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## **Sinopec Oilfield Service Corporation**

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

**(Stock code: 1033)**

### **DISCLOSEABLE TRANSACTION PROVISION OF GUARANTEE FOR JOINT VENTURE**

#### **THE GUARANTEE**

On 17 June 2022, the Company, as Guarantor, entered into the Guarantee Agreement with Mexican National Hydrocarbons Commission, as Beneficiary, pursuant to which the Company has agreed to provide guarantee under the Production Sharing Contract for Mexico DS Company, to ensure that when Mexico DS Company loses contract performance capabilities, the Company will perform the contracts on its behalf to Mexican National Hydrocarbons Commission. The maximum amount of the joint and several guarantee liabilities undertaken by the Company during the guarantee period shall not exceed US\$ 274,950,000.

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, the Mexican National Hydrocarbons Commission and its ultimate beneficial owners are third parties independent from the Company and its connected persons.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the provision of the guarantee by the Company for Mexico DS Company under the Guarantee Agreement exceed 5% but fall below 25%, thus according to the Guarantee Agreement, the Guarantee constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

References are made to the circular dated 26 April 2022 of the Company and the announcement on the poll results of the AGM dated 26 May 2022 of the Company in relation to the provision of the guarantee by the Company for Mexico DS Company, a joint venture of the Company.

#### **THE GUARANTEE**

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According to the provisions of the Production Sharing Contract for Mexico EBANO Project signed by the Beneficiary and Mexico DS Company, Mexico DS Company needs to submit the parent company's performance guarantee to the owner, namely Mexican National Hydrocarbons Commission. As shareholders of Mexico DS Company, DIAVAZ and IPSC, agreed that both parties will provide the parent company's performance guarantee on an annual basis for the EBANO project executed by Mexico DS Company. The Company agreed to provide guarantee for Mexico DS Company when it engages in market development, tender bidding activities for oilfield service locally and signs a business contract, to ensure that when it loses contract performance capabilities, the Company will perform the contracts on its behalf. On 17 June 2022, the other shareholder of Mexico DS Company, DIAVAZ issued a unilateral guarantee letter for 50% of the guarantee amount (i.e. US\$ 137,475,000) for the Guarantor.

## **PRINCIPAL TERMS OF THE GUARANTEE AGREEMENT**

**Date:** 17 June 2022

**Parties:** (1) The Company (as Guarantor);  
(2) Mexican National Hydrocarbons Commission (as Beneficiary)

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, the Mexican National Hydrocarbons Commission and its ultimate beneficial owners are third parties independent from the Company and its connected persons.

**Guarantee:** The Guarantor hereby jointly and severally and irrevocably guarantees to the Beneficiary, the timely payment of any amounts which Mexico DS Company must pay to the Beneficiary under the Production Sharing Contract, as well as the timely and proper fulfillment of each and every one of the Mexico DS Company's obligations pursuant to the Production Sharing Contract up to the amount of US\$ 274,950,000. The Guarantee is a payment and performance guarantee and not merely for collection, which shall remain in full force and effect until all Mexico DS Company's obligations secured hereunder in the Production Sharing Contract are paid or fulfilled entirely.

**Restitution:** The Guarantor's responsibilities hereunder shall be automatically restituted in the event and to the extent that, for any reason, any payment or fulfillment

that should have been made by Mexico DS Company in connection with any of the obligations secured herein is recovered from or reimbursed by the Beneficiary or any other party on behalf of Mexico DS Company as a result of any bankruptcy, insolvency, reorganization or any other procedure of Mexico DS Company.

**Governing Law:** The Guarantee Agreement shall be governed and construed pursuant to the federal laws of the United Mexican States.

## **REASONS FOR AND BENEFITS OF THE PROVISION OF THE GUARANTEE**

Mexico DS Company is a joint venture established by IPSC and DIAVAZ. It is mainly engaged in the businesses of oil and gas exploration and development, and is responsible for the development, production and maintenance of the EBANO oilfield in Mexico. The Company provides the Guarantee for Mexico DS Company in favor of the Beneficiary to meet the project needs of the EBANO oilfield development, production and maintenance, which will facilitate the development of the project and promote the development of the Company's business in Mexico, thereby further expanding the scale of the Company's international market.

