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## **Sinopec Oilfield Service Corporation**

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

### **THE NON-PUBLIC PLACEMENT UNDER SPECIFIC MANDATE CONNECTED TRANSACTIONS AND RESUMPTION OF TRADING OF A SHARES**

#### **THE NON-PUBLIC PLACEMENT UNDER SPECIFIC MANDATE**

On 20 September 2017, the Board approved the proposed placement by the Company of (i) not more than 2,828,532,199 New A Shares to CPC and Qi Xin Gong Ying Scheme at a benchmark price which is not lower than 90% of the average trading price of the A Shares during the 20 trading days preceding the Price Benchmark Date (the average trading price of the A Shares in the 20 trading days preceding the Price Benchmark Date = the total trading amount of A Shares traded in the 20 trading days preceding the Price Benchmark Date / the total volume of A Shares traded in the 20 trading days preceding the Price Benchmark Date); and (ii) not more than 4,200,000,000 New H Shares to not more than 10 specific investors (including Century Bright Company and China Structural Reform Fund) at the subscription price of HK\$1.35 per New H Share. Gross proceeds to be raised from the A Share Placement and the H Share Placement will be (i) not more than RMB4 billion and (ii) not more than RMB4 billion or its equivalent Hong Kong dollars respectively.

The A Share Placement and the H Share Placement will be implemented pursuant to the Specific Mandate to be granted by the Independent Shareholders at the General Meetings. The Board has passed a resolution on 20 September 2017 to seek the Independent Shareholders' consideration and approval for granting the Board to place and allot not more than 2,828,532,199 New A Shares and not more than 4,200,000,000 New H Shares pursuant to the Specific Mandate, representing 20% and 29.70% of the total number of issued Shares of the Company respectively.

The A Share Placement and the H Share Placement are inter-conditional upon each other.

## **CONNECTED TRANSACTIONS**

The Company and CPC entered into the A Shares Subscription Agreement on 20 September 2017, pursuant to which, the Company has conditionally agreed to place and CPC has conditionally agreed to subscribe for New A Shares with an amount of not more than RMB3,939.35 million.

The Company and Century Bright Company, a wholly-owned subsidiary of CPC, also entered into the H Shares Subscription Agreement on 20 September 2017, pursuant to which, the Company has conditionally agreed to place and Century Bright Company has conditionally agreed to subscribe for not less than 50% of the number of New H Shares issued under H Share Placement. The subscription price is HK\$1.35 per New H Share, which is identical to that offered to China Structural Reform Fund and other investors of New H Shares in the future (if any). The CPC A Shares Subscription Agreement and the Century Bright Company H Shares Subscription Agreement are inter-conditional upon each other, and are subject to the authorizations and/or approvals from the SASAC, the General Meetings, the CSRC and other relevant authorities.

Meanwhile, the Company and Qi Xin Gong Ying Scheme entered into the A Shares Subscription Agreement on 20 September 2017, pursuant to which, the Company has conditionally agreed to place and Qi Xin Gong Ying Scheme has conditionally agreed to subscribe for New A Shares with an amount of not more than RMB60.65 million. The participants of Qi Xin Gong Ying Scheme are certain Directors, supervisors, senior management and other core management personnel of the Group, all of whom have entered into labor contracts with, and received salaries from, the Group. The number of participants is not more than 198, including 26 directors, supervisors and chief executives of the Group in total who have subscribed for Qi Xin Gong Ying Scheme. Qi Xin Gong Ying Scheme A Shares Subscription Agreement is subject to the authorizations and/or approvals from the SASAC, the General Meetings, the CSRC and other relevant authorities.

## **LISTING RULES IMPLICATION**

CPC is a substantial shareholder holding approximately 65.22% of the total issued share capital of the Company and Century Bright Company is a wholly-owned subsidiary of CPC. CPC and its associates are connected persons of the Company under the Listing Rules. As such, the subscription of New A Shares by CPC and the subscription of New H Shares by Century Bright Company constitute connected transactions of the Company respectively and are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules respectively.

As participants of Qi Xin Gong Ying Scheme include 26 directors, supervisors and chief executives of the Group in total and the above-mentioned persons and their associates are connected persons of the Company, Qi Xin Gong Ying Scheme is also a connected person of the Company under the Listing Rules. As such, the subscription of New A Shares by Qi Xin Gong Ying Scheme constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee (comprising all the independent non-executive Directors) has been formed in accordance with the Listing Rules to advise the Independent Shareholders on the Subscriptions. In this connection, Anglo Chinese has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Subscriptions.

## **EGM AND CLASS MEETINGS**

The EGM will be convened to consider and, if thought fit, approve, the Non-public Placement and the Subscriptions. The Class Meetings will also be convened to consider and, if thought fit, approve, the Non-public Placement and the Subscriptions. The resolutions in relation to the Non-public Placement and the Subscriptions will be proposed at the EGM and/or the Class Meetings to be approved by the Independent Shareholders. CPC and its associates and those who are interested in or involved in the Subscriptions will abstain from voting on the resolutions to be proposed at the EGM and/or the Class Meetings for approving the Non-public Placement and the Subscriptions.

## **GENERAL INFORMATION**

A circular containing, among others, (i) details of the Non-public Placement and the Subscriptions; (ii) a letter from the Independent Board Committee; and (iii) a letter of advice from the Independent Financial Adviser is expected to be despatched to the Shareholders in due course in accordance with the Listing Rules.

**The Non-public Placement and the Subscriptions are conditional upon the fulfilment of certain conditions. Accordingly, the Non-public Placement and the Subscriptions may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their stockbroker, bank manager, solicitor or other professional adviser if they are in any doubt about their position and as to actions they should take.**

## **RESUMPTION OF TRADING OF A SHARES**

At the request of the Company, trading in the A Shares on the Shanghai Stock Exchange has been suspended with effect from 9:00 a.m. on 11 August 2017 as the Company is in the process of contemplating the Non-public Placement. Application has been made by the Company to the Shanghai Stock Exchange for the resumption of trading in the A Shares on the Shanghai Stock Exchange with effect from 9:00 a.m. on 21 September 2017.

## **THE NON-PUBLIC PLACEMENT UNDER SPECIFIC MANDATE AND CONNECTED TRANSACTIONS**

### **Overview**

On 20 September 2017, the Board approved the proposed placement by the Company of (i) not more than 2,828,532,199 New A Shares to CPC and Qi Xin Gong Ying Scheme; and (ii) not more than 4,200,000,000 New H Shares to not more than 10 specific investors (including Century Bright Company and China Structural Reform Fund) on the terms and conditions set out in this announcement.

