

Stock Code: 600583

Stock Abbreviation: COOEC

Offshore Oil Engineering Co., Ltd.
Semi-annual Report 2020

Important Notes

I. The board of directors, board of supervisors, directors, supervisors and senior managers of Offshore Oil Engineering Co., Ltd. (the Company) guarantee that this semi-annual report is authentic, correct and complete without false records, misleading statements or major omissions, and assume joint and several liabilities for the guarantee.

II. All directors of the Company attended the board meeting.

III. The semi-annual report is unaudited.

IV. Yu Yi, the head of the Company, Li Peng, the person in charge of accounting, and Yao Baoqin, the legal representative of the accounting firm (accountant in charge) warrant the authenticity, accuracy and completeness of financial statements set out in the semi-annual report.

The plan for profit distribution or conversion of capital reserves into capital stock during the reporting period has been reviewed and approved by the Board of Directors.

None

VI. Risk statement on forward-looking statements

Applicable Not applicable

The forward-looking statements on regarding operation plans, operation objectives and development strategies in Chapter IV of the semi-annual report do not constitute any material commitment to investors by the Company. Investors should be alert to investment risks.

VII. Is there any embezzlement of non-operating funds by the controlling shareholders and their affiliates?

No

VIII. Is there any provision of external guarantee in violation of the prescribed decision-making procedures?

No

IX. Significant risk warnings

This report analyzes the potential risks to which the Company is exposed for raising attention of investors. See analysis of "Potential Risks" in "Chapter IV Discussion and Analysis on Operation".

X. Others

Applicable Not applicable

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Chapter I Definitions

Unless otherwise stated herein, the following terms should have the following meanings in this report:

Definitions of frequently-used terms		
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 Engineer Design
PLET	Referring to	Pipeline End Termination
Five Strategies	Referring to	Innovation-driven Strategy, International Development Strategy, Green and Low-carbon Strategy, Market-driven Strategy, Talent-driven Growth Strategy.

Chapter II Company Profile and Major 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
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
Tel	022-59898808
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III. Basic information of the Company

Registered address	Room 202-F105, 2/F, Podium, Ligang Plaza, No. 82, Xi'er Road, Tianjin Pilot Free Trade Zone (Airport Economic Zone)
Postcode	300308
Business address	No. 199, Haibin 15 Road, Tianjin Port Free Trade Zone
Postcode	300461
Website	https://www.cnoocengineering.com
E-mail	mingyf@cooec.com.cn

IV. Place for information disclosure and report storage

Newspaper designated by the Company for information disclosure	<i>China Securities Journal, Shanghai Securities News</i>
Website designated by CSRC for publishing semi-annual report	www.sse.com.cn
Storage place for semi-annual report	Office of Secretary of the Board

V. Summary of stock information

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

VI. Other related information

Applicable Not applicable

VII. Major accounting data and financial indexes**(i) Major accounting data**

Unit: Ten Thousand Yuan Currency: RMB

Major accounting data	Current reporting period (January - June)	Same period of last year	Increase or decrease over same period of last year (%)
Operating income	648,697.62	455,941.62	42.28
Net profit attributable to shareholders of listed companies	-24,353.79	-71,409.62	N/A
Net profit attributable to shareholders of listed companies after deducting non-recurring profit and loss	-31,659.24	-80,034.59	N/A
Net cash flow from operating activities	41,607.86	3,970.62	947.89
	At the end of the current reporting period	At the end of last year	Increase or decrease at the end of the current reporting period over the end of last year (%)
Net assets attributable to shareholders of listed companies	2,216,964.86	2,266,064.04	-2.17
Total assets	3,254,396.87	3,185,654.29	2.16

(ii) Major financial indexes

Major financial indexes	Current reporting period (January - June)	Same period of last year	Increase or decrease over same period of last year (%)
Basic earnings per share (yuan/share)	-0.06	-0.16	N/A
Diluted earnings per share (yuan/share)	-0.06	-0.16	N/A
Basic earnings per share after deducting non-recurring profit and loss (yuan/share)	-0.07	-0.18	N/A
Weighted average return on net assets (%)	-1.09	-3.20	Increased by 2.11

Weighted average return on net assets after deducting non-recurring profit and loss (%)	-1.42	-3.59	Increased by 2.17
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Description of major accounting data and financial indexes of the Company

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Items of non-recurring profit and loss	Amount	Notes (if applicable)
Profit and loss from disposal of non-current assets	8.63	
Government subsidies included in the current profit and loss, except those which are closely related to the Company's normal business operations, and to which the Company is continuously entitle on the basis of a certain standard quota or fixed amount in compliance with national policies	3,800.43	Mainly the fund for national scientific research projects (RMB 12,780,000) and the incentive for economic development of enterprises (RMB 17,840,000)
Profit and loss from entrusting others to invest or manage assets	3,108.93	Mainly income from buying bank financial products
Other non-operating income and expenditure other than the above items	455.94	
Other profit and loss items in line with the definition of non-recurring profit and loss	1,774.71	Unrealized profit or loss of internal transaction of the joint venture
Amount affected by minority equity	-90.34	
Amount affected by the income tax	-1,752.85	
Total	7,305.45	

X. Others

Applicable Not applicable

Chapter III Summary of Company Business

I. Description of the Company's major business, business model and industry overview during the reporting period

(i) Major business

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

With nearly 7,800 employees, the Company has set up a multi-level and wide-range professional team for general contracting of various projects, and the operation procedures and management standards that align with international standards after 20 years of development since its listing. It has an offshore engineering manufacturing base with a total area of over 1,200,000 m² in Qingdao, Shandong, an offshore engineering equipment manufacturing base which is under construction with a total area of 575,000 m² in Lingang Industrial Area, Binhai New District, Tianjin, and an offshore engineering manufacturing base which is owned by the joint venture COOEC-Fluor Heavy Industries Co., Ltd. (51% share held by the Company and 49% share held by FLUOR) with a total area of 2,070,000 m² in Zhuhai, Guangdong, creating a world-oriented layout pattern that stretches across both South China and North China and covers deep and shallow waters with complementary functions. The Company has an offshore operation fleet composed of 21 vessels including deep-water pipe-laying vessels, 7,500 t crane vessels, underwater engineering vessels, deep-water trenching vessels and 50,000 t semi-submersible self-propelled vessels, taking a leading position in offshore installation and pipe laying in Asia.

After years of construction and development, the Company has developed its capacity in offshore engineering design, construction and installation, offshore oil and gas field maintenance, underwater engineering inspection and installation, high-end skid-mounted product manufacturing, offshore engineering quality inspection and general contract for offshore engineering projects. In addition to a strong comprehensive capability of oil and gas field engineering construction in conventional waters with a depth of less than 300 m, the Company has independently developed a range of core technology for engineering, construction and installation of 30,000 t super-large jackets and blocks, complete installation of offshore floating platforms, pipe laying and operation in 1,500 m-deep waters, underwater structure installation, submarine pipeline repair, old offshore platform dismantling, etc.

Adhering to the maritime power strategy and the Belt and Road initiative in recent years, the Company is stepping into international markets and has contracted and undertaken a variety of influential overseas projects including the Yamal LNG Modular Construction Project in Russia, the Ichthys LNG Modular Construction Project in Australia and FPSO EPCI Project in Brazil, during which its international operating capability has been improved gradually. A range of key industries adapting to the main trend of industry development are developed through accelerating product structure adjustment and industry structure transformation and upgrading to create new core competitiveness and new growth poles which continually improve the operation capability, comprehensive strength and anti-risk capability of the Company and further expand its space for development.

The Company will continue to unswervingly implement the development strategy, adhere to the mission of serving the national strategy and the customer-oriented concept, strive to achieve high-quality development and build a world-class energy engineering company with Chinese characteristics.

(ii) Business model

The Company undertakes offshore oil and gas field projects, LNG projects, FPSO projects and offshore wind power projects as a general contractor or subcontractor.

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

(iii) Industry overview

Affected by the global spread of COVID-19, the breakdown of OPEC+ production cut talks and other factors, global oil prices witnessed a plunge rarely seen in history in March and April. The prices of Brent crude oil and WTI crude oil fell by over 75% and 90% respectively in a short term, setting a record for the shortest time in history. The WTI oil price once fell to USD 6.5 per barrel, setting a record low in decades. While the global prevention and control of COVID-19 is challenging, the economic shutdown has weakened the demand for crude oil; in addition, as the international situation will become more complex in the near future, the downside risk to global economy will increase, which will also dampen the growth in demand for crude oil. Due to the relative surplus of crude oil, it is expected that the global oil price will remain low for a long time to come.

Compared with the previous two short-term low oil price cycles in 2008 and 2014, this plunge of the global oil price will result in a severer situation. The low oil price has led to a sharp drop in the revenue and profits of global oil companies. Some companies made savage cuts to investment, laid off employees and even declared bankruptcy. According to the latest forecast by HIS, an international advisory authority, in mid-year, it is predicted that global upstream investment in oil and gas exploration and development will decrease by USD 139.2 billion to USD 328 billion in 2020, a reduction of 30%. The total investment after reduction will be the lowest for over ten years. The sharp reduction in upstream capital expenditure will lead to reduction in workload and service prices of professional service companies in the global oil and gas industry. While there is no clear sign of recovery in offshore oil and gas engineering industry, in which the Company is specialized, from the previous low oil price cycle, the industry is still confronted with greater difficulties and challenges brought about by a new low oil price cycle.

Although the overseas market environment is complex and severe, there are some opportunities in the domestic market. The “Seven-year Action Plan” for increasing domestic oil and gas reserves and production and the building of the national natural gas production, supply, storage and marketing system is still moving forward. As changes in the external environment cannot be controlled, the Company must take the initiative and turn crises into opportunities through vigorously developing core business and accelerating the improvement of capabilities. The Company will seize the opportunity, strive to increase revenue and reduce expenditure, accelerate market development and fully guarantee the quality of orders and workload. The Company will also focus on cost saving and efficiency improvement, deepen reform and development, enhance innovation in management and technology to continuously improve core competitiveness, win the battle against the epidemic, address the challenges brought about by low oil price and continue to create more value for shareholders.

II. Description of significant changes in main assets of the Company in the reporting period

Applicable Not applicable

III. Analysis of core competitiveness in the reporting period

Applicable Not applicable

(i) A pioneer in offshore oil and gas engineering in the domestic market

As the only large-scale EPCI contractor for offshore oil and gas engineering, the Company is a vital force which takes a leading position in offshore oil and gas engineering in China. By virtue of its leading position in EPCI contract for offshore engineering in the domestic market, and advantages in financial support, equipment development, research and development, the Company has undertaken more than 100 offshore oil and gas field projects in sea areas of China for decades.

(ii) EPCI contracting capability

Strong EPCI contracting capability in conventional waters. EPCI contracting capability is the core competency of the Company. After years of development and accumulation, the Company has developed a complete system consisting of proven technology, equipment and capability for development, engineering design, construction, installation and maintenance of offshore oil and gas field projects in waters with a depth of less than 300 m, and is capable of undertaking turnkey projects and providing diversified services for clients. Currently, the Company is trying to prove its operation capability in 1,500 m-deep waters in the Lingshui 17-2 Gas Field Project. The Company boosts its efficiency in transition between links and improves its EPCI contracting capability through continually improving its capability in engineering design, procurement, construction and installation. Currently, the Company has expanded its general contracting business to FPSO and LNG projects, and is gradually expanding to overseas offshore platform EPCI projects.

Comparatively comprehensive 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 and installation design, with a mature design capability for various oil and gas field projects in conventional waters with a depth of less than 300 m. Meanwhile, the Company also takes the initiative to improve its design capability for the oil and gas field projects in waters with a depth of more than 300, and make breakthroughs in key design techniques of deep-water floating platform system, deep-water pipelines and risers, subsea systems and other deep-water products, thus gradually improving its deep-water design capability.

Rich experience in offshore oil engineering project management. With nearly 50 years of experience in construction of domestic offshore oil and gas field projects, the Company has constructed over 100 oil and gas field projects, and has a wealth of experience in construction and management of projects in conventional waters with a depth of less than 300 m. In terms of international project operation, the Company has provided engineering services for owners from Russia, Australia, Saudi Arabia, Myanmar, Brunei, Malaysia and Nigeria for the past few years, and has gained some experience in international project management and operation.

Mature manufacturing facilities and super-large marine structure construction capability. The Company has built up manufacturing facilities with an area of more than 1,400,000 m² in Binhai New District of Tianjin, Qingdao and other places, with an annual processing and manufacturing capacity of over 250,000 tons of steel structures, and the capability to construct 30,000 t super-large marine structures, such as jackets and blocks, and large modules.

(iii) Globally competitive modular construction capability and building of an international brand

Modular construction is a name card for overseas business of the Company. In recent years, by virtue of its strong onshore construction resources and capability, the Company has contracted and undertaken a large quantity of overseas LGN modular construction projects, including Gorgon LNG Project in Australia, Ichthys LNG Project in Australia and Yamal LNG Project in Russia. The contract amount of Yamal Project is over RMB 10 billion. Through fine management and control over the “integration of engineering design, procurement and construction”, the Company has achieved high-quality operation and timely delivery of projects, paving its way for dominance in the global modular construction market. In 2019, the Company gained LNG modular construction contracts of nearly RMB 5 billion from North America, further expanding its share in the modular construction market.

(iv) Step-by-step development as a global player with greater capability in general contracting for FPSO projects

For the past few years, the Company has rapidly developed into the first general contractor for FPSO projects in China and an important player in the international FPSO general contracting market through actively adjusting its product structure according to changes of the market environment, continuously increasing its scientific and technological input to the FPSO field based on independent innovation and entering the new business field of FPSO floating body. Up to now, the Company has undertaken a number of domestic and foreign FPSO projects, such as the FPSO Project in Brazil, Shell Penguin FPSO Project and “Offshore Oil 119” FPSO Project, and has gained rich experience and technical know-how in project management in the field of super-large FPSO general contracting management.

(v) Continuous improvement of deep-water capability

Fully equipped shallow-water and deep-water workboat teams with advanced performance. The Company owns 21 engineering vessels, including “Offshore Oil 201”, the world’s first deep-water pipe-laying crane vessel that has 3,000 m deep-water pipe-laying capacity, 4,000 t heavy lifting capacity and Level-3 dynamic positioning capacity at the same time, the 7,500 t crane vessel “Bluewhale”, 50,000 t semi-submersible self-propelled vessels, multi-functional underwater engineering vessels that can operate in 3,000 m deep waters, multi-functional deep-water installation vessels and deep-water trenching vessels. Each vessel for main operation features young age and excellent performance. Besides, the Company has the capacity for offshore transportation and installation of 30,000 t super-large marine structures and possesses multiple offshore installation techniques, such as hosting, dynamic positioning floating installation, moored floating installation, slippage launching, etc.

Further improvement of comprehensive underwater engineering capability and deep-water capability. The Company owns 6 dynamic positioning underwater engineering vessels, 17 underwater robots, 1 deep-water flexible pipe-laying system and 1 trenching plough, with a capability of underwater operations in 3,000 m deep waters. After years of development, the Company gained experience in

project implementation from dozens of underwater engineering projects involving such underwater engineering works as subsea production system installation, handling of mooring system, deep-water flexible pipe laying, seabed trenching and underwater facility inspection and maintenance. Lihua 16-2 Project, Lihua 29-1 Project and Lingshui 17-2 Project that are currently executed by the Company are the first large-scale deep-water projects in the true sense in China with a maximum operating water depth reaching up to 1,500 m. The scientific and technological innovation centering on the technical demands of these large-scale projects will contribute to breaking through the technical bottlenecks that restrict the development of deep-water business of the Company and even China, and gradually developing a range of comprehensive deep-water business capabilities including floating platforms, deep-water risers, subsea production systems, deep-water pipe laying, thus further enhancing the Company's deep-water capability.

List of the Company's vessels:

No.	Type	Vessel	Acquisition method	Year of completion	Year of purchase	Investment (10,000 Yuan)	Capability description
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	5,747	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	-	105,222	Rated lifting capacity: 3,800 t; range of pipe diameter: 4.5-48"; tensioner 72.5x2 t
4	Crane vessel	Bluewhale	Purchased	2009	2009	141,730	Rated lifting capacity: 7,500 t
5	Pipe-laying crane vessel	Offshore Oil 201	Investment and construction	2012	-	275,617	Rated lifting capacity: 4,000 t; range of pipe diameter: 6-60"; tensioner 200x2 t
6	Pipe-laying crane vessel	Offshore Oil 202	Investment and construction	2009	-	102,226	Rated lifting capacity: 1,200 t; range of pipe diameter: 4-60"; tensioner 100x2 t
7	Offshore support vessel	Offshore Oil 221	Investment and construction	2004	-	9,493	Dead-weight capacity: 29,000 t
8	Offshore support vessel	Offshore Oil 222	Investment and construction	2005	-	3,314	Dead-weight capacity: 7,000 t
9	Offshore support	Offshore Oil 223	Investment and	2005	-	3,348	Dead-weight capacity: 7,000 t

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	vessel		construction				
10	Offshore support vessel	Offshore Oil 228	Investment and construction	2013	-	28,071	Dead-weight capacity: 57,784 t
11	Offshore support vessel	Offshore Oil 229	Investment and construction	2008	-	58,508	Dead-weight capacity: 89,000 t
12	Offshore support vessel	Offshore Oil 278	Investment and construction	2012	-	84,212	Dead-weight capacity: 53,500 t
13	Offshore support vessel	Offshore Oil 225	Purchased	2009	2009	23,965	Dead-weight capacity: 17,289 t
14	Offshore support vessel	Offshore Oil 226	Purchased	2009	2009	24,166	Dead-weight capacity: 16,800 t
15	Offshore support vessel	Offshore Oil 698	Purchased	2009	2009	24,221	Dead-weight capacity: 2,940 t; maximum speed: 14.5 knots; endurance: 12,000 sea miles
16	Underwater engineering vessel	Offshore Oil 289	Purchased	2014	2014	94,234	Operating moonpool: 7.2x7.2 m; ROV moonpool: 4.8x5.5 m; rated lifting capacity: 250 t
17	Underwater engineering vessel	Offshore Oil 286	Investment and construction	2014	-	93,725	Hoisting capacity of main crane: 400 t (AHC, with operating depth of 3,000 m); equipped with two working ROVs for 3,000 m water depth, with one moonpool capable of supporting deep-water hoisting, umbilical cable/hose/cable laying, saturated diving/ROV/IMR operation
18	Underwater	Offshore Oil	Purchased	2015	2015	111,032	Hoisting capacity

	engineering vessel	291					of main crane: 250 t (AHC; bollard pull: 361 t); operating moonpool 7x7 m; equipped with two 150 HP working ROV; three hoist drums winch for handling of mooring system
19	Underwater engineering vessel	Offshore Oil 285	Purchased	2016	2017	53,000	Hoisting capacity of main crane: 250 t (AHC); moonpool: 7.2x7.2 m
20	Underwater engineering vessel	Offshore Oil 287	Purchased	2016	2017	53,000	Hoisting capacity of main crane: 250 t (AHC); moonpool: 7.2x7.2 m
21	Underwater engineering vessel	Offshore Oil 295	Investment and construction	2017	-	36,214	Hoisting capacity of main crane: 100 t (AHC; bollard pull: 90 t); hoisting capacity of gantry crane: 100 t; maximum speed: 14 knots; endurance: 12,000 sea miles

Chapter IV Discussion and Analysis on Operation

I. Discussion and analysis on operation

In the first half of 2020, the sudden outbreak and rapid spread of COVID-19 has severely impacted global economic activities. The global oil price witnessed a plunge rarely seen in history, and the capital expenditures of the global oil and gas industry were slashed. Affected by the epidemic, the delivery of engineering materials for some of the Company's projects was delayed, and subcontractors were unable to resume work as originally planned, which significantly affected the progress of such projects and increased project assurance costs and difficulties in project management.

Confronted with unprecedented and complicated internal and external environment, the Company dealt with difficulties with firm confidence, resolutely resumed work and production after properly taking epidemic prevention and control measures, focused on production and management and made positive progress in all work, while earnestly preventing and controlling the epidemic. In addition to the achievement of the goal of "zero infection" in epidemic prevention and control, the Company executed the "10+1" Key Engineering Projects ("10+1" Projects) as planned and won high praise from Party A. Meanwhile, aiming at aggressively expanding the market, the Company acquired new contracts with a total amount of about RMB 18.9 billion, realizing a substantial year-on-year increase. The Company has made phased progress in cost saving and efficiency improvement, and has improved its management efficiency and operational efficiency through continuously deepening reform.

During the reporting period, the Company achieved an operating income of RMB 6.487 billion, with a net profit attributable to shareholders of listed companies of RMB -244 million. By the end of June 2020, the total assets were RMB 32.544 billion, with the net assets attributable to shareholders of listed companies of 22.17 billion. The asset-liability ratio was 32%.

Main tasks completed by the Company in the first half of 2020:

(i) Great emphasis on the prevention and control of COVID-19, full compliance with the requirements for epidemic prevention and control, and implementation of the detailed epidemic prevention and control measures

Attaching great importance to the prevention and control of COVID-19, the Company promptly took epidemic prevention and control measures, made timely decisions and deployments, set up leading and working groups for epidemic prevention and control, and developed comprehensive and thoughtful prevention and control plans and measures in accordance with the spirit of a series of important speeches and instructions issued by General Secretary Xi Jinping on epidemic prevention and control, and the requirements of CNOOC and the local government for epidemic prevention and control.

The Company established a comprehensive grid management mechanism to check employees, manage employees by category, ensure the supply of epidemic prevention materials, fully promote the resumption of work and production and carry out various emergency drills at all levels, such as marine medical emergency evacuation for epidemic prevention and control. In order to reinforce control over key areas, the Company focused on epidemic prevention and control of overseas projects and vessels at sea on the basis of proper prevention and control in onshore areas, such as the sites in Qingdao and Tanggu, and office spaces to reinforce the safety management of overseas personnel and vessels, strengthen the psychological counseling of overseas employees, strictly implemented the epidemic prevention and control plan for vessels and resolutely prevent the spread of the epidemic from onshore sites to offshore sites, thus effectively guaranteeing the health and safety of all employees. With zero infection by far, the Company has made positive progress in epidemic prevention and control and ensured the normal production and operation.

(ii) Full efforts to expedite the progress, and multiple measures for ensuring the safe and smooth implementation of the projects under construction

In the first half of the year, there were 28 engineering projects under construction, including 20 offshore oil and gas field development projects and 8 onshore modular construction projects, and several newly started projects, such as Lvda 6-2 Offshore Oil Field and Phase II of Tianjin LNG. In order to ensure that "10+1" Projects (i.e., 10 domestic offshore oil and gas field projects to be completed and put into operation this year and Lingshui 17-2 Deep-water Gas Field project) can be completed as scheduled, the Company tried every means to overcome the difficulties caused by the epidemic in project operation, concentrated resources to speed up the process in the second quarter and effectively guaranteed

operation safety and construction quality through reinforcing operation management and control, rationally allocating resources, optimizing the layout of construction sites, optimizing the resource arrangement of main operating vessels and strengthening comprehensive measures such as project progress tracking and early warning, risk early warning and classified management and control of major operations. Thanks to the hard work of employees, better-than-expected results were achieved. While the overall project progress was 3 percentages behind schedule by the end of the first quarter, this figure reduced to 0.15 percentage as of the end of June, showing that the progress of the project delayed by the epidemic had been completed. The progress of “10+1” Projects had returned to normal. Four projects including those in Penglai and Qinhuangdao had been put into production ahead of schedule, indicating the due efforts of the Company for the reserve and production increase of CNOOC.

The Company spared no effort to proceed with Lingshui Project, Liuhua Project and other domestic key projects. As for Lingshui Project, the top capping of the hull structure that was completed half a month earlier than planned completely reversed the passive situation of the delayed project progress, and the Company had successfully completed the subsea pipe-laying operation of the project in 1,542 m deep waters, setting a new record for the water depth for subsea pipe-laying in China; the main offshore installation work of two deepwater projects. Liuhua 16-2 and Liuhua 29-1, is near to completion. These two projects enable the Company to initially develop the independent engineering design, construction, installation, and commissioning capabilities and a management system for the “integrated deep-water semi-submersible oil storage and unloading platform + underwater production system”.

Major milestones have been reached in overseas projects. As for Saudi 3648 Project, the laying, pre-trenching and backfilling of five subsea pipelines with a total length of about 22 km has been completed. Qatar NFA Project had been initially put into operation with personnel designated for ensuring normal operation. As for Dangote project in Nigeria, the laying of three subsea pipelines with a total length of approximately 32 km has been completed.

During the reporting period, the Company completed the onshore construction of 2 jackets and 9 blocks, the offshore installation of 3 jackets and 9 blocks, and the laying of 190 km of subsea pipelines. Additional 12 blocks and 7 jackets are under construction. 155,500 structural tons of steel processing was completed, increasing by 1% compared with that in the same period of last year. 7,700 ship days were spent on installation and other offshore operations, increasing by 18% compared with that in the same period of last year.

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

No.	Project name	Cumulative progress
1	Shell LNG Modular Construction Project in North America	5%
2	Phase II of LNG Receiving Terminal Project in Tianjin	6%
3	Phase I of LNG Receiving Terminal Project in Tangshan	17%
4	LNG Receiving Terminal and Storage Tank Project in Zhangzhou, Fujian	51%
5	Phase II of LNG Receiving Terminal Project in Ningbo, Zhejiang	82%
6	Lufeng Oil Field Area Project	23%
7	Lingshui 17-2 Gas Field Development Project	61%
8	Liuhua 29-1 Deep-water Project	95%
9	Liuhua 16-2 Oil Field Area Project	84%
10	Lvda 6-2 Oil Field Development Project	24%
11	Caofeidian 6-4 Oil Field Development Project	55%

12	Development project of Well Area 3 of Penglai 25-6 Oil Field	68%
13	Development Project of Well Area 6-11 of Jinzhou 25-1 Oilfield	76%
14	Lvda 21-2/Lvda 16-3 Oilfield Area Development Project	94%
15	Dangote Project in Nigeria	70%
16	IK Contract of CRPO3648 Offshore Transportation and Installation Project in Saudi Arabia	66%
	OOK Contract of CRPO3648 Offshore Transportation and Installation Project in Saudi Arabia	82%
17	Hull Portion of Shell Penguin FPSO Project	95%
	Onshore Construction of Upper Modules of Shell Penguin FPSO Project	52%
18	Nexen LLSW Project	95%
19	Upper Modules of P70 of FPSO Project in Brazil	95%
20	NFA Project in Qatar	99%
21	Phase I of Qinquandao 33-1 Southern Oil Field Development Project	100%

(iii) Active market development strategy, with the amount of contracts newly signed up 68% year on year

In accordance with the established development strategy and market development strategy, the Company firmly grasped the historical opportunity of the “Seven-year Action Plan” for increasing domestic oil and gas reserves and production and the building of the national natural gas production, supply, storage and marketing system to vigorously develop the market. The value of contracts newly signed in the first half of the year reached RMB 18.931 billion, up 68% from RMB 11.238 billion in the same period of last year. Almost all of such contracts were acquired from the market of China. The newly contracted projects mainly included Lufeng Oil Field Area Project, the Offshore LNG Receiving Terminal Project in Hong Kong, the Phase I of LNG Receiving Terminal Project in Nanshan, Longkou, and the Phase II of LNG Receiving Terminal Project in Tianjin. Among the above four projects, three projects in Hong Kong, Longkou and Tianjin are LNG projects, and the contract amount of each project exceeds RMB 4 billion. Accordingly, the Company’s annual contracted amount of domestic LNG projects exceeds RMB 12 billion, setting a historical record for the market development of LNG business of the Company. In the context of the epidemic and the continued downturn of the global offshore oil and gas engineering industry, the Company’s orders grew rapidly, providing incentives for future workload and sustainable development.

(iv) Sustained efforts on cost saving and efficiency improvement, response to the challenge of low oil price with full efforts

In the face of the grim situation of industry development caused by Covid-19 and low oil price, cost saving and efficiency improvement is an important long-term measure to achieve business goals and ensure the healthy and sustainable development of the Company. Adhering to the concept of “Practicing Austerity” and “All Costs are Controllable”, the Company promptly disseminated the situation and tasks, shared pressure and responsibilities with every employee, strengthened targeted stimulation and negative constraints, identified the key points, and reinforced management and control over key cost indicators. Additionally, the Company also guided business units and departments to fulfill the goals, tasks and responsibilities that were broken down and defined based on the expenses in terms of subcontracting, ship leasing, engineering materials and fuel, and regularly inspected, analyzed and evaluated the fulfillment of cost saving goals, of which the results were taken as the key of performance evaluation.

(v) Continuous deepening of reform, reorganization of the production and operation system, and further optimization of the operation and management mechanism

Sticking to the development concept of “1235” (i.e., “taking the improvement of design-led EPCI contracting capacity as the only core, taking the improvement of operation management ability and technology leadership ability as two foundations, taking internationalization, deep-water exploration, and new industrialization as three development directions, and taking talents, market, cost, risk control, and information construction as five specific starting points), the Company maintained its strategic focus, actively promoted the implementation of the *Implementation Plan for “Five Strategies”* and deepened reform and development. In order to improve operation management capabilities, the Company optimized the operation hierarchy and shortened the management chain to further improve the management efficiency and operational efficiency of the Company. In terms of technology leadership, the Company set up the Office of Chief Engineer to assist in controlling the planning for technology policies and technology development of the Company, strengthening technical support and guidance, and enhancing management and control of major technical risks.

Business outlook for the second half of the year

It is expected that 8 projects will be completed and put into production in the second half of the year, including 6 domestic projects and 2 overseas projects. The Company will carry out the onshore construction of 12 jackets and 15 blocks, the offshore installation of 17 jackets and 6 blocks and the laying of 169 km of subsea pipelines and 151 km of subsea cables. The Company’s workload will be guaranteed, and the work intensity and pressure will be even higher. The Company has obtained sufficient orders, and the total amount of the outstanding orders in hand at present is about RMB 35.4 billion, which guarantees the follow-up work. In the second half of the year, the Company will continue to focus on epidemic prevention and control, project operation management, and cost saving and efficiency improvement, further reduce overall costs, improve development quality and efficiency, and strive to complete the annual business goals and continue to create value for shareholders.

II. Major business in the reporting period

(i) Analysis of major business

1 Analysis of changes in items relating to financial statement

Unit: Ten Thousand Yuan Currency: RMB

Item	Amount in current period	Amount in the same period of last year	Change ratio (%)
Operating income	648,697.62	455,941.62	42.28
Operating cost	626,817.55	467,494.92	34.08
Sales expenses	1,205.01	1,054.65	14.26
Administrative expenses	9,644.22	9,431.21	2.26
Financial expenses	-1,060.98	-700.23	N/A
R&D expenses	34,814.22	11,531.76	201.90
Net cash flows from operating activities	41,607.86	3,970.62	947.89
Net cash flows from investing activities	-19,911.99	1,200.05	-1,759.26
Net cash flows from financing activities	-3,577.18	-22,155.56	N/A
Net profit attributable to the owner	-24,353.79	-71,409.62	N/A

of the parent company			
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Analysis of reasons for changes in main items:

Description of reasons for changes in operating income: During the reporting period, the Company achieved an operating income of RMB 6.487 billion, a year-on-year increase of RMB 1.928 billion, up 42.28%. The main reason is that with the rapid growth of the Company's new orders, some large-scale projects entered a peak period of construction, including the rapid progress of the "10+1" Projects. The continuous increase of the overall workload completed by the Company, especially the rapid increase of the offshore installation workload, enabled the Company to realize a significant increase in operating incomes.

Description of reasons for changes in operating cost: The operating cost was RMB 6.268 billion, a year-on-year increase of RMB 1.593 billion, up 34.08%. The main reasons include an increase of workload from that of the same period of the last year, and an increase in expenditures on epidemic prevention and crash costs.

Description of reasons for changes in sales expenses: Sales expenses were RMB 12,050,100, a year-on-year increase of RMB 1,503,600, up 14.26%. The main reason is the increasing input in marketing staff of the Company.

Description of reasons for changes in administrative expenses: Administrative expenses were RMB 96,442,200, a year-on-year increase of RMB 2,130,100, up 2.26%. The main reason is an increase in epidemic prevention costs as a result of Covid-19.

Description of reasons for changes in financial expenses: Financial expenses were RMB -10,609,800, a year-on-year decrease of RMB 3,607,500. The main reasons are as follows: (1) the net exchange income increased by RMB 14.19 million from that of the same period of last year due to exchange rate fluctuations; (2) as the Company has created a domestic RMB capital pool to invest in high-yield bank financial products, the bank deposits of the Company decreased, leading to a decrease of RMB 4.43 in interest income from the same period of last year; (3) due to the significant increase in the volume of business with letters of guarantee in this year, the usage amount of bank credit increased year on year, leading to a year-on-year increase of RMB 5.86 million in bank charges.

Description of reasons for changes in R&D expenses: R&D expenses were RMB 348 million, a year-on-year increase of RMB 233 million, up 201.90%. This is mainly due to the fact that the R&D investment was not an even process, and some scientific research projects might start or end in a same time period, which would lead to a peak in R&D expenses during a period. The conclusion expenses of scientific research projects were also uneven last year. The amount of R&D expenses in the second half of last year exceeded that of the first half of last year. Compared with the small base number of the same period of last year, the conclusion expenses of scientific research projects and R&D expenses increased significantly in the first half of this year. However, it is expected that the annual R&D expenses of this year will be less than that of last year, which were RMB 874 million.

Description of reasons for changes in net cash flows from operating activities: The net cash flows generated from operating activities were about RMB 416 million, a year-on-year increase of RMB 376 million. The main reasons include the proper tracking and management of project cash flows and a year-on-year increase of the payments collected from projects in Hong Kong and other areas this year.

Description of reasons for changes in net cash flows from investing activities: The net cash flows from investing activities were RMB -199 million, with a year-on-year increase of RMB 211 million in cash out flow. The main reasons are as follows: (1) as the amount of financial products matured this year was less than that in the same period of last year, the cash from investment income was less than that in the same period of last year; (2) the construction of the Offshore Engineering Equipment Manufacturing Base in Tianjin Port was in the peak period this year, leading to a year-on-year increase in investment expenditures.

Description of reasons for changes in net cash flows from financing activities: The net cash flows from financing activities were RMB -36 million, with a year-on-year decrease of RMB 186 million in net cash outflow. The main reasons are as follows: (1) the Company obtained a loan of RMB 230 million from China Development Bank this year, and there was no such a loan in the same period of last year; (2) the dividends distributed this year increased by RMB 44 million from the same period of last year.

Description of reasons for changes in net profit attributable to the owner of the parent company: The net

profit attributable to the owner of the parent company was RMB -244 million, with a year-on-year decrease of RMB 477 million in net loss. The reasons for net loss are the low engineering service prices due to the downturn of the global offshore oil and gas engineering industry, and the loss of overseas projects due to the idling of workers and vessels as a result of the epidemic. The main reasons for the year-on-year decrease in net profit are as follows: (1) the confirmed loss of overseas loss-making projects this year was RMB 245 million, and that in the same period of last year was RMB 560 million, a year-on-year decrease of RMB 315 million; (2) the Company made full use of its own resources to complete projects as scheduled and effectively reduced overall costs through cost saving and efficiency improvement. Compared with the same period of last year, in addition to the increase of the overall gross profit rate of other projects, the profit contribution was increased by RMB 158 million.

2 Others

(1) Detailed description of major changes in composition or sources of profits of the Company

Applicable Not applicable

(2) Others

Applicable Not applicable

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

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Amount in current period	Amount in the same period of last year	Change ratio (%)	Sustainability
Other income	3,800.43	1,569.81	142.09	Sustainability of profits can't be guaranteed
Investment income	-910.47	912.06	-199.83	Sustainability of profits can't be guaranteed
Asset impairment losses	-150.76	-39,593.03	N/A	Sustainability of profits can't be guaranteed
Income tax expenses	538.99	-2,834.78	N/A	Sustainability of profits can't be guaranteed

Description of reasons for changes:

Other income was RMB 38,004,300, a year-on-year increase of RMB 22,306,200, up 142.09%. This is mainly due to a year-on-year increase of RMB 17,386,800 in the incentive for economic development of enterprises received this year and a year-on-year increase of RMB 4,769,800 in the subsidy for stabilizing employment.

The investment income was RMB -9,104,700, a year-on-year decrease of RMB 18,225,300. Main reasons are as follows: (1) the value of financial products matured this year decreased by RMB 34,519,400 compared with the same period of last year; (2) dividends from CNOOC Finance Co., Ltd. decreased by RMB 8.259 million compared with the same period of last year; (3) due to the increased workload of the joint venture COOEC-Fluor Heavy Industries Co., Ltd., this year, and the remarkable results of quality and efficiency improvement, the loss of the joint venture decreased by RMB 24.553 million compared with the same period of last year.

Assets impairment losses were RMB -1,507,600, a year-on-year decrease of RMB 394 million. The main reason is the asset impairment loss of RMB 394 million made for the Saudi Arabia 3648 Project in the same period of last year.

Income tax expenses were RMB 5,389,900, a year-on-year increase of RMB 33,737,700. The main reasons are as follows: (1) the losses of the Sino-foreign joint venture COOEC-Fluor Heavy Industries Co., Ltd., in which the Company holds 51% of the shares, cannot offset the taxable income; (2) as the

losses of subsidiaries in Saudi Arabia and Nigeria were overseas losses, their losses cannot be offset by the above-mentioned future profits of the Company, and such losses will be regarded as a permanent difference. Therefore, the deferred income tax assets cannot be recognized, resulting in a year-on-year increase in income tax expenses.

(iii) Analysis of assets and liabilities

√Applicable □Not applicable

1. Assets and liabilities

Unit: Ten Thousand 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 same period of last year	Ratio of the amount at the end of same period of last year to total assets (%)	Change ratio of the amount at the end of current period compared with that at the end of same period of last year (%)
Inventory	97,406.44	2.99	512,937.83	16.10	-81.01
Contract assets	404,598.18	12.43	N/A	N/A	N/A
Short-term borrowing	23,000.00	0.71	0	0.00	N/A
Receipts in advance	895.89	0.03	89,684.10	2.82	-99.00
Contract liabilities	154,844.73	4.76	N/A	N/A	N/A
Employee payroll payable	7,503.76	0.23	13,742.46	0.43	-45.40
Total assets	3,254,396.87	100.00	3,185,654.29	100.00	2.16
Total liabilities	1,036,155.46	31.84	918,370.71	28.83	12.83
Net assets attributable to shareholders of listed companies	2,216,964.86	68.12	2,266,064.04	71.13	-2.17

Other descriptions

The inventory amounted to RMB 974 million, a decrease of RMB 4.155 billion from that at the end of last year, down 81.01%. The main reasons are the implementation of the new income standards by the Company this year and the transfer of the self-made semi-finished products originally included in inventory to the account of contract assets.

The contract assets amounted to RMB 4.046 billion, and there was no such item at the end of last year. The main reasons are the implementation of the new income standards by the Company this year and the inclusion of the self-made semi-finished products originally included in inventory into contract assets.

The short-term loans increased by RMB 230 million, mainly due to a loan of RMB 230 million obtained from China Development Bank this year.

The receipts in advance amounted to RMB 9 million, a decrease of RMB 888 million from that at the end of last year, down 99.00%. The main reasons are the implementation of the new income standards by the Company this year and the inclusion of the receipts in advance for engineering projects originally

included in receipts in advance into contract liabilities.

The contract liabilities amounted to RMB 1.548 billion, and there was no such item at the end of last year. The main reasons are the implementation of the new income standards by the Company this year and the inclusion of the receipts in advance for engineering projects originally included in receipts in advance into contract liabilities.

The employee payroll payable amounted to RMB 75 million, a decrease of RMB 62 million from that at the end of last year, down 45.40%, mainly due to the enterprise annuity paid by the Company.

The total assets are RMB 32.544 billion, an increase of RMB 687 million from that at the end of last year, up 2.16%. The receivables increased mainly due to the increase of workload.

The total liabilities were RMB 10.362 billion, an increase of RMB 1,178 million from that at the end of last year, up 12.83%. The main reasons are as follows: (1) the Company obtained a loan of RMB 230 million from China Development Bank this year, leading to an increase in short-term loans; (2) the Company received the receipts in advance from the owners of some projects under construction this year, leading to an increase in contract liabilities.

The net assets attributable to shareholders of listed companies were RMB 22.17 billion, a decrease of RMB 491 million from that at the end of last year, down 2.17%. The main reasons are as follows: (1) the dividends of last year of RMB 265 million were paid this year; (2) the accumulated loss of this year led to a decrease of RMB 243 million in undistributed profits.

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

Applicable Not applicable

3. Other descriptions

Applicable Not applicable

(iv) Investment analysis

1. General analysis of foreign equity investment

Applicable Not applicable

(1) Significant equity investment

Applicable Not applicable

(1) Significant non-equity investment

Applicable Not applicable

① Zhuhai Deep-water Offshore Engineering Equipment Manufacturing Base Construction Project

Zhuhai Deep-water Offshore Engineering Equipment Manufacturing Base (the Base) is located at Huangmaohai Work Area, Gaolan Port Area, Zhuhai, has a total area of 2.07 million m² and a shoreline length of 1,349 m. The project is expected to be completed in five phases, with a total investment amount of RMB 1.01 billion.

Phase I, II and III of the project have been completed and put into operation. Phase I and II projects were completed by the Company's wholly-owned subsidiary in Zhuhai, and Phase III project was completed by the joint venture COOEC-Fluor Heavy Industries Co., Ltd.

The scope of works in Phase I includes: ground treatment with an area of 1.41 million m², 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, radioactive source storage, Design Buildings #1 and #2, public power and auxiliary works, etc. The approved estimated investment in Phase I is RMB 2,909 million, and the actual investment in Phase I is RMB 2,692 million.

The scope of works in Phase II includes: 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 building, 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 and other supporting facilities. The

approved estimated investment in Phase II is RMB 1,866 million, and the actual investment in Phase II is RMB 1,340 million.

The main works in Phase II include: Slide #3, Painting Shop #2, supporting shop and other facilities, with a total floor area of 56,000 m². As the project is undertaken by the joint venture, the project investment is not included in the Company's annual production and construction plan. Phase I, II and III of the project have been completed and put into operation during the reporting period. The approved estimated investment in Phase III is RMB 926 million, and the actual investment in Phase III is RMB 715 million.

