

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 howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

Stock Code: 00317

ANNOUNCEMENT ON CHANGE OF ACCOUNTING FIRM

The board of directors of the Company and all directors warrant that there are no false representations or misleading statements contained in, or material omissions from, this announcement, and jointly and severally accept responsibilities for the truthfulness, accuracy and completeness of this announcement.

IMPORTANT NOTICE:

- Name of the accounting firm to be engaged: BDO China SHU LUN PAN Certified Public Accountants LLP
- Name of the accounting firm formerly engaged: WUYIGE Certified Public Accountants LLP
- Brief reasons for the change of accounting firm and dissenting views of the accountants formerly engaged: Having comprehensively considered the current business and development needs, the Company intends to appoint BDO China SHU LUN PAN Certified Public Accountants LLP (hereinafter referred to as “**Shu Lun Pan CPAs**”) as the auditor for financial reports and internal control auditor of the Company for the year 2021. The Company has fully communicated with WUYIGE Certified Public Accountants LLP (hereinafter referred to as “**WUYIGE**”) regarding the change of accounting firm and WUYIGE has noted the matter and confirmed that it has no objection.

The sixth meeting of the tenth session of the board of directors of CSSC Offshore & Marine Engineering (Group) Company Limited (the “**Company**”) was held on Monday, 17 May 2021 by way of telecommunication voting, at which the “Proposal on the appointment of auditor of the Company for financial reports for 2021” and the “Resolution in relation to the appointment of internal control auditor of the Company for 2021” were considered and approved. The Company intends to appoint BDO China SHU LUN PAN Certified Public Accountants LLP as the auditor for financial reports and internal

control auditor of the Company for the year 2021 for a term of one year, among which, the financial reporting audit fee of RMB1.05 million (tax inclusive) is subject to be submitted to the general meeting of the Company for consideration and approval; and internal control audit fee of RMB0.28 million (tax inclusive). Relevant information is set out as below:

I. BASIC INFORMATION ON THE ACCOUNTING FIRM TO BE ENGAGED

(I) Information about the institution

1. Basic information

(1) Overview

Founded in Shanghai in 1927, Shu Lun Pan CPAs was re-established in 1986 and became the first special general partnership accounting firm in China to be restructured in 2010 with the registration address in Shanghai. The chief partner is Mr. Zhu Jiandi. Shu Lun Pan CPAs is a member firm of the international accounting network of BDO, it has been engaged in securities service business for a long time and is qualified to provide audit for H-share, and has been registered with the American Public Company Accounting Oversight Board (PCAOB). According to the “Information on the Top 100 Accounting Firms with Comprehensive Evaluation for 2019” released by the China Institute of Certified Public Accountants in November 2020, Shu Lun Pan CPAs ranked first in terms of revenue size for domestic firms and second in terms of comprehensive evaluation for domestic firms.

(2) Personnel Information

As of the end of 2020, Shu Lun Pan CPAs had 232 partners, 2,323 registered accountants and a total of 9,114 practitioners, all of whom were engaged in the securities services business.

(3) Business Scale

Shu Lun Pan CPAs’s business income in 2020 (unaudited) was RMB3.814 billion, of which income from audit business was RMB3.040 billion and income from securities business was RMB1.246 billion.

In 2020, Shu Lun Pan CPAs has provided annual report audit services for 576 listed companies and provided audit for 9 clients of listed companies in the same industry (industry in railway, ship, aerospace and other equipment manufacturing transportation).

2. *Investor protection capability*

As of the end of 2020, Shu Lun Pan CPAs had drawn down an occupational risk fund of RMB129 million and purchased occupational insurance with an accumulated limit of RMB1.25 billion, and the relevant occupational insurance is able to cover civil liability for compensation arising from audit failures.

3. *Integrity record*

In the past three years, Shu Lun Pan CPAs was subject to 0 criminal penalties, 4 administrative penalties, 26 supervision and administration measures, 0 self-regulatory measures, and 3 disciplinary sanctions due to its practice, involving 62 practitioners.

