

## **Announcement of Offshore Oil Engineering Co., Ltd. on The Use of Temporarily Idle Own Funds to Purchase Wealth Management Products**

The Board of Directors and all Directors of COOEC warrant that there are no false records, misleading statements or material omissions in the contents of this announcement and shall be legally responsible for the truthfulness, accuracy and completeness of its contents.

### Important Notices:

- Amount of entrusted wealth management: COOEC intends to use temporarily idle own funds to entrust wealth management products with a maximum balance of no more than RMB 12.3 billion in a single day
- Entrusted financial management trustee: Authorize the management of COOEC to select qualified professional financial management institutions as the trustee, mainly large state-owned commercial banks and joint-stock banks.
- Types of entrusted wealth management products: certificates of deposit, structured deposits, and money market funds
- Term of entrusted wealth management: The resolution is valid for 12 months from the date of deliberation and adoption by the Board of Directors, and the maximum term for a single wealth management product shall not exceed 12 months (excluding certificates of deposit)
- Deliberation procedures performed: This matter has been deliberated and adopted by the Board of Directors and the Board of Supervisors of COOEC, and does not need to be submitted to the shareholders' meeting for deliberation

At the Twenty-first Meeting of the Seventh Board of Directors of COOEC held on 18 August 2023, it was agreed to authorize the

management of COOEC to use not more than RMB 11.5 billion of temporarily idle own funds to purchase wealth management products, and such amount could be used on a revolving basis within the validity period of the resolution, and such authorization was valid from the date of deliberation and adoption by the Board of Directors to 17 August 2024.

Pursuant to the above resolution, as of July 31, 2024, COOEC operated on a rolling basis within the amount approved by the Board of Directors, and purchased a total of 38 wealth management products over the past 12 months, with a maximum investment balance of RMB 11.5 billion on a single day, and a weighted average annualized rate of return on the products of approximately 3.09% during the period.

In view of the imminent expiry of the validity period of the aforesaid authorization, in order to ensure that COOEC's cash management work is carried out in accordance with the law and in compliance with the law, COOEC convened the Fifth Meeting of the Eighth Board of Directors on August 16, 2024 to deliberate and adopt the *Proposal on Using Temporarily Idle Own Funds to Purchase Wealth Management Products and Authorizing the Management to Sign the Relevant Agreement of Purchasing Wealth Management Products*. It was agreed to authorize the management of COOEC to use up to RMB 12.3 billion of temporarily idle own funds to purchase wealth management products and to authorize the management to enter into relevant agreements on the purchase of wealth management products, such authorization to be valid for 12 months from the date of consideration and approval by the Board of Directors, and such amount shall be reused within the validity of the resolution.

## **I. Overview of entrusted wealth management**

### **(i) Purpose of entrusted wealth management**

Under the premise of meeting the needs of daily production and

operation, COOEC uses temporarily idle own funds to purchase diversified wealth management products, which is conducive to improving the efficiency of the use of temporarily idle funds, increasing COOEC's income and seeking more investment returns for the shareholders of COOEC.

**(ii) Capital source**

Temporarily idle own funds of COOEC (including subsidiaries within the scope of the consolidated statements).

**(iii) Internal control of risks related to entrusted wealth management by COOEC**

1. Investment risk

(1) The certificates of deposit, structured deposits and money market fund products have low investment risks and guaranteed principal safety.

(2) Entrusted wealth management products are greatly affected by changes in macroeconomic conditions, fiscal and monetary policies, exchange rates, and funding conditions. Investment returns are uncertain, and investments may be affected by various market fluctuations.

(3) COOEC will carry out its business at the right time and in the right amount in accordance with the economic situation and changes in the financial market, and therefore the actual return on entrusted wealth management cannot be expected.

(4) The purchase, transfer, early termination and realization of investment income of entrusted wealth management products are affected by the price factors of the corresponding products and the way of recognizing income, and need to comply with the corresponding transaction and settlement rules and agreements, and there is a certain liquidity risk compared with that of money funds.

