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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)

**ANNOUNCEMENT IN RELATION TO
COMPLETION OF ASSET TRANSFER
FOR THE SIGNIFICANT ASSET DISPOSAL AND CONNECTED TRANSACTION**

The matters regarding the disposal of 27.4214% of the equity interests in Guangzhou Shipyard International Company Limited* (“GSI”) by CSSC Offshore & Marine Engineering (Group) Company Limited (the “**Company**”) to China CSSC Holdings Ltd.* (中國船舶工業股份有限公司) (“**CSSC Holdings**”), where CSSC Holdings shall pay the transfer consideration by way of non-public issuance of its A shares to the Company while the Company shall waive its right of first refusal to acquire 23.5786% of the equity in GSI and 30.9836% of the equity in CSSC Huangpu Wenchong Shipbuilding Company Limited* (中船黃埔文冲船舶有限公司) (“**Huangpu Wenchong**”) held by market-oriented debt-to-equity investors of GSI and Huangpu Wenchong (the “**Transaction**”) were approved by the Listing, Merger and Reorganization Examination Committee of the China Securities Regulatory Commission (the “**CSRC**”). On 5 February 2020, CSSC Holdings received the “Reply in relation to Approving the issuance of Shares of China CSSC Holdings Ltd. to China State Shipbuilding Corporation Limited for Assets Acquisition and Fund-raising” (Zheng Jian Xu Ke [2020] No. 225) issued by the CSRC.

The transfer of subject asset for the significant asset disposal and connected transaction was completed. Details of which are as follows:

I. STATUS REGARDING TRANSFER OF TARGET ASSET OF THE TRANSACTION

On 19 March 2020, GSI has obtained the “Notice of Approval for Change of Registration (Filing)” issued by the Guangzhou Administration for Market Regulation, approving the 27.4214% of the equity interests in GSI held by the Company to be transferred and registered under the name of the counterparty, CSSC Holdings. As such, the transfer of target asset of the significant asset disposal was completed.

II. SUBSEQUENT MATTERS OF THE TRANSACTION

1. CSSC Holdings shall pay the transfer consideration by way of share issuance. CSSC Holdings is still required to proceed with the registration and listing-related procedures with China Securities Depository and Clearing Corporation Limited (“CSDC”) Shanghai Branch regarding the additional new shares to be issued to the Company.
2. The certified public accountants engaged by CSSC Holdings will conduct auditing on GSI as of the benchmark date (29 February 2020) for auditing the target assets and execute the relevant agreement on the vesting of profit and loss for the period based on the audit results.
3. The relevant parties to the Transaction shall continue to perform relevant agreements and commitments involved in the Transaction.
4. The Company shall continue to perform information disclosure obligations for the Transaction according to laws and administrative regulations.

III. CONCLUDING OPINIONS OF INTERMEDIARIES IN RELATION TO THE ASSET TRANSFER FOR THE TRANSACTION

(I) Verification Opinions of Independent Financial Advisor

Shenwan Hongyuan Financing Services Co., Ltd. (申萬宏源證券承銷保薦有限責任公司) expressed the following opinion:

1. The Transaction is in compliance with laws, regulations and regulatory documents including the “Company Law”, the “Securities Law” and the “Measures on Administrative Restructuring”, with necessary approval or authorization obtained. The relevant information disclosure obligations were performed in accordance with relevant laws and regulations;
2. The transfer procedures for the assets to be sold involved in the Transaction have been completed. The procedures were legal and valid. The counterparty is still required to proceed with the registration procedures of additional shares with the CSDC Shanghai Branch and to apply to the Shanghai Stock Exchange (“SSE”) for the listing of the additional new shares;
3. The relevant parties shall continue to perform relevant agreements and commitments involved in the Transaction and shall perform information disclosure obligations for the Transaction continuously according to laws and administrative regulations.

(II) Verification Opinions of Legal Advisor

ETR Law Firm (廣東廣信君達律師事務所) expressed the following opinion:

1. The implementation of the Transaction is in compliance with laws, regulations and regulatory documents including the “Company Law”, the “Securities Law” and the “Measure Administrative Restructuring”, with all necessary approval or authorization obtained for the significant asset disposal. Legal requirements for the implementation were fulfilled. The corresponding information disclosure obligations were performed by

- the Company in accordance with relevant laws and regulations;
2. The transfer procedures for the target assets involved in the significant asset disposal have been completed. The procedures were legal and valid. The counterparty is still required to proceed with the registration procedures of additional new shares with the CSDC Shanghai Branch and apply to the SSE for the listing of the additional shares;
 3. There is no substantial legal impediment to the implementation of the subsequent matters to the significant asset disposal where the relevant parties to the significant asset disposal shall perform respective obligations and commitments according to the relevant agreements to the Transaction and relevant laws and regulations.

* *For identification purposes only.*

By order of the Board
CSSC Offshore & Marine Engineering (Group) Company Limited
Li Zhidong
Company Secretary

Guangzhou, 24 March 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 Shiyong.