② Phase I of Tianjin Offshore Engineering Manufacturing Base Construction Project

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

Phase I project is under construction and is expected to be completed in September 2021. The estimated investment in Phase I is RMB 2.495 billion after adjustment and reduction. The main works in Phase I include the the steel structure intelligent manufacturing center, the mechanical, tube and electrical instrument manufacturing center, the intelligent storage center, painting shop, final assembly space, terminal and other major production facilities, as well as the supporting facilities for R&D, power and environmental protection. Phase I project will essentially meet the demands of the main equipment of the offshore engineering manufacturing facility upon completion.

As of the end of June 2020, the Chapter I, II and III and terminal works on land in Phase I are under construction, and the procurement of other equipment and services are carried out at the same time. The cumulative progress of the project is 46% and the amount of planned investment in production and construction is RMB 732 million.

(3) Financial assets measured at fair value

√Applicable □Not applicable

By the end of the reporting period, the Company holds 17.77 million shares of Lanpec Technologies Limited (Stock abbreviation: ST Lanpec Technologies), at the shareholding proportion of 5.01%, showing no change in the reporting period.

Unit: Ten Thousand Yuan

Stock code	Stock abbreviation	Initial investment cost	Shareholding ratio at the beginning of the reporting period (%)	Shareholding ratio at the end of the reporting period (%)	Book value at the end of the reporting period	Profit and loss in the reporting period	Changes in fair value in the reporting period	Accounting items	Source of shares
601798	ST Lanpec Technologies	3,668.41	5.01	5.01	10,590.92	0	-444.25	Investment in other equity instruments	Investment in original issue stock
Total		3,668.41	/	/	10,590.92	0	-444.25	/	/

(v) Significant assets and equity offering

□Applicable √Not applicable

(vi) Analysis of major holding and joint-stock companies

√Applicable □Not applicable

1. Basic information of major holding subsidiaries

Unit: Ten Thousand Yuan Currency: RMB

No.	Company name	Paid-in capital	Major business and products	Total assets	Net assets	Net profit	Shareholding ratio
1	Shenzhen Offshore Oil Engineering Underwater Technology Co., Ltd.	228,561.47	Technical services, submarine pipeline maintenance and other services for offshore oil underwater projects	678,815.06	419,161.04	2,121.48	100%
2	Offshore Oil Engineering (Qingdao) Co., Ltd.	300,000.00	Construction, installation, engineering design, maintenance and other services for offshore oil and gas projects	703,633.21	444,060.95	-8,671.39	100%
3	Offshore Oil Engineering (Zhuhai) Co., Ltd.	395,000.00	Construction, installation, engineering design, maintenance services for offshore oil and gas projects	371,065.01	368,059.69	-3,203.88	100%
4	CNCCC International Engineering Co., Ltd.	6,000.00	EPCI contracting and specialized contracting	17,024.40	4,722.62	18.09	100%
5	Offshore Oil Engineering Indonesia Co., Ltd.	195.21	Oil and gas field development and maintenance services	8,539.70	8,538.47	-77.92	100%
6	Offshore Oil Engineering Nigeria Co.,	54.88	Contract, engineering design,	60.16	30.95	-2.51	100%

	Ltd.		installation, maintenance and relevant services for offshore oil and gas filed development projects				
7	Offshore Oil Engineering Co., Ltd. Nigeria Free Trade Zone Company	N/A	Established for implementation of the Nigeria Dangote Project	56,295.98	-31,499.03	-13,763.34	100%
8	Anjie Material Testing Co., Ltd.	114.57	Nondestructive testing and welding testing	1,510.63	1,138.58	27.78	90%
9	Blue Ocean International Co., Ltd.	669.81	Engineering design, procurement, construction, installation and EPCI contracting for offshore oil projects	693.86	693.64	0.00	100%
10	American Gaotai Deep-sea Technology Co., Ltd.	956.87	Engineering design, procurement, construction, installation and EPCI contracting for offshore oil projects	1,629.64	807.53	-400.36	70%
11	Beijing Gaotai Deep-sea Technology Co., Ltd.	500.00	Consulting services for deep-sea projects	9,960.91	3129.3	560.38	70%
12	Offshore Oil Engineering International Co., Ltd.	669.11	EPCI contracting, and engineering design, construction, installation and other services for oil and gas development projects	120,562.17	52,575.03	990.00	100%
13	Offshore Oil Engineering	2,067.66	Engineering design,	16,461.61	5,661.90	273.83	100%

	Canada Co., Ltd.		procurement, construction and installation services for offshore oil and gas projects				
14	Offshore Oil Engineering International Co., Ltd. Thailand Branch	283.04	Project contracting	5,246.35	556.58	-4.16	100%
15	Offshore Oil Engineering International Co., Ltd. Brazil Branch	314.30	Project contracting	80.12	67.74	-43.19	100%

(1) Analysis of individual subsidiaries with their net profit accounting for more than 10% of that of the Company

In the first half of 2020, Offshore Oil Engineering (Qingdao) Co., Ltd. reported an operating income of RMB 1,177 million, an operating profit of RMB -105 million and a net profit of RMB -87 million, which accounted for more than 10% of the combined net profit of the Company. The main reason is the large scale of its income from construction. However, its net profit decreased slightly by RMB 7 million compared with the net profit of RMB -80 million in the same period of last year due to relatively low gross profit rates of projects executed in the current period.

In the first half of 2020, Offshore Oil Engineering (Zhuhai) Co., Ltd. reported an operating income of RMB 1 million, an investment income of RMB 21 million, an operating profit of RMB -24 million and a net profit of RMB -32 million, with a year-on-year decrease of RMB 19 million in losses. The main reasons are workload increase, remarkable results of quality and efficiency improvement and effective control of overhead costs in the joint venture COOEC-Fluor Heavy Industries Co., Ltd., in which the Company holds 51% of the shares. In the first half of 2020, COOEC-Fluor Heavy Industries Co., Ltd. reported a loss of RMB 79 million, a year-on-year decrease of RMB 25 million in losses. The losses on investments of Offshore Oil Engineering (Zhuhai) Co., Ltd. recognized based on its shareholding ratio decreased accordingly.

In the first half of 2020, Offshore Oil Engineering Co., Ltd. Nigeria Free Trade Zone Company reported an operating income of RMB 126 million, an operating profit of RMB -138 million, and a net profit of RMB -138 million, with a year-on-year decrease of RMB 139 million in losses, which exerted a great influence on the combined net profit of the Company. This is mainly because of the idling of workers, vessels and equipment of the Nigeria Dangote Project in the reporting period due to the epidemic, resulting in additional losses of RMB 138 million.

(2) Analysis of large performance fluctuation of individual subsidiaries that has significant impact on net profit of the Company

In the first half of 2020, Shenzhen Offshore Oil Engineering Underwater Technology Co., Ltd. reported an operating income of RMB 1.248 billion, an operating profit of RMB 8 million, and a net profit of RMB 21 million, which increased by RMB 100 million from RMB -79 million in the same period of last year and exerted a great influence on the combined net profit of the Company. The main reasons include the effective control of project costs due to cost saving and efficiency improvement, and the successful implementation and earlier completion of Liuhua 29-1 Project as a result of the application of self-developed new technology and the first domestic deep-water coiled tubing system, which was rewarded by the owner for timely completion and earlier completion, thus realizing the increase of net profit.

See “(1) Analysis of individual subsidiaries with their net profit accounting for more than 10% of that of the Company” for the analysis of performance fluctuation of Offshore Oil Engineering Co., Ltd. Nigeria

Free Trade Zone Company.

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

Not applicable.

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

Company name	Registered capital (ten thousand yuan)	Registration time	Business scope	Actual capital contribution (ten thousand yuan)	Shareholding ratio
CNOOC Finance Co., Ltd.	400,000	June 2020	Providing deposits, loans, financial leasing and other services for member organizations	7,067.14	1.77%
Lanpec Technologies Limited	35,453	December 2008	Oil drilling and production machinery, refining and chemical equipment, offshore and desert oil equipment and engineering, refining chemicals, etc.	3,668.41	5.01%

3. Key joint ventures

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

(7) Structured entity controlled by the Company

Applicable Not applicable

III. Other disclosures

(i) Warning and description of predicted potential loss on aggregate net profit from the beginning of the year to the next reporting period or significant changes compared with that in the same period of last year

Applicable Not applicable

(ii) Potential risks

Applicable Not applicable

1. Risks from international market operation

As a new player in international market, the Company is weak in international talents and capacity on international project operation and risk prevention and control. The overseas project operation may be exposed to the risks associated with geopolitics, national or regional policies, marine environment and remote resource allocation.

Measures: (1) The Company will plan and develop 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) the Company will strengthen basic capacity, speed up the training of 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 targeted measures; (3) the Company will further improve the overseas organization structure, enhance the resource allocation and core capacities, and constantly improve the overseas project management systems.

2. Risks from project implementation

The Company is developing offshore oil and gas field projects that are more difficult to be implemented and more demanding for technology. As the Company is relatively weak in technology, management and construction experience in the deep-water engineering field, resulting in higher construction risks.

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

3. Risks from natural disasters, severe weather and other natural factors

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

Measures: Taking security management as the top priority, the Company will strive to minimize losses through various measures, such as closely tracking and responding to severe weather like typhoon, and preventing, preparing in advance, closely tracking, and timely reporting and activating appropriate emergency response plans.

4. Risks from exchange rate fluctuations

The Company uses RMB as its functional currency. With the expansion of overseas business and the increase in foreign currency income, exchange rate fluctuations may affect the Company's profit and loss.

Measures: The Company will enhance the ability to respond to exchange rate fluctuations in the routine fund management through taking exchange rate risks into cost control when the contract price is offered, taking import and export hedging into consideration and using financial instruments in forward settlement.

In addition to the above risks, the Company may be exposed to some common risks in the business development process, such as the risks from cyclical fluctuation in the offshore oil and gas engineering industry as a result of the drastic fluctuation of global oil price, falling demand for crude oil as a result of decline in global economic growth, impact of new energy on traditional oil industry, production safety, brain drain, etc. The Company will do its utmost to effectively avoid and respond to risks in accordance with specific conditions.

(iii) Other disclosures

Applicable Not applicable

Chapter V Important Issues

I. Profile of General Meeting of Shareholders

Session	Convening date	Query index of designated website where resolutions are published	Disclosing date of resolution publication
The first extraordinary general meeting of COOEC 2020	January 8, 2020	Shanghai Stock Exchange website www.sse.com.cn	January 9, 2020
Annual general meeting of shareholders of COOEC 2020	May 18, 2020	Shanghai Stock Exchange website www.sse.com.cn	May 19, 2020
The second extraordinary general meeting of COOEC 2020	July 10, 2020	Shanghai Stock Exchange website www.sse.com.cn	July 13, 2020

Information note of general meeting of shareholders

Applicable Not applicable

II. Plan for Profit Distribution or Conversion of Capital Reserves into Capital Stock

(i) Semi-annual plan for profit distribution and conversion of capital reserves into capital stock

Whether distributed or converted?	No
Number of bonus shares distributed to every 10 shares	0
Number of dividends distributed to every 10 shares (tax included)	0
Number of capital reserves converted into every 10 shares	0

III. Fulfillment of Commitments

(i) Commitments made by the company's actual controller, shareholders, related parties, acquirers and the company within the reporting period or those continued till the reporting period

Applicable Not applicable

Commitment background	Commitment type	Party making the commitment	Commitment content	Time and time limit of commitment	Is there deadline for fulfillment or not?	Whether timely and strictly fulfilled
Commitment related to IPO	Solve horizontal competition	CNOOC	During the existence of the Company, neither CNOOC nor its controlling legal person will be occupied in any business which is the same as or similar to the business scope of the Company, or conduct any activity	Time of commitment: August 15, 2001, time limit: during the period of existence of the	No	Yes

			which may impact the Company's interest in any way.	Company		
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IV. Employment and Dismissal of Accounting Firm

Information note about employment and dismissal of accounting firm

Applicable Not applicable

A Proposal about Renewing the Contract with the Company's Financial and Internal Control Audit Institution in 2020 was reviewed on the 22nd Meeting of the 6th Board of Directors convened on March 20, 2020. Shu Lun Pan CPA Co., Ltd (special general partnership) was further employed as the Company's 2020 financial and internal control audit institution, which would provide the Company with accounting statement auditing service, financial report-centered internal control auditing service, and other related auditing services, and the employment period was one year.

The aforementioned issues were reviewed and passed on the Company's 2019 Annual General Meeting of Shareholders convened on May 18, 2020.

Information note about replacement of accounting firm during audit period

Applicable Not applicable

Note of the company about "Nonstandard Audit Report" provided by accounting firm

Applicable Not applicable

Note of the company about "Nonstandard Audit Report" issued by certified public accountant to financial report in the first semiannual report

Applicable Not applicable

V. Bankruptcy Reorganization-related Issues

Applicable Not applicable

VI. Major Lawsuit and Arbitration

The company is involved in major lawsuit and arbitration in the reporting period The company is not involved in any major lawsuit or arbitration in the reporting period

VII. Punishment and Rectification of Listed Company and Its Directors, Monitors, Senior managers, Controlling Shareholders, Actual Controller and Acquirer

Applicable Not applicable

VIII. Statement of Credit Status of the Company and Its Controlling Shareholders and Actual Controller in the Reporting period

Applicable Not applicable

Credit record is good. Not issued by any regulator with any bad credit record.

IX. The Company's Stock Incentive Plan, Employee Stock Ownership Plan or Other Employee Incentive Measures and Their Influences

(i) Stock ownership incentives-related issues already disclosed in provisional notice but without subsequent implementation progress or change

Applicable Not applicable

(ii) Incentives not disclosed in provisional notice or having any subsequent implementation progress

Stock ownership incentives

Applicable Not applicable

Other descriptions

Applicable Not applicable

Employee stock ownership plan

Applicable Not applicable

Other incentives

Applicable Not applicable

X. Significant Affiliated Transactions

(i) Affiliated transactions with regard to daily operations

1. Issues already disclosed in provisional notice but without subsequent implementation progress or change

Applicable Not applicable

2. Issues already disclosed in provisional notice with subsequent implementation progress or change

Applicable Not applicable

3. Issues not disclosed in provisional notice

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Party involved in affiliated transaction	Association relationship	Type of affiliated transaction	Content of affiliated transaction	Pricing principle of affiliated transaction	Price of affiliated transaction	Amount of affiliated transaction	Proportion occupied in the amount of similar transactions (%)	Settlement of affiliated transaction
CNOOC Energy Technology & Services Limited	Holding subsidiary of parent company	Acceptance of labor services	Project subcontracting, materials purchasing, transportation, fuel oil and property services, etc. are provided to the Company	The contract price is determined through bid inviting according to market principle	49,849.19	49,849.19	7.95	Normal settlement as contracted
COOEC-Fluor Heavy Industries Co., Ltd.	Joint venture	Acceptance of labor services	Project subcontracting service is provided to the Company	The contract price is determined through bid inviting according to market principle	20,250.38	20,250.38	3.23	Normal settlement as contracted
China Ocean Oilfields Services (H.K.) Ltd.	Wholly-owned subsidiary of parent company	Commodity purchase	Materials purchasing service is provided to the Company	The contract price is determined through bid inviting according to market principle	3,425.04	3,425.04	0.55	Normal settlement as contracted
China Oilfield Services Limited (COSL)	Holding subsidiary of parent company	Acceptance of labor services	Transportation service, ship service, etc. are provided to the Company	The contract price is determined through bid inviting according to market principle	31.27	31.27	0.00	Normal settlement as contracted
CNOOC Bohai Co.,	Wholly-owned subsidiary of	Utilities cost, such as water,	Water & electricity, employee physical	The contract price is determined through	641.57	641.57	0.10	Normal settlement as

Ltd	parent company	electricity and gas (purchase)	examination services, etc. are provided to the Company	bid inviting according to market principle				contracted
China Shipping Industry Co., Ltd.	Wholly-owned subsidiary of parent company	Utilities cost, such as water, electricity and gas (purchase)	Property service, house rent, project subcontracting, fuel oil, water & electricity services, etc. are provided to the Company	The contract price is determined through bid inviting according to market principle	1,695.47	1,695.47	0.27	Normal settlement as contracted
CNOOC Refining & Chemical Co., Ltd.	Wholly-owned subsidiary of parent company	Acceptance of labor services	Project subcontracting service is provided to the Company	The contract price is determined through bid inviting according to market principle	28.69	28.69	0.00	Normal settlement as contracted
CNOOC Eastern South China Sea Co., Ltd	Wholly-owned subsidiary of parent company	Acceptance of labor services	Project subcontracting service is provided to the Company	The contract price is determined through bid inviting according to market principle	139.38	139.38	0.02	Normal settlement as contracted
CNOOC Gas & Power Group Co., Ltd	Wholly-owned subsidiary of parent company	Acceptance of labor services	Project subcontracting service is provided to the Company	The contract price is determined through bid inviting according to market principle	37.41	37.41	0.01	Normal settlement as contracted
CNOOC Research Institute Co., Ltd	Wholly-owned subsidiary of parent company	Acceptance of labor services	Project subcontracting service is provided to the Company	The contract price is determined through bid inviting according to market principle	0.48	0.48	0.00	Normal settlement as contracted
CNOOC Western South China Sea Co., Ltd	Wholly-owned subsidiary of parent	Acceptance of labor services	House rent service is provided to the Company	The contract price is determined through bid inviting according to market	40.06	40.06	0.01	Normal settlement as contracted

	company			principle				
China BlueChemical Ltd.	Holding subsidiary of parent company	Acceptance of labor services	Project subcontracting service is provided to the Company	The contract price is determined through bid inviting according to market principle	217.35	217.35	0.03	Normal settlement as contracted
CNOOC	Holding subsidiary of parent company	Acceptance of labor services	Wharf service is provided to the Company	The contract price is determined through bid inviting according to market principle	38.81	38.81	0.01	Normal settlement as contracted
CNOOC Donghai Corporation	Wholly-owned subsidiary of parent company	Acceptance of labor services	Vehicle rent service is provided to the Company	The contract price is determined through bid inviting according to market principle	0.44	0.44	0.00	Normal settlement as contracted
CNOOC	Holding subsidiary of parent company	Labor services providing	Professional production services such as design, installation and construction are provided by the Company to affiliates	The contract price is determined through bid inviting according to market principle	479,032.60	479,032.60	73.85	Normal settlement as contracted
CNOOC Gas & Power Group Co., Ltd	Wholly-owned subsidiary of parent company	Labor services providing	Professional production services such as design, installation and construction are provided by the Company to affiliates	The contract price is determined through bid inviting according to market principle	27,005.17	27,005.17	4.16	Normal settlement as contracted
CNOOC Research Institute Co., Ltd	Wholly-owned subsidiary of parent company	Labor services providing	Professional production services such as design, installation and construction are provided by the Company to	The contract price is determined through bid inviting according to market	5.05	5.05	0.00	Normal settlement as contracted

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			affiliates	principle				
COOEC-Fluor Heavy Industries Co., Ltd.	Joint venture	Labor services providing	Labor assignment, materials sales and detection services are provided by the Company to affiliates	The contract price is determined through bid inviting according to market principle	123.04	123.04	0.02	Normal settlement as contracted
CNOOC Energy Technology & Services Limited	Holding subsidiary of parent company	Labor services providing	Professional production services such as design, installation and construction are provided by the Company to affiliates	The contract price is determined through bid inviting according to market principle	55.35	55.35	0.01	Normal settlement as contracted
China Oilfield Services Limited (COSL)	Holding subsidiary of parent company	Labor services providing	Transportation and ship services are provided by the Company to affiliates	The contract price is determined through bid inviting according to market principle	1,381.59	1,381.59	0.21	Normal settlement as contracted
Total				/	/	583,998.35	90.44	/
Details about return of goods sold in large amount		N/A						
Descriptions of affiliated transactions		<p>(1) Main contents of affiliated transactions</p> <p>The Company is one of the largest EPCI general contracting companies within the offshore oil engineering industry in Asia, where the main business is to provide professional technical services for oil exploitation in Chinese waters. Many affiliated transactions of providing marine engineering services exist between the Company and affiliates such as CNOOC, e.g.: EPCI professional general contracting service is provided by the Company to affiliated companies, and project subcontracting, transportation, ship, fuel oil, water & electricity services and so on are provided by affiliated companies to the Company.</p> <p>(2) Pricing and fairness of affiliated transactions</p> <p>Providing long-term stable markets for the Company, these affiliated transactions constitute an indispensable part for realizing the development of the Company. The contract price is determined through public bidding activities in the affiliated transactions. The Company has signed long-term service agreements with the affiliates to guarantee the</p>						

fairness of the affiliated transaction price, which embodies the principles of fairness, justice and openness, is conducive to the main business development of the Company, and ensures the maximization of shareholders' interests.

(3) Continuity of affiliated transactions

As it turns out, these affiliated transactions are necessary. With the rapid development of China offshore oil industry, the affiliated transactions between the Company and affiliated companies will be continued in the foreseeable future.

(ii) Affiliated transactions of asset acquisition or share acquisition and sales**1. Issues already disclosed in provisional notice without subsequent implementation progress or change**Applicable Not applicable**2. Issues already disclosed in provisional notice with subsequent implementation progress or change**Applicable Not applicable**3. Issues undisclosed in provisional notice**Applicable Not applicable**4. Performance achievement involved in performance agreement and supposed to be disclosed in the reporting period**Applicable Not applicable**(iii) Significant affiliated transactions of joint external investment****1. Issues already disclosed in provisional notice without subsequent implementation progress or change**Applicable Not applicable**2. Issues already disclosed in provisional notice with subsequent implementation progress or change**Applicable Not applicable**3. Issues undisclosed in provisional notice**Applicable Not applicable**(IV) Affiliated credits and debts****1. Issues already disclosed in provisional notice without subsequent implementation progress or change**Applicable Not applicable**2. Issues already disclosed in provisional notice with subsequent implementation progress or change**Applicable Not applicable**3. Issues undisclosed in provisional notice**Applicable Not applicable**(V) Other significant affiliated transactions**Applicable Not applicable**(VI) Others**Applicable Not applicable

For affiliated entrusted research projects, the Company's deposits and interest incomes at CNOOC Finance Co., Ltd as an affiliate, etc. in the reporting period, please refer to related contents specified in the note "XII. Affiliates and Transactions" in the financial report given in Chapter X.

XI. Significant Contracts and Performance**1. Trusteeship, contracting and leasing issues**Applicable Not applicable**2. Guarantees**Applicable Not applicable

Unit: One Hundred Million Dollars Currency: USD

External guarantees of the Company (guarantees for subsidiaries not included)	
Total amount guaranteed in the reporting period (guarantees for subsidiaries not included)	0
Total balance guaranteed at the end of the reporting period (A) (guarantees for subsidiaries not included)	0
Guarantees of the Company for subsidiaries	
Total amount guaranteed for subsidiaries in the reporting period	1.13
Total balance guaranteed for subsidiaries at the end of the reporting period (B)	12.46
Total amount guaranteed by the Company (guarantees for subsidiaries included)	
Total amount guaranteed (A+B)	12.46
Proportion occupied by total amount guaranteed in the Company's net assets (%)	40
where:	
Amount guaranteed for shareholders, actual controller and affiliates (C)	0
Amount of debt guarantees provided to guarantee objects with direct or indirect asset liability ratio exceeding 70% (D)	0.74
Amount of the part exceeding 50% of net assets in total amount guaranteed (E)	0
Total amount of the three abovementioned guarantees (C+D+E)	0.74
Guarantee descriptions	<p>Up to the end of the reporting period, the company has 7 guarantees in the process of performance, specifically as follows:</p> <p>(1) As reviewed and passed by the 4th Meeting of the 5th Board of Directors convened on July 23, 2014, the Company issued a guarantee as parent company to Qingdao subsidiary for the Russia Yamal Project. The guaranteed was general contractor, Yamgaz Corporation, of Yamal Project. The amount guaranteed was 35% (about USD 575,000,000) of</p>

total contract price of the project, where the upper limit of maximum aggregate liability was 25% and maximum delay penalty was 10% of the contract price, respectively. The guarantee period was from the guarantee issuing date to September 23, 2021. The abovementioned guarantee was reviewed and approved by the 2nd Extraordinary General Meeting 2014 on September 16, 2014. (See details in the announcements of resolutions and guarantees disclosed on SSE website on July 25, 2014, as well as the announcement of resolutions of general meeting of shareholders disclosed on September 17)

(2) As reviewed and passed by the 26th Meeting of the 5th Board of Directors of the company on March 17, 2017, the company re-opened three performance guarantees to Qingdao subsidiary for the three-train modules involved in its Yamal Project, where the period of validity covering the warranty periods of the respective modules, and the total amount guaranteed was USD 131,000,000. The deadlines of the guarantee periods for Train 1, Train 2 and Train 3 modules were December 23, 2020, March 23, 2021 and September 23, 2021, respectively. (See details in the announcement of resolutions of the board of directors and announcement of guarantee adjustment disclosed on SSE website on March 21, 2017)

(3) As reviewed and passed by the 9th Meeting of the 6th Board of Directors of the company on May 21, 2018, the Company issued a guarantee as parent company for Canada subsidiary for executing the Long Lake Southwest (LLSW) General Contracting Project with amount guaranteed of CAD 75,000,000, and the guarantee period lasted from the guarantee issuing date until December 20, 2026. The abovementioned guarantee does not need to be reviewed and approved by the general meeting of shareholders of the company. (See details in the announcement of resolutions of the board of directors and announcement of guarantee disclosed on SSE website on May 22, 2018)

(4) As reviewed and passed by the 10th Meeting of the 6th Board of Directors on August 17, 2018, the Company opened bank performance guarantee and advance payment guarantee to the Nigeria Free Trade Zone subsidiary for executing the Dangote Petrochemical Engineering Marine Transportation and Installation Project. With increasing amount of contract price, the amount guaranteed was adjusted from USD 33,200,000 to USD 38,200,000, where the amounts of performance guarantee and advance payment guarantee were both USD 19,100,000. The maximum guarantee period was extended from December 31, 2018 to June 30, 2020.

Through a review on the 24th Meeting of the 6th Board of Directors of the Company on June 23, 2020, the maximum period of performance guarantee was lengthened from June 30, 2020 to December 31, 2020, while the amount guaranteed was kept at USD 19,100,000. The period of advance payment guarantee was expired on June 30, 2020. (See details in the announcement of resolutions of the board of directors and announcement of guarantee extension disclosed on SSE website on June 24, 2020)

(5) As reviewed and passed on the 14th meeting of the 6th Board of Directors of the company on March 22, 2019, the Company issued a guarantee as parent company to Thailand subsidiary for executing the Thailand SKL-C Block 2# Building Platform Demolition Project with amount guaranteed of USD 8,150,000, and the guarantee period was from the guarantee issuing date to January 31, 2021. The abovementioned guarantee does not need to be reviewed and approved by general meeting of shareholders of the company. (See

	<p>details in the announcement of resolutions of the board of directors and announcement of guarantee disclosed on SSE website on March 26, 2019)</p> <p>(6) As reviewed and passed by the 17th Meeting of the 6th Board of Directors of the Company on June 6, 2019, the company issued a guarantee as parent company to Qingdao subsidiary for the performance of the LNG modular construction contract signed with JGC and Fluor with amount guaranteed of RMB 2,449,000,000, and the guarantee period lasted from June 25, 2019 until September 15, 2025. The abovementioned guarantee was reviewed and approved on the 1st Extraordinary General Meeting 2019 convened on June 25, 2019. (See details in the announcement of resolutions and announcement of guarantee disclosed on SSE website on June 7, 2019, and the announcement of resolutions of the general meeting of shareholders disclosed on June 26)</p> <p>(7) As reviewed and passed by the 22th Meeting of the 6th Board of Directors of the Company on March 20, 2020, the company issued lines of credit, bank performance guarantee and letter of credit to three subsidiaries—Shenzhen Offshore Oil Engineering Underwater Technology Co., Ltd., Offshore Oil Engineering (Qingdao) Co., Ltd. and Beijing Gaotai Deep-sea Technology Co., Ltd.—for daily operations such as bidding, contract performance and payment, where the amount guaranteed for Shenzhen subsidiary did not exceed RMB 700 million, that for Qingdao subsidiary did not exceed RMB 80 million, and that for the subsidiary, Beijing Gaotai Deep-sea Technology Co., Ltd. did not exceed RMB 20 million, so the total amount guaranteed did not exceed RMB 800 million. The guarantee period was from the date of approval by the Board of Directors to December 31, 2021. (See details in the announcement of resolutions of the board of directors and announcement of guarantees disclosed on SSE on March 24, 2020)</p> <p>Guarantees dissolved in the reporting period:</p> <p>(1) As reviewed and passed by the 19th Meeting of the 5th Board of Directors of the Company on July 6, 2016, the Company issued a guarantee as parent company to Qingdao subsidiary for undertaking the Shell SDA Project. The guaranteed was the project owner Shell Netherland, the amount guaranteed was USD 2,692,000, and the guarantee period lasted until April 7, 2020. (See details inn the announcement of resolutions of the board of directors and announcement of guarantee disclosed on SSE website on July 8, 2016)</p> <p>This guarantee was dissolved upon expiration.</p>
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3. Other major contracts

√Applicable □Not applicable

Payer	Project type	Contract amount	Accumulative payment amount up to the end of June, 2020
CNOOC	Domestic (China) offshore oil engineering project	RMB 13,826,000,000	RMB 4,072,000,000
TUPI B.V.	Brazil FPSO project	USD 741,000,000	USD 579,000,000

Saudi Aramco	Saudi Marjan project	USD 696,000,000	USD 36,000,000
JGC Fluor BC LNG Joint Venture	North America Shell LNG modular construction project	RMB 4,898,000,000	RMB 349,000,000
Hong Kong LNG Terminal Limited; Castle Peak Power Company Limited; The Hongkong Electric Company, Limited	Hong Kong offshore LNG terminal engineering project	HK\$ 4,691,000,000	HK\$ 820,000,000

The abovementioned contracts are daily production and operation business contracts with their amounts accounting for 10% or above of the net assets of the Company

XII. Poverty-relief Work of Listed Company

Applicable Not applicable

1. Targeted poverty alleviation plan

Applicable Not applicable

2. Summary of targeted poverty alleviation

Applicable Not applicable

The company has always paid high attention to poverty alleviation, public benefit and charity work, carefully fulfilled the responsibilities as a central enterprise, and made active and beneficial contributions to youth volunteer activities, etc. The amount input in the first half of 2020 reached RMB 3,659,100.

(1) Poverty alleviation and support of the needy

In accordance with related policy requirements, the Company has continuously done the poverty alleviation work for employees very well by combining the latest subsidy standard and local minimum subsistence allowance and wage standards. In the first half of 2020, the Company granted total amount of RMB 62,900 as relief subsidy and also living allowance during the epidemic to the needy workers (13 families) of the Company, and granted student subsidies totaling RMB 44,000 to school-age children from the families of 13 needy workers. The company's management layer paid visits to and consoled 5 needy CPC Party members and 5 needy worker families to solve their difficulties. In the special activity—"Enter Needy Worker Families to Bring Warmth"—of CNOOC, the Company brought warmth to 24 needy worker families with support amount of RMB 240,000, and helped a total of 375 disabled employees and their family members with amount of relief of RMB 865,000. The company once gave a pension of RMB 20,000 to one employee infected with serious disease. Besides, the Company conducted condolence work for medical workers dedicated to epidemic prevention work, and expressed condolence to family members of 5 employees working at the front line of epidemic prevention with condolence amount of RMB 70,000. In the first half of 2020, the accumulative amount input by the Company into poverty alleviation and support of the needy workers reached RMB 1,306,000. Besides poverty alleviation and support of needy employees, the Company also actively carried out poverty alleviation work by consuming the products and services in the areas docking with the group company with total amount of about RMB 2,353,100 in the first half of 2020.

(2) Youth volunteer service

In the first half of 2020, the Company's volunteer service team carried out volunteer services by virtue of activities such as "Lei Feng Day" during the epidemic, gave over 200 books to employees under quarantine who were about to go abroad, donated masks to sanitation workers, actively participated in building disinfection, hygiene and cleaning work, and contributed to epidemic prevention work, work and production resumption of the Company; organized and carried out youth volunteer service activities such as thematic knowledge propaganda, hygiene and cleaning work on World Environment Day and World Oceans Day; donated epidemic prevention supplies worthy of over RMB 6,000 such as masks and disinfectants to 2 CNOOC hope primary Schools; organized and implemented the street stall charity sale

activity themed by “With Love · With Fine Day”, and donations totally RMB 57,100 were collected and would be donated to CNOOC hope primary schools in the last half of 2020.

3. Results of targeted poverty alleviation

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Index	Quantity and implementation
I. General situation	
where: 1. Funds	365.91
2. Funds converted from materials	
3. Number of poverty-stricken people who overcame poverty with the help of the Company through filing and card opening	13
II. Subitem input	
1. Poverty overcoming by industry development	
2. Poverty overcoming by transfer employment	
3. Poverty overcoming by relocation to other places	
4. Poverty overcoming by education	
where: 4.1 Amount input to subsidize poverty-stricken students	4.40
4.2 Number of subsidized poverty-stricken students	
4.3 Amount input to improve educational resources in poverty-stricken areas	
5. Poverty overcoming by medical treatment and public health	
where: 5.1 Amount input into medical treatment and public health in poverty-stricken areas	
6. Poverty overcoming by ecological protection	
7. Compulsory guarantee	
where: 7.1 Amount input to help the “three left-behind” (left-behind children, left-behind elderly people and left-behind women)	
7.2 Number of the helped “three left-behind”	
7.3 Amount input to help poverty-stricken and disabled people	86.50
7.4 Number of the helped poverty-stricken and disabled people	375

8. Social poverty alleviation	
where: 8.1 Amount input into poverty alleviation work in eastern and western China	
8.2 Amount input into fixed-point poverty alleviation	
8.3 Charity funds for poverty alleviation	
9. Other items	
where: 9.1. Number of items	
9.2. Input amount	235.31
9.3. Number of poverty-stricken people who overcame poverty with the help of the Company through filing and card opening	
9.4. Other items	Poverty alleviation by consuming the products and services in poverty-stricken areas

4. Staged progress in the fulfillment of social responsibility for targeted poverty alleviation

Applicable Not applicable

5. Subsequent targeted poverty alleviation plan

Applicable Not applicable

XIII. Convertible Bonds

Applicable Not applicable

XIV. Environmental Information

(i) Environmental information of major pollutant discharging units and their important subsidiaries as released by environmental protection department

Applicable Not applicable

1. Pollutant discharge information

Applicable Not applicable

The wholly-owned subsidiary, Offshore Oil Engineering (Qingdao) Co., Ltd. (hereinafter abbreviated as "Qingdao subsidiary"), is confirmed as a 2020 key pollutant discharging unit by Qingdao City, Shandong Province, and the regulation categories involved include: water environment, atmospheric environment and soil environment. The main pollutants of Qingdao subsidiary are domestic wastewater of the plant area, organic waste gases generated by paint coating operation and hazardous wastes generated in the production process. Within the reporting period, Qingdao subsidiary did not experience any environmental pollution accident, or any administrative punishment from environmental protection department. (1) Pollution formation process and causes:

① Wastewater is domestic sewage of Qingdao subsidiary without production wastewater, and the main pollutants in domestic sewage are COD, NH₃-N, suspended solids, etc. Qingdao subsidiary is listed into key units discharging pollutants into water environment because it covers an area of 1,200,000 m² with many production personnel and large water consumption, which leads to large water discharge. Although pollutants like NH₃-N and COD in discharged wastewater meet effluent concentrations and conform to related stimulations, Qingdao unit is still ascertained as a key regulated unit due to large discharges of NH₃-N, COD, etc.

② The pollutants in waste gases mainly contain benzene, methylbenzene, xylene, non-methane hydrocarbon and particulate matters, the emission sources of which include welding fume, grinding dust, particulate dust generated by sand blasting, and organic waste gases generated by paint spraying and airing in the operation and operation process. Although the emission concentrations reach related standards and conform to related stimulations, Qingdao subsidiary is still ascertained as a key regulated unit because of large waste gas emissions under large usage amount of paints.

③ Soil pollutants are mainly hazardous wastes, which are generated in the marine engineering construction process at Qingdao site and may pollute the soil, mainly including waste paint bucket, waste paint slag, used mineral oil, paint-stained garbage, waste paint, waste thinner, waste antifreezing solution, etc. These wastes may be leaked during the collection and temporary storage process, thus probably polluting the soil. Therefore, Qingdao subsidiary is confirmed as a key soil pollution unit by the local environmental protection department. Nevertheless, paying high attention to waste management, Qingdao subsidiary has never undergone soil pollution accident such as waste leakage.

(2) Mode of pollutant discharge:

① After reaching Level A standard of *Wastewater Quality Standards for Discharge to Municipal Sewers* (GB/T31962-2015), all domestic sewages generated by Qingdao subsidiary will be discharged into municipal sewers and enter Nibuwan sewage treatment plant. Online sewage monitoring system is installed inside the plant of Qingdao subsidiary and realizes 24 networking with local environmental protection agency.

② An arm-mobile welding fume purification unit is used to dispose welding fume and grinding dust generated in the production process of Qingdao subsidiary. An electrostatic precipitator is set in this unit. Secondary dedusting of metallic oxide dust generated by shot blasting is realized using a cyclone whirlwind type filter drum, and the dust is discharged through an exhaust funnel 25 m in height after the related standard is reached. After the painting mist dust generated by painting treatment is adsorbed and purified through a zeolite roller-type adsorption device, the organic waste gas will be treated through Regenerative Catalytic Oxidation (RCO), and then the purified waste gas is emitted via the exhaust funnel (height: 25 m). An online VOCs monitoring system is installed in the plant area of Qingdao subsidiary and realizes 24h networking with the local environmental protection agency.

③ The treatment of wastes which may cause soil pollution is entrusted by Qingdao subsidiary fully to a third-party unit with the qualification for hazardous waste disposal according to related laws and regulations. Before the disposal, the hazardous wastes will be temporarily stored in a temporary repository, which experiences ground antiseep and anti-spill treatment in accordance with related technical requirements. Moreover, related facilities are set in the respiratory, such as spill tank and recovery tank, in order to ensure that hazardous wastes will not pollute the soil during the temporary storage period.

(3) Emission concentration and total quantity:

① Organized waste gas emissions:

Benzene: 0.04 t;

Methylbenzene: 0.02 t;

Xylene: 0.06 t;

Non-methane hydrocarbon: 0.36 t;

Total quantity of particulate matter emission: 7.6 t.

The emission concentrations are all lower than the average emission concentrations stipulated at each outlet.

② Wastewater discharge:

Water discharge: 14,200 m³;

Average discharge concentration of COD: 127 mg/L, total amount of discharge of COD: 2.282 t;

Average discharge concentration of NH₃-N: 20.8 mg/L, total amount of discharge of NH₃-N: 0.292 t;

It is especially noteworthy that all domestic sewages of Qingdao subsidiary are discharged to the sewage treatment plant through municipal pipe network. The amount of discharge of COD and NH₃-N, etc. is the amount discharged into the sewage treatment plant but not the amount directly discharged into the environment, so their discharge will not result in water environmental pollution.

(4) Verified total amount of discharge: total amount of discharge unverified (no related requirement is stipulated by the local environmental protection agency).

(5) Excessive discharge: N/A.

(6) Executed pollutant discharge standards: Related standards listed in Tab. 1 in *Emission Standard of Volatile Organic Compounds Part 5: Surface Coating Industry* (DB37/2801.5-2018) are executed for organic waste gas emission; those in Tab. 1 (Limiting Values of Air Pollutant Emission Concentrations (Phase III)) in *Shandong Regional and Integrated Emission Standard of Air Pollutants* (DB37/2376-2013) are executed for organized particulate matter emission; those in Tab. 2 in *Integrated Emission Standard of Air Pollutants* (GB16297-1996) are executed for inorganized particulate matter emission; Level A standard requirements specified in *Wastewater Quality Standards for Discharge to Municipal Sewers* (GB/T31962-2015) are executed for wastewater discharge.

2. Construction and operation of pollution prevention and control measures

Applicable Not applicable

A set of integrated sewage treatment equipment is set in the plant area of Qingdao subsidiary. This equipment has sewage treatment capacity of 200t/day, and the effluent standard satisfies the Level A standard requirements specified in *Wastewater Quality Standards for Discharge to Municipal Sewers* (GB/T31962-2015).

All painting workshops in the plant area are equipped with organic waste gas purification and dust-cleaning apparatuses. The environmental protection equipment is regularly maintained with corresponding maintenance records. All environmental protection facilities are under normal operation, and all organic waste gases are emitted by meeting related standards.

3. Environmental impact assessment (EIA) on construction project and other administrative licenses for environmental protection

Applicable Not applicable

(1) Reply of Qingdao Municipal Bureau of Ecology and Environment about environmental impact statement (EIS) on Phase I Qingdao site project of Offshore Oil Engineering (Qingdao) Co., Ltd.

(2) Reply of Qingdao Municipal Bureau of Ecology and Environment about environmental impact statement (EIS) on Phase II Qingdao site project of Offshore Oil Engineering (Qingdao) Co., Ltd.

(3) Reply of Qingdao Municipal Bureau of Ecology and Environment about environmental impact statement (EIS) on Phase III Qingdao manufacturing base construction project of COOEC.

4. Contingency plan for emergent environmental incidents

Applicable Not applicable

Qingdao subsidiary has compiled a contingency plan for emergent environmental incidents, including special contingency plan for leakage of toxic and harmful substances and special contingency plan for oil spillage at dock.

5. Environmental self-monitoring plan

Applicable Not applicable

Qingdao subsidiary will compile an environmental self-monitoring plan every year, which will be submitted to the headquarters of COOEC for approval.

6. Other environmental information supposed to be disclosed

Applicable Not applicable

(ii) Statement of environmental protection of the company beyond key pollutant discharging unit

Applicable Not applicable

The company possesses 21 engineering construction ships up to the end of the reporting period. The

company pays high attention to environmental management of ships, highlights ship regulation from source, strengthens oily water control, strictly executes international conventions on ship water discharge, and continuously improves environmental management level of ships, so as to realize harmonious development between legal operation and environmental protection. No environmental pollution accident induced by the Company's ships takes place in the reporting period.

