865,063,885.78	919,836,522.35
Total	865,063,885.78	919,836,522.35

3) Investment incomes gained by related parties

Related parties	Amount at current period	Amount at last period
CNOOC Finance Co., Ltd.	9,146,401.38	8,258,981.42
COOEC-Fluor Heavy Industries Co., Ltd.	-93,774,609.55	-221,944,531.62
Tianjin Zhonghe Marine Energy Engineering Co., Ltd.	-1,359,486.31	-307,178.69
Total	-85,987,694.48	-213,992,728.89

4) Interest expense of related parties

Related parties	Amount at current period	Amount at last period
China National Offshore Oil Corporation	981,083.34	978,402.78
Total	981,083.34	978,402.78

6. Receivables and payables of related parties

(1) Receivables

“√ Applicable” “□ Inapplicable”

Unit: Yuan Currency: RMB

Item	Related parties	Balance at end of period		Balance at beginning of period	
		Book balance	Bad debt reserves	Book balance	Bad debt reserves
Accounts receivable	China National Offshore Oil Corporation	6,533,725,214.43		4,051,909,442.31	
Accounts receivable	CNOOC Energy Technology & Services Limited	4,795,970.38		2,991,137.29	
Accounts receivable	CNOOC Gas & Power Group	52,030,146.47		227,840,855.59	
Accounts receivable	China Oilfield Services Ltd.	6,800,000.00		11,829,779.35	
Accounts receivable	CNOOC Research Institutes Co., Ltd.	2,199,927.00		5,332,670.00	
Accounts receivable	COOEC-Fluor Heavy Industries Co., Ltd.	5,081,692.32		4,808,353.41	
Advance payment	CNOOC Energy Technology & Services Limited	4,049,702.59		6,808,681.14	
Other receivables	Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd.	1,711,324.79	1,711,324.79	1,711,324.79	1,711,324.79
Other receivables	COOEC-Fluor Heavy Industries Co., Ltd.			838,754.77	
Other receivables	China National Offshore Oil Corporation	3,535.26		3,779.77	
Other receivables	China Oilfield Services Ltd.			111,720.90	
Other receivables	CNOOC Energy Technology & Services Limited	5,638,982.09			
Interest receivable	CNOOC Finance Co., Ltd.	252,417.74		1,099,709.06	
Contract asset	China National Offshore Oil Corporation	453,340,896.88	408,006.81		
Contract asset	CNOOC Research Institutes Co., Ltd.	1,222,469.67	1,100.22		
Contract asset	COOEC-Fluor Heavy Industries Co., Ltd.	1,820,775.88	1,638.70		

(2) Payables

“√ Applicable” “□ Inapplicable”

Unit: Yuan Currency: RMB

Item	Related parties	Book balance at end of period	Book balance at beginning of period
Accounts payable	CNOOC Energy Technology & Services Limited	767,894,562.76	756,881,568.53
Accounts payable	COOEC-Fluor Heavy Industries Co., Ltd.	325,956,329.40	83,011,259.83
Accounts payable	China Offshore Oil Service (Hong Kong) Co., Ltd.	34,548,378.88	16,022,755.75
Accounts payable	CNOOC Bohai Co., Ltd.	5,720,277.01	5,468,650.29
Accounts payable	CNOOC Gas & Power Group	6,336,046.19	404,686.39
Accounts payable	China National Offshore Oil Corporation	203,270.78	3,562,064.00
Accounts payable	China Oilfield Services Ltd.	13,778,266.02	12,954,157.13
Accounts payable	CNOOC Industrial Co., Ltd.	2,821,531.07	7,250,737.64
Accounts payable	CNOOC Nanhai West Co., Ltd.	189,397.16	477,415.72
Accounts payable	CNOOC Oil & Petrochemicals Co., Ltd.	485,751.26	359,771.44
Accounts payable	China BlueChemical Ltd.	8,865,094.33	
Accounts payable	CNOOC Research Institutes Co., Ltd.		667,519.78
Accounts payable	China National Offshore Oil Corporation	1,561,012.51	3,393,427.52
Accounts payable	CNOOC Nanhai East Corporation	249,110.45	373,302.55
Accounts payable	China Offshore Oil Donghai Corporation	7,874.35	
Accounts payable	CNCCC International Tendering Co., Ltd.	598,589.00	
Advance receipts	China National Offshore Oil Corporation		457,301,210.55
Other payables	CNOOC Energy Technology & Services Limited	5,741,407.28	872,803.28
Other payables	CNOOC Bohai Co., Ltd.		53,280.00
Other payables	CNOOC Oil & Petrochemicals Co., Ltd.		200,386.62
Other payables	Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd.	1,513,680.05	1,513,680.05
Other payables	China Offshore Oil Service (Hong Kong) Co., Ltd.	892,520.37	
Other payables	China National Offshore Oil Corporation	63,116,647.17	
Other payables	China Oilfield Services Ltd.	73,576.15	
Contract liabilities	China National Offshore Oil Corporation	113,816,278.85	
Contract liabilities	CNOOC Gas & Power Group	7,652,589.30	
Interest payable	China National Offshore Oil Corporation		29,486.11
Long-term loans	China National Offshore Oil Corporation	220,029,486.11	220,000,000.00

