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If you have sold or transferred all your shares in **Sinopec Oilfield Service Corporation**, you should at once hand this circular to the purchaser or to the transferee or to the bank, licenced securities dealer or registered institution or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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Sinopec Oilfield Service Corporation

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

(Stock code: 1033)

I. PERMANENT REPLENISHMENT OF WORKING CAPITAL BY USING THE REMAINING PROCEEDS RAISED AND TERMINATION OF CERTAIN PROJECTS FUNDED BY PROCEEDS RAISED AND PERMANENT REPLENISHMENT OF WORKING CAPITAL BY USING REMAINING PROCEEDS

II. PROPOSED PROVISION OF GUARANTEE FOR WHOLLY-OWNED SUBSIDIARIES

The Company proposes to convene the AGM at the Meeting Room 6, the Third Floor of Kun Tai Royal Hotel B12 Chaowai Street, Chaoyang District, Beijing, PRC on Wednesday, 26 June 2019 at 9:00 a.m. The notice of AGM, proxy form and reply slip will be dispatched along with this circular.

Whether or not you are able to attend the AGM in person, please complete the proxy form of the Company in accordance with the instructions printed thereon and return it to the business address of the Company or to Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not less than 24 hours before the time for holding the AGM (i.e. 9:00 a.m. on 25 June 2019, Hong Kong time). Completion and return of the forms of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof (as the case may be) as you wish.

Beijing, the PRC
9 May 2019

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DEFINITIONS

In this circular, except where the context otherwise requires, the following expressions shall have the following meanings:

“Articles of Association”	the articles of association of the Company
“Board”	the board of directors of the Company
“Company”	Sinopec Oilfield Service Corporation (中石化石油工程技術服務股份有限公司), a joint stock limited company established in the PRC and its A shares are listed on the SSE and its H shares are listed on the Main Board of the Hong Kong Stock Exchange
“Director(s)”	Directors of the Company
“AGM”	the annual general meeting for 2018 of the Company to be convened on 26 June 2019
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	6 May 2019
“PRC”	People’s Republic of China
“RMB”	the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“SSE”	The Shanghai Stock Exchange
“subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“%”	per cent

LETTER FROM THE BOARD



Sinopec Oilfield Service Corporation

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

(Stock code: 1033)

Directors:

Liu Zhongyun
Sun Qingde
Chen Xikun
Lu Baoping
Fan Zhonghai
Wei Ran

Independent Non-executive Directors:

Jiang Bo
Pan Ying
Chen Weidong
Dong Xiucheng

Registered address:

22 Chaoyangmen North Street
Chaoyang District
Beijing, the PRC

*Principal place of business
in Hong Kong:*

26th Floor Jardine House
1 Connaught Place, Central
Hong Kong

9 May 2019

To the Shareholders

Dear Sir or Madam:

**I. PERMANENT REPLENISHMENT OF WORKING CAPITAL BY USING
THE REMAINING PROCEEDS RAISED AND TERMINATION OF CERTAIN
PROJECTS FUNDED BY PROCEEDS RAISED AND PERMANENT
REPLENISHMENT OF WORKING CAPITAL BY USING REMAINING
PROCEEDS**

**II. PROPOSED PROVISION OF GUARANTEE FOR WHOLLY-OWNED
SUBSIDIARIES**

References are made to the announcement in relation to the Permanent Replenishment of Working Capital by Using the Remaining Proceeds Raised and Termination of Certain Projects Funded by Proceeds Raised and Permanent Replenishment of Working Capital by Using Remaining Proceeds dated 25 April 2019 published by the Company and the announcement dated 25 March 2019 on the provision of guarantee for wholly-owned subsidiaries.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, inter alia, further information on (i) the Permanent Replenishment of Working Capital by Using the Remaining Proceeds Raised and Termination of Certain Projects Funded by Proceeds Raised and Permanent Replenishment of Working Capital by Using Remaining Proceeds, and (ii) the provision of guarantee for wholly-owned subsidiaries, so that you can make informed decisions on whether or not to vote for relevant resolutions to be proposed at the AGM.

