

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

Important Notes!

The Board of Directors and all the directors of the Company pledge that the announcement contains no false records, misleading statements or major omissions, and bear joint and several liabilities for the authenticity, accuracy and integrity of the announcement.

Important Notes:

- Type and amount of contract: The amount of the Onshore Construction and Offshore Installation Contract for Offshore Platform is about USD 700 million, which is mainly settled in USD.
- Date of signing: The Contract was signed on October 15, 2019, and came into effect on June 18, 2019.
- Term of contract performance: The Contract shall be performed from the effective date of the Contract to the date when the rights and obligations of both parties under the Contract are fulfilled.
- Impact on the current performance of listed companies: The revenue is expected to account for about 2% of the contract amount in 2019.
- Special risk notes: not applicable.

I. Deliberation Procedure

According to the articles of association of Offshore Oil Engineering Co., Ltd. (hereinafter referred to as "COOEC " or "the Company") and the authority specified in the *Rules on the Work of the President*, the Company's production and operation contract has been reviewed and approved by the management.

II. Contract Object and Other Party of the Contract

1. Contract Object

The consortium established jointly by COOEC and McDermott was awarded the GOSP-4 Package 1 EPCI Contract of Marjan Oilfield Production Increase and Development Project (Marjan GOSP-4 Package1 Contract) by SAUDI ARABIAN OIL COMPANY (hereinafter referred to as "Saudi Aramco"). Under the Contract, the scope of work of COOEC covers the onshore construction, transportation and offshore installation of some platforms under the Contract.

On October 15, 2019, COOEC and COOEC Saudi Branch signed the off-Saudi Onshore Construction and Transportation Contract and the in-Saudi Installation Contract respectively with ARAMCO OVERSAS COMPANY B.V and SAUDI ARABIAN OIL COMPANY. The total amount of such two contracts is about USD 700 million.

2. Other Party of the Contract

Party A:

(1) ARAMCO OVERSEAS COMPANY B.V. is an overseas branch of Saudi Aramco, and registered in the Hague, Netherlands.

(2) SAUDI ARABIAN OIL COMPANY is registered in Dhahran, Saudi, and is the world's largest oil company.

III. Main Terms of Contract

1. The contract covers onshore construction and offshore installation.
2. The Project is scheduled to commence in the second quarter of 2020 and complete in the fourth quarter of 2022.
3. The contract amount is about USD 700 million, of which about 80% is settled in USD and the remaining 20% is settled in Saudi riyal.
4. Payment method

Payment shall be made according to the actual monthly progress.

5. Place and Method of Construction

The block will be constructed at Qingdao site of the Company and the jacket is proposed to be constructed at Zhuhai site of the Company.

6. Effective Conditions and/or Time of the Contract

The Contract came into effect on June 18, 2019 (i.e. the date of signing for the letter of intent for winning the bid) and shall be valid until the performance is completed.

7. Liability for Breach of the Contract

Any breach of the Contract by one party or both parties shall constitute a breach. The default party shall bear the liability for breach of the Contract and compensate for the loss incurred to the other party.

8. Dispute Settlement

The dispute shall be settled through negotiation. If the negotiation fails, an arbitration shall be initiated. The place of arbitration shall be Saudi and the language of arbitration shall be English.

IV. Impact of Contract Performance on Listed Companies

The implementation of the Project will improve the site and ship utilization rate

of the Company, cultivate a group of talents who are familiar with Saudi Aramco standards, deepen the cooperation with Saudi Aramco, accumulate more experience in project implementation at the Middle East region, and enhance the Company's internationalization competence.

The revenue of the Project is expected to account for about 2% of the contract amount in 2019, mainly including the revenue generated from mobilization and other preparatory work.

V. Risk Analysis of Contract Performance

The Company has relatively rich experience in construction of large-scale platforms. The existing technologies and resources of the Company could meet the implementation requirements of the Project. The contract performance has relatively small risks in market, policy, law, security and other aspects. Exceptions are the impacts of force majeure factors such as extreme weather or wars.

The Company will strictly execute the Contract and comprehensively control risks to ensure the safe and smooth operation of the Project as planned.

VI. List of Documents for Further Reference

Contract text

The Announcement is hereby made.

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

October 17, 2019