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中船海洋与防务装备股份有限公司

CSSC OFFSHORE & MARINE ENGINEERING (GROUP) COMPANY LIMITED

(a joint stock company with limited liability incorporated in the People's Republic of China)

(H Share Stock Code : 00317)

**OVERSEAS REGULATORY ANNOUNCEMENT
ANNOUNCEMENT ON UNUSUAL MOVEMENTS IN THE TRADING OF
THE A SHARES**

This overseas regulatory announcement is made by CSSC Offshore & Marine Engineering (Group) Company Limited (hereinafter the “Company”) pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

I. DETAILS OF UNUSUAL MOVEMENT IN THE TRADING OF THE A SHARES

The deviation value of the increase in the closing prices of the A Shares of the Company accumulated more than 20% in three consecutive trading days from 22 July 2020 to 24 July 2020, which reached the relevant required standards of the “Trading Rules of the Shanghai Stock Exchange” and constituted unusual movements in the trading of shares.

II. RELEVANT SITUATIONS CONCERNED AND VERIFIED BY THE COMPANY

(I) Production and Operation

As verified by the Company, there has been no significant change in the market environment and industry policies in where the Company operates, the Company has been producing and operating normally.

(II) Significant Events

As verified by the Company and written enquiries with China State Shipbuilding Corporation, the controlling shareholder, and remained up to date that the Company and the controlling shareholder do not in possession of any disclosable material information related to the Company which remains undisclosed, including but not limited to, material assets reorganization, issue of shares, acquisition, debt restructuring, business restructuring, assets divestment and injection, repurchase of shares, equity incentive, bankruptcy reorganization, major business cooperation, introduction of strategic investor(s) and other significant events.

(III) Media Coverage, Market Rumors, Hot Topics

As self-verification by the Company, the Company is not aware of any media coverage, market rumors or hot topics which may possibly have a material impact on the trading prices of the Company's shares.

(IV) Other Price-sensitive Information

As verified by the Company, there were no other events which may have a relatively significant impact on the Company's share price within the Company; the controlling shareholder of the company and the directors, supervisors, senior management of the Company did not sell or purchase the shares of the Company during such unusual movements in the trading of the A shares of the Company.

III. STATEMENT OF THE BOARD OF DIRECTORS

The board of directors of the Company confirms that the Company does not have any disclosable matters which remain undisclosed pursuant to related regulations of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange or any planning, negotiation, intention and agreement, etc., relating to such matters, nor is the board of directors aware of any disclosable information which remains undisclosed pursuant to related regulations of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and may have a relatively material impact on the trading prices of the A shares of the Company and their derivatives; there is no need to clarify or supplement the information disclosed previously by the Company.

IV. RELEVANT RISK WARNING

(I) The non-recurring gains and losses of the Company for 2019 amounted to RMB1.565 billion, net profit attributable to the shareholders of the Company after deduction of non-recurring gains

and losses amounted to RMB-1.017 billion. The non-recurring gains and losses of the Company in the first quarter in 2020 amounted to RMB3.415 billion, which was mainly due to the completion of disposal of equity interest in subsidiaries and recognition of investment income of RMB3.390 billion by the Company in 2020, the net profit attributable to the shareholders of the Company after deduction of non-recurring gains and losses amounted to RMB-192 million.

(II) The share price of the Company's A Shares has risen sharply recently, leading to multiple trading halts. The Company is hereby to remind investors to pay particular attention to the secondary market trading risks, make rational decision and prudent investment.

(III) The board of directors of the Company hereby reminds the investors that: China Securities Journal, Securities Daily, Securities Times, the website of the Company (comec.cssc.net.cn), the website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk) are the designated newspapers and websites for information disclosure of the Company, the information related to the Company and designated newspapers and websites for information disclosure of the Company shall prevail. Investors are advised to beware of investment risks.

By order of the Board

CSSC Offshore & Marine Engineering (Group) Company Limited

Li Zhidong

Company Secretary

Guangzhou, 24 July 2020

As at the date of this announcement, the Board comprises eleven Directors, namely executive Directors Mr. Han Guangde, Mr. Chen Zhongqian, Mr. Chen Liping, Mr. Sheng Jigang, Mr. Xiang Huiming and Mr. Chen Ji, non-executive Director Mr. Shi Jun and independent non-executive Directors Mr. Wang Yichu, Mr. Min Weiguo, Mr. Liu Renhuai and Mr. Yu Shiyou.