7. Commitment of related parties

“□ Applicable” “√ Inapplicable”

XIII. Stock Payment

1. Overall condition of stock payment

" ☐ Applicable " " ☒ Inapplicable "

2. Equity-settled stock payment

" ☐ Applicable " " ☒ Inapplicable "

3. Cash-settled stock payment

" ☐ Applicable " " ☒ Inapplicable "

XIV. Commitments and Contingencies

1. Important commitments

" ☒ Applicable " " ☐ Inapplicable "

Important external commitments, property and amount on balance sheet date.

(1) As of December 31, 2020, the Company has no significant commitments that need to be disclosed on the balance sheet date.

Resolution on Establishing Joint Venture with Fluor - Changing the Investment Project into Joint Venture was adopted upon deliberation at the 13th Meeting of the 5th Board of Directors convened on August 19, 2015 and the first extraordinary shareholders meeting of 2015 held on September 15, 2015. It was agreed to change Zhuhai Deepwater Ocean Engineering Equipment Manufacturing Base Project into joint venture mode. According to above documents, Offshore Oil Engineering (Zhuhai) Co., Ltd. and Fluor jointly found "COOEC Fluor Heavy Industry Co., Ltd." on January 8, 2016, with registered capital of USD 999.6 million, including USD 509.8 million from Offshore Oil Engineering (Zhuhai) Co., Ltd. in the form of fixed assets and cash. As of December 31, 2020, Offshore Oil Engineering (Zhuhai) Co., Ltd. has fulfilled its investment obligations.

(2) As of December 31, 2020, the Company has no contract that has been signed but not paid.

2. Contingencies

(1) Important contingencies on balance sheet date

" ☒ Applicable " " ☐ Inapplicable "

As of December 31, 2020, the Company's guarantees in performance:

- 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 its subsidiary Offshore Oil Engineering (Qing Dao) Co., Ltd. The guaranteed person 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. And guarantee period is from the issue date to September 23, 2021. Commitments as above have been reviewed and approved by the second extraordinary shareholders meeting of 2014 held on September 16, 2014. (See resolution announcement and guarantee announcement and resolution announcement of shareholders meeting published on www.sse.com.cn, website of Shanghai Stock Exchange on July 25 and September 17, 2014 respectively)
- 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 columns of modules involved in Yamal project of its 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 2 module is as of March 23, 2021, that of Train 3 module is as of September 23, 2021, with a total guarantee amount of USD 52 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).
- 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 till December 20, 2026. The guarantee does not have to be submitted to the shareholders meeting of the Company 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)
- 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 Fluor BC LNG Joint Venture 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 till September 15, 2025. Commitments

as above have been reviewed and approved by the first extraordinary shareholders meeting of 2019 held on June 25, 2019. (See resolution announcement and guarantee announcement and resolution announcement of shareholders meeting published on www.sse.com.cn, website of Shanghai Stock Exchange on June 7 and June 26, 2019 respectively)

