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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 ESTABLISHMENT OF AN INDIRECTLY WHOLLY-OWNED SUBSIDIARY

This announcement is made by Sinopec Oilfield Service Corporation (the “**Company**”) pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

I. OVERVIEW OF THE EXTERNAL INVESTMENT

In order to meet the Company’s strategic development needs, improve logging, mud logging and directional well R&D capabilities, cultivate core technology and equipment, and enhance market competitiveness, the Company proposes to establish an indirectly wholly-owned subsidiary, namely Sinopec Jingwei Co., Ltd. (中石化經緯有限公司) (“**Jingwei Company**”, the specific name is subject to the approval and registration of the Administration for Market Regulation), through its wholly-owned subsidiary Sinopec Oilfield Service Company Limited., and on such basis, the professional restructuring for logging, mud logging and directional well services are implemented within the Company.

At the 22nd meeting of the ninth session of the board of directors of the Company held on 29 October 2020, the Company considered and approved the Proposal on Establishment of an Indirectly Wholly-owned Subsidiary and Implementation of Professional Restructuring for Logging, Mud Logging and Directional Well Business.

The establishment of the indirectly wholly-owned subsidiary does not constitute a connected transaction, nor does it constitute a major asset restructuring under the Administrative Measures for Major Assets Restructuring of Listed Companies (《上市公司重大資產重組管理辦法》). Pursuant to relevant provisions of the Articles of Association of Sinopec Oilfield Service Corporation, such external investment is not required to be reviewed or approved by the shareholders at the general meeting.

II. BASIC INFORMATION OF THE TARGET COMPANY

1. Capital contribution method: the Company proposes to make capital contribution with

its own funds.

2. Basic information of the Target Company

(1) Company name: Sinopec Jingwei Co., Ltd.(中石化經緯有限公司)

(2) Nature: limited liability company

(3) address: No. 4 Taiwan Road, Shinan District, Qingdao

(4) Registered capital: RMB1 billion. Registered capital of RMB1 billion is proposed to be paid by way of three installments, of which the first installment of RMB0.3 billion will be paid by the end of January 2021, the second installment of RMB0.3 billion will be paid by the end of 2022, the third installment of RMB0.4 billion will be paid by the end of 2024.

(5) Business scope: mainly involvement in logging, perforation, mud logging, directional well construction, technology trade, general contracting business of logging/mud logging/directional well technology service, and technology research and development, product manufacturing and sales, data interpretation and evaluation, oil reservoir research and other services. (Subject to the registration approved by the Administration for Market Regulation).

III. RELEVANT CONTENTS OF PROFESSIONAL RESTRUCTURING PROPOSAL FOR LOGGING, MUD LOGGING AND DIRECTIONAL WELL BUSINESS

Upon completion of the establishment of Jingwei Company, all logging, mud logging and directional well business, assets and personnel of the 6 regional affiliates under the Company, namely Sinopec Shengli Oil Engineering Company Limited, Sinopec Zhongyuan Oil Engineering Company Limited, Sinopec Jiangnan Oil Engineering Company Limited, Sinopec Southwest Oil Engineering Company Limited, Sinopec North China Oil Engineering Company Limited, Sinopec East China Oil Engineering Company Limited, will be transferred to Jingwei Company.

Upon completion of the professional restructuring for logging, mud logging and directional well business, Jingwei Company will set up 8 professional operation units and 1 institute, namely Shengli Logging Company (勝利測井公司), Shengli Mud Logging Company (勝利錄井公司), Shengli Directional Well Company (勝利定向井公司), Zhongyuan Inspection & Control Company (中原測控公司), Jiangnan Inspection & Control Company (江漢測控公司), Southwest Inspection & Control Company (西南測控公司), North China Inspection & Control Company (華北測控公司), East China Inspection & Control Company (華東測控公司) and Inspection & Control Technology Institute (測控技術研究院).

IV. PURPOSE FOR IMPLEMENTING PROFESSIONAL RESTRUCTURING FOR LOGGING, MUD LOGGING AND DIRECTIONAL WELL BUSINESS AND ITS IMPACT ON THE COMPANY

The establishment of the indirectly wholly-owned subsidiary and implementation of professional restructuring for logging, mud logging and directional well business complies with the Company's strategic development needs and long-term development planning. Upon completion of the professional restructuring for logging, mud logging and directional well business, Jingwei Company will be a professional logging, mud logging and directional well entity integrating data acquisition, processing, interpretation, instrument R&D, manufacturing, sales and service, which is conducive to giving play to industrial concentration advantage, improving resource allocation efficiency, and improving logging, mud logging directional well research and development capabilities, and conducive to enhancing the Company's core competitiveness and having a positive impact on the Company's development.

Funds invested in the external investment are all sourced from the Company's own resources. The establishment of an indirectly wholly-owned subsidiary and implementation of the professional restructuring for logging, mud logging and directional well business will have no material impact on the Group's financial position and operating results and result in circumstance that damages the legitimate interests of the Company and other shareholders, and are in the interest of shareholders of the Company as a whole.

V. RISKS

The establishment of a subsidiary shall be subject to the approval of the Administration for Market Regulation. The establishment of a subsidiary will increase the number of subsidiaries of listed companies, and may also bring short-term operation, management and internal control risks. The Company will establish a sound internal control process and effective supervision mechanism, so as to adapt to business requirements and market changes and actively prevent and respond to risks.

By order of the Board of Directors

Li Honghai

Secretary to the Board of Directors

Beijing, PRC, 29 October 2020

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

+ Non-Executive Director

Executive Director

** Independent Non-Executive Director*