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Sinopec Oilfield Service Corporation

(a joint stock limited company established in the People's Republic of China)
(Stock code: 1033)

Announcement on the Amendments to the A Share Option Incentive Plan (Draft) of the Company

This announcement is made by Sinopec Oilfield Service Corporation (the "**Company**") pursuant to the Inside Information Provisions (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (the "**Listing Rules**") under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

References are made to the announcement in relation to the possible implementation of share option incentive plan (the "**Scheme**") published by the Company on 29 March 2016 and the announcement in relation to the approval of the Company's A share option incentive plan (Draft) (the "**Original Draft**") by the State-owned Assets Supervision ("**SASAC**") published by the Company on 31 May 2016 on the website of The Stock Exchange of Hong Kong Limited.

On 13 July 2016, China Securities Regulatory Commission ("**CSRC**") published the Measures for the Administration of Equity Incentive Plans of Listed Companies (CSRC Order No. 126) (《上市公司股權激勵管理辦法》(中國證券監督管理委員會令 第 126 號)) (the "**Measures**") with effect from 13 August 2016, which supersedes the original measures for the administration of equity incentive plans for A share listed companies. As the Measures shall be applied to the listed companies whose share option schemes have not been approved by the shareholders in the relevant general meetings by the time the Measures becomes effective, the Company proposes to amend the Original Draft (the "**Amended Draft**") so that the Measures will be fully complied with.

Except for the terms which are no longer applicable or amended for cosmetic purpose pursuant to the Measures, the key terms of the Original Draft (including but not limited to the exercise price for the proposed grant of the share options under the Scheme (the "**Grant**"), participants of the Grant, total number of the share options

granted, vesting period and exercise arrangement of the share options, etc.) remain unchanged. Therefore, the Amended Draft is not subject to re-approval by the SASAC.

According to the Amended Draft, the exercise price for the Grant under the Scheme (the “**Exercise Price**”) shall be equal to or higher than (i) the average trading price of A shares on the last trading day before the announcement of the Original Draft (the “**Scheme Announcement**”, which was published by the Company on Shanghai Stock Exchange on 30 March 2016 (RMB4.84)); (ii) at least one of the average trading price of A shares during the last 20 trading days, 60 trading days or 120 trading days before the date of the Scheme Announcement (RMB5.30, RMB5.57 and RMB7.38, respectively); and (iii) RMB4.43 per A share (such minimum exercise price will be subject to adjustment due to matters for exclusion of rights and dividends prior to the Initial Grant). The Exercise Price is RMB5.63 per share, which is the same as the Exercise Price determined under the Original Draft. In determining the Exercise Price, the board of the Company has taken into account into the totality of circumstances as well as various factors which in nature tied with options, such as the business and financial performance of the Company in the past, the business and financial prospects of the Company in future, the movement trend of the Company's A share price, and to what extent a better balance between providing incentive to the management and protecting interests of the shareholders can be achieved. The Company is of the view that such decision on the Exercise Price was made with due care and in the interest of the Company and its shareholders as a whole.

Since the Amended Draft involves the grant of new A shares to be listed on the Shanghai Stock Exchange, Chapter 17 and certain provisions of the Listing Rules are therefore applicable to the Scheme. Since the Scheme involves the grant of A shares of the Company, relevant PRC laws and regulations relating to the adoption of share option scheme and grant of share options are also applicable.

Note (1) to Rule 17.03(9) of the Listing Rules requires that the exercise price must be at least the higher of: (i) the closing price of the securities on the date of grant; and (ii) the average closing price of the securities for the five business days immediately preceding the date of grant. However, the relevant PRC laws and regulations require the exercise price shall be the higher of: (i) the average trading price of the A shares of the Company on the trading day immediately preceding the date of the announcement on each grant under the draft Scheme; and (ii) at least one of the average trading price of A shares during the last 20 trading days, 60 trading days or 120 trading days preceding the date of the announcement on each grant under the draft Scheme.

Since the Scheme involves the issue of A shares of the Company only, the Company has applied for, and The Stock Exchange of Hong Kong Limited has granted to the Company, a waiver from strict compliance with Note (1) to Rule 17.03(9) of the Listing Rules. As confirmed by the Company and the Company's PRC legal advisor,

the only share options which can be granted pursuant to the Original Draft or the Amended Draft are the Grant since only the terms in relation to the Grant were specifically set out in the Original Draft or the Amended Draft, such as the total number of the Grant, participants of the Grant, exercise price and exercise arrangement of the Grant. Therefore, such waiver only applies to the Grant.

The Board has considered and approved the Amended Draft to be submitted for review and approval by the shareholders of the Company. Details of the Amended Draft and the proposal for the Grant will be disclosed in the circular to be dispatched to the shareholders of the H shares of the Company before the relevant general meeting and separate class meetings of the shareholders.

There is uncertainty on the implementation of the Scheme. Shareholders of the Company and investors are reminded to exercise caution when dealing in shares of the Company.

By Order of the Board

Mr. Li Honghai
Company Secretary

Beijing, PRC, 30 August 2016

As at the date of this announcement, the Board of Directors comprises Mr. Jiao Fangzheng⁺, Mr. Zhou Shiliang[#], Mr. Zhou Shiliang^{}, Mr. Li Lianwu⁺, Mr. Zhang Hong⁺, Ms. Jiang Bo^{*}, Mr. Zhang Huaqiao^{*} and Mr. Pan Ying^{*}.*

+ Non-Executive Director

Executive Director

** Independent Non-Executive Director*