I. PERMANENT REPLENISHMENT OF WORKING CAPITAL BY USING THE REMAINING PROCEEDS RAISED AND TERMINATION OF CERTAIN PROJECTS FUNDED BY PROCEEDS RAISED AND PERMANENT REPLENISHMENT OF WORKING CAPITAL BY USING REMAINING PROCEEDS

On 25 April 2019, the Company held the twelfth meeting of the ninth session of board of directors to consider and approve the Proposal on the Permanent Replenishment of Working Capital by Using the Remaining Proceeds Raised and Proposal on the Termination of Certain Projects Funded by Proceeds Raised and Permanent Replenishment of Working Capital by Using Remaining Proceeds. Given the fundraising projects (“Fundraising Project(s)”) “Kuwait rig project”, “Project of purchasing 8000HP multipurpose working vessel” and “Project of purchasing LOGIQ Imaging Logging System” have been completed and generated proceeds balance of the committed investment, in order to reduce its financial expense and capital cost, improve the effectiveness of the proceeds and satisfy the funding requirements for production and operation, the Company intends to use the aggregate balance of the committed proceeds from the above Fundraising Projects of RMB561,258,900 to replenish its working capital for investing in the production and operating activities in relation to the principal business of the Company. Upon consideration of the actual progress of the Company’s uncompleted Fundraising Project “Project of purchasing pipe construction equipment”, the Company proposes to terminate the “Project of purchasing pipe construction equipment” and to use the balance of the proceeds from such Projects of RMB396,348,500 to replenish the Company’s working capital. The aggregate amount of the remaining proceeds from the above Fundraising Projects used to permanently replenish the working capital of the Company is RMB995,208,400 (including net interest income, the final amount is subject to the balance after interest settlement of the bank on the date when the proceeds are transferred out from the special account).

I. Background of the Proceeds Raised

With the approval of the China Securities Regulatory Commission (Zheng Jian Xu Ke [2014] No. 1370), the Company completed the issuance of 1,333,333,333 renminbi-denominated ordinary shares (A Shares) to seven specific investors such as Darry Asset Management (Hangzhou) Co., Ltd. by way of non-public offering of shares (the “**Issuance**”) on 3 March 2015. According to the Capital Verification Report issued by Grant Thornton Certified Public Accountants (Special General Partnership) (Yan Zi (2015) No. 110ZC0115), the total proceeds raised from the Issuance were RMB6000 million, and the net proceeds were RMB5,952,516,700 after deducting the issuance expenses of RMB47,483,300. The Company manages the special account for the proceeds in accordance with the Measures for the Management of Funds Raised by Listed Companies of the Shanghai Stock Exchange (Revised in 2013) and the relevant provisions of the Administrative Measures for Raised Funds of the Company, and strictly examined and approved the use of proceeds to ensure that committed proceeds are for dedicated purposes by entering into the Tripartite Custodian Agreement for Special Accounts for the Proceeds with the deposit bank and joint independent financial advisers.

LETTER FROM THE BOARD

II. Actual Utilization of the Proceeds

According to the fundraising projects as disclosed in the announcement dated 4 March 2015 of the Company in relation to results of the non-public issuance of A shares and change in share capital, as of 25 April 2019, the actual utilization of the proceeds on the Fundraising Projects are as follows:

Unit: RMB ten thousand

No.	Name of project	Investment amount of proceeds committed	Utilized proceeds in 2019 as of 25 April 2019	Utilized proceeds as of 25 April 2019	Amount of remaining proceeds as of 25 April 2019	Proportion of remaining proceeds over total investment	The project progress
Overseas operational high-end equipment							
1	Kuwait rig project	160,000.00	0.00	106,689.38	53,310.62	33.32%	Completed
Ocean engineering equipment							
2	Project of building 25m working platform	46,600.00	0.00	46,600.00	0.00	0	Completed
3	Project of purchasing 8000HP multipurpose working vessel	19,500.00	0.00	17,464.82	2,035.18	10.44%	Completed
4	Project of purchasing LOGIQ Imaging Logging System	12,000.00	0.00	11,219.91	780.09	6.50%	Completed
Shale gas operation equipment							
5	Project of purchasing downhole testing equipment	13,900.00	0.00	13,900.00	0.00	0	Completed
6	Project of purchasing Top Drive equipment	11,000.00	0.00	11,000.00	0.00	0	Completed
7	Project of purchasing Coiled Tubing equipment	8,000.00	0.00	8,000.00	0.00	0	Completed
Pipeline construction equipment							
8	Project of purchasing pipe construction equipment	53,000.00	6,408.74	13,365.15	39,634.85	74.78%	Propose to be terminated
Supplement the working capital							
9	Supplement the working capital	271,251.67	0.00	271,251.67	0.00	0	Completed
	Total	595,251.67	6,408.74	499,490.93	95,760.74	—	—

