

Company code: 600583

Company abbreviation: COOEC

# Offshore Oil Engineering Co., Ltd. Third Quarter Report 2020

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## I. Important Notes

1.1 The Board of Directors, the Board of Supervisors and the directors, supervisors and senior managers of the Company guarantee that this Quarter Report is authentic, correct and complete without false records, misleading statements or major omissions, and assume joint and several liabilities for the guarantee.

### 1.2 Absent director

Name of absent director	Duty of absent director	Reasons for absence	Name of trustee
Guo Tao	Independent director	Not present due to other official business	Huang Yongjin

1.3 The head of the Company, the person in charge of accounting and the person in charge of accounting firm (accountant in charge) guarantee the authenticity, accuracy and completeness of the financial statements set out in the Report. Yu YiLi PengYao Baoqin

1.4 Third Quarter Report of the Company. unaudited

## II. Company Profile

### 2.1 Major financial data

Unit: Ten Thousand Yuan Currency: RMB

	At the end of the current reporting period	At the end of the last year	Increase or decrease at the end of the current reporting period over the end of last year (%)
Total assets	3,303,800.28	3,185,654.29	3.71
Net assets attributable to shareholders of listed companies	2,254,011.62	2,266,064.04	-0.53
	From the beginning of the year to the end of the reporting	From the beginning of last year to the end of reporting	Increase or decrease over the same period of last

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	period (January - September)	period of last year (January - September)	year (%)
Net cash flow from operating activities	116,640.04	-1,571.31	N/A
	From the beginning of the year to the end of the reporting period (January - September)	From the beginning of last year to the end of reporting period of last year (January - September)	Increase or decrease over the same period of last year (%)
Operating income	1,186,968.55	806,466.71	47.18
Net profit attributable to shareholders of listed companies	7,960.68	-63,515.48	N/A
Net profit attributable to shareholders of listed companies after deducting non-recurring profit and loss	-8,089.72	-80,591.59	N/A
Weighted ROAE (%)	0.35	-2.82	Increase by 3.17 percentage points
Basic earnings per share (yuan/share)	0.02	-0.14	N/A
Diluted earnings per share (yuan/share)	0.02	-0.14	N/A

Items and amount of non-recurring profit and loss

Unit: Ten Thousand Yuan    Currency: RMB

Items	Amount at current period (July - September)	Amount from the beginning of the year to the end of the reporting period (January - September)	Descriptions
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	943.19	4,743.62	Mainly the fund of RMB 15.06 million for national scientific research projects and the incentive of RMB 22.63 million for economic

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certain standard quota or fixed amount in compliance with national policies			development of enterprise
Profit and loss from entrusting others to invest or manage assets	7,986.13	11,095.06	Mainly income from buying bank financial products
Other non-operating income and expenditure other than the above items	689.11	1,145.05	
Other profit and loss items in line with the definition of non-recurring profit and loss	887.01	2,661.73	Mainly unrealized profit or loss of internal transaction of the joint venture
Amount affected by minority equity (after-tax)	-20.80	-111.13	
Amount affected by the income tax	-1,739.70	-3,492.56	
Total	8,744.94	16,050.40	

2.2 Total quantity of shareholders, and shareholdings 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

Total quantity of shareholders (accounts)				107,918		
Shareholdings of top ten shareholders						
Shareholder name (full name)	Quantity of holding shares 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)	2,138,328,954	48.36	2,138,328,954	None	0	State
CNOOC Western South China Sea Co., Ltd.	294,215,908	6.65	294,215,908	None	0	State-owned legal person
China Securities Finance Corporation Limited	124,653,942	2.82	124,653,942	None	0	State-owned legal person

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Central Huijin Asset Management Co., Ltd.	89,714,500	2.03	89,714,500	None	0	State-owned legal person
Hong Kong Securities Clearing Company Limited	70,396,798	1.59	70,396,798	None	0	Foreign legal person
Bosera Funds - Agricultural Bank of China - Bosera & China Securities Finance Corporation Limited (CSF) Asset Management Plan	36,704,400	0.83	36,704,400	None	0	unknown
E Fund - Agricultural Bank of China - E Fund & CSF Asset Management Plan	36,704,400	0.83	36,704,400	None	0	unknown
Dacheng Funds - Agricultural Bank of China - Dacheng & CSF Asset Management Plan	36,704,400	0.83	36,704,400	None	0	unknown
Harvest Fund - Agricultural Bank of China - Harvest & CSF Asset Management Plan	36,704,400	0.83	36,704,400	None	0	unknown
GF Fund - Agricultural Bank of China - GF & CSF Asset Management Plan	36,704,400	0.83	36,704,400	None	0	unknown
Lombarda China Fund - Agricultural Bank of China - Lombarda China Fund & CSF Asset Management Plan	36,704,400	0.83	36,704,400	None	0	unknown
China AMC - Agricultural Bank of China - China AMC & CSF Asset Management Plan	36,704,400	0.83	36,704,400	None	0	unknown
Yinhua Fund - Agricultural Bank of China - Yinhua & CSF Asset Management Plan	36,704,400	0.83	36,704,400	None	0	unknown
Southern Asset Management- Agricultural Bank of China - Southern Asset Management & CSF Asset Management Plan	36,704,400	0.83	36,704,400	None	0	unknown

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ICBC Credit Suisse Fund - Agricultural Bank of China - ICBC Credit Suisse & CSF Asset Management Plan	36,704,400	0.83	36,704,400	None	0	unknown
Shareholdings 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		
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		
Hong Kong Securities Clearing Company Limited	70,396,798	RMB denominated common stocks		70,396,798		
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		

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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 & CSF Asset Management Plan	36,704,400	RMB denominated common stocks	36,704,400
Yinhua Fund - Agricultural Bank of China - 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, CNOOC Western South China Sea Co., Ltd. is a wholly-owned subsidiary of CNOOC, between which there is an association relationship. It is unknown whether there is an association relationship or persons acting in concert among other shareholders.		
Description of preferred shareholders with restored voting rights and the quantity of shares held	N/A.		

2.3 Total quantity of preferred shareholders, and shareholdings of top ten preferred shareholders and top ten shareholders without trading limited conditions as of the end of the reporting period

### III. Important Issues

3.1 Review of main operation conditions during the reporting period

Faced with the complex and severe production and operation situation during the reporting period, the Company proceeded with prevention and control of COVID-19 pandemic, paid close attention to production and operation management, and made every effort to ensure the safe and efficient promotion of “10+1” key engineering projects as scheduled, thus reversing the unfavorable situation in the first half of the year. In the third quarter, the operating income amounted to RMB 5.383 billion, and the net profit attributable to shareholders of listed companies amounted to RMB 323 million.

