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Sinopec Oilfield Service Corporation

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

(Stock code: 1033)

OVERSEAS REGULATORY ANNOUNCEMENT

RELATED PARTY TRANSACTION ANNOUNCEMENT ON PROVISION OF COUNTER-GUARANTEE TO CONTROLLING SHAREHOLDERS BY THE COMPANY

The board of directors of the Company and all members of the Board warrant that there are no false representations, misleading statements and material omissions in this announcement, and are severally and jointly responsible for the truthfulness, accuracy and completeness of the content herein.

Significant contents reminder:

- Sinopec Oilfield Service Corporation (the “Company”) was granted a comprehensive credit line of no more than RMB500 million under the total financing credit lines granted to China Petrochemical Corporation (“China Petrochemical Corporation”) by China Construction Bank Corporation (“CCB”), and China Petrochemical Corporation undertakes joint guarantee liability for the above-mentioned comprehensive credit line of the Company. According to the requirements of internal management, the Company will provide corresponding counter-guarantee to China Petrochemical Corporation (the “Guarantee”).
- Amount of the Guarantee and balance of guarantee actually provided: the amount of counter-guarantee provided by the Company is RMB500 million, as of the provision of the Guarantee, the accumulated balance of guarantee provided by the Company to China Petrochemical Corporation is RMB0.
- Accumulated number of overdue guarantee provided to external parties: nil

● The Guarantee is considered and approved at the 15th meeting of the ninth session of the Board of Directors of the Company, and is subject to submission for consideration at the first extraordinary general meeting in 2019 of the Company.

I. Summary of the Guarantee

The Company, as a controlling subsidiary of China Petrochemical Corporation, was granted a comprehensive credit line of no more than RMB500 million under the total financing credit lines granted to China Petrochemical Corporation by CCB, and China Petrochemical Corporation undertakes joint guarantee liability for the Company's above-mentioned financing credit line of no more than RMB500 million. According to the requirements of internal management, the Company will provide corresponding counter-guarantee.

On 27 August 2019, the 15th meeting of the ninth session of the Board of Directors of the Company considered and approved Resolution on Provision of Counter-guarantee to China Petrochemical Corporation by the Company, and approved the Company to provide corresponding counter-guarantee in respect of joint guarantee liability under the financing credit line of no more than RMB500 million provided by China Petrochemical Corporation to the Company.

As of the disclosure date of the announcement, China Petrochemical Corporation directly and indirectly holds 13,323,683,351 shares of the Company in total, accounting for 70.18% of the total issued share capital of the Company, therefore is a controlling shareholder and a related party of the Company. The Guarantee constitutes a related party transaction of the Company and is subject to submission for consideration at the first extraordinary general meeting in 2019 of the Company.

II. Basic Information of the Guaranteed Party in the Counter-guarantee

The basic information of China Petrochemical Corporation is as follows:

Date of establishment:	14 September 1983
Type of enterprise:	Limited liability company (wholly state-owned)
Domicile:	22 Chaoyangmen North Street, Chaoyang District, Beijing
Legal representative:	Dai Houliang
Registered capital:	RMB274,900 million

China Petrochemical Corporation, formerly known as China National Petrochemical Corporation (中國石油化工總公司), is an enterprise owned by the whole people established according to Reply of the State Council on Relevant Issues concerning the Establishment of China Petrochemical Corporation. It is an institution approved by the State Council to carry out state-authorized investments and is a state-controlling company. China Petrochemical Corporation was incorporated in the State Administration for Industry and Commerce on 4 July 2012. It is principally engaged in organising its affiliated companies' exploration, exploitation, storage and transportation (including pipeline transportation), sales and comprehensive utilization of oil and natural gas; oil refining; wholesale and retail of refined oil products; production, sales, storage and transportation of petrochemical and other chemical products; industrial investment and investment management; exploration design, construction and installation of petroleum and petrochemical engineering projects; repairing and maintenance of petroleum and petrochemical equipment; manufacture of mechanical and electrical equipment; research, development, application and consultation services of technology, information and alternative energy products; import and export business.

