

*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 company with limited liability incorporated in the People's Republic of China)*

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

## **ANNOUNCEMENT REGARDING ACCOUNTING POLICY CHANGES**

The board (the “**Board**”) of directors (the “**Directors**”) of CSSC Offshore & Marine Engineering (Group) Company Limited (the “**Company**”) and all of its Directors guarantee that this announcement does not contain any false information, misleading statement or material omission, and accept responsibility for the authenticity, accuracy and completeness of the contents of this announcement.

### **HIGHLIGHTS:**

- **The changes in accounting policies are made by the Company in accordance with “No. 17 of the Accounting Standards for Business Enterprises Interpretation” and the “Compilation of Application Guidelines for the Accounting Standards for Business Enterprises 2024” issued by the Ministry of Finance of the People’s Republic of China (the “MOF”) and is not required to be submitted to the Board and the general meeting of the Company for consideration.**
- **The changes in accounting policies will not have any material impact on the financial position, results of operations and cash flows of the Company.**

### **I. Overview on the Changes in Accounting Policies**

1. In October 2023, the MOF issued “No. 17 of the Accounting Standards for Business Enterprises Interpretation” (Cai Kuai [2023] No. 21), which stipulates the provisions of the “Division between Current Liabilities and Non-current Liabilities”, “Disclosure of Supplier Financing Arrangements” and “Accounting Treatment for Sale and Leaseback Transactions”, and came into effect on 1 January 2024. The Company has implemented this requirement effective from 1 January 2024.
2. In March 2024, the MOF issued the “Compilation of Application Guidelines for the Accounting Standards for Business Enterprises 2024”, which stipulates that warranty-type quality assurance expenses should be included in operating costs. The Company has implemented this requirement effective from 1 January 2024.

The changes in accounting policies are made by the Company in accordance with the requirements of the unified accounting system of China and is not required to be submitted to the Board and the general meeting of the Company for consideration.

## **II. Main Provisions of the Changes in Accounting Policies**

### ***(I) Accounting Policies Adopted Before the Changes in Accounting Policies***

Prior to the changes in accounting policies, the Company had implemented the “Accounting Standards for Business Enterprises – Basic Standards” and various specific accounting standards, the announcement on the application guidelines for the Accounting Standards for Business Enterprises, the Interpretation of the Accounting Standards for Business Enterprises and other relevant requirements issued by the MOF.

### ***(II) Accounting Policies Adopted After the Changes in Accounting Policies***

After the changes in accounting policies, the Company will implement the relevant provisions of “No. 17 of the Accounting Standards for Business Enterprises Interpretation” and the “Compilation of Application Guidelines for the Accounting Standards for Business Enterprises 2024”. Other unchanged provisions will still be implemented in accordance with the “Accounting Standards for Business Enterprises – Basic Standards” and various specific accounting standards, the application guidelines for the Accounting Standards for Business Enterprises, the Interpretation of the Accounting Standards for Business Enterprises and other relevant requirements previously issued by the MOF.

#### ***1. Implementation of “No. 17 of the Accounting Standards for Business Enterprises Interpretation”***

##### **(1) Division between Current Liabilities and Non-current Liabilities**

If a business enterprise does not have a substantive right at the balance sheet date to defer settlement of a liability for more than one year after the balance sheet date, the liability shall be classified as a current liability.

For liabilities arising from a business enterprise’s loan arrangement, the enterprise’s right to defer settlement of the liability for more than one year after the balance sheet date may depend on whether or not the business enterprise has complied with the conditions stipulated in the loan arrangement (hereinafter referred to as the covenants), and the business enterprise, in determining whether or not it has a substantive right to defer settlement of the liability, shall only take into account the covenants that should have been complied with on or before the balance sheet date, and shall not take into account the covenants that should be complied with by the business enterprise after the balance sheet date.