1. Oily water control for ships

Zero discharge of oily water is realized for the Company's ships in accordance with *Regulations on Ship Pollution Discharge Equipment in Coastal Waters* (JHF [2007]165). All pollutants are handed over to an institution which has pollutant treatment qualification and signs recycling agreement with the Company for recycling. Field emergency disposal plans are formulated at each working site for potential emergencies such as oil spill, etc. Special emergency drill is regularly organized and carried out according to related laws and regulations in order to improve the emergency response and disposal abilities. Thorough inspection is conducted in accordance with *Inspection Plan for Compliant and Up-to-standard Discharge of Oily Sewage in Offshore Oil Engineering Marine Engine Room*, and the problems found are immediately rectified. *Discharge Standard for Water Pollutants from Ships* (GB 3552-2018) has been strictly executed, and the domestic sewage transformation work has been completed for 4 ships (Binhai 108, Offshore Oil 225, Offshore Oil 226 and Blue Whale).

2. Pollution prevention measures in atmospheric pollutant emission control areas

For the company's ships, the followings are strictly executed: *Maritime Agreement Regarding Oil Pollution* (MARPOL Convention), and *Implementation Plan for Ship Discharge Control Areas in Pearl River Delta, Yangtze River Delta and Circum-Bohai-Sea (Beijing-Tianjin-Hebei) Waters* (JHF [2015]177) and *Implementation Plan for Atmospheric Pollutant Discharge Control Areas* (JHF[2018]168) printed and distributed by Ministry of Transport. The sulfur content in fuel oil for light oil ships of the Company is lower than 0.1% m/m (lower than the requirement specified in convention and by the Chinese government). All heavy oil ships are equipped with high and low-sulfur oil conversion device, and the high and low-sulfur oil conversion procedures are strictly executed.

3. Disposal of ship garbage and oily sewage

The disposal of ship garbage and oily sewage is definitely stipulated in the Company's ship safety management system; all garbage and oily sewage are now received by qualified professional companies, which provide reception certificates conforming to the requirements of related maritime administration. The garbage and oily sewage are received by tank trucks at dock or on land, and those at sea and those that cannot be received will be received and transported by other ships alternately.

4. Emergency management

The company's ships are provided with *Garbage Management Plan* (GMP) and *Shipboard Oil Pollution Emergency Plan* (SOPEP) approved by Maritime Safety Administration of the People's Republic of China, both of which are strictly executed in ship operations. Ship drill is regularly carried out to continuously improve the Company's emergency response ability and employees' site disposal abilities, and mitigate the environmental impacts. The company actively introduces advanced ideas and concepts of environmental protection, and continuously improves its environmental management level through effective management tools such as optimization of equipment structure and scientific and technological innovation. On this basis, harmonious development between legal and compliant operation and environmental protection is realized for the Company's ships.

(iii) Cause descriptions for undisclosed environmental information of the company beyond key pollutant discharging unit

Applicable Not applicable

(iv) Descriptions of subsequent progress or change of environmental information contents disclosed in the reporting period

Applicable Not applicable

XV. Descriptions of Other Major Events

(i) Changes of accounting policies, accounting estimation and accounting methods as well as the causes and influences in comparison with the previous accounting period

Applicable Not applicable

Major changes of accounting policies

1. *Accounting Standards for Business Enterprises No. 14-Revenue* (revised in 2017) (hereinafter abbreviated as “New Revenue Accounting Standards”) is executed

The Ministry of Finance revised *Accounting Standards for Business Enterprises No. 14-Revenue* in 2017. According to the revised provisions, the retained earnings at the beginning of the year as well as the amounts of other related items in the financial statement should be adjusted based on the influenced accumulative amount when the standard is executed for the first time, while the information in the comparative accounting period will not be adjusted.

The company has started executing the “New Revenue Accounting Standards” since January 1, 2020. According to the Standards, the retained earnings at the beginning of 2020 and the amounts of other items in the financial statement will be adjusted only for the influenced accumulative contract amount which is uncompleted on the first execution day, while the comparative financial statement will not be adjusted. The main influences caused by the execution of the Standards are as follows:

Unit: Ten Thousand Yuan Currency: RMB

Changes of accounting policies and causes	Review and approval procedures	Influenced report items	January 1, 2020	
			Consolidated	Parent company
(1) The revenues of some construction projects, which were originally confirmed according to the percentage of completion method, are now confirmed according to control transfer time points, because the conditions for revenue confirmation within a time period are not met.	The 22 nd Meeting of the 6 th Board of Directors	Inventory		
		Accounts receivable		
		Deferred income tax assets		
		Undistributed profits		
(2) The commissions, which are originally confirmed as sales expenses, is capitalized as the contract cost.	The 22 nd Meeting of the 6 th Board of Directors	Other current assets		
		Deferred income tax assets		
		Undistributed profits		
(3) Unsettled accounts receivable which are related to construction contracts (construction completed) and do not satisfy unconditional collection right are reclassified into contract assets. The advances received (settled) which are related to construction contracts (construction uncompleted) are reclassified into contract liabilities.	The 22 nd Meeting of the 6 th Board of Directors	Accounts receivable		
		Inventory	-440,090.98	-343,654.42
		Contract assets	456,583.50	355,096.21
		Advances received	-89,627.16	-67,110.96
		Contract liabilities	89,627.16	67,110.96
Estimated liabilities	16,898.24	11,761.82		

In comparison with the original revenue accounting standard, the influences caused by execution of the “New Revenue Accounting Standards” on the related items in the 2020 January-June financial statement are as follows:

Unit: Ten Thousand Yuan Currency: RMB

Influenced items in balance sheet	June 30, 2020	
	Consolidated	Parent company
Inventory	-404,598.18	-371,205.54
Contract assets	404,598.18	371,205.54
Contract liabilities	-154,844.73	-135,758.33
Advanced received	154,844.73	135,758.33

That the Company executes the Standard has exerted no major influence on the items in the 2020 January-June profit statement.

(ii) Descriptions of major accounting error corrections needing tracing and restatement in the reporting period, as well as corrected amounts, causes and influences

Applicable Not applicable

(iii) Others

Applicable Not applicable

Chapter VI Changes in Common Stocks and Information of Shareholders

I. Changes in capital stock

(i) List of share changes

1. List of share changes

Total quantity of shares and capital stock structure of the company remained unchanged during the reporting period.

2. Description of changes in shares

Applicable" Not applicable"

3. Impact of share changes on earnings per share, net assets per share and other financial indicators (if any) from the reporting period to the disclosure date of semi-annual report

Applicable" Not applicable"

4. Other information viewed as necessary by the company or required by securities regulators to disclose

Applicable" Not applicable"

(ii) Changes in restricted shares

Applicable" Not applicable"

II. Information of shareholders

(i) Total quantity of shareholders:

Total quantity of common shareholders (accounts) as of the end of the reporting period	107,730
Total quantity of preferred shareholders (accounts) with voting rights restored as of the end of the reporting period	0

(ii) Shareholding information of top ten shareholders and top ten tradable shareholders (or shareholders without trading limited conditions) as of the end of the reporting period

Unit: share

Shareholding information of top ten shareholders							
Shareholder name (Full name)	Increase or decrease during the reporting period	Quantity of shareholding at the end of the period	Proportion (%)	Quantity of shares held with trading limited conditions	Pledge or freezing		Nature of shareholders
					Share status	Quantity	
China National Offshore Oil Corporation (CNOOC)	0	2,138,328,954	48.36	0	None	0	State
CNOOC Western South China Sea Co., Ltd.	0	294,215,908	6.65	0	None	0	State-owned legal person
Hong Kong Securities	-24,222,657	175,167,825	3.96	0	None	0	Foreign

Clearing Company Limited							n legal person
China Securities Finance Corporation Limited	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
Bosera Funds - Agricultural Bank of China - Bosera & China Securities Finance Corporation Limited (CSF) Asset Management Plan	0	36,704,400	0.83	0	None	0	unknown
E Fund - Agricultural Bank of China - E Fund & CSF Asset Management Plan	0	36,704,400	0.83	0	None	0	unknown
Dacheng Funds - Agricultural Bank of China - Dacheng & CSF Asset Management Plan	0	36,704,400	0.83	0	None	0	unknown
Harvest Fund - Agricultural Bank of China - Harvest & CSF Asset Management Plan	0	36,704,400	0.83	0	None	0	unknown
GF Fund - Agricultural Bank of China - GF & CSF Asset Management Plan	0	36,704,400	0.83	0	None	0	unknown
Lombarda China Fund - Agricultural Bank of China - Lombarda China Fund & CSF Asset Management Plan	0	36,704,400	0.83	0	None	0	unknown
China AMC - Agricultural Bank of China - China AMC & CSF Asset Management Plan	0	36,704,400	0.83	0	None	0	unknown
Yinhua Fund - Agricultural Bank - Yinhua & CSF Asset Management Plan	0	36,704,400	0.83	0	None	0	unknown
Southern Asset Management - Agricultural Bank of China - Southern Asset Management & CSF Asset Management Plan	0	36,704,400	0.83	0	None	0	unknown
ICBC Credit Suisse Fund - Agricultural Bank of China -	0	36,704,400	0.83	0	None	0	unknown

ICBC Credit Suisse & CSF Asset Management Plan							
Shareholding information of top ten shareholders without trading limited conditions							
Shareholder name	Quantity of tradable shares held without trading limited conditions	Class and quantity of shares					
		Class	Quantity				
China National Offshore Oil Corporation (CNOOC)	2,138,328,954	RMB denominated common stocks	2,138,328,954				
CNOOC Western South China Sea Co., Ltd.	294,215,908	RMB denominated common stocks	294,215,908				
Hong Kong Securities Clearing Company Limited	175,167,825	RMB denominated common stocks	175,167,825				
China Securities Finance Corporation Limited	124,653,942	RMB denominated common stocks	124,653,942				
Central Huijin Asset Management Co., Ltd.	89,714,500	RMB denominated common stocks	89,714,500				
Bosera Funds - Agricultural Bank of China - Bosera & China Securities Finance Corporation Limited (CSF) Asset Management Plan	36,704,400	RMB denominated common stocks	36,704,400				
E Fund - Agricultural Bank of China - E Fund & CSF Asset Management Plan	36,704,400	RMB denominated common stocks	36,704,400				
Dacheng Funds - Agricultural Bank of China - Dacheng & CSF Asset Management Plan	36,704,400	RMB denominated common stocks	36,704,400				
Harvest Fund - Agricultural Bank of China - Harvest & CSF Asset Management Plan	36,704,400	RMB denominated common stocks	36,704,400				
GF Fund - Agricultural Bank of China - GF & CSF Asset Management Plan	36,704,400	RMB denominated common stocks	36,704,400				
Lombarda China Fund - Agricultural Bank of China - Lombarda China Fund & CSF Asset Management Plan	36,704,400	RMB denominated common stocks	36,704,400				
China AMC - Agricultural Bank of China - China AMC &	36,704,400	RMB denominated	36,704,400				

CSF Asset Management Plan		common stocks	
Yinhua Fund - Agricultural Bank - Yinhua & CSF Asset Management Plan	36,704,400	RMB denominated common stocks	36,704,400
Southern Asset Management - Agricultural Bank of China - Southern Asset Management & CSF Asset Management Plan	36,704,400	RMB denominated common stocks	36,704,400
ICBC Credit Suisse Fund - Agricultural Bank of China - ICBC Credit Suisse & CSF Asset Management Plan	36,704,400	RMB denominated common stocks	36,704,400
Description of the above shareholders' association relationship or acting in concert	Among the top 10 shareholders, Western South China Sea Co., Ltd. of CNOOC is a wholly-owned subsidiary of China National Offshore Oil Corporation, so there is an association relationship between them. Whether there is an association relationship or persons acting in concert among other shareholders.		
Description of preferred shareholders with voting rights restored and quantity of shares held	Not applicable.		

Quantity of shares held by top ten shareholders with trading limited condition and the trading limited conditions

Applicable" Not applicable"

(iii) Strategic investors or general legal persons become the top ten shareholders due to the rights issue

Applicable" Not applicable"

III. Changes in the controlling shareholder or actual controller

Applicable" Not applicable"

Chapter VII Related Information of Preferred Stocks

" Applicable" " Not applicable"

Chapter VIII Information of Directors, Supervisors and Senior Managers

I. Changes in shareholding

(i) Changes in shareholding of current and resigned directors, supervisors and senior managers during the reporting period

Applicable" Not applicable"

Description of other conditions

Applicable" Not applicable"

(ii) Share incentives to directors, supervisors and senior managers during the reporting period

Applicable" Not applicable"

II. Changes in company directors, supervisors and senior managers

Applicable" Not applicable"

Name	Position	Changes
Kong Linghai	Vice President	Appointed
Xie Ribin	Vice President	Appointed
Lin Yaosheng	Former Executive Vice President	Resigned
Li Xiaowei	Former Vice President	Resigned
Chen Baojie	Former Vice President	Resigned

Changes in company directors, supervisors and senior managers

Applicable" Not applicable"

As needed by the company development, Mr. Kong Linghai was appointed by the board of directors as Vice President of the company on July 22, 2020.

As needed by the company development, Mr. Xie Ribin was appointed by the board of directors as Vice President of the company on August 14, 2020.

Due to the job transfer, Mr. Lin Yaosheng handed in his resignation to the board of directors on July 22, 2020 and resigned as Executive Vice President of the company.

Due to the job transfer, Mr. Li Xiaowei resigned as Vice President of the company and all other positions on July 22, 2020.

Due to the job transfer, Mr. Chen Baojie resigned as Vice President of the company and all other positions on March 20, 2020.

III. Other descriptions

Applicable" Not applicable"

Chapter IX Relevant Information of Corporation Bonds

" Applicable" " Not applicable"

Chapter X Financial Report

I. Audit report

"□ Applicable" "√ Not applicable"

II. Financial statements

Consolidated Balance Sheet

June 30, 2020

Prepared by: Offshore Oil Engineering Co., Ltd.

Unit: Ten Thousand Yuan Currency: RMB

Items	Note	June 30, 2020	Tuesday, December 31, 2019
Current assets:			
Monetary funds	VII.1	192,530.17	173,220.47
Settlement provisions			
Lendings to banks and other financial institutions			
Trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	VII.5	573,825.39	483,752.79
Accounts receivable financing			
Prepayments	VII.7	42,376.55	33,840.21
Premium receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other accounts receivables	VII.8	1,645.50	2,305.50
Including: interest receivable			281.58
Dividends receivable			
Redemptory monetary capital for sale			
Inventory	VII.9	97,406.44	512,937.83
Contract assets	VII.10	404,598.18	

Assets held for sale			
Non-current assets due within one year			
Other current assets	VII.12	427,115.01	444,370.19
Total current assets		1,739,497.24	1,650,426.99
Non-current assets:			
Loans issued and money advanced			
Other debt investments			
Long-term accounts receivables			
Long-term equity investment	VII.16	196,605.85	200,625.26
Investment in other equity instruments	VII.17	17,658.06	18,102.31
Other non-current financial assets			
Investment real estate			
Fixed assets	VII.20	1,050,071.10	1,076,157.12
Construction in progress	VII.21	76,680.28	67,087.40
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	VII.25	111,669.43	113,462.95
Development expenditure			
Goodwill	VII.27	1,307.51	1,307.51
Long-term deferred expenses	VII.28	9,530.67	7,766.54
Deferred income tax assets	VII.29	51,376.73	50,718.21
Other non-current assets			
Total non-current assets		1,514,899.63	1,535,227.30
Total assets		3,254,396.87	3,185,654.29
Current liabilities:			
Short-term borrowing	VII.31	23,000.00	

Borrowings from central bank			
Borrowings from banks and other financial institutions			
Trading financial liabilities			
Derivative financial liabilities			
Notes payable	VII.34	9,138.79	
Accounts payable	VII.35	713,867.71	686,293.85
Advances received	VII.36	895.89	89,684.10
Contract liabilities	VII.37	154,844.73	
Financial assets sold for repurchase			
Deposits from customers and interbank			
Acting trading securities			
Acting underwriting securities			
Employee payroll payable	VII.38	7,503.76	13,742.46
Taxes payable	VII.39	38,147.44	43,912.28
Other accounts payables	VII.40	16,517.32	15,381.62
Including: interest payable		21.18	2.95
Dividend payable			
Fees and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		963,915.64	849,014.31
Non-current liabilities:			
Insurance contract reserve			
Long-term loans	VII.44	22,000.00	22,000.00
Bonds payable			

Including: preferred stocks			
Perpetual bond			
Lease liabilities			
Long-term payables	VII.47	2,670.45	2,690.85
Long-term payroll payable			
Estimated liabilities	VII.49	30,190.27	26,533.94
Deferred income	VII.50	15,049.57	15,859.45
Deferred income tax liabilities		2,329.53	2,272.16
Other non-current liabilities	VII.52		
Total non-current liabilities		72,239.82	69,356.40
Total liabilities		1,036,155.46	918,370.71
Owners' equity (or shareholders' equity):			
Paid-in capital (or capital stock)	VII.52	442,135.48	442,135.48
Other equity instruments			
Including: preferred stocks			
Perpetual bond			
Capital reserve	VII.54	424,794.02	424,794.02
Less: treasure stock			
Other comprehensive income	VII.56	5,336.99	6,888.17
Special reserves	VII.57	45,861.86	42,176.91
Surplus reserves	VII.58	165,664.67	165,664.67
General risk provisions			
Undistributed profits	VII.59	1,133,171.84	1,184,404.79
Total owner's equity (or shareholders' equity) attributable to the parent company		2,216,964.86	2,266,064.04
Minority equity		1,276.55	1,219.54
Total owner's equity (or shareholders' equity)		2,218,241.41	2,267,283.58
Total liabilities and owners'		3,254,396.87	3,185,654.29

equity (or shareholders' equity)			
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Legal representative: Yu Yi
representative of the accounting firm: Yao Baoqin

Person in charge of accounting: Li Peng

Legal

Parent Company Balance Sheet

June 30, 2020

Prepared by: Offshore Oil Engineering Co., Ltd.

Unit: Ten Thousand Yuan Currency: RMB

Items	Note	June 30, 2020	December 31, 2019
Current assets:			
Monetary funds		77,430.38	102,791.99
Trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	XVII.1	587,478.74	498,627.86
Accounts receivable financing			
Prepayments		34,633.22	22,362.12
Other accounts receivable	XVII.2	98,175.40	78,188.94
Including: interest receivable			52.43
Dividends receivable		19,800.00	19,800.00
Inventory		40,421.60	375,593.90
Contract assets		371,205.54	
Assets held for sale			
Non-current assets due within one year			
Other current assets		390,822.20	369,119.68
Total current assets		1,600,167.08	1,446,684.49
Non-current assets:			
Debt investments			
Other debt investments			
Long-term accounts receivables			
Long-term equity investment	XVII.3	920,597.42	920,597.42

Investment in other equity instruments		17,658.06	18,102.31
Other non-current financial assets			
Investment real estate			
Fixed assets		494,420.32	513,896.98
Construction in progress		36,988.03	25,254.63
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets		38,851.97	39,476.02
Development expenditure			
Goodwill			
Long-term deferred expenses		6,573.46	6,766.65
Deferred income tax assets		26,887.16	28,947.79
Other non-current assets			
Total non-current assets		1,541,976.42	1,553,041.80
Total assets		3,142,143.50	2,999,726.29
Current liabilities:			
Short-term borrowing		69,000.00	
Trading financial liabilities			
Derivative financial liabilities			
Notes payable		9,138.79	
Accounts payable		948,455.16	919,819.75
Advances received		818.71	67,146.27
Contract liabilities		135,758.33	
Employee payroll payable		4,068.90	9,683.58
Taxes payable		3,611.75	5,476.91
Other accounts payables		45,411.83	42,344.48
Including: interest payable			

Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		1,216,263.47	1,044,470.99
Non-current liabilities:			
Long-term loans		22,000.00	22,000.00
Bonds payable			
Including: preferred stocks			
Perpetual bond			
Lease liabilities			
Long-term payables		2,670.44	2,690.84
Long-term payroll payable			
Estimated liabilities		13,329.27	15,959.30
Deferred income		7,833.50	8,499.81
Deferred income tax liabilities		1,038.38	1,105.01
Other non-current liabilities			
Total non-current liabilities		46,871.59	50,254.96
Total liabilities		1,263,135.06	1,094,725.95
Owners' equity (or shareholders' equity):			
Paid-in capital (or capital stock)		442,135.48	442,135.48
Other equity instruments			
Including: preferred stocks			
Perpetual bond			
Capital reserve		424,538.80	424,538.80
Less: treasure stock			
Other comprehensive income		1,399.53	3,024.98
Special reserves		45,698.06	41,231.27

Surplus reserves		164,700.41	164,700.41
Undistributed profits		800,536.16	829,369.40
Total owner's equity (or shareholders' equity)		1,879,008.44	1,905,000.34
Total liabilities and owners' equity (or shareholders' equity)		3,142,143.50	2,999,726.29

Legal representative: Yu Yi
representative of the accounting firm: Yao Baoqin

Person in charge of accounting: Li Peng

Legal

Consolidated Income Statement

January-June 2020

Unit: Ten Thousand Yuan Currency: RMB

Items	Note	Half year of 2020	Half year of 2019
I. Total operating income		648,697.62	455,941.62
Including: operating income	VII.60	648,697.62	455,941.62
Interest income			
Premiums earned			
Fee and commission income			
II. Total operating cost		674,286.02	492,483.29
Including: operating cost	VII.60	626,817.55	467,494.92
Interest expense			
Fees and commission expenses			
Surrender charge			
Net claims paid			
Net appropriation of deposit for duty			
Bond insurance expenses			
Reinsurance expenses			
Taxes and surcharges	VII.61	2,866.00	3,670.98
Sales expenses	VII.62	1,205.01	1,054.65
Administrative expenses	VII.63	9,644.22	9,431.21
R&D expenses	VII.64	34,814.22	11,531.76
Financial expenses	VII.65	-1,060.98	-700.23
Including: interest expenses	VII.65	67.28	45.84
Interest income	VII.65	553.88	996.84
Plus: other income	VII.67	3,800.43	1,569.81
Investment income (loss to be listed with "-")	VII.67	-910.47	912.06
Including: investment income from associated enterprises and joint ventures	VII.67	-4,019.40	-6,474.70

Gains from derecognition of financial assets measured at amortized cost (loss to be listed with "-")			
Exchange gains (loss to be listed with "-")			
Net exposure hedging income (loss to be listed with "-")			
Gains from fair value changes (loss to be listed with "-")			
Credit impairment loss (loss to be listed with "-")	VII.70	-1,379.38	-1,331.17
Assets impairment loss (losses to be listed with "-")	VII.71	-150.76	-39,593.03
Asset disposal income (loss to be listed with "-")	VII.72	8.62	15.20
III. Operating profit (loss to be listed with "-")		-24,219.96	-74,968.80
Plus: non-operating income	VII.73	464.36	538.50
Less: non-operating expenses	VII.74	8.42	6.32
IV. Total profit (total loss to be listed with "-")		-23,764.02	-74,436.62
Less: income tax expense	VII.75	538.99	-2,834.78
V. Net profit (net loss to be listed with "-")		-24,303.01	-71,601.84
(i) Classification by business continuity			
1. Net profit from continuous operations (net loss to be listed with "-")		-24,303.01	-71,601.84
2. Net profit from discontinued operations (net loss to be listed with "-")			
(ii) Classification by ownership			
1. Net profit attributable to shareholders of the parent company (net loss to be listed with "-")		-24,353.79	-71,409.62
2. Profits and losses of minority shareholders (net losses to be listed with "-")		50.78	-192.22
VI. Other comprehensive income (net of tax)		-1,544.95	1,882.59

(i) Other comprehensive income attributable to owners of the parent company (net of tax)		-1,551.18	1,885.77
1. Other comprehensive income that cannot be reclassified into profits and losses		-377.61	1,661.50
(1) Changes arising from re-measurement of incomes in the defined benefit plans			
(2) Other comprehensive incomes that cannot be transferred into profits and losses by equity method			
(3) Changes in fair value of other equity instrument investments		-377.61	1,661.50
(4) Changes in fair value of the company's credit risk			
2. Other comprehensive incomes to be reclassified into profits and losses subsequently		-1,173.57	224.27
(1) Other comprehensive incomes that can be transferred into profits and losses by equity method			
(2) Changes in fair value of other debt investments			
(3) Amount of financial assets reclassified into other comprehensive income			
(4) Provision for credit impairment of other debt investments			
(5) Cash flows hedge reserve			
(6) Converted difference in foreign currency statements		-1,173.57	224.27
(7) Others			
(ii) Other comprehensive income attributable to owners of minority shareholders (net of tax)		6.23	-3.18
VII. Total comprehensive incomes		-25,847.96	-69,719.25
(i) Total comprehensive income attributable to owners of the parent company		-25,904.97	-69,523.85
(ii) Total comprehensive income		57.01	-195.40

attributable to minority shareholders			
VIII. Earnings per share:			
(i) Basic earnings per share (yuan/share)		-0.06	-0.16
(ii) Diluted earnings per share (yuan/share)		-0.06	-0.16

There was no business combination under the same control during the current period.

Legal representative: Yu Yi Person in charge of accounting: Li Peng Legal representative of the accounting firm: Yao Baoqin

Parent Company Income Statement

January-June 2020

Unit: Ten Thousand Yuan Currency: RMB

Items	Note	Half year of 2020	Half year of 2019
I. Operating income	XVII.4	562,933.87	352,254.24
Less: operating cost	XVII.4	540,637.48	361,660.37
Taxes and surcharges		1,690.39	2,025.48
Sales expenses		44.41	53.01
Administrative expenses		6,024.93	5,475.94
R&D expenses		19,753.12	6,269.49
Financial expenses		-1,135.77	-560.07
Including: interest expenses		482.56	45.84
Interest income		683.40	813.71
Plus: other income		1,768.79	1,199.99
Investment income (loss to be listed with "-")		2,308.92	6,268.86
Including: investment income from associated enterprises and joint ventures			
Gains from derecognition of financial assets measured at amortized cost (loss to be listed with "-")			
Net exposure hedging income (loss to be listed with "-")			
Gains from fair value changes (loss to be listed with "-")			

Credit impairment loss (loss to be listed with "-")		13.24	193.56
Assets impairment loss (loss to be listed with "-")		-101.26	-39,429.27
Assets disposal income (loss to be listed with "-")		8.62	
II. Operating profit (loss to be listed with "-")		-82.38	-54,436.84
Plus: non-operating income		167.56	330.30
Less: non-operating expenses		2.74	6.24
III. Total profit (total loss to be listed with "-")		82.44	-54,112.78
Less: income tax expense		2,114.57	-1,521.43
IV. Net profit (net loss to be listed with "-")		-2,032.13	-52,591.35
(i) Net profit from continuing operations (net loss to be listed with "-")		-2,032.13	-52,591.35
(ii) Net profit from discontinued operations (net loss to be listed with "-")			
V. Other comprehensive income (net of tax)		-1,625.44	1,669.90
(i) Other comprehensive incomes that cannot be reclassified into profit and loss subsequently		-377.61	1,661.50
1. Changes arising from re-measurement of incomes in the defined benefit plans			
2. Other comprehensive incomes that cannot be transferred into profits and losses by equity method			
3. Changes in fair value of other equity instrument investments		-377.61	1,661.50
4. Changes in fair value of the company's credit risk			
(ii) Other comprehensive incomes to be reclassified into profits and losses subsequently		-1,247.83	8.40
1. Other comprehensive incomes that can be transferred into profits and losses under by equity method			

2. Changes in fair value of other debt investments			
3. Amount of financial assets reclassified into other comprehensive incomes			
4. Provision for credit impairment of other debt investments			
5. Cash flows hedge reserve			
6. Converted difference in foreign currency financial statements		-1,247.83	8.40
7. Others			
VI. Total comprehensive incomes		-3,657.58	-50,921.45
VII. Earnings per share:			
(i) Basic earnings per share (yuan/share)			
(ii) Diluted earnings per share (yuan/share)			

Legal representative: Yu Yi

Person in charge of accounting: Li Peng

Legal

representative of the accounting firm: Yao Baoqin

Consolidated Cash Flows Statement

January-June 2020

Unit: Ten Thousand Yuan Currency: RMB

Items	Note	Half year of 2020	Half year of 2019
I. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		744,856.73	529,397.51
Net increase in deposits from customers and due from banks and other financial institutions			
Net increase in borrowings from central bank			
Net increase in borrowings from other financial institutions			
Cash received from premium of original insurance contract			
Net cash received from reinsurance business			
Net increase in deposits from policyholders			
Cash received from interests, fees and commissions			
Net increase in borrowings from banks and other financial institutions			
Net increase in repurchase business capital			
Net cash received from securities trading brokerage business			
Refund of taxes and surcharges		2,395.42	13,070.87
Cash received relating to other operating activities	VII.77	6,849.15	10,969.97
Sub-total of cash inflows from operating activities		754,101.30	553,438.35
Cash paid for goods and services		568,279.41	405,223.79
Net increase in loans and advances to customers			

Net increase in deposits with central bank and other financial institutions			
Cash paid for indemnity of original insurance contract			
Net increase in lendings to banks and other financial institutions			
Cash paid for interest, fees and commissions			
Cash paid for policy dividends			
Cash paid to and for employees		117,182.97	108,453.23
Various taxes and charges paid		16,948.86	28,081.60
Cash paid relating to other operating activities	VII.77	10,082.20	7,709.11
Sub-total of cash outflows from operating activities		712,493.44	549,467.73
Net cash flows from operating activities		41,607.86	3,970.62
II. Cash flows from investing activities:			
Cash received from disposal of investments		353,000.00	691,000.00
Cash received from returns on investments		3,623.80	7,887.09
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		10.32	
Net cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities			
Sub-total of cash inflows from investing activities		356,634.12	698,887.09
Cash paid to acquire fixed assets, intangible assets and other long-term assets		22,546.11	7,607.04
Cash paid to acquire investment		354,000.00	690,080.00
Net increase in pledged loans			

Net cash paid to acquire subsidiaries and other business units			
Cash paid relating to other investing activities			
Sub-total of cash outflows from investing activities		376,546.11	697,687.04
Net cash flows from investing activities		-19,911.99	1,200.05
III. Cash flows from financing activities:			
Cash received from investors			
Including: cash received by subsidiaries from investments by minority shareholders			
Cash received from borrowings		23,000.00	
Cash received relating to other financing activities			
Sub-total of cash inflows from financing activities		23,000.00	
Cash repayments of borrowings			
Cash payments for interest expenses and distribution of dividends or profits		26,577.18	22,155.56
Including: dividends and profit paid to minority shareholders by subsidiaries			
Cash paid for other financing activities			
Sub-total of cash outflows from financing activities		26,577.18	22,155.56
Net cash flows from financing activities		-3,577.18	-22,155.56
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		1,191.03	-528.33
V. Net increase in cash and cash equivalents	VII.78	19,309.72	-17,513.22
Plus: opening balance of cash and cash equivalents		173,207.27	194,376.37

VI. Ending balance of cash and cash equivalents	VII.78	192,516.99	176,863.15
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Legal representative: Yu Yi
representative of the accounting firm: Yao Baoqin

Person in charge of accounting: Li Peng

Legal

Cash Flows Statement of Parent Company

January-June 2020

Unit: Ten Thousand Yuan Currency: RMB

Items	Note	Half year of 2020	Half year of 2019
I. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		592,899.01	410,136.04
Refund of taxes and surcharges		394.87	244.94
Cash received relating to other operating activities		10,498.04	17,017.64
Sub-total of cash inflows from operating activities		603,791.92	427,398.62
Cash paid for goods and services		503,302.58	320,540.33
Cash paid to and for employees		86,268.08	79,486.62
Various taxes and charges paid		6,545.69	13,892.84
Cash paid relating to other operating activities		13,422.82	4,217.92
Sub-total of cash outflows from operating activities		609,539.17	418,137.71
Net cash flows from operating activities		-5,747.25	9,260.91
II. Cash flows from investing activities:			
Cash received from disposal of investments		260,000.00	553,345.05
Cash received from returns on investments		2,795.02	6,597.11
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		0.32	
Net cash received from disposal of subsidiaries and other business units			

Cash received relating to other investing activities			
Sub-total of cash inflows from investing activities		262,795.34	559,942.16
Cash paid to acquire fixed assets, intangible assets and other long-term assets		14,419.65	5,028.02
Cash paid to acquire investment		311,013.20	570,000.00
Net cash paid to acquire subsidiaries and other business units			
Cash paid relating to other investing activities			
Sub-total of cash outflows from investing activities		325,432.85	575,028.02
Net cash flows from investing activities		-62,637.51	-15,085.86
III. Cash flows from financing activities:			
Cash received from investors			
Cash received from borrowings		84,000.00	
Cash received relating to other financing activities			
Sub-total of cash inflows from financing activities		84,000.00	
Cash repayments of borrowings		15,000.00	
Cash payments for interest expenses and distribution of dividends or profits		26,618.72	22,155.56
Cash paid for other financing activities			
Sub-total of cash outflows from financing activities		41,618.72	22,155.56
Net cash flows from financing activities		42,381.28	-22,155.56
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		641.87	-297.14
V. Net increase in cash and		-25,361.61	-28,277.65

cash equivalents			
Plus: opening balance of cash and cash equivalents		102,791.99	121,732.29
VI. Ending balance of cash and cash equivalents		77,430.38	93,454.64

Legal representative: Yu Yi Person in charge of accounting: Li Peng Legal representative of the accounting firm: Yao Baoqin Legal

Consolidated Statement of Changes in Owners' Equity

January-June 2020

Unit: Ten Thousand Yuan Currency: RMB

Items	Half year of 2020														
	Equity attributable to owners of the parent company												Minority equity	Total owners' equity	
	Paid-in capital (or capital stock)	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk provisions	Undistributed profits	Others			Sub-total
Preferred stocks		Perpetual bond	Others												
I. Ending balance of the previous year	442,135.48				424,794.02		6,888.17	42,176.91	165,664.67		1,184,404.79		2,266,064.04	1,219.54	2,267,283.58
Plus: changes in accounting policies											-351.02		-351.02		-351.02
Correction of accounting errors in prior periods															
Business combination under the same control															
Others															
II. Opening balance of the	442,135.48				424,794.02		6,888.17	42,176.91	165,664.67		1,184,053.77		2,265,713.02	1,219.54	2,266,932.56

current year																	
III. Increases/decreases in the current period (decrease to be listed with "-")							-1,551.18	3,684.95					-50,881.93		-48,748.16	57.01	-48,691.15
(i) Total comprehensive income							-1,551.18						-24,353.79		-25,904.97	57.01	-25,847.96
(ii) Capital contributed or reduced by owners																	
1. Common stock contributed by owners																	
2. Capital contributed by holders of other equity instruments																	
3. Amounts of share-based payments recognized in owners' equity																	
4. Others																	
(iii) Profit													-26,528.1		-26,528.1		-26,528.1

distribution											4		4		4
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk reserves															
3. Profits distributed to owners (or shareholders)											-26,528.14		-26,528.14		-26,528.14
4. Others															
(iv) Internal carry-forward of owners' equity															
1. Conversion of capital reserves into paid-in capital (or capital stock)															
2. Conversion of surplus reserves into paid-in capital (or capital stock)															
3. Surplus reserves offsetting															

losses															
4. Carried forward earnings retained from changes in defined benefit plan															
5. Carried forward earnings retained from other comprehensive incomes															
6. Others															
(v) Special reserves								3,684.95					3,684.95		3,684.95
1. Current withdrawal								10,918.76					10,918.76		10,918.76
2. Current use								7,233.81					7,233.81		7,233.81
(vi) Others															
IV. Ending balance of the current period	442,135.48				424,794.02		5,336.99	45,861.86	165,664.67		1,133,171.84		2,216,964.86	1,276.55	2,218,241.41

Items	Half year of 2019
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	Equity attributable to owners of the parent company												Minority equity	Total owners' equity	
	Paid-in capital (or capital stock)	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk provisions	Undistributed profits	Others			Sub-total
		Preferred stocks	Perpetual bond	Others											
I. Ending balance of the previous year	442,135.48				424,794.02		4,754.02	48,227.09	160,782.76		1,208,600.80		2,289,294.17	1,149.81	2,290,443.98
Plus: changes in accounting policies															
Correction of accounting errors in prior periods															
Business combination under the same control															
Others															
II. Opening balance of the current year	442,135.48				424,794.02		4,754.02	48,227.09	160,782.76		1,208,600.80		2,289,294.17	1,149.81	2,290,443.98
III. Increases/decreases in the current period (decrease to be							1,885.77	1,856.48			-93,516.39		-89,774.14	-195.40	-89,969.54

reserves															
3. Profits distributed to owners (or shareholders)															-22,106.77
4. Others															-22,106.77
(iv) Internal carry-forward of owners' equity															-22,106.77
1. Conversion of capital reserves into paid-in capital (or capital stock)															
2. Conversion of surplus reserves into paid-in capital (or capital stock)															
3. Surplus reserves offsetting losses															
4. Carried forward earnings retained from changes in defined benefit															

plan															
5. Carried forward earnings retained from other comprehensive incomes															
6. Others															
(v) Special reserves								1,856.48				1,856.48		1,856.48	
1. Current withdrawal								6,980.31				6,980.31		6,980.31	
2. Current use								5,123.83				5,123.83		5,123.83	
(vi) Others															
IV. Ending balance of the current period	442,135.48				424,794.02		6,639.79	50,083.57	160,782.76		1,115,084.41		2,199,520.03	954.41	2,200,474.44

Legal representative: Yu Yi

Person in charge of accounting: Li Peng

Legal representative of the accounting firm: Yao Baoqin

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

January-June 2020

Unit: Ten Thousand Yuan Currency: RMB

Items	Half year of 2020														
	Paid-in capital (or	Other equity instruments	Capital reserve	Less: treasure	Other comprehen	Special reserves	Surplus reserve	Undistribute d profits	Total owners' equity						

	capital stock)	Pref erre d stoc ks	Perp etual bond	Ot her s		stock	sive income				
I. Ending balance of the previous year	442,135.48				424,538.80		3,024.98	41,231.27	164,700.41	829,369.40	1,905,000.34
Plus: changes in accounting policies										-272.98	-272.98
Correction of accounting errors in prior periods											
Others											
II. Opening balance of the current year	442,135.48				424,538.80		3,024.98	41,231.27	164,700.41	829,096.42	1,904,727.36
III. Increases/decreases in the current period (decrease to be listed with "-")							-1,625.45	4,466.79		-28,560.26	-25,718.92
(i) Total comprehensive income							-1,625.45			-2,032.13	-3,657.58
(ii) Capital contributed or reduced by owners											
1. Common stock contributed by owners											
2. Capital contributed by holders of other equity instruments											

3. Amounts of share-based payments recognized in owners' equity											
4. Others											
(iii) Profit distribution										-26,528.13	-26,528.13
1. Withdrawal of surplus reserves											
2. Profits distributed to owners (or shareholders)										-26,528.13	-26,528.13
3. Others											
(iv) Internal carry-forward of owners' equity											
1. Conversion of capital reserves into paid-in capital (or capital stock)											
2. Conversion of surplus reserves into paid-in capital (or capital stock)											
3. Surplus reserves offsetting losses											
4. Carried forward earnings retained from changes in defined benefit plan											
5. Carried forward earnings retained from											

other comprehensive incomes											
6. Others											
(v) Special reserves							4,466.79				4,466.79
1. Current withdrawal							9,135.71				9,135.71
2. Current use							4,668.92				4,668.92
(vi) Others											
IV. Ending balance of the current period	442,135.48				424,538.80		1,399.53	45,698.06	164,700.41	800,536.16	1,879,008.44

Items	Half year of 2019										
	Paid-in capital (or capital stock)	Other equity instruments			Capital reserve	Less: treasure stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
		Preferred stocks	Perpetual bonds	Others							
I. Ending balance of the previous year	442,135.48				424,538.80		1,997.16	43,878.53	159,818.50	807,538.94	1,879,907.41
Plus: changes in accounting policies											
Correction of accounting											

errors in prior periods											
Others											
II. Opening balance of the current year	442,135.48				424,538.80		1,997.16	43,878.53	159,818.50	807,538.94	1,879,907.41
III. Increases/decreases in the current period (decrease to be listed with "-")							1,669.90	1,880.03		-74,698.12	-71,148.19
(i) Total comprehensive income							1,669.90			-52,591.35	-50,921.45
(ii) Capital contributed or reduced by owners											
1. Common stock contributed by owners											
2. Capital contributed by holders of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity											
4. Others											
(iii) Profit distribution										-22,106.77	-22,106.77
1. Withdrawal of surplus reserves											
2. Profits distributed to										-22,106.77	-22,106.77

owners (or shareholders)											
3. Others											
(iv) Internal carry-forward of owners' equity											
1. Conversion of capital reserves into paid-in capital (or capital stock)											
2. Conversion of surplus reserves into paid-in capital (or capital stock)											
3. Surplus reserves offsetting losses											
4. Carried forward earnings retained from changes in defined benefit plan											
5. Carried forward earnings retained from other comprehensive incomes											
6. Others											
(v) Special reserves								1,880.03			1,880.03
1. Current withdrawal								5,552.83			5,552.83
2. Current use								3,672.80			3,672.80

(vi) Others											
IV. Ending balance of the current period	442,135.48				424,538.80		3,667.06	45,758.56	159,818.50	732,840.82	1,808,759.22

Legal representative: Yu Yi

Person in charge of accounting: Li Peng

Legal representative of the accounting firm: Yao Baoqin

III. Basic information of the company

1. Company overview

"√ Applicable" "□ Not applicable"

(1) Establishment

Offshore Oil Engineering Co., Ltd. (hereinafter referred to as "the Company" or "this Company") was established on April 20, 2000 with co-sponsors of CNOOC Engineering Design Company, CNOOC Platform Manufacturing Company, CNOOC Offshore Engineering Company, and CNOOC Bohai Co., Ltd. and CNOOC Western South China Sea Co., Ltd. Uniform social credit code of the company: 91120116722950227Y, and was listed at the Shanghai Stock Exchange on February 5, 2002, with the industry classified as oil and natural gas extraction industry. As of June 30, 2020, the company has issued a total of 4,421.3548 million capital stocks with a registered capital of RMB 4,421.3548. It is registered at the place of Room 202-F105, Second Floor, Podium of Ligang Tower, No. 82, Xierdao Avenue, Tianjin Free Trade Zone (Airport Economic Zone) and headquartered at No. 199, Haibin 15th Road, Tianjin Port Bonded Area and its legal representative is Yu Yi.

