

Announcement of Offshore Oil Engineering Co., Ltd. on Using Some Temporary Idle Raised Funds to Purchase Principal-guaranteed Bank Financial Products

Special Notes

The Board of Directors and all the directors of the Company pledge that the announcement contains no false records, misleading statements or major omissions, and bear joint and several liabilities for the authenticity, accuracy and integrity of the announcement.

The Board of Directors' resolution on agreeing with the Company's using temporary idle raised funds of not more than RMB 800 million to purchase principal-guaranteed bank financial products within one year was approved at the 3rd Meeting of the 6th Board of Directors of Offshore Oil Engineering Co., Ltd. (hereinafter referred to as "the Company" or "COOEC") in October 2017. Within the validity period, the Company conducted rolled operation within the authorized limit of the Board of Directors and purchased 12 terms of principal-guaranteed and income-guaranteed bank financial products in total with the raised funds, with an expected investment income of RMB 34,226,200. Details are as follows:

Unit: RMB 10,000

No.	Amount of financial products	Start date of financial products	End date of financial products	Annual yield rate	Investment income	
Financial products redeemed upon expiration	1	50,000.00	October 13, 2017	January 11, 2018	4.40%	542.47
	2	50,000.00	January 12, 2018	April 13, 2018	4.70%	585.89
	3	50,000.00	April 23, 2018	July 23, 2018	4.20%	523.56
	4	10,000.00	October 30, 2017	February 01, 2018	4.35%	112.03
	5	10,000.00	February 01, 2018	May 04, 2018	4.20%	105.86
	6	9,500.00	May 09, 2018	July 09, 2018	4.20%	66.68
	7	20000.00	November 24, 2017	February 23, 2018	4.50%	224.38
	8	20,000.00	March 02, 2018	June 01, 2018	4.35%	216.90
	9	20,000.00	June 05, 2018	September 05, 2018	4.20%	211.73
	Subtotal	239,500.00				2,589.50
Redemption period undue	1	9,500.00	July 11, 2018	October 09, 2018	4.20%	98.38
	2	50,000.00	July 25, 2018	October 24,	4.20%	523.56

				2018		
	3	20,000.00	September 07, 2018	December 10, 2018	4.10%	211.18
	Subtotal	79,500.00				833.12
Total		319,000.00				3,422.62

Now, as the one-year validity has expired, to continue improving the use efficiency of the raised funds rest, under the premise of no impact on fund-raising project construction and use of raised funds, the *Proposal on Using Some Temporary Idle Raised Funds to Purchase Principal-guaranteed Bank Financial Products* was approved upon deliberation at the 11th Meeting of the 6th Board of Directors of the Company held on October 29, 2018, and it is agreed that the Company can use temporary idle raised funds of not more than RMB 600 million to duly purchase principal-guaranteed bank financial products during the period from the date of approval till December 31, 2019, and authorize management layer to concretely handle implementation and other related matters within the limit range. Details are as follows:

I. Basic Information about the Raised Funds

Approved by China Securities Regulatory Commission (CSRC) in the *Reply to Approval of Non-public Offering of Stocks of Offshore Oil Engineering Co., Ltd.* (CSRC Permit [2013] No. 1180), the Company issued 531,914,800 common shares (A-share) by means of non-public offering of stocks, with issuance price of RMB 6.58 per share, and raised funds amounting to RMB 3,499,999,400, and net amount is RMB 3,471,496,200 with issue expenses of RMB 28,503,200 deducted. Shinewing Certified Public Accountants (Special General Partner) has verified payment condition of the above-stated raised funds and issued *Capital Verification Report* (No. XYZH/2013A7012). Please refer to *Announcement on Private Placements Results, i.e. Equity Change* disclosed by the Company on October 11, 2013 for details.

According to *Plan for Non-public Offering of A-Share of Offshore Oil Engineering Co., Ltd.*, all funds raised in the offering will be used for Zhuhai Deepwater Offshore Engineering Equipment Manufacturing Base Project.