The Board has passed a resolution on 20 September 2017 to seek the Shareholders' consideration and approval for the A Share Placement plan and the H Share Placement plan at the EGM and the Class Meetings. The A Share Placement plan and the H Share Placement plan are conditional upon the approvals from the SASAC and the CSRC and are subject to the final plans as approved by the CSRC.

The A Share Placement and the H Share Placement are inter-conditional upon each other, which means any one of the A Share Placement and the H Share Placement will not proceed in case that the other one fails to obtain all the approvals or authorizations as required by the applicable laws and regulations, including but not limited to the approvals or authorizations from the EGM, the A Share Class Meeting, the H Share Class Meeting, the SASAC, the CSRC and other regulatory authorities.

The Company and CPC entered into the A shares subscription agreement on 20 September 2017, pursuant to which, the Company has conditionally agreed to place and CPC has conditionally agreed to subscribe for New A Shares with an amount of not more than RMB3,939.35 million.

The Company and Qi Xin Gong Ying Scheme also entered into the A shares subscription agreement on 20 September 2017, pursuant to which, the Company has conditionally agreed to place and Qi Xin Gong Ying Scheme has conditionally agreed to subscribe for New A Shares with an amount of not more than RMB60.65 million. The participants of Qi Xin Gong Ying Scheme are certain directors, supervisors, senior management and other core management personnel of the Group, all of whom have entered into labor contracts with, and received salaries from, the Group. The number of participants is not more than 198, including 26 Directors, supervisors and chief executives of the Group in total who have subscribed for Qi Xin Gong Ying Scheme, being Mr. Sun Qingde (Vice Chairman and General Manager of the Company), Mr. Li Wei (Chairman of Supervisory Committee of the Company), Mr. Zhang Hongshan and Mr. Huang Songwei (both are Employee Representative Supervisors of the Company), Mr. Chen Xikun (Executive Deputy General Manager of the Company), Mr. Zhang Yongjie, Mr. Lu Baoping and Mr. Zuo Yaojiu and Mr. Zhang Jinhong (all are Deputy General Managers of the Company), Mr. Li Tian (Chief Financial Officer of the Company), Mr. Li Honghai (Secretary to the Board), and certain directors, supervisors and chief executives of the subsidiaries of the Company.

Meanwhile, the Company entered into the H shares subscription agreement with Century Bright Company, a wholly-owned subsidiary of CPC, on 20 September 2017, pursuant to which, the Company has conditionally agreed to place and Century Bright Company has conditionally agreed to subscribe for not less than 50% of the number of New H Shares to be issued under H Share Placement. The subscription price is HK\$1.35 per New H Share, which is identical to that offered to China Structural Reform Fund and other investors of New H Shares (if any).

## **A Share Placement Plan**

### ***Nominal value, number and placement method of New A Shares***

The Board proposed to put forward to the EGM and the Class Meetings to approve and authorize, among others, the Board to place not more than 2,828,532,199 New A Shares with a par value of RMB1.00 each (representing not more than 20% of the existing number of issued Shares of the Company as at the date of this announcement) to CPC and Qi Xin Gong Ying Scheme at the A Share Subscription Price through Non-public Placement by way of cash payment. Gross proceeds to be raised from the A Share Placement will be not more than RMB4 billion.

The maximum number of New A Shares to be placed shall be adjusted if any ex-rights or ex-dividends events such as entitlement distribution, conversion of reserve into share capital or placing occur during the period from the date of Board meeting (i.e. 20 September 2017) to the date of the issuance of New A Shares, and the maximum number of A Shares to be subscribed by each target subscribers shall be adjusted accordingly based on the subscription ratios they committed.

The resolution regarding the A Share Placement shall be valid for 12 months from the date of the passing of the resolution with respect to the A Share Placement at the EGM and the Class Meetings. The final number of New A Shares to be issued under the A Share Placement shall be subject to approval from the CSRC. The Company will complete the A Share Placement during the validity period from the date of obtaining approval from the CSRC for the A Share Placement.

### ***Price benchmark of A Share Subscription Price***

A Share Subscription Price shall not be lower than a benchmark price which is 90% of the average trading price of the A Shares during the 20 trading days preceding the Price Benchmark Date (the average trading price of the A Shares in the 20 trading days preceding the Price Benchmark Date = the total trading amount of A Shares traded in the 20 trading days preceding the Price Benchmark Date / the total volume of A Shares traded in the 20 trading days preceding the Price Benchmark Date).

If during such 20 trading days, the share price of the Company has been adjusted due to ex-rights or ex-dividend events such as entitlement distribution, conversion of reserve into share capital or placing, the trading price during the trading days before adjustment shall be calculated based on the price after the adjustment of ex-rights or ex-dividend.

On 10 August 2017 (i.e. the last trading day before the suspension of trading in the A Shares), the closing price of A Shares was RMB3.20 per share.

### ***Target subscribers***

The target subscribers in the A Share Placement and their proposed subscription amount are as follows:

<b>No.</b>	<b>Target subscribers</b>	<b>Proposed subscription amount (RMB million)</b>
1.	CPC	3,939.35
2.	Qi Xin Gong Ying Scheme	60.65
Total		4,000

If the maximum number of New A Shares (2,828,532,199 shares)  $\times$  A Share Subscription Price < RMB4 billion when the A Share Placement is finally implemented, the number of New A Shares is the maximum number, i.e. 2,828,532,199 shares. The actual subscription amount of CPC = the maximum number of New A Shares (2,828,532,199 shares)  $\times$  A Share Subscription Price - the committed subscription amount of Qi Xin Gong Ying Scheme (RMB60.65 million). Each target subscriber's final subscription number of shares is determined by dividing its actual subscription amount by the A Share Subscription Price (rounded down to the unit digit).

If the maximum number of New A Shares (2,828,532,199 shares)  $\times$  A Share Subscription Price  $\geq$  RMB4 billion when the A Share Placement is finally implemented, the number of New A Shares finally subscribed for by each target subscriber is determined by dividing the proposed subscription amount by the A Share Subscription Price (rounded down to the unit digit), and the total number of New A Shares is the sum of the number of New A Shares finally subscribed for by each target subscriber of New A Shares.

As of the date of this announcement, the above-mentioned target subscribers have entered into A Shares Subscription Agreements with the Company.

### ***Lock-up period and listing arrangement***

The New A Shares shall not be traded or transferred within 36 months from the completion date of the A Share Placement. The Company will apply to the Shanghai Stock Exchange for the grant of listing of, and permission to trade, the New A Shares.

