

# **Offshore Oil Engineering Co., Ltd.**

## **Announcement of resolutions on the 23<sup>rd</sup> meeting of the Sixth Board of Directors**

### **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.

### **I. Convening of the Meeting**

Offshore Oil Engineering Co., Ltd (hereinafter abbreviated as “the company”) issued Notice About the 23<sup>rd</sup> Meeting of the Sixth Board of Directors to the whole board via E-mail on April 16, 2020. On April 24, 2020, the company held the 23<sup>rd</sup> meeting of the Six Board of Directors through telephone communication, and the meeting was hosted by Sir YU Yi, director of the company.

The number of directors who should be present at the meeting and number of directors actually attending the meeting were both 7. Company supervisors and some senior executives attended the meeting, which was convened in accordance with provisions by laws and regulations and articles of association.

### **II. Review of resolutions passed on board meeting**

The following resolutions were passed by attending directors through careful review and voting \”

**(I) 2020 First Quarterly Report of the Company was reviewed and passed with seven assenting votes, zero dissenting vote and zero abstention vote.** (The full text is seen on SSE Website [www.sse.com.cn](http://www.sse.com.cn))

**(II) Offshore Oil Engineering (Zhuhai) Co., Ltd Proposal about Temporary Supplementation of Current Assets with Idle Raised Funds was reviewed and passed with seven assenting votes, zero dissenting vote and zero abstention vote.**

It was unanimously agreed that wholly-owned subsidiary—Offshore Oil Engineering (Zhuhai) Co., Ltd—could temporarily supplement current assets with idle raised funds not exceeding RMB 580 million for not over 12 months since approval was acquired from the Board of Directors. The funds would be returned to special account of raised funds upon expiration.

Independent directors of the company voiced their independent opinions over temporary supplementation of current assets with idle raised funds.

As a sponsor institution of the company, China International Capital Corporation limited (CICC) examined and voiced opinions over this matter, too.

The details of this matter are seen in Offshore Oil Engineering Co., Ltd Announcement about Temporary Supplementation of Current Assets with Idle Raised Funds and Opinions of Company Independent Directors disclosed on SSE Website [www.sse.com.cn](http://www.sse.com.cn) on the same day.

**(III) Proposal about Revising Articles of Association and Submitting to General Meeting of Stockholders for Authorizing Board of Directors to Handle Industry and Commerce Registration was reviewed and passed with seven assenting votes, zero dissenting vote and zero abstention vote.**

Revision details of Articles of Association are seen in Offshore Oil Engineering Announcement about

Revising Articles of Association disclosed on SSE Website [www.sse.com.cn](http://www.sse.com.cn) on the same day. The full text of the revised Articles of Association is seen on SSE Website [www.sse.com.cn](http://www.sse.com.cn).

**(IV) Proposal about Revising Procedural Rules for Board of Directors of the Company was reviewed and passed with seven assenting votes, zero dissenting vote and zero abstention vote.**

The full text of the revised procedural rules of Board of Directors is seen on SSE Website [www.sse.com.cn](http://www.sse.com.cn).

To further improve company governance, it was unanimously agreed to revise Procedural Rules for Board of Directors of the Company according to the actual situation of the company. Revisions are as follows:

● **Article II was revised**

The original article was:

Article II Functions and Powers of Board of Directors

Besides functions and powers of Board of Directors stipulated in Articles of Association, the Board of Directors can excise the following functions and powers:

(I) Review medium and long-term development plan of the company and report to general meeting of stockholders for review and approval;

(II) Draft wage standard for directors and supervisors and report to general meeting of stockholders for review and approval;

(III) Draft investment plan of company raised funds and report to general meeting of stockholders for review and approval;

(IV) Unless otherwise stipulated by laws, regulations, Articles of Association and the procedural rules, review and approve transactions (except for security offering and receipt of cash assets) reaching one of the following standards and stipulated by 9.1 in Stock Listing Rules of Shanghai Stock Exchange, which take place in the company:

1. Total asset (subject to the higher value under co-existence of book value and assessed value) involved in the transaction is lower than 50% of audited total assets of the company in the latest period;

2. Turnover of the transaction(liabilities and expenses included) is lower than 50% of audited net assets of the company in the latest period;

3. Profit generated by the transaction is lower than 50% of audited net profit of the company in the latest accounting year;

4. Main business income of object of transaction (e.g. equity) in the latest accounting year is lower than 50% of audited main business income of the company in the latest accounting year;

5. Net profit of object of transaction (e.g. equity) is lower than 50% of audited net profit of the company in the latest accounting year.

If data involved in the abovementioned indicators are negative values, absolute values will be taken.

(V) Review and approve connected transactions occurring between the company and affiliated persons, where transaction amount is below RMB 30 million or accounts for over 10% (10% included) of audited absolute value of net asset of the company in the latest period (except for company security offering and receipt of cash assets).

