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

**(H-Shares Stock Code: 00317)**

## **Announcement on Short-Swing Trading arising from Accidental Operation in Share Reduction by the Controlling Shareholder**

CSSC Offshore & Marine Engineering (Group) Company Limited (hereinafter called the "Company" and "COMEC") received an Explanatory Statement on the Incident of Acquiring Shares due to an Accidental Operation in the Course of Share Reduction from China State Shipbuilding Corporation Limited (hereinafter called "CSSC Group"), the controlling shareholder, on 24 December 2020 regarding its short-swing trading arising from accidental operation in the course of share reduction of the Company by way of centralized bidding in the secondary market on 24 December 2020. According to the "Company Law", "Securities Law", "Listing Rules of the Shanghai Stock Exchange" and other relevant laws, regulations and regulatory documents, the relevant matters are hereby announced as follows:

### **I. The basic information of the plan for selling down of shareholdings**

On 3 August 2020, the Company issued an Announcement on Plan for Reduction of holdings in Shares by Controlling Shareholder of CSSC Offshore & Marine Engineering (Group) Company Limited that CSSC Group proposed to sell down its holding 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, it is proposed that 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, to sell down its shareholdings of not more than 28,270,127 shares through centralized price bidding, representing not more than 2% of the total share capital of the Company. It is 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 trade, representing not more than 4% of the total share capital of the Company.

On 1 December 2020, the Company published an Indicative Announcement on the Progress of Share Reduction by Controlling Shareholder CSSC Offshore & Marine Engineering (Group) Company Limited and such Share Reduction Reaches 1%. During the period from 25 August 2020 to 1 December 2020, CSSC Group accumulatively reduced 14,135,000 A shares of the Company held by it through centralized price bidding, representing 1% of the total share capital of the Company. There was no reduction of the A shares of the Company through block trade.

## II. Information on short-swing trading arising from accidental operation

On 24 December 2020, in the course of shares reduction of the Company through centralized price bidding in secondary capital market, the staff of CSSC Group had caused an accidental operation. As a result, they accidentally set “buy” instead of “sell” and 114,000 A shares of the Company were bought accidentally with the average bid price of RMB26.10/share. Upon becoming aware of the accidental operation, the staff of CSSC Group immediately stopped the buying operation. The details of the transactions during the day are as below:

Trading hour	Bidding method	Bidding direction	Average bid price (RMB/share)	Number of transactions (ten thousand shares)	Transaction amount (RMB0'000)	Percentage in total equity	Note
24 December 2020	Centralized bidding	Buy	26.100	11.40	297.54	0.0081%	Purchase due to an accidental operation
24 December 2020	Centralized bidding	Sell	26.197	136.79	3583.4575	0.0968%	-

The above-mentioned transactions violated the relevant provisions of the Securities Law of the People’s Republic of China and the Rules Governing the Listing of Stocks on Shanghai Stock

Exchange, which constituted short-swing trading. The short-swing trading was not conducted during the sensitive period in which the Company is to disclose its regular report. There is no circumstance in which the shares of the Company was traded with knowledge of insider information, nor with any intention to make profit through short-swing trading.

### **III. Handling of the short-swing trading**

The Company has attached great importance to the matter upon acknowledgment, and promptly investigated into the relevant incident. CSSC Group, the controlling shareholder, also actively provided assistance and took remedial measures. Upon investigation, the handling and remedial measures for the matter are as follows:

1. According to Article 44 of the Securities Law: If shareholders, directors, supervisors, and senior managements holding more than 5% shares of listed companies and companies whose shares are traded on other national securities exchanges approved by the State Council sell the shares of such company and other securities with the nature of equity interests within six months after the purchase, or repurchase of the shares within six months after the sale, the income received shall be attributable to the Company, and shall be recovered by the board of directors of the Company. On 24 December 2020, due to accidental operation, CSSC Group purchased 114,000 shares of the Company with an average bidding price of RMB 26.100/share. With reference to the average bidding price of RMB26.197/share on the date of shareholding reduction, the income arising from the accidental operation amounted to RMB11,058 should be handed over in full to the Company by CSSC Group.
2. CSSC Group has sincerely apologized to the investors for the short-swing trading, and will arrange relevant personnel to conduct an in-depth study on relevant laws and regulations, as well as urging them to strictly regulate the trading of shares of listed companies to avoid reoccurrence of similar incidents.
3. The Company will further require all directors, supervisors, senior management personnel and shareholders holding more than 5% of the Company's shares to strengthen their understanding of relevant laws, regulations and normative documents such as the Securities Law, the Listing Rules of Shanghai Stock Exchange, the Management Rules on the Shares Held by Shareholders, Directors, Supervisors and Senior Management of Listed Companies and the Variations, and the

Implementation Rules on the Reduction of Shares Held by Shareholders, Directors, Supervisors and Senior Management of the Companies Listed on the Shanghai Stock Exchange, so as to strictly comply with relevant requirements.

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

Guangzhou, 24 December 2020

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