As of 25 April 2019, accumulated interest income in the Company's special account for the proceeds raised is RMB37,601,400, accumulated service charges in the special account for the proceeds raised are RMB390 and accumulated net interest in the special account for the proceeds raised is RMB37,601,000. The actual balance in the Company's special account for the proceeds raised is RMB995,208,400. The details of the deposits are set out below:

Bank	Account No.	Balance as at 25 April 2019 (RMB10,000)
Industrial and Commercial Bank of China Limited, Beijing Heping Li Subbranch	0200337529200006626	99,520.84

LETTER FROM THE BOARD

III. Proposed Permanent Replenishment of Working Capital by Using of the Remaining Proceeds

1. Main Reason for the Remaining Proceeds Raised

The oil service industry kept weak for a long time due to the sharp decline since 2015 and the recovery growth in 2018 in international oil prices. The continued weakness of the oil service industry has resulted in the substantial decline of the demand for oil-related equipment and the price. The Company strengthened the control of all aspects of project construction to save project construction costs and therefore generated the remaining proceeds. The committed proceeds balance from the “Kuwait Rig Project”, “Project on Purchasing 8000HP Multipurpose Working vessel” and “Project on Purchasing LOGIQ Imaging Logging System” totaled RMB561,258,900.

2. Use of Remaining Proceeds and Subsequent Arrangement

Given that the balances of proceeds have been generated from the Fundraising Projects, i.e. “Kuwait Rig Project”, “Project on Purchasing 8000HP Multipurpose Working vessel” and “Project on Purchasing LOGIQ Imaging Logging System”, the Company intends to use all the remaining proceeds saved from the above-mentioned Fundraising Projects of RMB 561,258,900 to permanently replenish the Company’s working capital for investing in the production and operation activities related to the Company’s principal business. After the relevant resolutions are considered and approved at the AGM, the Company will use the remaining proceeds to supplement the liquidity required for the Company’s production and operation according to the Administrative Measures for Raised Funds and the Tripartite Custodian System for Raised Funds and other regulations until the proceeds raised were fully utilized.

3. Effects of the Permanent Replenishment of Working Capital by Using the Remaining Proceeds Saved on the Company

The above remaining balance of the proceeds will be used to permanently replenish the Company’s working capital for investing in the production and business activities related to the Company’s principal business. At present, the Company’s operating environment continues to improve with operating income increasing significantly and the demand for working capital increasing simultaneously. Remaining proceeds can effectively alleviate the pressure on funds, help the Company seize the favorable opportunity of the continuous recovery of the oilfield service market, and leverage the advantages of complicated services in terms of oil and gas and special technologies, which lays a decisive foundation for the Company’s overall sustainable development.

IV. Proposed Termination of Fundraising Project

1. Original investment plan and actual investment situation of the Fundraising Project to be terminated

As the Xin Yue Zhe pipeline project, being the underlying project of the “Project of purchasing pipe construction equipment”, was approved by the government in the second half of 2015, the project for construction of the natural gas pipeline from Qianjiang to Shaoguan of the Xin Yue Zhe pipeline project went through open tender process in November and December 2017 after Sinopec Xinjiang Coal-based SNG Transmission Pipeline Co., Ltd., the first-party of the project, completed the

LETTER FROM THE BOARD

optimization of the project's construction scheme and profit based on the approval issued by the relevant government department. The Company won bids for six tenders of the project in total. The project for construction of the natural gas pipeline from Qianjiang to Shaoguan is under construction, and the main part of the project is expected to be completed by the end of 2019. The Company is purchasing the pipeline construction equipment with the committed proceeds according to the construction schedule. As of 25 April 2019, a total of RMB133,651,500 of the proceeds was used for the "Project of purchasing pipe construction equipment", accounting for 25.22% of the total investment amount of proceeds committed, and the total amount of the remaining proceeds is RMB396,348,500.

2. Termination of the Fundraising Project

Because the open tender and construction of the project for construction of the natural gas pipeline from Qianjiang to Shaoguan of the Xin Yue Zhe pipeline project, being the underlying project of the "Project of purchasing pipe construction equipment", was launched in November and December 2017, the specific open tendering and commencement of construction of other underlying projects have not yet been determined. Upon fully considering the Company's own development and the actual situation of the Fundraising Projects, the Company has decided to terminate the "Project of purchasing pipe construction equipment".

