

Announcement of the Major Contract of Offshore Oil Engineering Co., Ltd

Important Note

The board of directors and all directors of Offshore Oil Engineering Co., Ltd ensure that the contents of this Announcement are free from any misrepresentation, misleading statement and material omission, and that they will assume joint and several liability for the truthfulness, accuracy and integrity of the contents herein.

Notes of important contents:

- Contract type and price: this contract is an onshore module construction contract, and the contract price is approximately RMB 5.0 billion Yuan and will be settled in RMB.
- Date of contract signing: the contract was signed on March 25th 2019, and the specified effective date of this contract is January 31st 2019.
- Term of contract: from the date on which the contract is signed and becomes effective to the date on which the performance of contractual rights and obligations by both parties is complete.
- Impact on the current performance of listed company: as estimated, the quantity of work to be completed in 2019 will account for about 5% of the total contract price.
- Special risks reminder: not applicable.

I. Deliberation procedure

The production and business contracts undertaken by the Company have been reviewed and approved by the management in accordance with the *Articles of Association* of Offshore Oil Engineering Co., Ltd (hereinafter referred to as the “Company”) and the authority specified in the *Detailed Rules for President’s Work*.

II. Information on the subject matter of and counterparty to the contract

1. Information on the subject matter of the contract

On March 25th 2019, Offshore Oil Engineering (Qingdao) Co., Ltd, a subsidiary wholly owned by the Company, signed the onshore module construction contract with JGC-Fluor joint venture.

The contract was signed on March 25th 2019, and the specified effective date of this contract is January 31st 2019.

2. Information on the counterparty to the contract

Party A to the contract is JGC-Fluor joint venture.

III. Main clauses of the contract

1. This contract includes onshore construction and procurement of some main materials.

2. This project is planned to be commenced at the end of 2019.

3. The contract price is RMB 5.0 billion Yuan approximately.

4. Terms of payment.

Payments will be made in accordance with actual monthly progress.

5. Construction location and method

All modules will be constructed in Qingdao Yard of the Company.

6. Effective date and term of the contract

The specified effective date of the contract is January 31st 2019 and the term of the contract will expire when contract performance is complete.

7. Liability for breach of contract

The breach of any provision under the contract committed by one party or both parties to the contract shall constitute a breach of the contract. The breaching party shall assume all liabilities for breach of contract and indemnify the other party for the losses incurred by the other party resulting from such breach.

8. Dispute settlement

Any disputes shall be settled through negotiations and any disputes that cannot be settled through negotiations shall be submitted for arbitration. The arbitration location shall be England and the language shall be English.

9. Other important clauses or risk clauses

The maximum amount of liquidated damages shall be 10% of the total contract price and the upper limit of the maximum liability shall be 40% of the total contract

price.

10. Guarantees involved

The Company will provide a parent company guarantee to Offshore Oil Engineering (Qingdao) Co., Ltd. This guarantee still needs to be deliberated and approved by the board of directors of the Company

IV. Impact of contract performance on listed company

This contract is another onshore module construction project undertaken by the Company after the Company has successfully delivered the YAMAL module construction project, and is also a result of the Company's continuously strengthened international market development. The execution of this project will further promote the Company's capability of modular construction, improvement of site/yard utilization rate and work efficiency and talent development, and allow the Company to extend cooperation with large international oil companies and gain international completion experiences.

As estimated, the quantity of work to be completed on this project in 2019 will account for about 5% of the total contract price.

V. Analysis of risks associated with contract execution

The Company has rich experiences in module construction and its existing technologies and resources can meet the demands of executing this project. Contract execution risks related to market, policy, law, safety, etc. are at relatively low levels and contract execution can be ensured, except when contract execution is affected by extremely inclement weather conditions or force majeure events such as war.

The Company will strictly perform the contract, effectively management and control associated risks in an all-round way, and ensure safe, stable and efficient execution of the project.

VI. List of reference documents

Contract text.

The major contract mentioned above is hereby announced.

Board of Directors of Offshore Oil Engineering Co., Ltd

March 26th 2019