**Firstly, the Company has spared no effort to promote the construction of “10+1” key projects.** (“10+1” projects refer to 10 domestic offshore oil and gas fields projects to be completed and put into operation this year and Lingshui 17-2 Deep-Water Project to be completed and put into operation next year) In the third quarter, the Company concentrated its efforts and resources to accelerate the project construction, continuously innovate and optimize the production organization mode, optimize the supply chain management, strengthen the project lean management and control, improve the project guarantee level and thus improve the operation efficiency. As of the end of the reporting period, 9 projects including Liuhua, Lvda, Penglai, Qinhuangdao and Nanbao in the “10+1” projects were completed mechanically, eight of which were put into operation in advance, which showed the Company’s production organization response ability and operation control ability in the face of urgent and dangerous tasks.

During the reporting period, the onshore construction of 2 jackets and 3 blocks, the offshore installation of 2 jackets and 4 blocks, and the laying of 134 km subsea pipelines were completed. In terms of construction business, 70000 structural tons of steel processing was completed, and 5,000 ship days were spent on installation and other offshore operations, which kept increasing over the same period last year.

A total of 35 projects were operated during the reporting period, and the progress of key projects (as of the end of the reporting period) is as follows:

No.	Project name	Cumulative progress
1	Shell LNG Modular Construction Project in North America	11%
2	Phase II of LNG Receiving Terminal Project in Tianjin	13%

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3	Phase I of LNG Receiving Terminal Project in Tangshan	28%
4	LNG Receiving Terminal and Storage Tank Project in Zhangzhou, Fujian	54%
5	Phase II of LNG Receiving Terminal Project in Ningbo, Zhejiang	91%
6	Lufeng Oil Field Area Project	33%
7	Lingshui 17-2 Gas Field Development Project	84%
8	Liuhua 29-1 Deep-water Project	100%
9	Liuhua 16-2 Oil Field Area Project	95%
10	Lvda 6-2 Oil Field Development Project	34%
11	Caofeidian 6-4 Oil Field Development Project	71%
12	Development Project of Well Area 3 of Penglai 25-6 Oil Field	95%
13	Development Project of Well Area 6-11 of Jinzhou 25-1 Oilfield	100%
14	Lvda 21-2/Lvda 16-3 Oilfield Area Development Project	100%
15	Dangote Project in Nigeria	80%
16	IK Contract of CRPO3648 Offshore Transportation and Installation Project in Saudi Arabia	70%
	OOK Contract of CRPO3648 Offshore Transportation and Installation Project in Saudi Arabia	94%
17	Hull Portion of Shell Penguin FPSO Project	97%
	Onshore Construction of Upper Modules of Shell Penguin FPSO Project	65%
18	Nexen LLSW Project	99%
19	Upper Modules of P70 of FPSO Project in Brazil	97%
20	NFA Project in Qatar	99%
21	Phase I of Qinhuandao 33-1 Southern Oil Field Development Project	100%

**Secondly, the Company has made gratifying headway in the construction of deep-water projects.** Lingshui 17-2 deep-water gas field is China's first self-operated giant 1500m deep-water gas field, which adopts the development mode of "semi-submersible production platform + subsea production system". Liuhua 16-2 Project is the first offshore deep-water oilfield development project in China, adopting the development mode of "FPSO + subsea production system". The construction of the above two projects encounters such difficulties as tight construction period, large construction scale, complex structure and high precision control requirements, and they have some technical characteristics in both China and abroad for the first time, with many new materials, new processes and new technologies applied in large scale for the first time.

Up to now, major phased work of Lingshui 17-2 Project has been completed, the hull of 10000-ton semi-submersible oil storage platform has been completed in Qingdao site, and the blocks of the world's largest 20000-ton truss semi-submersible platform has been completed and loaded, which will be combined with the hull; Liuhua 16-2 oil field has been put into production ahead of schedule.

By operating Lingshui and Liuhua projects, the Company has initially established the design, construction and installation capacity of deep-water floating platform system and deep-water subsea production system, improved the deep-sea pipe laying ability, possessed more diversified and comprehensive deep-water engineering capacity, accumulated

deep-water engineering experience accordingly, and promoted the deep-water capacity of the Company to a new level.

**Thirdly, the Company has achieved positive results in market development.** The amount of new contracts concluded in the third quarter reached RMB 1.7 billion, with a total of RMB 20.6 billion of contracts signed in the first three quarters, an increase of 13% over the RMB 18.3 billion in the first three quarters of last year. Most of the contracts in the first three quarters have their sources in the Chinese market. As of the end of the reporting period, the total amount of outstanding orders in hand was RMB 31.7 billion, which are sufficient and provide a strong guarantee for the follow-up development.

**Fourthly, the Company has been strengthening the normalized management of the pandemic prevention and control.** The Company vigorously carries forward the great spirit for pandemic fighting, unremittingly pays attention to the pandemic prevention and control, carefully implements all pandemic prevention and control policies, and resolutely prevents the pandemic from rebounding in autumn and winter. To satisfy the requirements of scientific prevention and control and precise implementation of policies, the Company has, according to the actual situation of office buildings, construction sites, vessels and overseas projects, implements the “grid” control mechanism, implemented the “Four-Party Responsibilities” of the territory, departments, organizations and individuals, strengthened the control of key areas, focused on overseas projects and marine vessels and other key sites and parts, and strictly implemented the pandemic prevention and control plan for vessels to completely eradicate importation of the pandemic from land to sea, thus effectively protecting the life, health and safety of all employees.

**Description on the delay of Saudi Arabia Marjan project and related impact:**

In October 2019, the Company established a joint venture with McDermott, and jointly contracted the GOSP-4 Package 1 of Marjan Oilfield Stimulation Development Project of Saudi Aramco. The Company undertook the onshore construction, transportation and offshore installation of some platforms under the contract, with an amount of about USD 700 million. It is planned to start construction in the second quarter of 2020 and complete in the fourth quarter of 2022. For the basic information of the project, please refer to the Announcement of Major Contracts disclosed by the Company on October 17, 2019. (Announcement No.: L2019-024)

Affected by the pandemic and shift in the industry caused by low oil prices this year, the owner proposes to postpone the project schedule, which at present is still under multi-party discussions and no final conclusion has been reached. The Company will timely track the project development and regularly disclose the progress.