(II) Project information

1. *Basic information*

Project	Name	CPA practice time	Commencement of auditing listed companies	Commencement of practice with this firm	Commencement of providing audit service for the Company
Project partner	Liang Qianhai	2006	2006	2012	2021
Signing CPA	Lu Li	2015	2012	2015	2021
Quality control reviewer	Wang Shouyi	2008	2006	2012	2021

(1) *Project partners' practice in the past three years:*

Name: Liang Qianhai

Time	Name of the listed company	Position
2018	Harbin Electric Corporation	Project partner
2020	Guangdong Adway Construction (Group) Holdings Company Limited	Project partner
2018-2020	China Shipbuilding Industry Group Power Co., Ltd.	Project partner
2018-2019	Guangzhou Xiangxue Pharmaceutical Co., Ltd	Project partner
2018-2019	Zhanjiang Guolian Aquatic Products Co., Ltd.	Project partner
2018-2020	China Harzone Industry Corp., Ltd.	Project partner
2018-2020	Hubei Jiuzhiyang Infrared System Co., Ltd.	Project partner
2020	Zhiyang Innovation Technology Co., Ltd.	Project partner
2019-2020	Xiangyu Medical Co., Ltd.	Project partner

(2) *Signing CPA's practice in the past three years:*

Name: Lu Li

Time	Name of the listed company	Position
2018	Beijing Trust & Far Technology Co., Ltd.	Signing CPA
2018-2019	Bohai Ferry Group Co., Ltd.	Signing CPA
2019-2020	Lepu Medical Technology(Beijing) Co., Ltd.	Signing CPA
2019-2020	Wuhan Nusun Landscape Co., Ltd.	Signing CPA
2020	Shanghai Qifan Cable Co., Ltd.	Signing CPA
2020	Tianjin You Fa Steel Tubes Group Co., Ltd	Signing CPA
2020	Shenzhen EXC-LED technology Co., Ltd.	Signing CPA
2020	Shenzhen Bioeasy Biotechnology Co., ltd.	Signing CPA

(3) *Quality control reviewer's practice in the past three years:*

Name: Wang Shouyi

Time	Name of the listed company	Position
2018	Shanghai Aerospace Automobile Electromechanical Co., Ltd.	Project partner
2019	Beijing Watertek Information Technology Co., Ltd.	Project partner
2019	Shunliban Information Service Co., Ltd.	Project partner
2020	Shenzhen Changhong Technology Co., Ltd.	Project partner
2018-2020	GuangZhou Seagull Kitchen And Bath Products Co., Ltd.	Project partner
2019-2020	CNOOC Energy Technology & Services Limited	Project partner
2019-2020	Shenzhen Guangyunda Photoelectric Technology Co., Ltd.	Project partner
2019-2020	Jinzhou Jixiang Molybdenum Co., Ltd.	Project partner

2. *Independence and integrity record of project team members*

There is no breach of the independence requirement under the Code of Ethics for Certified Public Accountants of PRC by the project partner, signing CPA and quality control reviewer. Except for the project partner who was subject to administrative regulatory measures once in 2019, there is no record of criminal penalties, administrative penalties and other administrative regulatory measures and self-regulatory measures in the past three years.

(III) Audit fee

1. *Pricing principles for audit fee*

The pricing principles for audit fee are based on a number of factors including the size of business of the company, the industry in which it operates and the complexity of the accounting process, and are determined by the number of auditors required to audit the annual report of the Company and the amount of work involved, as well as the standard of fees charged by the firm.