2. Risk control measures

(1) COOEC's entrusted wealth management amount is deliberated and approved by COOEC's Board of Directors, and for

each wealth management transaction, the management makes decisions within the amount approved and authorized by the Board of Directors. Meanwhile, COOEC has formulated relevant institutional documents and established internal approval process for wealth management transactions to control the wealth management transactions from the decision-making level. COOEC will also continue to strengthen counterparty management, risk assessment of financial management tools and investment term management, fully assess the risk and return of the underlying assets of wealth management products, select products suitable for COOEC's risk appetite, and safeguard the continued stability of the balance of the three elements of capital safety, liquidity and profitability.

(2) COOEC Financial Management Department will analyze and track the investment of entrusted wealth management products in a timely manner, and if it assesses and finds that there are risk factors that may affect the safety of COOEC's funds, it will take appropriate measures in a timely manner to control the investment risks.

(3) COOEC Financial Management Department will establish ledgers to manage the entrusted wealth management products and set up complete accounting accounts to properly account for the use of funds.

(4) The independent directors and the Board of Supervisors have the right to supervise and inspect the use of funds, and if necessary, they may engage professional organizations to conduct audits.

(5) COOEC discloses its investment in entrusted wealth management products as well as the corresponding profit and loss during the reporting period through annual reports and semi-annual reports.

## **II. Details of this entrusted wealth management**

**(i) Amount of funds used**

In order to improve the efficiency of the use of funds, without affecting the daily production and operation of COOEC, the Board of Directors authorizes the management of COOEC to use not more than RMB 12.3 billion of temporarily idle own funds to purchase wealth management products, which authorization shall be valid for a period of 12 months from the date of deliberation and adoption by the Board of Directors, and such amount may be rolled over within the validity period of the resolution.

**(ii) Types of wealth management products**

The wealth management products purchased by COOEC include certificates of deposit, structured deposits, and money market fund related products, aiming to increase the contribution of benefits under the premise of safeguarding the safety of funds.

**(iii) Validity period of the resolution**

Valid for 12 months from the date of deliberation and adoption by the Board of Directors.

**(iv) Term of investment**

The maximum term for a single wealth management product shall not exceed 12 months (excluding certificates of deposit).

**(v) Investment strategy**

Taking into account the safety, liquidity, and profitability of funds, COOEC's plan for conducting entrusted wealth management business is as follows: no more than RMB 3 billion transferable certificates of deposit with a maturity of less than three years; Money market fund products shall not exceed RMB 3 billion; Flexible allocation of structured deposits with a maturity of up to one year.

**(vi) Risk control analysis**

In order to regulate and manage the investment and transaction behavior of entrusted wealth management products, ensure the safety of funds and properties of COOEC and its subsidiaries, effectively prevent investment risks, and safeguard the legitimate

rights and interests of shareholders and COOEC, COOEC has formulated the *Rules Governing Financial Investment and Wealth Management Business of Offshore Oil Engineering Co., Ltd.*, which provides detailed provisions on the management principles, investment scope, approval authority and operation process of financial investment and wealth management business.

1. COOEC will inquire with no less than three institutions every time it purchases bank wealth management products, and analyze the proposed bank wealth management products based on the principle of penetrating to the underlying assets and income mechanism. The analysis content includes but is not limited to: the expected return of the wealth management products, the risks of underlying assets or linked targets (if involved), the nature and term of the wealth management products, etc., and comprehensively determine the bank wealth management products to be purchased.

2. COOEC will strengthen the management of counterparties, whose issuers should be in good operating condition, have rich experience in product management, good historical performance and good market reputation. In principle, COOEC prioritizes cooperation with large state-owned commercial banks and their wealth management subsidiaries, as well as with fund management companies with larger management scales.

COOEC Financial Management Department will analyze and track the situation of wealth management products in a timely manner, and if it assesses and finds that there are risk factors that may affect the safety of COOEC's funds, it will take appropriate measures in a timely manner to control the investment risks.

