Implementation Rules and Regulations of Audit Committee

(The Rules and Regulations were approved at the 12th meeting of the 4th session of the Board of Directors on 6 February 2004)

(1st Amended at the 6th meeting of the 7th session of the Board of Directors on 29 March 2012)

(2nd Amended at the 11th meeting of the 10th session of the Board of Directors on 22 December 2021)

(3rd Amended at the 15th meeting of the 10th session of the Board of Directors on 23 June 2022)

(4th Amended at the 4th meeting of the 11th session of the Board of Directors on 25 April 2024)

(5th Amended at the 18th meeting of the 11th session of the Board of Directors on 29 December 2025)

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to strengthen the scientific nature of the decision making of the board of directors of CSSC Offshore & Marine Engineering (Group) Company Limited (hereinafter referred to as the "Company"), enhance the standard of decision-making, conduct pre-audit and professional audit and ensure the effective supervision by the board of directors on the management as well as improve the Company's governance structure, the Audit Committee of the board of directors is established and these Implementation Rules and Regulations were formulated by the Company in accordance with the Company Law of the People's Republic of China (the "Company Law"), the Guidelines for the Governance of Listed Companies, the respective listing rules of the stock exchanges on which the shares of the Company are listed (hereinafter referred to as the "Listing Rules"), the Guidelines for Self-Regulation of Companies Listed on the Shanghai Stock Exchange No. 1 – Regulation of Operation, the Articles of Association of CSSC Offshore & Marine Engineering (Group) Company Limited (the "Articles of Association") and other relevant requirements.

Article 2 The Audit Committee of the board of directors is a body specially constituted under the board of directors. It is mainly responsible for assisting the board of directors in reviewing the Company's financial position, the status of

implementation and the implementation effectiveness of the internal control and risk management system independently, liaising with, monitoring and verifying with the internal audit department and the external auditor independently, considering and overseeing the environmental, social and governance matters of the Company, and exercising the duties and powers as stipulated in the Company Law .

CHAPTER 2 MEMBERSHIP

Article 3 The Audit Committee shall be composed of three non-executive directors, at least two of whom shall be independent non-executive directors and at least one independent non-executive director shall have accounting expertise.

Article 4 The members of the Audit Committee shall be nominated by the chairman of the board of directors, more than half of the independent non-executive directors or one-third of all directors, and be elected by the board of directors.

Article 5 The Audit Committee shall have a chairman (convenor) who must be an independent non-executive director with accounting expertise and shall take charge of the committee's work. The chairman shall be elected by the Audit Committee from its members who are independent non-executive directors and the result shall be reported to, and approved by, the board of directors.

Article 6 The term of office of an Audit Committee member shall be consistent with his/her term as a director. Upon the expiration of his/her term, a member may serve a consecutive term if re-elected. Where a member ceases to be a director of the Company during the term, his/her membership shall be terminated automatically and replacement shall be appointed by the board of directors in accordance with Articles 3 to 5 above.

Article 7 The Company shall set up a working team under the Audit Committee, which is responsible for the daily work of liaison, meeting organization, material preparation and file management. When the Audit Committee performs its duties, the Company's management and relevant departments shall cooperate in its work.

CHAPTER 3 POWERS AND DUTIES AND THEIR PERFORMANCE

Article 8 The Audit Committee of the board of directors shall perform the following duties:

1. Selecting and engaging external audit institutions and supervising and evaluating the work of external audit institutions, mainly including:

(1) to formulate policies, procedures and related internal control systems for the selection of accounting firm in accordance with the authorization of the board of

directors;

(2) to propose the commencement of the relevant work of selecting accounting firm;

(3) to review the selection documents, determine the evaluation elements and specific scoring criteria, and supervise the selection process;

(4) to make recommendations on the proposed appointment of accounting firm and audit fees for decision by the determining body, including being responsible for advising the board on the appointment, re-appointment and removal of the accounting firm, approving the remuneration and terms of engagement of the accounting firm, and dealing with any issues relating to the resignation or dismissal of the accounting firm;

(5) to supervise and assess the audit work of the accounting firm, including reviewing and monitoring the independence and objectivity of the accounting firm and the effectiveness of the audit procedures in accordance with applicable standards. The Audit Committee should discuss with the accounting firm the nature and scope of the audit and the relevant reporting responsibilities before the audit work begins, and formulate and enforce policies on the provision of non-audit services by the accounting firm;

(6) regularly (at least annually) submit to the board of directors report(s) on the assessment of the performance of the appointed accounting firm and the Audit Committee’s performance of supervision duties, and report to the board of directors and make recommendations on any matters requiring action or improvement.

