

Announcement of COOEC on An announcement on renewing the contract with accounting firm

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 name of accounting firm proposed: BDO China Shu Lun Pan Certified Public Accountants LLP

I. Description of the proposal on renewing the contract with accounting firm

In order to sustain the continuity and stability of audit work and as proposed by Audit Committee of the Board of Directors of Offshore Oil Engineering Co., Ltd. (hereinafter referred to as the "Company"), the Board of Directors of the Company agreed to renew the contract with BDO China as the auditor of the Company's 2019 financial conditions and internal control, and the period of the contract was one year.

II. Basic information of accounting firm proposed

(I) Information of accounting firm proposed

1. Basic Information

BDO China Shu Lun Pan Certified Public Accountants LLP (hereinafter referred to as "BDO China") was founded in Shanghai in 1927 by Dr. Pan Xulun, a leading Chinese accountant, reopened in 1986 and became the first special general partnership accounting firm in China after restructuring in 2010. BDO China is registered in Shanghai. As a member of the international accounting network BDO, BDO China has been engaged in securities services in long time. It has had a license of securities and futures business and qualifications for audit of H-shares before new securities law is executed. Furthermore, it has been registered with Public Company Accounting Oversight Board (PCAOB).

2. Staff information

BDO China has had 216 partners, 2,266 certified public accountants and 9,325 employees as of the end of 2019. Mr. Zhu Jiandi is the chief partner of BDO China. Certified public accountants and employees of BDO China all have experience in securities services. BDO China had an increase of 414 certified public accountants and a decrease of 387 certified public accountants in 2019.

3. Business scale

BDO China had operating revenue of RMB 3.722 billion in 2018 and net assets of RMB 158 million as at December 31, 2018. BDO China provided audit service of annual reports to 569 listed companies with a total service fee of RMB 706 million in 2018. The listed companies audited are mainly distributed in: Manufacturing (365), information transmission, software and information technology services (44), wholesale and retail (20), real estate (20), transportation, warehousing and mailing (17), of which the average value of their assets is RMB 15.643 billion.

4. Protection capabilities of investors

BDO China has withdrawn occupational risk funds of RMB 116 million and covered occupational insurance with cumulative compensation limit of RMB 1 billion. The civil liability for compensation due to audit failure can be covered by occupational insurance.

5. Independence and credibility records

BDO China has not violated requirements on independence specified in China Code of Ethics for

Certified Public Accountants.

BDO China received administrative penalties once in 2017, three times in 2018 and none in 2019; BDO China were subject to administrative supervision measures three times in 2017, five times in 2018 and nine times in 2019.

(II) Information of project members**1. Staff information**

Project partners: Cai Xiaoli, Chinese Certified Public Accountant and partner. She has been engaged in full-time audit in a accounting firm since 1998 and dedicated on special audit of annual reports, IPO, restructuring for listing and other aspects of large central government-owned enterprises and listed companies. She has experience in securities service and has joined BDO China since 2012 without taking any part-time position in other firms.

Project QC partners: Xu Peimei, Chinese Certified Public Accountant and partner. She has been engaged in full-time audit in a accounting firm since 2001 and dedicated on audit or review of a number of central government-owned enterprises and listed companies. She has experience in securities service and has joined BDO China since 2012 without taking any part-time position in other firms.

Signing certified public accountant of project: Xiu Jun, Chinese Certified Public Accountant. He has been engaged in full-time audit in a accounting firm since 2015 and acted as the person in charge of field audit of large central government-owned enterprises and listed companies. He has experience in securities service and has joined BDO China since 2016 without taking any part-time position in other firms.

2. Independence and credibility records of the above personnel

The partners, signing certified public accountant and QC reviewer of the project have not violated requirements on independence specified in China Code of Ethics for Certified Public Accountants or had any record of bad credibility.

(III) Audit fee**1. Principles of determining the audit fee**

The audit fee is determined on the basis of a series of factors including liabilities for professional services provided, the extent of professional skills required and rate of charge and work time of participating employees by their experience and levels.

2. The year-on-year change of audit fee

	Year of 2019	Year of 2020	Increase/decrease %
Amount of audit fee (RMB 0,000)	210.00	Controlled within RMB 2.2 million	Not more than 4.76%

The Company's budget of audit fee for 2020 is RMB 2.2 million, including a financial audit budget of RMB 1.9 million an internal control audit budget of RMB 300,000. The overall audit fee is controlled within RMB 2.2 million.

III. Procedures performed on renewing the contract with accounting firm

(I) The Audit Committee of the Board of Directors of the Company has fully understood and reviewed professional competence, investor protection capabilities, independence and credibility and other aspects of BDO China, and believes that BDO China has strictly observed the provisions of Auditing Standards for the Chinese Certified Public Accountants, performed necessary audit procedures and collected appropriate and sufficient audit evidence during its audit of the Company's 2019 financial reports, and audit conclusions are in line with the Company's actual situations. The Company's plan to renew the contract with BDO China does not prejudice the legitimate rights and interests of the Company and all its shareholders, especially minority shareholders.

(II) The Company's independent directors have given their independent opinions on renewing the contract with the accounting firm: As the auditor of the Company in 2019, BDO China could earnestly perform its duties and carry out independent auditing in a fair and objective manner, satisfactorily

completed annual audit and truthfully and fairly issued an audit report to the Company as per independent auditing standards during its audit of internal control of the Company's 2019 financial statements and reports. It is agreed to renew the contract with BDO China as the auditor of the Company's 2020 financial conditions and internal control and submit it to 2019 annual general meeting for discussion.

(III) It was adopted at 22nd meeting of 6th board of directors held on March 20, 2020 that BDO China was further employed as the auditor of the Company's 2020 financial conditions and internal control. Votes: 7 affirmative votes, 0 dissenting vote and 0 abstention vote.

(IV) After the proceeding is discussed and adopted at the board of directors, it shall be submitted to the shareholders' meeting for discussion and take effect from the date when it is discussed and adopted at such meeting.

Announcement is hereby given.

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

March 20, 2020