Due to the overall delay of the construction period, the construction of the project cannot be started as scheduled originally, which is expected to affect the Company’s income of about RMB 1.3 billion in 2020. Previously, the Company has obtained income of RMB 43 million

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related to the preparatory work of the project; it is expected to affect the Company's net profit of RMB 91 million in 2020.

Looking forward to the fourth quarter, the production task is still challenging. The Company will spare no effort to promote the construction of various projects, proceed with strengthening safety and quality management, continuously improve work efficiency, ensure the smooth implementation of various projects under construction, strive to reduce costs and increase efficiency, and make every effort to achieve the annual operation objectives.

### 3.2 Material changes in major accounting statement items and financial indexes of the Company and the reasons

#### (1) Income statement analysis

Unit: Ten Thousand yuan      Currency: RMB

Items	January – September 2020	January – September 2019	Change ratio (%)
Operating income	1,186,968.55	806,466.71	47.18
Operating cost	1,093,587.96	791,474.18	38.17
Taxes and surcharges	11,564.52	5,109.22	126.35
Financial expenses	4,811.69	-3,197.10	N/A
R&D expenses	54,554.42	27,800.82	96.23
Investment income	2,868.47	-894.24	N/A
Credit impairment loss	-478.38	-1,259.22	N/A
Assets impairment loss	-150.76	-39,593.03	N/A
Non-business income	1,166.04	3,275.20	-64.40
Income tax expense	6,990.64	-314.10	-2325.61
Net profit attributable to the shareholders of the parent company	7,960.68	-63,515.48	N/A
Net of tax of other comprehensive income	4,412.69	2,090.18	111.11

Analysis of reasons:

#### ① Operating income

In the first three quarters, the operating income amounted to RMB 11.870 billion, representing an increase of RMB 3.805 billion over the same period of last year, with a year-on-year increase of 47%, the main reason for which is that with the rapid growth of new orders, some large-scale projects have entered the construction peak period, especially the rapid progress of "10 + 1" key projects, which makes the overall workload of the Company maintain growth. In the first three quarters, accumulative about 160,000 structural tons of steel processing was completed, representing an increase of 34% over the same period of last year,

12,700 ship days were spent on offshore operations, representing an increase of 14% over the same period of last year. The increase in workload made the operating income increased accordingly.

② Operating cost

The operating costs in the first three quarters amounted to RMB 10.936 billion, representing an increase of RMB 3.021 billion over the same period of last year, with a year-on-year increase of 38%, the main reasons for which are: (1) The workload increased over the same period of last year, resulting in the increased scale of operating costs; (2) The expenditure for pandemic fighting and prevention and crash cost also increased the operating costs.

③ Net profit attributable to the shareholders of the parent company

The net profit attributable to the shareholders of the parent company amounted to RMB 80 million, which was significantly improved compared with RMB - 635 million over the same period last year. The main reason is that the Company accelerated the construction of “10+1” projects, resulting in rapid increase in workload. Meanwhile, the Company continued to pay close attention to reducing cost and increasing efficiency, with sound results achieved regarding project progress, quality and cost control and the project benefits reflected.

④ Financial expenses, R&D expenses

The financial expenses amounted to RMB 48 million, representing a year-on-year increase of RMB 80 million, the main reasons for which are: (1) The overall US dollar assets of the Company are less than its US dollar liabilities. However, due to their different distribution at home and abroad, the depreciation of US dollar has a negative impact on the Company's profits. At the end of the period, the exchange rate of USD-CNY was 6.81, depreciated for 2.38% than that at the beginning of the period, and the US dollar appreciated by 3.06% over the same period of last year, and the net exchange loss increased by RMB 69 million on a year-on-year basis; (2) the market contracted amount of the Company increased significantly in the current period, and the volume of and service charges for letter of guarantee issued by financial institutions through entrustment increased accordingly, and the bank service charge increased by RMB 6 million on a year-on-year basis. These two factors, in combination, led to the increased financial expenses.

The R&D expenses amounted to RMB 546 million, representing a year-on-year increase of RMB 268 million, an increase of 96%. The main reason is that since the investment in R&D is not very balanced, there will be centralized investment or centralized conclusion of some scientific research projects at different time points, resulting in high time point of R&D expenses. The growth of R&D expenses in the first three quarters of this year is obvious, which is mainly due to the increased workload of engineering supported by scientific research and the concentrated conclusion & settlement in the first three quarters. However, considering the total

R&D expenses in the whole year, it is expected that this year will not witness significant increase compared with that last year.

⑤ Investment income, credit impairment loss and asset impairment loss

The investment income amounted to RMB 29 million, representing a year-on-year increase of RMB 38 million. The main reasons are: (1) The Company actively responded to the downward impact of market interest rate. Through the implementation of weekly fund plan, the duration of fund management portfolio was moderately extended, and the financing income increased by RMB 12 million on a year-on-year basis; (2) the workload of the joint venture, COOEC-Fluor Heavy Industries Co., Ltd., witnessed significant increase, resulting in obvious quality improvement and efficiency increase, with a year-on-year loss reduction of RMB 25 million.

The credit impairment loss amounted to RMB -4.7838 million, with a year-on-year decrease of RMB 7.8084 million. The main reasons are that the balance of Ichthys project was received in the current period, and the bad-debt provision of RMB 9.01 million in the previous period was reversed.

The asset impairment loss amounted to RMB -1.576 million, with a year-on-year decrease of RMB 394 million, which was mainly due to the contract impairment loss of Saudi Arabia 3648 Project of RMB 394 million according to the construction contract standards in the same period of last year.

⑥ Income tax expense

The income tax expense was RMB 70 million, an increase of RMB 73 million on a year-on-year basis. The main reason lies in that the loss of the Sino-foreign joint venture, COOEC-Fluor Heavy Industries Co., Ltd., with 51% shares held by the Company, cannot offset the taxable income. Besides, the losses of Saudi Arabia company and Nigeria subsidiary are overseas losses, and the future profits of these companies cannot compensate for the loss, which is regarded as a permanent difference, therefore the deferred income tax cannot be recognized, resulting in year-on-year increase of income tax expense.

