

Offshore Oil Engineering Co., Ltd

Announcement on the Estimated Profit Increase in 2022

The Board of Directors and all directors of Offshore Oil Engineering Co., Ltd guarantee that this Announcement contains no false statements, misleading presentations or material omissions and assume joint and several liability for the truthfulness, accuracy and completeness of the information contained herein.

Important matters:

1. As preliminarily estimated by COOEC Financial Management Department, the net profit attributable to the owners of the parent company in 2022 ranges from RMB 1,325.00 million to RMB 1,619.00 million, representing an increase ranging from RMB 955.00 million to RMB 1,249.00 million over the same period last year or year-over-year (YOY) growth of 258.11% to 337.57%.

2. The estimated net profit attributable to the owners of the parent company after the deduction of nonrecurring gains and losses in 2022 ranges from RMB 775.00 million to RMB 947.00 million, representing an increase ranging from RMB 768.00 million to RMB 940.00 million over the same period last year or YOY growth of 10,971.43% to 13,428.57%.

I. Performance forecast for the current reporting period

(I) Current reporting period

From January 1, 2022 to December 31, 2022

(II) Performance forecast

1. As preliminarily estimated by the Financial Management Department of Offshore Oil Engineering Co., Ltd (hereinafter referred to as COOEC or the Company), the net profit attributable to the owners of the parent company in 2022 ranges from RMB 1,325.00 million to RMB 1,619.00 million, representing an increase ranging from RMB 955.00 million to RMB 1,249.00 million over the same period last year or YOY growth of 258.11% to 337.57%.

2. The estimated net profit attributable to the owners of the parent company after the deduction of nonrecurring gains and losses in 2022 ranges from RMB 775.00 million to RMB 947.00 million, representing an increase ranging from RMB 768.00 million to RMB 940.00 million over the same period last year or YOY growth of 10,971.43% to 13,428.57%.

(III) The performance forecast data has not been audited by a certified accountant.

II. Performance in the same period of the previous year

(I) In the same period of the previous year, the net profit attributable to the owners of the parent company is RMB 369.7989 million, and the net profit attributable to the owners of the parent company after the deduction of nonrecurring gains and losses is RMB 7.0873 million.

(II) The earnings per share in the same period of the previous year is RMB 0.08.

III. Main reasons for the estimated profit increase in the current reporting period

(I) In 2022, the Company overcame the influence of various unfavorable factors, such as the slow recovery of the oil and gas industry, the COVID-19 epidemic, and the rising prices of bulk materials, adhered to strategic guidance, continuously promoted the diversified development of domestic and international markets and traditional oil and gas projects and new energy projects, and delivered a number of projects with premium quality. Its annual workload hit a record high in 2022. In addition, the Company gave full play to the long-term mechanism of cost reduction, quality and efficiency improvement and further improved its core capability of lean management.

(II) In 2022, the Company continuously improved the corporate governance and operations management of its subsidiary, a joint venture named COOEC-Fluor Heavy Industries Co., Ltd (hereinafter referred to as “COOEC-Fluor”). The Company improved COOEC-Fluor’s operating performance significantly by amending the *Articles of Association* and *Joint Venture Agreement* of COOEC-Fluor and gaining control over decision-making in major business matters through shareholder negotiations. On December 31, 2022, the Company included COOEC-Fluor’s financial data into its consolidated financial statements. This transaction constitutes a business combination of enterprises that are not under common control. The Company re-measured the 51% equity of COOEC-Fluor held by it at the fair value, included the difference of about RMB 517.00 million between the fair value and the book value

into the current gains and losses, and reversed the relevant deferred income tax assets amounting to about RMB 120.00 million. The impact of this transaction on the Company's net profit is about RMB 397.00 million.

In addition, the Company hired Beijing Zhongtianhua Assets Appraisal Co., Ltd to assess the value of COOEC-Fluor's equity using the asset-based approach and the income approach. Due to the relatively short period of establishment of COOEC-Fluor and the impact of the COVID-19 epidemic in the past three years, the performance of existing contracts, the development of new markets, and the contracting of new projects were relatively slow, and the historical costs of production lines and sites/yards were relatively high. Therefore, the amount assessed by the income approach was lower than that determined by the asset-based approach, and negative goodwill occurred on the date of combination, amounting to about RMB 34.00 million.

IV. Risk reminder

The performance forecast data has not been audited by a certified public accountant. COOEC Financial Management Department has conducted preliminary accounting based on its best professional judgment. There is no major uncertainty affecting the accuracy of the performance forecast.

V. Other matters

The forecast data above is only preliminary accounting data. The specific and accurate financial data shall be subject to the audited annual report 2022 officially disclosed by the Company. Investors are advised to pay attention to investment risks.

The aforementioned matters are hereby announced.

Board of Directors of Offshore Oil Engineering Co., Ltd

January 20, 2023