II. Use of the Raised Funds

From the use of the raised fund till September 30, 2018, the Company has cumulatively invested raised fund of RMB 2.945 billion in Zhuhai Base. The raised fund already invested in Zhuhai Base is RMB 262 million and the balance of raised fund is RMB 832 million, including RMB 795 million of undue bank financial products.

Please refer to the table below for the use of raised funds and the balance:

Item	Amount (RMB 10,000)
Net amount of raised funds	347,149.62
The balance of raised funds as of December 31, 2017	106,711.24
Minus: amount already invested in financed projects in this year	26,192.37
Plus: net amount of interest income with commission charge, etc. deducted	109.54
Recovered income from financial products	2,589.50
Equal to: balance of raised funds	83,217.91
Wherein: balance of financing funds	79,500.00

III. Basic Information about Using Some Temporary Idle Raised Funds to Purchase Principal-guaranteed Bank Financial Products

Zhuhai Deepwater Offshore Engineering Equipment Manufacturing Base Project is under tight construction, and there will be temporary idle raised funds during implementation of the project. In line with the principle of maximizing shareholders' interests, to increase the use efficiency of the raised funds, and under the premise of ensuring no effect on fund-raising project construction and no change of use of raised funds, the Company plans to use temporary idle raised funds of not more than RMB 600 million to invest in principle-guaranteed bank financial products with high security, great liquidity and short period (within one year), and authorize management layer to concretely handle implementation and other related issues within the limit range.

In the future, the amount for purchasing financial products will be diminished gradually according to investment schedule and actual use of the raised funds.

1. Type of financial products

To control risk, products to be invested in shall be principle-guaranteed bank financial products with high security and great liquidity.

The Company will not use the funds for purchase of financial products with stock, interest rate, exchange rate and the derived varieties as the main investment targets from financial institutions like banks. The invested products must: (1) have high security to meet principal guarantee requirements, of which the issuer shall be able to provide principal guarantee commitment; (2) have great liquidity, and shall not affect normal implementation of investment schedule of the raised funds.

2. Validity period of the proposal

The proposal will be valid since date of approval by Board of Directors upon deliberation till December 31, 2019.

3. Purchase limit amount

Top limit amount shall not exceed RMB 600 million, and such fund limit amount is available for rolling use within validity period of the proposal. The limit amount will be diminished gradually according to investment schedule and actual use of the raised funds.

4. Management of the settlement account

The above bank financial products shall not be used as pledges, and the special settlement account for the products shall not be used for depositing non-raised funds or other purposes. Where the special settlement account for the products is to be opened or closed, the Company shall timely report to Shanghai Stock Exchange and make corresponding announcement.

IV. Implementation Mode

Within the limit, the Company's Board of Directors shall authorize the management layer to exercise decision right for the investment, which includes but is not limited to: selecting qualified and professional financial institution as the trustee, specifying the entrusted financing amount and period, selecting type of the entrusted financing products, signing contracts and agreements, etc. The Company's specific investment activities shall be organized and implemented by Zhuhai Subsidiary and the Company's Financial Department.

The Company shall disclose information such as income of the purchased principal-guaranteed bank financial products in the report period as well as investment shares, contracted parties, product name, time limit, etc. at the end of the period in the *Special Report of the Company on Deposit and Actual Use of Raised Funds* per semi-annual.

V. Investment Risks and Risk Control Measures

1. Investment risks

Although bank financial products belong to low-risk investments, the financial market suffers great impact from macro economy, thus the Company will involve in it timely and properly according to economic situation and changes in the financial market, while it is inevitable that the investment will suffer impact from market fluctuations.

2. In terms of investment risks, it is proposed to take the measures below:

(1) Zhuhai Subsidiary and Financial Department of the Company has established accounts to manage the principal-guaranteed bank financial products, establish and improve accounting accounts, and well make financial accounting for use of funds.

(2) The Company timely analyzes and tracks investment orientation of the principal-guaranteed bank financial products and project development, and will timely take corresponding preservation measures in case any negative factor is found or inferred, so as to control investment risk.