⑦ Net of tax of other comprehensive income

The other comprehensive income (net of tax) amounted to RMB 44 million, representing an increase of RMB 23 million on a year-on-year basis. The main reasons are: (1) The current price change of ST Lanpec Technologies stocks held by the Company increased other comprehensive income by RMB 7 million on a year-on-year basis; (2) the conversion of foreign currency statements increased other comprehensive income by RMB 17 million on a year-on-year basis.

(2) Assets and liabilities analysis

Unit: Ten Thousand yuan    Currency: RMB

Assets	September 30, 2020	December 31,	Change ratio
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		<b>2019</b>	<b>(%)</b>
Inventory	104,207.77	512,937.83	-79.68
Contract assets	511,208.98	N/A	N/A
<b>Liabilities and owners' equity items</b>	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>Change ratio (%)</b>
Short-term borrowings	23,000.00	0	N/A
Receipts in advance	1,423.87	89,684.10	-98.41
Contract liabilities	110,769.87	N/A	N/A
Other payables	21,267.90	15,381.61	38.27
Long-term borrowings	38,518.59	22,000.00	75.08
Other comprehensive income	11,308.88	6,888.17	64.18

Analysis of reasons:

① Assets

The inventory accounted to RMB 1.042 billion, a decrease of RMB 4.087 billion from that at the end of last year, down 80%. 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 5.112 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.

② Liabilities

The short-term borrowings accounted to RMB 230 million, increased by RMB 230 million over the end of last year, mainly due to a loan of RMB 230 million obtained from China Development Bank this year.

The receipts in advance amounted to RMB 14 million, a decrease of RMB 883 million from that at the end of last year, down 98%. 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 1.108 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.

Other payables amounted to RMB 213 million, an increase of RMB 59 million or 38% over the end of last year. The main reasons are that the construction project materials payable and subcontract quality deposit increased year on year, and the year-on-year increase in scientific research funding also increased other payables.

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The long-term borrowings amounted to RMB 385 million, an increase of RMB 165 million or 75% over the end of last year. The main reasons are that in order to reduce the foreign exchange risk exposure, optimize the capital structure, reduce the impact of the fluctuation of the US dollar exchange rate on the Company's operating performance, and improve the Company's equity capital return, the long-term borrowings of USD 165 million were obtained from Export-Import Bank of China this year.

Other comprehensive income amounted to RMB 113 million, an increase of RMB 44 million or 64% over the end of last year. The main reasons are that the amount effected by the rising stock price of ST Lanpec Technologies in the current period increased by RMB 30 million, and the amount affected by conversion of foreign currency statement increased by RMB 14 million, which in total increased other comprehensive income over the end of last year.

(3) Cash flow analysis

Unit: Ten Thousand yuan    Currency: RMB

<b>Cash flow statement</b>	<b>January – September 2020</b>	<b>January – September 2019</b>	<b>Change ratio (%)</b>
Net cash flow from operating activities	116,640.04	-1,571.31	N/A
Net cash flow from investing activities	-132,992.80	25,204.56	-627.65
Net cash flow from financing activities	13,113.70	-22,155.56	N/A

Analysis of reasons:

The net cash flow from operating activities amounted to RMB 1.166 billion, with a year-on-year increase of RMB 1.182 billion. The improvement of cash flow was mainly due to the continuous optimization of project cash flow tracking and management by the Company this year, and the year-on-year increase in receipts of some large-scale projects such as Hong Kong LNG.

The net cash flow from investing activities amounted to RMB -1.33 billion, with a year-on-year increase of RMB 1.582 billion. The main reasons are: Firstly, the net financial investment increased by RMB 1.299 billion over with the same period of last year; secondly, the port-surrounding base construction projects were in the peak period of construction this year, and the cash outflow of investment projects increased year on year. These two factors together reduced the net cash flow from investing activities on a year-on-year basis.

The net cash flow from financing activities amounted to RMB 131 million, with a year-on-year increase of RMB 353 million. The main reasons are: Firstly, the Company obtained short-term borrowings of RMB 230 million from China Development Bank and long-term borrowings of USD 165 million from the Export-Import Bank of China, which did not occur in the same period of last year; secondly, the distribution of dividends in this year increased by RMB 44 million on a year-on-year basis.

3.3 Progress of important issues and analysis of their impacts and solutions

3.4 Commitments not fulfilled within the reporting period

3.5 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

Company Name	Offshore Oil Engineering Co., Ltd.
Legal representative	Yu Yi
Date	October 28, 2020

#### IV Appendixes

4.1 Financial statements

##### Consolidated Balance Sheet

September 30, 2020

Prepared by: Offshore Oil Engineering Co., Ltd.

Unit: Ten Thousand Yuan Currency: Audit type: RM Bunaudited

Items	September 30, 2020	December 31, 2019
<b>Current assets:</b>		
Monetary funds	167,939.61	173,220.47
Trading financial assets		
Derivative financial assets		
Accounts receivable	451,651.77	483,752.79
Prepayments	43,026.91	33,840.22

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Other accounts receivables	1,631.01	2,305.50
Including: interest receivable		
Dividends receivable		
Inventory	104,207.76	512,937.82
Contract assets	511,208.98	
Assets held for sale		
Non-current assets due within one year		
Other current assets	526,855.83	444,370.19
Total current assets	1,806,521.87	1,650,426.99
<b>Non-current assets:</b>		
Debt investment		
Long-term accounts receivables		
Long-term equity investment	192,398.67	200,625.26
Investment in other equity instruments	21,638.54	18,102.31
Other non-current financial assets		
Fixed assets	1,029,430.89	1,076,157.11
Construction in progress	85,715.59	67,087.40
Intangible assets	111,090.12	113,462.95
Development expenditure		
Goodwill	1,307.51	1,307.51
Long-term deferred expenses	9,718.38	7,766.54
Deferred income tax assets	45,978.71	50,718.22
Other non-current assets		
Total non-current assets	1,497,278.41	1,535,227.30
Total assets	3,303,800.28	3,185,654.29
<b>Current liabilities:</b>		
Short-term borrowings	23,000.00	
Derivative financial liabilities		
Accounts payable	741,225.05	686,293.85
Receipts in advance	1,423.87	89,684.11
Contract liabilities	110,769.88	
Employee payroll payable	12,791.11	13,742.46
Taxes payable	52,811.12	43,912.28
Other payables	21,267.90	15,381.61
Including: interest payable	178.83	2.95
Dividend payable		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	963,288.93	849,014.31