2. Review the Company's financial information and its disclosures, mainly including:

Monitoring the integrity of the Company’s financial statements (including their disclosures) and annual reports and accounts, half-yearly reports and, if prepared for publication, quarterly reports, reviewing significant financial reporting opinions contained in such statements and reports, and expressing an opinion on the truthfulness, accuracy and completeness of the financial and accounting reports. In reviewing such statements and reports before submission to the board of directors, the Audit Committee should focus particularly on:

(1) significant accounting and auditing issues in the Company's financial and accounting reports, including but not limited to, any changes in accounting policies and practices; matters involving significant judgments; and significant adjustments resulting from audit;

(2) the going concern assumptions and any qualifications;

(3) compliance with accounting standards;

(4) compliance with the legal requirements in relation to financial reporting under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

(5) particular focus on whether there exists any fraud, fraudulent acts and material misstatement relevant to financial and accounting reports.

In order to perform the aforementioned duties, members of the Audit Committee should liaise with the board of directors and senior management. The Audit Committee must meet, at least twice a year, with the Company's external auditor. The Audit Committee should consider any significant or unusual matters that are, or may need to be, reflected in such reports and accounts and give due consideration to any matters that have been raised by the Company's finance personnel, internal audit personnel or the external auditor.

3. Oversee and evaluate internal audit work, mainly including:

(1) providing guidance and supervision on the establishment and implementation of the internal audit system of the Company;

(2) reviewing the Company's annual internal audit work plan;

(3) monitoring the implementation of the Company's internal audit plan;

(4) providing guidance on the effective operation of the internal audit department of the Company. The Company's internal audit department shall report to the Audit Committee, and all types of audit reports, the rectification plans for audit issues and the progress of rectification submitted by the internal audit department to the management, shall be submitted to the Audit Committee at the same time;

(5) reporting to the board of directors on, among others, the progress and quality of internal audit work of the Company as well as any significant issues identified;

(6) coordinating the relationship between the internal audit department of the Company and external audit units such as accounting firms and the audit institutions of the State.

4. Evaluate the effectiveness of internal control, mainly including:

(1) reviewing and inspecting the Company's financial control, internal control, internal audit and risk management systems;

(2) discussing the risk management and internal control system with the management to ensure that the management has performed its duties to have an effective internal control and audit system. Such discussion should include the adequacy of resources, staff qualifications and experience, training programmes received by the staff and budget of the Company's accounting and financial reporting function;

(3) studying the major investigation findings on risk management, internal control and audit matters and the management's response to these findings on its own initiative or as delegated by the board of directors;

5. Coordinate the communication between the management, internal audit department and relevant departments and the external auditor, mainly including:

(1) acting as the key representative between the Company and the external auditor to monitor the relationship between the two parties; being responsible for the communication between the internal audit department and the external auditor to ensure the coordination between the internal audit department and the external auditor; ensuring that the internal audit function has been supported by adequate internal resources of the Company for operation and has maintained the appropriate standing within the Company; and reviewing and monitoring its effectiveness;

(2) reviewing the statement from the external auditor regarding the audit and the response from the Company's management, and checking the management letter of advice (including the Explanatory Letter on Audit or any document of the same or similar nature) given by the external auditor to the management (the "Management Letter of Advice"), any material questions raised by the external auditor to the management in respect of the accounting records, financial accounts or systems of control and the management's response;

(3) ensuring that the board of directors will provide a timely response to the issues raised in the Management Letter of Advice given by the external auditor to the management;

(4) discussing the issues raised and doubts arisen after the review of the interim and annual accounts, and matters that the external auditor would like to discuss.

6. Consider and oversee the environmental, social and governance matters of the Company, mainly including:

(1) considering the Company's management policies, objectives and strategies in relation to ESG work;

(2) reviewing on a regular basis the progress of ESG work of the Company and promoting the effective implementation of ESG management policies, objectives and strategies;

(3) reviewing on a regular basis the Company's ESG-related risks and opportunities and assessing the extent to which such related risks and opportunities affect the Company's business;

(4) considering the substantive issues relating to ESG and the progress of actions;

(5) considering the Company's annual Environmental, Social and Governance Report and continuously promoting the quality of information disclosure;

(6) reporting on a regular basis to the board of directors on significant ESG-related decisions or recommendations made by the Audit Committee.

