

Announcement of COOEC on An announcement on changes in accounting policies

Important Notes

The board of directors and all directors of the Company guarantee that this announcement contains no false records, misleading statements or major omissions, and undertake joint and several liabilities for the authenticity, accuracy and integrity of the announcement.

Important contents:

- The changes in accounting policies have no impact on the Company's 2019 financial conditions and business performance

I. The changes in accounting policies and its impact on the Company

(I) The key points of changes in accounting policies

Listed companies within the boundary of the People's Republic of China shall execute new standards on revenues in accordance with Accounting Standards for Enterprises No.14 – Revenues promulgated by Ministry of Finance of the People's Republic of China in 2017. Accordingly, the Company intends to change the relevant accounting policies.

Two standards on current revenues and construction contracts are included into a unified revenue recognition model, and transfer of control replaces transfer of risk premium as judgment standard of time point of revenue recognition in accordance with requirements in Accounting Standards for Business Enterprises No.14 - Revenues promulgated by Ministry of Finance of the People's Republic of China.

The impact of new standards of revenues on financial statements is assessed by the Company's review of revenue source and contracts with customers. The titles of contract assets, contract liabilities, contract acquiring cost and contract performing cost are added as per new standards of revenues; the balance of self-made semi-finished products, deposit receivable of engineering projects, the balance of decline in price of inventory and the balance of deposit received of engineering projects stated in the old standards are respectively transferred to contract assets, contract assets, estimated liabilities and contract liabilities.

(II) The impact of changes in accounting policies on the Company

The changes in accounting policies have no impact on the Company's 2019 financial conditions and business performance. The impact of changes in accounting policies on 2020 financial conditions will be specifically disclosed in the periodic reports and financial statements.

(III) Proceedings

The proposal on changes in accounting policies was discussed and adopted at 22nd meeting of 6th board of directors of the Company held on March 20, 2020.

II. Conclusive opinions of independent directors and board of supervisors

Independent directors consider: The Company's accounting policies were changed and adjusted strictly in accordance with requirements in Accounting Standards for Enterprises No.14 - Revenues promulgated by Ministry of Finance of the People's Republic of China. The changes in accounting policies are in line with the Company's actual situations and don't prejudice the legitimate rights and interests of the Company and its minority shareholders. The changes in accounting policies are discussed by the Company's board of directors in accordance with relevant laws and regulations. The changes in the Company's accounting policies are approved.

The board of supervisors considers: The changes in the Company's accounting policies conform to the relevant provisions of the Ministry of Finance and the actual situation of the Company. The relevant decision-making procedures conform to the relevant provisions of laws and regulations. There is no

damages to the interests of the Company and all shareholders. Agree the Company to implement the above changes in accounting policies.

Reference documents

- (I) A resolution made at 22nd meeting of 6th board of directors of the Company;
- (II) Opinions of independent directors;
- (III) A resolution made at 16th meeting of 6th board of supervisors of the Company.

Announcement is hereby given.

Board of Directors of Offshore Oil Engineering Co., Ltd.

March 20, 2020