## ***Rights of the New A Shares***

The New A Shares, when fully paid and issued, will rank *pari passu* in all respects amongst themselves and with the A Shares in issue at the time of the placement and allotment of such New A Shares.

## **The CPC A Shares Subscription Agreement**

### **Date**

20 September 2017

### **Parties**

- (1) The Company (as the placer); and
- (2) CPC (as the subscriber)

### **Number of New A Shares subscribed**

CPC proposed to subscribe for New A Shares with an amount of not more than RMB3,939.35 million at the A Share Subscription Price by way of cash payment.

The actual subscription amount of CPC shall be determined based on A Share Subscription Price. If the maximum number of New A Shares (2,828,532,199 shares)  $\times$  A Share Subscription Price  $<$  RMB4 billion when the A Share Placement is finally implemented, the actual subscription amount of CPC = maximum number of New A Shares (2,828,532,199 shares)  $\times$  A Share Subscription Price – proposed subscription amount of Qi Xin Gong Ying Scheme (RMB60.65 million); If the maximum number of New A Shares (2,828,532,199 shares)  $\times$  A Share Subscription Price  $\geq$  RMB4 billion when the A Share Placement is finally implemented, the actual subscription amount of CPC shall be RMB3,939.35 million.

The number of New A Shares to be subscribed for by CPC shall be adjusted if any ex-rights or ex-dividends events such as entitlement distribution, conversion of reserve into share capital or placing occur during the period from the Price Benchmark Date to the date of the issuance of the New A Shares.

### **New A Share Subscription Price**

The New A Share Subscription Price shall not be lower than a benchmark price which is 90% of the average trading price of the A Shares during the 20 trading days preceding the Price Benchmark Date (the average trading price of the A Shares in the 20 trading days preceding the Price Benchmark Date = the total trading amount of A Shares traded in the 20 trading days preceding the Price Benchmark Date / the total volume of A Shares traded in the 20 trading days preceding the Price Benchmark Date).



If during such 20 trading days, the share price of the Company has been adjusted due to ex-rights or ex-dividend events such as entitlement distribution, conversion of reserve into share capital or placing, the trading price during the trading days before adjustment shall be calculated based on the price after the adjustment of ex-rights or ex-dividend.

When the Company officially commences the issuance of New A Shares after the CPC A Shares Subscription Agreement comes into effect, the Company and the sponsor (lead underwriter) of the Non-public Placement will issue a payment notice to CPC. CPC shall first transfer all the subscription amount by one time to the specific account set up by the sponsor for the Non-public Placement in accordance with the requirements of the payment notice, and then transfer to the specific savings account for the Non-public Placement's proceeds designated by the Company after the completion of capital verification and deducting the relevant expenses.

### **Lock-up period**

The New A Shares to be subscribed by CPC shall not be transferred within 36 months from the completion date of the New A Share Placement.

### **Conditions precedent**

The CPC A Shares Subscription Agreement shall be established after being executed by the legal or authorized representatives and chopped with the official seals of both parties, and shall take effect after the satisfaction of all the following conditions:

- (a) The Non-public Placement and CPC A Shares Subscription Agreement and the transactions contemplated thereunder have been approved by the Board, the EGM and the Class Meetings;
- (b) The Non-public Placement has been approved by the SASAC;
- (c) The A Share Placement has been approved by the CSRC;
- (d) The H Share Placement has been approved by the CSRC.

### **Qi Xin Gong Ying Scheme A Shares Subscription Agreement**

#### ***Date***

20 September 2017

## ***Parties***

- (1) The Company (as the placer); and
- (2) Changjiang Pension on behalf of Qi Xin Gong Ying Scheme (as the subscriber)

## ***Number of New A Shares subscribed***

Qi Xin Gong Ying Scheme proposed to subscribe for New A Shares with an amount of not more than RMB60.65 million at the A Share Subscription Price by way of cash payment. The actual subscription amount shall be based on the actual funds raised by Qi Xin Gong Ying Scheme.

The number of New A Shares to be subscribed by Qi Xin Gong Ying Scheme will be adjusted if any ex-rights or ex-dividends events such as entitlement distribution, conversion of reserve into share capital or placing occur during the period from the Price Benchmark Date to the date of issuance of New A Shares.

## ***New A Share Subscription Price***

The A Share Subscription Price shall not be lower than a benchmark price which is 90% of the average trading price of the A Shares during the 20 trading days preceding the Price Benchmark Date (the average trading price of the A Shares in the 20 trading days preceding the Price Benchmark Date = the total trading amount of A Shares traded in the 20 trading days preceding the Price Benchmark Date / the total volume of A Shares traded in the 20 trading days preceding the Price Benchmark Date).

If during such 20 trading days, the share price of the Company has been adjusted due to ex-rights or ex-dividend events such as entitlement distribution, conversion of reserve into share capital or placing, the trading price during the trading days before adjustment shall be calculated based on the price after the adjustment of ex-rights or ex-dividend.

When the Company officially commences the issuance of New A Share after Qi Xin Gong Ying Scheme A Shares Subscription Agreement comes into effect, the Company and the sponsor (lead underwriter) of the Non-public Placement will issue a payment notice to Qi Xin Gong Ying Scheme. Qi Xin Gong Ying Scheme shall first transfer all the subscription amount of New A Shares by one time to the specific account set up by the sponsor for the Non-public Placement in accordance with the requirements of the payment notice, and then transfer to the specific savings account for the Non-public Placement's proceeds designated by the Company after the completion of capital verification and deducting the relevant expenses.

### ***Lock-up period***

The New A Shares to be subscribed by Qi Xin Gong Ying Scheme will not be transferred within 36 months from the completion date of the New A Share Placement.

### ***Conditions precedent***

Qi Xin Gong Ying Scheme A Shares Subscription Agreement shall be established after being executed by the legal or authorized representatives and chopped with the official seals of both parties, and shall take effect after the satisfaction of all the following conditions:

- (a) The Non-public Placement and Qi Xin Gong Ying Scheme A Shares Subscription Agreement and the transactions contemplated thereunder have been approved by the Board, the EGM and the Class Meetings;
- (b) The Non-public Placement has been approved by the SASAC;
- (c) The A Share Placement has been approved by the CSRC;
- (d) The H Share Placement has been approved by the CSRC.

### **H Shares Placement Plan**

#### ***Nominal value, number and placement method of New H Share***

The Board proposed to put forward to the EGM and the Class Meetings to approve and authorize, among which, the Board to place not more than 4,200,000,000 New A Shares with a par value of RMB1.00 each (representing not more than approximately 29.70% of the existing number of issued Shares of the Company as at the date of this announcement) to not more than 10 specific investors (including Century Bright Company and China Structural Reform Fund) at the H Share Subscription Price of HK\$1.35 per New H Share through Non-public Placement by way of cash payment. Gross proceeds to be raised from the H Share Placement will be not more than RMB4 billion or its equivalent Hong Kong dollars.