(2) Company business scope

The main business activities of the company include general contracting of projects; design of oil and natural gas (offshore oil) and construction projects; consulting for planning and evaluation of oil and natural gas projects; construction of various offshore oil construction projects and other offshore engineering constructions; onshore petrochemical engineering construction; production and installation of various types of steel structure and grid structure; pressure vessel design and manufacturing, pressure piping design; R&D, manufacturing and sales of electronic instrument and automation products; quality control and testing, physical and chemical, surveying and mapping as well as related technical services; exporting of the company's self-produced products and technologies; importing of raw and auxiliary materials, instruments and apparatus, mechanical equipment, spare parts and technologies required for the production of the company; processing on order, and processing with materials or given samples, assembling supplied components and compensation trade; contracting of overseas offshore oil projects and domestic international bidding projects; contracting of survey, consulting, design and supervision works for the aforesaid overseas projects; exporting of equipment and materials required for the aforesaid overseas projects; labor dispatching for implementation of aforesaid overseas projects; domestic coastal shipping of general cargo; international shipping of general cargo; self-owned house leasing; sales of steel, pipe fittings, cables, valves, instruments and apparatus, hardware and electric material (For items subject to the administrative approval of licensing, relevant approval or licenses must be obtained prior to operation).

(3) Initial public offering (IPO) of the company

With approval from ZJFXZ [2002] No. 2 document issued by China Securities Regulatory Commission, the company issued 80 million public shares in its initial public offering on January 21, 2002. After the funds were fully raised, the company's stock was listed for trading on the Shanghai Stock Exchange on February 5, 2002, with the stock code: 600583. The changed business license number of the enterprise legal person was 1200001000326 upon completion of industrial and commercial registration of changes on July 9, 2002 and the registered capital was RMB TWO HUNDRED AND FIFTY MILLION ONLY.

(4) Previous capital increase after the initial public offering (IPO)

1) In 2003, the first extraordinary general meeting of shareholders passed the *Plan for Conversion of Capital Reserves into Capital Stock* which intended to convert every 10 shares of capital reserves into 1 share on a base of total capital stock 250 million shares. Upon the completion of capital stock conversion plan, the company's total capital stock was 275 million shares, of which 88 million shares were tradable. Upon the completion of industrial and commercial registration of changes on January 12, 2004, the changed registered capital was RMB TWO HUNDRED SEVENTY-FIVE MILLION ONLY.

2) In 2003, the general meeting of shareholders passed the *Plan for Conversion of Capital Reserves and Undistributed Profits into Capital Stock* which intended to convert 27.5 million shares by capital reserves to all shareholders at the rate of 1 share for every 10 shares on a base of total capital stock 275 million shares, and distribute 27.5 million bonus shares by undistributed profits to all shareholders at the rate of 1 share dividend for every 10 shares, totally increasing the capital stock by 55 million shares. Upon the completion of industrial and commercial registration of changes on October 27, 2004, the changed registered capital was RMB THREE HUNDRED THIRTY MILLION ONLY.

3) In 2004, the general meeting of shareholders passed the *2004 Annual Profit Distribution Plan*, and *2004 Annual Plan for Conversion of Capital Reserves into Capital Stock* which intended to distribute 33 million bonus shares by undistributed profits to all shareholders at the rate of 1 share dividend for every 10 shares on a base of total capital stock 330 million shares, and convert 33 million shares by capital reserves to all shareholders. The profit distribution and capital stock conversion totally increased the capital stock by 66 million shares. Upon the completion of industrial and commercial registration of changes on July 15, 2005, the changed registered capital was RMB THREE HUNDRED NINETY-SIX MILLION ONLY.

4) In 2005, the general meeting of shareholders passed the *2005 Annual Profit Distribution Plan*, and *2005 Annual Plan for Conversion of Capital Reserves into Capital Stock* which intended to distribute 277.2 million bonus shares by undistributed profits to all shareholders at the rate of 7 share dividends for every 10 shares on a base of total capital stock 396 million shares, and convert 118.8 million shares by capital reserves to all shareholders at the rate of 3 shares for every 10 shares. The profit distribution and capital stock conversion totally increased the capital stock by 396 million shares. Upon the completion of industrial and commercial registration of changes on January 31, 2007, the changed registered capital was RMB SEVEN HUNDRED NINETY-TWO MILLION ONLY.

5) In 2006, the general meeting of shareholders passed the *2006 Annual Profit Distribution Plan* which intended to distribute 158.4 million bonus shares by undistributed profits to all shareholders at the rate of 2 share dividends for every 10 shares on a base of total capital stock 792 million shares. Upon the completion of industrial and commercial registration of changes on September 6, 2007, the changed registered capital was RMB NINE HUNDRED FIFTY MILLION FOUR HUNDRED THOUSAND ONLY.

6) In 2007, the general meeting of shareholders passed the *2007 Annual Profit Distribution Plan* which intended to distribute 475.2 million bonus shares by undistributed profits to all shareholders at the rate of 5 share dividends for every 10 shares on a base of total capital stock 950.40 million shares, and convert 475.2 million shares by capital reserves to all shareholders at the rate of 5 shares for every 10 shares. The profit distribution and capital stock conversion totally increased the capital stock by 950.4 million shares. Upon the completion of industrial and commercial registration of changes on July 31, 2008, the changed registered capital was RMB ONE BILLION NINE HUNDRED MILLION EIGHT HUNDRED THOUSAND ONLY.

7) With the approval of ZJXK [2008] No.1091 documents issued by China Securities Regulatory Commission, the company has issued 260 million shares of RMB denominated common stock (A-share) by means of non-public offering to eight specific investors including China National Offshore Oil Corporation. After the funds were fully raised, A-share registration and procedures of restricted sale of shares for the non-public offering of shares were completed on December 29, 2008 in Shanghai Branch of China Securities Depository and Clearing Corporation Limited. Upon the completion of industrial and commercial registration of changes on February 16, 2009, the changed registered capital was RMB TWO BILLION ONE HUNDRED SIXTY MILLION EIGHT HUNDRED THOUSAND ONLY.

8) In 2008, the general meeting of shareholders passed the *2008 Annual Profit Distribution Plan* which intended to distribute 216.08 million bonus shares by undistributed profits to all shareholders at the rate of 1 share dividends for every 10 shares on a base of total capital stock 2160.8 million shares, and convert 864.32 million shares by capital reserves to all shareholders at the rate of 4 shares for every 10 shares. The profit distribution and capital stock conversion totally increased the capital stock by 1080.4 million shares. Upon the completion of industrial and commercial registration of changes on December 31, 2009, the changed registered capital was RMB THREE BILLION TWO HUNDRED FORTY-ONE MILLION TWO HUNDRED THOUSAND ONLY.

9) In 2009, the general meeting of shareholders passed the *2009 Annual Plan for Conversion of Capital Reserves into Capital Stock* which intended to convert 648.24 million shares by capital reserves to all shareholders at the rate of 2 share for every 10 shares on a base of total capital stock 3241.2 million shares, totally increasing the capital stock by 648.24 million shares. The changed registered capital was RMB THREE BILLION EIGHT HUNDRED EIGHTY-NINE MILLION FOUR HUNDRED AND FORTY THOUSAND ONLY.

10) With the approval of ZJXK [2013] No.1180 documents issued by China Securities Regulatory Commission, the company has issued 531.9148 million shares of RMB denominated common stock (A-share) by means of non-public offering to six specific investors including China National Offshore Oil Corporation. After the funds were fully raised, A-share registration and procedures of restricted sale of shares for the non-public offering of shares were completed on October 9, 2013 in Shanghai Branch of

China Securities Depository and Clearing Corporation Limited. Upon the completion of industrial and commercial registration of changes on October 14, 2013, the changed registered capital was RMB FOUR BILLION FOUR HUNDRED TWENTY-ONE MILLION THREE HUNDRED FIFTY-FOUR THOUSAND AND EIGHT HUNDRED ONLY.

(5) Changes in the equity of company sponsors

1) On September 28, 2003, China National Offshore Oil Corporation, the actual controller of the company, acquired on an agreement basis, a total of 159.2338 million (accounting for 57.91% of total company shares at that time) shares of the company held by company sponsors and shareholders CNOOC Platform Manufacturing Company, CNOOC Offshore Engineering Company and CNOOC Engineering Design Company, thus became the company's largest shareholder, and the share transfer procedures were completed on February 13, 2004. The three sponsoring companies CNOOC Platform Manufacturing Company, CNOOC Offshore Engineering Company, and CNOOC Engineering Design Company did not hold shares of the company any longer.

2) According to the equity division reform plan approved under GZCQ[2006] No. 2 *Reply of State-owned Assets Supervision and Administration Commission of the State Council on Issues Concerning Equity Division Reform of Offshore Oil Engineering Co., Ltd.*, and review meeting on the equity division reform held by shareholders on January 16, 2006, the company's non-tradable shareholders paid a consideration of 2.4 shares per 10 shares to the company's tradable shareholders registered with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited on January 20, 2006, totaling 30.4128 million shares paid by non-tradable shareholders. Upon the execution of the consideration, the company's non-tradable shareholders CNOOC, CNOOC Bohai Co., Ltd. and CNOOC Western South China Sea Co., Ltd. held 203.3996 million, 1.4148 million, and 34.0528 million shares respectively, with the shareholding ratio of 51.36%, 0.36% and 8.60%. On the first trading day after the implementation of equity division reform, the non-tradable shares held by all non-tradable shareholders of the company acquired the right to list and trade immediately.

3) With the approval of ZJXK [2008] No.1091 documents issued by China Securities Regulatory Commission, the company has issued 260 million shares of RMB denominated common stock (A-share) by means of non-public offering to eight specific investors including China National Offshore Oil Corporation. After the funds were fully raised, A-share registration and procedures of restricted sale of shares for the non-public offering of shares were completed on December 29, 2008 in Shanghai Branch of China Securities Depository and Clearing Corporation Limited. Upon the completion of private placement, CNOOC, CNOOC Western South China Sea Co., Ltd. and CNOOC Bohai Co., Ltd. held 1054.318252 million, 163.453282 million, and 6.791026 million shares respectively, with the shareholding ratio of 48.79%, 7.56% and 0.32%.

4) With the approval of ZJXK [2013] No.1180 documents issued by China Securities Regulatory Commission, the company has issued 531.9148 million shares of RMB denominated common stock (A-share) by means of non-public offering to six specific investors including China National Offshore Oil Corporation. After the funds were fully raised, A-share registration and procedures of restricted sale of shares for the non-public offering of shares were completed on Wednesday, October 9, 2013 in Shanghai Branch of China Securities Depository and Clearing Corporation Limited. Upon the completion of private placement, CNOOC, CNOOC Western South China Sea Co., Ltd. and CNOOC Bohai Co., Ltd. held 2270.113454 million, 294.215908 million and 12.223847 million shares respectively, with the shareholding ratio of 51.34%, 6.65% and 0.28%.

5) In 2015, the company's controlling shareholder i.e. China National Offshore Oil Corporation, and person acting in concert, i.e. CNOOC Finance Co., Ltd., respectively purchased 0.8561 million and 1.5718 million shares of the company stock through the trading system of Shanghai Stock Exchange from July 9, 2015 to August 25, 2015. After the purchase, China National Offshore Oil Corporation and CNOOC Finance Co., Ltd. held 2270.969554 million and 1.5718 million shares, respectively, with the shareholding ratio of 51.36% and 0.04%.

6) According to the state arrangements, China National Offshore Oil Corporation transferred 132.6406 million (shareholding ratio of 3%) to CSI Central-SOEs' structural reform ETF managed by China AMC, Bosera Funds and Yinhua Funds in exchange for SOEs' structural reform ETF in October 2018, Upon the subscription, the shareholding of China National Offshore Oil Corporation decreased from 2270.969554 million shares to 2138.328954 shares with the shareholding ratio decreasing from 51.36% to 48.36%.

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

This financial statement was approved and issued by the company's board of directors on August 14, 2020.

2. Scope of consolidated financial statements

Applicable" Not applicable"

As of 2020 年 6 月 30 日 June 30, 2020, the subsidiaries within the scope of the company's consolidated financial statements are as below:

Subsidiary name
Anjie Material Testing Co., Ltd.
Offshore Oil Engineering (Qingdao) Co., Ltd.
Shenzhen Offshore Oil Engineering Underwater Technology Co., Ltd.
Offshore Oil Engineering Indonesia Co., Ltd.
Offshore Oil Engineering Nigeria Co., Ltd.
Offshore Oil Engineering International Co., Ltd.
CNCCC International Engineering Co., Ltd.
Blue Ocean International Co., Ltd.
Offshore Oil Engineering (Zhuhai) Co., Ltd.
Offshore Oil Engineering Co., Ltd. Nigeria Free Trade Zone Company
American Gaotai Deep-sea Technology Co., Ltd.
Beijing Gaotai Deep-sea Technology Co., Ltd.
Offshore Oil Engineering Canada Co., Ltd.
Offshore Oil Engineering International Co., Ltd. Thailand Branch
Offshore Oil Engineering International Co., Ltd. Brazil Branch

Note: American Gaotai Deep-sea Technology Co., Ltd. Is formerly translated as Ketai Co., Ltd.

See Notes VIII. Change in the Consolidation Scope and IX. Equity in Other Entities for details of the scope and changes of the consolidated financial statements of the current period.

IV. Basis for Preparing Consolidated Financial Statements

1. Preparation basis

Following the principle of continuous operations and based on the actual transactions and events, the financial statements of the company are prepared in accordance with Accounting Standards for Enterprises - Basic Standards issued by the Ministry of Finance and various specific accounting standards, application guidelines and interpretation of accounting standards for enterprises as well as other relevant provisions (hereinafter collectively referred to as the Accounting Standards for Enterprises) and the disclosure rules specified in 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 operations

Applicable" Not applicable"

This Group has the ability to continue operations for at least 12 months since the end of the reporting period, and no major events that affect the ability of continue operations are found.

V. Important Accounting Policies and Accounting Estimates

Notes on specific accounting policies and accounting estimates:

Applicable" Not applicable"

1. Statement on compliance with corporate accounting standards

The financial statements prepared by the company comply with accounting standards for enterprises, truly and fully reflecting the company's financial status, operating results, changes in shareholders' equity, cash flows and other relevant information.

2. Accounting period

The company's fiscal year is from January 1 to December 31 in the Gregorian calendar year.

3. Operating cycle

Applicable" Not applicable"

The company's operating cycle is 12 months.

4. Recording currency

This company and its domestic subsidiaries, i.e. Shenzhen Offshore Oil Engineering Underwater Technology Co., Ltd., Offshore Oil Engineering (Qingdao) Co., Ltd., CNCCC International Engineering Co., Ltd., Offshore Oil Engineering (Zhuhai) Co., Ltd. and Beijing Gaotai Deep-sea Technology Co., Ltd. use Ren Min Bi (RMB) as the recording currency.

The overseas subsidiaries of the company, i.e. Offshore Oil Engineering International Co., Ltd., Offshore Oil Engineering Nigeria Co., Ltd., Offshore Oil Engineering Co., Ltd. Nigeria Free Trade Zone Company, Blue Ocean International Co., Ltd. and its holdings American Gaotai Deep-sea Technology Co., Ltd. (formerly translated as Ketai Co., Ltd.) use US dollars (USD) as the recording currency.

Offshore Oil Engineering Indonesia Co., Ltd. Uses Indonesian Rupiah (IDR) as the recording currency.

Anjie Material Testing Co., Ltd. Uses Hongkong dollar (HKD) as the recording currency.

Offshore Oil Engineering Canada Co., Ltd. uses Canadian dollar (CAD) as the recording currency.

Offshore Oil Engineering International Co., Ltd. Thailand Branch uses Thailand Baht (THB) as the recording currency.

Offshore Oil Engineering International Co., Ltd. Brazil Branch uses Brazilian Real (BRL) as the recording currency.

5. Accounting treatment methods for business combinations under and not under the same control

Applicable" Not applicable"

Business combination under the same control: The assets and liabilities acquired by the combining party in a business combination shall be measured at the book value of combined party's assets and liabilities (including the goodwill of ultimate controlling party upon its acquisition of the combined party) on the combining date in the consolidated financial statements of ultimate controlling party. Regarding differences between the book value of net assets acquired in the combination and the book value of consideration paid in the consideration (or the total par value of issued shares), the capital stock premium in the capital reserves shall be adjusted. In case that capital stock premium in the capital reserves is insufficient to offset, the retained earnings shall be adjusted.

Business combination not under the same control: The assets paid and liabilities incurred or assumed by the acquirer as consideration for the business combination on the purchase date shall be measured at fair value, and the difference between the fair value and its book value shall be included in the current profits and losses. In case that the combination cost is more than the fair value of the acquiree's identifiable net assets acquired in the combination, their difference shall be determined as goodwill; in

case that the combination cost is less than the fair value of the acquiree's identifiable net assets acquired in the combination, their difference shall be included in the current profits and losses.

The direct related expenses incurred for a business combination shall be included in the current profits and losses when incurred; the transaction expenses of issuing equity or debt securities for a business combination shall be included in the initially confirmed amount of equity securities or debt securities.

6. Method of preparing consolidated financial statements

Applicable Not applicable

Consolidation scope

The scope of consolidated financial statements is determined on the basis of control, including the Company and all of its subsidiaries.

Consolidation procedure

The consolidated financial statements are prepared based on the financial statements of the Company and its subsidiaries and other relevant information. The Company prepares the consolidated financial statements by regarding the entire enterprise group as an accounting entity, which reflects the overall financial position, operating results and cash flow of the enterprise group in accordance with the recognition, measurement and presentation requirements of relevant enterprise accounting standards and unified accounting policies.

All of the subsidiaries included in the consolidated financial statements adopt the same accounting policies and accounting periods as the Company. In case of any difference between the accounting policies and accounting periods adopted by the subsidiaries and the Company, some necessary adjustments shall be made according to the Company's accounting policies and accounting periods in the preparation of consolidated financial statements. For any subsidiary acquired through combination of the businesses not under the common control, the financial statements are adjusted based on the fair value of the identifiable net assets on the purchase date. For any subsidiary acquired through combination of businesses under the common control, the financial statements are adjusted based on the book value of its assets and liabilities (including the goodwill formed by the ultimate controlling party's acquisition of the subsidiary) in the ultimate controlling party's financial statements.

Owner's equity, current net profit and loss, and current comprehensive income of subsidiaries attributable to minority shareholders are separately listed under the items of owner's equity in the consolidated balance sheet, and the net profit and the total comprehensive income in the consolidated income statement. The balance of the current loss shared by the minority shareholders of a subsidiary minus the minority shareholders' share of the initial owner's equity of the subsidiary is used to offset the minority shareholders' equity.

(1) Increase in subsidiaries or businesses

Within the reporting period, if a subsidiary or business is added due to the combination of the businesses under the common control, the beginning amount of the consolidated balance sheet shall be adjusted; the income, expenses, and profits of the subsidiary or business consolidated from the beginning of the current period to the end of the reporting period shall be included in the consolidated income statement; the cash flow of the subsidiary or business consolidated from the beginning of the current period to the end of the reporting period shall be included into the consolidated cash flow statement, and the relevant items of the comparative statement shall be adjusted, as if the consolidated reporting entity has been in existence since the ultimate controlling party began to control.

if it is possible to exercise control over an investee under the common control due to additional investment or for other reasons, the parties involved in the combination shall be deemed to have made adjustments in their current state when the ultimate controlling party begins to control. For equity investments held before the control of the combined party is acquired, relevant gains and losses, other comprehensive incomes and other changes in net assets have been recognized during the period from the date when the original equity is acquired or the date when the combining party and the combined party become under the common control (whichever occurs later) to the combination date shall be used to respectively offset the beginning retained earnings or current profits and losses during the period of comparative statement.

Within the reporting period, if a subsidiary or business is added due to the combination of the businesses not under the common control, the beginning amount of the consolidated balance sheet shall not be

adjusted; the incomes, expenses, and profits of the subsidiary or business from the purchase date to the end of the reporting period shall be included in the consolidated income statement; the cash flow of the subsidiary or business from the purchase date to the end of the reporting period shall be included into the consolidated cash flow statement.

If it is possible to exercise control over an investee not under the common control due to additional investments or for other reasons, the equity of the acquiree held before the purchase date will be re-measured based on the fair value of the equity on the purchase date. The difference between the fair value and the book value is included in the current investment income. Where the equity of the acquiree held before the purchase date involves other comprehensive incomes calculated by the equity method and changes in other owner's equity other than net profit or loss, other comprehensive incomes and profit distribution, they will be converted to the current investment income on the purchase date, except for other comprehensive incomes that cannot be reclassified into profit and loss.

(2) Disposal of subsidiaries or businesses

① General treatment method

Within the reporting period, if a subsidiary or business is disposed, the incomes, expenses, and profits of the subsidiary or business from the beginning of the period to the disposal date shall be included in the consolidated income statement; the cash flow of the subsidiary or business from the beginning of the period to the disposal date shall be included into the consolidated cash flow statement.

Where the control of the investee is lost due to the disposal of part of the equity investment or for other reasons, the remaining equity investment after the disposal will be re-measured at its fair value on the date of loss of control. The difference between the sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity and the sum of the share of the original subsidiary's net assets and the goodwill calculated on the basis of the original shareholding ratio, which should be continuously calculated from the date of purchase or combination is recorded into the investment income for the period of loss of control. Any change in other comprehensive incomes in relation to the original subsidiary's equity investment or in other owner's equity other than net profit or loss, other comprehensive incomes and profit distribution will be converted to the current investment income on the date of loss of control, except for other comprehensive incomes that cannot be reclassified into profit and loss.

if the company loses control due to the decrease of the Company's shareholding ratio arising from the increase of investment by other investors in the subsidiary, the above principles should apply.

② Step-by-step disposal of subsidiaries

If the equity investment in a subsidiary is disposed of in steps through multiple transactions until the loss of control, multiple transactions should be accounted for as a package, in the event of any or more of the following circumstances:

- i .these contractions are concluded simultaneously or in consideration of the impact on each other:
- ii .these transactions can yield a complete commercial result only as a whole;
- iii .a transaction depends on the occurrence of at least one of other transactions;
- iv .a transaction alone is not economical, but it is economical when considered together with other transactions.

If the disposal of the equity investment in a subsidiary until the loss of control is a package transaction, the Company will account for each transaction as disposal of the subsidiary and loss of control; however, each transaction before the loss of control, the difference between the disposal price and the share of net assets in the subsidiary which corresponds to the disposal of the investment is recognized in the consolidated financial statements as other comprehensive incomes, and is transferred to the profit and loss for the period of loss of control when the control is lost.

If the disposal of the equity investment in the subsidiary until the loss of control is not a package transaction, before the loss of control, the relevant policies for the partial disposal of the equity investment in the subsidiary without loss of control should apply; when the control is lost, the general treatment method for the disposal of subsidiaries should apply.

(3) Purchase of minority equity in subsidiaries

In case of any difference between the Company's newly acquired long-term equity investment due to the purchase of minority equity and the share of net assets in subsidiaries calculated on the basis of the new shareholding ratio calculated continuously from the date of purchase (or combination), the capital stock premium in the capital reserve should be adjusted under the consolidated balance sheet; if the capital stock premium is insufficient to offset, the retained earnings should be adjusted.

(4) Partial disposal of equity investment in subsidiaries without loss of control

In case of any difference between the disposal price acquired due to partial disposal of the long-term equity investment in subsidiaries without the loss of control and the share of net assets in the subsidiary calculated continuously from the date of purchase or combination which corresponds to the disposal of long-term equity investment, the capital stock premium in the capital reserve should be adjusted under the consolidated balance sheet; if the capital stock premium is insufficient to offset, the retained earnings should be adjusted.

7. Classification of joint venture arrangements and accounting methods for joint operations

Applicable Not applicable

Joint venture arrangements are divided into joint operations and joint ventures.

When the Company is a party to a joint venture arrangement that owns the related assets of the arrangement and assumes the related liabilities of the arrangement, the arrangement is considered as joint operation.

The Company recognizes the following items related to the share of interests in joint operations, which are accounted for in accordance with the relevant enterprise accounting standards:

- (1) the assets solely held by the Company, and the assets held jointly according to the Company's share;
- (2) the liabilities solely borne by the Company, and the liabilities jointly borne according to the Company's share;
- (3) the incomes generated from the selling of the Company's shares from joint operations;
- (3) the incomes generated from the selling of output from joint operations according to the Company's share;
- (5) the expenses incurred separately, and the expenses incurred for joint operations according to the Company's share.

8. Recognition of cash and cash equivalents

In the process of preparing the cash flow statement, the Company's cash on hand and deposits that can be used for payment at any time are recognized as cash. The investments that are short term (expiring within three months from the date of purchase), highly-liquid, easy to convert into known cash, and less risky in value change are recognized as cash equivalents.

9. Foreign currency business and foreign currency statement translation

Applicable Not applicable

(1) Foreign currency business

For foreign currency business, the foreign currency amount is converted into RMB at the market exchange rate announced by the People's Bank of China on the last working day of the previous month of transaction for bookkeeping.

The balance of monetary items in foreign currency on the balance sheet date is converted at the spot exchange rate on the balance sheet date. The resulting exchange differences, except for those incurred for the special borrowings in foreign currency related to the acquisition and construction of assets that meet the capitalization conditions which are accounted for on the principle of borrowing cost capitalization, are included in the current profit and loss.

(2) Foreign currency statement translation

Assets and liabilities in the balance sheet are converted at the spot exchange rate on the balance sheet date; other than the "undistributed profit", items under the owner's equity are converted at the spot exchange rate at the time of incurrence. Incomes and expenses in the income statement are converted at the spot exchange rate on the transaction date.

When an overseas operation is disposed of, the foreign currency financial statement translation difference related to the overseas operation should be transferred from the owner's equity to the current profit and loss disposal.

10. Financial instruments

Applicable Not applicable

Financial instruments include financial assets, financial liabilities and equity instruments.

(1) Classification of financial instruments

According to the Company's business model for financial asset management and the contractual cash flow characteristics of financial assets, at the initial recognition, financial assets are classified into: financial assets measured at amortized cost, financial assets (liability instruments) measured at fair value with changes included in other comprehensive incomes, and financial assets measured at fair value with changes included in the current profits and losses.

The business model is to collect contractual cash flow and the contractual cash flow is only the payment of principal and interest based on the amount of the outstanding principal, which is classified as a financial asset measured at amortized cost; the business model is to collect contractual cash flow and sell the financial asset, and the contractual cash flow is only the payment of the principal and interest based on the amount of the outstanding principal, which is classified as a financial asset measured at fair value with changes included in other comprehensive incomes (liability instruments); other financial assets other than that are classified as financial assets measured at fair value with changes included in the current profits and losses.

For non-trading equity instrument investments, the Company confirms whether to designate them as financial assets (equity instruments) that are measured at fair value with changes included in other comprehensive incomes during initial recognition. At the time of initial recognition, in order to eliminate or significantly reduce accounting mismatches, financial assets can be designated as those measured at fair value with changes included in the current profits and losses.

At the time of initial recognition, financial liabilities are classified into: financial liabilities measured at fair value with changes included in the current profits and losses and financial liabilities measured at amortized cost.

Financial liabilities can be designated as those measured at fair value with changes included in the current profits and losses at the time of initial measurement in one of the following conditions:

- 1) This designation can eliminate or significantly reduce accounting mismatches.
- 2) According to the corporate risk management or investment strategy stated in the formal written documents, the financial liability portfolio or the financial asset and financial liability portfolio is managed and performance evaluated based on fair value, whereby a report is given to the key management personnel.
- 3) The financial liabilities include embedded derivatives that need to be split separately.

(2) Recognition basis and measurement method for 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., which are initially measured at fair value, and related transaction costs are included in the initial recognition amount; exclude accounts receivable with significant financing components and the accounts receivable with financing components which the Company decides not to consider for no more than one year are initially measured at the contract transaction price.

The interests calculated by the effective interest rate method during the holding period are included in the current profits and losses.

At the time of recovery or disposal, the difference between the acquired price and the book value of the financial asset is included in the current profits and losses.

2) Financial assets (liability instruments) measured at fair value with changes included in other comprehensive incomes

Financial assets (liability instruments) measured at fair value with changes included in other comprehensive incomes, including accounts receivable financing and other debt investments, are initially measured at fair value, and related transaction costs are included in the initial recognition amount. The financial assets are subsequently measured at fair value, and changes in fair value are included in other comprehensive incomes except for the interests, impairment losses or gains and exchange gains and losses calculated by the effective interest rate method.

At the time of derecognition, the accumulated gains or losses previously included in other comprehensive incomes are transferred from other comprehensive incomes and included in the current profits and losses.

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

Financial assets (equity instruments) measured at fair value with changes included in other comprehensive incomes, including other equity instrument investments, are initially measured at fair value, and related transaction costs are included in the initial recognition amount. The financial assets are subsequently measured at fair value, and changes in fair value are included in other comprehensive incomes. The dividends obtained are included in the current profits and losses.

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

4) Financial assets measured at fair value with changes included in the current profits and losses

Financial assets measured at fair value with changes included in the current profits and losses, including trading financial assets, derivative financial assets and other non-current financial assets, are initially measured at fair value, and related transaction costs are included in the current profits and losses. The financial assets are subsequently measured at fair value, and changes in fair value are included in the current profits and losses.

5) Financial liabilities measured at fair value with changes included in the current profits and losses

Financial liabilities measured at fair value with changes included in the current profits and losses, including trading financial liabilities and derivative financial liabilities, are initially measured at fair value, and related transaction costs are included in the current profits and losses. The financial liabilities are subsequently measured at fair value, and changes in fair value are included in the current profits and losses.

At the time of derecognition, the difference between its book value and the consideration paid is included in the current profits and losses.

6) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost, including short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable, and long-term payables, are initially measured at fair value, and related transaction costs are included in the initial recognition amount.

The interests calculated by the effective interest rate method during the holding period are included in the current profits and losses.

At the time of derecognition, the difference between the consideration paid and the book value of the financial liability is included in the current profits and losses.

(3) Recognition basis and measurement method of financial asset transfer

When the Company transfers financial assets, if almost all the risks and rewards related to the ownership of the financial assets have been transferred to the transferee, the financial assets will be derecognized; if almost all the risks and rewards related to the ownership of the financial assets are retained, the financial assets will not be derecognized.

The principle of substance over form is adopted to judge whether the transfer of financial assets meets the above-mentioned derecognition conditions for financial assets.

The Company divides the transfer of financial assets into overall transfer and partial transfer of financial assets. If the overall transfer of financial assets meets the derecognition conditions, the difference

between the following two amounts is included in the current profits and losses:

- 1) The book value of the transferred financial assets;
- 2) The sum of the consideration received as a result of the transfer and the accumulated amount of changes in fair value that were directly included in the owner's equity (the financial assets involved in the transfer are financial assets (liability instruments) measured at fair value with changes included in other comprehensive incomes).

if the partial transfer of financial assets meets the derecognition conditions, the total book value of the transferred financial assets will be shared between the derecognized part and the part not derecognized according to their respective relative fair values, and the difference between the following two amounts will be recorded into the current profits and losses:

- 1) The book value of the derecognized part;
- 2) The sum of the consideration of the derecognized portion and the amount of the derecognized portion in the accumulated amount of changes in fair value that were directly included in the owner's equity (the financial assets involved in the transfer are financial assets (liability instruments) measured at fair value with changes included in other comprehensive incomes).

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

(4) Derecognition conditions for financial liabilities

If the current obligations of the financial liabilities have been discharged in whole or in part, the financial liabilities shall be derecognized in whole or in part; if the Company signs an agreement with the creditor, under which the existing financial liabilities are replaced by new ones and there are substantial differences between the new and existing financial liabilities in terms and conditions, the existing financial liabilities shall be derecognized and the new financial liabilities shall be recognized.

If the terms and conditions for existing financial liabilities are substantially modified in whole or in part, the existing financial liabilities shall be derecognized in whole or in part, and the financial liabilities for which the terms and conditions have been modified shall be recognized as new ones.

When financial liabilities are derecognized in whole or in part, the difference between the book value of the derecognized financial liabilities and the paid consideration (including non-cash assets transferred out or new financial liabilities assumed) is included in the current profits and losses.

Where the Company repurchases portion of financial liabilities, it shall allocate the total book value of the financial liabilities on the repurchase date based on the relative fair value of the portion which continue to be recognized and the derecognized portion. The difference between the book value of the derecognized portion and the paid consideration (including non-cash assets transferred out or new financial liabilities assumed) is included in the current profits and losses.

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

For financial instruments that have an active market, the fair value is determined based on the quoted prices in the active market. For financial instruments that do not have an active market, the fair value is determined by the valuation technology. For the purpose of valuation, the Company adopts the valuation technology that is applicable under the current circumstances and has sufficient available data and other information to support, and chooses the input values consistent with the characteristics of assets or liabilities considered by market participants in the transactions of related assets or liabilities, and prefers the relevant observable input value. Only when the relevant observable input value is unavailable or is not feasible, the unobservable input value is used.

(6) Testing and accounting methods for financial asset impairment

All reasonable and evidence-based information, including forward-looking information, are considered to estimate the expected credit loss of financial assets measured at amortized cost and financial assets (liability instruments) measured at fair value with changes included in other comprehensive incomes in a single or combined way. The estimation of expected credit losses depends on any significant increase in credit risk of financial assets since their initial recognition.

If the credit risk of the financial instrument has increased significantly since the initial recognition, the Company will measure its loss provision at an amount equivalent to the expected credit loss during the entire life of the financial instrument; if the credit risk of the financial instrument has not significantly

increased since the initial recognition, the Company will measure its loss provision at an amount equivalent to the expected credit loss of the financial instrument in the next 12 months. The resulting increase in the loss provision or the amount reversed shall be included in the current profits and losses as an impairment loss or gain.

Generally in case of more than 30 days overdue, the Company believes that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence demonstrating that it has not increased significantly since the initial recognition.

If the credit risk of a financial instrument is low on the balance sheet date, the Company believes that the credit risk has not increased significantly since its initial recognition.

If there is objective evidence demonstrating that a certain financial asset has been subject to credit impairment, the Company shall make provisions for impairment of the financial asset on a single-item basis.

Regarding accounts receivable and contract assets, regardless of any significant financing components in them, the Company always measures the loss provisions at an amount equivalent to expected credit losses during the entire lifetime.

For lease receivables and long-term receivables formed by the Company through sales of goods or services, the Company always measures the loss provisions at an amount equivalent to expected credit losses during the entire lifetime.

11. Notes receivable

Determination and accounting methods for expected credit loss of notes receivable

Applicable Not applicable

12. Accounts receivable

Determination and accounting methods for expected credit loss of accounts receivable

Applicable Not applicable

13. Accounts receivable financing

Applicable Not applicable

14. Other receivables

Determination and accounting methods for expected credit loss of other accounts receivable

Applicable Not applicable

15. Inventory

Applicable Not applicable

(1) Classification of inventory

Inventory is classified as: materials prepared for engineering and contract performance costs with amortization period of no more than one year or a normal operating cycle at the time of initial recognition.

(2) Pricing method for inventory issued

Inventories issued are priced according to the weighted average method .

(3) Basis for determining the net realizable value of different types of inventories

The net realizable value of the merchandise inventories directly for selling, such as finished products, inventory products and materials for sale, is determined at the estimated price of such inventories in the normal production and operation process, minus the estimated sales expenses and related taxes; the net realizable value of the material inventories to be processed is determined, in the normal production and operation process, at the estimated price of the finished products minus the estimated cost to be incurred at completion, estimated sales expenses, and related taxes; the net realizable value of the inventories held for the execution of the sales contract or labor service contract is calculated on the basis of the contract price. If the quantity of the inventories held is more than the order quantity under the sales contract, the net realizable value of the excess inventories is calculated based on the general sales price.

At the end of the period, provision for inventory price drops is made based on a single inventory item; but for a large quantity of low-cost inventories, provision for price drops is made based on the inventory category; for the inventories which are related to the product series produced and sold in the same region, has the same or similar end purposes and are difficult to measure separately from other items, provision for price drops shall be made in a combined manner.

Except that there is clear evidence demonstrating that the market price on the balance sheet date is abnormal, the net realizable value of inventories is determined on the basis of the market price on the balance sheet date.

At the end of the current period, the net realizable value of inventories is determined on the basis of the market price on the balance sheet date.

(4) Inventory system

Perpetual inventory system is adopted.

(5) Amortization methods for low-value consumables and packaging materials

- 1) One-off resale method is used for low-value consumables;
- 2) One-off resale method is used for packaging materials.

16. Contract assets

(1). Recognition methods and standards for contract assets

Applicable Not applicable

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

(2). Determination and accounting methods for expected credit loss of contract assets

Applicable Not applicable

The determination and accounting methods for the expected credit loss of contract assets are detailed in "10. (6) Testing and accounting methods for impairment of financial assets" of the notes.

17. Assets held for sale

Applicable Not applicable

The Company classifies non-current assets or disposal groups that meet the following conditions as held for sale:

- (1) According to the practice of selling such assets or disposal groups in similar transactions, they can be sold immediately under the current conditions;
- (2) It is very likely to sell such assets or disposal groups, that is, the Company has made a resolution on a selling plan and obtained a confirmed purchase commitment, and the selling is expected to be completed within one year. For those which shall be sold with the approval of the Company's relevant authority or regulatory authority as specified, approval has been obtained.

18. Debt investment

Determination and accounting methods for expected credit loss of debt investment

Applicable Not applicable

19. Other debt investments

Determination and accounting methods for expected credit loss of other debt investments

Applicable Not applicable

20. Long-term receivables

Determination and accounting methods for expected credit loss of long-term receivables

Applicable Not applicable

21. Long-term equity investment

Applicable Not applicable

(1) Judgment criteria for common control and significant influence

Common control refers to the common control of an arrangement in accordance with relevant agreements, of which relevant activities must be agreed by the participants who share the control right before decisions are made. Where the Company and any other joint venture exercise common control over the investee and have the right to the net assets of the investee, the investee is a joint venture of the Company.

Significant influence refers to the power to participate in the financial and operating decision-making of an enterprise, but cannot control or jointly control the formulation of these policies with other parties. If the Company is able to exert a significant influence on the investee, the investee is an associate of the Company.

(2) Determination of initial investment cost

1) Long-term equity investment formed by business combination

Business combination under the common control: if the Company pays cash, transfers non-cash assets or assumes debts, and issues equity securities as consideration for combination, the share of the book value of the owner's equity of the combined party acquired on the combination date in the consolidated financial statements of the ultimate controlling party shall be taken as the initial investment cost of long-term equity investment. If it is possible to exercise control over investees under the common control due to additional investment or for other reasons, the initial investment cost of the long-term equity investment shall be determined on the basis of the share of the book value of the combined party's net assets in the ultimate controlling party's consolidated financial statements on the combination date. In case of any difference between the initial investment cost of the long-term equity investment on the combination date and the sum of the book value of the long-term equity investment before the combination and the book value of the new consideration paid for the shares further acquired on the combination date, the capital stock premium shall be adjusted; if it is insufficient to offset the premium, it shall be used to offset the retained earnings.

Business combination not under the common control: the combination cost determined on the purchase date is taken as the initial investment cost of long-term equity investment. If it is possible to exercise control over investees not under the common control due to additional investment or for other reasons, the sum of the book value of the equity investment originally held and the new investment cost shall be used as the initial investment cost calculated by the cost method.

2) Long-term equity investment obtained by other means

For long-term equity investments obtained by cash payment, the actual purchase price paid shall be used as the initial investment cost.

For long-term equity investments obtained by issuing equity securities, the fair value of the issued equity securities shall be used as the initial investment cost.

If the exchange of non-monetary assets is commercial in nature and the fair value of the assets received or surrendered can be reliably measured, the fair value shall be used as the basis for measurement. If the fair value of the assets received and surrendered can be reliably measured, for the long-term equity investments received, the fair value of the assets surrendered and relevant taxes payable shall be taken as the initial investment cost of the long-term equity investments received, unless there is conclusive evidence showing that the fair value of the assets received is more reliable. If the exchange of non-monetary assets is not commercial in nature, or the fair value of the assets received and surrendered cannot be measured reliably, for the long-term equity investments received, the book value of the assets surrendered and relevant taxes payable shall be taken as the initial investment cost of the long-term equity investments received.

The entry value of the long-term equity investments obtained through debt restructuring shall be determined based on the fair value of the claim waived, taxes that are directly attributed to the assets, and other costs, and the difference between the fair value and the book value of the claim waived shall

be recorded into the current profits and losses.

(3) Subsequent measurement and profit and loss recognition methods

1) Long-term equity investment measured by the cost method

The Company's long-term equity investments in subsidiaries are accounted for using the cost method. Except for the declared but undistributed cash dividends or profits included in the actual payment or consideration when the investment is obtained, the Company shall recognize the current investment income based on the cash dividends or profits of the investee declared to be distributed.

2) Long-term equity investment measured by the equity method

Long-term equity investments in associates and joint ventures are accounted for using the equity method. If the initial investment cost is greater than the fair value share of the investee's identifiable net assets which should be enjoyed at the time of investment, the difference between the two will not be used to adjust the initial investment cost of long-term equity investment; if the initial investment cost is less than the fair value share, the difference between the two will be included in the current profits and losses.

The Company recognizes the investment income and other comprehensive incomes according to the share of the net profit and loss realized by the investee and other comprehensive incomes which should be enjoyed or shared, and adjusts the book value of long-term equity investment at the same time; the portion which should be enjoyed is calculated according to the profits or cash dividends of the investee declared to be distributed, minus the book value of the long-term equity investment accordingly; for other changes in the owner's equity of the investee except for the net profit and loss, other comprehensive income and profit distribution, the book value of the long-term equity investment shall be adjusted and included in the owner's equity.

The share of the net profit and loss of the investee shall be recognized after the adjustment of the investee's net profit based on the fair value of the investee's identifiable net assets at the time when the investment is obtained, in accordance with the Company's accounting policies and accounting period. During the holding period, when the investee prepares consolidated financial statements, the accounting shall be based on the net profit, other comprehensive incomes and other changes in owner's equity in the consolidated financial statements attributable to the investee.

The portion of the unrealized internal transaction gains and losses incurred between the Company and its associates or joint ventures, which is attributable to the Company, is calculated at the related proportion for offset, on the basis of which the investment income is recognized. The unrealized internal transaction loss with the investee which is an asset impairment loss shall be recognized in full. If the Company and its associates or joint ventures have invested or sold assets which constitute a business, related policies of "III. (5) Accounting method for combination of businesses under the common control and not under the common control" and "III. (6) Method for preparing consolidated financial statements" shall be followed under the notes.

To recognize the losses incurred by the investee which should be shared, the Company should: first offset the book value of the long-term equity investment; second, continue to recognize the investment loss within the limit of the book value of other long-term equity that actually constitutes the net investment in the investee if the book value of the long-term equity investment is not enough to offset, and offset the book value of the long-term receivables; finally, after the above treatment, if additional obligations are still assumed in accordance with the investment contract or agreement, the estimated liabilities shall be recognized according to the expected obligations and included in the current investment losses.