**Offshore Oil Engineering Co., Ltd.**  
**Third Quarter Report 2020**

<b>Non-current liabilities:</b>		
Long-term borrowings	38,518.59	22,000.00
Long-term payables	2,670.45	2,690.85
Long-term payroll payable		
Estimated liabilities	25,373.60	26,533.94
Deferred income	15,613.67	15,859.45
Deferred income tax liabilities	2,934.73	2,272.16
Other non-current liabilities		
Total non-current liabilities	85,111.04	69,356.40
Total liabilities	1,048,399.97	918,370.71
<b>Owners' equity (or shareholders' equity):</b>		
Paid-in capital (or capital stock)	442,135.48	442,135.48
Other equity instruments		
Including: preferred stocks		
Perpetual bond		
Capital reserve	424,794.02	424,794.02
Less: treasure stock		
Other comprehensive income	11,308.88	6,888.16
Special reserves	44,622.25	42,176.92
Surplus reserves	165,664.67	165,664.67
General risk provisions		
Undistributed profits	1,165,486.32	1,184,404.79
Total owner's equity (or shareholders' equity) attributable to the parent company	2,254,011.62	2,266,064.04
Minority equity	1,388.69	1,219.54
Total owner's equity (or shareholders' equity)	2,255,400.31	2,267,283.58
Total liabilities and owners' equity (or shareholders' equity)	3,303,800.28	3,185,654.29

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

**Parent Company Balance Sheet**

September 30, 2020

Prepared by: Offshore Oil Engineering Co., Ltd.

Unit:      Currency:      Audit type: Ten Thousand YuanRM Bunaudited

Items	September 30, 2020	December 31, 2019
<b>Current assets:</b>		
Monetary funds	91,121.78	102,791.99

**Offshore Oil Engineering Co., Ltd.**  
**Third Quarter Report 2020**

Trading financial assets		
Accounts receivable	505,174.96	498,627.86
Prepayments	29,110.08	22,362.12
Other accounts receivables	67,150.59	78,188.94
Including: interest receivable		52.43
Dividends receivable		19,800.00
Inventory	46,315.89	375,593.90
Contract assets	472,700.59	
Assets held for sale		
Non-current assets due within one year		
Other current assets	514,517.29	369,119.68
Total current assets	1,726,091.18	1,446,684.49
<b>Non-current assets:</b>		
Debt investment		
Other debt investment		
Long-term accounts receivables		
Long-term equity investment	920,597.42	920,597.42
Investment in other equity instruments	21,638.54	18,102.31
Other non-current financial assets		
Fixed assets	484,025.78	513,896.97
Construction in progress	45,433.10	25,254.64
Intangible assets	38,755.37	39,476.02
Development expenditure		
Goodwill		
Long-term deferred expenses	7,034.90	6,766.65
Deferred income tax assets	23,057.21	28,947.79
Other non-current assets		
Total non-current assets	1,540,542.32	1,553,041.80
Total assets	3,266,633.50	2,999,726.29
<b>Current liabilities:</b>		
Short-term borrowings	112,300.00	
Trading financial liabilities		
Derivative financial liabilities		
Accounts payable	995,397.50	919,819.74
Receipts in advance	1,407.99	67,146.27
Contract liabilities	90,448.80	
Employee payroll payable	7,534.75	9,683.58
Taxes payable	26,405.45	5,476.91
Other payables	56,902.01	42,344.48
Including: interest payable	178.83	2.95
Dividend payable		

**Offshore Oil Engineering Co., Ltd.**  
**Third Quarter Report 2020**

Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	1,290,396.50	1,044,470.98
<b>Non-current liabilities:</b>		
Long-term borrowings	38,518.59	22,000.00
Long-term payables	2,670.45	2,690.85
Long-term payroll payable		
Estimated liabilities	12,287.21	15,959.30
Deferred income	7,822.75	8,499.81
Deferred income tax liabilities	1,635.44	1,105.01
Other non-current liabilities		
Total non-current liabilities	62,934.44	50,254.97
Total liabilities	1,353,330.94	1,094,725.95
<b>Owners' equity (or shareholders' equity):</b>		
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	8,320.87	3,024.98
Special reserves	43,949.22	41,231.27
Surplus reserves	164,700.41	164,700.41
Undistributed profits	829,657.78	829,369.40
Total owner's equity (or shareholders' equity)	1,913,302.56	1,905,000.34
Total liabilities and owners' equity (or shareholders' equity)	3,266,633.50	2,999,726.29

Legal representative: Yu Yi

Person in charge of accounting: Li Peng

Legal

representative of the accounting firm: Yao Baoqin

**Consolidated Income Statement**

January-September 2020

Prepared by: Offshore Oil Engineering Co., Ltd.

Unit: Ten Thousand Yuan    Currency:    Audit type: RM Bunaudited

**Offshore Oil Engineering Co., Ltd.**  
**Third Quarter Report 2020**

Items	The third quarter 2020 (July-September)	The third quarter 2019 (July-September)	The first three quarters 2020 (January-September)	The first three quarters 2019 (January-September)
I. Total operating income	538,270.92	350,525.09	1,186,968.55	806,466.71
Including: Operating income	538,270.92	350,525.09	1,186,968.55	806,466.71
Interest income				
Premiums earned				
Fees and commission income				
II. Total operating cost	505,690.64	345,215.71	1,179,976.66	837,699.00
Including: Operating cost	466,770.42	323,979.25	1,093,587.96	791,474.18
Interest expense				
Fees and commission expenses				
Surrender charge				
Net claims paid				
Net appropriation of deposit for duty				
Bond insurance expenses				
Reinsurance expenses				

**Offshore Oil Engineering Co., Ltd.**  
**Third Quarter Report 2020**

Taxes and surcharges	8,698.52	1,438.25	11,564.52	5,109.22
Sales expenses	334.53	876.14	1,539.54	1,930.78
Administrative expenses	4,274.31	5,149.89	13,918.53	14,581.10
R&D expenses	19,740.20	16,269.06	54,554.42	27,800.82
Financial expenses	5,872.66	-2,496.88	4,811.69	-3,197.10
Including: interest expenses	189.64		256.92	45.84
Interest income	444.11	310.55	997.99	1,307.38
Plus: other income	943.19	4,420.11	4,743.62	5,989.92
Investment income (loss to be listed with "-")	3,778.95	-1,806.30	2,868.47	-894.24
Including: investment income from associated enterprises and joint ventures	-4,207.19	-4,213.01	-8,226.59	-10,687.71
Gains from derecognition of financial assets measured at amortized cost (loss to be listed with "-")				
Exchange				