3. The impact of the termination of the Fundraising Project on the Company's production and operation

Upon the termination of the "Project of purchasing pipe construction equipment" by the Company, the remaining proceeds committed for the project will be used to permanently replenish the working capital, which will be helpful to improve the utilization efficiency of the proceeds. The termination of the Fundraising Project will not lead to changes and adjustments to the Company's principal business, and will not adversely affect the Company's production and operation.

4. Subsequent arrangements for the proceeds after the termination of the Fundraising Projects

RMB396,348,500 will be used to permanently replenish the working capital of the Company after the termination of the Fundraising Project. Subject to the consideration and approval of the relevant resolution at the AGM, the Company will supplement the working capital required for its production and operation according to the Administrative Measures for Raised Funds (《募集資金管理辦法》) and the Tripartite Custodian System for Raised Funds, until the proceeds are fully utilized.

V. Opinions of the Independent Directors

The independent directors are of the view that the use of the remaining proceeds raised to permanently replenish the working capital, terminating certain project funded by the proceeds raised and using the remaining proceeds to permanently replenish working capital by the Company are its decisions based on the Company's business development and the actual situation of the project, which will help improve the utilization efficiency of the proceeds, reduce financial expenses and capital costs and better meet the Company's development needs, and will not adversely affect the Company's production and operation. The decision-making procedures for the Company to use the remaining proceeds to permanently replenish its working capital, to terminate part of the fund-raising investment

LETTER FROM THE BOARD

project and to use the remaining proceeds for the permanent replenishment of working capital are in compliance with relevant laws, regulations and the Articles of Association of the Company, and there is no circumstance that will be prejudicial to the interests of the Company and all shareholders. Therefore, we unanimously agree with the use of the remaining proceeds to permanently replenish the working capital, terminating part of the fund-raising investment project and using the remaining proceeds to permanently replenish the working capital by the Company.

VI. Opinions of the Board of Supervisors

The Proposal on the Permanent Replenishment of Working Capital by Using the Remaining Proceeds Raised and the Proposal on the Termination of Certain Projects Funded by Proceeds Raised and the Permanent Replenishment of Working Capital by Using Remaining Proceeds were considered and passed at the ninth meeting of the ninth session of the Board of Supervisors of the Company. The Board of Supervisors are of the view that the use of the remaining proceeds to permanently replenish the working capital and terminating part of the fund-raising investment project and using the remaining proceeds to permanently replenish the working capital by the Company are in the interests of the Company and all shareholders. The relevant content and procedures are in compliance with the relevant requirements of the China Securities Regulatory Commission and the Shanghai Stock Exchange on the management of proceeds by listed companies.

VII. Opinions of the Independent Financial Advisers

The Company's joint independent financial advisors, Guotai Junan Securities Co., Ltd. and UBS Securities Co., Limited, have issued the following verification opinions on the use of the remaining proceeds to permanently replenish the working capital and terminating certain projects funded by proceeds raised and using the remaining proceeds to permanently replenish the working capital by the Company:

Upon verification, the use of the remaining proceeds raised to permanently replenish the working capital, terminating part of the fund-raising investment project and using the remaining proceeds to permanently replenish working capital by the Company are its decisions based on the Company's business development and the actual situation of the project, which will help improve the utilization efficiency of the proceeds, reduce financial expenses and capital costs and better meet the Company's development needs, and will not adversely affect the Company's production and operation, and there is no disguised change in the use of proceeds to invest and damage the interests of shareholders. The above proposals have been considered and approved at the twelfth meeting of the ninth session of board of directors of the Company convened on 25 April 2019, and the independent directors and the Board of Supervisors expressed independent opinion of consent. The relevant procedures are in compliance with the requirements of the Supervisory Guidelines No. 2 for Listed Companies — Supervisory Requirements for Management and Use of Raised Funds of Listed Companies and the Administrative Measures for Raised Funds of Listed Companies of the Shanghai Stock Exchange (2013 revised). We agree with the use of the remaining proceeds to permanently replenish the working capital, terminating part of the fund-raising investment project and using the remaining proceeds to permanently replenish the working capital by the Company.