The resolution regarding the H Share Placement shall be valid for 12 months from the date of passing of the resolution with respect to the H Share Placement at the EGM and the Class Meetings. The final number of New H Shares to be issued under the H Share Placement shall be subject to approval from the CSRC. The Company will complete the H Share Placement during the validity period from the date of obtaining approval from the CSRC for the H Share Placement.

### *Price benchmark of H Share Placement price*

The Price Reference Date of H Share Placement shall be 10 August 2017. The New H Share Placement Price shall be HK\$1.35 per New H Share.

The H Share Placement Price was determined through arm's length negotiation, and with reference to the closing price of H Shares of the Company of HK\$1.29 per H Share on 10 August 2017 with a premium not more than 5%.

On 19 September 2017, the closing price of H Shares was HK\$ 1.370 per H Share.

The subscription price of HK\$1.35 per New H Share represents:

- (a) a premium of approximately 5.6% to the average closing price of HK\$1.278 per H Share as quoted on the Hong Kong Stock Exchange for the five trading days prior to the Price Reference Date;
- (b) a premium of approximately 8.1% to the average closing price of HK\$1.249 per H Share as quoted on the Hong Kong Stock Exchange for the ten trading days prior to the Price Reference Date;
- (c) a premium of approximately 9.9% to the average closing price of HK\$1.229 per H Share as quoted on the Hong Kong Stock Exchange for the twenty trading days prior to the Price Reference Date;
- (d) a discount of approximately 3.6% to the closing price of HK\$1.40 per H Share quoted on the Hong Kong Stock Exchange on the date of this announcement;
- (e) a premium of approximately 0.6% to the average closing price of HK\$1.342 per H Share as quoted on the Hong Kong Stock Exchange for the five trading days immediately prior to the date of this announcement; and
- (f) a premium of approximately 0.7% to the average closing price of HK\$1.340 per H Share as quoted on the Hong Kong Stock Exchange for the ten trading days immediately prior to the date of this announcement.

The Directors are of the view that the H Share Subscription Price is determined through arm's length negotiations, fair and reasonable and in the interest of the Group and the Shareholders as a whole.

If during the period from the Price Reference Date to the date of issuance of New H Shares, the share price of the Company has been adjusted due to ex-rights or ex-dividend events such as entitlement distribution, conversion of reserve into share capital or placing, the trading price during the trading days before adjustment shall be calculated based on the price after the adjustment of ex-rights or ex-dividend.

### ***Target subscribers***

As of the date of this announcement, the determined target subscribers of New H Shares and the maximum number of New H Shares proposed to be subscribed are as follows:

<b>No.</b>	<b>Target subscribers</b>	<b>Maximum number of New H Shares subscribed (shares)</b>
1.	Century Bright Company	3,360,000,000
2.	China Structural Reform Fund	840,000,000
<b>Total</b>		<b>4,200,000,000</b>

*Note: The maximum number of New H Share to be issued under the H Shares Placement is calculated based on the proposed maximum subscription amount of the target subscribers dividing by the H Share Subscription Price, of which assuming the conversion of HK\$ into RMB is based on the exchange rate of HK\$1 = RMB0.7.*

China Structural Reform Fund proposed to subscribed for part of the New H Shares with a total subscription amount of RMB800 million, and the specific number of New H Shares to be subscribed is determined by dividing RMB800 million, after being converted into HK\$ based on the median exchange rate announced by the People's Bank of China on the date of the issuance of New H Share, by the H Share Subscription Price (rounded down to the unit digit). To the best of the Directors' knowledge having made all reasonable enquiries, China Structural Reform Fund and its ultimate beneficial owners are independent of the Group and its connected persons.

The final number of New H Shares subscribed by Century Bright Company is determined based on its total subscription amount of New H Shares finally determined dividing by the H Share Subscription Price (rounded down to the unit digit) and shall be not less than 50% of the total number of New H Shares to be issued. The final total subscription amount of New H Shares by Century Bright Company = the maximum amount of gross proceeds from the H Share Placement of RMB4 billion, after being converted into HK\$ based on the median exchange rate announced by the People's Bank of China on the date of the issuance of New H Share, less the total subscription amount of other target subscribers of New H Shares determined by the Company.

As of the date of this announcement, no other persons have signed New H Shares subscription agreement with the Company except for Century Bright Company and China Structural Reform Fund. Prior to the New H Share Placement, the Company will fulfil the disclosure obligation in time pursuant to the requirements of relevant laws, regulations and the Listing Rules as soon as possible after the signing of such New H Shares subscription agreement (if any).

### ***Lock-up period and listing arrangement***

Century Bright Company has undertaken not to transfer the New H Shares subscribed directly or indirectly within 36 months from the completion date of the H Share Placement. The New H Shares subscribed by China Structural Reform Fund have no lock-up period. The Company will apply to the Hong Kong Stock Exchange for the grant of listing of, and permission to trade, the New H Shares.

### ***Rights of the New H Shares***

The New H Shares, when fully paid and issued, will rank pari passu in all respects amongst themselves and with the H Shares issued at the time of the placement and allotment of such New H Shares.

## **The Century Bright Company H Shares Subscription Agreement**

### **Date**

20 September 2017

### **Parties**

- (1) The Company (as the placer); and
- (2) Century Bright Company (as the subscriber)

### **Number of New H Shares subscribed**

Century Bright Company will subscribe for not less than 50% of the number of New H Share to be issued under H Share Placement by way of cash payment. The final number of New H Shares subscribed by Century Bright Company is determined based on its total subscription amount of New H Shares finally determined dividing by the H Share Subscription Price (rounded down to the unit digit). The final total subscription amount of New H Shares by Century Bright Company = the maximum amount of gross proceeds from the H Share Placement of RMB4 billion, after being converted into

HK\$ based on the median exchange rate announced by the People's Bank of China on the date of the issuance of New H Share, less the total subscription amount of other target subscribers of New H Shares determined by the Company.

The maximum number of New H Shares to be placed will be adjusted accordingly, if any ex-rights or ex-dividends events such as entitlement distribution, conversion of reserve into share capital or placing occur during the period from the Price Benchmark Date to the date of the H Share Placement.

### **New H Share Subscription Price**

The H Share Subscription Price was HK\$1.35 per H Share. If during the period from the Price Reference Date to the date of H Share Placement, the share price of the Company has been adjusted due to ex-rights or ex-dividend events such as entitlement distribution, conversion of reserve into share capital or placing, the H Share Subscription Price shall be calculated based on the price after the adjustment of ex-rights or ex-dividend.