(VI) Review and approve loans, single amount of which is over 10% (10% included) of audited net asset of the company in the latest period. If single amount does not reach 10% of audited net asset of the company in the latest period, but accumulative loan amount in the same year

reaches 25% (not reaching 40%) of audited net asset of the company in the latest period, such loans shall be submitted to Board of Directors for review and approval. If otherwise provided in national laws and regulations, such provisions shall prevail.

(VII) Review and approve other external guarantee behaviors except those needing review and approval from general meeting of stockholders.

(VIII) Review company events of purchasing and selling major assets within one year, the amount of which is lower than 30% of audited total assets of the company.

(IX) Decide annual development plan of the company;

(X) Review and approve the company to recommend the candidates of its Board of Directors and Board of Supervisors to its holding subsidiaries and joint-stock companies;

(XI) Decide to set the corresponding working bodies of the Board of Directors.

When the Board of Directors is recruiting company management staff, the Party Organization prepares candidates nominated by the Board of Directors or president and raise opinions or recommend candidates to the Board of Directors and president.

The Board of Directors should listen to opinions of the Party Organization in advance when deciding company reform and development direction, main objectives and goals and major job placement, etc.

The investment Committee of the company has the right to review and approve external investments reviewed and approved by the Board of Directors, the amount of which is within budget limit for external investments or does not exceed such budget limit by 10%. If such budget limit is exceeded, it shall be reported to the Board of Directors for approval after being reviewed by the Investment Committee.

In case of any conflict between approval right of the Investment Committee, and approval right of the Board of Directors, which is defined in laws, regulations, Articles of Association and Procedural Rules of General Meeting of Stockholders, etc., related matters shall be submitted to the Board of Directors for review and approval.

It will be revised as follows:

## Article II Functions and Powers of Board of Directors

Besides functions and powers of Board of Directors stipulated in Articles of Association, the Board of Directors can excise the following functions and powers:

(I) Review medium and long-term development plan of the company and report to general meeting of stockholders for review and approval;

(II) Draft wage standard for directors and supervisors and report to general meeting of stockholders for review and approval;

(III) Draft investment plan of company raised funds and report to general meeting of stockholders for review and approval;

(IV) Unless otherwise stipulated by laws, regulations, Articles of Association and the procedural rules, review and approve transactions (except for security offering and receipt of cash assets) reaching one of the following standards and stipulated by 9.1 in Stock Listing Rules of Shanghai Stock Exchange, which take place in the company:

1. Total asset (subject to the higher value under co-existence of book value and assessed value) involved in the transaction is lower than 50% of audited total assets of the company in the latest period;

2. Turnover of the transaction (liabilities and expenses included) is lower than 50% of audited net assets of the company in the latest period;

3. Profit generated by the transaction is lower than 50% of audited net profit of the company in the latest accounting year;

4. Main business income of object of transaction (e.g. equity) in the latest accounting year is lower than 50% of audited main business income of the company in the latest accounting year;

5. Net profit of object of transaction (e.g. equity) is lower than 50% of audited net profit of the company in the latest accounting year.

If data involved in the abovementioned indicators are negative values, absolute values will be taken.

(V) Review and approve connected transactions occurring between the company and affiliated persons, where transaction amount is below RMB 30 million or accounts for over 10% (10% included) of audited absolute value of net asset of the company in the latest period (except for company security offering and receipt of cash assets).

(VI) Review and approve loans, single amount of which is over 10% (10% included) of audited net asset of the company in the latest period. If single amount does not reach 10% of audited net asset of the company in the latest period, but accumulative loan amount in the same year reaches 25% (not reaching 40%) of audited net asset of the company in the latest period, such loans shall be submitted to Board of Directors for review and approval. If otherwise provided in national laws and regulations, such provisions shall prevail.

(VII) Review and approve other external guarantee behaviors except those needing review and approval from general meeting of stockholders.

(VIII) Review company events of purchasing and selling major assets within one year, the amount of which is lower than 30% of audited total assets of the company.

(IX) Decide annual development plan of the company;

(X) Decide to establish the corresponding working bodies of the Board of Directors.

When the Board of Directors is recruiting company management staff, the Party Organization prepares candidates nominated by the Board of Directors or president and raise opinions or recommend candidates to the Board of Directors and president.

The Board of Directors should listen to opinions of the Party Organization in advance when deciding company reform and development direction, main objectives and goals and major job placement, etc.

● **Article III was revised.**

The original article was:

**Article III Functions and Powers of President**

Besides functions and powers of president stipulated in Articles of Organization, the president can also exercise the following functions and powers:

(I) Negotiation and communicate with stockholders, directors, CEO and other senior management personnel over related problems encountered in production and operation process of the company;

(II) When necessary, attend CEO office meeting;

(III) Establish working bodies like committee subordinate to the Board of Directors to grasp the situation and propose related issues;

(IV) Review annual economic responsibility system, internal reform scheme of the company and management organization setup scheme.