- 5) Upon approval by all directors 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. Due to the increase in contract amount, the guarantee amount was adjusted from USD 33.2 million to USD 38.2 million, of which the guarantee amount was USD 19.1 million, and the amount guaranteed by the advance payment guarantee is USD 19.1 million. The maximum guarantee period is extended from December 31, 2018 to June 30, 2020. After being approved at the 24th Meeting of the 6th Board of Directors of the Company held on June 23, 2020, the longest term guarantee 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 expired and been released on June 30th, 2020. (See resolution announcement and guarantee extension announcement of Board of Directors published on the website of Shanghai Stock Exchange on June 24, 2020) After being approved at the 28th Meeting of the 6th Board of Directors of the Company held on December 4, 2020, the longest term guarantee for the performance guarantee 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 was restarted, with the guarantee amount of USD 19.1 million and the guarantee period until April 30, 2021. When the project is completed, the performance guarantee will be completed, and the quality guarantee will be started with a guarantee amount of USD 19.1 million. The quality guarantee will be valid for 24 months from the date when the Owner issues the completion certificate. (See resolution announcement and guarantee adjustment announcement of Board of Directors published on the website of Shanghai Stock Exchange on Monday, December 7, 2020).
- 6) Approved by the 22th Meeting of the 6th Board of Directors of the Company held on March 20, 2020, the Company uses the credit line of the Company for three subsidiaries, including COOEC SUBSEA TECHNOLOGY CO., LTD., Offshore Oil Engineering (Qing Dao) Co., Ltd. and Beijing Gaotai Deep-sea Technologies Co., Ltd., to issue bank guarantee and letter of credit for daily operations such as bidding, performance and payment. The guarantee amount for COOEC SUBSEA TECHNOLOGY CO., LTD. is not more than 700 million yuan, for Offshore Oil Engineering (Qing Dao) Co., Ltd. is not more than 80 million yuan, and for Beijing Gaotai Deep-sea Technologies Co., Ltd. is not more than 20 million yuan, with a total of not more than 800 million yuan. 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 the website of Shanghai Stock Exchange on Tuesday, March 24, 2020)

Guarantees released in the report period:

- 1) As approved upon deliberation by the 19th Meeting of the 5th Board of Directors held on July 6, 2016, the Company provided parent company guarantee for Shell Netherland because of Offshore Oil Engineering (Qing Dao) Co., Ltd. contracting Shell SDA Project. The contract of Shell SDA Project is a unit price contract, and the estimated contract value is USD 26.92 million (the final contract value is subject to the settlement of actual workload). The maximum compensation liability is 10% of the contract amount, viz. USD 2.692 million. Guarantee period is from the issue date to April 7, 2020. The guarantee does not have to be submitted to the shareholders meeting of the Company for approval. (See resolution announcement and guarantee announcement of Board of Directors and resolution announcement of shareholders meeting published on www.sse.com.cn, website of Shanghai Stock Exchange on July 8, 2016)
- 2) 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 columns of modules involved in the Yamal project of Offshore Oil Engineering (Qing Dao) Co., Ltd., with the validity period same as the warranty period of respective modules. Wherein, the amount guaranteed of Train 1 module is USD 27 million and the guarantee period of Train 1 module is as of December 23, 2020. (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)
- 3) Upon approval on the 14th Meeting of the 6th Board of Directors of the Company held on March 22, 2019, the Company issued parent company guarantee to CEC INTERNATIONAL, LTD for Abandonment of 2 Platforms in SKL-C Block under EPC Contract undertaken by its subsidiary COOEC (Thailand) Co., Ltd., with the contract amount of USD 5.4363 million and guarantee amount of USD 8.1545 million. The guarantee period starts from the date of issuing till January 31, 2021. CEC INTERNATIONAL, LTD returns the guarantee to the parent company when the Abandonment of 2 Platforms in SKL-C Block under EPC Contract is completed in the current period. The guarantee does not have to be submitted to the shareholders meeting of the Company for approval. (See resolution announcement and guarantee announcement of Board of Directors published on www.sse.com.cn, website of Shanghai Stock Exchange on March 26, 2019)

(2) The important contingencies not required to be disclosed shall be explained as well:

☒ Applicable ☐ Inapplicable

Matters to be arbitrated

On November 9, 2016, S. B. Submarine Systems Co., Ltd. initiated an arbitration to Hong Kong International Arbitration Centre

for KJO Project sub-contract payment, requiring Saudi branch of the Company to pay changed engineering fund borne by it during implementing the project sub-contracting and requiring the Company to bear the liability to guarantee. For this issue, the Company and Saudi branch of the Company did not reach an agreement with S. B. Submarine Systems Co., Ltd., so the Company employed Pinsent Masons to defend the Company. A hearing related to the arbitration was held in December 2018 and S. B. Submarine Systems Co., Ltd. signed a final settlement agreement with the Company in December 2020.

