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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 Shares Stock Code: 00317)

**ANNOUNCEMENT ON THE PROGRESS OF THE CONNECTED
TRANSACTION IN RELATION TO THE PHASE I RELOCATION
AGREEMENT OF WENCHONG SHIPBUILDING BY THE HOLDING
SUBSIDIARY OF THE COMPANY**

CSSC Offshore & Marine Engineering (Group) Company Limited (the "Company") convened the fourteenth meeting of the ninth session of the Board and the 2018 Annual General Meeting on 26 April 2019 and 28 May 2019, respectively, to approve the resolution on the connected transaction in relation to the entering into the Phase I Relocation Agreement of Wenchong Shipbuilding by the Company's holding subsidiary. For details, please refer to the announcement, circular and poll results announcement of the Company dated 26 April 2019, 10 May 2019 and 28 May 2019, respectively, on website of the Company and The Stock Exchange of Hong Kong Limited.

Pursuant to the Phase I Relocation Agreement of Wenchong Shipbuilding, Guangzhou Wenchong Properties Co., Ltd. ("Wenchong Properties") shall pay the remaining payment of the contract amount, being 49% of the contract amount of RMB686 million, to Guangzhou Wenchong Shipyard Co., Ltd. ("Wenchong Shipyard"), a subsidiary of the Company, by 29 April 2020. As at the date of this announcement, Wenchong Shipyard has received the aforesaid payment from Wenchong Properties. Accordingly, the entire Phase I Relocation Agreement of Wenchong Shipbuilding has been duly performed.

In accordance with the relevant provisions of the "Accounting Standards for Business Enterprises", all the revenue of the Phase I Relocation Agreement of Wenchong Shipbuilding was recognized in 2019. The 49% contract payment received will not affect the Company's profit for the current year. Investors are advised to pay attention to investment risks.

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

Guangzhou, 29 April 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 Shiyu.