3) Disposal of long-term equity investment

For the disposal of long-term equity investment, the difference between its book value and the actual acquisition price shall be included in the current profits and losses.

For the long-term equity investment accounted for by the equity method, the investment should be disposed of on the same basis as the direct disposal of related assets or liabilities by the investee, and the portion originally included in other comprehensive incomes shall be accounted for according to the corresponding proportion. The owner's equity recognized due to changes in other owner's equity other than net profit and loss, other comprehensive incomes and profit distribution of the investee shall be carried over to the current profits and losses on a pro rata basis.

If the common control over or significant influence on the investee is lost due to the disposal of equity investments in part, the remaining equity disposed shall be recognized by the financial instruments and measured according to the measurement standards, and the difference between its fair value and book value on the date of loss of common control or significant influence is included in the current profits and losses. Other comprehensive incomes recognized for the original equity investment which is measured by the equity method shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the investee when the accounting by the equity method is terminated. The owner's equity recognized due to changes in other owner's equity other than net profit and loss, other comprehensive incomes and profit distribution of the investee shall be carried over to the current profits and losses at the time of terminating accounting by the equity method.

If the Company loses control over the investee due to the decrease in the shareholding ratio of the Company arising from the disposal of equity investments in part, or the increase of investment by other investors in the subsidiary, and the remaining equity can exercise common control over or exert significant influence on the investee when individual financial statements are prepared, the equity method shall be adopted for accounting, and the remaining equity shall be adjusted as if it is accounted for by the equity method at the time of acquisition; if the remaining equity cannot exercise common control over or exert significant influence on the investee, the relevant provisions of the financial instrument recognition and measurement standards shall be observed for accounting, and the difference between the fair value and the book value on the date of loss of control is included in the current profits and losses.

If the equity disposed is obtained through business combination due to additional investment and for other reasons, and the remaining equity after disposal is accounted for by the cost method or the equity method when individual financial statements are prepared, for the equity investment held before the purchase date, other comprehensive incomes and other owners' equity recognized after being accounted for by the equity method shall be carried over on a pro rata basis; the remaining equity after disposal shall be accounted for in accordance with the financial instrument recognition and measurement standards, and other comprehensive incomes and other owners' equity shall be carried over in full.

22. Investment real estate

Not applicable

23. Fixed assets

(1). Conditions for recognition

Applicable Not applicable

Fixed assets refer to the tangible assets held for the purpose of producing goods, providing services, leasing or management, and with a service life of more than one fiscal year. Fixed assets shall be recognized when the following conditions are met at the same time:

- (1) The economic benefits related to the fixed assets are likely to flow into the enterprise;
- (2) The cost of the fixed assets can be measured reliably.

(2). Method of depreciation

Applicable Not applicable

Category	Method of depreciation	Depreciable life (Years)	Residual Value Rate	Annual depreciation rate
Buildings	Straight-line method	20-30	5%-10%	3%-4.75%
Machinery and equipment	Straight-line method	5-10	5%-10	9%-19%
Transportation equipment	Straight-line method	5-20	5%-10%	4.5%-19%

Electronic equipment	Straight-line method	5-10	5%-10%	9%-19%
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(3). Recognition basis, valuation and depreciation methods of fixed assets acquired under finance leases

Applicable Not applicable

If one of the following conditions is stipulated in the terms of the lease agreement between the Company and the lessee, the assets shall be recognized as assets acquired under finance leases:

- 1) After the lease term expires, the ownership of the leased assets is vested in the Company;
- 2) The Company has the option to purchase the assets at a price that is much lower than the fair value of the assets when the option is exercised;
- 3) The lease term accounts for most of the service life of the leased assets; and
- 4) There is no significant difference between the present value of the minimum lease payment on the commencement date of the lease and the fair value of the assets.

On the commencement date of the lease, the Company takes the lower of the fair value of the leased assets and the present value of the minimum lease payment as the entry value of the leased assets, the minimum lease payment as the entry value of the long-term payables, and the difference as unrecognized financing costs.

24. Construction in progress

Applicable Not applicable

For projects under construction, the necessary expenses incurred before the assets are constructed to a predetermined usable state are recorded as the entry value of the fixed assets. If the project has reached the predetermined usable state, but the final settlement for completion has not yet been handled, from the date of reaching the predetermined usable state, and according to the budget, cost or actual cost of the project, the fixed assets constructed are transferred to fixed assets at the estimated value, and the depreciation of the fixed assets is accrued on the basis the Company's depreciation policy for fixed assets. After the final settlement for completion, the original provisional estimated value is adjusted according to the actual cost, but the depreciation amount originally accrued is not adjusted.

25. Borrowing costs

Applicable Not applicable

(1) Recognition principle of capitalization of borrowing costs

Borrowing costs include interest on borrowing, amortization of discounts or premiums, ancillary expenses, and exchange differences due to foreign currency borrowing.

If the borrowing costs incurred by the Company can be directly attributable to the acquisition, construction or production of assets that are qualified for capitalization, the borrowing costs shall be capitalized and included in the cost of relevant assets; other borrowing costs shall be recognized as expenses based on the amount incurred when incurred and shall be recorded into the current profits and losses.

The assets eligible for capitalization refer to fixed assets, investment real estate, inventory and other assets that can reach the predetermined usable or saleable state only after a considerable long period of acquisition, construction or production activities.

The borrowing costs shall be capitalized when the following conditions are met at the same time:

- 1) Asset expenditure has been incurred, which includes the expenditure incurred in the form of paying cash, transferring non-cash assets or undertaking interest-bearing debts for the acquisition, construction or production of assets eligible for capitalization;
- 2) Borrowing costs have been incurred; and
- 3) The acquisition, construction or production activities necessary to bring the assets to the predetermined usable or saleable state have begun.

(2) Period of capitalization of borrowing costs

The period of capitalization refers to the period from the moment when borrowing costs begin to be capitalized to the moment when capitalization is stopped, excluding the period during which the capitalization of borrowing costs is suspended.

The borrowing costs shall cease to be capitalized when the acquired, constructed or produced assets eligible for capitalization reach the predetermined usable or saleable state.

When part of the projects in the acquired, constructed or produced assets eligible for capitalization are completed separately and can be used independently, the borrowing costs of this part of the assets shall cease to be capitalized.

If each part of the assets acquired, constructed or produced is completed separately, but cannot be used or sold until the assets are completed as a whole, the capitalization of borrowing costs shall be stopped when the assets are completed as a whole.

(3) The period during which capitalization is suspended

If the acquisition, construction or production process of the assets eligible for capitalization is abnormally interrupted, and the interruption lasts for more than 3 months, the capitalization of borrowing costs shall be suspended. If such interruption is a necessary procedure for the acquired, constructed or produced assets eligible for capitalization to reach the predetermined usable or saleable state, the borrowing costs shall continue to be capitalized. The borrowing costs incurred during the interruption period shall be recognized as the current profits and losses, and the borrowing costs shall continue to be capitalized until the acquisition, construction or production activities of the assets restart.

(4) Calculation method of the capitalization rate and capitalized amount of borrowing costs

For special borrowing for the acquisition, construction or production of assets eligible for capitalization, the capitalized amount of the borrowing costs shall be the actual borrowing costs incurred in the current period of the special borrowing, minus the interest income obtained by depositing unused borrowing funds in the bank or the investment income from temporary investment.

For general borrowing used for the acquisition, construction or production of assets eligible for capitalization, the amount of borrowing costs that should be capitalized shall be calculated and determined based on the product of the weighted average for assets expenditure of the accumulated assets expenditure in excess of the special borrowing and the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined based on the weighted average interest rate of general borrowing.

26. Biological assets

Applicable Not applicable

27. Oil and gas assets

Applicable Not applicable

28. Right-of-use assets

Applicable Not applicable

29. Intangible assets

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

Applicable Not applicable

Valuation method of intangible assets

1) The Company shall make initial measurement according to the cost when acquiring intangible assets;

The cost of outsourcing intangible assets shall include the purchase price, relevant taxes, and other expenses directly incurred in bringing the assets to their intended use. If the purchase price of intangible assets is delayed because it exceeds the normal credit conditions and is essentially of financing nature, the cost of intangible assets shall be determined on the basis of the present value of the purchase price.

For the intangible assets used by the debtor to offset debts obtained through debt restructuring, the entry value shall be determined based on the fair value of the creditor's rights waived, taxes that are directly attributed to bring the assets to the intended use, and other costs. The difference between the fair value and the book value of the creditor's rights waived shall be recorded into the current profits and losses.

If the exchange of non-monetary assets is commercial in nature and the fair value of the assets received or surrendered can be reliably measured, the fair value shall be used as the basis for measurement. If the fair value of the assets received and surrendered can be reliably measured, for the intangible assets received, the fair value of the assets surrendered and relevant taxes payable shall be taken as the initial investment cost of the intangible assets received, unless there is conclusive evidence that the fair value of the assets received is more reliable. If the exchange of non-monetary assets is not commercial in nature, or the fair value of the assets received and surrendered cannot be measured reliably, for the intangible assets received, the book value of the assets surrendered and relevant taxes payable shall be taken as the initial investment cost of the intangible assets received.

2) Subsequent measurement

The service life of intangible assets shall be analyzed and judged when they are acquired.

The intangible assets with a limited service life shall be amortized according to the straight-line method within the period when they bring economic benefits to the enterprise. If the period during which intangible assets bring economic benefits to the enterprise cannot be foreseen, the intangible assets shall be regarded as intangible assets with an uncertain service life and shall not be amortized.

Estimation of service life of intangible assets with a limited service life

The right to use land shall be amortized on an average basis according to the transfer period from the start date of transfer. Other intangible assets shall be amortized on an average basis in installments according to the shortest of the expected service life, the beneficial period stipulated in the contract and the effective period stipulated by the law. The amortized amount shall be included in the cost of relevant assets and the current profits and losses according to its beneficiaries.

Basis for judgment of intangible assets with an uncertain service life and procedures for reviewing their service life

The Company identifies intangible assets with an unforeseeable period during which the assets bring economic benefits to the Company or intangible assets with an uncertain service life as intangible assets with an uncertain service life.

Judgment basis for an uncertain service life:

- 1) The service life is derived from contractual rights or other legal rights, but the contract or law does not provide a clear service life;
- 2) It is still unable to judge the period during which intangible assets bring economic benefits to the Company on the basis of comprehensive consideration of the same industry or relevant expert argumentation.

The service life of intangible assets with an uncertain service life shall be reviewed at the end of each year, mainly by a bottom-up method. The departments using intangible assets shall conduct a basic review to evaluate whether there is any change in the judgment basis for uncertain service life.

(2). Accounting policies for internal R&D expenditure

Applicable Not applicable

Specific standards for dividing the research stage and the development stage

The expenditure of internal research and development projects of the Company is divided into the research stage expenditure and the development stage expenditure.

Research stage: the stage at which original, planned investigation or research activities are carried out to acquire and understand new scientific or technical knowledge.

Development stage: the stage at which research results or other knowledge are applied to a plan or design to produce new or substantially improved materials, devices, products, etc., prior to commercial production or use.

Specific conditions for capitalization of the development stage expenditure

The expenditure of internal R&D projects at the development stage shall be recognized as intangible assets when the following conditions are met simultaneously:

- 1) It is technically feasible to complete the intangible assets for use or sale;

- 2) There is the intention to complete the intangible assets and use or sell the intangible assets;
- 3) The way in which intangible assets generate economic benefits can be proved, including proving that there is a market for the products produced with the intangible assets or there is a market for the intangible assets themselves; if the intangible assets will be used internally, which their usefulness can be proved;
- 4) The support from technical, financial and other resources is sufficient to complete the development of the intangible assets, and the Company has the ability to use or sell the intangible assets; and
- 5) The expenditure at the development stage of the intangible assets can be measured reliably.

The expenditure at the development stage shall be included in the current profits and losses when incurred, if the above conditions are not met. The expenditure at the research stage shall be included in the current profits and losses when incurred.

30. Impairment of long-term assets

Applicable Not applicable

An impairment test shall be conducted on the long-term equity investment, fixed assets, construction in progress, intangible assets with a limited service life, oil and gas assets and other long-term assets that show signs of impairment on the balance sheet date. If the results of the impairment test show that the recoverable amount of the assets is lower than the book value, the impairment provision shall be accrued based on the difference and included in the impairment loss. The recoverable amount shall be the higher of the net value of the fair value the assets minus the disposal expenses and the present value of the expected future cash flow of the assets. The impairment provision of assets shall be calculated and recognized on the basis of individual assets. If it is difficult to estimate the recoverable amount of individual assets, the recoverable amount of the assets group shall be determined based on the assets group to which the assets belong. An assets group is the smallest portfolio of assets that can independently generate cash inflows.

Impairment tests shall be conducted at least at the end of each year for intangible assets with uncertain goodwill and service life and intangible assets that have not yet reached the usable state.

The Company conducts a goodwill impairment test. The book value of the goodwill resulting from the business combination shall be allocated to relevant assets groups reasonably from the date of purchase; if it is difficult to allocate to relevant assets groups, it shall be allocated to relevant portfolio of assets groups. When allocating the book value of goodwill, the Company allocates it according to the relative benefits that relevant assets groups or portfolios of assets groups can obtain from the synergy effect of business combination, and conducts the goodwill impairment test on this basis.

During an impairment test on a related assets groups or portfolios of assets groups that contain goodwill, if an assets group or portfolio of assets groups related to goodwill shows signs of impairment, the impairment test shall be first conducted on the assets group or portfolio of assets groups without goodwill to calculate the recoverable amount, which shall be compared with the relevant book value to recognize the corresponding impairment loss. Then, an impairment test shall be conducted on the assets group or portfolio of assets groups that contains goodwill, and the book value of these related assets groups or portfolios of assets groups (including the book value of the allocated goodwill) shall be compared with the recoverable amount. If the recoverable amount of a related assets group or portfolio of assets groups is lower than its book value, the impairment loss of goodwill shall be recognized. The above assets impairment loss shall not be reversed in the subsequent accounting periods once it is recognized.

31. Long-term deferred expenses

Applicable Not applicable

Long-term deferred expenses are expenses that have already been incurred but are to be amortized in the current period and subsequent periods with an amortization period of more than one year. Long-term deferred expenses shall be amortized in installments based on the beneficial period of the expense items. If the items of long-term deferred expenses cannot benefit the future accounting periods, the amortized value of the item that has not been amortized shall be transferred to the current profits and losses.

32. Contract liabilities

Method of recognition of contract liabilities

Applicable Not applicable

Accounting policies as of January 1, 2020

The Company shall present contract assets or contract liabilities in the balance sheet according to the relationship between performance obligations and customer payments. The Company's obligation to transfer goods or provide services to customers with respect to consideration received or receivable from customers shall be presented as contract liabilities. The contract assets and contract liabilities under the same contract shall be presented in net amount.

33. Employee compensation**(1) Accounting treatment method of short-term compensation**

Applicable Not applicable

During the accounting period when employees provide services to the Company, the Company shall recognize the actual short-term compensation as liabilities and include them in the current profits and losses or the cost of related assets.

During the accounting period when employees provide services to the Company, the social insurance premiums and housing provident fund paid by the Company for employees, as well as the labor union funds and employee education funds withdrawn as required, shall be calculated based on the stipulated basis and proportion of calculation to determine the corresponding amount of employee compensation.

The expenses of employee benefits that are non-monetary and can be measured reliably shall be measured at fair value.

(2) Accounting treatment method of post-employment benefits

Applicable Not applicable

1) A defined contribution plan

The Company paid basic pension insurance and unemployment insurance for employees in accordance with relevant regulations of the local government. During the accounting period when employees provide services to the Company, the amount payable was calculated based on the local payment base and proportion, recognized as liabilities, and included in the current profits and losses or the cost of related assets.

In addition to basic pension insurance, the Company also established an enterprise annuity payment system (supplementary pension insurance)/enterprise annuity plan in accordance with relevant policies of the national enterprise annuity system. The Company paid to the local social insurance agency/annuity plan based on a certain proportion of the total wages of employees, and the corresponding expenditure was included in the current profits and losses or the cost of related assets.

2) A defined benefit plan

The Company attributed, on the basis of the formula determined by the projected unit credit method, the benefit obligations arising from a defined benefit plan to the period during which employees provide services, and included the obligations in the current profits and losses or the cost of related assets.

The deficit or surplus resulting from the present value of obligations of the defined benefit plan minus the fair value of assets of the defined benefit plan is recognized as the net liabilities or assets of a defined benefit plan. In case of a surplus in the defined benefit plan, the Company shall measure the net assets of the defined benefit plan according to the lower of the surplus in the defined benefit plan and the upper limit of assets.

All obligations under the defined benefit plan, including obligations expected to be paid within 12 months after the end of the reporting period of the year in which employees provide services, shall be discounted based on the market return of government bonds or high-quality corporate bonds in an active market that match the period and currency of the defined benefit plan on the balance sheet date.

The service cost incurred by the defined benefit plan and the net interest of the net liabilities or assets of the defined benefit plan shall be included in the current profits and losses or the cost of related assets. The changes resulting from the recalculation of net liabilities or assets of a defined benefit plan are included in other comprehensive income, and shall not be transferred back to the profit and loss in the

subsequent accounting periods. Upon the termination of the original defined benefit plan, the part originally included in other comprehensive income shall be carried forward to the undistributed profits within the scope of equity.

During the settlement of the defined benefit plan, the profits or losses of the settlement shall be recognized according to the difference between the present value determined on the settlement date of the obligations under the defined benefit plan and the settlement price.

(3) Accounting treatment method of termination benefits

Applicable Not applicable

In the event that termination benefits provided due to the termination of a labor relations plan or provided under a layoff proposal cannot be unilaterally withdrawn, or in the event that costs or expenses related to the restructuring involving the payment of termination benefits (whichever is earlier) cannot be recognized, the Company shall recognize the employee compensation liabilities due to termination benefits and record them into the current profits and losses.

(4) Accounting treatment method of other long-term employee benefits

Applicable Not applicable

34. Lease liabilities

Applicable Not applicable

35. Estimated liabilities

Applicable Not applicable

(1) Standards for recognition of estimated liabilities

The Company shall recognize obligations as estimated liabilities when the obligations related to contingencies such as litigation, debt guarantees, loss contracts, and restructuring issues, meet the following conditions at the same time:

- 1) The obligation is a current obligation of the Company;
- 2) The fulfillment of the obligation is likely to cause economic benefits to flow out of the Company; and
- 3) The amount of the obligation can be measured reliably.

(2) Measurement method of estimated liabilities

The estimated liabilities of the Company shall be initially measured based on the best estimate of the expenditure required to perform relevant current obligations.

When determining the best estimate, the Company shall comprehensively consider the factors related to contingencies, such as the risk, uncertainty and the time value of money. For the factors that have a significant impact on the time value of money, the best estimate shall be determined by discounting relevant future cash outflows.

The best estimate shall be treated as follows:

If there is a continuous range (or interval) of the required expenditure, in which the possibility of various results is equal, the best estimate is the middle value of the range, that is, the average of the upper and lower limits.

If there is no continuous range (or interval) of the required expenditure, or if there is a continuous range but the probability of various results within that range is different, the best estimate is the amount most likely to occur when contingencies involve a single item; the best estimate is determined by calculation of possible results and associated probabilities when contingencies involve more than one item.

If all or part of the expenditure required by the Company to pay off its estimated liabilities are expected to be compensated by a third party, the compensation amount shall be separately recognized as assets when it is basically certain that compensation can be received, and the recognized compensation amount shall not exceed the book value of the estimated liabilities.

36. Share-based payment

Applicable Not applicable

The share-based payment by the Company is a transaction in which an equity instrument is granted or liabilities are assumed on the basis of equity instruments in order to obtain services provided by employees or other parties. The share-based payment by the Company is divided into the equity-settled share-based payment and the cash-settled share-based payment.

(1) Equity-settled share-based payment and equity instruments

The equity-settled share-based payment used in exchange for employee services shall be measured at the fair value of the equity instruments granted to employees. If the Company makes share-based payment with restricted shares and employees subscribe for the shares with money, the shares shall not be listed, circulated or transferred until the unlocking conditions have been met and the shares have been unlocked. If the unlocking conditions stipulated in the final equity incentive plan are not met, the Company shall repurchase the shares at the price agreed in advance. When the Company obtains the amount paid by employees to subscribe for the restricted shares, the capital stock and capital reserve (capital stock premium) shall be recognized on the basis of the subscription money obtained, and a liability shall be recognized in full in respect of the repurchase obligation and the treasury stock shall be recognized. On each balance sheet date during the waiting period, the Company shall make the best estimation of the number of exercisable equity instruments based on the latest follow-up information such as [changes in the number of vesting employees] and [whether the specified performance conditions are met]. On this basis, the services obtained in the current period shall be included in relevant costs or expenses according to the fair value on the grant date, and the capital reserve shall be increased accordingly. No adjustment shall be made to the recognized relevant costs or expenses and to the total owners' equity after the vesting date. However, if the equity instrument becomes exercisable immediately after the grant, it shall be included in relevant costs or expenses according to the fair value on the grant date, and the capital reserve shall be increased accordingly.

For share-based payment that cannot be exercised ultimately, no costs or expenses shall be recognized, unless the vesting conditions are market conditions or non-vesting conditions. Now, regardless of whether the market conditions or non-vesting conditions are met, as long as the non-market conditions in all vesting conditions are met, the share-based payment shall be deemed as exercisable.

If the terms of equity-settled share-based payment are modified, the services obtained shall be at least recognized in accordance with the unmodified terms. In addition, any modification that increases the fair value of the equity instruments granted, or changes that are beneficial to employees on the modification date, shall be recognized as an increase in the services obtained.

If the equity-settled share-based payment is cancelled, the accelerated vesting shall be made on the cancellation date, and the unrecognized amount shall be recognized immediately. If employees or other parties are able to choose to meet the non-vesting condition but does not meet it during the waiting period, it shall be treated as the cancellation of equity-settled share-based payment. However, if a new equity instrument is granted and it is determined on the grant date that the new equity instrument granted is the substitute of the equity instrument cancelled, the alternate equity instrument granted shall be treated in the same manner as the modification of the terms and conditions of the original equity instrument is treated.

(2) Cash-settled share-based payment and equity instruments

The cash-settled share-based payment shall be measured at the fair value of the liabilities of the Company calculated and determined on the basis of shares or other equity instruments. The XXX model shall be used for initial measurement at the fair value on the grant date, and the terms and conditions of the equity instrument granted shall be considered. See "X. Share-based Payment" in the Notes for details. If the equity instrument becomes exercisable immediately after the grant, the fair value of the liabilities shall be recorded into the costs or expenses on the grant date and the liabilities shall be increased accordingly. If the equity instrument becomes exercisable only after the services during the waiting period are completed or the specified performance conditions are met, during the waiting period, based on the best estimation of the vesting conditions, the services obtained in the current period shall be recorded into relevant costs or expenses according to the fair value of the liabilities, and the corresponding liabilities shall be increased. The fair value of the liabilities shall be remeasured on each balance sheet date and settlement date before the settlement of relevant liabilities, and the changes shall be included in the current profits and losses.

37. Preferred stocks, perpetual bonds and other financial instruments

Applicable Not applicable

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

Applicable Not applicable

Accounting policies as of January 1, 2020

The Company shall recognize the income when it has fulfilled its performance obligations in the contract, that is, when the customer obtains the control over relevant goods or services. Obtaining the control over 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.

If the contract contains two or more performance obligations, the Company shall, on the commencement date of the contract, allocate the transaction price to each individual performance obligation according to the relative proportion of the individual selling price of the goods or services promised under each individual performance obligation. The Company shall measure the income on the basis of the transaction price allocated to each individual performance obligation.

The transaction price means the amount of consideration that the Company is expected to be entitled as a result of the transfer of goods or services to customers, excluding the amount received on behalf of a third party and the amount expected to be returned to customers. The Company shall determine the transaction price in accordance with the terms of the contract and in combination with its previous customary practices. When determining the transaction price, the Company shall consider the impact of the factors such as variable consideration, significant financing components in the contract, non-cash consideration, and consideration payable to customers. The Company shall determine the transaction price including variable consideration at an amount that does not exceed the amount that would highly likely not result in a significant reversal of the accumulated recognized income when relevant uncertainty is eliminated. If the contract contains a significant financing component, the Company shall determine the transaction price according to the amount payable on the assumption that the customers will make cash payment when they obtain the control over the goods or services, and the effective interest method shall be used to amortize the difference between the transaction price and the contract consideration during the contract period.

If one of the following conditions is met, the performance obligations shall be performed within a certain period of time; otherwise, the performance obligations shall be performed at a certain time point:

- The customer obtains and consumes the economic benefits brought by the performance by the Company, when the Company perform its obligations.
- The customer is able to control the goods under construction during the performance by the Company.
- The goods produced by the Company during the performance have irreplaceable uses, and the Company shall have the right to receive payments for the accumulated performance part during the entire contract period.

For performance obligations performed within a certain period of time, the Company shall recognize the income according to the performance progress within that period, except that the performance progress cannot be reasonably determined. The Company shall use the output method or input method to determine the performance progress, taking into account the nature of the goods or services. If the performance progress cannot be reasonably determined and the costs incurred are expected to be compensated, the Company shall recognize the income according to the amount of the costs incurred until the performance progress can be reasonably determined.

For the performance obligation performed at a certain time point, the Company shall recognize the income at the time point when the customer obtains the control over relevant goods or services. When judging whether a customer has obtained the control over goods or services, the Company shall consider the following facts:

- The Company has the current right to receive payments for the goods or services, that is, the customer has the current obligation to make payment for the goods or services.
- The Company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods.
- The Company has transferred the physical goods to the customer, that is, the customer has taken

possession of the physical goods.

- The Company has transferred the main risks and rewards on the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards on the ownership of the goods.
- The customer has accepted the goods or services.

Accounting policies before January 1, 2020

General principles for recognizing the income from sales of goods

The Company has transferred the main risks and rewards on the ownership of the goods to the purchaser, and no longer retains the continued management and effective control over the goods that are usually associated with the ownership, and the related costs incurred or to be incurred can be measured reliably and shall be recognized as the income. The amount of the income from the sales of goods shall be determined based on the contract or agreement price received or receivable from the purchaser, except that the contract or agreement price received or receivable is not fair. If the contract or agreement price is collected on a deferred basis, and is actually of financing nature, the amount of the income from the sales of goods shall be determined according to the fair value of the contract or agreement receivable.

Providing services

On the balance sheet date, if the results of the service transaction can be estimated reliably, the income from providing services shall be recognized according to the percentage-of-completion method; otherwise, the income shall be recognized based on the amount of service costs that have been incurred and are expected to be compensated. The results of a service transaction can be reliably estimated, which means that the following conditions are met simultaneously: the amount of income can be measured reliably; relevant economic benefits are likely to flow into the Company; the completion progress of the transaction can be determined reliably; and the costs incurred and to be incurred in the transaction can be measured reliably. The Company shall determine the completion progress of the service transaction based on the proportion of the costs incurred to the total estimated costs. The total income from providing services shall be determined based on the contract or agreement price received or receivable from the service receiving party, except that the contract or agreement price received or receivable is not fair.

Transfer of the right to use assets

The Company shall recognize the income from the transfer of rights to use assets when the economic benefits related to the transfer of rights to use assets are likely to flow in and the income amount can be measured reliably.

The basis and method of the completion progress of the contract shall be determined, when the income from the provision of services and the income from the construction contract are recognized on the basis of the percentage-of-completion method

If the results of the service transaction can be reliably estimated on the balance sheet date, the service income shall be recognized on the basis of the percentage-of-completion method. The completion progress of the service transaction shall be determined based on the measurement of the completed work or the proportion of the accumulated actual cost input to the budgeted cost.

The total income from the provision of services shall be determined according to the contract or agreement price received or receivable, except that the contract or agreement price received or receivable is not fair. On the balance sheet date, the current income from providing services shall be recognized based on the total income from providing services multiplied by the completion progress after deducting the accumulated recognized income from providing services in the previous accounting periods. At the same time, the current service cost shall be carried forward according to the total estimated cost of providing services multiplied by the completion progress after deducting the accumulated recognized service cost in the previous accounting periods.

If the results of a service transaction cannot be estimated reliably on the balance sheet date, the following treatment methods shall be adopted:

- 1) If the service cost incurred is expected to be compensated, the income from providing services shall be recognized according to the amount of the service cost incurred, and the service cost shall be carried forward at the same amount.

2) If the service cost incurred is not expected to be compensated, the service cost incurred shall be recorded into the current profits and losses, and the income from providing services shall not be recognized.

The Company shall, on the balance sheet date, recognize the construction contract income and contract cost according to the percentage-of-completion method, if the total contract income can be measured reliably, the economic benefits related to the contract are likely to flow into the Company, the actual contract costs can be clearly distinguished and measured reliably, and the completion progress of the contract and the costs required to complete the contract can be measured reliably. When the percentage-of-completion method is adopted, the completion progress of the contract shall be determined according to the proportion of the actual contract cost to the total estimated cost of the contract.

If the results of a construction contract cannot be estimated reliably, when the contract cost can be recovered, the contract income shall be recognized based on the actual contract cost that can be recovered, and the contract cost shall be recognized as expenses in the current period in which it is incurred; when the contract cost cannot be recovered, it shall be recognized as expenses immediately when it is incurred, and the income shall not be recognized.

The Company shall check the construction contract at the end of the period. If the total estimated cost of the construction contract will exceed the total estimated income from the contract, the loss provision shall be made and the estimated loss shall be recognized as the current expenses.

(2). Differences in accounting policies for income recognition due to different business models of similar businesses

Applicable Not applicable

39. Contract costs

Applicable Not applicable

Accounting policies as of January 1, 2020

The contract costs include the cost of performing the contract and the cost of obtaining the contract.

The cost incurred by the Company for performance of the contract that is not within the scope of relevant standards and specifications such as inventory, fixed assets or intangible assets shall be recognized as an asset when the following conditions are met:

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

The incremental cost incurred by the Company for obtaining the contract, which is expected to be recovered, shall be recognized as an asset as the cost of obtaining the contract.

The assets related to contract costs shall be amortized on the same basis on which the income from goods or services related to the assets is recognized. However, if the amortization period of the cost of obtaining the contract does not exceed one year, the Company shall include the cost in the current profits and losses when it is incurred.

If the book value of assets related to contract costs is higher than the difference between the following two items, the Company shall make provision for impairment of the excess part, which shall be recognized as asset impairment losses:

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

In the event that the foregoing balance is higher than the book value of the assets due to a later change in the previous factors of impairment, the Company shall reverse the original provision for impairment and record it into the current profits and losses. However, the book value of the assets after the reversal shall not exceed the book value of the assets on the date of reversal on the assumption that no impairment provision is made.

40. Government grants

Applicable Not applicable

(1) Type

Government grants are the monetary and non-monetary assets obtained by the Company free of charge from the government, which are divided into government grants related to assets and government grants related to income.

The government grants related to assets refer to government grants obtained by the Company to form long-term assets by acquisition and construction or in other ways. The government grants related to income refer to government grants other than those related to assets.

The specific standard used by the Company to classify government grants into the government grants related to assets: whether the grants are the asset grants allocated by the government.

The specific standard used by the Company to classify government grants into the government grants related to income: whether the grants are other government grants other than those classified as government grants related to assets.

If the object of the grants is not clearly specified in the government documents, the Company shall classify government grants as government grants related to assets or government grants related to income based on whether the grants are used for acquisition or construction of long-term assets or to otherwise form long-term assets.

(2) Accounting treatment

The government grants related to assets shall be used to offset the book value of related assets or shall be recognized as deferred income. If the government grants are recognized as deferred income, they shall be included in the current profits and losses in instalments in a reasonable and systematic manner within the service life of relevant assets (the government grants related to the Company's daily activities shall be included in other income; the government grants not related to the Company's daily activities shall be included in the non-operating income).

If the government grants related to income are used to compensate the Company for the related costs or losses in subsequent periods, they shall be recognized as deferred income, and shall be included in the current profits and losses (those related to the Company's daily activities shall be included in other income; those the Company's daily activities shall be included in the non-operating income) or used to offset the related costs or losses during the period when the related costs or losses are recognized. If the government grants related to income are used to compensate the Company for any costs or losses incurred, they shall be directly included in the current profits and losses (those related to the Company's daily activities shall be included in other income; those not related to the Company's daily activities shall be included in the non-operating income) or used to offset the related costs or losses.

The accounting treatment for the interest subsidy of the preferential policy loans obtained by the Company shall be conducted according to the following two situations:

1) If the Finance Ministry allocates the interest subsidy funds to the lending bank and the lending bank provides loans to the Company at the policy-guided preferential interest rate, the Company shall take the actual amount of the borrowing received as the entry value of the borrowing, and shall calculate relevant borrowing costs according to the principal of the borrowing and the policy-guided preferential interest rate.

2) If the Finance Ministry directly allocates the interest subsidy funds to the Company, the Company shall offset relevant borrowing costs with the corresponding interest subsidy.

41. Deferred income tax assets/deferred income tax liabilities

Applicable Not applicable

For the recognition of deferred income tax assets for deductible temporary differences, the amount of taxable income likely to be acquired in the future periods to offset deductible temporary differences shall not be exceeded. For the deductible losses and tax deductions that can be carried forward to subsequent years, the corresponding deferred income tax assets shall be recognized based on the future taxable income that is likely to be obtained and used to deduct the deductible losses and tax deductions.

For taxable temporary differences, the deferred income tax liabilities shall be recognized except in special circumstances.

Special circumstances where deferred income tax assets or deferred income tax liabilities are not recognized include the initial recognition of goodwill and other transactions or events (other than business combination) that do not affect either the accounting profit or the taxable income (or the deductible loss) at the time of occurrence.

The current income tax assets and current income tax liabilities shall be presented in net amount after offsetting when the legal right of net settlement is obtained, and there is an intention to conduct net settlement or obtain assets and pay off liabilities at the same time.

Deferred income tax assets and deferred income tax liabilities shall be presented in net amount after offsetting, if the legal right to settle the current income tax assets and the current income tax liabilities on a net basis is obtained, and the deferred income tax assets and deferred income tax liabilities are related to the income tax levied by the same department of tax collection and administration on the same taxpayer or related to different taxpayers, but in the period during which each of the important future deferred income tax assets and liabilities is reversed, the taxpayer involved intends to settle the current income tax assets and liabilities on a net basis or to obtain assets and pay off liabilities at the same time.

42. Leasing

(1). Accounting treatment method of operating leases

Applicable Not applicable

1) The rent paid by the Company for leased assets shall be amortized on a straight-line basis during the entire lease term without deduction of the rent-free period and shall be included in the current expenses. The initial direct expenses related to the lease transaction paid by the Company shall be included in the current expenses.

If the asset lessor bears the expenses related to the lease that should be borne by the Company, the Company shall deduct the expenses from the total rent, and the rent expenses after such deduction shall be amortized during the lease term and included in the current expenses.

2) The rent received by the Company for renting assets shall be apportioned on a straight-line basis during the entire lease term without deduction of the lease-free period and recognized as lease-related income. The initial direct expenses related to the lease transaction paid by the Company shall be included in the current expenses. The large amount shall be capitalized and shall, throughout the lease term, be included in the current income in installments based on the same basis on which the lease-related income is recognized.

If the Company bears the expenses related to the lease that should be borne by the lessee, the Company shall deduct the expenses from the total rent income, and the rent expenses after such deduction shall be allocated during the lease term.

(2). Accounting treatment method of finance leases

Applicable Not applicable

1) Assets acquired under finance leases: The Company shall, on the commencement date of the lease, take the lower of the fair value of the leased assets and the present value of the minimum lease payment as the entry value of the leased assets, the minimum lease payment as the entry value of the long-term payables, and the difference as unrecognized financing costs. The Company shall amortize unrecognized financing costs on the basis of the effective interest method during the asset lease period and include them in financial expenses. The initial direct expenses incurred by the Company shall be included in the value of the leased assets.

2) Assets leased out under finance leases: The Company shall, on the commencement date of the lease, recognize the difference between the sum of the unsecured residual values of the finance lease receivables and the present value as the unrealized financing income, and shall recognize it as the rent income in each future period when the rent is received. The initial direct expenses related to the lease transaction incurred by the Company shall be included in the initial measurement of the finance lease receivables, and shall be reduced by the amount of income recognized during the lease term.

(3). The determination method and accounting treatment method of lease under new lease standards

Applicable Not applicable

43. Other important accounting policies and accounting estimates

Applicable Not applicable

44. Changes in important accounting policies and accounting estimates

(1). Changes in important accounting policies

Applicable Not applicable

The changes in accounting policies and the reasons	Approval procedure	Remarks (the name and amount of report items that are significantly affected)
The Ministry of Finance revised the Accounting Standards for Business Enterprises No. 14-Revenue in 2017, and the Company implemented the new revenue standards from January 1, 2020.	The 22nd Meeting of the 6th Board of Directors	According to the consolidated statement of the semi-annual balance sheet in 2020, the inventory decreased by RMB 4,045,981,800 and the contract assets increased by RMB 4,045,981,800; the advances received increased by RMB 1,548,447,300, and the contract liabilities decreased by RMB 1,548,447,300.

Other descriptions:

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

The Ministry of Finance revised the Accounting Standards for Business Enterprises No. 14-Revenue in 2017. According to the revised standards, in case of the initial implementation of the standards, the retained earnings at the beginning of the year and the amount of other related items in the financial statements shall be adjusted based on the amount of cumulative impact, and no adjustments shall be made to the information in the comparable period.

The Company implemented the New Revenue Standards from January 1, 2020. According to the standards, the Company shall only adjust the retained earnings at the beginning of 2020 and the amount of other related items in the financial statements for the amount of cumulative impact of contracts that have not been completed on the date of first implementation, and the comparative financial statements shall not be adjusted. The main impacts of implementing the standards are as follows:

Unit: Ten Thousand Yuan Currency: RMB

The changes in accounting policies and the reasons	Approval procedure	Affected report items	January 1, 2020	
			Consolidated	Parent company
(1) For some construction contracts whose income is originally recognized based on the percentage-of-completion method, because the condition for recognizing income in a period of time is not met, income shall be recognized based at the time point of the transfer of control.	The 22nd Meeting of the 6th Board of Directors	Inventory		
		Accounts receivable		
		Deferred income tax assets		
		Undistributed profits		
(2) The commission originally recognized as sales expenses shall be capitalized as the cost of obtaining the contract.	The 22nd Meeting of the 6th Board of	Other current assets		
		Deferred income tax assets		

	Directors	Undistributed profits		
(3) The completed and unsettled items related to the construction contract that do not meet the unconditional right of collection and the accounts receivable shall be reclassified into the contract assets, and the settled but uncompleted items related to the construction contract and the advances received related to the construction contract shall be reclassified into the contract liabilities.	The 22nd Meeting of the 6th Board of Directors	Accounts receivable		
		Inventory	-440,090.98	-343,654.42
		Contract assets	456,583.50	355,096.21
		Advances received	-89,627.16	-67,110.96
		Contract liabilities	89,627.16	67,110.96
		Estimated liabilities	16,898.24	11,761.82

Compared with the original revenue standards, the impact of the implementation of the New Revenue Standards on the related items in the financial statement for January-June 2020 is as follows (increase/(decrease)):

Unit: Ten Thousand Yuan Currency: RMB

Affected balance sheet items	June 30, 2020	
	Consolidated	Parent company
Inventory	-404,598.18	-371,205.54
Contract assets	404,598.18	371,205.54
Contract liabilities	-154,844.73	-135,758.33
Advances received	154,844.73	135,758.33

The implementation of the above standards by the Company has no significant impact on the income statement items from January to June 2020.