Except the aforesaid contingencies, the Company had no other major or contingent matters as of December 31, 2020.

XV. Events after the Balance Sheet Date

1. Major non-adjusting events

" ☐ Applicable" "☒ Inapplicable"

2. Profit-sharing

"☒ Applicable" "☐ Inapplicable"

Unit: 100 million yuan Currency: RMB

Profits or dividends to be allocated	3.09
Profits or dividends to be released upon approval	3.09

XVI. Other Important Matters

1. Correction of early accounting error

(1) Retrospective restatement approach

" ☐ Applicable" "☒ Inapplicable"

(2) Prospective application approach

" ☐ Applicable" "☒ Inapplicable"

2. Debt restructuring

" ☐ Applicable" "☒ Inapplicable"

3. Assets replacement

(1) Non-monetary assets exchange

" ☐ Applicable" "☒ Inapplicable"

(2) Other assets replacement

" ☐ Applicable" "☒ Inapplicable"

4. Annuity plan

" ☐ Applicable" "☒ Inapplicable"

5. Discontinuing operation

" ☐ Applicable" "☒ Inapplicable"

6. Division information

(1) Determination basis and accounting policy of report divisions

" ☐ Applicable" "☒ Inapplicable"

(2) Financial information of report divisions

" ☐ Applicable" "☒ Inapplicable"

(3) If there's no report segments or total assets or liabilities of report divisions cannot be disclosed, explain the reasons.

" ☐ Applicable" "☒ Inapplicable"

7. Other critical transactions or matters impacting investment decision

" ☐ Applicable" "☒ Inapplicable"

XVII. Notes to Main Items of Financial Statements of the Parent Company

1. Accounts receivable

(1) Disclosure by accounting age

“√ Applicable” “□ Inapplicable”

Unit: Yuan Currency: RMB

Accounting age	Book balance at end of period
< 1 year	
Of which: subentry within 1 year	
< 1 year (including 1 year)	7,004,642,112.35
Subtotal within 1 year	7,004,642,112.35
1 to 2 year(s)	319,778,260.42
2 to 3 years	58,099,250.08
Above 3 years	191,691,161.52
Minus: Bad debt reserves	22,596,576.94
Total	7,551,614,207.43

(2) Classification disclosure by withdrawal method of bad debt reserves

“√ Applicable” “□ Inapplicable”

Unit: Yuan Currency: RMB

Category	Balance at end of period					Book value
	Book balance		Bad debt reserves			
	Amount	Percentage (%)	Amount	Provision proportion (%)		
Separate withdrawal of bad debt reserves						
Wherein:						
Combined withdrawal of bad debt reserves						
Wherein:						
Age combination	563,977,462.02	7.45	22,596,576.94	4.01	541,380,885.08	
Combination of related parties	7,010,233,322.35	92.55			7,010,233,322.35	
Total	7,574,210,784.37	/	22,596,576.94	/	7,551,614,207.43	

Category	Balance at beginning of period					Book value
	Book balance		Bad debt reserves			
	Amount	Percentage (%)	Amount	Provision proportion (%)		
Separate withdrawal of bad debt reserves						
Wherein:						
Combined withdrawal of bad debt reserves						
Wherein:						
Age combination	310,681,419.65	6.23	3,940,375.64	1.27	306,741,044.01	
Combination of related parties	4,679,537,575.14	93.77			4,679,537,575.14	
Total	4,990,218,994.79	/	3,940,375.64	/	4,986,278,619.15	

Separate withdrawal of bad debt reserves:

" ☐ Applicable " "☒ Inapplicable "

Combined withdrawal of bad debt reserves:

"☒ Applicable " "☐ Inapplicable "

Item for combined withdrawal: age combination

Unit: Yuan Currency: RMB

Name	Balance at end of period		
	Accounts receivable	Bad debt reserves	Provision proportion (%)
Age combination	563,977,462.02	22,596,576.94	4.01
Total	563,977,462.02	22,596,576.94	4.01