LETTER FROM THE BOARD

II. PROPOSED PROVISION OF GUARANTEE FOR WHOLLY-OWNED SUBSIDIARIES

On 7 November 2018, the Board has considered and approved the resolution on the provision of guarantee (the “**Previous Guarantee**”) for wholly-owned subsidiaries of the Company and such resolution was also approved by the second extraordinary general meeting of the Company dated 20 December 2018. The valid period of the Previous Guarantee commenced from the date of approval by the shareholders at the second extraordinary general meeting of the Company for the year 2018 until the end of the AGM. To satisfy the needs of international market expansion and day-to-day operation, the Company needs to continue to provide guarantee for Subsidiaries. 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. As at the Latest Practicable Date, the existing amount of credit guarantee actually provided by the Company was RMB7.265 billion.
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. As at the Latest Practicable Date, the existing amount of performance guarantee actually provided by the Company was approximately RMB17.686 billion.

Guarantee Period: From the date of approval by the Shareholders at the AGM until the end of the annual general meeting of the Company for the year 2019.

As at the Latest Practicable Date, the total existing amount of external guarantee provided by the Company and its controlled subsidiaries was approximately RMB24.951 billion, the Company has no overdue external guarantee.

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.

LETTER FROM THE BOARD

According to the Hong Kong 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 Hong Kong Listing Rules.

The guaranteed entities are wholly-owned subsidiaries of the Company, the basic information of the guaranteed entities is set out below:

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 Zhonyuan Petroleum Engineering Co., Ltd.	Puyang, Henan Province	Petroleum engineering technical services	100%	108.62	109.10	100.43%
Sinopec Jianghan 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%

LETTER FROM THE BOARD

III. AGM

The Company proposes to convene the AGM at the Meeting Room 6, the Third Floor of Kun Tai Royal Hotel B12 Chaowai Street, Chaoyang District, Beijing, PRC on Wednesday, 26 June 2019 at 9:00 a.m. The AGM notice, proxy form and reply slip will be dispatched along with this circular.

Whether or not you are able to attend the AGM in person, please complete the proxy form of the Company in accordance with the instructions printed thereon and return it to the office address of the Company or to Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not less than 24 hours before the time for holding the AGM (i.e. 9:00 a.m. on 25 June 2019, Hong Kong time). Completion and return of the forms of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof (as the case may be) as you wish.

Votes on the resolutions to be proposed at the AGM shall be taken by way of poll. The Company is required to notify Shareholders of any material changes to information contained in this circular as soon as possible subsequent to its despatch and prior to the AGM.

IV. RECOMMENDATION

The Board is of the view that all resolutions to be proposed at the AGM are in the interests of the Company and its shareholders as a whole. Accordingly, the Directors advise the Shareholders to vote in favor of all resolutions proposed at the AGM.

NOTICE OF 2018 AGM

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Sinopec Oilfield Service Corporation

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

(Stock code: 1033)

Notice of 2018 Annual General Meeting

Notice Is Hereby Given that 2018 Annual General Meeting (the “**AGM**”) of Sinopec Oilfield Service Corporation (the “**Company**”) will be held at Meeting Room 6, the Third Floor of Kun Tai Royal Hotel B12 Chaowai Street, Chaoyang District, Beijing, the People’s Republic of China (the “**PRC**”) on Wednesday, 26 June 2019 at 9:00 a.m. in the form of on-site meeting. The AGM will be convened by the board (the “**Board**”) of the directors (the “**Directors**”) of the Company. The following resolutions will be considered and approved at the AGM.

By way of ordinary resolutions:

1. To consider and approve the Report of the Board of the Directors for the year 2018.
2. To consider and approve the Report of the Supervisory Committee of the Company for the year 2018.
3. To consider and approve the audited financial statements and the auditor’s report of the Company for the year 2018.
4. To consider and approve the profit distribution plan of the Company for the year 2018.
5. To re-appoint Grant Thornton (Special General Partnership) as the domestic auditor and internal control auditor of the Company for the year 2019 and to re-appoint Grant Thornton Hong Kong Limited as the international auditor of the Company for the year 2019, and to authorise the Board to determine their remuneration.
6. To consider and approve permanent replenishment of working capital by using the remaining proceeds raised.
7. To consider and approve termination of certain projects funded by proceeds raised and permanent replenishment of working capital by using remaining proceeds raised.

