

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this announcement.



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 THE PROGRESS OF THE REDUCTION OF SHAREHOLDINGS 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:

- Before the implementation of the plan for selling down of shareholdings, China State Shipbuilding Corporation Limited (hereinafter called “**CSSC Group**”), a controlling shareholder of the Company, directly and indirectly held 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 held 501,745,100 shares of A share of the Company, representing 35.50% of the total share capital of the Company, and held 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

According to the “Announcement on Plan for Reduction of Shareholdings by Controlling Shareholder of CSSC Offshore & Marine Engineering (Group) Company Limited” disclosed by the Company on 3 August 2020, CSSC Group proposed to sell down its holding in aggregate of not more than 84,810,382 A shares of the Company, representing not more than 6% of the total share capital of the Company. Among which, within 6 months commencing from 15 trading days after the date of disclosure of the announcement on plan for selling down of shareholdings, i.e. for the period from 25 August 2020 to 19 February 2021, it sold down its shareholdings of not more than 28,270,127 shares through centralised price bidding, representing not more than 2% of the total share capital of the Company. It was proposed that within 6 months

commencing from 3 trading days after the date of disclosure of the 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 shares through block trades, representing not more than 4% of the total share capital of the Company.

- Progress on the plan for selling down of shareholdings

The Company received a “Letter in relation to the implementation progress on the plan for selling down of shareholdings” from CSSC Group on 20 November 2020. As of 20 November 2020, half of the time for implementing the plan for selling down of shareholdings by CSSC Group has passed, during the period from 25 August 2020 to 20 November 2020, CSSC Group accumulatively reduced 8,246,248 A shares of the Company held by it through centralized price bidding, representing 0.58% of the total share capital of the Company. There was no reduction of the A shares of the Company through block trade.

I. BASIC INFORMATION OF THE ENTITY TO SELL DOWN SHAREHOLDINGS BEFORE THE SELLING DOWN OF 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 shares Acquired through other methods: 18,845,720 shares Acquired by issuing shares to purchase assets: 272,099,300 shares

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

Explanation: Before the implementation of the plan for selling down of shareholdings, CSSC Group directly and indirectly held 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 held 501,745,100 shares of A shares of the Company, representing 35.50% of the total share capital of the Company, and held 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.

II. IMPLEMENTATION PROGRESS ON OF THE PLAN FOR SELLING DOWN OF SHAREHOLDINGS

- (1) Substantial shareholders disclose the implementation progress on of the plan for selling down of shareholdings due to the following reason:**

Half of the time for implementing the reduction of shareholdings has passed

Name of shareholder	Amount of holdings to be reduced (shares)	Proportion of holdings to be reduced	Period of selling down of shareholdings	Methods of selling down of shareholdings	Price range of reduction of shareholdings (RMB/share)	Total amount of reduction of shareholdings (RMB)	Current number of shares held (shares)	Current proportion of shareholdings
China State Shipbuilding Corporation	8,246,248	0.58%	2020/8/25– 2020/11/20	Centralised price bidding	26.90-33.90	262,148,859.16	493,498,852	34.92%

- (2) Whether the reduction of shareholdings is consistent with the plans and undertakings previously disclosed by substantial shareholders, directors, supervisors or senior management**

Yes No

- (3) Whether significant matters such as high-proportion transfer or planning for mergers and acquisitions have been disclosed by the listed company during the time period of reduction in shareholdings**

Yes No

- (4) The impact of reduction in shareholding on the Company**

The implementation of the plan of selling down of shareholdings will not lead to a change in the control of the Company, nor will it impose impact on the governance structure, shareholding structure and sustainable operation of the Company.

- (5) 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 pre-requisites 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 continue 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 Reduction in Shareholdings by Shareholders, Directors, Supervisors and Senior Executives of Listed Companies” and the “Detailed Implementation Rules of Shanghai Stock Exchange for Reduction in Shareholdings 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.

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

Guangzhou, 20 November 2020

As at the date of this announcement, the Board comprises eleven Directors, namely executive Directors Mr. Han Guangde, Mr. Chen Liping, Mr. Sheng Jigang and Mr. Xiang Huiming, non-executive Directors Mr. Chen Zhongqian, Mr. Chen Ji and Mr. Gu Yuan and independent non-executive Directors Mr. Yu Shiyu, Mr. Lin Bin, Mr. Nie Wei and Mr. Li ZhiJian.