Recognition standards of combined withdrawal of bad debt and description

" ☐ Applicable " "☒ Inapplicable "

(3) Provision of bad debt reserves

"☒ Applicable " "☐ Inapplicable "

Unit: Yuan Currency: RMB

Category	Balance at beginning of period	Change in current period				Balance at end of period
		Provision (%)	Reclaimed or turned back	Retake or cancel	Others	
Age combination of accounts receivable	3,940,375.64	18,943,318.87	194,613.17		-92,504.40	22,596,576.94
Total	3,940,375.64	18,943,318.87	194,613.17		-92,504.40	22,596,576.94

Among them, the amount of bad debt reserves claimed or turned back in the current period is important:

" ☐ Applicable " "☒ Inapplicable "

(4) Receivables actually cancelled in the current period

" ☐ Applicable " "☒ Inapplicable "

Cancellation of important accounts receivable

" ☐ Applicable " "☒ Inapplicable "

(5) Receivables gathered based on debt party with top five balances at end of period:

"☒ Applicable " "☐ Inapplicable "

Company name	Balance at end of period		
	Accounts receivable	Proportion to total number of receivables at end of year (%)	Bad debt reserves
China National Offshore Oil Corporation	6,056,153,071.49	79.96	
COOEC SUBSEA TECHNOLOGY CO., LTD.	589,304,383.94	7.78	
National Petroleum and Natural Gas Pipe Network Group Co., Ltd	356,759,074.38	4.71	
COOEC International Co., Limited	135,052,464.33	1.78	
Offshore Oil Engineering (Qing Dao) Co., Ltd.	129,691,364.79	1.71	
Total	7,266,960,358.93	95.94	

Other description:

" ☐ Applicable " "☒ Inapplicable "

2. Other receivables

List of items

"√ Applicable" " ☐ Inapplicable"

Unit: Yuan Currency: RMB

Item	Balance at end of period	Balance at beginning of period
Interest receivable	146,097.13	524,340.95
Dividends receivable		198,000,000.00
Other receivables	739,942,558.82	583,365,088.33
Total	740,088,655.95	781,889,429.28

Interest receivable

(1) Classification of interest receivable

"√ Applicable" " ☐ Inapplicable"

Unit: Yuan Currency: RMB

Item	Balance at end of period	Balance at beginning of period
Fixed deposit		
Entrusted loans		
Bond Investment		
Interest on deposit of CNOOC Finance Co., Ltd.	146,097.13	524,340.95
Total	146,097.13	524,340.95

Dividends receivable

(1) Dividends receivable

"√ Applicable" " ☐ Inapplicable"

Unit: Yuan Currency: RMB

Item (or the acquiree)	Balance at end of period	Balance at beginning of period
Offshore Oil Engineering (Qing Dao) Co., Ltd.	0	198,000,000.00
Total	0	198,000,000.00

(2) Important dividends receivable with account age over 1 year

" ☐ Applicable" "√ Inapplicable"

Other receivables

(1) Disclosure by accounting age

"√ Applicable" " ☐ Inapplicable"

Unit: Yuan Currency: RMB

Accounting age	Book balance at end of period
< 1 year	
Of which: subentry within 1 year	
≤ 1 year	216,454,022.84
Subtotal within 1 year	216,454,022.84
1 to 2 year(s)	12,203,522.81
2 to 3 years	31,797,604.52
Above 3 years	484,170,627.86
Minus: Bad debt reserves	4,683,219.21
Total	739,942,558.82

(2) Classification by nature of payment

“√ Applicable” “□ Inapplicable”

Unit: Yuan Currency: RMB

Nature of payment	Book balance at end of period	Book balance at beginning of period
Loans and interests of related parties, and other related transaction expense	735,928,667.83	572,210,314.41
Insurance claim payment		3,449,064.00
Imprest, deposit and cash deposit	7,872,722.73	12,341,609.63
Advance money	824,387.47	395,913.20
Total	744,625,778.03	588,396,901.24

(3) Provision of bad debt reserves

“√ Applicable” “□ Inapplicable”