Century Bright Company shall transfer the subscription amount of New H Shares by one time to the specific savings account for the Non-public Placement's proceeds designated by the Company within ten (10) working days after the effective date of the Century Bright Company H Shares Subscription Agreement (or other date agreed between the parties to the agreement),

### ***Lock-up period***

The New H Shares to be subscribed by Century Bright Company will not be transferred within 36 months from the completion date of the New H Share Placement.

### ***Conditions precedent***

The Century Bright Company H Shares Subscription Agreement shall be established after being executed by the legal or authorized representatives and chopped with the official seals of both parties, and shall take effect after the satisfaction of all the following conditions:

- (a) The Non-public Placement and Century Bright Company H Shares Subscription Agreement and the transactions contemplated thereunder have been approved by the Board, the EGM and the Class Meetings;

- (b) The Non-public Placement has been approved by the SASAC;
- (c) The H Share Placement has been approved by the CSRC;
- (d) The A Share Placement has been approved by the CSRC.

## **SPECIFIC MANDATE**

The A Share Placement and the H Share Placement will be carried out in accordance with the specific mandate to be granted by the Independent Directors at the General Meetings. The Board has passed a resolution on 20 September 2017 to seek the Independent Shareholders' consideration and approval for authorizing the Board to issue and allot not more than 2,828,532,199 New A Shares and not more than 4,200,000,000 New H Shares pursuant to the Specific Mandate, representing 20% and 29.70% of the total issued Shares of the Company respectively. The resolution regarding the A Share Placement and the H Share Placement shall be effective for 12 months from the date of approval at the General Meetings.

## **AUTHORIZATION TO THE BOARD TO COMPLETE MATTERS RELATING TO THE NON-PUBLIC PLACEMENT**

To ensure efficient and orderly completion of the Non-public Placement of the Company, pursuant to the Company Law of PRC, the Securities Law of the PRC and other relevant laws and regulations and the Articles of Association, it will be proposed at the General Meetings to authorize the Board to handle matters relating to the Non-public Placement, including but not limited to the following:

- (a) Authorize the Board to handle all matters relating to the Non-public Placement, including but not limited to determining the placement number, placement price, method of determining the price, target subscribers and timing of placement of the Non-public Placement subject to all the applicable laws, regulations and the rules or requirements of relevant regulatory agencies or departments;
- (b) Authorize the Board to handle the review, registration, filing, approval and consent in relation to the Non-public Placement, to prepare, formulate, revise, optimize and execute all documents in relation to the Non-public Placement and to execute the contracts, agreements and documents relating to the Non-public Placement subject to all the applicable laws, regulations and the rules or requirements of relevant regulatory agencies or departments;
- (c) Subject to all the applicable laws, regulations and the rules or requirements of relevant regulatory agencies or departments, if requested by the regulatory department or if there is any change to the policies relating to the A Share Placement and the H Share Placement or the market condition, other than those matters requiring vote again at the General Meetings in accordance with the relevant laws, regulations and the Articles of Association or as requested by the regulatory department, authorize the Board to adjust the specific Non-public Placement plan;
- (d) Authorize the Board to handle the capital verification in respect of the Non-public Placement and set up a designated account for the proceeds;
- (e) Authorize the Board to determine and engage professional intermediaries to undertake work relating to



the Non-public Placement, including but not limited to preparing and delivering documents in accordance with the regulatory requirements, and determining the relevant matters concerning their remuneration;

- (f) Subject to all the applicable laws, regulations and the rules or requirements of relevant regulatory agencies or departments, authorize the Board to adjust the use of the proceeds proposal within the scope of resolution at the General Meetings;
- (g) Authorize the Board to handle the matters relating to registration, lock-up and listing of the Shares and to file the relevant documents upon completion of the A Share Placement and the H Share Placement; and
- (h) Authorize the Board to determine and handle all other matters in relation to the A Share Placement and the H Share Placement subject to all the applicable laws, regulations and the rules or requirements of relevant regulatory agencies or departments.

The authorizations in items (f) and (g) above shall be effective during the subsistence period of the relevant events from the date on which the resolution for authorization is approved at the General Meetings and all other authorizations shall be effective for 12 months from the date on which the resolution for authorization is approved at the General Meetings.

Based on the above-mentioned authorizations, it is agreed that the Board can authorize any two executive Directors of the Company to determine, handle and deal with all matters above relating to the A Share Placement and the H Share Placement.

## **REASONS FOR AND BENEFITS OF THE NON-PUBLIC PLACEMENT**

The Directors consider that the reasons for and benefits of the Non-public Placement are as follows:

- (a) Enhance the core competitiveness of the Company's main business. The Non-public Placement will enhance the financial strength of the Company, promote the business development of the Company and enhance the core competitiveness of the main business.
- (b) Optimize the capital structure and reduce the financial risk. All the proceeds from the Non-public Placement are proposed to be used to supplement the working capital of the Company. As of 30 June 2017, the Company's asset-liability ratio was 90.8%, which was relatively high. Through the Non-public Placement, the Company's asset-liability ratio will be reduced, which will help the Company to optimize the capital structure and reduce the financial risk.
- (c) Enjoy more support from the controlling shareholder. CPC plans to subscribe for Shares of the Company under the Non-public Placement, which reflects the supportive determination of the controlling shareholder to the Company and the confidence in the future development of the Company; meanwhile, the Company may enjoy more support from controlling shareholder, which is conducive to the protection of the Company's stable and sustainable development.

## **DIRECTORS' VIEW**

The Directors are of the view that the terms of the Non-public Placement and the Subscriptions are on normal commercial terms, fair and reasonable and in the interest of the Group and the Shareholders as a whole. The Independent Non-executive Directors, after taking into account the recommendations of the Independent Financial Adviser, will advise the Shareholders on the matters and their views and opinions will be included in the circular to be despatched to the Shareholders.

## **RECENT FUND-RAISING ACTIVITIES AND USE OF PROCEEDS**

The Company did not conduct any fund-raising activities in the 12 months preceding the date of this announcement.

The aggregate nominal value of the New A Shares and New H Shares is not more than RMB7,028,532,199. If each of the relevant parties will subscribe for the maximum number of New A Shares and New H Shares in accordance with the subscription agreement, the gross proceeds from the Non-public Placement will be not more than RMB8 billion. After deducting the relevant expenses of the Non-public Placement, the net proceeds from the Non-public Placement will be not more than approximately RMB7.98 billion.