It will be revised as follows:

### Article III Functions and Powers of President

Besides functions and powers of president stipulated in Articles of Organization, the president can also exercise the following functions and powers:

(I) Negotiation and communicate with stockholders, directors, CEO and other senior management personnel over related problems encountered in production and operation process of the company;

(II) When necessary, attend CEO office meeting;

(III) Establish working bodies like committee subordinate to the Board of Directors to grasp the situation and propose related issues;

(IV) Review annual economic responsibility system, internal reform scheme of the company and management organization setup scheme.

**(V) Review and approve project application reports on newly established or cancelled branches and subsidiaries with registered capital lower than RMB 40 million, and adding or reducing registered capital of subsidiaries (secondary enterprise converting capital reserve and undistributed profit into share capitals included).**

**(VI) Review and approve single project application report on sales of fixed assets lower than RMB 100 million.**

#### ● Article V was revised

The original article was:

#### Article V Special Committee of the Board of Directors

According to its own features and actual operational needs, the company has established subordinate special committees such as Remuneration and Assessment Committee, Strategy Committee, Nominating Committee and Audit Committee.

The main duties of the Remuneration and Assessment committee are to investigate assessment criteria for directors and senior management personnel of the company, conduct the assessment and raise suggestions, and research and examine pay policies and scheme for them.

The Remuneration and Assessment Committee consists of three directors, where two are independent directors and the rest one acts as convener.

The main duties of the Strategy Committee are to research long-term development strategies and major investment decisions of the company and put forward suggestions.

The Strategy Committee consists of three directors, where the president acts as ex-officio member and convener.

The main duties of the Nominating Committee are to select candidates of company directors and senior management personnel, formulate selection criteria and procedures, and put forward suggestions.

The Nominating Committee consists of five directors, where the majority are independent directors and there is one convener acted by an independent director designated by the Board of Directors.

The Audit Committee is mainly responsible for the communication, supervision and verification of internal and external audit of the Company.

The Audit Committee is composed of three directors elected by the board of directors, including two independent directors, and at least one of the members is a professional accountant.

The Remuneration and Appraisal Committee, the Strategy Committee, the Nominating Committee and the Audit Committee are the standing bodies established by the board of directors and are responsible for the board of directors. Their proposals shall be submitted to the board of directors for review and decision as a reference for the decision-making of the board of directors.

The Company will formulate the rules of procedure of the Remuneration and Assessment Committee, the Strategy Committee, the Nominating Committee and the Audit Committee separately to standardize their meeting procedure.

It will be revised as follows:

#### Article V Special Committee of the Board of Directors

According to its own features and actual operational needs, the company has established subordinate special committees such as Remuneration and Assessment Committee, Strategy Committee, Nominating Committee and Audit Committee.

The main duties of the Remuneration and Assessment committee are to investigate assessment criteria for directors and senior management personnel of the company, conduct the assessment and raise suggestions, and research and examine pay policies and scheme for them.

The Remuneration and Assessment Committee consists of three directors, where two are independent directors and the rest one acts as convener.

The main duties of the Strategy Committee are to research long-term development strategies and major investment decisions of the company and put forward suggestions.

The Strategy Committee consists of three directors, where the president acts as ex-officio member and convener.

The main duties of the Nominating Committee are to select candidates of company directors and senior management personnel, formulate selection criteria and procedures, and put forward suggestions.

The Nominating Committee is composed of three directors elected by the board of directors, of which independent directors account for the majority and one convener is appointed by the board of directors out of the independent directors.

The Audit Committee is mainly responsible for the communication, supervision and verification of internal and external audit of the Company.

The Audit Committee is composed of three directors elected by the board of directors, including two independent directors, and at least one of the members is a professional accountant.

The Remuneration and Appraisal Committee, the Strategy Committee, the Nominating Committee and the Audit Committee are the standing bodies established by the board of directors and are responsible for the board of directors. Their proposals shall be submitted to the board of directors for review and decision as a reference for the decision-making of the board of directors.

The Company will formulate the rules of procedure of the Remuneration and Assessment Committee, the Strategy Committee, the Nominating Committee and the Audit Committee separately to standardize their meeting procedure.

(V) The Proposal on Convening the 2019 Annual General Meeting of Shareholders of the Company was considered and adopted by 7 votes in favor, 0 against and 0 abstention. (For more information, please refer to the Notice of Convening the 2019 Annual General Meeting of Shareholders of the Company disclosed by the Company on the same day on the website of Shanghai Stock Exchange [www.sse.com.cn](http://www.sse.com.cn).)

The above-mentioned (3) and (4) proposals adopted by the board of directors shall be submitted to the Company's 2019 general meeting for consideration.

### **III. Online announcement attachment**

Opinions of independent directors.

Announcement is hereby given.

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

April 24, 2020