(3) Independent directors and Board of Supervisors have the right to supervise and inspect use of the funds, or hire professional institutions for audit if necessary.

(4) The Company will, in strict accordance with relevant provisions of China Securities Regulatory Commission and Shanghai Stock Exchange, disclose in the regular reports investments and corresponding profits / losses of the principal-guaranteed bank financial products in the period.

VI. Special Opinions

1. Independent opinions of the independent directors on the Company's using some temporary idle raised funds to purchase principal-guaranteed bank financial products

(1) Under the premise of ensuring security of the raised funds, the Company's using temporary idle raised funds to purchase principal-guaranteed bank financial product with maximum limit of RMB 600 million helps to improve the use efficiency of the idle raised funds, and has no impact on fund-raising project construction and use of the raised funds or actions to change usage of the raised funds in disguised form, and it complies with interests of the Company and all shareholders and has no damage to any of them, especially interests of minority shareholders.

(2) Decision-making procedures of the Company's using some temporary idle raised funds to purchase principle-guaranteed bank financial products comply with provisions in relevant laws and regulations such as *Measures for the Administration of Raised Funds of Companies (Revised in 2013)* of Shanghai Stock Exchange, etc.

(3) We hereby approve the Company's using some temporary idle raised funds to purchase principal-guaranteed bank financial products.

2. Review opinions of the Board of Supervisors on the *Proposal on the Company's Using Some Temporary Idle Raised Funds to Purchase Bank Financial Products*

Under the premise of ensuring conformity to national laws & regulations and security of investment funds, the Company's using temporary idle raised funds of not more than RMB 600 million to purchase principal-guaranteed bank financial products helps to improve the use efficiency of the funds, complies with interests of the Company and all shareholders, and has no impact on construction of fund-raising projects and use of raised funds, or damage to the Company and all shareholders, especially interests of minority shareholders. Relevant approval procedures comply with laws & regulations and relevant provisions in Articles of Association.

We hereby approve the Company's using some temporary idle raised funds to purchase principal-guaranteed bank financial products.

3. Review opinions of sponsor institution

As sponsor institution of COOEC for non-public RMB common stocks (A-share) in 2013, China International Capital Corporation Limited (hereinafter referred to as CICC) thinks:

COOEC's using idle raised funds of maximum limit amount not more than RMB 600 million to purchase principal-guaranteed bank financial products has been adopted respectively upon deliberation at the 11th Meeting of the 6th Board of Directors and the 9th Meeting of the 6th Board of Supervisors held on October 29, 2018, and independent directors have presented consent opinions, which complies with relevant provisions in *Regulatory Guidelines for Listed Companies No. 2 - Regulatory Requirements for the Management and Use of the Funds Raised by Listed Companies* and *Measures for the Administration of Raised Funds of Companies Listed in Shanghai Stock Exchange (Revised in 2013)*, etc.

Using some idle raised funds to purchase principal-guaranteed bank financial products helps to improve the use efficiency of idle raised funds and gain certain investment income, and it has no effect on normal operation of Company's main business, or fund-raising project construction and use of raised funds.

There is no inconformity with raised funds use schedule, or change of raised funds investment trend and damage of shareholder interests in disguised form in the Company's use of the raised funds.

CICC agrees with COOEC's use plan for investing some temporary idle raised funds in principal-guaranteed bank financial products.

VII. Documents for Future Reference

1. Resolution of the 11th Meeting of the 6th Board of Directors of the Company;
2. Opinions of Independent Directors of the Company;
3. Resolution of the 9th Meeting of the 6th Board of Supervisors of the Company;
4. *Review Opinions on Using Some Temporary Idle Raised Funds to Purchase Principal-guaranteed Bank Financial Products of Offshore Oil Engineering Co., Ltd.* issued by China International Capital Corporation Limited.

The Announcement is hereby made.

Board of Directors of Offshore Oil Engineering Co., Ltd.

October 29, 2018