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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  
PROVISION OF GUARANTEE FOR WHOLLY-OWNED SUBSIDIARIES**

**I. OVERVIEW OF GUARANTEE**

**(I) Basic Information**

On 7 November 2018, the Board of Directors (the “**Board**”) of Sinopec Oilfield Service Corporation (the “**Company**”) has considered and approved the resolution on the provision of guarantee (the “**Previous Guarantee**”) for wholly-owned subsidiaries of the Company (“**Subsidiaries**”) and such resolution was also approved by the second extraordinary general meeting of the Company (the “**EGM**”) dated 20 December 2018. The valid period of the Previous Guarantee commenced from the date of approval by the shareholders at the EGM until the end of the 2018 annual general meeting of the Company (the “**2018 AGM**”).

The Company expects that, to satisfy the needs of international market expansion and day-to-day operation, the Company needs to continue to provide guarantee for Subsidiaries after the end of the 2018 AGM. Therefore, the Board considered and approved the resolution on the provision of guarantee for Subsidiaries (the “**Guarantee**”) on 25 March 2019, including:

1. Credit Guarantee: The Company has agreed that its Subsidiaries may use part of the credit facilities of the Company to issue letter of bank guarantee and letter of credit to external parties for use in day-to-day business operation, such as tender bidding, contract performance and payments, and the Company will undertake the corresponding joint and several guarantee liabilities. The maximum amount of joint and several guarantee liabilities undertaken by the Company during the guarantee period shall not exceed the equivalent value of RMB8 billion (Renminbi Eight Billion Yuan), the specific amount of

guarantee will be allocated by the Company according to the operation needs of each Subsidiary.

2. **Performance Guarantee:** The Company has agreed that whenever its Subsidiary engages in market development and tender bidding activities for oilfield services locally and signs a business contract, the Company will provide performance guarantee to ensure that when the Subsidiary loses its contract performance capability, the Company will perform the contract on its behalf. The maximum amount of joint and several guarantee liabilities undertaken by the Company during the guarantee period shall not exceed the equivalent value of RMB18.0 billion (Renminbi Eighteen Billion Yuan), the specific amount of guarantee will be allocated by the Company according to the operation needs of each Subsidiary.

## **(II) Internal Decision Procedure**

According to the relevant requirements of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, since the maximum amount of the Guarantee is RMB26.0 billion, which has exceeded 30% of the audited total assets of the Company for the latest reporting period (i.e. RMB60.905 billion), and has exceeded 50% of the audited net assets of the Company for the latest reporting period (i.e. RMB5.778 billion), and the gearing ratio of some guaranteed Subsidiaries has exceeded 70%, therefore the Guarantee shall be submitted to the 2018 AGM for approval after consideration and approval by the Board. If the approval is granted by the shareholders, the valid period of the Guarantee will commence on the date of approval by the shareholders at the 2018 AGM until the end of the 2019 annual general meeting of the Company (the "**2019 AGM**").

According to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the provision of guarantee by the Company for its wholly-owned subsidiaries does not constitute a transaction under Chapter 14 or Chapter 14A of the Listing Rules.

## **II. BASIC INFORMATION OF THE GUARANTEED ENTITIES**

The guaranteed entities are Subsidiaries of the Company. Please refer to the Appendix to this announcement for basic information of the guaranteed entities.

## **III. GUARANTEE AGREEMENT**

### **(I) Credit Guarantee**

Method of Guarantee:                      guarantee with joint and several liabilities.

Type of Guarantee:                      provision of guarantee to Subsidiaries which will use part of the credit facilities of the Company to issue letter

of bank guarantee and letter of credit to external parties for use in day-to-day business operation, such as tender bidding, contract performance and payments.

Guarantee Period:	commence from the date of approval by the shareholders at the 2018 AGM until the end of the 2019 AGM.
Guarantee Amount:	the maximum amount of joint and several guarantee liabilities undertaken by the Company during the guarantee period shall not exceed the equivalent value of RMB8 billion.

As at 28 February 2019, the existing amount of credit guarantee actually provided by the Company was RMB7.443billion.

