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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 Capital Increase in the Wholly-owned Subsidiary

Reference is made to the announcement on Results of the Non-public Placement and Change in Share Capital of Sinopec Oilfield Service Corporation (the “**Company**”) dated 29 January 2018 and the circular dated 18 October 2017 (the “**Circular**”). Unless otherwise stated, terms used in this announcement shall have the same meanings as defined in the Circular.

I. OVERVIEW OF THE CAPITAL INCREASE

The net proceeds from the Non-public Placement were RMB7,637,715,173.60. The aforesaid net proceeds raised have been verified by the Verification Report of Sinopec Oilfield Service Corporation (Grant Thornton Yan Zi (2018) No. 110ZA0018 and Grant Thornton Yan Zi (2018) No. 110ZA0039) (致同驗字(2018)第110ZA0018號及致同驗字(2018)第110ZA0039號) issued by Grant Thornton (Special General Partnership). All the proceeds of the Company raised from the Non-public Placement after the deduction of placement costs have been used to replenish the working capital of the Company's wholly-owned subsidiary Sinopec Oilfield Service Company Limited (“**SOSC**”). The Company proposes to use the aforesaid proceeds of RMB7,637,715,173.60 for the capital increase in SOSC (the “**Capital Increase**”), followed by the capital increase of SOSC in its relevant subordinate regional companies or professional companies to repay the loans with interest and payables, reduce the liability scales of the relevant companies and improve the asset-liability structure of the Company. Upon the completion of the Capital Increase, the registered capital of SOSC will change from RMB4,000,000,000 to RMB11,637,715,173.60 and it remains as a wholly-owned subsidiary of the Company.

With regards to the Capital Increase, the *Resolution on the Capital Increase of the Company in its Wholly-owned Subsidiary SOSC* has been considered and approved at

the fourth meeting of the ninth session of the board of directors of the Company held on 22 June 2018. The Capital Increase does not constitute a discloseable transaction or a connected transaction under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**").

II. Basic Information about the Capital Increase Target

The basic information of SOSOC is set out as follows:

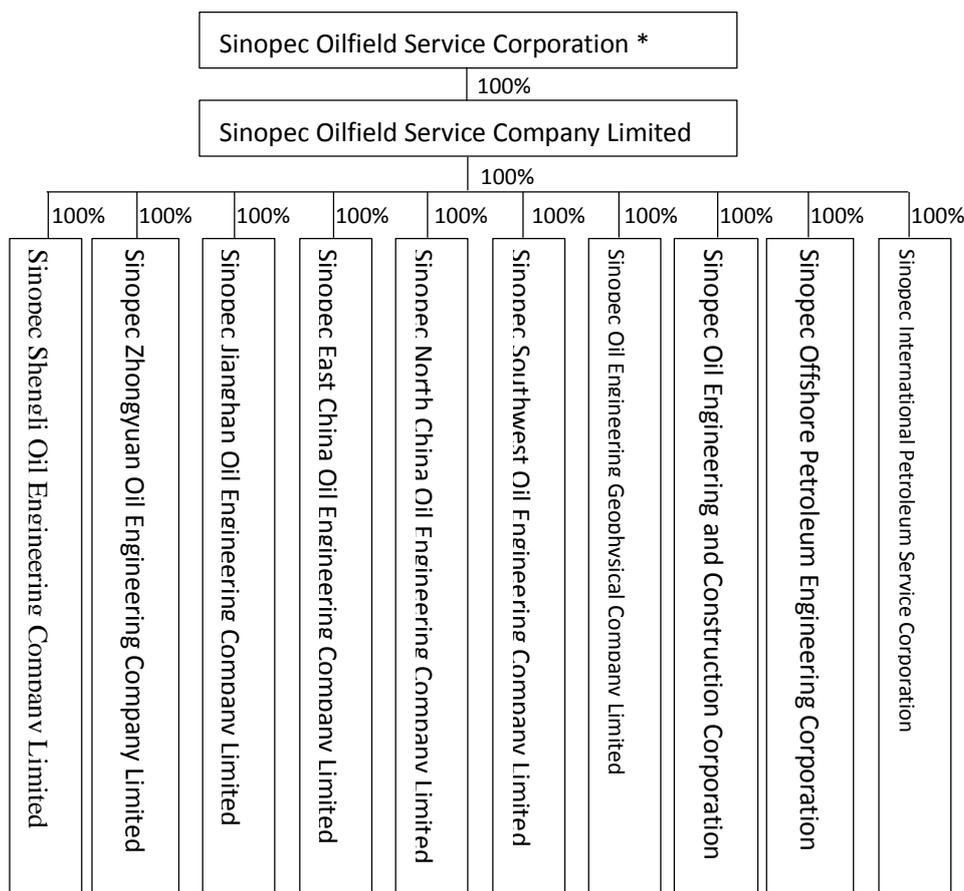
Legal representative	Jiao Fangzheng
Registered address	12/F, A6 Huixin East Street, Chaoyang District, Beijing
Registered capital	RMB4,000,000,000
Type of enterprise	limited liability company (wholly owned by a legal person)
Business scope	general construction contracting, specialist contracting, labour subcontracting; construction project management; provision of service for onshore and offshore oil and gas production; engineering and technical research and development; preparation of construction projects; sale of mechanical equipment, hardware and electrical equipment, computer, software and auxiliary equipment; leasing of mechanical equipment; geological prospecting for energy resources and solid minerals; technical services for geological exploration; investment in oil, natural gas and mineral resources projects; organisation of enterprises engaged in manufacturing business to manufacture metal structures, metal tools, metal pressure vessels, all-purpose instruments, special instruments, chemical reagents, chemical accessories, special chemical products (including oilfield chemicals) and special equipment for mine, metallurgy and construction; organisation of enterprises with license for contracting foreign projects to undertake as contractor overseas petroleum, natural gas, chemical, bridge, road, housing construction, water and hydropower, municipal utility, steel structure, electricity, fire-fighting equipment, industrial plant projects and international tender projects at home; manpower

