

## **Announcement of Offshore Oil Engineering Co., Ltd. on Adjustment of Guarantee Provided for Subsidiary COOEC Nigeria FZE**

### **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 guaranteed party is COOEC Nigeria FZE, the wholly-owned subsidiary of the Company
- The amount guaranteed is increased from \$ 33.2 million to \$ 38.2 million due to the increase of the contract amount
- Maximum guarantee period is extended from December 31, 2018 to September 30, 2019
- Counter-guarantee is provided or not: no
- The cumulative amount of external overdue guarantees: no overdue guarantee

### **I. Guarantee Overview**

#### **(I) Basic information**

Upon the Proposal on Providing Guarantee for the Subsidiary COOEC Nigeria FZE's Issuing Bank Guarantee as approved by the 27th Meeting of the 5th Board of Directors held on April 26, 2017, the Company provided the Owners DPRP and DORC with performance guarantee and advance payment guarantee (each amount guaranteed is 10% of contract amount \$ 166 million) for Dangote petrochemical offshore transport installation project undertaken by its wholly-owned subsidiary COOEC Nigeria FZE (English name: COOEC Nigeria FZE, hereinafter referred to as COOEC Nigeria FZE), with the amount of performance guarantee and advance payment guarantee of \$ 16.6 million respectively, total amount guaranteed of \$ 33.2 million. The guarantee period is expected to start from the issue date to December 31, 2018.

Now since the contract amount is increased from \$ 166 million to \$ 191 million for contract adjustment and the construction period is extended, in order to ensure the smooth implementation of the project, the bank guarantee stipulated in the contract needs to be changed accordingly. Specific changes are as follows:

1. The amount of performance guarantee is increased from \$ 16.6 million to \$ 19.1 million, and the longest guarantee period is extended from December 31, 2018 to September 30, 2019, and other clauses remain unchanged.
2. The amount of advance payment guarantee is increased from \$ 16.6 million to \$ 19.1 million, and the longest guarantee period is extended from December 31, 2018 to September 30, 2019, and other clauses remain unchanged.

#### **(II) Internal decision-making procedures of the Company**

This guarantee adjustment was approved upon deliberation by all the directors at the 10th Meeting of the 6th Board of Directors held on August 17, 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 since the Company's guarantee status has not met the requirements of submission after occurrence of this guarantee.

### **II. Basic Information of the Warrantee**

Name of guaranteed party: COOEC Nigeria FZE

Place of registration: Nigeria Dangote Free Trade Zone

Legal representative: No legal representative, with two directors, namely Li Xiaowei and Gu Hong, respectively. Li Xiaowei is the Vice President of COOEC, Gu Hong is the President Assistant of COOEC.

Scope of business: The company is specially established for the implementation of the Dangote petrochemical offshore transport installation project, and its business scope covers the relevant operation and management of the project.

Latest credit rating: no bad credit record

Financial position:

### Major Financial Data in 2017 (Audited)

Unit: 10,000 Yuan Currency: RMB

Major accounting data	As of December 31, 2017
Total assets	10,846.76
Total liabilities	10,867.64
Total current liabilities	10,867.64
Total bank loans	0
Net assets	-20.89
Major accounting data	Full year of 2017
Operating income	4,276.15
Net Profit	-21.04

### Major financial data in the first half of 2018 (Unaudited)

Unit: 10,000 Yuan Currency: RMB

Major accounting data	As of June 30, 2018
Total assets	7,783.66
Total liabilities	7,958.17
Total current liabilities	7,958.17
Total bank loans	0
Net assets	-174.50
Major accounting data	January to June, 2018
Operating income	3,963.93
Net Profit	-147.77

Relationship with the Company: the Company, through its two subsidiaries - COOEC International Engineering Co., Ltd. and COOEC Nigeria Co., Ltd., holds 100% equity of COOEC Nigeria FZE, and the actual shareholding proportion of the Company is 100%.

### III. Main Contents of Adjustment of Guarantee Agreement

Contents guaranteed: As the main responsible party, the Company provides guarantee for COOEC Nigeria FZE. Should COOEC Nigeria FZE violate responsibilities stipulated by the contract, the

Company shall implement or take necessary measures to bear relevant responsibilities.

The guarantee mode: The Company shall provide joint liability guarantee for the contract performance by the COOEC Nigeria FZE.

Type of guarantee: Performance guarantee.

Adjustment of amount and period of guarantee:

1. The amount of performance guarantee is increased from \$ 16.6 million to \$ 19.1 million, and the longest guarantee period is extended from December 31, 2018 to September 30, 2019, and other clauses remain unchanged.

2. The amount of advance payment guarantee is increased from \$ 16.6 million to \$ 19.1 million, and the longest guarantee period is extended from December 31, 2018 to September 30, 2019, and other clauses remain unchanged.

#### IV. Opinions of Board of Directors

Board of Directors of the Company thinks that the above guarantee adjustment is for normal production and operation, the guaranteed party is the Company's 100% indirect holding subsidiary with normal operation condition and guarantee risk controllable.

#### V. Opinions of Independent Directors

1. Increase and extension of the guarantee provided for COOEC Nigeria FZE by the Company is for the Company's routine production and operation.

2. The object of the guarantee is the Company's 100% indirect holding 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 procedures conform to the provisions 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 associated 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 increase amount and extension of 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 1.1217 billion, accounting for 33% (calculated according to USD-RMB exchange rate of 1:6.8545 on August 10, 2018) 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 COOEC (Qingdao) Co., Ltd. in terms of ICHTHYS LNG Module Construction Project.	3.054
	Issue letter of commitment for COOEC (Qingdao) Co., Ltd. obtaining bank guarantee from Standard Chartered Bank (China) to the JKC.	
2	Provide parent company guarantee for COOEC (Qingdao) Co., Ltd. in terms of Russia Yamal Project.	5.751

3	Provide parent company guarantee for COOEC (Qingdao) Co., Ltd. contracting and performing Nyhamna Project.	0.121
4	Provide parent company guarantee for COOEC (Qingdao) Co., Ltd. contracting and performing Shell SDA Project.	0.027
5	Provide guarantee for COOEC (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.	0.382
7	Provide parent company guarantee for Canada Subsidiary on performing LLSW Project	0.572
<b>Accumulated amount guaranteed</b>		<b>11.217</b>

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

#### **VII. Attachment to Online Announcement**

The latest financial statements of COOEC Nigeria FZE (the main financial statements from January to June, 2018)

#### **VIII. Documents for Future Reference**

1. Resolutions of the 10th Meeting of the 6th Board of Directors of Offshore Oil Engineering Co., Ltd.
2. Copy of Business License of COOEC Nigeria FZE
3. Performance Guarantee and Advance Payment Guarantee

The Announcement is hereby made.

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

August 17, 2018