

Offshore Oisl Engineering Co., Ltd.

Announcement on Using Part of Idle Raised Funds to Temporarily Supplement Working Capital

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 Company plans to use no more than RMB 580 million yuan of idle raised funds for temporary replenishment of working capital, with a use term of no more than 12 months from the date of approval of the proposal by the board of directors of the Company, and the funds shall be returned upon maturity.

On April 24, 2020, the Company held the 23rd Meeting of the 6th board of directors, considered and passed the Proposal on Using Idle Raised Funds to Temporarily Supplement Working Capital, agreed that the Company could use the idle raised funds of no more than RMB 580 million yuan to temporarily supplement working capital, and the use term should not exceed 12 months from the date of approval of the proposal by the board of directors of the Company. The funds should be returned upon maturity. The details are as follows:

I. Basic information of raised funds

According to the Reply on Approving the Non-public Issuance of Shares by Offshore Oil Engineering Co., Ltd (zjxk [2013] No. 1180) issued by China Securities Regulatory Commission, Offshore Oil Engineering Co., Ltd. (hereinafter referred to as the Company) issues Renminbi common shares (A shares) 531,914,800.00 in the form of private placement, with the issue price of RMB 6.58 yuan per share, and the total amount of the raised funds of RMB 3,499,999,384.00yuan. After deducting the underwriting fee of RMB 27,123,995.07 yuan, the raised fund was RMB 3,472,875,388.93 yuan, in which RMB 1,772,875,388.93 yuan has been deposited into the Company's special account for raised funds in Beijing Deshengmen branch of Bank of Communications on September 27, 2013; and RMB 1,700,000,000.00 yuan has been deposited into the Company's special account for raised funds in Haiyang sub-branch, Tianjin Binhai Branch of Bank of China. In addition, the Company has RMB1,379,191.48 yuan of attorney and accountant fees and registration fees accrued in aggregate for this private placement of shares. After deducting the underwriting fees and other related issuance expenses accumulated by the Company, the net amount of the raised funds is RMB 3,471,496,197.45 yuan.

The above raised funds have been verified by ShineWing Certified Public Accountants (special general partnership) and the capital verification report (XYZH/No. 2013A7012) has been issued. For more information, please refer to the Announcement on the Results of Private Placement of Shares and Changes in Share Capital Structure disclosed by the Company on October 11, 2013.

II. Basic information of projects invested by raised funds

(I) Invested projects and investors

According to the 16th meeting of the 4th board of directors held on October 26, 2012 and the Plan for Private Placement of A Shares approved by the first extraordinary general meeting of shareholders in 2013 held on March 11, 2013, the net proceeds from this private placement would be used for the following items:

Project description	Total investment of the project (RMB 10,000 yuan)	Project filing
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Zhuhai deepwater offshore engineering equipment manufacturing base project	1,010,614.00	Registration certificate of Guangdong Enterprise Capital Construction Investment Project (Registration Project No.: 099000361229028), jghj [2013] No. 39
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The above projects are implemented by the Company's wholly-owned subsidiary Offshore Oil Engineering (Zhuhai) Co., Ltd. (hereinafter referred to as "Zhuhai Subsidiary" or "Zhuhai Company").

In August 2015, Zhuhai Company signed a Sino foreign joint venture contract with Fluor on the basis of Zhuhai deepwater offshore engineering equipment manufacturing base, and planed to jointly invest USD 999.6 million to establish COOEC-Fluor Heavy Industries Co., Ltd. For the purposes of this project, Zhuhai Company invested USD 509.8 million in form of land use right of Zhuhai deepwater base, real assets and a portion of cash, accounting for 51% of the total registered capital of the joint venture. Matters related to the establishment of the joint venture company have been considered and approved by all the directors at the 13th meeting of the 5th board of directors held on August 19, 2015. For more information, refer to the Announcement on the Establishment of the Joint Venture (L2015-020) disclosed by the Company on August 21, 2015.

Accordingly, the implementation of Zhuhai deepwater offshore engineering equipment manufacturing base project is independently implemented by Zhuhai Company and the operation mode was changed to a joint venture, which is established by Zhuhai Company and Fluor Limited, a subsidiary of Fluor of the United States to jointly implement the project. The matter has been considered and approved by all the directors at the 13th meeting of the 5th board of directors held on August 19, 2015. For more information, please refer to the Announcement on Changing the Investment Project to AJoint Venture (L2015-021) disclosed by the Company on August 21, 2015.

The above matter has been considered and approved by the first extraordinary general meeting of shareholders of the Company in 2015.

Such change does not involve any changes in construction content of the project invested by the raised funds or damage the interests of shareholders. After the change, there is no substantial change in the construction content of the project invested by raised funds, but the introduction of Fluor company through joint venture, which would be helpful to the construction of the project and better play its role and realize its benefits after completion.

