

Offshore Oil Engineering Co., Ltd. Announcement on Change in Accounting Policy

The Board of Directors and all Directors of the Company represent that this announcement contains no false records, misleading statements, or material omissions and undertake to assume legal responsibility for the authenticity, accuracy, and completeness of its content.

Important Notes:

- The change in the accounting policy is to adjust the relevant accounting policies previously adopted by the Company in accordance with the requirements of the Interpretation on the Accounting Standards for Business Enterprises No. 16 (CK [2022] No. 31, hereinafter referred to as "Interpretation No. 16") and the Interpretation on the Accounting Standards for Business Enterprises No. 17 (CK [2023] No. 21, hereinafter referred to as the "Interpretation No. 17") issued by the Ministry of Finance, and is not expected to cause any significant impact on the Company's financial position, operating results and cash flows.
- The change in accounting policy is not subject to the review by the Board of Directors and the General Meeting of Shareholders.

I. Details of the change in accounting policy

(I) Reasons

The Company had implemented the provisions that "the deferred income tax related to assets and liabilities arising from a single transaction is inapplicable to the accounting treatment of the

initial recognition exemption" since January 1, 2023, "accounting treatment for the income tax impact of dividends related to financial instruments that the issuer classifies as equity instruments" and "accounting treatment for the modification of cash-settled share payments by enterprises to equity-settled share payments" as of the date of issuing the Interpretation No. 16 (November 30, 2022) by the Ministry of Finance.

On October 25, 2023, the Ministry of Finance issued the Interpretation No. 17, in which "the classification of current and non-current liabilities", "Disclosure of supplier financing arrangements" and "Accounting treatment of sale and leaseback transactions" come into effect from January 1, 2024.

(II) Accounting policies before the change

Prior to this change in accounting policy, the Company implemented the Accounting Standards for Business Enterprises - Basic Standards issued by the Ministry of Finance and various specific accounting standards, the Application Guidance to the Accounting Standards for Business Enterprises, the Interpretation Announcement of Accounting Standards for Business Enterprises and other relevant provisions.

(II) Accounting policies after the change

After this change in accounting policy, the Company implemented the relevant provisions of the Interpretation No. 16 and the Interpretation No. 17. The unchanged part is subject to the Accounting Standards for Business Enterprises - Basic Standards issued by the Ministry of Finance and various specific accounting standards, the Application Guidance to the Accounting Standards for Business Enterprises, the Interpretation Announcement of Accounting Standards for Business Enterprises and other relevant

provisions.

II. Impact on Financial Position and Operating Results

(I) The impact of the implementation of Interpretation No. 16

1. The deferred income tax related to assets and liabilities arising from a single transaction is inapplicable to the accounting treatment of the initial recognition exemption.

According to the Interpretation No. 16, the Company shall make adjustments in accordance with the provisions of the Interpretation, for the individual transactions that occur between the beginning of the earliest period of presentation of the financial statements for which the Interpretation is first adopted and the date of implementation of the Interpretation. For the taxable temporary differences and deductible temporary differences arising from the lease liabilities, right-of-use assets recognized as a result of the individual transactions to which the Interpretation applies at the beginning of the earliest period of presentation of the financial statements during the first implementation of the Interpretation as well as the anticipated liabilities related to the disposal obligation recognized and corresponding assets, COOEC should adjust the cumulative impact to the opening retained earnings and other related financial statement items at the beginning in accordance with the Interpretation and the provisions of Accounting Standards for Business Enterprises No. 18 - Income Tax.

The implementation of the above provisions of the Interpretation No. 16 has the following specific impact on the COOEC's financial statements:

Unit: RMB'0,000

Statement items affected	2023.12.31 /2023	2022.12.31 /2022
Deferred income tax assets	28.45	28.73
Deferred income tax liabilities		139.81
Income tax expenses	-139.53	-147.89
Surplus reserve	8.26	-61.18
Undistributed profit	20.19	-49.90

2. Other provisions of Interpretation No. 16

The provisions of Interpretation No. 16 on "accounting treatment for the income tax impact of dividends related to financial instruments that the issuer classifies as equity instruments" and "accounting treatment for the modification of cash-settled share payments by enterprises to equity-settled share payments" have no impact on the COOEC's financial statements.

(II) The impact of the implementation of the Interpretation No. 17

According to the Interpretation No. 17, "The classification of current and non-current liabilities", "Disclosure of supplier financing arrangements" and "Accounting treatment of sale and leaseback transactions" come into effect as of January 1, 2024. According to the Interpretation No. 17, COOEC will make corresponding changes to the original accounting policies and implement them from the specified starting date.

This change in accounting policy was made by COOEC in accordance with the relevant regulations and requirements of the Ministry of Finance. The changed accounting policy objectively and fairly reflects the financial position and operating results of the Company, conforming to the provisions of relevant laws and regulations and the actual situation of COOEC. This change in

accounting policy have no material impact on the COOEC's financial position, operating results and cash flows.

III. Review and Approval Procedures

COOEC changed the corresponding accounting policies in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and the change in accounting policies does not need to be reviewed by the Board of Directors and the General Meeting of Shareholders.

Thanks for your attention.

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

April 25, 2024