Settlement of a liability for the purpose of division of a liability based on liquidity means that the business enterprise discharges the liability by transferring cash, other economic resources (such as goods or services) or the business enterprise's own equity instruments to the counterparty. If the terms of the liability result in the business enterprise settling the liability by delivering its own equity instruments at the option of the counterparty, and if the business enterprise classifies the above option as an equity instrument and recognizes it separately as an equity component of a compound financial instrument in accordance with the requirements of the "Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments", the terms of the liability shall not affect the liquidity classification of the liability.

(2) Disclosure of Supplier Financing Arrangements

When making disclosure in notes, a business enterprise shall summarize and disclose information about supplier financing arrangements to assist users of the statements in assessing the impact of these arrangements on the liabilities, cash flows and exposure to liquidity risk of the business enterprise. The impact of supplier financing arrangements should also be considered when identifying and disclosing information about liquidity risk. The disclosure requirement applies only to supplier financing arrangements. A supplier financing arrangement is a transaction with the following characteristics: one or more financing providers providing funds for the payment of business enterprise's amounts due to its suppliers, with an agreement that the business enterprise shall make repayment to the finance providers in accordance with the terms and conditions of the arrangement on or after the date the business enterprise receives payment from its suppliers. The supplier financing arrangement shall extend the payment period for the business enterprise or advance the collection period for the suppliers of the business enterprise compared to the original due date of payment.

(3) Accounting Treatment for Sale and Leaseback Transactions

When a lessee subsequently measures a lease liability arising from sale and leaseback, the manner in which it determines the amount of the lease payments or the amount of the lease payments after the change shall not result in the recognition of a gain or loss relating to the right of use acquired in connection with the leaseback. A business enterprise shall make retrospective adjustments to sale and leaseback transactions initiated after the date of initial implementation of the "Accounting Standards for Business Enterprises No. 21 – Leasing" when implementing this requirement for the first time.

2. *Implementation of the “Compilation of Application Guidelines for the Accounting Standards for Business Enterprises 2024” on the presentation of warranty-type quality assurance expenses*

In accordance with the provisions of the “Compilation of Application Guidelines for the Accounting Standards for Business Enterprises 2024”, the warranty-type quality assurance expenses provided by the Company shall be included in “cost of principal businesses” and are no longer included in “cost of sales”.

### III. Impact of the Change in Accounting Policies on the Company

1. The implementation of the “No. 17 of the Accounting Standards for Business Enterprises Interpretation” did not have any material impact on the financial position and operating results of the Company.
2. The implementation of the “Compilation of Application Guidelines for the Accounting Standards for Business Enterprises 2024” on the presentation of warranty-type quality assurance expenses has resulted in the Company’s adoption of the retrospective adjustment method to make corresponding adjustments to the financial statements for the comparable periods. The major impacts of the implementation of this requirement on the consolidated financial statements of the Company are as follows:

*Unit: 0’000 Currency: RMB*

<b>Details and reasons for the changes in accounting policies</b>	<b>Affected statement items</b>	<b>January-June 2024</b>	<b>January-June 2023</b>
Reclassification of warranty type quality assurance expenses	Cost of principal businesses	3,560.40	3,093.34
	Cost of sales	-3,560.40	-3,093.34

The above affected figures are unaudited.

The changes in accounting policies are made by the Company in accordance with the relevant regulations and requirements of the MOF, which are in compliance with the relevant laws and regulations, and the implementation of the changed accounting policies can objectively and fairly reflect the financial position and operating results of the Company. The changes in accounting policies will not have any material impact on the financial position, operating results and cash flows of the Company, nor will it prejudice the interests of the Company and the minority shareholders.

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

Guangzhou, 29 August 2024

*As at the date of this announcement, the Board comprises nine Directors, namely executive Directors Mr. Chen Liping and Mr. Zhang Junxiong; non-executive Directors Mr. Gu Yuan, Mr. Ren Kaijiang and Mr. Yin Lu; and independent non-executive Directors Mr. Lin Bin, Mr. Nie Wei, Mr. Li Zhijian and Ms. Xie Xin.*