Unit: Yuan Currency: RMB

	First stage	Second stage	Third stage	Total
Bad debt reserves	Expected credit loss in the next 12 months	Expected credit loss during the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance on January 1, 2020	283,292.48		4,748,520.43	5,031,812.91
Balance of current period on January 1, 2020				
-- carried forward to second stage				
-- carried forward to third stage				
-- carried forward to second stage				
-- carried forward to first stage				
Withdrawal in current period				
Retake in current period	226,053.85		9,115.59	235,169.44
Write-off in current period				
Cancellation in current period				
Others	-56,621.82		-56,802.44	-113,424.26
Balance on December 31, 2020	616.81		4,682,602.40	4,683,219.21

Explanation of significant changes in the book balance of other receivables with changes in loss reserves in the current period:

"√ Applicable" "□ Inapplicable"

Changes in the book balance of other receivables:

Book balance	First stage	Second stage	Third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss during the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance at end of last year	583,648,380.81		4,748,520.43	588,396,901.24
Balance at end of last year in current period				
-- carried forward to second stage				
-- carried forward to third stage				
-- carried forward to second stage				
-- carried forward to first stage				
Newly-added amount in current period	156,779,992.73			156,779,992.73
Derecognized in current period			9,115.59	9,115.59
Others	-485,197.91		-56,802.44	-542,000.35
Balance at end of period	739,943,175.63		4,682,602.40	744,625,778.03

The amount of withdrawal of bad debt reserves in the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly:

"□ Applicable" "√ Inapplicable"

(4) Bad debt reserves

"√ Applicable" "□ Inapplicable"

Unit: Yuan Currency: RMB

Category	Balance at beginning of period	Change in current period			Balance at end of period	
		Provision (%)	Reclaimed or turned back	Retake or cancel		Others
Separate withdrawal of bad debt reserves	4,748,520.43		9,115.59		-56,802.44	4,682,602.40
Combined withdrawal of bad debt reserves	283,292.48		226,053.85		-56,621.82	616.81
Total	5,031,812.91		235,169.44		-113,424.26	4,683,219.21

Including recovered or withdrawn amount of important bad debt reserves in current period:

"□ Applicable" "√ Inapplicable"

(5) Other receivables canceled actually after verification in current period

"□ Applicable" "√ Inapplicable"

(6) Other receivables with top five balance gathered by debt party at end of period

√Applicable □ Inapplicable

Unit: Yuan Currency: RMB

Company name	Nature of payment	Balance at end of period	Accounting age	Proportion to total number of receivables at end of year (%)	Bad debt reserves balance at end of period
COOEC International Co., Limited	Loans and interests	610,403,804.45	Within 1 year (incl.): 179,985,362.21, 2-3 years: 6,283,554.10, Above 3 years: 424,134,888.14.	81.97	
COOEC International Engineering Co., Ltd	Advance money	80,046,044.04	Within 1 year (incl.): 6,496,307.51, 1-2 years: 3,715,338.94, 2-3 years: 20,181,526.15, Above 3 years: 49,652,871.44.	10.75	
COOEC SUBSEA TECHNOLOGY CO., LTD.	Transaction expense	29,172,647.14	Within 1 year (incl.): 17,010,965.29, 1-2 years: 7,576,377.49, 2-3 years: 4,585,304.36.	3.92	
CNOOC Energy Technology & Services Limited	Transaction expense	5,638,982.09	Within 1 year	0.76	
Shenzhen Customs District People's Republic of China	Cash deposit	5,609,011.03	Above 3 years	0.75	
Total	/	730,870,488.75	/	98.15	

Other description:

√Applicable □ Inapplicable

Classification disclosure by withdrawal method of bad debt reserves

Category		Balance at end of period			Book value	
		Book balance		Bad debt reserves		
		Amount	Percentage (%)	Amount		Provision proportion (%)
Separate withdrawal of bad debt reserves		4,682,602.40	0.63	4,682,602.40	100.00	
Combined withdrawal of bad debt reserves		739,943,175.63	99.37	616.81		739,942,558.82
Wherein:						
Age combination		1,028.01		616.81	60.00	411.20
Combination of related parties		732,069,424.89	98.31			732,069,424.89
Combination of imprest and deposit		7,872,722.73	1.06			7,872,722.73
Total		744,625,778.03	100.00	4,683,219.21		739,942,558.82

