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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 ON PLAN FOR REDUCTION OF SHAREHOLDINGS IN
A SHARES BY CONTROLLING SHAREHOLDER**

This announcement is made by the board of directors (hereinafter called the “Board”) of CSSC Offshore & Marine Engineering (Group) Company Limited (hereinafter called the “Company”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter called the “Listing Rules”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Important Notice:

- As of the date of this announcement, China State Shipbuilding Corporation (hereinafter called “CSSC Group”), a controlling shareholder of the Company, directly and indirectly holds 847,685,990 shares of the Company, representing 59.97% of the total share capital of the Company of 1,413,506,378 shares, of which, CSSC Group directly holds 501,745,100 shares of A shares of the Company, representing 35.50% of the total share capital of the Company, and holds 345,940,890 shares of H shares of the Company through CSSC International Holding Company Limited, its 100% controlling overseas subsidiary, representing 24.47% of the total share capital of the Company.
- Main contents of the plan for selling down of shareholdings

The Company received a “Letter in relation to the plan for selling down of shareholdings” from CSSC Group on 3 August 2020, main contents of which are as follows: Due to the demands in production and operation, investment and industrial development of CSSC Group, a controlling shareholder of the Company, it is proposed to sell down its holding of not more than 84,810,382 A shares of the Company by way of centralised price bidding and block trade, representing not more than 6% of the current total share capital of the Company. Among which,

it is proposed that within 6 months commencing from 15 trading days after the date of disclosure of this announcement on plan for selling down of shareholdings, i.e. for the period from 25 August 2020 to 19 February 2021, to sell down its shareholdings of not more than 28,270,127 A shares through centralised price bidding, representing not more than 2% of the current total share capital of the Company. It is proposed that within 6 months commencing from 3 trading days after the date of disclosure of this announcement on plan for selling down of shareholdings, i.e. for the period from 7 August 2020 to 2 February 2021, to reduce its shareholdings of not more than 56,540,255 A shares through block trade, representing not more than 4% of the current total share capital of the Company.

I. Basic information of the entity to sell down shareholdings

Name of shareholder	Identity of shareholder	Number of shares held (A shares)	Proportion of shareholdings	Source of current shareholdings
China State Shipbuilding Corporation	The largest shareholder above 5%	501,745,100	35.50%	Acquired before IPO: 210,800,080 A shares; Acquired through other methods: 18,845,720 A shares; Acquired by issuing shares to purchase assets: 272,099,300 A shares.

The above-mentioned entity to sell down shareholdings did not involve any parties acting in concert.

Description: CSSC Group directly and indirectly holds 847,685,990 shares of the Company, representing 59.97% of the total share capital of the Company of 1,413,506,378 shares, of which, CSSC Group directly holds 501,745,100 shares of A shares of the Company, representing 35.50% of the total share capital of the Company, and holds 345,940,890 shares of H shares of the Company through CSSC International Holding Company Limited, its 100% controlling overseas subsidiary, representing 24.47% of the total share capital of the Company.

Substantial shareholders and its parties acting in concert have not reduced their shareholdings in the Company since the listing.

II. Main contents of the plan for selling down of shareholdings

Name of shareholder	Proposed number of holdings to be reduced (A shares)	Proposed proportion of holdings to be reduced	Methods of selling down of shareholdings	Period of selling down of shareholdings through price bidding	Reasonable price range of reduction of holdings	Proposed source of reduction of shareholdings	Proposed reasons for reduction of holdings
China State Shipbuilding Corporation	Not more than: 84,810,382 A shares	Not more than: 6%	For reduction of holdings through pricing bidding, not more than: 28,270,127 A shares For reduction of holdings through block trade, not more than: 56,540,255 A shares	2020/8/25 ~ 2021/2/19	Based on the market price	Acquired by issuing shares to purchase assets	Demands in production and operation, investment and industrial development

Description: the above-mentioned proposed reduction of shareholdings by CSSC Group are A shares of the Company.

(1) Whether relevant shareholders have other arrangement Yes No

(2) Whether commitments have been made by substantial shareholders, directors, supervisors and senior management on the proportion of shareholdings, number of shares held, period of shareholdings, methods of selling down of shareholdings, number of shareholdings subject to sell down, price of reduction of holdings, etc.

Yes No

The Company completed the major asset restructuring project of issuing A shares to purchase assets on 8 April 2015, and issued 272,099,300 A shares to CSSC Group. CSSC Group undertook that the above-mentioned shares would not be transferred by any means within 36 months from the date of listing, including but not limited to, public transfer through securities market or through agreement.

Whether the proposed reduction of holdings is consistent with the undertakings previously disclosed Yes No

(3) Other matters required by the firm

Nil.

III. Relevant risk warning

(1) Uncertainty risks in the implementation of the plan for selling down of shareholdings, such as the prerequisites and restrictive conditions for the implementation of the plan, and the specific circumstances under which relevant conditions are achieved or eliminated, etc.

CSSC Group intends to decide whether to implement the plan for selling down of shareholdings based on market conditions and the stock price of the Company. The plan for selling down of shareholders exists uncertainties in the amount, time, and price for selling down of shareholdings.

(2) Whether the implementation of the plan for selling down of shareholdings may lead to the risk of changes in the control of the listed company

Yes No

(3) Other risk warning

The plan for selling down of shareholdings is in compliance with the laws and regulations, department rules and normative documents of the “Rules Governing the Listing of Stocks on the Shanghai Stock Exchange”, the “Some Provisions on Shareholding Lessening by Shareholders, Directors, Supervisors and Senior Executives of Listed Companies” and the “Detailed Implementation Rules of Shanghai Stock Exchange for Shareholding Lessening by Shareholders, Directors, Supervisors and Senior Executives of Listed Companies”. There does not exist any situation where the shares should not be sold down.

During the period when the Company's shareholdings will be sold out in accordance with the above-mentioned plan, CSSC Group will strictly comply with relevant laws and regulations and the Company's rules and regulations to fulfill its obligation to disclose information in a timely manner. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board

CSSC Offshore & Marine Engineering (Group) Company Limited

Li Zhidong

Company Secretary

Guangzhou, 3 August 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 nonexecutive Directors Mr. Wang Yichu, Mr. Min Weiguo, Mr. Liu Renhuai and Mr. Yu Shiyong.