(11) Use and balance of raised funds

As of March 31, 2020, the use and balance of the Company's raised funds are as follows:

Items	Amount (yuan)
Net amount of raised funds	3,471,496,197.45
Balance of raised funds as of December 31, 2019	617,368,896.57
Subtract: Amount invested into the project from January to March 2020	41,769,401.72
Add: Net amount of interest income deducting service fees from January to March 2020	36,330.54
Income from financing products recovered from January to March 2020	4,848,082.19
Equal to: Balance of raised funds	580,483,907.58
Including: Balance from financing products	570,000,000.00

Note: Income from financing products recovered is the accumulated amount actually received by the end of the first quarter of 2020 (i.e. actual receipt - cash flow basis).

III. The plan to temporarily supplement working capital with some idle raised funds

As of March 31, 2020, the balance of the Company's raised funds is RMB 580 million yuan. In order to improve the use efficiency of the raised funds, drive down the Company's operating costs, and protect the interests of the Company and shareholders, the Company plans to use no more than RMB 580 million yuan of idle raised funds to

temporarily supplement the working capital on the premise of ensuring the capital demand for the construction of the investment project and its normal development. The term of use shall not exceed 12 months from the date of approval of the proposal by the board of directors of the Company. This borrowing will not change the purpose of the raised funds and will not affect the normal progress of the proposed investment plan.

IV. Review procedure for supplementary working capital

On April 24, 2020, the Company held the 23rd Meeting of the 6th board of directors, considered and passed the Proposal on Using Idle Raised Funds to Temporarily Supplement Working Capital. It is agreed that the Company will use no more than RMB 580 million yuan of idle raised funds to temporarily supplement the working capital, and the use term shall not exceed 12 months from the date of approval of the proposal by the board of directors of the Company, and the fund shall be returned upon maturity.

V. Special comments

(I) Opinions of independent directors

After reviewing the relevant documents, the independent directors of the Company had agreed as follows:

1. Some idle raised funds are temporarily used to supplement the working capital, and necessary approval procedures have been fulfilled. There is no change in the purpose of the raised funds, and the normal progress of the investment plan will not be affected.
2. The use of some idle raised funds to temporarily supplement the working capital can improve the efficiency of fund use, which is in line with the interests of the Company and the shareholders as a whole.
3. The use of some idle raised funds for temporary replenishment of working capital complies with the relevant laws and regulations, such as the No. 2 Regulatory Guidelines for Listed Companies - Regulatory Requirements for the Management and Use of the Raised Funds of Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and the Measures for the Management of the Raised Funds of Listed Companies of Shanghai Stock Exchange, as well as the articles of association of the Company.
4. It is agreed to use part of idle raised funds for temporary replenishment of working capital. The use term shall not exceed 12 months from the date of approval of the board of directors of the Company, and it will be returned to the special account of raised funds upon the maturity.

(II) Review opinions of the board of supervisors

The board of supervisors of the Company considers that: In order to maximize the efficiency of the use of funds, in accordance with the No. 2 Regulatory Guidelines for Listed Companies - Regulatory Requirements for the Management and Use of the Raised Funds of Listed Companies, the Measures for the Management of the Raised Funds of Listed Companies of Shanghai Stock Exchange (2013 Revision) and the Measures for the Management of the Raised Funds of the Company, the wholly-owned subsidiary, Offshore Oil Engineering (Zhuhai) Co., Ltd. was agreed to use part of the idle raised funds to temporarily supplement the working capital, with a total amount of no more than RMB 580 million yuan and a use term of no more than 12 months from the date of approval by the board of directors.

(III) Inspection opinions of sponsor

The sponsor, China International Capital Corporation (CICC), conducted a special inspection on the temporary replenishment of working capital by using part of idle raised funds of the Company, and issued the Special Inspection Opinion of CICC on the Temporary Replenishment of Working Capital by Using Part of Idle Raised Funds of Offshore Oil Engineering Co., Ltd. and the inspection conclusion is as follows:

Offshore Oil Engineering Co., Ltd. uses no more than RMB 580 million yuan of idle raised funds to temporarily supplement the working capital on the premise of not affecting the normal progress of the invested project, which is helpful to improve the efficiency of the use of the raised fund; does not change the purpose of the raised fund or damage the interests of shareholders, and does not use the raised fund in violation of regulations. The Company's use of idle raised funds of no more than RMB 580 million for temporary replenishment of working capital has been considered and approved at the 23rd meeting of the 6th board of directors and the 17th meeting of the 6th board of supervisors respectively. The independent directors have expressed their agreed independent opinions and fulfilled the necessary decision-making procedures; It meets the requirements of the No. 2 Regulatory

Guidelines for Listed Companies - Regulatory Requirements for the Management and Use of the Raised Funds of Listed Companies, and the Measures for the Management of the Raised Funds of Listed Companies of Shanghai Stock Exchange (2013 Revision).

In conclusion, China International Capital Corporation has no objection to Offshore Oil Engineering Co., Ltd. in terms of its use of some idle raised funds to temporarily supplement working capital.

VI. Documents for future reference

- (I) Resolution of the board of directors
- (II) Resolution of the board of supervisors
- (III) Opinions of independent directors
- (IV) Special inspection opinions issued by the sponsor on COOEC in terms of the temporary replenishment of working capital by using part of idle raised fund

Announcement is hereby given.

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

April 24, 2020