Category	Balance at end of last year				Book value
	Book balance		Bad debt reserves		
	Amount	Percentage (%)	Amount	Provision proportion (%)	
Separate withdrawal of bad debt reserves	4,748,520.43	0.81	4,748,520.43	100.00	
Combined withdrawal of bad debt reserves	583,648,380.81	99.19	283,292.48	0.05	583,365,088.33
Wherein:					
Age combination	4,013,076.09	0.67	283,292.48	7.06	3,729,783.61
Combination of related parties	569,660,234.85	96.82			569,660,234.85
Combination of imprest and deposit	9,975,069.87	1.70			9,975,069.87
Total	588,396,901.24	100.00	5,031,812.91		583,365,088.33

Separate withdrawal of bad debt reserves:

Name	Balance at end of period			
	Book balance	Bad debt reserves	Provision proportion (%)	Cause for withdrawal
Taiyuan Rongli Trading Co., Ltd.	2,151,453.41	2,151,453.41	100.00	Insolvency of other party
Kvearner - COOEC (Qingdao) Engineering Technology Co., Ltd.	1,711,324.79	1,711,324.79	100.00	Insolvency of other party
Bassam Mohsen Foundations Contractors	478,810.73	478,810.73	100.00	Insolvency of other party
Abdullah Hashim Industrial Gases	341,013.47	341,013.47	100.00	Insolvency of other party
Total	4,682,602.40	4,682,602.40		

Combined withdrawal of bad debt reserves:

Name	Balance at end of period		
	Other receivables	Bad debt reserves	Provision proportion (%)
Age combination	1,028.01	616.81	60.00
Combination of related parties	732,069,424.89		
Combination of imprest and deposit	7,872,722.73		
Total	739,943,175.63	616.81	

3. Long-term equity investment

√ Applicable □ Inapplicable

Unit: Yuan Currency: RMB

Item	Balance at end of period			Balance at beginning of period		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Investment for subsidiaries	9,205,974,170.87		9,205,974,170.87	9,205,974,170.87		9,205,974,170.87
Investment for associated companies and cooperative venture						
Total	9,205,974,170.87		9,205,974,170.87	9,205,974,170.87		9,205,974,170.87

(1) Investment for subsidiaries

“√ Applicable” “□ Inapplicable”

Unit: Yuan Currency: RMB

The acquiree	Balance at beginning of period	Increase in current period	Decrease in current period	Balance at end of period	Withdrawal of depreciation reserves in current period	Depreciation reserve balance at end of period
Offshore Oil Engineering (Zhuhai) Co., Ltd.	3,950,000,000.00			3,950,000,000.00		
Offshore Oil Engineering (Qing Dao) Co., Ltd.	2,970,000,000.00			2,970,000,000.00		
COOEC SUBSEA TECHNOLOGY CO., LTD.	2,192,473,625.85			2,192,473,625.85		
COOEC International Engineering Co., Ltd	60,000,000.00			60,000,000.00		
A.E.S. DESTRUCTIVE AND NON-DESTRUCTIVE TESTING LIMITED	20,094,612.53			20,094,612.53		
Lanhai International Limited	6,698,104.00			6,698,104.00		
COOEC International Co., Limited	6,186,453.59			6,186,453.59		
COOEC Nigeria Limited	521,374.90			521,374.90		
Total	9,205,974,170.87			9,205,974,170.87		

4. Operating income and operating costs

(1) Operating income and operating costs

“√ Applicable” “□ Inapplicable”

Unit: Yuan Currency: RMB

Item	Accrued in current period		Accrued in last period	
	Income	Cost	Income	Cost
Major business	15,441,707,439.52	13,975,613,464.27	12,070,947,129.94	10,800,469,521.28
Other businesses	48,113,013.90	6,937,190.78	23,091,276.87	5,623,738.92
Total	15,489,820,453.42	13,982,550,655.05	12,094,038,406.81	10,806,093,260.20

Other description:

Wherein: Top 5 clients' revenues

Client name	Amount of current period	Proportion to total operating income (%)
CNOOC Limited	12,145,839,751.44	78.41
The Hongkong Electric Company, Limi	930,758,450.19	6.01
CNOOC Gas & Power Group	680,399,233.95	4.39
Caofeidian Xintian LNG Company Ltd	494,311,277.66	3.19
Huaneng Sheyang New Energy Power Generation Co., Ltd.	55,427,548.63	0.36
Total	14,306,736,261.87	92.36