All proceeds from the Non-public Placement are proposed to be used to supplement the working capital of the Company.

## **EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the date of this announcement, the number of issued Shares of the Company is 14,142,660,995 Shares, comprising, 12,042,660,995 A Shares and 2,100,000,000 H Shares.

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Non-public Placement (assuming the Company places New A Shares and H Shares according to the maximum number of the Non-public Placement, CPC and Qi Xin Gong Ying Scheme subscribe for the highest possible proportion of New A Shares, Century Bright Company and China

Structural Reform Fund subscribe for the highest possible proportion of New H Shares and there are no other changes in the issued share capital of the Company):

Name of Shareholders	Class of Shares	As at the date of this announcement			Immediately after completion of the Non-public Placement		
		Number of Shares (shares)	Approximate percentage of the total issued Shares	Approximate percentage of the relevant class of Shares	Number of Shares (shares)	Approximate percentage of the total issued Shares	Approximate percentage of the relevant class of Shares
			(%)	(%)		(%)	(%)
CPC	A Share	9,224,327,662	65.22	76.60	12,009,972,242	56.73	80.76
Qi Xin Gong Ying Scheme	A Share	—	—	—	42,887,619	0.20	0.29
Public Shareholders of A Shares	A Share	2,818,333,333	19.93	23.40	2,818,333,333	13.31	18.95
Sub-total of A Shares		12,042,660,995			14,871,193,194		
Century Bright Company	H Share	—	—	—	3,360,000,000	15.87	53.33
China Structural Reform Fund	H Share	—	—	—	840,000,000	3.97	13.33
Public Shareholders of H Shares	H Share	2,100,000,000	14.85	100	2,100,000,000	9.92	33.33
Sub-total of H Shares		2,100,000,000			6,300,000,000		
Total		14,142,660,995	100	100	21,171,193,194	100	100

*Note: The maximum number of New H Share to be issued under the H Shares Placement is calculated based on the proposed gross proceeds from the H Share Placement dividing by the H Share Subscription Price, of which assuming the conversion of HK\$ into RMB is based on the exchange rate of HK\$1 = RMB0.7.*

As shown in the table above, assuming the Company places New A Shares and New H Shares according to the maximum number of the Non-public Placement, CPC and Qi Xin Gong Ying Scheme subscribe for the highest possible proportion of New A Shares, Century Bright Company and China Structural Reform Fund subscribe for the highest possible proportion of New H Shares, immediately after the completion of the Non-public Placement, the approximate percentage of the total issued Shares held by the public Shareholder of H Shares (including China Structural Reform Fund will be 13.89%, which is lower than the requirement of the Listing Rules. Considering that, the Company will use its best endeavor to ensure that the public float of the H Shares will not be lower than the public float of the H Shares at the date of this announcement upon the completion of the Non-public Placement.

## LISTING RULES IMPLICATIONS

CPC is a substantial shareholder holding approximately 65.22% of the total issued share capital of the Company and Century Bright Company is a wholly-owned subsidiary of CPC. CPC and its associates are connected persons of the Company under the Listing Rules. As such, the subscription of New A Shares by CPC and the subscription of New H Shares by Century Bright Company constitute connected transactions of the Company respectively and are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules respectively.

As participants of Qi Xin Gong Ying Scheme include 26 directors, supervisors and chief executives of the Group in total and the above-mentioned persons and their associates are connected persons of the Company, Qi Xin Gong Ying Scheme is also a connected person of the Company under the Listing Rules. As such, the subscription of New A Shares by Qi Xin Gong Ying Scheme constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee (comprising all the independent non-executive Directors) has been formed in accordance with the Listing Rules to advise the Independent Shareholders on the Subscriptions. In this connection, Anglo Chinese has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Subscriptions.

Among the seven Directors, four connected Directors, (Mr. Jiao Fangzheng, Mr. Sun Qingde, Mr. Zhou Shiliang and Mr. Li Lianwu) were required to abstain from voting in the Board meeting in respect of the resolutions to approve the Non-public Placement and the Subscriptions. All remaining three Directors who were entitled to vote, all being independent non-executive Directors, unanimously approved the above resolutions. The format and procedure for passing the resolutions were in compliance with the Company Law of the PRC and the Articles of Association.

## **INFORMATION ON THE PARTIES**

### ***The Group***

The Company is a joint stock limited company incorporated in PRC and a leading provider of oil and gas engineering and technical services in China. The Group owns engineering equipment and technologies in the fields of geophysics, drilling, logging and mud logging, cementing, special downhole operations, oilfield ground construction and oil and gas pipeline construction, and is able to provide comprehensive engineering and technical services throughout the whole lifecycle of oil/gas fields. In the PRC, the Group has more than 50 years of operation, and has provided oil and gas engineering services in 76 basins over time with operations across 14 provinces.

### ***CPC***

CPC was established in July 1998, and it is an authorized investment organization with a current registered capital of RMB274.87 billion. Its controlling shareholder is the State. Upon reorganization in 2000, CPC transferred its principal petrochemical business to China Petroleum & Chemical Corporation. The principal operations of CPC include: exploration, exploitation, storage and transportation (including pipeline transportation), sales and comprehensive utilization of oil and natural gas; oil refining; wholesale and retail of oil products; production, sales, storage, transportation of petrochemical and other chemical products; industrial investment and investment management; exploration and design, construction and installation of petroleum and petrochemical engineering; repairing and maintenance of petroleum and petrochemical equipment; manufacture of mechanical and electrical equipment; technology and information, research and development, application and consultation services of alternative energy products; import and export business.

### ***Century Bright Company***

Century Bright Company is a company incorporated in Hong Kong with limited liability. It is licensed under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong). It is approved by the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局) as an offshore settlement center for centralized cash management for CPC and its branch companies and subsidiaries in year 2007. Century Bright Company only provides financial services to CPC and its branch companies and subsidiaries (including the Group).

### ***China Structural Reform Fund***

China Structural Reform Fund Corporation Limited is a joint-stock company established in the PRC. It is a private equity fund mainly engaged in raising funds from non-public offering and investment business.