7. Exercise the duties and powers as stipulated in the Company Law, mainly including:

(1) checking the Company's financial affairs;

(2) monitoring the performance of duties of the directors and senior management members, and advising on the removal of the directors and senior management members when he/she violates laws, administrative regulations, the Articles of Association or resolutions of the general meeting;

(3) requesting the directors and senior management members to rectify when his/her conduct harms the interests of the Company;

(4) proposing to convene an extraordinary general meeting, and holding and presiding over the general meeting when the Board fails to fulfill its duties in convening and presiding over such meeting according to the requirements of the Company Law;

(5) submitting proposals to the general meeting

(6) initiating legal proceedings against directors and senior management members in accordance with provisions of Article 189 of the Company Law;

(7) other duties and powers as specified in the Articles of Association.

8. Other duties, mainly including:

(1) supervising the Company's futures and derivatives transactions: reviewing the necessity, feasibility and risk control of the Company's futures and derivatives transactions, and engaging professional institutions to issue feasibility analysis reports when necessary; evaluating and supervising the risk control policies and procedures related to futures and derivatives transactions, timely identifying relevant internal control deficiencies and taking remedial actions;

(2) reviewing the financial and accounting policies and practices of the Company;

(3) monitoring the progress of rectification of the issues in relation to financial and accounting report;

(4) reviewing the following arrangements implemented by the Company: employees of the Company can, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for the Company's fair and independent investigation on these matters and any appropriate follow-up

actions;

(5) the Audit Committee shall report to the board of directors and give its opinion on matters that it considers necessary to take measures or make improvements;

(6) reporting to the board of directors on the matters set out in Code Provision D.3 of the Corporate Governance Code set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

(7) studying other topics as determined by the board; and

(8) matters required by applicable laws, regulations, the listing rules, and the Articles of Association as well as other matters authorized by the board of directors of the Company.

For the purposes of this Article 8, the audit firm shall include any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm domestically or internationally.

Article 9 The following matters shall be submitted to the board for consideration after being approved by a majority of all members of the Audit Committee:

(1) disclosure of the financial information in the financial accounting reports and regular reports, as well as internal control evaluation reports;

(2) appointment or removal of the accounting firm undertaking audit of the Company;

(3) appointment or removal of the person in charge of finance of the Company;

(4) change of accounting policies and accounting estimates or correction of significant accounting errors resulting from reasons other than changes in accounting standards;

(5) other matters specified by laws and regulations and the relevant rules of the China Securities Regulatory Commission, the stock exchanges where shares of the Company are listed and the Articles of Association of the Company.

Article 10 Unless otherwise provided by laws and regulations, the Audit Committee of the board of directors shall procure the internal audit department to conduct inspections in respect of the following matters at least once every six months, issue inspection reports and submit such reports to the Audit Committee. Any violation of laws and regulations or operating irregularities of the Company identified during the inspections shall be promptly reported to the Shanghai Stock Exchange:

(1) the implementation of significant events such as the Company's use of proceeds raised, provision of guarantees, related transactions, securities investment

and derivatives transactions, provision of financial assistance, purchase or sale of assets, and foreign investments;

(2) the Company's substantial capital transactions and the capital transactions with directors, senior management, controlling shareholders, de facto controllers and their connected persons.

The Audit Committee shall give its evaluation advice in writing in respect of the effectiveness of the Company's internal control based on the internal audit report and relevant information submitted by the internal audit department, and report such matters to the board of directors.

Article 11 The internal audit department shall be responsible for the specific implementation of the evaluation on the Company’s internal control. The Company shall issue an annual evaluation report on internal control based on the evaluation report issued by the internal audit department and considered by the Audit Committee and relevant information. The evaluation report on internal control shall include the following aspects:

(1) statement of the board of directors on the truthfulness of the evaluation report on internal control;

(2) overall progress of internal control evaluation;

(3) basis, scope, procedures and methods of internal control evaluation;

(4) deficiencies in internal control and their identification;

(5) progress of rectification of deficiencies in internal control for the previous year;

(6) measures taken for the rectification of deficiencies in internal control for the current year;

(7) conclusion on the effectiveness of internal control.

The accounting firm shall verify and evaluate the Company’s evaluation report on internal control with reference to the relevant requirements of the competent authorities.