**Offshore Oil Engineering Co., Ltd.**  
**Third Quarter Report 2020**

ge 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 "-")	901.00	71.94	-478.38	-1,259.22
Assets impairment loss (losses to be listed with "-")			-150.76	-39,593.03
Asset disposal income (loss to be listed with "-")			8.62	15.19
III. Operating profit (loss to be listed with "-")	38,203.42	7,995.13	13,983.46	-66,973.67
Plus: Non-business income	701.68	2,736.69	1,166.04	3,275.20
Less: Non-operating income	12.57	326.92	20.99	333.25
IV. Total profit (total loss to be listed with "-")	38,892.53	10,404.90	15,128.51	-64,031.72

**Offshore Oil Engineering Co., Ltd.**  
**Third Quarter Report 2020**

Less: Income tax expense	6,451.65	2,520.68	6,990.64	-314.10
V. Net profit (net loss to be listed with “-”)	32,440.88	7,884.22	8,137.87	-63,717.62
(i) Classification by business continuity				
1. Net profit from continuous operations (net loss to be listed with “-”)	32,440.88	7,884.22	8,137.87	-63,717.62
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 “-”)	32,314.47	7,894.14	7,960.68	-63,515.48
2. Profits and losses of minority shareholders (net losses to be listed with “-”)	126.41	-9.92	177.19	-202.14
VI. Other comprehensiv e income (net of tax)	5,957.63	207.59	4,412.69	2,090.18
(i) Other comprehensiv e income	5,971.90	201.93	4,420.72	2,087.70

**Offshore Oil Engineering Co., Ltd.**  
**Third Quarter Report 2020**

attributable to owners of the parent company (net of tax)				
1. Other comprehensive income that cannot be reclassified into profits and losses	3,383.41	664.59	3,005.80	2,326.09
(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	3,383.41	664.59	3,005.80	2,326.09
(4) Changes in fair value of the company's credit risk				
2. Other comprehensive incomes to be reclassified	2,588.49	-462.66	1,414.92	-238.39

**Offshore Oil Engineering Co., Ltd.**  
**Third Quarter Report 2020**

into profits and losses subsequently				
(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	2,588.49	-462.66	1,414.92	-238.39
(7) Others				
(ii) Other comprehensive	-14.27	5.66	-8.03	2.48

**Offshore Oil Engineering Co., Ltd.**  
**Third Quarter Report 2020**

e income attributable to owners of minority shareholders (net of tax)				
VII. Total comprehensive incomes	38,398.51	8,091.81	12,550.56	-61,627.44
(i) Total comprehensive income attributable to owners of the parent company	38,286.37	8,096.07	12,381.40	-61,427.78
(ii) Total comprehensive income attributable to minority shareholders	112.14	-4.26	169.16	-199.66
VIII. Earnings per share:				
(i) Basic earnings per share (yuan/share)	0.07	0.02	0.02	-0.14
(ii) Diluted earnings per share (RMB yuan/share)	0.07	0.02	0.02	-0.14

There was no business merger 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-September 2020

Prepared by: Offshore Oil Engineering Co., Ltd.

Unit: Ten Thousand Yuan    Currency: RMB    Audit type: unaudited

Items	The third quarter 2020 (July-September)	The third quarter 2019 (July-September)	The first three quarters 2020 (January-September)	The first three quarters 2019 (January-September)
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**Offshore Oil Engineering Co., Ltd.**  
**Third Quarter Report 2020**

I. Operating income	481,485.49	270,761.99	1,044,419.37	623,016.23
Less: Operating cost	427,208.14	270,394.49	967,845.62	632,054.86
Taxes and surcharges	7,998.00	694.14	9,688.40	2,719.62
Sales expenses	3.45	178.65	47.87	231.66
Administrative expenses	2,265.66	2,666.73	8,290.59	8,142.68
R&D expenses	15,073.17	8,604.20	34,826.29	14,873.69
Financial expenses	4,343.13	-2,039.96	3,207.36	-2,600.03
Including: interest expenses	370.79	98.16	853.35	144.00
Interest income	537.15	304.77	1,220.54	1,118.48
Plus: other income	324.82	584.63	2,093.61	1,784.62
Investment income (loss to be listed with "-")	7,986.13	21,612.90	10,295.05	27,881.77
Including: investment income from associated enterprises and joint ventures				
Gains from derecognition of financial assets measured at				

**Offshore Oil Engineering Co., Ltd.**  
**Third Quarter Report 2020**

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 (losses to be listed with "-")			-101.26	-39,429.27
Asset disposal income (loss to be listed with "-")			8.63	
II. Operating profit (loss to be listed with "-")	32,904.89	12,461.27	32,822.51	-41,975.57
Plus: Non-business income	368.20	447.69	535.76	778.00
Less: Non-operating income	10.59	200.43	13.33	206.68
III. Total profit (total loss to be listed with	33,262.50	12,708.53	33,344.94	-41,404.25

**Offshore Oil Engineering Co., Ltd.**  
**Third Quarter Report 2020**

“-”)				
Less: Income tax expense	4,140.89	-1,448.99	6,255.46	-2,970.42
IV. Net profit (net loss to be listed with “-”)	29,121.61	14,157.52	27,089.48	-38,433.83
(i) Net profit from continuing operations (net loss to be listed with “-”)	29,121.61	14,157.52	27,089.48	-38,433.83
(ii) Net profit from discontinued operations (net loss to be listed with “-”)				
V. Other comprehensiv e income (net of tax)	6,921.34	-1,258.83	5,295.89	411.07
(i) Other comprehensiv e incomes that cannot be reclassified into profit and loss subsequently	3,383.41	664.60	3,005.79	2,326.09
1. Changes arising from re-measurem ent of incomes in the defined benefit plans				
2. Other comprehensiv e incomes that cannot be				

**Offshore Oil Engineering Co., Ltd.**  
**Third Quarter Report 2020**

transferred into profits and losses by equity method				
3. Changes in fair value of other equity instrument investments	3,383.41	664.60	3,005.79	2,326.09
4. Changes in fair value of the Company's credit risk				
(ii) Other comprehensive incomes to be reclassified into profits and losses subsequently	3,537.93	-1,923.43	2,290.10	-1,915.02
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				

**Offshore Oil Engineering Co., Ltd.**  
**Third Quarter Report 2020**

4. Provision for credit impairment of other debt investments				
5. Cash flows hedge reserve				
6. Converted difference in foreign currency financial statements	3,537.93	-1,923.43	2,290.10	-1,915.02
7. Others				
VI. Total comprehensive incomes	36,042.95	12,898.69	32,385.37	-38,022.76
VII. Earnings per share:				
(i) Basic earnings per share (yuan/share)				
(ii) Diluted earnings per share (RMB 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-September 2020

Prepared by: Offshore Oil Engineering Co., Ltd.