The Board is of the view that the terms of the Guarantee Agreement and the transactions contemplated thereunder are entered into on normal commercial terms, are fair and reasonable, and are in the interest of the Company and its shareholders as a whole.

The resolution in relation to the Guarantee (including the maximum amount) has been considered and approved at the AGM of the Company. The valid period of the relevant resolution commenced on 26 May 2022 until the conclusion of the 2022 annual general meeting of the Company.

## **GENERAL**

### *The Company*

The Company is a joint stock limited company established in the PRC and a leading provider of petroleum and gas engineering and technical services in the PRC. The Group has engineering equipment and technology for, among other things, geophysics, drilling, logging, mud logging, cementing, special downhole operations, oilfield ground surface construction, petroleum and natural gas pipeline construction, and is capable of providing comprehensive engineering and technical services to cover the entire life-cycle of oil and gas fields. The Group has over 60 years of solid operating results, its oil and gas engineering services have been conducted successively in 76 basins across the PRC, and its business is distributed over 14 provinces in China.

### *IPSC*

IPSC is a limited liability company incorporated under the laws of the PRC and is a wholly-owned subsidiary of the Company. Its main business is dispatch of labor force necessary for the implementation of overseas projects; contracting overseas petroleum, chemical engineering, highway and bridge projects,

housing construction projects, water conservancy and hydropower engineering, municipal utilities, steel structure engineering, fire protection facilities engineering and electrical engineering; industrial installation engineering and domestic and international bidding projects; petroleum engineering equipment leasing and sale; import and export business.

#### *Mexico DS Company*

Mexico DS Company is a joint stock limited company incorporated and established under the Mexican laws, and is a joint venture established by IPSC and DIAVAZ. As at the date of this announcement, the Company holds 50% equity interest in Mexico DS Company through IPSC. DIAVAZ holds the other 50% equity interest in Mexico DS Company. Mexico DS Company is mainly engaged in the businesses of oil and gas exploration and development.

#### *DIAVAZ*

DIAVAZ is a local company incorporated and established under the Mexican laws, and is mainly engaged in the businesses of oil and gas exploration and development.

#### *Mexican National Hydrocarbons Commission*

Mexican National Hydrocarbons Commission is the coordinated regulatory authority of the Mexican government on energy matters. It has its own legal personality, technical autonomy and management rights, and is entitled to sign contracts with private or state-owned oil companies on behalf of the country.

### **IMPLCATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the provision of the guarantee by the Company for Mexico DS Company under the Guarantee Agreement exceed 5% but fall below 25%, thus according to the Guarantee Agreement, the Guarantee constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **DEFINITIONS**

In this announcement, unless otherwise indicated in the context, the following terms shall have the meanings set out below:

“AGM”	The annual general meeting for 2021 convened by the Company on 26 May 2022
“Board”	the board of directors of the Company
“Company” or “Guarantor”	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 Shanghai Stock Exchange and its H shares are listed on the Main Board of the Hong Kong Stock Exchange
“Director(s)”	Directors of the Company

“Group”	the Company and its subsidiaries
“Mexico DS Company”	DS Servicios Petroleros,S.A. de C.V. (DS石油服務有限公司)
“IPSC”	Sinopec International Petroleum Service Corporation, a subsidiary of the Company
“DIAVAZ”	DIAVAZ DEP,S.A.P.I. de C.V.
“Mexican National Hydrocarbons Commission” or the “Beneficiary”	COMISIÓN NACIONAL DE HIDROCARBUROS
“Guarantee”	the provision of the guarantee by the Company according to the Guarantee Agreement for Mexico DS Company, to ensure that when Mexico DS Company loses contract performance capabilities, the Company will perform the contracts on its behalf to Mexican National Hydrocarbons Commission
“Guarantee Agreement”	the guarantee agreement in relation to the guarantee for Mexico DS Company, entered into by the Company (as Guarantor) in favour of Mexican National Hydrocarbons Commission as Beneficiary on 17 June 2022
“Production Sharing Contract”	the Exploration and Development Contract under the Production Sharing Model in relation to the Mexico EBANO Project entered into by the Beneficiary and Mexico DS Company on 3 August 2018
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
US\$”	United States Dollars, the lawful currency of the United States of America

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

19 June 2022, Beijing

*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*