### ***Qi Xin Gong Ying Scheme***

Qi Xin Gong Ying Scheme is managed by Changjiang Pension, and its shares shall be subscribed by the certain directors, supervisors, senior management and other core management personnel of the Group. The number of subscribers shall not exceed 198, and the subscription amount shall not exceed RMB60.35 million in total. Among them, there are 26 directors, supervisors and chief executives of the Group in total who have subscribed for Qi Xin Gong Ying Scheme, being Mr. Sun Qingde (Vice Chairman and General Manager of the Company), Mr. Li Wei (Chairman of Supervisory Committee of the Company), Mr. Zhang Hongshan and Mr. Huang Songwei (both are Employee Representative Supervisors of the Company), Mr. Chen Xikun (Executive Deputy General Manager of the Company), Mr. Zhang Yongjie, Mr. Lu Baoping and Mr. Zuo Yaojiu and Mr. Zhang Jinhong (all are Deputy General Managers of the Company), Mr. Li Tian (Chief Financial Officer of the Company), Mr. Li Honghai (Secretary to the Board) and certain directors, supervisors and chief executives of the subsidiaries of the Company. The aforesaid persons are connected persons of the Company. The duration of Qi Xin Gong Ying Scheme is 48 months commencing from the time when the Company announces the registration of shares issued pursuant to the Non-public Placement in the name of Qi Xin Gong Ying Scheme. The first 36 months shall be the lock-up period and the last 12 months shall be the unlocking period.

#### **1. Subscription Shares**

The subscription price for each scheme share under Qi Xin Gong Ying Scheme is RMB1. In Qi Xin Gong Ying Scheme, directors, supervisors and chief executives of the Group have subscribed 8.65 million shares in total, with subscription shares accounting for approximately 14.26% of the total shares of Qi Xin Gong Ying Scheme.

The final number of participants and the subscription amount are determined based on the actual payment situation. Funds for subscription of the shares of Qi Xin Gong Ying Scheme by the participants are from legal remunerations of the participants and self-raised funds by other legal means.

As of the date of this announcement, the subscription by the directors, supervisors and chief executives of the Group under Qi Xin Gong Ying Scheme are as follows:

<b>No.</b>	<b>Name</b>	<b>Position</b>	<b>Subscription amount under Qi Xin Gong Ying Scheme (RMB thousand)</b>	<b>Subscription shares under Qi Xin Gong Ying Scheme (‘000 shares)</b>
1.	Sun Qingde	Vice Chairman and General Manager	400	400
2.	Li Wei	Chairman of Supervisory Committee	350	350
3.	Zhang Hongshan	Employee Representative Supervisor	350	350
4.	Huang Songwei	Employee Representative Supervisor	350	350
5.	Chen Xikun	Executive Deputy General Manager	350	350
6.	Zhang Yongjie	Deputy General Manager	350	350
7.	Lu Baoping	Deputy General Manager	350	350
8.	Zuo Yaojiu	Deputy General Manager	350	350
9.	Zhang Jinhong	Deputy General Manager	350	350
10.	Li Tian	Chief Financial Officer	350	350
11.	Li Honghai	Secretary to the Board	300	300
12.	Zhang Yu	Executive Director and General Manager of Sinopec Shengli Oil Engineering Company Limited	350	350
13.	Wang Jun	Supervisor of Sinopec Shengli Oil Engineering Company Limited	300	300
14.	Wei Yongjun	Supervisor of Sinopec Zhongyuan Oil Engineering Company Limited	300	300
15.	Yang Guosheng	Executive Director and General Manager of Sinopec Jiangnan Oil Engineering Company Limited	350	350
16.	Li Dongfang	Supervisor of Sinopec Jiangnan Oil Engineering Company Limited	300	300
17.	Xu Jin	Executive Director and	350	350

No.	Name	Position	Subscription amount under Qi Xin Gong Ying Scheme (RMB thousand)	Subscription shares under Qi Xin Gong Ying Scheme ( '000 shares)
		General Manager of Sinopec Southwest Oil Engineering Company Limited		
18.	Zeng Dechao	Supervisor of Sinopec Southwest Oil Engineering Company Limited	300	300
19.	Chang Xinghao	Executive Director and General Manager of Sinopec North China Oil Engineering Company Limited	350	350
20.	Zhang Qiujuan	Supervisor of Sinopec North China Oil Engineering Company Limited	300	300
21.	Quan Hongyan	Supervisor of Sinopec East China Oil Engineering Company Limited	300	300
22.	Zhou Song	Executive Director and General Manager of Sinopec Oil Engineering Geophysical Company Limited	350	350
23.	Zhang Dianhui	Supervisor of Sinopec Oil Engineering Geophysical Company Limited	300	300
24.	Du Guangyi	Executive Director and General Manager of Sinopec Oil Engineering and Construction Corporation	350	350
25.	Jin Xin	Supervisor of Sinopec Oil Engineering and Construction Corporation	300	300
26.	Zhang Jige	Supervisor of Sinopec International Petroleum Service Corporation	300	300
<b>Total</b>			<b>8,650</b>	<b>8,650</b>

## 2. Disposal Mechanism for Qi Xin Gong Ying Scheme

During the duration of Qi Xin Gong Ying Scheme, the Scheme Holders shall not transfer, pledge, guarantee with the shares held under this scheme, or use them to repay debts, and shall not apply for withdrawal from this scheme, except in the event that a transfer is required by Qi Xin Gong Ying Scheme and a judicial judgement.



During the lock-up period of the New A Shares held by Qi Xin Gong Ying Scheme (i.e. 36 months), when there is a distributable revenue, Qi Xin Gong Ying Scheme can make revenue distribution in each accounting year, and the Scheme Holders shall obtain revenue in proportion of the shares held by them to the total shares.

During the unlocking period of the New A Shares held by Qi Xin Gong Ying Scheme, share reduction plan will be proposed by Changjiang Pension, and the share reduction operation will be implemented by Changjiang Pension after negotiating with the management committee of Qi Xin Gong Ying Scheme and reaching an agreement.

After completion of disposal of the New A Shares held by Qi Xin Gong Ying Scheme in a lump or in batches, Qi Xin Gong Ying Scheme shall be terminated and liquidated. The cash assets from disposal of the shares will be distributed as revenue to all Scheme Holders in proportion of the scheme shares held by the Scheme Holders.

### **3. Dismissal or Resignation of the Scheme Holders**

In the event that a transfer has to be made under a judicial judgement, the Scheme Holders shall transfer their shares of Qi Xin Gong Ying Scheme in accordance with the judicial judgement. In the event that a labor contract with the Company is discharged or terminated due to voluntary resignation, dismissal, retirement, transfer of a Scheme Holder, his shares of and interest in Qi Xin Gong Ying Scheme shall not be affected. Other matters not mentioned shall be determined by the management committee of Qi Xin Gong Ying Scheme in accordance with the relevant laws and regulations.

### **GENERAL**

The EGM and the Class Meetings will be convened to consider and, if thought fit, approve, the Non-public Placement and the Subscriptions. The resolutions in relation to the Non-public Placement and the Subscriptions will be proposed at the EGM and/or the Class Meetings to be approved by the Independent Shareholders. CPC and its associates and those who are interested in the Subscriptions will abstain from voting on the resolutions to be proposed at the EGM and/or the Class Meetings for approving the Non-public Placement and the Subscriptions.