Unit: Ten Thousand Yuan    Currency: RMB    Audit type: unaudited

Items	The first three quarters 2020 (January - September)	The first three quarters 2019 (January - September)
<b>I. Cash flows from operating activities:</b>		

**Offshore Oil Engineering Co., Ltd.**  
**Third Quarter Report 2020**

Cash received from sales of goods and rendering of services	1,301,975.28	765,618.31
Refund of taxes and surcharges	26,055.47	17,060.13
Cash received relating to other operating activities	12,721.89	28,513.11
Sub-total of cash inflows from operating activities	1,340,752.64	811,191.55
Cash paid for goods and services	1,006,221.25	599,820.40
Cash paid to and for employees	162,746.07	161,829.64
Various taxes and charges paid	40,417.56	37,775.26
Cash paid relating to other operating activities	14,727.72	13,337.56
Sub-total of cash outflows from operating activities	1,224,112.60	812,762.86
Net cash flow from operating activities	116,640.04	-1,571.31
<b>II. Cash flows from investing activities:</b>		
Cash received from disposal of investments	597,000.00	911,000.00
Cash received from returns on investments	8,280.17	10,401.75
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	497.33	
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	605,777.50	921,401.75
Cash paid to acquire fixed assets, intangible assets and other long-term assets	38,770.30	12,117.19
Cash paid to acquire investment	700,000.00	884,080.00
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	738,770.30	896,197.19
Net cash flow from investing	-132,992.80	25,204.56

**Offshore Oil Engineering Co., Ltd.**  
**Third Quarter Report 2020**

activities		
<b>III. Cash flows from financing activities:</b>		
Cash received from investors		
Including: Cash received by subsidiaries from investments by minority shareholders		
Cash received from borrowings	39,722.87	
Cash received relating to other financing activities		
Sub-total of cash inflows from financing activities	39,722.87	
Cash repayments of borrowings		
Cash payments for interest expenses and distribution of dividends or profits	26,609.17	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	26,609.17	22,155.56
Net cash flow from financing activities	13,113.70	-22,155.56
<b>IV. Effect of fluctuation in exchange rate on cash and cash equivalents</b>	-2,028.60	1,179.67
<b>V. Net increase in cash and cash equivalents</b>	-5,267.66	2,657.36
Plus: Beginning balance of cash and cash equivalents	173,207.27	194,376.37
<b>VI. Ending balance of cash and cash equivalents</b>	167,939.61	197,033.73

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

**Cash Flows Statement of Parent Company**

January-September 2020

Prepared by: Offshore Oil Engineering Co., Ltd.

Unit: Ten Thousand Yuan    Currency: RMB    Audit type: unaudited

Items	The first three quarters 2020 (January - September)	The first three quarters 2019 Amount (January-September)
<b>I. Cash flows from operating</b>		

**Offshore Oil Engineering Co., Ltd.**  
**Third Quarter Report 2020**

<b>activities:</b>		
Cash received from sales of goods and rendering of services	1,054,178.75	587,228.68
Refund of taxes and surcharges	24,047.73	1,170.18
Cash received relating to other operating activities	23,454.63	33,191.47
Sub-total of cash inflows from operating activities	1,101,681.11	621,590.33
Cash paid for goods and services	897,806.57	514,109.54
Cash paid to and for employees	116,679.86	114,780.30
Various taxes and charges paid	19,719.40	16,102.65
Cash paid relating to other operating activities	18,559.31	6,906.84
Sub-total of cash outflows from operating activities	1,052,765.14	651,899.33
Net cash flow from operating activities	48,915.97	-30,309.00
<b>II. Cash flows from investing activities:</b>		
Cash received from disposal of investments	493,290.75	713,345.05
Cash received from returns on investments	27,050.25	8,518.78
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	568.32	
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	520,909.32	721,863.83
Cash paid to acquire fixed assets, intangible assets and other long-term assets	26,436.42	7,461.39
Cash paid to acquire investment	657,013.20	680,000.00
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	683,449.62	687,461.39
Net cash flow from investing activities	-162,540.30	34,402.44

**Offshore Oil Engineering Co., Ltd.**  
**Third Quarter Report 2020**

<b>III. Cash flows from financing activities:</b>		
Cash received from investors		
Cash received from borrowings	39,722.87	
Cash received relating to other financing activities	150,700.00	
Sub-total of cash inflows from financing activities	190,422.87	
Cash repayments of borrowings		
Cash payments for interest expenses and distribution of dividends or profits	26,831.85	22,155.56
Cash paid for other financing activities	61,400.00	
Sub-total of cash outflows from financing activities	88,231.85	22,155.56
Net cash flow from financing activities	102,191.02	-22,155.56
<b>IV. Effect of fluctuation in exchange rate on cash and cash equivalents</b>	-236.90	171.48
<b>V. Net increase in cash and cash equivalents</b>	-11,670.21	-17,890.64
Plus: Beginning balance of cash and cash equivalents	102,791.99	121,732.29
<b>VI. Ending balance of cash and cash equivalents</b>	91,121.78	103,841.65

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

4.2 Information on the first implementation of the new income 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

Consolidated Balance Sheet

Unit:    Currency: Ten Thousand YuanRMB

Items	December 31, 2019	January 1, 2020	Adjusted figure
<b>Current assets:</b>			
Monetary funds	173,220.47	173,220.47	
Trading financial assets			
Derivative financial assets			
Accounts receivable	483,752.79	482,245.37	-1,507.42