## **(II) Performance Guarantee**

Method of Guarantee:	guarantee with joint and several liabilities.
Type of Guarantee:	provision of performance guarantee to Subsidiaries of the Company when they engage in market development and tender bidding activities for oilfield services locally and sign business contracts to ensure that when the Subsidiaries lose contract performance capabilities, the Company will perform the contracts on their behalf.
Guarantee Period:	commence from the date of approval by the shareholders at the 2018 AGM until the end of the 2019 AGM
Guarantee Amount:	the maximum amount of joint and several guarantee liabilities undertaken by the Company during the guarantee period shall not exceed the equivalent value of RMB18.0 billion.

As at 28 February 2019, the existing amount of performance guarantee actually provided by the Company was approximately RMB6.48billion.

## **IV. OPINIONS OF THE BOARD**

After consideration, the Board has unanimously passed the resolution on the provision of Guarantee to Subsidiaries. The Board is of the view that, the Guarantee is conducive to the smooth development of the businesses of the Subsidiaries. All of the guaranteed entities are wholly-owned subsidiaries of the Company; the Company can effectively control and prevent risks. The decision of the Board has complied with the procedures stipulated by the relevant regulations and the provisions of the Articles of Association of the Company.

**V. TOTAL AMOUNT OF EXTERNAL GUARANTEE AND AMOUNT OF OVERDUE GUARANTEE**

As at the date of this announcement, the total amount of external guarantee provided by the Company and its subsidiaries is approximately RMB13.923 billion. The Company has no overdue external guarantee.

By Order of the Board  
Li Honghai  
*Secretary to the Board*

Beijing, 25 March 2019

*As at the date of this announcement, the Board of Directors comprises Mr Liu Zhongyun<sup>+</sup>, Mr. Sun Qingde<sup>#</sup>, Mr. Chen Xikun<sup>#</sup>, Mr. Lu Baoping<sup>+</sup>, Mr. Fan Zhonghai<sup>+</sup>, Mr. Wei Ran<sup>+</sup>, Ms. Jiang Bo<sup>\*</sup>, Mr. Pan Ying<sup>\*</sup>, Mr. Chen Weidong<sup>\*</sup> and Mr. Dong Xiucheng<sup>\*</sup>.*

<sup>+</sup> *Non-executive Director*

<sup>#</sup> *Executive Director*

<sup>\*</sup> *Independent Non-executive Director*

# Appendix: Basic Information of the Guaranteed Entities

Currency Unit: RMB100 million

Guaranteed entity	Place of registration	Scope of business	Shareholding percentage held by the Company	31 December 2018		
				Total assets	Total liabilities	Gearing ratio
Sinopec Shengli Petroleum Engineering Co., Ltd.	Dongying, Shandong Province	Petroleum engineering technical services	100%	115.92	117.91	101.71%
Sinopec Zhongyuan Petroleum Engineering Co., Ltd.	Puyang, Henan Province	Petroleum engineering technical services	100%	108.62	109.10	100.43%
Sinopec Jiangnan Petroleum Engineering Co., Ltd.	Qianjiang, Hubei Province	Petroleum engineering technical services	100%	43.27	32.59	75.32%
Sinopec East China Petroleum Engineering Co., Ltd.	Nanjing, Jiangsu Province	Petroleum engineering technical services	100%	34.06	35.07	102.98%
Sinopec North China Petroleum Engineering Co., Ltd.	Zhengzhou, Henan Province	Petroleum engineering technical services	100%	40.22	22.12	50.03%
Sinopec Southwest Petroleum Engineering Co., Ltd.	Chengdu, Sichuan Province	Petroleum engineering technical services	100%	51.15	17.87	34.95%

Sinopec Petroleum Engineering Geophysics Co., Ltd.	Beijing	Geophysics exploration	100%	31.51	29.21	92.69%
Sinopec Petroleum Engineering & Construction Co., Ltd.	Beijing	Engineering and construction	100%	234.17	233.64	99.78%
Sinopec Offshore Oilfield Services Co., Ltd.	Shanghai	Offshore petroleum engineering technical services	100%	52.63	15.91	30.23%
Sinopec International Petroleum Service Corporation	Beijing	Petroleum engineering technical services	100%	42.09	31.87	75.70%