

Announcement on Major Contracts of COOEC

Important notes:

The board of directors and all directors of the Company guarantee that this announcement contains no false records, misleading statements or major omissions, and undertake joint and several liabilities for the authenticity, accuracy and integrity of the announcement.

Important contents:

- Contract type and amount: The Company has won a general contract of the Hong Kong offshore LNG receiving terminal, with a total contract value of HK\$ 4.691 billion, or 4.283 billion yuan. The general contract is divided into three contract packages, of which:
Amount of Contract Package A (Offshore LNG receiving terminal): HK\$ 1.874 billion;
Amount of Contract Package B (Natural gas pipeline and receiving terminal of Longgutan Power Plant): HK\$ 2.176 billion;
Amount of Contract Package C (submarine pipeline): HK\$ 641 million.
- Date of contract signature: March 31, 2020.
- Contract term: From the date when the Contract comes into effect to the date when both Parties fulfill their rights and obligations.
- Impact on the current performance of listed companies: It is estimated that the revenue from the project in 2020 will account for about 35% of the total amount of the Contract.
- Special risks: N/A.

I. Review Procedures

According to the authority stipulated in the articles of association of Offshore Oil Engineering Co., Ltd. (hereinafter referred to as "the Company") and the Working Rules for the President, the Company's production and operation contracts have been reviewed and approved by the management.

II. The Subject-matter of the Contract and the Other Party

(1) The Subject-matter of the Contract

On March 31, 2020, the Company signed the general contract of the Hong Kong offshore LNG receiving terminal with Hong Kong LNG Terminal Limited, Castle Peak Power Company Limited, and The Hongkong Electric Company Limited.

The total amount of the Contract is HK\$ 4.691 billion, or about 4.283 billion yuan (calculated at one Hong Kong dollar to 0.9130 yuan). The general contract is divided into three contract packages, of which:

Amount of Contract Package A (Offshore LNG receiving terminal): HK\$ 1.874 billion;

Amount of Contract Package B (Natural gas pipeline and receiving terminal of Longgutan Power Plant): HK\$ 2.176 billion;

Amount of Contract Package C (submarine pipeline): HK\$ 641 million.

(2) The Other Party of the Contract

Party A of Contract Package A is Hong Kong LNG Terminal Limited registered in Hong Kong, a joint venture established by Castle Peak Power Company Limited and The Hongkong Electric Company Limited.

Party A of Contract Package B is Castle Peak Power Company Limited registered in Hong Kong, a joint venture established by CLP Holdings Limited (listed on the Hong Kong Stock Exchange, Stock Code: 00002) and China Southern Power Grid International (HK) Co., Limited. Castle Peak Power Company Limited has three power plants in Hong Kong, providing integrated power generation and sales services for many places in Hong Kong.

Party A of Contract Package C is The Hongkong Electric Company Limited registered in Hong Kong, and its actual controller is Power Assets Holdings Limited (listed on the Hong Kong Stock Exchange, Stock Code: 00006). The Hongkong Electric Company Limited operates a power plant in Hong Kong to provide integrated power generation, transmission and supply services for many places in Hong Kong.

III. Main Clauses of the Contract

(1) Main Contents of the Contract

Contract Package A: Design, construction and installation of a jacket-type double-berth terminal.

Contract Package B: Laying a submarine natural gas transportation pipeline connecting the receiving terminal in Contract Package A and a power plant; design, procurement and construction of a power plant receiving terminal.

Contract Package C: Laying a submarine natural gas transportation pipeline connecting the receiving terminal in Contract Package A and a power plant;

(2) Construction Period

The project is scheduled to start in April 2020 and be completed by March 31, 2022.

(3) Contract Amount

The total amount of the Contract is about HK\$ 4.691 billion.

(4) Payment Method

Party A shall pay 20% advance payment for Contract Package A and Contract Package B, and then pay according to the monthly and project progress, and make payment for Contract Package C according to the monthly and project progress.

(5) The Amount Paid to the Equipment Manufacturer

About 1.97% of the total contract amount is prepaid by Party A to key equipment manufacturers.

(6) Project Location

Jacket and block will be built on the Company's manufacturing base, and installed in Hong Kong waters and land.

(7) Conditions and Time for the Contract to Take Effect

The Contract shall take effect from the signature of the Letter of Award by both Parties and shall remain valid until the Contract is performed.

(8) Liability for Breach of Contract

If either Party or both Parties violate the provisions under the Contract, it will constitute a breach of contract. The breaching Party will bear the liability for breach of contract and compensate for the losses caused to the other Party.

(9) Dispute Resolution Methods

If the negotiation fails, apply to the Hong Kong International Arbitration Center for arbitration.

IV. Influence of Contract Performance on Listed Companies

The Contract is an important measure taken by the Company to actively implement the strategy of Guangdong-Hong Kong-Macao Greater Bay Area and support the construction of livelihood projects in Hong Kong. It is also the result of the Company's continuous development of the LNG engineering markets in Hong Kong. The implementation of this project will further enhance the Company's influence in China's LNG engineering markets and increase the usage rate of sites and ships. At the same time, it will deepen the cooperation between the Company and Hong Kong customers and lay a good foundation for further development of the Hong Kong market.

It is estimated that the revenue of the project in 2020 will account for about 35% of the total contract amount.

V. Risk Analysis of Contract Performance

This project is jointly invested by large-scale public utility enterprises in Hong Kong such as Castle Peak Power Company Limited and The Hongkong Electric Company Limited. Party A has strong strength and high-quality credit, performance and project management capabilities.

The construction site of the project is located in Hong Kong waters and land. During the construction process, the Company shall strictly abide by laws, regulations and design specifications in Hong Kong architectural design, fire protection, environmental protection, maritime affairs, labor, and communications.

The Company has rich experience in general contracting and management of jacket, topside modules, submarine pipeline laying and LNG projects, and the existing technology and resources can meet the implementation of the project. The contract performance is faced with relatively small risks in market, policy, law and safety. The Company will control risks through strict project management to ensure that the project is completed on schedule with good quality.

VI. Directory of Reference Documents

Contract text.

Announcement is hereby given.

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

April 3, 2020