

Announcement of Offshore Oil Engineering Co., Ltd. on Providing Parent Company Guarantee for Canada Subsidiary

Special 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:

- The warrantee is COOEC Canada Co., Ltd., the wholly-owned subsidiary of the Company
- The guarantee amount is 75 million Canadian dollars, viz. about RMB 373 million
- Counter-guarantee is provided or not: no
- The cumulative amount of external overdue guarantees: no overdue guarantee

I . Guarantee Overview

(I) Basic information

In April 2018, the wholly-owned subsidiary - COOEC Canada Co., Ltd. (hereinafter referred to as "Canada Subsidiary") signed EPC contract for LLSW (Long Lake South West) with Nexen Energy ULC (hereinafter referred to as "Nexen"). The contract refers to lump sum contract with an amount of 150 million Canadian dollars, approximately equal to RMB 745 million calculated by Canadian dollar - RMB central parity rate 4.9688 on May 18, 2018.

Nexen is the Owner of LLSW Project, while Canada Subsidiary is the General Contractor. The Project mainly covers the construction and installation of totally 69 modules in several well sites, 7 km onshore pipelines together with the auxiliary facilities thereof, one HV transmission line and some terminal transformations of central processing facility. The project duration is 32 months starting from April 2018 to December 2020.

According to the contract agreement on LLSW Project signed between Canada Subsidiary and Nexen, Canada Subsidiary shall provide the parent company guarantee issued by COOEC for Nexen after contract signing.

The warrantee: COOEC Canada Co., Ltd.

The creditor: Nexen Energy ULC

The guarantee amount: 75 million Canadian dollars, viz. about RMB 373 million.

(II) Internal decision-making procedures of the Company

This guarantee was approved upon deliberation at the 9th Meeting of the 6th Board of Directors held on May 21, 2018. According to relevant provisions of Shanghai Stock Exchange and relevant systems of the Company, this guarantee will not be submitted to shareholders' meeting of the Company for deliberation and approval.

II. Basic Information of the Warrantee

The warrantee: COOEC Canada Co., Ltd.

Place of registration: Canada

Legal representative: no legal representative; the directors are Edy (Lai Man) Wong, Li Xiaowei and

Zhang Qing.

Business scope: oil sand project, design, procurement, construction, installation, maintenance and project management related to ocean engineering.

Latest credit rating: no bad credit record

Financial position:

Major Financial Data in 2017 (Audited)

Unit: Yuan Currency: RMB

Major accounting data	As of December 31, 2017
Total assets	15,286,074.37
Total liabilities	3,771,347.08
Total current liabilities	3,771,347.08
Total bank loans	0
Net assets	11,514,727.29
Major accounting data	Full year of 2017
Operating revenue	19,916,310.38
Net profit	-1,264,936.43

Relationship with the Company: the Company, through its subsidiary - COOEC International Co., Ltd., holds 100% equity of Canada Subsidiary, and the actual shareholding proportion of the Company is 100%.

III. Main Contents of Guarantee Agreement

1. Guarantee mode: the Company provides joint liability guarantee for performance of the subsidiary.
2. Guarantee type: provide guarantee for contract fulfillment of the subsidiary.
3. Amount guaranteed: 75 million Canadian dollars

Contents guaranteed: As the guarantor, COOEC provides guarantee for Canada Subsidiary. In case Canada Subsidiary violates responsibilities stipulated by the contract, COOEC shall implement or take necessary measures to bear relevant responsibilities.

4. Expected guarantee period: the guarantee starts from the issue date to December 20, 2026.

IV. Opinions of Board of Directors

Board of Directors of the Company thinks that the above guarantee is for normal production and operation, the warrantee is the Company's holding subsidiary with normal operation condition and guarantee risk controllable.

V. Opinions of Independent Directors

1. The Company's providing guarantee for the wholly-owned subsidiary - COOEC Canada Co., Ltd. is necessary for normal production and business operation of the Company.
2. The object of the guarantee is a wholly-owned subsidiary, so the Company can follow up its credit status at any time and strictly control and prevent guarantee risks.

3. This guarantee and decision-making process conform to the stipulations of documents such as CSRC's *Notice on the Standardization of Fund Exchange between Listed Company and Connected Parties and Several Issues Relating to External Security of Listed Company* ([2003] 56) and CSRC's *Notice on the Standardization of External Security Behavior of Listed Company* ([2005] 120), and stipulations of relevant regulations such as *Listing Regulations of Shanghai Stock Exchange, Articles of Association*, etc.

4. This guarantee is fair and reasonable without any situations damaging the interests of the Company and minority shareholders.

5. All independent directors agreed upon the guarantee.

VI. Accumulated Amounts of External Guarantee and Overdue Guarantee

After this guarantee takes effect, the Company owns totally seven guarantees, all of which are provided for subsidiaries with an accumulated amount of USD 1.118 billion, accounting for 31% (calculated according to USD-RMB exchange rate of 1:6.3763) of the audited net assets of the Company's latest period (viz. 2017). All guarantees are as follows:

Unit: 100,000,000 dollars Currency: USD

No.	Main contents	Amount guaranteed
1	Provide parent company guarantee to Party A JKC for Offshore Oil Engineering (Qingdao) Co., Ltd. in respect of ICHTHYS LNG Module Construction Project. Issue letter of commitment for Offshore Oil Engineering (Qingdao) Co., Ltd. obtaining bank guarantee from Standard Chartered Bank (China) to the JKC.	3.054
2	Provide parent company guarantee for Offshore Oil Engineering (Qingdao) Co., Ltd. in respect of Russia Yamal Project.	5.751
3	Provide parent company guarantee for Offshore Oil Engineering (Qingdao) Co., Ltd. contracting and performing Nyhamna Project.	0.121
4	Provide parent company guarantee for Offshore Oil Engineering (Qingdao) Co., Ltd. contracting and performing Shell SDA Project.	0.027
5	Provide guarantee for Offshore Oil Engineering (Qingdao) Co., Ltd. issuing bank guarantee on performing Yamal Project.	1.310
6	Provide guarantee for COOEC NIGERIA FZE issuing bank guarantees on performing Dangote Project.	0.332
7	Provide parent company guarantee for Canada Subsidiary on performing LLSW Project	0.585
Accumulated amount guaranteed		11.18

The Company has no other guarantee except for the above guarantee items. There is no overdue guarantee.

VII. Attachment to Online Announcement

VIII. Documents for Future Reference

1. Resolutions of the 9th Meeting of the 6th Board of Directors of Offshore Oil Engineering Co., Ltd.
2. Registration Certification of Canada Subsidiary
3. Guarantee Agreement

The Announcement is hereby made.

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

May 22, 2018