### **III. Information on entrusted wealth management transferee**

In order to minimize the counterparty credit risk and compliance risk, COOEC's counterparties for the purchase of entrusted wealth management products in the next 12 months will be selected mainly

from large state-owned commercial banks, joint-stock banks, and fund management companies with large management scale. If the purchase of entrusted wealth management products involves related party transactions, COOEC will approve and disclose related party transactions in accordance with relevant regulations such as the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange* and the *Articles of Association of Offshore Oil Engineering Co., Ltd.*

#### IV. Impact on COOEC

COOEC's recent financials are listed below:

Amount: RMB'0,000		
Item	June 30, 2024	December 31, 2023
Total assets	4,621,996.57	4,325,166.35
Total liabilities	1,886,841.60	1,647,330.89
Total equity attributable to owners of the parent company	2,533,818.42	2,479,459.37
Item	January-June 2024	January-December 2023
Net cash flows from operating activities	259,376.56	512,492.41

COOEC's use of temporarily idle funds to purchase wealth management products is carried out under the premise of ensuring COOEC's daily production and operation, which is conducive to improving the efficiency of the use of temporarily idle funds, increasing COOEC's income and seeking more investment returns for the shareholders of COOEC.

COOEC does not have a situation where it has large liabilities while purchasing large wealth management products.

COOEC's fund balance at the end of the six-month period of 2024 (including the balance of entrusted wealth management not

yet due for redemption) was RMB17,627 million, and as of July 31, there were 23 entrusted wealth management products paid but not yet due for redemption with a total amount of RMB11,400 million, accounting for 64.67% of the fund balance at the end of the six-month period of 2024. According to the latest accounting standards, COOEC lists the purchased wealth management products as "financial assets held for trading" and "debt investments" on the balance sheet. COOEC's use of temporarily idle funds to purchase wealth management products will not have a significant impact on COOEC's main business and financial position in the future.

## **V. Risk warning**

(i) The financial market is greatly influenced by macroeconomic factors, and it cannot be ruled out that this investment may be affected by market fluctuations.

(ii) COOEC will intervene at the right time and in the right amount according to the economic situation as well as the changes in the financial market, therefore the actual return on investment cannot be expected.

(iii) There may be risks involved in the operation of purchasing wealth management products.

## **VI. Compliance with decision-making procedures and opinions of the Board of Supervisors**

### **(i) Decision-making procedures followed**

COOEC held the Fifth Meeting of the Eighth Board of Directors on 16 August 2024 to deliberate and adopt the *Proposal on Using Temporarily Idle Own Funds to Purchase Wealth Management Products and Authorizing the Management to Sign the Relevant Agreement of Purchasing Wealth Management Products*, and the Board of Supervisors of COOEC has already expressed its explicit consent to this proposal. The relevant decision-making and



deliberation procedures are legal and compliant. This matter does not require deliberation by COOEC's Shareholders Meeting.

### **(ii) Opinions of the Board of Supervisors**

On the premise of complying with national laws and regulations and safeguarding the safety of investment funds, COOEC has used a maximum amount of not more than RMB 12.3 billion of temporarily idle own funds to invest in large certificates of deposit, structured deposits and money market funds, which is conducive to the improvement of the efficiency of the use of funds and is in line with the interests of COOEC and all shareholders, and there is no case of prejudice to the interests of COOEC and all shareholders, in particular the small and medium-sized shareholders. The relevant approval procedures are in compliance with laws and regulations and the relevant provisions of the Articles of Association of COOEC;

Agree that COOEC used its temporarily idle own funds to purchase wealth management products.

### **VII. Information on COOEC's use of its own funds or raised funds for entrusted wealth management in the past twelve months as of July 31, 2024**

Amount: RMB'0,000

<b>No.</b>	<b>Types of wealth management products</b>	<b>Actual amount invested</b>	<b>Actual principal recovered</b>	<b>Actual return</b>	<b>Outstanding principal amount</b>
1	Certificate of Deposit		20,000.00	752.36	
2	Certificate of Deposit		30,000.00	1,128.54	
3	Certificate of Deposit		20,000.00	752.36	
4	Certificate of Deposit		20,000.00	752.36	
5	Certificate of Deposit		20,000.00	752.36	
6	Certificate of Deposit		10,000.00	376.18	
7	Certificate of Deposit		30,000.00	1,128.54	
8	Bank wealth management		80,000.00	4,518.40	