Article 12 The board of directors and the Audit Committee shall evaluate the establishment and implementation of the Company's internal control and consider and prepare the annual evaluation report on internal control based on the evaluation report issued by the internal audit department of the Company and relevant information. The board of directors shall form a resolution for the Company's evaluation report on internal control at the same time when it considers the annual report and other matters.

Article 13 The Audit Committee shall be accountable to the board of directors of the Company. The proposals of the Audit Committee shall be submitted to the board

of directors for consideration and decision.

Article 14 The Audit Committee is authorized by the board of directors to conduct any investigation within its powers and functions.

CHAPTER 4 RULES OF PROCEEDINGS

Article 15 Meetings of the Audit Committee shall be divided into regular meetings and extraordinary meetings. The Audit Committee shall meet at least once each quarter, and may convene an extraordinary meeting on the proposal of two or more members or when the chairman considers it necessary. A meeting of the Audit Committee may be held only if more than two-thirds of its members are present.

Article 16 Meetings of the Audit Committee may be held on-site, by means of telecommunication (including video, telephone, fax, e-mail, etc.) or by means of a combination of both on-site and telecommunication.

Article 17 Notice of regular meeting shall be issued five days before the meeting is held; notice of an extraordinary meeting shall, in principle, be given three days in advance of the meeting. If the situation is urgent and a special meeting shall be convened as soon as possible, the aforesaid notice period requirement may be waived with the unanimous consent of all the members. The notice of meeting shall be attached with the complete content of proposed resolution(s).

Article 18 Members shall, in principle, attend the meeting in person, and if they cannot attend the meeting in person for any reason, they shall review the meeting materials in advance, form a clear opinion, and entrust other members to attend on their behalf in writing. Each member shall be entitled to one vote.

Article 19 The meeting shall be presided over by the chairman. If the chairman is unable to attend, he shall entrust another independent non-executive director to preside over the meeting.

Article 20 Any resolution made at the meetings shall be passed by more than half of the members of the Audit Committee.

Where a member of the Audit Committee is interested in the matter being discussed at the meeting, he/she shall be abstained from attending such meeting. When no valid consideration opinion is formed due to abstention, such matter shall be submitted to the board of directors for consideration.

Article 21 Members of the working team under the Audit Committee may attend the meetings of the Audit Committee as observers. Directors and other senior management members of the Company may be invited to attend such meetings as observers if necessary.

Article 22 The Company shall provide the Audit Committee with sufficient resources to perform its duties. If necessary, the Audit Committee may appoint intermediaries to provide independent and professional advice for its decision-making at the costs and expenses of the Company.

Article 23 The convening procedure and voting method of the meetings of the Audit Committee and the resolutions passed at such meetings shall comply with the relevant laws, regulations, the Listing Rules, the Articles of Association of the Company and these Implementation Rules and Regulations.

Article 24 The Audit Committee shall record keeping of the minutes for its meetings. The meeting minutes of the Audit Committee shall be true, accurate and complete and fully reflect the opinions of the participants on the matters under consideration. Committee members attending the meetings shall sign on the minutes of the meetings.

Article 25 Resolutions passed by and voting results of the meetings of the Audit Committee shall be reported to the board of directors of the Company in writing.

Article 26 Committee members attending the meetings shall have an obligation to keep all matters considered at such meetings confidential, and shall not disclose the relevant information without authorization.

Article 27 The meeting records of the Audit Committee, including the notice and materials of the meeting, the letter of authorization of the members to attend the meeting on their behalf, votes, meeting resolutions signed and confirmed by the members present, meeting minutes, etc., shall be kept for at least ten years.

CHAPTER 5 SUPPLEMENTARY PROVISIONS

Article 28 Any matters not covered by these Implementation Rules and Regulations shall be implemented in accordance with the relevant provisions of the relevant laws and regulations of the People's Republic of China, the Articles of Association and the respective listing rules of the stock exchanges on which the shares of the Company are listed.

Article 29 Should these Implementation Rules and Regulations be in conflict with the relevant laws and regulations of the People's Republic of China, they shall be implemented in accordance with the relevant laws and regulations of the People's Republic of China.

Article 30 The board of directors shall be responsible for the interpretation of and amendment to these Implementation Rules and Regulations after they come into effect upon the consideration and approval by the board of directors.

Note: *The English version is for reference only. Should there be any inconsistency or discrepancy between the English and the Chinese versions, the latter shall prevail.*