outsourcing; import and export of goods; import and export of agency; and import and export of technologies.

As of 31 December 2017, after being audited by Grant Thornton (Special General Partnership) with qualification of engaging in the securities and futures business, the total assets of SOSC amounted to RMB61,705,884,000 and the total liabilities amounted to RMB682,064,220,000. The owners' equity was RMB-6,500,538,000 in 2017, the revenue was RMB48,485,788,000 and the net profit was RMB-10,525,907,000.

As of 31 December 2018, the total assets of SOSC amounted to RMB59,520,536,000 and the total liabilities amounted to RMB65,822,547,000. The owners' equity was RMB-6,302,011,000; from January to March 2017, the revenue was RMB10,267,637,000, and the net profit was RMB103,362,000 (unaudited).

The Shareholding Structure of SOSC



**The Company is a holding company. All the businesses of the Company are operated by SOSC and its subordinate regional companies or professional companies.*

III. The Impact of the Capital Increase on the Company

The capital increase of the Company in its wholly-owned subsidiary SOSC, together with the follow-up capital increase of SOSC in its subordinate regional companies or professional companies, is a reasonable plan based on the business development status and future development needs and in line with the Company's plan for the use of proceeds, which is conducive to optimising its structure of asset and liability, effectively alleviating the pressure of working capital, improving its financial conditions and enhancing the overall operating efficiency of the Company and in line with the development strategy of the Company.

IV. Review Procedures of the Capital Increase

With regards to the Capital Increase, the *Resolution on the Capital Increase of the Company in its Wholly-owned Subsidiary SOSC* has been considered and approved at the fourth meeting of the ninth session of the board of directors of the Company held on 22 June 2018. The Capital Increase does not constitute a discloseable transaction or a connected transaction under the Hong Kong Listing Rules.

By Order of the Board

Li Honghai

Secretary to the Board

Beijing, PRC, 22 June 2018

As at the date of this announcement, the Board of Directors comprises Mr. Sun Qingde#, Mr. Chen Xikun#, Mr. Ye Guohua+, Mr. Lu Baoping+, Mr. Fan Zhonghai+, Mr. Wei Ran+, Ms. Jiang Bo, Mr. Pan Ying*, Mr. Chen Weidong* and Mr. Dong Xiucheng*.*

+ *Non-Executive Director*

Executive Director

* *Independent Non-Executive Director*