(2). Changes in important accounting estimates

Applicable Not applicable

(3). Information on the first implementation of the New Revenue Standards and the new lease standards since 2020 and the adjustment of the financial statements at the beginning of the year of the first implementation

Applicable Not applicable

Consolidated Balance Sheet

Unit: Ten Thousand Yuan Currency: RMB

Item	December 31, 2019	January 1, 2020	Adjusted figure
Current assets:			
Monetary funds	173,220.47	173,220.47	
Settlement provisions			
Lendings to banks and other financial institutions			

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Trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	483,752.79	483,752.79	
Accounts receivable financing			
Prepayments	33,840.21	33,840.21	
Premium receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	2,305.50	2,305.50	
Including: interest receivable			
Dividend receivable			
Redemptory monetary capital for sale			
Inventory	512,937.83	72,846.85	-440,090.98
Contract assets		456,583.50	456,583.50
Assets held for sale			
Non-current assets due within one year			
Other current assets	444,370.19	444,370.19	
Total current assets	1,650,426.99	1,666,919.51	16,492.52
Non-current assets:			
Loans issued and money advanced			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investment	200,625.26	200,625.26	
Investment in other equity instruments	18,102.31	18,102.31	
Other non-current financial assets			

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Investment real estate			
Fixed assets	1,076,157.12	1,076,157.12	
Construction in progress	67,087.40	67,087.40	
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	113,462.95	113,462.95	
Development expenditure			
Goodwill	1,307.51	1,307.51	
Long-term deferred expenses	7,766.54	7,766.54	
Deferred income tax assets	50,718.21	50,772.91	54.70
Other non-current assets			
Total non-current assets	1,535,227.30	1,535,282.00	54.70
Total assets	3,185,654.29	3,202,201.51	16,547.22
Current liabilities:			
Short-term borrowing			
Borrowings from central bank			
Borrowings from banks and other financial institutions			
Trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable	686,293.85	686,293.85	
Advances received	89,684.10	56.94	-89,627.16
Contract liabilities		89,627.16	89,627.16
Financial assets sold for repurchase			
Deposits from customers and interbank			
Acting trading securities			
Acting underwriting securities			

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Employee compensation payable	13,742.46	13,742.46	
Taxes payable	43,912.28	43,912.28	
Other accounts payables	15,381.62	15,381.62	
Including: interest payable			
Dividends payable			
Fees and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	849,014.31	849,014.31	
Non-current liabilities:			
Insurance contract reserve			
Long-term borrowing	22,000.00	22,000.00	
Bonds payable			
Including: preferred stocks			
Perpetual bonds			
Lease liabilities			
Long-term payable	2,690.85	2,690.85	
Long-term employee compensation payable			
Estimated liabilities	26,533.94	43,432.18	16,898.24
Deferred income	15,859.45	15,859.45	
Deferred income tax liabilities	2,272.16	2,272.16	
Other non-current liabilities			
Total non-current liabilities	69,356.40	86,254.64	16,898.24
Total liabilities	918,370.71	935,268.95	16,898.24
Owners' equity (or shareholders' equity):			
Paid-in capital (or capital stock)	442,135.48	442,135.48	

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Other equity instruments			
Including: preferred stocks			
Perpetual bond			
Capital reserve	424,794.02	424,794.02	
Less: treasury stock			
Other comprehensive income	6,888.17	6,888.17	
Special reserves	42,176.91	42,176.91	
Surplus reserve	165,664.67	165,664.67	
General risk provisions			
Undistributed profits	1,184,404.79	1,184,053.77	-351.02
Total owners' equity (or shareholders' equity) attributable to the parent company	2,266,064.04	2,265,713.02	-351.02
Minority equity	1,219.54	1,219.54	
Total owners' equity (or shareholders' equity)	2,267,283.58	2,266,932.56	-351.02
Total liabilities and owners' equity (or shareholders' equity)	3,185,654.29	3,202,201.51	16,547.22

Description of adjustment of each item:

Applicable Not applicable

Parent Company Balance Sheet

Unit: Ten Thousand Yuan Currency: RMB

Item	December 31, 2019	January 1, 2020	Adjusted figure
Current assets:			
Monetary funds	102,791.99	102,791.99	
Trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	498,627.86	498,627.86	
Accounts receivable financing			
Prepayments	22,362.12	22,362.12	
Other receivables	78,188.94	78,188.94	

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Including: interest receivable	52.43	52.43	
Dividends receivable			
Inventory	375,593.90	31,939.48	-343,654.42
Contract assets		355,096.21	355,096.21
Assets held for sale			
Non-current assets due within one year			
Other current assets	369,119.68	369,119.68	
Total current assets	1,446,684.49	1,458,126.28	11,441.79
Non-current assets:			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investment	920,597.42	920,597.42	
Investment in other equity instruments	18,102.31	18,102.31	
Other non-current financial assets			
Investment real estate			
Fixed assets	513,896.98	513,896.98	
Construction in progress	25,254.63	25,254.63	
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	39,476.02	39,476.02	
Development expenditure			
Goodwill			
Long-term deferred expenses	6,766.65	6,766.65	
Deferred income tax assets	28,947.79	28,994.84	47.05
Other non-current assets			
Total non-current assets	1,553,041.80	1,553,088.85	47.05

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Total assets	2,999,726.29	3,011,215.13	11,488.84
Current liabilities:			
Short-term borrowing			
Trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable	919,819.75	919,819.75	
Advances received	67,146.27	35.31	-67,110.96
Contract liabilities		67,110.96	67,110.96
Employee compensation payable	9,683.58	9,683.58	
Taxes payable	5,476.91	5,476.91	
Other payables	42,344.48	42,344.48	
Including: interest payable			
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	1,044,470.99	1,044,470.99	
Non-current liabilities:			
Long-term borrowing	22,000.00	22,000.00	
Bonds payable			
Including: preferred stocks			
Perpetual bonds			
Lease liabilities			
Long-term payables	2,690.84	2,690.84	
Long-term employee compensation payable			
Estimated liabilities	15,959.30	27,721.12	11,761.82
Deferred income	8,499.81	8,499.81	

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Deferred income tax liabilities	1,105.01	1,105.01	
Other non-current liabilities			
Total non-current liabilities	50,254.96	62,016.78	11,761.82
Total liabilities	1,094,725.95	1,106,487.77	11,761.82
Owners' equity (or shareholders' equity):			
Paid-in capital (or capital stock)	442,135.48	442,135.48	
Other equity instruments			
Including: preferred stocks			
Perpetual bonds			
Capital reserve	424,538.80	424,538.80	
Less: treasury stock			
Other comprehensive income	3,024.98	3,024.98	
Special reserves	41,231.27	41,231.27	
Surplus reserve	164,700.41	164,700.41	
Undistributed profits	829,369.40	829,096.42	-272.98
Total owners' equity (or shareholders' equity)	1,905,000.34	1,904,727.36	-272.98
Total liabilities and owners' equity (or shareholders' equity)	2,999,726.29	3,011,215.13	11,488.84

Description of adjustment of each item:

Applicable Not applicable

(4). Description of the first implementation of the New Revenue Standards and the new lease standards from 2020 for retroactive adjustment of the previous comparative data

Applicable Not applicable

45. Others

Applicable Not applicable

VI. Taxes**1. Main taxes and tax rates**

Information on main taxes and tax rates

√Applicable □Not applicable

Taxes	Taxation basis	Tax rate
VAT	The output tax is calculated on taxable income, and payment is made on the basis of the difference after deducting the input tax that is allowed to be deducted in the current period	13%, 9%, 6%, 3% and 0%
Urban maintenance and construction tax	The tax calculation is based on the VAT payable and the current tax exemption and credit officially approved by the State Taxation Administration	7%
Corporate income tax	It is calculated and paid according to the amount of taxable income	25%, 15%
Educational surcharges	The tax calculation is based on the VAT payable and the current tax exemption and credit officially approved by the State Taxation Administration	3%
Local educational surcharges	The tax calculation is based on the VAT payable and the current tax exemption and credit 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 disclosure of taxpayers with different corporate income tax rates

√Applicable □Not applicable

Name of the taxpayer	Income tax rate (%)
The Company	15
Offshore Oil Engineering (Qingdao) Co., Ltd.	15
Shenzhen Offshore Oil Engineering Underwater Technology Co., Ltd.	15
Beijing Gaotai Deep-sea Technology Co., Ltd.	15

2. Tax incentives

√Applicable □Not applicable

(1) In November 2018, the Company was jointly recognized as a high-tech enterprise by Tianjin

Municipal Science and Technology Bureau, Tianjin Finance Bureau, Tianjin Municipal Tax Service, State Taxation Administration, and obtained the Certificate of High-tech Enterprise (No. GR201812000296) that is valid for 3 years, with an income tax rate of 15%.

(2) In November 2018, Offshore Oil Engineering (Qingdao) Co., Ltd. was jointly recognized as a high-tech enterprise by Qingdao Municipal Science and Technology Bureau, Qingdao Finance Bureau, and Qingdao Municipal Tax Service, State Taxation Administration, and obtained the Certificate of High-tech Enterprise (No. GR201837100123) that is valid for 3 years, with an income tax rate of 15%.

(3) In October 2017, Shenzhen Offshore Oil Engineering Underwater Technology Co., Ltd. was jointly recognized as a high-tech enterprise by the Science and Technology Innovation Committee of Shenzhen, Shenzhen Municipal Finance Commission, Shenzhen Tax Service, State Taxation Administration, and the Local Taxation Bureau of Shenzhen Municipality, and obtained the Certificate of High-tech Enterprise (No. GR201744203099) that is valid for 3 years, with an income tax rate of 15%.

(4) In December 2016, Beijing Gaotai Deep-sea Technology Co., Ltd. was jointly recognized as a high-tech enterprise by Beijing Municipal Science & Technology Commission, Beijing Municipal Finance Bureau, Beijing Municipal Tax Service, State Taxation Administration, and Beijing Local Taxation Bureau, and obtained the Certificate of High-tech Enterprise (No. GR201611001366) that is valid for 3 years (2016-2018). In December 2019, Beijing Gaotai Deep-sea Technology Co., Ltd. applied for the qualification review of high-tech enterprises in 2019 and the corporate income tax incentives from 2019 to 2021, and obtained the Certificate of High-tech Enterprise (No. GR201911007589) that is valid for 3 years, with an income tax rate of 15%.

3. Others

Applicable Not applicable

(1) According to the Notice of the Ministry of Finance and the State Taxation Administration on VAT and Consumption Tax Policies for Exported Goods and Labor Services (CS [2012] No.39), the self-produced offshore engineering structures sold by the Company and its subsidiaries Offshore Oil Engineering (Qingdao) Co., Ltd. and Offshore Oil Engineering (Zhuhai) Co., Ltd. to offshore oil and gas exploration enterprises are regarded as exported goods, and shall be subject to the administrative measures of “exemption, credit and refund” at the time of sale. According to the Notice of the Ministry of Finance and the State Administration of Taxation on Specifying the Value-added Tax Policies for Finance, Real Estate Development, Educational Support Services, etc. (CS [2016] No.140), the self-produced offshore engineering structures sold by the Company and its subsidiaries Offshore Oil Engineering (Qingdao) Co., Ltd. and Offshore Oil Engineering (Zhuhai) Co., Ltd. to offshore oil and gas exploration enterprises are no longer subject to the exemption, credit and refund policy after the sales contract of offshore engineering structures for self-operated oilfields is signed after January 1, 2017.

(2) According to the Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (CS [2016] No.36) approved by the State Council, the Company and its domestic subsidiaries shall apply the provisions of “replacing the business tax with value-added tax” from May 1, 2016. According to Article 1 of the Announcement of the State Administration of Taxation on Further Clarifying the Relevant Tax Collection Administration Issues concerning the Pilot Program of Replacing Business Tax with Value-Added Tax (Announcement No.11 [2017] of the State Taxation Administration), “A taxpayer’s provision of construction and installation services while selling mobile houses, machinery equipment, steel structures or other self-produced goods shall not be deemed a mixed sale as prescribed in Article 40 of the Measures for the Implementation of the Pilot Program of Replacing Business Tax with Value-Added Tax (No. 36 [2016], SAT), and the sales amounts of goods and construction services shall be calculated separately, and different tax rates or levy rates shall apply respectively.”, the construction labor price, the price of self-produced goods and the price of provision of value-added tax taxable labor services shall be subject to different tax rates or levy rates in the general contracting or subcontracting signed by the Company.

(3) According to the Announcement on Relevant Policies for Deepening the Value-Added Tax Reform (CS [2019] No.39), if a taxpayer engages in VAT taxable sales or imports goods, the originally applicable tax rates of 16% and 10% will be adjusted to 13% and 9% respectively. The Company implemented the new tax rate policy from April 1, 2019.

VII. Notes to Items in Consolidated Financial Statements

1. Monetary funds

√Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance	Opening balance
Cash on hand	1.74	1.22
Bank deposits	192,515.24	173,206.06
Other monetary funds	13.19	13.19
Total	192,530.17	173,220.47
Including: the total amount of money deposited abroad	65,443.98	41,369.04

Other descriptions:

The details of monetary funds restricted in use due to mortgage, pledge or freezing, and monetary funds deposited abroad with restricted repatriation of funds are as follows:

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance	Balance at the end of the previous year
Margins for guarantee	13.19	13.19
Total	13.19	13.19

2. Trading financial assetsApplicable Not applicable**3. Derivative financial assets**Applicable Not applicable**4. Notes receivable****(1). Classified presentation of notes receivable**Applicable Not applicable**(2). Notes receivable pledged by the Company at the end of the period**Applicable Not applicable**(3). Notes receivable endorsed or discounted by the Company at the end of the period that are not due at the balance sheet date**Applicable Not applicable**(4). Notes transferred by the Company to accounts receivable due to the non-performance of the drawer at the end of the period**Applicable Not applicable**(5). Disclosure according to the drawing method of bad debts**Applicable Not applicable**(6). Provision for bad debts**Applicable Not applicable

(7). Notes receivable actually written off in the current period

Applicable Not applicable

Other descriptions:

Applicable Not applicable

5. Accounts receivable**(1). Disclosed by aging**

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Aging	Ending book balance
Within one year	
Including: sub-items within one year	
Within one year (inclusive)	571,535.01
Subtotal within one year	571,535.01
1-2 years	0.40
2-3 years	6,013.63
More than 3 years	1,125.57
Total	578,674.61

(2). Disclosed according to the drawing method of bad debts

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Type	Ending balance					Opening balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion (%)	Amount	Drawing proportion (%)		Amount	Proportion (%)	Amount	Drawing proportion (%)	
Bad-debt provision by single item										
Bad-debt provision by combination	578,674.61	100.00	4,849.22	0.84	573,825.39	487,182.40	100.00	3,429.61	0.70	483,752.79
Including:										
Aging combination	87,512.58	15.12	4,849.22	5.54	82,663.36	57,192.01	11.74	3,429.61	6.00	53,762.40
Combination of related parties	491,162.03	84.88			491,162.03	429,990.39	88.26	0.00		429,990.39
Total	578,674.61	/	4,849.22	/	573,825.39	487,182.40	/	3,429.61	/	483,752.79

Bad-debt provision by single item:

Applicable Not applicable

Bad-debt provision by combination:

Applicable Not applicable

Items whose provision is made by combination: aging combination

Unit: Ten Thousand Yuan Currency: RMB

Name	Ending balance		
	Accounts receivable	Bad-debt provision	Drawing proportion (%)
Aging combination	87,512.58	4,849.22	5.54
Combination of related parties	491,162.03		
Total	578,674.61	4,849.22	

Recognition standard and description of bad-debt provision by combination:

Applicable Not applicable

If provision is made for bad debts according to the general model of expected credit losses, please refer to the disclosure of other accounts receivable:

Applicable Not applicable

(3). Provision for bad debts

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Type	Opening balance	Increase or decrease in the current period				Ending balance
		Provision	Recovery or reversal	Transfer or write-off	Other changes	
Bad-debt provision of accounts receivable	3,429.61	1,439.07	19.46			4,849.22
Total	3,429.61	1,439.07	19.46			4,849.22

Significant amount of bad-debt provision for the current period to be recovered or reversed:

Applicable Not applicable

(4). Accounts receivable actually written off in the current period

Applicable Not applicable

(5). Accounts receivable collected to the debtors which rank the first five at the end of period

Applicable Not applicable

Company name	Ending balance		
	Accounts	Proportion in the total accounts	Bad-debt provision

	receivable	receivable (%)	
China National Offshore Oil Corporation	474,887.36	82.06	
CNOOC Gas & Power Group Ltd.	14,698.86	2.54	
Dangote Oil Refining	21,243.21	3.67	
DYNAMIC INDUSTRIES SAUDI ARABIA LTD	10,672.72	1.84	
Husky Oil China Ltd.	10,361.98	1.79	
Total	531,864.13	91.90	

(6). Accounts receivable that are derecognized due to the transfer of financial assets

Applicable Not applicable

(7). Amount of assets and liabilities formed by transfer of accounts receivable and continued involvement

Applicable Not applicable

Other descriptions:

Applicable Not applicable

6. Accounts receivable financing

Applicable Not applicable

7. Prepayments**(1). Prepayment presented by aging**

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Aging	Ending balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within one year	38,827.08	91.62	33,191.67	98.08
1-2 years	3,055.44	7.21	648.54	1.92
2-3 years	494.03	1.17		
More than 3 years				
Total	42,376.55	100.00	33,840.21	100.00

(2). Prepayment whose ending balances are ranked top 5 collected by the entity to which prepayment is given

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Entity	Ending balance	Proportion in the ending balance of
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		total prepayment (%)
Subsea 7 Singapore Contracting Pte	4,233.10	9.99
Ariel Corporation	2,427.03	5.73
China Construction Third Engineering Bureau Co., Ltd.	2,196.28	5.18
ANT Applied New Technologies AG	2,014.21	4.75
China Metallurgical Construction Corporation (Tianjin) Construction Engineering Co., Ltd.	1,971.33	4.65
Total	12,841.95	30.30

Other descriptions:

Applicable Not applicable

8. Other receivables

Presentation of items

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance	Opening balance
Interest receivable		281.58
Dividends receivable		
Other receivables	1,645.50	2,023.92
Total	1,645.50	2,305.50

Other descriptions:

Applicable Not applicable

Interest receivable

(1). Category of interest receivable

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance	Opening balance
Fixed term deposit		
Entrusted loans		
Bond investment		
Deposit interest of CNOOC Finance Co., Ltd.		109.97
Interest on bank financial products		171.61

Total		281.58
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(2). Significant overdue interest

Applicable Not applicable

(3). Provision for bad debts

Applicable Not applicable

Other descriptions:

Applicable Not applicable

Dividends receivable**(1). Dividends receivable**

Applicable Not applicable

(2). Significant dividends receivable aged over one year

Applicable Not applicable

(3). Provision for bad debts

Applicable Not applicable

Other descriptions:

Applicable Not applicable

Other receivables**(1). Disclosed by aging**

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Aging	Ending book balance
Within one year	
Including: sub-items within one year	
Subtotal within one year	885.06
1-2 years	168.96
2-3 years	217.43
More than 3 years	883.34
Total	2,154.79

(4). Classified by nature of payment

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Nature of payment	Ending book balance	Opening book balance
Indemnity		344.90
Deposits, pretty cash, and margins	1,514.01	1,635.44

Advance payment	640.78	546.20
Export rebates		18.97
Total	2,154.79	2,545.51

(2). Provision for bad debts

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Bad-debt provision	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the future 12 months	Expected credit loss within the whole duration (credit impairment has not yet occurred)	Expected credit loss within the whole duration (credit impairment has occurred)	
Balance as of January 1, 2020	46.74		474.85	521.59
Current balance as of January 1, 2020				
-- Transfer to stage 2				
-- Transfer to stage 3				
-- Reverse to stage 2				
-- Reverse to stage 1				
Drawing in the current period				
Reversal in the current period	7.77		0.91	8.68
Transfer in the current period				
Write-off in the current period				
Other changes	-4.74		1.12	-3.62
Balance as of June 30, 2020	34.23		475.07	509.29

Descriptions of the significant changes in the book balance of other receivables that have changed in the current period:

□Applicable √Not applicable

Amount of provision for bad debts in the current period and the basis for assessing whether the credit

risk of financial instruments has increased significantly:

Applicable Not applicable

(5). Provision for bad debts

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Type	Opening balance	Increase or decrease in the current period				Ending balance
		Provision	Recovery or reversal	Transfer or write-off	Other changes	
Provision by single item for other receivables	474.85	0.21				475.07
Aging combination of other receivables	46.74		12.50			34.22
Total	521.59	0.21	12.50			509.29

Significant amount of bad-debt provision for the current period to be reversed or recovered:

Applicable Not applicable

(6). Other receivables actually written off in the current period

Applicable Not applicable

(7). Other receivables collected to the debtors which rank the first five at the end of period

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Entity name	Nature of payment	Ending balance	Aging	Proportion in the ending balance of total other receivables (%)	Ending balance of bad-debt provision
Shenzhen Customs of People's Republic of China	Margins	560.90	Note	26.03	
Taiyuan Rongli Trading Co., Ltd.	Intercourse funds	215.15	2-3 years (inclusive)	9.98	215.15
Kvaerner Offshore Engineering (Qingdao) Engineering Technology Co., Ltd.	Intercourse funds	171.13	More than 3 years	7.94	171.13
Shenzhen Keda Real Estate	Deposit	130.32	Within one year	6.05	

Management Co., Ltd.					
Shenzhen Merchants Apartment Development Co., Ltd.	Deposit	111.57	Within one year	5.18	
Total	/	1,189.07	/	55.18	386.28

Note: The ending balance of margins of Shenzhen Customs of People's Republic of China is RMB 5,609,000, including RMB 1.5 million with an aging of 2-3 years and RMB 4,109,000 with an aging of over 3 years.

(8). Accounts receivable involving government grants

Applicable Not applicable

(9). Other receivables that are derecognized due to the transfer of financial assets

Applicable Not applicable

(10). Amount of assets and liabilities formed by transfer of other receivables and continued involvement

Applicable Not applicable

Other descriptions:

Applicable Not applicable

Disclosed by type:

Type	Ending balance					Balance at the end of the previous year				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion (%)	Amount	Drawing proportion (%)		Amount	Proportion (%)	Amount	Drawing proportion (%)	
Bad-debt provision by single item	475.07	22.05	475.07	100.00			474.85	18.65	474.85	100.00
Including:										
Other receivables with insignificant single amount but with provision for bad debts made on an individual	475.07	22.05	475.07	100.00			474.85	18.65	474.85	100.00

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basis											
Bad-debt provision by combination	1,679.72	77.95	34.23	2.04	1,645.50	2,070.66	81.35	46.74	2.26	2,023.92	
Including:											
Aging combination	126.12	5.85	34.23	27.14	91.90	423.67	16.65	46.74	11.03	376.93	
Combination of pretty cash and deposits	1,527.09	70.87			1,527.09	1,635.44	64.25			1,635.44	
Combination of related parties	26.51	1.23			26.51	11.55	0.45			11.55	
Total	2,154.79	100.00	509.29		1,645.50	2,545.51	100.00	521.59		2,023.92	

Bad-debt provision by single item:

Name	Ending balance			
	Book balance	Bad-debt provision	Drawing proportion (%)	Reason for drawing
Taiyuan Rongli Trading Co., Ltd.	215.15	215.15	100.00	The other party becomes insolvent
Kvaerner Offshore Engineering (Qingdao) Engineering Technology Co., Ltd.	171.13	171.13	100.00	The other party becomes insolvent
Bassam Mohsen Foundations Contractors	51.86	51.86	100.00	The other party becomes insolvent
Abdullah Hashim Industrial Gases	36.93	36.93	100.00	The other party becomes insolvent
Total	475.07	475.07		

Bad-debt provision by combination:

Name	Ending balance
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	Other receivables	Bad-debt provision	Drawing proportion (%)
Aging combination	126.12	34.23	27.14
Including: within one year (inclusive)	91.82		
1-2 years (inclusive)	0.10	0.03	30.00
2-3 years (inclusive)			
More than 3 years	34.20	34.20	100.00
Combination of pretty cash and deposits	1,527.09		
Combination of related parties	26.51		
Total	1,679.72	34.23	

9. Inventory

(1). Classification of inventory

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance			Opening balance		
	Book balance	Inventory falling price reserves/provision for impairment of contract performance cost	Book value	Book balance	Inventory falling price reserves/provision for impairment of contract performance cost	Book value
Raw materials						
Goods in process						
Goods on hand						
Revolving materials						
Consumable biological assets						
Contract performance cost						
Engineering	102,343.72	5,631.39	96,712.33	78,897.81	6,050.96	72,846.85

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stock						
Contract performance cost	694.10		694.11			
Total	103,037.82	5,631.39	97,406.44	78,897.81	6,050.96	72,846.85

Including the engineering stock details:

Item	Ending balance			Opening balance		
	Book balance	Inventory falling price reserves/provision for impairment of contract performance cost	Book value	Book balance	Inventory falling price reserves/provision for impairment of contract performance cost	Book value
Engineering stock	102,343.72	5,631.39	96,712.33	78,897.81	6,050.96	72,846.85
Including:						
General steel	27,650.19	4,691.57	22,958.62	9,679.95	5,061.68	4,618.27
Imported materials	10,105.08	22.86	10,082.22	5,904.38	144.18	5,760.20
Electric materials	5,847.80	79.04	5,768.76	5,270.88	41.63	5,229.25
Other materials	58,740.64	837.91	57,902.73	58,042.59	803.46	57,239.13

(2). Inventory falling price reserves and provision for impairment of contract performance cost

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Opening balance	Increase in the current period		Decrease in the current period		Ending balance
		Provision	Others	Reversal or write-off	Others	
Raw materials						
Goods in process						
Goods on hand						
Revolving materials						
Consumable biological assets						

Contract performance cost						
Engineering stock	6,050.96	272.08		691.65		5,631.39
Total	6,050.96	272.08		691.65		5,631.39

Including the engineering stock details:

Item	Opening balance	Increase in the current period		Decrease in the current period		Ending balance
		Provision	Others	Reversal or write-off	Others	
Engineering stock	6,050.96	272.08		691.65		5,631.39
Including:						
General steel	5,061.68	200.22		570.33		4,691.57
Imported materials	144.18			121.32		22.86
Electric materials	41.63	37.41				79.04
Other materials	803.46	34.45				837.91

(3). Description on the ending balance of inventory containing the capitalized amount of borrowing costs

Applicable Not applicable

(4). Description of the current amortized amount of contract performance cost

Applicable Not applicable

Other descriptions:

Applicable Not applicable

10. Contract assets

(1). Contract assets

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
The completed and unsettled assets formed under the construction contract	404,962.65	364.47	404,598.18	456,989.22	-405.72	456,583.50
Total	404,962.65	364.47	404,598.18	456,989.22	-405.72	456,583.50

(2). Amount and reasons for significant changes in book value during the reporting period

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Changes in the amount	Reason(s) for changes
The completed and unsettled assets formed under the construction contract	404,598.18	Mainly due to the impact of the implementation of accounting policy changes in the New Revenue Standards
Total	404,598.18	/

(3). Provision for impairment of contract assets in the current period

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Provision in the current period	Reversal in the current period	Transfer or write-off in the current period	Reason(s)
The completed and unsettled assets formed under the construction contract		41.25		
Total		41.25		/

If provision is made for bad debts according to the general model of expected credit losses, please refer to the disclosure of other accounts receivable:

√Applicable □Not applicable

Disclosure of contract assets according to the method of impairment provision

Unit: Ten Thousand Yuan Currency: RMB

Type	Ending balance				
	Book balance		Provision for impairment		Book value
	Amount	Proportion (%)	Amount	Drawing proportion (%)	
Provision for impairment by combination	404,962.65	100.00	364.47	0.09	404,598.18
Including:					
Combination of credit risk characteristics	404,962.65	100.00	364.47	0.09	404,598.18
Total	404,962.65	100.00	364.47		404,598.18

Provision for impairment by combination:

Unit: Ten Thousand Yuan Currency: RMB

Name	Ending balance		
	Contract assets	Provision for impairment	Drawing proportion (%)
Combination of credit risk characteristics	404,962.65	364.47	0.09
Total	404,962.65	364.47	

Other descriptions:

Applicable Not applicable

11. Non-current assets due within one year

Applicable Not applicable

12. Other current assets

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance	Opening balance
Bank financial products	408,189.75	407,000.00
Retained VAT input tax	18,198.71	36,789.50
Prepaid corporate income tax	623.67	580.69
Others	102.88	
Total	427,115.01	444,370.19

13. Debt investment

(1). Debt investment

Applicable Not applicable

(2). Significant debt investment at the end of the period

Applicable Not applicable

(3). Provision for impairment

Applicable Not applicable

14. Other debt investments

(1). Other debt investments

Applicable Not applicable

(2). Significant other debt investments at the end of the period

Applicable Not applicable

(3). Provision for impairment

Applicable Not applicable

15. Long-term receivables

(1) Long-term receivables

Applicable Not applicable

(2) Provision for bad debts

Applicable Not applicable

(3) Long-term receivables that are derecognized due to the transfer of financial assets

Applicable Not applicable

(4) Amount of assets and liabilities formed by transfer of long-term receivables and continued involvement

Applicable Not applicable

16. Long-term equity investment

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

The investee	Opening balance	Increase or decrease in the current period								Ending balance	Provision for impairment Ending balance
		Additional investment	Negative investment	Investment gains and losses recognized under the equity method	Adjustment in other comprehensive income	Other equity changes	Declaration of payment of cash dividends or profits	Provision for impairment	Others		
I. Joint venture											
COOEC-Fluor Heavy Industries Co., Ltd.	200,489.31			-5,794.12					1,774.72	196,469.90	
Subtotal	200,489.31			-5,794.12					1,774.72	196,469.90	
II. Associated enterprises											
Kvaerner Offshore Engineering (Qingdao) Engineering Technology											

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Co., Ltd.											
Tianjin Zhonghe Ocean Energy Engineering Co., Ltd.	135.95									135.95	
Subtotal	135.95									135.95	
Total	200,625.26			-5,794.12					1,774.72	196,605.85	

Other descriptions

The Company's subsidiary Offshore Oil Engineering (Qingdao) Co., Ltd. holds 40% of the shares in Kvaerner Offshore Engineering (Qingdao) Engineering Technology Co., Ltd. The initial investment cost is RMB 8,125,800, the profit and loss is adjusted to minus RMB 8,125,800, and the ending balance is RMB 0.00.

17. Other equity instrument investments**(1). Other equity instrument investments**

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance	Opening balance
Lanpec Technologies Limited	10,590.92	11,035.17
CNOOC Finance Co., Ltd.	7,067.14	7,067.14
Total	17,658.06	18,102.31

(2). Investment in non-trading equity instruments

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Dividend income recognized in the current period	Accumulated gains	Accumulated losses	The amount of other comprehensive income transferred to retained earnings	Reasons for designating measurement at fair value with changes included in other comprehensive income	Reasons for transferring other comprehensive income to retained earnings
Lanpec Technologies Limited		6,922.51			Non-trading equity instruments	
CNOOC Finance Co., Ltd.					Non-trading equity instruments	

Other descriptions:

Applicable Not applicable

18. Other non-current financial assets

Applicable Not applicable

19. Investment real estate

Measurement model of investment real estate

Not applicable

20. Fixed assets**Presentation of items**

Applicable Not applicable

Item	Ending balance	Opening balance
Fixed assets	1,049,616.73	1,075,708.40
Liquidation of fixed assets	454.37	448.72
Total	1,050,071.10	1,076,157.12

Fixed assets**(1). Fixed assets**

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Buildings	Machinery and equipment	Means of transport	Electronic equipment	Total
I. Original book value					
1. Opening balance	350,024.77	332,614.67	1,352,220.93	17,321.72	2,052,182.09
2. Increase in the current period	16,114.99	4,773.38	2,800.56	60.64	23,749.57
(1) Purchase		3,332.80	57.68	66.39	3,456.87
(2) Transfer of construction in progress	16,110.71	1,371.07	95.57		17,577.35
(3) Increase in business combination					
(4) Conversion of foreign currency statements	4.28	69.51	2,647.31	-5.75	2,715.35
3. Decrease in the current period		227.26		65.48	292.75
(1) Disposal or scrapping		156.94		65.48	222.42
(2) Others		70.32			70.33
4. Ending balance	366,139.76	337,160.79	1,355,021.49	17,316.88	2,075,638.91
II. Accumulated depreciation					
1. Opening balance	152,276.04	250,521.97	542,865.41	14,260.73	959,924.15
2. Increase in the current period	7,345.86	7,884.51	34,145.57	325.30	49,701.24
(1) Provision	7,345.86	7,881.03	32,276.20	327.77	47,830.86

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(2) Conversion of foreign currency statements		3.48	1,869.37	-2.47	1,870.38
3. Decrease in the current period		93.81		58.94	152.74
(1) Disposal or scrapping		90.72		58.94	149.65
(2) Others		3.09			3.09
4. Ending balance	159,621.90	258,312.67	577,010.98	14,527.09	1,009,472.65
III. Provision for impairment					
1. Opening balance	15,467.50	1,082.04			16,549.54
2. Increase in the current period					
(1) Provision					
3. Decrease in the current period					
(1) Disposal or scrapping					
4. Ending balance	15,467.50	1,082.04			16,549.54
IV. Book value					
1. Ending book value	191,050.37	77,766.08	778,010.50	2,789.79	1,049,616.73
2. Opening book value	182,281.23	81,010.66	809,355.52	3,060.99	1,075,708.40

(2). Fixed asset that is temporarily idle

Applicable Not applicable

(3). Fixed assets obtained under finance leases

Applicable Not applicable

(4). Fixed assets leased out under operating leases

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending book value
Transportation equipment	43,579.69
Total	43,579.69

(5). Fixed assets for which certificate of title has not been obtained

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Book value	Reasons for not getting the
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		certificate of title
Buildings	30,427.10	In progress

Other descriptions:

Applicable Not applicable

Liquidation of fixed assets

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance	Opening balance
Transportation equipment	448.72	448.72
Machinery and equipment	5.65	
Total	454.37	448.72

21. Construction in progress

Presentation of items

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance	Opening balance
Construction in progress	76,680.28	67,087.40
Engineering materials		
Total	76,680.28	67,087.40

Construction in progress

(1). Construction in progress

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Infrastructure projects near the port	36,483.70		36,483.70	24,845.82		24,845.82
Purchase Project of Trenching Plough and A Crane	10,431.81		10,431.81	10,431.81		10,431.81
ROV type flexible pipe and cable trencher	9,503.89		9,503.89	32.86		32.86
National oil and gas	7,026.23		7,026.23	7,026.23		7,026.23

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pipeline emergency rescue projects						
Phase III Project of Water Area Dredging	5,870.94		5,870.94	2,276.91		2,276.91
Two 3000m work-class ROV - LARS part	2,221.38		2,221.38	2,221.38		2,221.38
The hook head modification of Bluewhale crane vessel	1,731.02		1,731.02	1,705.76		1,705.76
Project of the Purchase of a 3000-ton Reel System	1,109.25		1,109.25	551.95		551.95
Equipment installation	642.42		642.42	814.38		814.38
Project of Construction of the Emergency Command Center	537.66		537.66	568.16		568.16
Project of Expansion of 5# Slideway				15,416.70		15,416.70
Other projects	1,121.98		1,121.98	1,195.44		1,195.44
Total	76,680.28		76,680.28	67,087.40		67,087.40

(2). Changes in important projects under construction in the current period

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Project name	Budgeted amount	Opening balance	Increase in the current period	Amount transferred to fixed assets in the current period	Other reductions in the current period	Ending balance	Proportion of accumulated project investment in budget (%)	Project progress	Accumulated amount of interest capitalized	Including: the amount of interest capitalized in the current period	Current interest capitalization rate (%)	Source of funds
Infrastructure projects near the port	271,375.00	24,845.82	11,637.88			36,483.70	28.00	46.00				Self-raised funds
Purchase Project of Trenching Plough and A Crane	22,847.21	10,431.81				10,431.81	45.66	51.00				Self-raised funds
ROV type flexible pipe and cable trencher	15,002.97	32.86	9,471.03			9,503.89	63.35	70.00				Self-raised funds
National oil and gas pipeline emergency rescue projects	22,000.00	7,026.23				7,026.23	31.94	35.00				government grants
Phase III Project of Water Area Dredging	8,982.00	2,276.91	3,594.03			5,870.94	65.36	95.00				Self-raised funds
Two 3000m work-class	2,230.00	2,221.38				2,221.38	99.61	99.00				Self-raised funds

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ROV - LARS part												
The hook head modification of Bluewhale crane vessel	2,780.77	1,705.76	25.26			1,731.02	62.25	67.00				Self-raised funds
Project of the Purchase of a 3000-ton Reel System	1,930.00	551.95	557.30			1,109.25	57.47	59.00				Self-raised funds
Equipment installation	4,522.57	814.38	1,182.27	1,354.23		642.42	14.20	14.20				Self-raised funds
Project of Construction of the Emergency Command Center	750.00	568.16			30.50	537.66	71.69	79.00				Self-raised funds
Project of Expansion of 5# Slideway	9,912.00	15,416.70	694.01	16,110.71			100.00	100.00				Self-raised funds
Other projects	19,768.33	1,195.44	46.21	112.41	7.26	1,121.98						Self-raised funds
Total	382,100.85	67,087.40	27,207.99	17,577.35	37.76	76,680.28	/	/			/	/

Note: The budgeted amount of the Project of Expansion of 5# Slideway only includes the expansion investment amount.

(3). Provision for impairment of construction in progress in the current periodApplicable Not applicable

Other descriptions

Applicable Not applicable**Engineering materials**Applicable Not applicable**22. Productive biological assets****(1). Productive biological assets measured at cost**Applicable Not applicable**(2). Productive biological assets measured at fair value**Applicable Not applicable

Other descriptions

Applicable Not applicable**23. Oil and gas assets**Applicable Not applicable**24. Right-of-use assets**Applicable Not applicable**25. Intangible assets****(1). Intangible assets**Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Right to use land	Patent	Right other than patent	Software	Total
I. Original book value					
1. Opening balance	132,065.91			17,814.49	149,880.40
2. Increase in the current period				72.67	72.67
(1) Purchase				72.67	72.67
(2) Internal R&D					
(3) Increase in business combination					
3. Decrease in the current period					
(1) Disposal					
(2) The invalid and					

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derecognized part					
4. Ending balance	132,065.91			17,887.16	149,953.07
II. Accumulated amortization					
1. Opening balance	20,960.02			15,457.43	36,417.45
2. Increase in the current period	1,349.87			516.32	1,866.19
(1) Provision	1,349.87			516.32	1,866.19
3. Decrease in the current period					
(1) Disposal					
(2) The invalid and derecognized part					
4. Ending balance	22,309.89			15,973.75	38,283.64
III. Provision for impairment					
1. Opening balance					
2. Increase in the current period					
(1) Provision					
3. Decrease in the current period					
(1) Disposal					
(2) The invalid and derecognized part					
4. Ending balance					
IV. Book value					
1. Ending book value	109,756.02			1,913.41	111,669.43
2. Opening book value	111,105.89			2,357.06	113,462.95

At the end of the current period, the proportion of intangible assets formed by internal R&D of the Company in the balance of intangible assets is 0%

(2). The right to use land without a certificate of title

Applicable Not applicable

Other descriptions:

Applicable Not applicable

26. Development expenditure

Applicable Not applicable

27. Goodwill

(1). Original book value of goodwill

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

The name of the investee or the matter forming goodwill	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
		As a result of business combination	Disposal	
Anjie Material Testing Co., Ltd.	1,307.51			1,307.51
Total	1,307.51			1,307.51

(2). Provision for impairment of goodwill

Applicable Not applicable

(3). Information about the assets group or portfolio of assets groups to which goodwill belongs

Applicable Not applicable

(4). Description of goodwill impairment test process, key parameters (such as the growth rate in the forecast period, growth rate in the stable period, profit rate, discount rate, forecast period, etc., when the present value of future cash flows are estimated, if applicable) and recognition method of goodwill impairment losses

Applicable Not applicable

(5). Impact of a goodwill impairment test

Applicable Not applicable

28. Long-term deferred expenses

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Amount amortized in the current period	Other reductions	Ending balance
Rental	6,334.16		227.14		6,107.02
Renovation costs	1,178.87	236.88	317.83		1,097.92
Costs of software use	253.51	223.48	142.84		334.15
Dock repair fees		2,073.02	81.44		1,991.58
Total	7,766.54	2,533.38	769.25		9,530.67

29. Deferred income tax assets/deferred income tax liabilities

(1). Deferred income tax assets that are not offset

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance		Opening balance	
	Deductible temporary differences	Deferred income tax assets	Deferred income tax assets	Deferred income tax assets
Deductible losses	151,811.76	22,871.50	117,605.78	17,739.02
Unrealized profits from internal transactions	57,732.33	14,433.08	59,503.45	14,876.76
Costs on credit without invoice	41,430.57	6,214.59	68,287.95	10,243.19
Provision for impairment of assets	21,274.94	3,190.52	23,748.11	3,562.22
Deferred income	18,216.38	2,732.46	18,072.20	2,710.82
Estimated liabilities	12,897.23	1,934.58	10,574.65	1,586.20
Total	303,363.21	51,376.73	297,792.14	50,718.21

(2). Deferred income tax liabilities that are not offset

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Changes in fair value of other equity instrument investments	6,922.51	1,038.38	7,366.76	1,105.02
Differences in asset depreciation, amortization, and depletion	8,607.67	1,291.15	7,780.96	1,167.14
Total	15,530.18	2,329.53	15,147.72	2,272.16

(3). Deferred income tax assets or liabilities presented in the net amount after offset

□Applicable √Not applicable

(4). Details of unrecognized deferred income tax assets

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance	Opening balance
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Deductible temporary differences	963.23	25,689.07
Deductible losses	724.83	669.63
Total	1,688.06	26,358.70

(5). The deductible losses of unrecognized deferred tax assets will expire in the following years

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Year	Ending balance	Opening balance	Remarks
2021	151.23	163.73	
2022	216.34	216.34	
2023	261.79	289.56	
2024	95.48		
2025			
Total	724.84	669.63	/

30. Other non-current assets

Applicable Not applicable

31. Short-term borrowing**(1). Classification of short-term borrowings**

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance	Opening balance
Credit loans	23,000.00	
Total	23,000.00	

Note: In June 2020, the Company signed a loan contract with China Development Bank, with a loan amount of RMB 230 million and a loan period from June 18, 2020 to June 18, 2021. The loan funds are used to support the purchase of production materials needed by enterprises affected by the epidemic to resume work and production, and the payment of personnel salaries, upstream and downstream loans, social insurance expenses, daily operating expenses, etc., to ensure the early start of major projects and key projects and ensure the liquidity demand of construction.

(2). Short-term borrowing that is overdue and outstanding

Applicable Not applicable

Other descriptions:

Applicable Not applicable

32. Trading financial liabilities

Applicable Not applicable

33. Derivative financial liabilities

Applicable Not applicable

34. Notes payable

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Type	Ending balance	Opening balance
Bank acceptance bills	9,138.79	
Commercial acceptance bills		
Total	9,138.79	

The total amount of notes payable that are due and unpaid at the end of the current period is RMB 91,387,900.