**Offshore Oil Engineering Co., Ltd.**  
**Third Quarter Report 2020**

Prepayments	33,840.22	33,840.22	
Other accounts receivables	2,305.50	2,305.50	
Including: interest receivable	281.58	281.58	
Dividends receivable			
Redemptory monetary capital for sale			
Inventory	512,937.82	72,846.85	-440,090.97
Contract assets	N/A	458,496.63	458,496.63
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	1,667,325.23	16,898.24
<b>Non-current assets:</b>			
Debt investment			
Other debt investment			
Long-term accounts 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			
Investment real estate			
Fixed assets	1,076,157.11	1,076,157.12	
Construction in progress	67,087.40	67,087.40	
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	50,718.22	50,718.22	
Other non-current assets			
Total non-current assets	1,535,227.30	1,535,227.30	
Total assets	3,185,654.29	3,202,552.53	16,898.24
<b>Current liabilities:</b>			
Short-term borrowings			
Trading financial liabilities			
Derivative financial liabilities			
Accounts payable	686,293.85	686,293.85	
Receipts in advance	89,684.11	2,861.21	-86,822.90
Contract liabilities	N/A	86,822.90	86,822.90
Employee payroll payable	13,742.46	13,742.46	
Taxes payable	43,912.28	43,912.28	

**Offshore Oil Engineering Co., Ltd.**  
**Third Quarter Report 2020**

Other payables	15,381.61	15,381.61	
Including: interest payable	2.95	2.95	
Dividend payable			
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	849,014.31	849,014.31	
<b>Non-current liabilities:</b>			
Long-term borrowings	22,000.00	22,000.00	
Long-term payables	2,690.85	2,690.85	
Long-term payroll 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
<b>Owners' equity (or shareholders' equity):</b>			
Paid-in capital (or capital stock)	442,135.48	442,135.48	
Other equity instruments			
Including: preferred stocks			
Perpetual bond			
Capital reserve	424,794.02	424,794.02	
Less: treasure stock			
Other comprehensive income	6,888.16	6,888.16	
Special reserves	42,176.92	42,176.92	
Surplus reserves	165,664.67	165,664.67	
General risk provisions			
Undistributed profits	1,184,404.79	1,184,404.79	
Total owner's equity (or shareholders' equity) attributable to the parent company	2,266,064.04	2,266,064.04	
Minority equity	1,219.54	1,219.54	
Total owner's equity (or shareholders' equity)	2,267,283.58	2,267,283.58	
Total liabilities and owners' equity (or shareholders' equity)	3,185,654.29	3,202,552.53	16,898.24

Description of adjustment of each item:

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On January 1, 2020, the Company began to apply the new income standards. According to the new income standards, the completed but unsettled construction that was originally included in inventory under self-made semi-finished products was adjusted to be included in the contract assets; the receipts in advance of engineering project that were originally included in receipts in advance were adjusted to be included in the contract assets; and the impairment loss of loss contract that was originally included in the inventory under falling price reserves was adjusted to be included in the estimated liabilities.

Parent Company Balance Sheet

Unit: Currency: Ten Thousand YuanRMB

Items	December 31, 2019	January 1, 2020	Adjusted figure
<b>Current assets:</b>			
Monetary funds	102,791.99	102,791.99	
Trading financial assets			
Derivative financial assets			
Accounts receivable	498,627.86	497,120.45	-1,507.41
Prepayments	22,362.12	22,362.12	
Other accounts receivables	78,188.94	78,188.94	
Including: interest receivable	52.43	52.43	
Dividends receivable	19,800.00	19,800.00	
Inventory	375,593.90	31,939.48	-343,654.42
Contract assets	N/A	356,923.65	356,923.65
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	1,458,446.31	11,761.82
<b>Non-current assets:</b>			
Debt investment			
Other debt investment			
Long-term accounts 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			

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Fixed assets	513,896.97	513,896.98	
Construction in progress	25,254.64	25,254.65	
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	28,947.79	
Other non-current assets			
Total non-current assets	1,553,041.80	1,553,041.80	
Total assets	2,999,726.29	3,011,488.11	11,761.82
<b>Current liabilities:</b>			
Short-term borrowings			
Trading financial liabilities			
Derivative financial liabilities			
Accounts payable	919,819.74	919,819.74	
Receipts in advance	67,146.27	2,839.58	-64,306.69
Contract liabilities	N/A	64,306.69	64,306.69
Employee payroll 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	2.95	2.95	
Dividend payable			
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	1,044,470.98	1,044,470.98	
<b>Non-current liabilities:</b>			
Long-term borrowings	22,000.00	22,000.00	
Long-term payables	2,690.85	2,690.85	
Long-term payroll payable			
Estimated liabilities	15,959.30	27,721.12	11,761.82
Deferred income	8,499.81	8,499.81	N/A
Deferred income tax liabilities	1,105.01	1,105.01	
Other non-current liabilities			
Total non-current liabilities	50,254.97	62,016.79	11,761.82
Total liabilities	1,094,725.95	1,106,487.77	11,761.82
<b>Owners' equity (or shareholders' equity):</b>			
Paid-in capital (or capital stock)	442,135.48	442,135.48	
Other equity instruments			

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Including: preferred stocks			
Perpetual bond			
Capital reserve	424,538.80	424,538.80	
Less: treasure stock			
Other comprehensive income	3,024.98	3,024.98	
Special reserves	41,231.27	41,231.27	
Surplus reserves	164,700.41	164,700.41	
Undistributed profits	829,369.40	829,369.40	
Total owner's equity (or shareholders' equity)	1,905,000.34	1,905,000.34	
Total liabilities and owners' equity (or shareholders' equity)	2,999,726.29	3,011,488.11	11,761.82

Description of adjustment of each item:

On January 1, 2020, the Company began to apply the new income standards. According to the new income standards, the completed but unsettled construction that was originally included in inventory under self-made semi-finished products was adjusted to be included in the contract assets; the receipts in advance of engineering project that were originally included in receipts in advance were adjusted to be included in the contract assets; and the impairment loss of loss contract that was originally included in the inventory under falling price reserves was adjusted to be included in the estimated liabilities.

#### 4.3 Description of the retroactive adjustment of the preliminary comparative data after the first implementation of the new income standards and the new lease standards since 2020

On January 1, 2020, the Company began to apply the new income standards. According to the new income standards, the completed but unsettled construction that was originally included in inventory under self-made semi-finished products was adjusted to be included in the contract assets; the receipts in advance of engineering project that were originally included in receipts in advance were adjusted to be included in the contract assets; and the impairment loss of loss contract that was originally included in the inventory under falling price reserves was adjusted to be included in the estimated liabilities. After the adjustment, the beginning amount of total assets in the consolidated statements increased by RMB 168.9824 million, the beginning amount of total liabilities increased by RMB 168.9824 million; the beginning amount

of total assets in the parent company's statements increased by RMB 117.6182 million, and the beginning amount of total liabilities increased by RMB 117.6182 million.

#### 4.4 Audit report