A circular containing, among others, (i) details of the Non-public Placement and the Subscriptions; and (ii) a letter from the Independent Board Committee; and (iii) a letter of advice from the Independent Financial Adviser is expected to be despatched to the Shareholders in due course in accordance with the Listing Rules.

**The Non-public Placement and the Subscriptions are conditional upon the fulfilment of certain conditions. Accordingly, the Non-public Placement and the Subscriptions may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their stockbroker, bank manager, solicitor or other professional adviser if they are in any doubt about their position and as to actions they should take.**

### **RESUMPTION OF TRADING OF A SHARES**

At the request of the Company, trading in the A Shares on the Shanghai Stock Exchange has been suspended with effect from 9:00 a.m. on 11 August 2017 as the Company is in the process of contemplating the Non-public Placement. Application has been made by the Company to the Shanghai Stock Exchange for the resumption of trading in the A Shares on the Shanghai Stock Exchange with effect from 9:00 a.m. on 21 September 2017.

## DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“A Share(s)”	A Share(s) with nominal value of RMB1.00 each in the capital of the Company
“A Share Placement”	the placement of New A Shares to CPC and Qi Xin Gong Ying Scheme pursuant to the A Share Placement plan
“A Share Subscription Price”	the subscription price of the New A Shares under the A Share Placement plan, which shall not be lower than 90% of the average trading price of the A Shares in the 20 trading days immediately prior to the Price Benchmark Date
“Anglo Chinese” or “Independent Financial Adviser”	Anglo Chinese Corporate Finance, a licensed corporation which is licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance of Hong Kong, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscriptions
“Articles of Association”	the articles of association of the Company, as amended from time to time
“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“Century Bright Company”	Sinopec Century Bright Capital Investment, Ltd., a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of CPC

“Century Bright Company H Shares Subscription Agreement”	the H Shares Subscription Agreement dated 20 September 2017 and entered into between Century Bright Company and the Company under which Century Bright Company agrees to subscribe for not less than 50% of the total number of the New H Share to be issued under the H Shares Placement at the subscription price of HK\$1.35 per New H Share
“Changjiang Pension”	Changjiang Pension Insurance Co., Ltd., the manager of Qi Xin Gong Ying Scheme
“China Structural Reform Fund”	China Structural Reform Fund Corporation Limited or its designated related party
“Class Meetings”	collectively, the class meeting for holders of A Shares and the class meeting for holders of H Shares to be held by the Company for the purpose of, among others, approving the Non-public Placement and connected transactions
“Company”	Sinopec Oilfield Service Corporation (中石油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
“connected person”	has the meaning ascribed thereto under the Listing Rules
“CPC”	China Petrochemical Corporation (中國石油化工集團公司), a wholly state-owned company incorporated in the PRC, being the controlling and substantial shareholder of the Company
“CPC A Shares Subscription Agreement”	the A Shares Subscription Agreement dated 20 September 2017 and entered into between CPC and the Company under which CPC agrees to subscribe for New A Shares with an total amount of not more than RMB3,939.35 million at A Share Subscription Price
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the directors of the Company

“EGM”	the forthcoming extraordinary general meeting of the Company to be convened and held for the purpose of, among other things, approving the Non-public Placement, the Subscription and the transactions contemplated thereunder
“General Meetings”	the EGM and the Class Meetings
“Group”	the Company and its subsidiaries
“H Share(s)”	H Share(s) with nominal value of RMB1.00 each in the capital of the Company
“H Share Placement”	the placement of New H Shares to Century Bright Company, China Structural Reform Fund and other specific investors (if any) pursuant to the Non-public Placement plan
“H Share Subscription Price”	the subscription price of the New H Shares under the H Share Placement plan, being HK\$1.35 per New H Share
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Board Committee”	the independent board committee of the Company formed to advise the Independent Shareholders in relation to the Subscription and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders, other than CPC and its associates
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New A Share(s)”	A Share(s) of RMB1.00 each to be issued by the Company under the Non-public Placement plan
“New H Share(s)”	H Share(s) of RMB1.00 each to be issued by the Company under the Non-public Placement plan
“Non-public Placement”	collectively, the A Share Placement and the H Share Placement
“PRC”	the People’s Republic of China

“Price Benchmark Date”	the first day of the issuance period of the New A Shares
“Price Reference Date”	the date on which the eighteenth meeting of the eighth session of the Board was convened, being 10 August 2017
“Qi Xin Gong Ying Scheme”	Qi Xin Gong Ying Scheme for the management of Sinopec Oilfield Service Corporation, among which the subscription price for each scheme share is RMB1, and the total number of scheme shares of Qi Xin Gong Ying Scheme at establishment shall not be more than 60.65 million and the total funds shall not be more than RMB60.65 million. The total subscription amount by Qi Xin Gong Ying Scheme under the Non-public Placement shall not exceed RMB60.65 million
“Qi Xin Gong Ying Scheme A Shares Subscription Agreement”	the subscription agreement dated 20 September 2017 and entered into between Qi Xin Gong Ying Scheme and the Company under which Qi Xin Gong Ying Scheme agrees to subscribe for New A Shares with a total amount of not more than RMB60.65 million at the A Share Subscription Price
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Scheme Holder(s)”	the holders of Qi Xin Gong Ying Scheme
“Share(s)”	share with nominal value of RMB1.00 each in the capital of the Company, including A Shares and H Shares
“Shareholder(s)”	the holders of the Shares
“Specific Mandate”	the specific mandate to be granted by the Independent Shareholders to the Board in relation to the Non-public Placement

“Subscriptions”

the subscription for the New A Shares by CPC pursuant to the A Shares Subscription Agreement, the subscription for the New A Shares by Qi Xin Gong Ying Scheme pursuant to the A Shares Subscription Agreement and the subscription for the New H Shares by Century Bright Company pursuant to the H Shares Subscription Agreement

“Substantial Shareholder(s)”

has the meaning ascribed thereto under the Listing Rules

By Order of the Board

**Li Honghai**

*Secretary to the Board*

Beijing, 20 September 2017

*As of the date of this announcement, directors of the Company are: Jiao Fangzheng<sup>+</sup>, Sun Qingde #, Zhou Shiliang #, Li Lianwu <sup>+</sup>, Jiang Bo \*, Zhang Huaqiao \* and Pan Ying \*.*

*+ Non-executive Director*

*# Executive Director*

*\* Independent Non-executive Director*