35. Accounts payable

(1). Presentation of accounts payable

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance	Opening balance
Project funds and material funds	713,867.71	686,293.85
Total	713,867.71	686,293.85

(2). Significant accounts payable aged more than one year

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance	Reasons for outstanding payment or carry-over
S.B.SUBMARINE SYSTEMS CO.,LTD	3,291.97	Not yet completed for settlement
Youlian Shipyard (Shekou) Co., Ltd.	2,330.04	Not yet completed for settlement
CSSC Huangpu Wenchong Shipbuilding Co., Ltd.	1,226.24	Not yet completed for settlement
Total	6,848.25	/

36. Advances received

(1). Presentation of advances received

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance	Opening balance
Project funds		

Others	895.89	56.94
Total	895.89	56.94

(2). Significant advances received aged over one year

Applicable Not applicable

Other descriptions:

Applicable Not applicable

37. Contract liabilities**(1). Contract liabilities**

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance	Opening balance
Settled payment for unfinished work under the construction contract	154,844.73	89,627.16
Total	154,844.73	89,627.16

(2). Amount and reasons for significant changes in book value during the reporting period

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Changes in amount	Reason(s) for changes
Settled payment for unfinished work under the construction contract	154,844.73	Mainly due to the impact of the implementation of accounting policy changes in the New Revenue Standards
Total	154,844.73 /	

Other descriptions:

Applicable Not applicable

38. Employee compensation payable**(1). Presentation of employee compensation payable**

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
I. Short-term compensation	6,335.63	96,325.20	95,157.07	7,503.76
II. Post-employment benefit - defined contribution plan	7,406.83	13,340.47	20,747.30	
III. Termination benefits				

IV. Other benefits due within one year				
Total	13,742.46	109,665.67	115,904.37	7,503.76

(2). Presentation of short-term compensation

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
I. Salaries, bonuses, allowances and subsidies		70,276.30	70,206.74	69.56
II. Employee benefits		2,289.37	2,289.37	
III. Social insurance premium		7,792.04	7,792.04	
Including: medical insurance premium		7,262.23	7,262.23	
Industrial injury insurance premium		230.94	230.94	
Birth insurance premium		268.55	268.55	
Others		30.32	30.32	
IV. Housing provident funds		9,088.13	9,088.13	
V. Labor union funds and employee education funds	5,810.89	2,367.97	2,128.10	6,050.76
VI. Short-term compensated absences				
VII. Short-term profit sharing plan				
VIII. Others	524.74	4,511.39	3,652.69	1,383.44
Total	6,335.63	96,325.20	95,157.07	7,503.76

(3). Presentation of defined contribution plans

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
1. Basic pension insurance		7,489.75	7,489.75	
2. Unemployment insurance premium		249.98	249.98	

3. Payment of enterprise annuity	7,406.83	5,600.74	13,007.57	
Total	7,406.83	13,340.47	20,747.30	

Other descriptions:

Applicable Not applicable

39. Taxes payable

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance	Opening balance
VAT	30,141.92	29,151.64
Corporate income tax	5,987.36	9,483.42
Individual income tax	379.84	2,524.04
Land value increment tax		907.28
Property tax	295.49	292.37
Urban maintenance and construction tax	489.40	394.35
Stamp tax	114.95	287.25
Educational surcharges	343.95	281.54
Land use tax	139.56	165.64
Others	254.97	424.75
Total	38,147.44	43,912.28

40. Other receivables

Presentation of items

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance	Opening balance
Interest payable	21.18	2.95
Dividends payable		
Other payables	16,496.14	15,378.67
Total	16,517.32	15,381.62

Interest payable

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance	Opening balance
Long-term borrowing interest of interest payment by installments and repayment of principal when it is due		2.95
Interest payable on short-term borrowing	21.18	
Total	21.18	2.95

Significant overdue and unpaid interest:

Applicable Not applicable

Other descriptions:

Applicable Not applicable

Dividends payable

Applicable Not applicable

Other payables

(1). Presentation of other payables by nature of payment

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance	Opening balance
Temporary receipts	4,715.59	6,416.70
Quality guarantee deposit and cash pledge	7,425.89	5,283.25
Scientific research funds	2,703.35	2,131.17
Withholding payment	1,355.80	1,245.08
Intercourse funds	295.51	302.47
Total	16,496.14	15,378.67

(2). Significant other payables aged over one year

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance	Reasons for outstanding payment or carry-over
C&I LEASING PLC	244.24	The settlement period has not reached
Kvaerner Offshore Engineering (Qingdao) Engineering Technology Co., Ltd.	151.37	The settlement period has not reached
Total	395.61	/

Other descriptions:

Applicable Not applicable

41. Liabilities held for sale

Applicable Not applicable

42. Non-current liabilities due within one year

Applicable Not applicable

43. Other current liabilities

Applicable Not applicable

44. Long-term borrowing

(1). Classification of long-term borrowings

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance	Opening balance
Credit loans	22,000.00	22,000.00
Total	22,000.00	22,000.00

Note: In March 2017 and February 2018, the Company entered into a three-party contract of entrusted loan with China National Offshore Oil Corporation and CNOOC Finance Co., Ltd., in which China National Offshore Oil Corporation entrusted CNOOC Finance Co., Ltd. to provide the Company with loans of RMB 90 million and 130 million respectively, with a loan period of five years. The loan funds were used for the construction of the Project of National Base for Oil and Gas Pipeline Emergency Rescue in the South China Sea.

45. Bonds payable

(1). Bonds payable

Applicable Not applicable

(2). Increase or decrease in bonds payable (excluding other financial instruments classified as financial liabilities, such as preferred stocks and perpetual bonds)

Applicable Not applicable

(3). Description of conversion conditions and time of convertible corporate bonds

Applicable Not applicable

(4). Description of other financial instruments classified as financial liabilities

Basic information about outstanding financial instruments such as preferred stocks and perpetual bonds at the end of the period

Applicable Not applicable

Table for changes in outstanding financial instruments such as preferred stocks and perpetual bonds at the end of the period

Applicable Not applicable

Description of the basis for classifying other financial instruments as financial liabilities

Applicable Not applicable

46. Lease liabilities

Applicable Not applicable

47. Long-term payables**Presentation of items**

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance	Opening balance
Long-term payables		
Special payables	2,670.45	2,690.85
Total	2,670.45	2,690.85

Long-term payables

Applicable Not applicable

Special payables

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance	Reason for formation
Research funds for project 863	2,690.85		20.40	2,670.45	National appropriations
Total	2,690.85		20.40	2,670.45	/

48. Long-term employee compensation payable

Applicable Not applicable

(1) Table for long-term employee compensation payable

Applicable Not applicable

(2) Changes in defined benefit plan

Present value of the defined benefit plan obligations:

Applicable Not applicable

Planned assets:

Applicable Not applicable

Net liabilities (or net assets) of defined benefit plans

Applicable Not applicable

Content of the defined benefit plan, related risks, and the impact on the expected future cash flows of the company, time and uncertainty:

Applicable Not applicable

Major actuarial assumptions and sensitivity analysis results of defined benefit plans

Applicable Not applicable

Other descriptions:

Applicable Not applicable

49. Estimated liabilities

√Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Opening balance	Ending balance	Reason for formation
Expected contract loss	32,857.55	19,615.64	Note 1
Outstanding events	10,574.64	10,574.64	Note 2
Total	43,432.18	30,190.27	/

Other descriptions, including important assumptions and estimations related to important estimated liabilities:

Note 1: According to the requirements of the *Accounting Standards for Business Enterprises No. 15 - Construction Contracts*, an impairment test shall be made for the construction contract at the end of the period. If the estimated total cost of the construction contract exceeds the total contract revenue, the incurred estimated contract loss shall be included into losses from impairment. The estimated loss of RMB 196,156,400 is the estimated impairment loss that is recognized according to the completion schedule of the project whose estimated total cost of the contract exceeds the total contract revenue.

Note 2: On February 24, 2017 and June 1, 2017, Offshore Oil Engineering (Qingdao) Co., Ltd., a subsidiary of the Company, received the problem investigation reports submitted by the paint supplier and the thermal insulation subcontractor of the ICHTHYS project. The reports stated that Offshore Oil Engineering (Qingdao) Co., Ltd. encountered quality problems in the paints applied in the project and thermal insulation system of the contracted modules. As of the balance sheet date, the parties have not reached an agreement on the reasons for the defects. The quality guarantee is a demand guarantee, and based on contract terms, Offshore Oil Engineering (Qingdao) Co., Ltd. assumes certain guarantee responsibilities for the absence of defects in the materials, design, construction and technologies of the project. Therefore, the guarantee amount of US\$16,183,600 is used as the estimated compensation amount. As of the approval date of these financial statements, there's no substantial progress on this event.

50. Deferred income

Deferred income

√Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance	Reason for formation
Government subsidies	15,859.45	2,814.39	3,624.27	15,049.57	Government appropriations
Total	15,859.45	2,814.39	3,624.27	15,049.57	/

Items involving government subsidies:

√Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Liabilities	Opening balance	Increased subsidy in current period	Amount included in non-operating income in the current period	Amount included in other incomes in the current period	Other changes	Ending balance	Pertinent to assets/incomes

Refund of venue supporting facilities expenses	5,096.47			68.26		5,028.21	Pertinent to assets
Refund of deed tax for office buildings in Free Trade Zone	450.08			17.65		432.43	Pertinent to assets
Appropriations for national research of major projects	10,312.91	2,814.39		3,346.85	-191.51	9,588.93	Pertinent to incomes
Total	15,859.45	2,814.39		3,432.76	-191.51	15,049.57	

51. Other non-current liabilities

Applicable Not applicable

52. Capital Stock

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

	Opening balance	Increase or decrease due to this change (+, -)					Ending balance
		New shares issued	Share transfer	Transfer of capital public reserves to shares	Other changes	Subtotal	
Number of shares	442,135.48						442,135.48

53. Other equity instruments**(1) Basic information about outstanding financial instruments such as preferred shares and perpetual bonds at the end of the year**

Applicable Not applicable

(2) Table for changes in outstanding financial instruments such as preferred shares and perpetual bonds at the end of the year

Applicable Not applicable

Increase or decrease in other equity instruments in the current period, reasons for the changes, and basis for related accounting treatments:

Applicable Not applicable

Other descriptions:

Applicable Not applicable

54. Capital reserves

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance
Capital premium (capital stock premium)	422,962.04			422,962.04
Other capital reserves	1,831.98			1,831.98
Total	424,794.02			424,794.02

55. Treasury stocks

□Applicable √Not applicable

56. Other comprehensive incomes

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Opening balance	Amount in the current period						Ending balance
		Amount before income tax in the current period	Less: amount included in other comprehensive incomes in the previous period and transferred to current profits and losses	Less: amount included in other comprehensive incomes in the previous period and transferred to retained earnings in the current period	Less: income tax expenses	After-tax amount attributable to the parent company	After-tax amount attributable to minority shareholders	
1. Other comprehensive incomes that cannot be reclassified into profit and loss in the future	6,261.75	-444.25			-66.63	-377.62		5,884.13
Including: changes arising from remeasurement of defined benefit plan								
Other comprehensive								

ve incomes that cannot be transferred into profit and loss by equity method								
Changes in fair value of other equity instrument investments	6,261.75	-444.25			-66.63	-377.62		5,884.13
Changes in fair value of the company's credit risk								
2. Other comprehensive incomes that will be classified into profit and loss in the future	626.42	-1,167.33				-1,173.56	6.23	-547.14
Including: other comprehensive incomes that can be transferred into profit and loss by equity method								
Changes in fair value of other equity investments								
Amount of financial assets reclassified into other comprehensive incomes								
Provision for credit impairment of other debt instruments								
Reserved								

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cash flow hedge								
Differences on translation arising on translation of foreign currency financial statements	626.42	-1,167.33				-1,173.56	6.23	-547.14
Total other comprehensive incomes	6,888.17	-1,611.58			-66.63	-1,551.18	6.23	5,336.99

57. Special reserves√Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance
Safety production costs	42,176.91	10,918.76	7,233.81	45,861.86
Total	42,176.91	10,918.76	7,233.81	45,861.86

58. Surplus reserves√Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance
Statutory surplus reserves	156,750.08			156,750.08
Discretionary surplus reserves	8,914.59			8,914.59
Total	165,664.67			165,664.67

59. Undistributed profits√Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Current period	Last year
Undistributed profits at the end of the previous period before adjustment	1,184,404.79	1,208,600.80
Total amount of adjusted undistributed profits at the beginning of period (increase +, decrease -)	-351.02	

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Undistributed profits after adjustment at the beginning of period	1,184,053.77	1,208,600.80
Add: net profit attributable to the owner of the parent company	-24,353.79	2,792.68
Less: withdrawn statutory surplus reserves		4,881.92
Withdrawn discretionary surplus reserves		
Withdrawn general risk provisions		
Common stock dividends payable	26,528.14	22,106.77
Common stock dividends converted into equity		
Undistributed profits at the end of period	1,133,171.84	1,184,404.79

Details of adjusted undistributed profits at the beginning of period:

1. Due to changes in accounting policies, the affected undistributed profits at the beginning of period were RMB -3,510,209.60.

60. Operating income and operating cost

(1). Operating income and operating cost

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Amount in the current period		Amount in the previous period	
	Income	Cost	Income	Cost
Main business	648,262.28	626,683.37	455,151.05	467,198.10
Other business	435.34	134.18	790.57	296.82
Total	648,697.62	626,817.55	455,941.62	467,494.92

(2). Contract income

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Classification of contracts	Operating incomes in the current period
Type of goods	
(1) Income from COOEC general contracting projects	490,710.26
(2) Income from COOEC projects other than general contracting projects	85,124.39
Including: income from offshore installation and subsea pipeline laying	22,542.09

Maintenance income	13,189.28
Income from land construction	46,154.42
Design income	3,238.60
(3) Income from projects other than those of COOEC	72,427.63
Total	648,262.28

Description of contract income:

Operating incomes from the customers which rank the first five:

Unit: Ten Thousand Yuan Currency: RMB

Item	Amount in the current period	Proportion of total operating incomes (%)
China National Offshore Oil Corporation	479,032.60	73.85
Husky Oil China Ltd.	38,427.52	5.92
CNOOC Gas & Power Group Co., Ltd.	27,005.17	4.16
TUPI B.V.	15,110.23	2.33
JGC Fluor BC LNG Joint Venture	13,854.71	2.14
Total	573,430.23	88.4

(3). Description of performance obligations

Applicable Not applicable

(4). Description of allocation to remaining performance obligations

Applicable Not applicable

61. Taxes and surcharges

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Property tax	887.03	1,100.60
Urban maintenance and construction tax	493.82	994.53
Stamp tax	855.53	581.13
Educational surcharges	254.55	455.81
Land use tax	246.31	288.18
Local educational surcharges	104.80	258.47
Flood control costs	9.70	-19.31

Vehicle and vessel usage tax	6.55	11.04
Others	7.71	0.53
Total	2,866.00	3,670.98

62. Sales expenses√Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Employee compensation	888.77	697.40
Amortization of long-term deferred expenses	48.13	48.13
Office expenses and water, electricity and communication fees	38.48	81.16
Depreciation and amortization of intangible assets	25.91	19.99
Others	203.72	207.97
Total	1,205.01	1,054.65

63. Administrative expenses√Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Employee compensation	7,026.92	6,891.67
Depreciation and amortization of intangible assets	725.74	677.81
Rental	283.20	589.60
Travel expenses	22.28	190.67
Property management fees and greening fees	378.37	188.57
Office expenses and water, electricity and communication fees	134.11	177.26
Transport expenses	89.62	166.95
Audit and consulting fees	122.57	32.45
Others	861.41	516.23
Total	9,644.22	9,431.21

64. Research and development expenses√Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Consumed machine and materials	12,521.83	4,815.83
Outsourcing service fees	12,033.78	2,388.90
Employee compensation	6,597.58	3,260.77
Ship service fees	3,306.02	361.53
Rental	143.75	358.82
Travel expenses	143.19	225.17
Office expenses	28.17	14.92
Expert consulting fee	24.45	35.99
Others	15.45	69.83
Total	34,814.22	11,531.76

65. Financial expenses√Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Interest expenses	67.28	45.84
Less: interest incomes	-553.88	-996.84
Exchange gains and losses	-1,759.78	-347.86
Others	1,185.40	598.63
Total	-1,060.98	-700.23

66. Other incomes√Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Research subsidies	1,575.17	1,420.16
Refund of commissions for individual income tax	248.42	62.30

Refund of oceanic area use fees	884.82	
Subsidies for stable employment	550.31	
Subsidies for processing trade	331.00	
VAT refund	115.46	
Refund of land supporting facilities expenses	68.26	
Addition and deduction of input tax	16.22	
Traffic subsidies for epidemic prevention	10.77	
Others		87.35
Total	3,800.43	1,569.81

67. Investment income

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Long-term equity investment income measured at equity method	-4,019.40	-6,474.70
Dividend income obtained from other equity instrument investments during the holding period		825.90
Investment income from bank financial products	3,108.93	6,560.86
Total	-910.47	912.06

68. Net exposure hedging income

□Applicable √Not applicable

69. Income from changes in fair value

□Applicable √Not applicable

70. Losses from credit impairment

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Bad debt losses of notes receivable		
Bad debt losses of accounts receivable	1,429.29	1,343.66
Financing impairment losses of accounts receivable		

Bad debt losses of other receivables	-8.68	-12.49
Impairment loss from debt investments		
Impairment loss from other debt instruments		
Bad debt losses of long-term receivables		
Asset impairment losses of contract	-41.23	
Total	1,379.38	1,331.17

71. Asset impairment losses

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
I. Bad debt loss		
II. Inventory falling price loss and impairment loss of contract performance cost	150.76	39,593.03
III. Impairment loss of long-term equity investments		
IV. Impairment loss of investment real estate		
V. Impairment loss of fixed assets		
VI. Impairment loss of engineering materials		
VII. Impairment loss of construction in progress		
VIII. Impairment loss of productive biological assets		
IV. Impairment losses of oil and gas assets		
X. Impairment loss of intangible assets		
XI. Impairment loss of goodwill		
XII. Others		
Total	150.76	39,593.03

72. Income from disposal of assets√Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Gains from disposal of fixed assets	8.62	15.20
Total	8.62	15.20

Other descriptions:

Applicable Not applicable**73. Non-operating income**√Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period	Amount included in the current non-recurring profit and loss
Gains from debt restructuring			
Total losses from disposal of non-current assets			
Government subsidies			
Others	464.36	538.50	464.36
Total	464.36	538.50	464.36

Government subsidies included in current profit and loss

Applicable Not applicable

Other descriptions:

Applicable Not applicable**74. Non-operating expenses**√Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period	Amount included in the current non-recurring profit and loss
External donation			
Extraordinary loss			
Inventory loss			

Losses from damages and scraps of non-current assets			
Others	8.42	6.32	248.42
Total	8.42	6.32	8.42

75. Income tax expenses**(1) Table of income tax expenses**√Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Current income tax expenses	1,030.31	1,059.15
Deferred income tax expenses	-491.32	-3,893.93
Total	538.99	-2,834.78

(2) Adjustment process of accounting profit and income tax expenses√Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Amount in the current period
Total profit	-23,764.02
Income tax expenses calculated at statutory [or applicable] tax rate	-3,564.60
Impact of different tax rates applied to subsidiaries	-2,504.83
Impact of income tax adjusted in previous periods	-143.24
Impact of non-taxable income	5,592.84
Impact of non-deductible costs, expenses and losses	4,145.22
Impact of deductible loss of the unrecognized deferred income tax assets before use at the end of period	-3,683.15
Impact of deductible temporary difference or deductible loss of the unrecognized deferred income tax assets in current period	537.06
Others	159.69
Income tax expenses	538.99

Other descriptions:

Applicable Not applicable

76. Other comprehensive incomes

Applicable Not applicable

See VII. 56 for details

77. Items of the Cash Flow Statement

(1). Other cash received related to operating activities

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Insurance claims	636.12	3,567.24
R&D expenses and government appropriations	2,716.51	3,454.92
Interest incomes	557.81	1,114.61
Pretty cash, deposits and margins	641.27	761.76
Others	2,297.44	2,071.44
Total	6,849.15	10,969.97

(2). Other cash paid related to operating activities

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
Pretty cash, deposits and margins	6,150.92	4,492.51
Service charges	1,185.39	598.63
Rental	440.22	589.60
R&D expenses	235.69	401.10
Travel expenses	146.36	190.67
Property management fees and greening fees	446.12	188.57
Office expenses	151.06	177.26
Transport expenses	97.54	166.95
Audit and consulting fees	122.57	32.45
Health, safety and environmental protection expenses	99.22	31.82
Property insurance	6.14	16.01

Promotion and advertising expenses	25.64	4.74
Others	975.33	818.80
Total	10,082.20	7,709.11

(3). Other cash received related to investing activities

Applicable Not applicable

(4). Other cash paid related to investing activities

Applicable Not applicable

(5). Other cash received related to financing activities

Applicable Not applicable

(6). Other cash paid related to financing activities

Applicable Not applicable

78. Additional information on the Cash Flow Statement**(1) Additional information on the Cash Flow Statement**

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Additional information	Amount in the current period	Amount in the previous period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	-24,303.01	-71,601.84
Add: provision for impairment of assets	150.76	39,593.03
Losses from credit impairment	1,379.38	1,331.17
Depreciation of fixed assets, depreciation of oil and gas assets and depreciation of productive biological assets	47,830.86	45,881.14
Amortization of right-of-use assets		
Amortization of intangible assets	1,866.19	1,914.79
Amortization of long-term deferred expenses	769.25	675.11
Losses from disposal of fixed assets, intangible assets and other long-term assets (income to be listed with "-")	-8.63	-15.19
Losses from discarding of fixed assets (income to be listed with "-")		
Losses from fair value changes (income to be listed with "-")		

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Financial expenses (income to be listed with "-")	-1,692.49	-302.02
Investment loss (income to be listed with "-")	910.47	-912.06
Decrease in deferred income tax assets (increase to be listed with "-")	-658.51	-3,760.55
Increase in deferred income tax liabilities (decrease to be listed with "-")	124.01	-129.35
Decrease in inventory (increase to be listed with "-")	-24,140.02	-122,232.55
Decrease in contract assets (increase to be listed with "-")	52,026.57	
Increase in contract liabilities (decrease to be listed with "-")	65,217.57	
Decrease in operating receivables (increase to be listed with "-")	-99,642.74	174,464.79
Increase in operating payables (decrease to be listed with "-")	18,093.25	-62,792.34
Others	3,684.94	1,856.49
Net cash flow from operating activities	41,607.86	3,970.62
2. Significant investing and financing activities not related to cash deposit and withdrawal:		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under financing lease		
3. Net change of cash and cash equivalents:		
Ending balance of cash	192,516.99	176,863.15
Less: beginning balance of cash	173,207.27	194,376.37
Add: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase of cash and cash	19,309.72	-17,513.22

equivalents		
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(2) Net cash paid for acquisition of subsidiaries in current period
Applicable Not applicable
(3) Net cash obtained from disposal of subsidiaries in current period
Applicable Not applicable
(4) Composition of cash and cash equivalents
Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance	Opening balance
I. Cash	192,516.99	173,207.27
Including: cash on hand	1.74	1.22
Bank deposit available for payment at any time	192,515.25	173,206.06
Other monetary capital available for payment at any time		
Deposits in central bank available for payment		
Deposits from other banks		
Loans from other banks		
II. Cash equivalents		
Including: bond investments due within three months		
III. Balance of cash and cash equivalents at the end of period	192,516.99	173,207.27
Including: cash and cash equivalents that parent company or subsidiaries of the Group are limited to use		

Other descriptions:

Applicable Not applicable
79. Notes to items of the statement of changes in owner's equity

Explain the name of "Others" and the amount of the adjustment to adjust the ending balance of the previous year:

Applicable Not applicable
80. Assets with limited ownership or use right
Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending book value	Reason

Monetary capital	13.19	Margins for guarantee
Total	13.19	/

81. Monetary items in foreign currency**(1). Monetary items in foreign currency**

√Applicable □Not applicable

Unit: Ten Thousand Yuan

Item	Ending balance of foreign currency	Conversion exchange rate	Ending balance of translated RMB
Monetary capital			109,173.36
Including: USD	11,929.32	7.0795	84,453.61
HKD	12,342.75	0.9134	11,274.36
SAR	208.17	1.9444	404.77
QAR	37.21	1.9444	72.36
NGN	432.80	0.0196	8.50
AED	44.68	1.9275	86.11
BND	209.06	4.9949	1,044.25
CAD	1,862.50	5.1843	9,655.75
THB	826.91	0.2293	189.58
IDR	3,973,920.04	0.0005	1,911.88
BRL	55.10	1.3102	72.19
Accounts receivable			77,986.83
Including: USD	10,071.03	7.0795	71,297.88
CAD	1,242.70	5.1843	6,442.51
HKD	269.80	0.9134	246.45
Other receivables			315.68
Including: USD	24.64	7.0795	174.47
HKD	51.60	0.9134	47.13
IDR	66,025.79	0.0005	31.77
CAD	5.47	5.1843	28.36
THB	59.52	0.2293	13.65

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BRL	0.05	1.3102	0.07
QAR	10.41	1.9444	20.24
Accounts payable			96,704.15
Including: USD	12,331.27	7.0795	87,299.24
HKD	2,130.01	0.9134	1,945.64
CAD	767.65	5.1843	3,979.75
THB	7,755.71	0.2293	1,778.06
GBP	0.08	8.7144	0.67
Other payables			1,283.70
Including: USD	136.19	7.0795	964.13
HKD	297.74	0.9134	271.97
IDR	2,539.20	0.0005	1.22
CAD	5.70	5.1843	29.57
THB	19.36	0.2293	4.44
BRL	9.45	1.3102	12.38

(2). Description of overseas business entities, including the principal place of overseas business, recording currency and selection basis for important overseas business entities, and reasons for changes (if any) in recording currency shall also be disclosed

√Applicable □Not applicable

Important overseas business entities	Principal place of overseas business	Recording currency	Selection basis
Blue Ocean International Co., Ltd.	British Virgin Islands	USD	Such currency is mainly adopted in business valuation and settlement
American Gaotai Deep-sea Technology Co., Ltd. (formerly translated as Ketai Co., Ltd.)	Houston, America	USD	Such currency is mainly adopted in business valuation and settlement

Offshore Oil Engineering International Co., Ltd.	Hong Kong	USD	Such currency is mainly adopted in business valuation and settlement
Anjie Material Testing Co., Ltd.	Hong Kong	HKD	Such currency is mainly adopted in business valuation and settlement
Offshore Oil Engineering Nigeria Co., Ltd.	Nigeria	USD	Such currency is mainly adopted in business valuation and settlement
Offshore Oil Engineering Indonesia Co., Ltd.	Indonesia	IDR	Such currency is mainly adopted in business valuation and settlement
Offshore Oil Engineering Co., Ltd. Nigeria Free Trade Zone Company	Nigeria	USD	Such currency is mainly adopted in business valuation and settlement
Offshore Oil Engineering Canada Co., Ltd.	Canada	CAD	Such currency is mainly adopted in business valuation and settlement
Offshore Oil Engineering International Co., Ltd. Thailand Branch	Thailand	THB	Such currency is mainly adopted in business valuation and settlement
Offshore Oil Engineering International Co., Ltd. Brazil Branch	Brazil	BRL	Such currency is mainly adopted in business valuation and settlement

82. Hedging

Applicable Not applicable

83. Government subsidies**(1) Basic information of government subsidies**√Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Category	Item presented in the Balance Sheet	Amount included in the current profits and losses or offset against the loss of related costs		Item included in the current profits and losses or offset against the loss of related costs
		Amount in the current period	Amount in the previous period	
Government subsidies pertinent to daily activities and assets	Deferred income	85.91	85.91	Other incomes
Government subsidies pertinent to daily activities and incomes	Other incomes	3,714.53	1,483.91	Other incomes

(2) Refund of government subsidiesApplicable Not applicable**84. Others**Applicable Not applicable**VIII. Change in the Consolidation Scope****1. Business combination not under the common control**Applicable Not applicable**(1). Business combination not under the common control in the current period**Applicable Not applicable**(2). Combination cost and goodwill**Applicable Not applicable**(3). Identifiable assets and liabilities of the acquiree on the acquisition date**Applicable Not applicable**(4). Gains or losses arising from the re-measurement of the equity held before the acquisition date at fair value**

Whether there is a transaction that realizes business combination through two or more transactions and obtains control during the reporting period

Applicable Not applicable**(5). The combination consideration cannot be reasonably determined on the acquisition date or at the end of combination period, or relevant explanations on the fair value of the identifiable assets and liabilities of the acquiree**Applicable Not applicable**(6). Other descriptions**Applicable Not applicable**2. Business combination under the common control**Applicable Not applicable

(1). Business combination under the common control in the current period

Applicable Not applicable

(2). Combination cost

Applicable Not applicable

(3). Book value of assets and liabilities of the combined party on the combining date

Applicable Not applicable

Other descriptions:

Applicable Not applicable

3. Reverse acquisition

Applicable Not applicable

Package transaction

Applicable Not applicable

Non-package transaction

Applicable Not applicable

4. Disposal of subsidiaries

Whether there is a situation where a single disposal of the investment in the subsidiary will lose control

Applicable Not applicable

Other descriptions:

Applicable Not applicable

Whether there is a situation where the investment in the subsidiary is disposed of through two or more transactions and the control is lost in the current period

Applicable Not applicable

5. Changes in the consolidation scope due to other reasons

Explain the changes in the consolidation scope caused by other reasons (for example, new subsidiaries, and liquidation of subsidiaries) and related conditions:

Applicable Not applicable

6. Others

Applicable Not applicable

IX. Equity in Other Entities

1. Equity in subsidiaries

(1). Composition of the group of the Company

√适用 □不适用

Name of the subsidiary	Principal place of business	Place of registration	Business nature	Shareholding ratio (%)		Acquisition method
				Direct	Indirect	
Anjie Material Testing Co., Ltd.	Hong Kong	Hong Kong	Testing	90.00		A subsidiary that has been acquired through a business combination not under the common control
Offshore Oil Engineering (Qingdao) Co., Ltd.	Qingdao	Qingdao	Project contracting	99.00	1.00	Established
Shenzhen Offshore Oil Engineering Underwater Technology Co., Ltd.	Shenzhen	Shenzhen	Project contracting, labor services	100.00		Established
Offshore Oil Engineering Indonesia Co., Ltd.	Indonesia	Indonesia	Project contracting		100.00	Established
Offshore Oil Engineering Nigeria Co., Ltd.	Nigeria	Nigeria	Project contracting	95.00	5.00	Established
Offshore Oil Engineering International Co., Ltd.	Hong Kong	Hong Kong	Project contracting	100.00		Established
CNCCC International Engineering Co., Ltd.	Beijing	Beijing	Project contracting	100.00		Established
Blue Ocean International Co., Ltd.	British Virgin Islands	British Virgin Islands	Project contracting	100.00		Established
Offshore Oil Engineering (Zhuhai) Co., Ltd.	Zhuhai	Zhuhai	Project contracting	100.00		Established
Offshore Oil Engineering Co., Ltd. Nigeria Free Trade Zone Company	Nigeria	Nigeria	Project contracting		100.00	Established

American Gaotai Deep-sea Technology Co., Ltd.	Houston, America	Houston, America	Project contracting, labor services		70.00	Established
Beijing Gaotai Deep-sea Technology Co., Ltd.	Beijing	Beijing	Labor services		70.00	Established
Offshore Oil Engineering Canada Co., Ltd.	Canada	Canada	Project contracting, labor services		100.00	Established
Offshore Oil Engineering International Co., Ltd. Brazil Branch	Brazil	Brazil	Project contracting, labor services		100.00	Established
Offshore Oil Engineering International Co., Ltd. Thailand Branch	Thailand	Thailand	Project contracting		100.00	Established

Other descriptions:

The following financial data of American Gaotai Deep-sea Technology Co., Ltd. (formerly translated as Ketai Co., Ltd.) is that from the consolidated financial statements.

(2). Significant non-wholly-owned subsidiaries

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Name of the subsidiary	Minority shareholding ratio (%)	Profit or loss attributable to minority shareholders in the current period	Distributed dividends declared to minority shareholders in the current period	Ending balance of minority equity
Anjie Material Testing Co., Ltd.	10.00	2.78		113.86
American Gaotai Deep-sea Technology Co., Ltd. (formerly translated as Ketai Co., Ltd.)	30.00	48.00		1,162.69
Beijing Gaotai Deep-sea Technology Co., Ltd.	30.00	168.11		938.79

Explanation that the minority shareholders' shareholding ratio of the subsidiary is different from the proportion of voting rights:

Applicable Not applicable

Other descriptions:

Applicable Not applicable

(3). Main financial information on significant non-wholly-owned subsidiaries

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Name of the subsidiary	Ending balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Anjie Material Testing Co., Ltd.	1,347.63	163.00	1,510.63	372.05		372.05	1,340.26	147.14	1,487.40	398.27		398.27
American Gaotai Deep-sea Technology Co., Ltd. (formerly translated as Ketai Co., Ltd.)	10,871.96	482.73	11,354.69	7,090.58	388.46	7,479.04	8,056.70	520.37	8,577.07	4,396.89	478.10	4,874.99
Beijing Gaotai Deep-sea Technology Co., Ltd.	9,515.25	445.66	9,960.91	6,443.15	388.46	6,831.61	6,713.82	477.32	7,191.14	4,144.12	478.09	4,622.21

Name of the subsidiary	Amount in the current period				Amount in the previous period			
	Operating income	Net profit	Total comprehensive incomes	Cash flows from operating activities	Operating income	Net profit	Total comprehensive incomes	Cash flows from operating activities
Anjie Material Testing Co., Ltd.	863.45	27.78	49.45	124.68	570.19	-164.84	-163.08	-199.72

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American Gaotai Deep-sea Technology Co., Ltd. (formerly translated as Ketai Co., Ltd.)	9,748.42	160.01	173.56	215.56	2,108.39	-585.79	-596.96	-269.22
Beijing Gaotai Deep-sea Technology Co., Ltd.	8,365.09	560.38	560.38	732.17	1,851.91	70.06	70.06	-301.30

(4). Significant restrictions on the use of group assets and the settlement of group debts:

Applicable Not applicable

(5). Financial support or other support provided to structured entities included into the scope of consolidated financial statements:

Applicable Not applicable

2. Transactions that the Company does not lose its control on the subsidiary in case of any changes in the owner's equities in the subsidiary

Applicable Not applicable

(1). Explanation of the changes in the owner's equity in the subsidiary

Applicable Not applicable

(2). Impact of the transaction on the minority equity and the equity attributable to the parent company

Applicable Not applicable

Other descriptions

Applicable Not applicable

3. Equity in joint ventures or associated enterprises

Applicable Not applicable

(1). Significant joint ventures or associated enterprises

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Name of joint ventures or associated enterprises	Principal place of business	Place of registration	Business nature	Shareholding ratio (%)		Accounting treatment method for joint ventures or associated enterprises
				Direct	Indirect	
COOEC-Fluor Heavy Industries Co., Ltd.	Zhuhai	Zhuhai	Project contracting	51.00		Subsequent measurement by using the equity method
Tianjin Zhonghe Ocean Energy Engineering Co., Ltd.	Tianjin	Tianjin	Services	33.33		Subsequent measurement by using the equity method
Kvaerner Offshore Engineering (Qingdao) Engineering Technology Co., Ltd.	Qingdao	Qingdao	Design and technical consulting services	40.00		Subsequent measurement by using the equity method

Note: In February 2016, Offshore Oil Engineering (Zhuhai) Co., Ltd. (a subsidiary of the Company) and Fluor Co., Ltd. (a subsidiary of Fluor Corporation) established a joint venture COOEC-Fluor Heavy Industries Co., Ltd. Offshore Oil Engineering (Zhuhai) Co., Ltd. invested with assets and capitals, holding 51% of the equity, and Fluor Co., Ltd. invested with capitals, holding 49% of the equity. The Board of Directors of the joint venture consists of 7 members, including 4 members appointed by Offshore Oil Engineering (Zhuhai) Co., Ltd. and 3 members appointed by Fluor Co., Ltd. Any meeting of

the Board of Directors requires at least 5 directors to participate in the voting and shall include two directors appointed by the shareholders of both parties. According to the joint venture agreement and articles of association of the two parties, unanimous consent shall be obtained from all directors of the Board of Directors attending the meetings for any significant operation decisions of COOEC-Fluor Heavy Industries Co., Ltd. Any party cannot independently control the joint venture and can prevent the other party from independently controlling the joint venture. Therefore, it is determined that COOEC-Fluor Heavy Industries Co., Ltd. is a joint venture.

(2). Main financial information on significant joint ventures

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

	Ending balance/amount in the current period	Beginning balance/amount in the previous period
	COOEC-Fluor Heavy Industries Co., Ltd.	COOEC-Fluor Heavy Industries Co., Ltd.
Current assets	105,678.31	99,114.19
Including: cash and cash equivalents	28,295.03	18,491.34
Non-current assets	494,274.45	484,683.48
Total assets	599,952.76	583,797.67
Current liabilities	101,553.86	39,706.14
Non-current liabilities	696.00	696.00
Total liabilities	102,249.86	40,402.14
Minority equity		
Equity attributed to shareholders of parent company	497,702.90	543,395.52
Share of net assets calculated based on shareholding ratio	253,828.48	277,131.72
Adjustment items	-57,358.57	-60,922.66
-- Goodwill		
-- Internal unrealized profit	-57,728.73	-61,292.81
-- Others	370.16	370.15
Book value of equity investment in joint ventures	196,469.90	216,209.06
Fair value of equity investment in joint ventures with publicly quoted prices		
Operating income	19,522.08	35,091.67
Financial expenses	-115.54	-110.22

Income tax expenses	-3,736.87	-5,422.14
Net profit	-11,361.02	-16,266.42
Net profit from discontinued operations		
Other comprehensive incomes		
Total comprehensive incomes	-11,361.02	-16,266.42
Dividends received from joint ventures in the current year		

(3). Main financial information on significant associated enterprises

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

	Ending balance/amount in the current period	Beginning balance/amount in the previous period
	Kvaerner Offshore Engineering (Qingdao) Engineering Technology Co., Ltd.	Kvaerner Offshore Engineering (Qingdao) Engineering Technology Co., Ltd.
Current assets	50.97	50.97
Non-current assets		15.82
Total assets	50.97	66.79
Current liabilities	2,604.30	2,615.85
Non-current liabilities		
Total liabilities	2,604.30	2,615.85
Minority equity		
Equity attributed to shareholders of parent company	-2,553.33	-2,549.06
Share of net assets calculated based on shareholding ratio	-1,021.33	-1,019.62
Adjustment items		
-- Goodwill		
-- Internal unrealized profit		
-- Others		
Book value of equity investment in associated enterprises		

Fair value of equity investment in associated enterprises with publicly quoted prices		
Operating income		
Net profit	-4.27	-91.21
Net profit from discontinued operations		
Other comprehensive incomes		
Total comprehensive incomes	-4.27	-91.21
Dividends received from associated enterprises in the current year		

(4). Summary financial information on insignificant joint ventures and associated enterprises

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

	Ending balance/amount in the current period	Beginning balance/amount in the previous period
Joint ventures:		
Total book value of investment		
The total number of the following items calculated according to the shareholding ratio		
-- Net profit		
-- Other comprehensive incomes		
-- Total comprehensive incomes		
Associated enterprises:		
Total book value of investment	135.95	
The total number of the following items calculated according to the shareholding ratio		
-- Net profit		
-- Other comprehensive incomes		
-- Total comprehensive incomes		

(5). Explanation of significant restrictions on the ability of joint ventures or associated enterprises to transfer funds to the Company

□Applicable √Not applicable

(6). Excess losses incurred by joint ventures or associated enterprises

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Name of joint ventures or associated enterprises	Accumulative unrecognized losses in the previous period	Unrecognized losses in the current period (or net profits distributed in the current period)	Accumulative unrecognized losses at the end of the current period
Kvaerner Offshore Engineering (Qingdao) Engineering Technology Co., Ltd.	1,019.62	1.71	1,021.33

(7). Unrecognized commitments related to investment in joint ventures

Applicable Not applicable

(8). Contingent liabilities related to investment in joint ventures or associated enterprises

Applicable Not applicable

4. Significant joint operation

Applicable Not applicable

5. Equity in structured entities not included into the scope of consolidated financial statements

Explanation of structured entities not included in the scope of consolidated financial statements:

Applicable Not applicable

6. Others

Applicable Not applicable

X. Risks Associated with Financial Instruments

Applicable Not applicable

The main financial instruments of the Company include borrowings, accounts receivable, accounts payable, trading financial assets, and trading financial liabilities, etc. For detailed descriptions of each financial instrument, please refer to the notes to relevant items in Article V hereof. The risks associated with these financial instruments and the risk management policies adopted by the Company to reduce these risks are as follows. The Management of the Company manages and monitors these risk exposures to ensure that the above risks are controlled within a limited range.

(i) Credit risk

As of June 30, 2020, the largest credit risk exposure that may cause financial losses of the Company mainly comes from the loss of the Company's financial assets due to the other party failing to perform obligations and the financial guarantee undertaken by the Company. Specific risk management policies include: the Company established a special department to determine credit limits, conduct credit approvals, and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue claims, so as to reduce credit risks. In addition, the Company reviews the recovery of each individual account receivable on each balance sheet date to ensure that adequate provision for bad debts is made for unrecoverable amounts. Therefore, the Management believes that the credit risk undertaken by the Company has been greatly reduced.

The Company has adopted necessary policies to ensure that all sales customers have a better credit record. Except for the top five accounts receivable, the Company has no other major credit concentration risks.

As of June 30, 2020, the accounts receivable of the Company's top five customers accounted for 91.91% of the Company's total accounts receivable.

The current assets of the Company are deposited in banks with higher credit ratings, so the credit risk of current assets is low.

(ii) Market risk

The market risk of financial instruments refers to the risk that the fair value or future cash flows of

financial instruments will fluctuate due to changes in market prices, including exchange rate risk, interest rate risk and other price risks.

(1) Exchange rate risk

Foreign exchange risk refers to the risk of fluctuations in the fair value or future cash flows of financial instruments due to changes in foreign exchange rates. The Company matches foreign currency incomes and costs to reduce foreign exchange risks as much as possible. In addition, the Company may avoid foreign exchange risk by signing forward foreign exchange contract or currency swap contract.

The Company's principal place of business is located in China, and its main businesses are settled in RMB. However, exchange rate risks exist in the recognized foreign currency assets and liabilities and future foreign currency transactions of the Company. The exchange rate risks in the Company are mainly related to USD. As of June 30, 2020, the foreign currency financial assets and foreign currency financial liabilities held by the Company are listed below. The exchange rate risks arising from the balance of assets and liabilities in USD may have an impact on the operating results of the Company.

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance	Balance at the end of the previous year
Monetary capital – USD	11,929.32	10,023.11
Accounts receivable – USD	10,071.03	3,891.47
Other receivables – USD	24.64	19.64
Accounts payable – USD	12,331.27	9,764.82
Other payables – USD	136.19	45.37
Receipts in advance – USD		4.65
Prepayments – USD	1,477.38	1,546.52
Contract liabilities – USD	5,114.44	
Total	41,084.27	25,295.58

The Company pays close attention to the impact of exchange rate changes on the Company, and attaches great importance to the study of exchange rate risk management policies and strategies. In order to avoid the risk of exchange rate fluctuations, the Company signs forward foreign exchange sales contracts with banks for some future foreign currency settlement items, thus locking up the exchange rate when receiving payments in the future and avoiding the adverse impact on the Company's operations due to sharp fluctuations in the exchange rate in the future. At the same time, with the continuous development of the Company in the international market, if there are risks (e.g., RMB appreciation) that cannot be controlled by the Company, the Company will adjust relevant policies to reduce the resulting risks.

(3) Other price risks

The Company provides design, construction and offshore installation services for offshore oil and gas field development and supporting projects at market prices, and is therefore affected by these price fluctuations.

(iii) Liquidity risk

Liquidity risk refers to the risk that the Company cannot perform its financial obligations on the expiration date. The method of managing liquidity risk adopted by the Company is to ensure that there is sufficient liquidity to fulfill the debts due, so as not to cause unacceptable losses or damage to its reputation. The Company regularly analyzes the structure and maturity of liabilities, and ensures that it has sufficient capital reserves. The Management monitors the use of bank borrowings and ensures compliance with

the borrowing agreement, and negotiates with financial institutions about financing to maintain a certain credit line and reduce liquidity risks.