NOTICE OF 2018 AGM

By way of special resolution:

8. To consider and approve provision of guarantee for wholly-owned subsidiaries.

The details regarding the abovementioned resolutions 1, 2, 3, 4 and 5 are available in the annual report of the Company for the year 2018. The details regarding the abovementioned resolutions 6, 7, and 8 are available in the AGM circular dispatched together with this notice by the Company. The Board considers that the resolutions hereto are in the interests of the Company and its shareholders as a whole. Accordingly, the Directors recommend the shareholders to vote in favour of all the resolutions to be proposed at the AGM as set out in this notice.

By order of the Board
Li Honghai
Company Secretary

Beijing, 9 May 2019

Notes:

I. Attendee of AGM

1. Eligibility for attending the AGM

Holders of A shares of the Company whose names appear on the domestic shares register maintained by China Securities Depository & Clearing Corporation Limited, Shanghai Branch and holders of H shares of the Company whose names appear on the register of members maintained by Hong Kong Registrars Limited at the close of business on Friday, 24 May 2019 (Hong Kong time) are eligible to attend the AGM. The H share register of members of the Company will be closed from Saturday, 25 May 2019 to Wednesday, 26 June 2019 (both days inclusive), during which period no transfer of H shares will be effected. Holders of H shares who wish to attend the AGM shall lodge their share certificates accompanied by the transfer documents with Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Friday, 24 May 2019 (Hong Kong time).

2. Proxy

- (1) A shareholder of the Company (“Shareholder”) eligible to attend and vote at the AGM is entitled to appoint, in written form, one or more proxies to attend and vote on its behalf. A proxy need not be a Shareholder.
- (2) A proxy should be appointed by a written instrument signed by the appointer or its attorney duly authorised in writing. If the form of proxy is signed by the attorney of the appointer, the power of attorney authorising that attorney to sign or other authorisation document(s) must be notarised.
- (3) To be valid, the power of attorney or other authorisation document(s) which have been notarised together with the completed form of proxy must be delivered to the business address of the Company or the Share Registrar of H shares of the Company, Hong Kong Registrars Limited, not less than 24 hours before the designated time for holding the AGM (no later than Hong Kong time 9:00 a.m. on 25 June 2019) or any adjournment. Business address of the Company is No.9 Jishikou Road, Chaoyang District, Beijing, the PRC, the

NOTICE OF 2018 AGM

address of Hong Kong Registrars Limited is at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Completion and return of a form of proxy will not preclude a shareholder from attending and voting in person at the AGM or any adjournment if he so desires and in such event, the form of proxy shall be deemed to be revoked.

(4) Shareholders or their proxies may exercise the right to vote by poll.

3. *The Directors, Supervisors and senior management of the Company.*

4. *Legal advisors of the Company*

II. Registration procedures for attending the AGM

1. A Shareholder or his proxy shall produce proof of identity when attending the AGM. If a Shareholder is a legal person, its legal representative or other persons authorised by the board of directors or other governing body of such Shareholder may attend the AGM by producing a copy of the resolution of the board of directors or other governing body of such Shareholder appointing such persons to attend the AGM.

2. Shareholders intending to attend the AGM should return the reply slip for attending the AGM to the Company on or before Thursday, 6 June 2019.

3. Shareholder may send the reply slip to the Company in person, by post or by fax.

III. Miscellaneous

1. The AGM will not last for more than one working day. Shareholder and proxies attending the AGM shall be responsible for their own traveling, food and accommodation expenses.

2. The address of the Share Registrar for A shares of the Company, China Securities Registration and Clearing Company Limited, Shanghai Branch Company is at 166 Lujiuzuidong Road, Pudong District, Shanghai.

3. The address of the Share Registrar of H shares of the Company, Hong Kong Registrars Limited is at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

4. Business Address of the Company:
No.9 Jishikou Road, Chaoyang District, Beijing, the PRC
Telephone: 86-10-59965998
Facsimile: 86-10-59965997
Postal Code: 100020

As at the date of this announcement, the board of directors comprises Mr. Liu Zhongyun⁺, Mr. Sun Qingde[#], Mr. Chen Xikun[#], Mr. Lu Baoping⁺, Mr. Fan Zhonghai⁺, Mr. Wei Ran⁺, Ms. Jiang Bo^{}, Mr. Pan Ying^{*}, Mr. Chen Weidong^{*} and Mr. Dong Xiucheng^{*}*

+ *Non-Executive Director*

Executive Director

* *Independent Non-Executive Director*