5. Investment income

“√ Applicable” “□ Inapplicable”

Unit: Yuan Currency: RMB

Item	Accrued in current period	Accrued in last period
Investment income of long-term equity measured by cost method		198,000,000.00
Long-term equity investment income accounted by equity method		
Investment income during disposing long-term equity investment		
Investment income from trading financial assets financial assets during holding period	107,199,932.43	
Dividend income from investments in other equity instruments during the holding period	9,146,401.38	8,258,981.42
Interest income from debt investment during the holding period	1,974,941.04	
Interest income from other debt investments during the holding period		
Investment income gained by disposing trading financial assets		
Investment incomes obtained from the disposal of investments in other equity instruments		
Investment incomes obtained from the disposal of debt investment		
Investment incomes obtained from the disposal of other debt investments		
Investment income from bank financial products		125,698,484.02
Total	118,321,274.85	331,957,465.44

XVIII. Supplementary Data

1. Details of non-recurring profit and loss of current period

“√ Applicable” “□ Inapplicable”

Unit: Yuan Currency: RMB

Item	Amount
Profit and loss from disposal of non-current assets	
Tax refund and allowance or exemption approved beyond authority level or without formal written approval	
Government subsidies included in the current profit and loss, except those which are closely related to the Company's businesses, and to which the Company is continuously entitled on the basis of a certain standard quota or fixed amount	176,588,021.69
Fund occupation expense charged from non-financial enterprises and included in the current profit and loss	
Gains generated when the Company's cost of investment into subsidiaries, associates and joint ventures is less than the fair value of the acquiree's identifiable net assets to which the Company should be entitled when it obtains the investment	
Profit and loss from non-monetary assets exchange	
Profit and loss from investment or assets management by others entrusted	117,175,002.69
Provisions for impairment of various assets due to force majeure such as natural disaster	
Profit and loss from debt restructuring	
Corporate restructuring expenses, such as expenditure for staff settlement, integration expenses, etc.	
Profit and loss in excess of the fair value from transactions made at obviously unfair prices	
Current net profit and loss of subsidiaries generated from enterprise merger under the same control from the beginning of period to the merger day	
Profit and loss from items irrelevant or relevant to the Company's normal business operations	
Profit and loss from fair value changes generated by the holding of trading and derivative financial assets and liabilities, and investment income from the disposal of trading and derivative financial assets and liabilities and other creditors' investments, except profit and loss from effective hedging operations related to the Company's normal business operations	24,560,697.85
Reversal of the provision for impairment in accounts receivable for which impairment tests are carried out separately	
Profit and loss from external entrusted loans	

Item	Amount
Profit and loss from changes in the fair value of investment real estates to be subsequently measured using fair value measurement model	
Impact of one-off adjustment of current profit and loss made according to the requirements of tax, accounting and other applicable laws and regulations on current profit and loss	
Custody fee income from entrusted operations	
Other non-operating incomes and expenses than the items above	22,183,925.88
Other profit and loss items in conformity with definition of non-recurring profit and loss	35,482,951.41
Affected income tax	-63,143,080.99
Affected minority Interest	-1,347,135.28
Total	311,500,383.25

Note: Other profit and loss items in conformity with definition of non-recurring profit and loss are mainly the unrealized internal trading profit and loss return of 35,482,951.41 yuan of COOEC-Fluor Heavy Industries Co., Ltd..

2. Return on equity and earnings per share

“√ Applicable” “□ Inapplicable”

Profit in the report period	Weighted average rate of return on (common shareholders') equity (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	1.61	0.08	0.08
Net profits attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	0.23	0.01	0.01

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

“□ Applicable” “√ Inapplicable”

List of Documents for Further Reference

List of Documents for Further Reference	Accounting statements signed and stamped by the legal representative, the person in charge of accounting and the person in charge of accounting department.
List of Documents for Further Reference	Original copy of auditing report stamped by accounting firm and signed and stamped by certified public accountants.
List of Documents for Further Reference	Original copy of all documents and announcements disclosed on www.sse.com.cn . and newspaper appointed by China Securities Regulatory Commission in the report period.

Chairman of the Board: Yu Yi
 Date of Submission to and Approval by Board of Directors:
 March 19, 2021



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