Financial liabilities of the Company are presented with contract cash flow that is not discounted by due date as follows:

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance			
	Within 1 year	1-2 years	2-5 years	Total
Short-term borrowings	23,000.00			23,000.00
Notes payable	9,138.79			9,138.79
Accounts payable	713,867.71			713,867.71
Employee compensation payable	7,503.76			7,503.76
Other payables	16,517.32			16,517.32
Long-term borrowings		9,000.00	13,000.00	22,000.00
Total	737,888.79	9,000.00	13,000.00	759,888.79

Item	Balance at the end of the previous year			
	Within 1 year	1-2 years	2-5 years	Total
Accounts payable	686,293.85			686,293.85
Employee compensation payable	13,742.46			13,742.46
Other payables	15,381.61			15,381.61
Long-term borrowings			22,000.00	22,000.00
Total	715,417.93		22,000.00	737,417.93

(iv) Sensitivity analysis

The Company adopts sensitivity analysis techniques to analyze the rationality of risk variables and the possible impact of possible changes on the current profit and loss or owner's equity. Any risk variable rarely independently changes, and the correlation between variables will have a significant effect on the final impact of a certain risk variable change. Therefore, the following content is based on assuming that the change of each variable is independent.

As for the foreign currency assets and liabilities existing on the balance sheet date, assuming that other variables remain unchanged, the after-tax effects of possible reasonable changes in the exchange rate on the current profit and loss and equity are as follows:

Unit: Ten Thousand Yuan Currency: RMB

Item	Exchange rate change	Current period	
		Impact on net profit	Impact on the owner's

			equity
All the foreign currencies	Appreciation against RMB by 5%	4,474.40	4,474.40
All the foreign currencies	Depreciation against RMB by 5%	-4,474.40	-4,474.40

XI. Disclosure at Fair Value

1. Ending fair value of assets and liabilities measured at fair value

Applicable Not applicable

The input value used in fair value measurement is divided into three levels:

Level 1: unadjusted quotation of the same assets or liabilities that can be obtained on the measurement date in the active market.

Level 2: input values that can be directly or indirectly observed for relevant assets or liabilities other than that for the first level.

Level 3: input value that cannot be observed for relevant assets or liabilities.

The level of fair value measurement results is determined based on the lowest level for input value that is significant for the whole fair value measurement.

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending fair value			
	Fair value measurement at level 1	Fair value measurement at level 2	Fair value measurement at level 3	Total
I. Continuous fair value measurement				
(i) Trading financial assets				
1. Financial assets measured at fair value and whose changes are included in the current profit and loss				
(1) Debt instrument investments				
(2) Equity instrument investments				
(3) Derivative financial assets				
2. Financial assets measured at fair value and whose changes are included in the current profit and loss				
(1) Debt instrument				

investments				
(2) Equity instrument investments				
(ii) Other debt instrument investments				
(iii) Other equity instrument investments	10,590.92		7,067.14	17,658.06
(iv) Investment real estate				
1. Land use right for lease				
2. Leased buildings				
3. Use right of the holding land to be transferred after appreciation				
(v) Biological assets				
1. Consumable biological assets				
2. Productive biological assets				
Total assets continuously measured at fair value	10,590.92		7,067.14	17,658.06
(vi) Trading financial liabilities				
1. Financial liabilities measured at fair value and whose changes are included in the current profit and loss				
Including: trading bonds issued				
Derivative financial liabilities				
Others				
2. Financial liabilities measured at fair value and whose changes are included in the current profit and loss				
Total liabilities continuously measured at fair value				

II. Non-continuous fair value measurement				
(i) Assets held for sale				
Total assets not continuously measured at fair value				
Total liabilities not continuously measured at fair value				

2. Basis for determining the market price of items continuously and non continuously measured at fair value at level 1

Applicable Not applicable

Other equity instrument investments of the Company measured at fair value are listed company stocks held by the Company, and the fair value of such assets is determined based on the closing price of the stock at the end of the period.

3. Qualitative and quantitative information on valuation techniques and important parameters for items continuously and not continuously measured at fair value at level 2

Applicable Not applicable

4. Qualitative and quantitative information on valuation techniques and important parameters for items continuously and not continuously measured at fair value at level 3

Applicable Not applicable

The input value at level 3 shall be used to determine the fair value. If the recent information used to determine the fair value is insufficient, or the estimated amount of fair value has a wide distribution range, and the cost represents the best estimate of the fair value within the range, the cost can represent an appropriate estimate of the fair value within the distribution range.

5. Adjustment information between the beginning and ending book value and sensitivity analysis of unobservable parameters for items continuously measured at fair value at level 3

Applicable Not applicable

6. Reason for transition and policies determining transition timing for items continuously measured at fair value in case of any transition between levels within the current period

Applicable Not applicable

7. Changes in valuation technique and their reasons within the period

Applicable Not applicable

8. Fair value of financial assets and financial liabilities not measured at fair value

Applicable Not applicable

9. Others

Applicable Not applicable

XII. Related Parties and Their Transactions

1. Information on the parent company of the Company

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Name of the parent	Place of registration	Business nature	Registered capital	Shareholding ratio of the parent company in the	Voting right proportion of the parent company in

company				Company (%)	the Company (%)
China National Offshore Oil Corporation	Beijing	Organization of offshore oil and natural gas exploration, development, production, and refining; sales of petroleum and chemical products, etc.	11,380,000.00	48.36	55.33

Note: China National Offshore Oil Corporation holds 6.65%, 0.28%, and 0.04% of the equities of the Company through its wholly-owned subsidiaries CNOOC Western South China Sea Co., Ltd. and CNOOC Bohai Co., Ltd., and its holding subsidiary CNOOC Finance Co., Ltd. Therefore, the proportion of voting right is 55.33%.

The ultimate controlling party of the Company is China National Offshore Oil Corporation.

2. Information on subsidiaries of the Company

See Notes IX. Equity in Other Entities for details of the subsidiaries of the Company.

Applicable Not applicable

3. Information on joint ventures and associated enterprises of the Company

See Notes IX. Equity in Other Entities for details of the important joint ventures or associated enterprises of the Company.

Applicable Not applicable

Information on other joint ventures or associated enterprises that have related party transactions with the Company in the current period or the balance has been produced due to related party transactions with the Company in the previous period

Applicable Not applicable

4. Information on other related parties of the Company

Applicable Not applicable

Name of other related parties	Relation between other related parties and the Company
CNOOC Bohai Co., Ltd.	Wholly-owned subsidiary of the parent company
CNOOC Donghai Corporation	Wholly-owned subsidiary of the parent company
CNOOC Eastern South China Sea Co., Ltd.	Wholly-owned subsidiary of the parent company
CNOOC Western South China Sea Co., Ltd.	Wholly-owned subsidiary of the parent company
China National Offshore Oil Corporation	Holding subsidiary of the parent company
China Ocean Oilfields Services (H.K.) Ltd.	Wholly-owned subsidiary of the parent company
CNOOC Finance Co., Ltd.	Holding subsidiary of the parent company
China BlueChemical Ltd.	Holding subsidiary of the parent company
CNOOC Refining & Chemical Co., Ltd.	Wholly-owned subsidiary of the parent company

CNOOC Gas & Power Group Co., Ltd.	Wholly-owned subsidiary of the parent company
China Shipping Industry Co., Ltd.	Wholly-owned subsidiary of the parent company
CNOOC Energy Technology & Services Limited	Holding subsidiary of the parent company
CNOOC Energy Technology Development and Research Institute Co., Ltd.	Wholly-owned subsidiary of the parent company
China Oilfield Services Limited	Holding subsidiary of the parent company
CNOOC Research Institute Co., Ltd.	Wholly-owned subsidiary of the parent company

5. Related transactions

(1). Related transactions for purchasing or selling goods and rendering or receiving labor services

Table for purchase of goods/receiving of labor services

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Related parties	Content of related transactions	Amount in the current period	Amount in the previous period
CNOOC Energy Technology & Services Limited	Project subcontracting, material procurement, transportation, fuel, property, and other services	49,849.19	53,439.53
COOEC-Fluor Heavy Industries Co., Ltd.	Project subcontracting services	20,250.38	11,895.37
China Ocean Oilfields Services (H.K.) Ltd.	Material procurement services	3,425.04	2,861.82
China Oilfield Services Limited	Transportation, shipping and other services	31.27	1,503.31
China National Offshore Oil Corporation	House leasing, software use and other services		1,053.94
CNOOC Bohai Co., Ltd.	Water and electricity, employee physical examination and other services	641.57	843.18
China Shipping Industry Co., Ltd.	Property services, house leasing, project subcontracting, fuel, water and electricity, and other services	1,695.47	635.98
CNOOC Refining & Chemical Co., Ltd.	Project subcontracting services	28.69	226.26

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CNOOC Eastern South China Sea Co., Ltd.	Project subcontracting services	139.38	73.18
CNOOC Gas & Power Group Co., Ltd.	Project subcontracting services	37.41	59.20
CNOOC Energy Technology Development and Research Institute Co., Ltd.	Water and electricity and other services		51.86
CNOOC Research Institute Co., Ltd.	Project subcontracting services	0.48	
CNOOC Western South China Sea Co., Ltd.	House leasing services	40.06	46.74
China BlueChemical Ltd.	Project subcontracting services	217.35	3.04
China National Offshore Oil Corporation	Dock services	38.81	75.26
CNOOC Donghai Corporation	Vehicle leasing services	0.44	

Table for sales of goods/provision of labor services

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Related parties	Content of related transactions	Amount in the current period	Amount in the previous period
China National Offshore Oil Corporation	Design, installation, construction and other professional production services	479,032.60	283,578.65
CNOOC Gas & Power Group Co., Ltd.	Design, installation, construction and other professional production services	27,005.17	21,923.59
CNOOC Research Institute Co., Ltd.	Design, installation, construction and other professional production services	5.05	563.20
COOEC-Fluor Heavy Industries Co., Ltd.	Provision of labor services, and sales and testing of materials	123.04	563.00
CNOOC Energy Technology & Services Limited	Design, installation, construction and other professional production services	55.35	1.98
China Oilfield Services Limited	Transportation and	1,381.59	

	shipping services		
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Descriptions of related transactions for purchasing or selling goods and rendering or receiving labor services

Applicable Not applicable

(2). Related trustee management/contracting and entrust management/contracting out

Table of trustee management/contracting of the Company:

Applicable Not applicable

Descriptions of related trustee management/contracting

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Client of the subject	Name of the subject	Subject funds	
		Ending balance	Balance at the end of the previous year
China National Offshore Oil Corporation	Research of construction technologies and research and manufacturing of key construction equipment for Liwan 3-1 and surrounding deep-water oil and gas field project, research of underwater pipeline tie-back technology and supporting equipment application, analysis of underwater production system failure mode, and application of emergency maintenance technology for Liwan 3-1 and surrounding gas field	4,044.96	4,540.78
CNOOC Research Institute Co., Ltd.	Research of floating platform construction and installation technology, research of FLNG/FLPG device oil and gas pretreatment and liquefaction upper module design, research of West Africa deep water technology research topic output system and jumper pipe key technologies, research of platform module construction and installation technology, and deep water semi-submersible pipelay crane vessel and supporting engineering technology	1,249.34	1,430.88
China National Offshore Oil Corporation	Monitoring of light semi-submersible and deep water riser, real-time analysis of 201 pipe laying system, and phase II of new SAPR oil storage technology	4,285.59	1,513.79

Table of entrust management/contracting out of the Company:

Applicable Not applicable

Descriptions of entrust management/contracting out

Applicable Not applicable

(3). Related lease

The Company as the lessor:

Applicable Not applicable

The Company as the lessee:

Applicable Not applicable

Descriptions of related lease

Applicable Not applicable

(4). Related guarantee

The Company as the guarantor

Applicable Not applicable

The Company as the guaranteed party

Applicable Not applicable

Descriptions of related guarantee

Applicable Not applicable

The guarantee provided by the Company to its subsidiaries is detailed in "XIV. (ii)".

(5). Fund borrowing and lending between related parties

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Related parties	Borrowing and lending amount	Starting date	Expiration date	Description
Borrowed fund				
China National Offshore Oil Corporation	9,000.00	March 2017	March 2022	
China National Offshore Oil Corporation	13,000.00	February 2018	February 2023	

(6). Other related transactions

Applicable Not applicable

1) Interest income on the deposit of related parties

Unit: Ten Thousand Yuan Currency: RMB

Type and name of the related party	Amount in the current period	Amount in the previous period
Other companies controlled by the same controlling shareholder and ultimate controlling party		
CNOOC Finance Co., Ltd.	92.19	677.58
Total	92.19	677.58

2) Deposit balance of related parties

Unit: Ten Thousand Yuan Currency: RMB

Related party	Ending balance	Balance at the end of the previous year
Other companies controlled by the same controlling shareholder and ultimate controlling party		
CNOOC Finance Co., Ltd.	84,871.60	78,173.87
Total	84,871.60	78,173.87

3) Investment income obtained by related parties

Unit: Ten Thousand Yuan Currency: RMB

Type and name of the related party	Amount in the current period	Amount in the previous period
Other companies controlled by the same controlling shareholder and ultimate controlling party		
CNOOC Finance Co., Ltd.		825.90
Subtotal		825.90
Joint venture		
COOEC-Fluor Heavy Industries Co., Ltd.	-4,019.40	-6,474.70
Subtotal	-4,019.40	-6,474.70

4) Interest expenses of related parties

Unit: Ten Thousand Yuan Currency: RMB

Type and name of the related party	Amount in the current period	Amount in the previous period
Other companies controlled by the same controlling shareholder and ultimate controlling party		
China National Offshore Oil Corporation	48.79	45.84
Total	48.79	45.84

5) Concentration of capital pool

On May 11, 2020, the Company and CNOOC Finance Co., Ltd. entered into a capital pool service agreement for the concentration and transfer of capitals under the entrusted loan within the consolidation scope of the Company. The agreement is valid from the date of signing to May 10, 2021, and the period can be extended indefinitely upon expiry.

6. Accounts receivable and accounts payable of related parties

(1). Receivables

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Name of items	Related party	Ending balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	China National Offshore Oil Corporation	474,887.36		405,190.94	
Accounts receivable	CNOOC Gas & Power Group Co., Ltd.	14,698.86		22,784.09	
Accounts receivable	CNOOC Energy Technology & Services Limited	139.92		299.11	
Accounts receivable	CNOOC Research Institute Co., Ltd.	214.12		533.27	
Accounts receivable	CNOOC Refining & Chemical Co., Ltd.				
Accounts receivable	COOEC-Fluor Heavy Industries Co., Ltd.	313.75		480.84	
Accounts receivable	China Oilfield Services Limited	1,221.78		1,182.98	
Prepayments	CNOOC Energy Technology & Services Limited	1,696.36		680.87	
Other receivables	Kvaerner Offshore Engineering (Qingdao) Engineering Technology Co., Ltd.	171.13	171.13	171.13	171.13
Other receivables	COOEC-Fluor Heavy Industries Co., Ltd.	36.49		83.88	
Other receivables	China National Offshore Oil Corporation	16.24		0.38	
Other receivables	China Shipping Industry Co., Ltd.	7.01			
Other receivables	China National Offshore Oil Corporation	3.27		11.17	

(2). Payables

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Name of items	Related party	Ending book balance	Beginning book balance

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Accounts payable	CNOOC Energy Technology & Services Limited	73,227.33	75,688.16
Accounts payable	COOEC-Fluor Heavy Industries Co., Ltd.	27.88	8,301.13
Accounts payable	China Ocean Oilfields Services (H.K.) Ltd.	2,573.58	1,602.28
Accounts payable	China Oilfield Services Limited	1,127.69	1,295.42
Accounts payable	CNOOC Gas & Power Group Co., Ltd.	42.27	40.47
Accounts payable	China National Offshore Oil Corporation		356.21
Accounts payable	CNOOC Bohai Co., Ltd.	550.04	546.87
Accounts payable	China Shipping Industry Co., Ltd.	837.94	725.07
Accounts payable	CNOOC Refining & Chemical Co., Ltd.	67.25	35.98
Accounts payable	China National Offshore Oil Corporation	179.28	339.34
Accounts payable	CNOOC Western South China Sea Co., Ltd.	41.06	47.74
Accounts payable	CNOOC Eastern South China Sea Co., Ltd.	37.79	37.33
Accounts payable	China BlueChemical Ltd.	219.89	
Accounts payable	CNOOC Research Institute Co., Ltd.		66.75
Receipts in advance	China National Offshore Oil Corporation		45,730.12
Receipts in advance	CNOOC Gas & Power Group Co., Ltd.	243.34	
Other payables	CNOOC Energy Technology & Services Limited	71.24	87.28
Other payables	CNOOC Bohai Co., Ltd.	5.33	5.33
Other payables	China Shipping Industry Co., Ltd.	2.93	
Other payables	CNOOC Refining & Chemical Co., Ltd.	20.04	20.04

Other payables	Kvaerner Offshore Engineering (Qingdao) Engineering Technology Co., Ltd.	151.37	151.37
Interests payable	China National Offshore Oil Corporation		2.95
Contract liabilities	China National Offshore Oil Corporation	45,213.88	
Contract liabilities	CNOOC Gas & Power Group Co., Ltd.	384.14	
Long-term borrowings	China National Offshore Oil Corporation	22,000.00	22,000.00

7. Commitments by related parties

Applicable Not applicable

8. Others

Applicable Not applicable

XIII. Share-based Payment

1. Overall situation of share-based payment

Applicable Not applicable

2. Equity-settled share-based payment

Applicable Not applicable

3. Cash-settled share-based payment

Applicable Not applicable

4. Modification and termination of share-based payment

Applicable Not applicable

5. Others

Applicable Not applicable

XIV. Commitments and contingencies

1. Important commitments

Applicable Not applicable

Important external commitments existing on the balance sheet date and their natures and amounts

(1) The Company held the 13th meeting of the 5th Board of Directors on August 19, 2015 and the 2015 first extraordinary general meeting of shareholders on September 15, 2015. At the meetings, it examined and approved the *Proposal on Changing the Fund-raising Project to Joint Operation Mode through Establishing A Joint Venture with Fluor Corporation*, agreeing to change the implementation mode of the Zhuhai Deepwater Offshore Engineering Equipment Manufacturing Base project to the joint operation. According to the above document, Offshore Oil Engineering (Zhuhai) Co., Ltd. and Fluor Corporation jointly established COOEC-Fluor Heavy Industries Co., Ltd. on January 8, 2016. The registered capital of the joint venture is USD 999.6 million, of which Offshore Oil Engineering (Zhuhai) Co., Ltd. invested USD 509.8 million with fixed assets and cash. As of June 30, 2020, USD 482.8 million has been invested, and USD 27 million shall be contributed before December 31, 2020.

(2) As of June 30, 2020, the Company has no signed but unpaid large-value contract.

2. Contingencies

(1). Significant contingencies existing on the balance sheet date

√Applicable □Not applicable

As of June 30, 2020, the guarantees of the Company were as follows:

1) After review and approval at the 4th meeting of the 5th Board of Directors of the Company held on July 23, 2014, the Company undertook the Russian Yamal Project for Offshore Oil Engineering (Qingdao) Co., Ltd. and issued the guarantee from the parent company to YAMZGA (the general contractor of Yamal Project). The guaranteed party is YAMGZA, the general contractor of the Yamal Project. The guaranteed amount is 35% of the total contract amount of the project (approximately USD 575.1 million), of which the maximum cumulative liability limit is 25% of the contract amount, and the maximum extension penalty is 10% of the contract amount. The guarantee period is from the issuance date of the guarantee to September 23, 2021. The above guarantee has been examined and approved by the Company's second extraordinary general meeting of shareholders in 2014 held on September 16, 2014. (For details, please refer to the announcements on the resolution and guarantee of the Company disclosed at the website of the Shanghai Stock Exchange and the announcement on the resolutions of the meeting of the Board of Shareholders disclosed on September 17).

2) After review and approval at the 26th meeting of the 5th Board of Directors of the Company held on March 17, 2017, the Company reissued three performance guarantees for the three modules involved in the Yamal Project of the Qingdao subsidiary, with the validity period covering the guarantee period of each module. The total guaranteed amount was USD 131 million. The guarantee period for Train 1 module ends on December 23, 2020, the guarantee period for Train 2 module ends on March 23, 2021, and the guarantee period for Train 3 module ends on September 23, 2021. (For details, please refer to the announcements on the resolutions of the Board of Directors and guarantee adjustments disclosed on the website of the Shanghai Stock Exchange on March 21, 2017).

3) After review and approval at the 9th meeting of the 6th Board of Directors of the Company held on May 21, 2018, the Company undertook the Nexen LLSW turnkey project for its subsidiary Offshore Oil Engineering Canada Co., Ltd., and issued the parent company guarantee to Nexen, with the contract amount of CAD 150 million and the guaranteed amount of CAD 75 million. The guarantee period is from the date of guarantee issuance to December 20, 2026. Such guarantee requires no review or approval from the meeting of the Board of Shareholders of the Company. (For details, please refer to the announcements on the resolutions of the Board of Directors and the guarantee disclosed on the website of the Shanghai Stock Exchange on May 22, 2018).

4) After review and approval at the 14th meeting of the 6th Board of Directors of the Company held on March 22, 2019, the Company undertook the the general contracting project for the disposal of 2 platforms in the SKL-C block for the subsidiary Offshore Oil Engineering International Co., Ltd. Thailand Branch, and issued the parent company guarantee to CEC INTERNATIONAL, LTD, with the estimated contract amount of about USD 5,436,300 and the guaranteed amount of about USD 8,154,500. The guarantee period is from the date of guarantee issuance to January 31, 2021. Such guarantee requires no review or approval from the meeting of the Board of Shareholders of the Company. (For details, please refer to the announcements on the resolutions of the Board of Directors and the guarantee disclosed on the website of the Shanghai Stock Exchange on March 26, 2019).

5) After review and approval at the 17th meeting of the 6th Board of Directors of the Company held on June 6, 2019, the Company undertook the LNG module construction project for its subsidiary Offshore Oil Engineering (Qingdao) Co., Ltd., and issued the parent company guarantee to JGC Fluor, with the contract amount of RMB 4,898 million and the guaranteed amount of RMB 2,449 million. The guarantee period is from the date of guarantee issuance to September 25, 2025. The above guarantee has been examined and approved by the Company's first extraordinary general meeting of shareholders in 2019 held on June 25, 2019. (For details, please refer to the announcements on the resolution and guarantee of the Company disclosed at the website of the Shanghai Stock Exchange and the announcement on the resolutions of the meeting of the Board of Shareholders disclosed on June 26).

6) After review and approval by all directors at the 24th meeting of the 6th Board of Directors of the Company held on June 23, 2020, the Company issued the performance guarantee and advance payment guarantee for its subsidiary Nigeria Free Trade Zone Company to perform the contract of Dangote petrochemical marine transportation and installation project, with the guaranteed amount of USD 38.2 million, and the guarantee period is from the date of guarantee issuance to December 31, 2020 (formerly June 30, 2020). Such guarantee requires no review or approval from the meeting of the Board of Shareholders of the Company. (For details, please refer to the announcements on the resolutions of the Board of Directors and the guarantee disclosed on the website of the Shanghai Stock

Exchange on June 24, 2020).

Guarantees released within the reporting period:

After review and approval at the 19th meeting of the 5th Board of Directors of the Company held on July 6, 2016, the Company undertook the Shell SDA Project for Offshore Oil Engineering (Qingdao) Co., Ltd. and issued the guarantee from the parent company to Shell Netherland. The contract of Shell SDA Project is a unit price contract, with the estimated contract amount of USD 26.92 million (the final amount of the contract is subject to the actual workload settlement). According to the contract, the maximum compensation is 10% of the contract amount, which is approximately USD 2.692 million. The guarantee period is from the date of guarantee issuance to April 7, 2020. Such guarantee requires no review or approval from the meeting of the Board of Shareholders of the Company. (For details, please refer to the announcements on the resolutions of the Board of Directors and the guarantee disclosed on the website of the Shanghai Stock Exchange on July 8, 2016).

Arbitration events

On November 9, 2016, Shanghai S. B. Submarine Systems Co., Ltd. filed an arbitration with the Hong Kong International Arbitration Center for the KJO project subcontracting payment, requesting the Saudi branch of the Company to pay the project cost and change payment during the project subcontracting execution totaling USD 16,355,783.30. The Company filed a counter claim of USD 24,935,068 against Shanghai S. B. Submarine Systems Co., Ltd. for losses and liquidated damages caused by its failure to complete the obligations under the subcontract. So far, the arbitrator has provided two partial rulings in this arbitration, partly denying the claim of Shanghai S. B. Submarine Systems Co., Ltd., i.e., USD 25,000 for the design contract, and confirming that its maximum liability under the subcontract is USD 15,522,731. In the ruling, the arbitrator partly recognized the counterclaim amount of the Company: USD 18,818,000. No ruling is offered for the change claims, interests and expenses of Shanghai S. B. Submarine Systems Co., Ltd., and the Company's claim for liquidated damages. With no final ruling available for this arbitration, the arbitration result remains uncertain.

As of June 30, 2020, apart from the above-mentioned contingencies, no other significant contingencies exist in the Company.

(2). Description is necessary in case of no significant contingencies to be disclosed in the Company:

Applicable Not applicable

3. Others

Applicable Not applicable

XV. Events after the Balance Sheet Date

1. Important non-adjustment events

Applicable Not applicable

2. Profit distribution

Applicable Not applicable

3. Return from sales

Applicable Not applicable

4. Descriptions of other events after the balance sheet date

Applicable Not applicable

XVI. Other Significant Events

1. Correction of accounting errors of previous period

(1). Retroactive restatement method

Applicable Not applicable

(2). Future application method

Applicable Not applicable

2. Debt restructuringApplicable Not applicable**3. Exchange of assets****(1). Exchange of non-monetary assets**Applicable Not applicable**(2). Exchange of other assets**Applicable Not applicable**4. Annuity plan**Applicable Not applicable**5. Discontinued operations**Applicable Not applicable**6. Division information****(1). Determination basis and accounting policy for the reporting division**Applicable Not applicable**(2). Financial information on the reporting division**Applicable Not applicable**(3). Reasons shall be provided if the Company has no reporting division, or the total assets and total liabilities of each reporting division cannot be disclosed**Applicable Not applicable**7. Other important transactions and events that have an impact on the decision-making of the investors**Applicable Not applicable**8. Others**Applicable Not applicable**XVII. Notes to Main Items of Financial Statements of the Parent Company****1. Accounts receivable****(1). Disclosed by aging**Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Aging	Ending book balance
Within one year	
Including: sub-items within one year	
Subtotal within one year	562,070.89
1-2 years	2,106.82
2-3 years	5,073.06
Over 3 years	18,602.55
Total	587,853.32

(2). Disclosed according to the drawing method of bad debts

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Category	Ending balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Drawing proportion (%)		Amount	Proportion (%)	Amount	Drawing proportion (%)	
Bad-debt provision by single item										
Bad-debt provision by combination	587,853.32	100.00	374.58	0.06	587,478.74	499,021.90	100.00	394.04	0.08	498,627.86
Including:										
Aging combination	33,141.24	5.64	374.58	1.13	32,766.67	31,068.14	6.23	394.04	1.27	30,674.10
Combination of related parties	554,712.07	94.36			554,712.07	467,953.76	93.77			467,953.76
Total	587,853.32	/	374.58	/	587,478.74	499,021.90	100.00	394.04	/	498,627.86

Bad-debt provision by single item:

Applicable Not applicable

Bad-debt provision by combination:

Applicable Not applicable

Items whose provision is made by combination: aging combination

Unit: Ten Thousand Yuan Currency: RMB

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Drawing proportion (%)
Aging combination	33,141.24	374.58	1.13
Combination of related parties	554,712.07		
Total	587,853.32	374.58	

Recognition standard and description of bad-debt provision by combination:

Applicable Not applicable

If provision is made for bad debts according to the general model of expected credit losses, please refer to the disclosure of other accounts receivable:

Applicable Not applicable

(3). Provision for bad debts

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Category	Opening balance	Increase or decrease in the current period				Ending balance
		Drawing	Recovery or reverse	Transfer or write-off	Other changes	
Aging combination of accounts receivable	394.04		-19.46			374.58
Total	394.04		-19.46			374.58

Significant amount of bad debt provision for the current period to be recovered or reversed:

Applicable Not applicable

(4). Accounts receivable actually written off in the current period

Applicable Not applicable

(5). Accounts receivable collected to the debtors which rank the first five at the end of period

Applicable Not applicable

Name of the unit	Ending balance		
	Accounts receivable	Proportion in the total accounts receivable (%)	Provision for bad debts

China National Offshore Oil Corporation	430,590.66	73.25	
Shenzhen Offshore Oil Engineering Underwater Technology Co., Ltd.	56,172.05	9.56	
Offshore Oil Engineering (Qingdao) Co., Ltd.	27,649.89	4.70	
Offshore Oil Engineering International Co., Ltd.	15,934.29	2.71	
DYNAMIC INDUSTRIES SAUDI ARABIA LTD	10,672.72	1.82	
Total	541,019.60	92.03	

(6). Accounts receivable that are derecognized due to the transfer of financial assets

Applicable Not applicable

(7). Amount of assets and liabilities formed by transfer of accounts receivable and continued involvement

Applicable Not applicable

Other descriptions:

Applicable Not applicable

2. Other receivables**Presentation of items**

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance	Opening balance
Interests receivable		52.43
Dividends receivable	19,800.00	19,800.00
Other receivables	78,375.40	58,336.51
Total	98,175.40	78,188.94

Other descriptions:

Applicable Not applicable

Interests receivable**(1). Category of interests receivable**

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance	Opening balance
Time deposit		

Entrusted loan		
Bond investment		
Deposit interest of CNOOC Finance Co., Ltd.		52.43
Total		52.43

(2). Significant overdue interest

Applicable Not applicable

(3). Provision for bad debts

Applicable Not applicable

Other descriptions:

Applicable Not applicable

Dividends receivable**(1) Dividends receivable**

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item (or the investee)	Ending balance	Opening balance
Offshore Oil Engineering (Qingdao) Co., Ltd.	19,800.00	19,800.00
Total	19,800.00	19,800.00

(2). Significant dividends receivable with an aging of over one year

Applicable Not applicable

(3). Provision for bad debts

Applicable Not applicable

Other descriptions:

Applicable Not applicable

Other receivables**(1). Disclosed by aging**

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Aging	Ending book balance
Within one year	
Including: sub-items within one year	
Subtotal within one year	22,355.32
1-2 years	2,653.40
2-3 years	2,906.05

Over 3 years	50,952.02
Total	78,866.79

(2). Classification of other receivables by nature

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Nature	Ending book balance	Beginning book balance
Borrowings and interests of related parties, intercourse funds of other related transactions	77,136.59	57,221.03
Insurance indemnity		344.91
Pretty cash, deposits and margins	973.67	1,234.16
Advance payment	756.53	39.59
Total	78,866.79	58,839.69

(1). Provision for bad debts

□Applicable √Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the future 12 months	Expected credit loss within the whole duration (credit impairment has not yet occurred)	Expected credit loss within the whole duration (credit impairment has occurred)	
Balance as of January 1, 2020	28.32		474.85	503.17
Current balance as of January 1, 2020				
-- Transfer to stage 2				
-- Transfer to stage 3				
-- Reverse to stage 2				
-- Reverse to stage 1				
Drawing in the current period				

Reversal in the current period			-0.91	-0.91
Transfer in the current period				
Write-off in the current period				
Other changes			1.12	1.12
Balance as of June 30, 2020	16.32		475.07	491.39

Descriptions of the significant changes in the book balances of other receivables that have changed in the current period:

Applicable Not applicable

Amount of provision for bad debts in the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly:

Applicable Not applicable

(2). Provision for bad debts

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Category	Opening balance	Increase or decrease in the current period				Ending balance
		Drawing	Recovery or reverse	Transfer or write-off	Other changes	
Aging combination of other receivables	474.85	0.21				475.07
Provision by single item for other receivables	28.33		-12.00			16.33
Total	503.18	0.21	-12.00			491.40

Significant amount of bad debt provision for the current period to be reversed or recovered:

Applicable Not applicable

(3). Other receivables actually written off in the current period

Applicable Not applicable

Descriptions of write-off of other receivables:

Applicable Not applicable

(4). Other receivables collected to the debtors which rank the first five at the end of period

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Name of the unit	Nature	Ending balance	Aging	Proportion in the ending balance of total other receivables (%)	Provision for bad debts Ending balance
Offshore Oil Engineering International Co., Ltd.	Borrowings and interests	59,545.07	Note 1	75.50	
CNCCC International Engineering Co., Ltd.	Advance payment	7,372.15	Note 2	9.35	
Offshore Oil Engineering (Qingdao) Co., Ltd.	Intercourse funds	5,931.65	Within one year (inclusive)	7.52	
Shenzhen Offshore Oil Engineering Underwater Technology Co., Ltd.	Intercourse funds	2,302.50	Note 3	2.92	
Shenzhen Customs of People's Republic of China	Margins	560.91	Note 4	0.71	
Total	/	75,712.28	/	96.00	

Note 1: The ending balance of Offshore Oil Engineering International Co., Ltd. is RMB 595,450,700, including RMB 117,668,300 with an aging of within 1 year, RMB 8,153,300 with an aging of 2-3 years, and RMB 469,629,100 with an aging of over 3 years.

Note 2: The ending balance of Offshore Oil Engineering International Co., Ltd. is RMB 73,721,500, including RMB 3,877,100 with an aging of within 1 year, RMB 20,157,400 with an aging of 1-2 years, RMB 18,688,800 with an aging of 2-3 years, and RMB 30,998,200 with an aging of over 3 years.

Note 3: The ending balance of Shenzhen Offshore Oil Engineering Underwater Technology Co., Ltd. is RMB 23,025,000, including RMB 18,249,700 with an aging of within 1 year (including 1 year), and RMB 4,775,300 with an aging of 1-2 years.

Note 4: The ending balance of margins of Shenzhen Customs of People's Republic of China is RMB 5,609,100, including RMB 1.5 million with an aging of 2-3 years and RMB 4,109,100 with an aging of over 3 years.

(5). Accounts receivable involving government subsidies

Applicable Not applicable

(6). Other receivables that are derecognized due to the transfer of financial assets

Applicable Not applicable

(7). Amount of assets and liabilities formed by transfer of other receivables and continued involvement

Applicable Not applicable

Other descriptions:

√Applicable □Not applicable

Disclosed according to the drawing method of bad debts

Unit: Ten Thousand Yuan Currency: RMB

Category	Ending balance					Balance at the end of the previous year				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Drawing proportion (%)		Amount	Proportion (%)	Amount	Drawing proportion (%)	
Bad-debt provision by single item	475.07	0.60	475.07	100.00		474.85	0.81	474.85	100.00	
Including:										
Other receivables with insignificant single amount but with provision for bad debts made on an individual basis	475.07	0.60	475.07	100.00		474.85	0.81	474.85	100.00	
Bad-debt provision by combination	78,391.72	99.40	16.32	0.02	78,375.39	58,364.84	99.19	28.33	0.05	58,336.51
Including:										
Aging combination	44.26	0.06	16.32	36.87	27.94	401.31	0.68	28.33	7.06	372.98
Combination of related parties	77,360.71	98.09			77,360.71	56,966.02	96.82			56,966.02
Combination of	986.75	1.25			986.75	997.51	1.70			997.51

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pretty cash and deposits										
Total	78,866.79	100.00	491.39		78,375.40	58,839.69	100.00	503.18		58,336.51

Bad-debt provision by single item:

Name	Ending balance			
	Book balance	Provision for bad debts	Drawing proportion (%)	Reason for drawing
Taiyuan Rongli Trading Co., Ltd.	215.15	215.15	100.00	The other party becomes insolvent
Kvaerner Offshore Engineering (Qingdao) Engineering Technology Co., Ltd.	171.13	171.13	100.00	The other party becomes insolvent
Bassam Mohsen Foundations Contractors	51.86	51.86	100.00	The other party becomes insolvent
Abdullah Hashim Industrial Gases	36.93	36.93	100.00	The other party becomes insolvent
Total	475.07	475.07		

Bad-debt provision by combination:

Name	Ending balance		
	Other receivables	Provision for bad debts	Drawing proportion (%)
Aging combination	44.26	16.32	36.89
Combination of related parties	77,360.71		
Combination of pretty cash and deposits	986.75		
Total	78,391.72	16.32	

3. Long-term equity investments

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value

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Investment in the subsidiary	920,597.42		920,597.42	920,597.42		920,597.42
Investment in the associated enterprise and joint venture						
Total	920,597.42		920,597.42	920,597.42		920,597.42

(1) Investment in the subsidiary

√Applicable □Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Investee	Opening balance	Increase in current period	Decrease in current period	Ending balance	Impairment provision drawn in the current period	Ending balance of impairment provision
Offshore Oil Engineering (Zhuhai) Co., Ltd.	395,000.00			395,000.00		
Offshore Oil Engineering (Qingdao) Co., Ltd.	297,000.00			297,000.00		
Shenzhen Offshore Oil Engineering Underwater Technology Co., Ltd.	219,247.36			219,247.36		
CNCCC International Engineering Co., Ltd.	6,000.00			6,000.00		
Anjie Material Testing Co., Ltd.	2,009.46			2,009.46		
Blue Ocean International Co., Ltd.	669.81			669.81		
Offshore Oil Engineering International Co., Ltd.	618.65			618.65		
Offshore Oil Engineering Nigeria Co., Ltd.	52.14			52.14		
Total	920,597.42			920,597.42		

(2) Investment in the associated enterprise and joint venture

Applicable Not applicable

Other descriptions:

Applicable Not applicable

4. Operating income and operating cost

(1). Operating income and operating cost

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Amount in the current period		Amount in the previous period	
	Income	Cost	Income	Cost
Main business	562,804.97	540,631.96	352,119.30	361,653.20
Other business	128.90	5.52	134.94	7.17
Total	562,933.87	540,637.48	352,254.24	361,660.37

Including: operating incomes from the customers which rank the first five

Name of the customer	Operating income	Proportion of total operating incomes (%)
China National Offshore Oil Corporation	447,108.12	79.42
CNOOC Gas & Power Group Co., Ltd.	27,005.17	4.80
TUPI B.V.	15,110.23	2.68
Hong Kong LNG Terminal Limited	8,326.67	1.48
Huaneng Sheyang New Energy Power Generation Co., Ltd.	3,711.49	0.66
Total	501,261.67	89.04

(2). Contract income

Applicable Not applicable

(3). Description of performance obligations

Applicable Not applicable

(4). Description of allocation to remaining performance obligations

Applicable Not applicable

5. Investment income

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period
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Dividend income obtained from other equity instrument investments during the holding period		825.90
Others	2,308.92	5,442.96
Total	2,308.92	6,268.86

6. Others

Applicable Not applicable

XVIII. Additional Information**1. Table for details of current non-recurring profit and loss**

Applicable Not applicable

Unit: Ten Thousand Yuan Currency: RMB

Item	Amount	Description
Profit and loss from disposal of non-current assets	8.63	
Tax refunds and exemptions for approval beyond the authority or without any formal approval document		
Government subsidies included in current profit and loss (closely related to the business of the Company, except for the government subsidies that are enjoyed in a fixed or quantitative basis according to the unified national standard)	3,800.43	
Capital occupation fee charged to non-financial enterprises included in current profit and loss		
Income generated from the fact that the investment cost of the Company for acquiring the subsidiaries, associated enterprises and joint ventures is less than the the fair value of the net identifiable assets in the investee		
Profit and loss from non-monetary asset exchange		
Profit and loss from entrusting others to invest or manage assets	3,108.93	
Provision for asset impairment due to force majeure, e.g., natural disasters		
Profit and loss from debt restructuring		
Expenses of company restructuring, such as employee placement expenses and integration expenses		

Profit and loss of the transaction in which the transaction price is obviously unfair and in excess of the fair value		
Net profit and loss in the current period from the beginning of the period to the combining date arising from a business combination under the common control		
Profit and loss arising from contingencies unrelated to the normal business operations of the Company		
In addition to the effective hedging business related to the normal business operations of the Company, the fair value change profit and loss arising from holding trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities, and the investment income obtained from disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investments		
Reversal of impairment provision for receivables and contract assets with separate impairment tests		
Profit and loss from external entrusted loans		
Profit and loss arising from changes in the fair value of investment real estate subsequently measured by using the fair value model		
Impact of a one-off adjustment to the current profit and loss according to the requirements of taxation, accounting and other laws and regulations on the current profit and loss		
Custody fee from entrusted operations		
Other non-operating income and expenditure other than the above items	455.94	
Other profit and loss items in line with the definition of non-recurring profit and loss	1,774.71	Unrealized profit or loss of internal transaction of the joint ventures
Amount affected by the income tax	-1,752.85	
Amount affected by minority equity	-90.34	
Total	7,305.45	

The Company shall explain the reasons for defining the items of non-recurring profit and loss according to the definition of the *Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public -- Non-recurring Profit and Loss*, and defining the items of non-recurring profit and loss listed in the *Explanatory Announcement No.1 on Information Disclosure for*

Companies Offering Their Securities to the Public -- Non-recurring Profit and Loss as the items of recurring profit and loss.

Applicable Not applicable

2. Return on net assets and earnings per share

Applicable Not applicable

Profits within the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to shareholders of common stocks of the Company	-1.09	-0.06	-0.06
Net profit attributable to shareholders of common stocks of the Company after deducting non-recurring profit and loss	-1.42	-0.07	-0.07

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

Applicable Not applicable

(1). Differences in net profits and net assets in the financial statements disclosed in accordance with both international accounting standards and Chinese accounting standards

Applicable Not applicable

(2). Differences in net profits and net assets in the financial statements disclosed in accordance with both foreign accounting standards and Chinese accounting standards

Applicable Not applicable

(3). Explanation of differences in accounting data under domestic and foreign accounting standards. If the data that has been audited by an overseas audit institution is adjusted for differences, the name of the overseas institution shall be indicated.

Applicable Not applicable

4. Others

Applicable Not applicable

Chapter XI Documents Available for Inspection

Documents available for inspection	Texts of the semi-annual report with the signature of the Chairman of the Board;
	Financial statements with the signatures and seals of the legal representative, the person in charge of accounting, and the legal representative of the accounting firm;
	Texts of all the documents publicly disclosed on the website of the Shanghai Stock Exchange and the newspapers designated by the China Securities Regulatory Commission.

Chairman of the Board: Yu Yi

Date of approval from the Board of Directors: August 14, 2020