	products				
9	Bank wealth management products		60,000.00	2,169.86	
10	Bank wealth management products		40,000.00	834.40	
11	Structured deposits		60,000.00	1,476.35	
12	Structured deposits		50,000.00	516.42	
13	Bank wealth management products		30,000.00	1,106.96	
14	Bank wealth management products		80,000.00	3,135.50	
15	Bank wealth management products		50,000.00	1,850.00	
16	Bank wealth management products		40,000.00	1,352.81	
17	Bank wealth management products		20,000.00	707.34	
18	Certificate of Deposit	50,000.00			50,000.00
19	Structured deposits		50,000.00	555.33	
20	Structured deposits		24,000.00	380.05	
21	Structured deposits		50,000.00	1,406.05	
22	Bank wealth management products		5,000.00	86.49	
23	Structured deposits		30,000.00	493.77	
24	Structured deposits		40,000.00	599.64	
25	Structured deposits		80,000.00	2,145.05	
26	Structured deposits		40,000.00	289.48	
27	Structured deposits	40,000.00	40,000.00	562.58	
28	Certificate of Deposit	10,000.00			10,000.00
29	Certificate of Deposit	20,000.00			20,000.00
30	Certificate of Deposit	30,000.00			30,000.00
31	Certificate of Deposit	30,000.00			30,000.00

32	Certificate of Deposit	30,000.00			30,000.00
33	Certificate of Deposit	30,000.00			30,000.00
34	Certificate of Deposit	10,000.00			10,000.00
35	Monetary fund	30,000.00	30,000.00	51.99	
36	Structured deposits	50,000.00	50,000.00	343.76	
37	Structured deposits	30,000.00	30,000.00	380.74	
38	Certificate of Deposit	20,000.00			20,000.00
39	Structured deposits	30,000.00	30,000.00	382.91	
40	Structured deposits	20,000.00	20,000.00	259.60	
41	Structured deposits	30,000.00	30,000.00	389.40	
42	Structured deposits	60,000.00	60,000.00	806.60	
43	Structured deposits	60,000.00	60,000.00	622.32	
44	Structured deposits	60,000.00	60,000.00	792.45	
45	Structured deposits	40,000.00	40,000.00	522.00	
46	Structured deposits	30,000.00	30,000.00	138.80	
47	Structured deposits	60,000.00			60,000.00
48	Structured deposits	60,000.00			60,000.00
49	Monetary fund	30,000.00	30,000.00	100.63	
50	Monetary fund	5,000.00	5,000.00	6.51	
51	Monetary fund	20,000.00	20,000.00	30.31	
52	Monetary fund	45,000.00	45,000.00	161.15	
53	Structured deposits	90,000.00			90,000.00
54	Structured deposits	80,000.00			80,000.00
55	Structured deposits	60,000.00			60,000.00
56	Structured deposits	60,000.00			60,000.00
57	Structured deposits	80,000.00			80,000.00
58	Structured deposits	60,000.00			60,000.00
59	Structured deposits	80,000.00			80,000.00
60	Structured deposits	80,000.00			80,000.00
61	Structured deposits	40,000.00			40,000.00

62	Structured deposits	40,000.00			40,000.00
63	Structured deposits	60,000.00			60,000.00
64	Structured deposits	60,000.00		752.36	60,000.00
<b>Total</b>		1,670,000.00	1,559,000.00	34,818.34	1,140,000.00
Maximum amount invested in a single day within the last 12 months					1,150,000.00
Maximum amount invested on a single day in the last 12 months /Net assets in the last year (%)					46.38%
Accumulated income from entrusted wealth management in the past 12 months/Net profit in the past year (%)					21.39%
Currently used wealth management amount					1,140,000.00
Unused wealth management amount					10,000.00
Total wealth management amount					1,150,000.00

Note: The actual amount invested is the principal amount invested in new products in the past twelve months; The actual principal recovered is the principal recovered on maturing products within the last twelve months; The outstanding principal amount is the principal amount of the outstanding product; The net assets for the most recent year are total equity attributable to owners of the parent company at the end of 2023; The net income for the most recent year is net income attributable to owners of the parent company in 2023.

### **VIII. Documents available for review**

- (i) Resolutions of the Fifth Meeting of the Eighth Board of Directors of COOEC;
- (ii) Resolutions of the Fourth Meeting of the Eighth Board of Supervisors of COOEC.

This announcement is hereby made.

The Board of Directors of Offshore Oil Engineering Co., Ltd.  
August 16, 2024