According to the Audit Report (GTCSZ (2019) No.110ZA5256) issued by Grant Thornton (Special General Partnership) on 23 April 2019, as of 31 December 2018, China Petrochemical Corporation had total consolidated assets of RMB2,260,094 million, total liabilities of RMB1,171,491 million and total net assets of RMB1,088,604 million. During 2018, China Petrochemical Corporation recorded a total consolidated operating income of RMB2,936,841 million, total profits of RMB96,738 million and net cash flows generating from operating activities of RMB206,751 million.

III. Principal Terms of Letter of Counter-guarantee

1. Scope of the counter-guarantee: the indemnity and compensation for the corresponding joint guarantee liability assumed by China Petrochemical Corporation for the financing credit business of the Company with CCB.

2. Amount of the counter-guarantee: the amount of the counter-guarantee provided by the Company is the same as the amount of the joint guarantee liability assumed by China Petrochemical Corporation, and the equivalent amount is RMB500 million.

3. Term of the counter-guarantee: the term of the counter-guarantee provided by the Company is the same as that of the joint guarantee liability assumed by China Petrochemical Corporation, that is, it shall take effect on the effective date of the relevant joint guarantee liability and shall expire on the date of termination of the relevant joint guarantee liability. For the joint guarantee liability actually assumed by China Petrochemical Corporation for the

financing credit business of the Company with CCB prior to the effective date of this letter of counter-guarantee, the actual effective date of this counter-guarantee can be traced back.

4. Claim method: demand guarantee. When China Petrochemical Corporation actually incurs joint guarantee liability compensation for the financing credit business of the Company with CCB, China Petrochemical Corporation may directly claim compensation from the Company. Within 10 days from the date of receipt of the written notice of compensation claim from China Petrochemical Corporation, the Company shall unconditionally pay in a lump sum, the full amount of the joint guarantee liability assumed by China Petrochemical Corporation.

5. Validity period of the letter of counter-guarantee: this letter of counter-guarantee is valid for two years from the effective date.

6. This letter of counter-guarantee shall become effective upon being signed by the authorized representative of the Company and affixed with the official seal, and after being considered and approved at the first extraordinary general meeting in 2019 of the Company.

IV. Opinions of the Independent Directors

The independent directors of the Company have given their prior approval for the Guarantee and the related party transaction, and have expressed their independent opinions that: (1) China Petrochemical Corporation, the controlling shareholder of the Company, provides joint liability guarantee for the Company's comprehensive credit line of not more than RMB500 million, and the provision of corresponding counter-guarantee by the Company to China Petrochemical Corporation is a normal economic practice of the Company, which is beneficial for the Company to conduct relevant credit business, and is in line with the needs of the business development and internal management of the Company; (2) the decision-making procedures of the board of directors of the Company for considering the relevant resolution on the Guarantee are in compliance with relevant laws, regulations and the Articles of Association, and there is no circumstance that is detrimental to the interests of the Company and all shareholders.

V. The Accumulated Amount of External Guarantees and the Number of Overdue Guarantees

As of the disclosure date of this announcement, the accumulated total amount of external guarantees provided by the Company and its controlled subsidiaries is RMB12,817 million, accounting for 221.82% of the latest audited net assets of the Company, among which, the total amount of guarantees provided by the Company to its controlled subsidiaries is RMB 12,817 million, accounting for 221.82% of the latest audited net assets of the Company. As of the disclosure date of this announcement, the Company has no overdue guarantee.

By Order of the Board
Mr. Li Honghai
Company Secretary

Beijing, PRC, 27 August 2019

As at the date of this announcement, the Board of Directors comprises Mr. Liu Zhongyun+, Mr. Chen Xikun#, Mr. Yuan Jianqiang#, Mr. Lu Baoping+, Mr. Fan Zhonghai+, Mr. Wei Ran+, Mr. Xiao Yi+, Ms. Jiang Bo, Mr. Pan Ying*, Mr. Chen Weidong* and Mr. Dong Xiucheng*.*

+ Non-Executive Director

Executive Director

** Independent Non-Executive Director*