2. *Year-on-year changes in audit fees*

	2020	2021	Changes (%)
Audit fee for annual report (<i>RMB ten thousand</i>)	121.00	105.00	-13.22
Audit fee for internal audit (<i>RMB ten thousand</i>)	30.00	28.00	-6.67

II. EXPLANATION ON THE PROPOSED CHANGE OF ACCOUNTING FIRM

(I) Information about the accounting firm formerly engaged and auditor's opinion of last year

The Company's former auditor, WUYIGE Certified Public Accountants LLP has provided audit services to the Company for two consecutive years and issued a standard unqualified audit report to the Company for the year 2020. During the audit period, WUYIGE adhered to the principle of independent audit, exercised due diligence, issued audit opinions in a fair and independent manner, objectively, impartially and accurately reflected the financial statements and internal controls of the Company, and fulfilled its duties as an auditor and safeguarded the legitimate interests of the Company and its shareholders from a professional perspective.

There does not exist any circumstances where the Company terminated the services of the former accounting firm after having engaged it to carry out part of the audit.

(II) Reasons for the proposed change of accounting firm

Having comprehensively considered the current business and development needs, the Company intends to appoint Shu Lun Pan CPAs as the auditor for financial reports and internal control auditor of the Company for the year 2021.

(III) Communication between the listed company and its former and subsequent accounting firms

The Company has fully communicated with WUYIGE regarding the change of accounting firm and WUYIGE has noted the matter and confirmed that there is no inconsistency of audit opinion between WUYIGE and the Company and there are no matters relating to the change of accounting firm that need to be brought to the attention of the Audit Committee, the board of directors and the shareholders of the Company.

The former and subsequent accounting firms will do the relevant communication and coordination work in accordance with PRC Auditing Standard for Certified Public Accountants No. 1153 – Communication between Former Certified Public Accountants and Subsequent Certified Public Accountants and other relevant requirements.

III. PROCEDURES TO BE PERFORMED FOR THE CHANGE OF ACCOUNTING FIRM

(I) Performance of the Audit Committee and review of opinions

After reviewing, the Audit Committee of the board of directors of the Company considered that: Shu Lun Pan CPAs is qualified in securities and futures-related business, and has the professional qualifications and competence to provide audit services for listed companies. It has sufficient independence, integrity and investor protection capability to satisfy the demand for the Company's annual financial report audit and internal control audit in 2021. It is agreed to appoint BDO China SHU LUN PAN Certified Public Accountants LLP as the accounting firm for annual financial report and internal control of the Company for the year 2021, and to submit to the board of directors of the Company for consideration.

(II) Prior approval and independent opinions of the independent directors

The independent directors of the Company, having conducted a pre-review of the change of accounting firm, unanimously agreed to submit the matter to the board of directors for consideration, and expressed an independent opinion on the matter: BDO China SHU LUN PAN Certified Public Accountants LLP holds audit qualifications in securities and futures-related business, has the capability and experience in providing audit services for A-share and H-share listed companies, and has a certificate for the filing of security and confidentiality conditions for military industry-related consulting services, and is able to satisfy the demand for the financial reporting and internal control audit of the Company and its subsidiaries for the year 2021. The change of accounting firm was in compliance with the relevant laws and regulations and the Articles of Association of the Company, and there were no circumstances prejudicial to the interests of the Company and its shareholders. All the independent directors agreed to appoint Shu Lun Pan CPAs as the auditor for financial reports and internal control auditor of the Company for the year 2021, and to submit the matter to the general meeting of the Company for consideration.

(III) Voting of the board of directors and the Supervisory Committee of the Company

The sixth meeting of the tenth session of the board of directors of the Company considered and approved the "Proposal on the appointment of auditor of the Company for financial reports for 2021" and the "Resolution in relation to the appointment of internal control auditor of the Company for 2021", it is agreed to appoint Shu Lun Pan CPAs as the auditor for financial reports and internal control auditor of the Company for the year 2021.

(IV) Effective date

The appointment of the auditor for financial reports for the year 2021 is subject to be submitted to the general meeting of the Company for consideration, and will be effective from the date of approval by the general meeting of the Company.

A circular containing the details of the change of accounting firm and a notice of general meeting will be despatched to the shareholders by the Company as soon as possible.

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

Guangzhou, 17 May 2021

As at the date of this notice, the Board of the Company 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 Shiyu, Mr. Lin Bin, Mr. Nie Wei and Mr. Li Zhijian.