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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 Settlement of Tax Penalty of an Indirect Wholly-owned Overseas Subsidiary**

This announcement is made pursuant to Part XIVA of the Securities and Future Ordinance and Rules 13.09(2)(a) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Sinopec Oilfield Service Corporation (the "**Company**") made continuous disclosure on the tax audit and possible penalty issues on the Brazilian subsidiary, an indirect wholly-owned overseas subsidiary of the Company (the "**Brazilian Subsidiary**") in the Company's interim and annual reports since 2015. As disclosed in the 2021 interim report of the Company, on 7 February 2014, the Federal Tax Administration of Rio de Janeiro conducted the tax audit on the Brazilian Subsidiary. On 11 February 2014, the Brazilian Subsidiary received a Notice of the Tax Payments and Penalties from the Federal Tax Administration of Rio de Janeiro with a total amount of BRL 80,459,100, including tax of BRL 36,467,100, interest of BRL 13,929,800 and tax penalties of BRL 30,062,200. According to the legal opinion issued by the overseas tax advisors of the Brazilian Subsidiary, the Brazilian Subsidiary had administratively replied to such tax penalties on 10 March 2014. Even if the Federal Tax Administration of Rio de Janeiro made an unfavorable decision against the Brazilian Subsidiary, the Brazilian Subsidiary still had the right for the administrative legal proceedings to the local court.

On 30 December 2019, the Brazilian Subsidiary received an administrative second-level review notice, which approved certain project expenditures and the tax penalty was changed to BRL 73,195,000. At the end of March 2021, the Brazilian Subsidiary

received the third level taxation review decision, which upheld the second level review result. After the third-level administrative review, the Brazilian Subsidiary may settle such dispute through litigation proceedings.

In March 2021, the Federal Tax Administration of Brazil issued a special policy for federal tax debt treatment of companies with judicial reorganization (On 15 July 2019 (Brazil time), the Court of Rio approved the judicial reorganization plan of the Brazilian Subsidiary), by which the maximum exemption amount could account for 70% of the total tax debts and can be repaid by installments. The deadline for such settlement negotiation application is 29 December 2021. As the final tax penalty results can not be estimated, the Company had not made any provisions for the tax penalty matters as of 30 September 2021.

After the settlement negotiation between the Brazilian Subsidiary and the Federal Tax Administration of Brazil, the two parties reached a settlement regarding the tax penalty on 22 December 2021 (Brazil time). The Federal Tax Administration of Brazil agreed to give a 67.2% discount on the total tax penalty amount (including tax, interest, penalty and tax legal service fee). The final tax penalty amounted to BRL 27,296,700 (equivalent to approximately RMB 30,985,200). On 29 December 2021 (Brazil time), the Brazilian Subsidiary paid the above-mentioned tax penalty to the Federal Tax Administration of Brazil with a total amount of BRL 27,296,700 (equivalent to approximately RMB 30,985,200) .

By Order of the Board  
**Shen Zehong**  
*Company Secretary*

Beijing, PRC, 30 December 2021

*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+, Mr. Zhou Meiyun+, Mr. Chen Weidong\*, Mr. Dong Xiucheng\* and Mr. Zheng Weijun\**

*# Executive Director*

*+ Non-Executive Director*

*\* Independent Non-Executive Director*