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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 PROVISION OF GUARANTEE FOR WHOLLY-OWNED SUBSIDIARIES AND JOINT VENTURE

I. OVERVIEW OF GUARANTEE

(I) Basic Information

On 29 March 2022, the Board of the Company has considered and approved the resolution on the provision of guarantee for wholly-owned subsidiaries and joint venture of the Company and such resolution was also approved by the 2021 annual general meeting of the Company convened on 26 May 2022. The valid period of the guarantee commenced from the date of approval by the shareholders at the 2021 annual general meeting until the conclusion of the 2022 annual general meeting of the Company. On 17 June 2022, the Company entered into the Guarantee Agreement with Mexican National Hydrocarbons Commission, pursuant to which the Company has provided performance guarantee for its joint venture, Mexico DS Company, with a maximum liability not exceeding US\$274,950,000.

In order to satisfy the needs of international market expansion and day-to-day operation, the Company expects that after the conclusion of the 2022 annual general meeting, the Company needs to continue to provide guarantee for wholly-owned subsidiaries of the Company. Meanwhile, in order to satisfy the needs of Mexico EBANO Project, the Company may need to continue to provide performance guarantee for its joint venture, Mexico DS Company. Therefore, the Board considered and approved the resolution on the provision of guarantee for wholly-owned subsidiaries and joint venture on 28 March

2023, including:

1. Credit guarantee for wholly-owned subsidiaries (and their subsidiaries): The Company has agreed that its wholly-owned subsidiaries (and their subsidiaries) may use part of the credit facilities of the Company to issue bank acceptance, letter of bank guarantee and letter of credit and other financing and non-financing credit facilities to external parties for use in day-to-day business operation, such as tender bidding, contract performance and payments, and the Company will undertake the corresponding joint and several guarantee liabilities. The maximum amount of joint and several guarantee liabilities undertaken by the Company during the guarantee period shall not exceed the equivalent value of RMB19 billion (Renminbi Nineteen Billion Yuan), the specific amount of guarantee will be allocated by the Company according to the operation needs of each subsidiary (and their subsidiaries) and subject to the relevant regulatory requirements.
2. Performance guarantee for wholly-owned subsidiaries: The Company has agreed that whenever its wholly-owned subsidiary engages in market development and tenders bidding activities for oilfield services locally and signs a business contract, the Company will provide performance guarantee to ensure that when the wholly-owned subsidiary loses its contract performance capability, the Company will perform the contract on its behalf. The maximum amount of joint and several guarantee liabilities undertaken by the Company during the guarantee period shall not exceed the equivalent value of RMB22 billion (Renminbi Twenty-Two Billion Yuan), the specific amount of guarantee will be allocated by the Company according to the operation needs of each subsidiary and subject to the relevant regulatory requirements.
3. JV Performance Guarantee: The Company has agreed that whenever the joint venture, Mexico DS Company, engages in market development and tenders bidding activities for oilfield services locally and signs a business contract, the Company will provide performance guarantee to ensure that in the event Mexico DS Company loses its contract performance capability, the Company will perform the contract on its behalf. The maximum amount of joint and several guarantee liabilities undertaken by the Company during the guarantee period

shall not exceed US\$275 million.

The Board has resolved to propose to the general meeting to authorise the Board in turn authorising the management to handle the filing procedures in relation to the guarantees, including but not limited to the signing of relevant guarantee agreements, in accordance with relevant regulatory regulations and internal control system of the Company, within the scope of the guarantee amount and guaranteed entities as approved by the general meeting of shareholders.

Guarantee period: from the date of approval by the shareholders at the 2022 annual general meeting until the conclusion of the 2023 annual general meeting of the Company.

(II) Internal Decision Procedure

According to the relevant requirements of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, since the maximum amount of the guarantee is approximately RMB42.915 billion (including the maximum amount of JV Performance Guarantee of US\$275 million, approximately RMB1.915 billion calculated based on the exchange rate as of 30 December 30, 2022), which has exceeded 30% of the audited total assets of the Company for the latest reporting period (i.e. RMB71.201 billion), and has exceeded 50% of the audited net assets of the Company for the latest reporting period (i.e. RMB7.427 billion), and the gearing ratio of some guaranteed wholly-owned subsidiaries have exceeded 70%, the guarantee shall be submitted to the 2022 annual general meeting for approval after consideration and approval by the Board. If the approval is granted by the shareholders, the valid period of the guarantee will commence on the date of approval by the shareholders at the 2022 annual general meeting until the conclusion of the 2023 annual general meeting of the Company.

Pursuant to the Hong Kong Listing Rules, the provision of performance guarantee by the Company in favour of Mexico DS Company, a joint venture of the Company, constitutes a transaction under Chapter 14 of the Hong Kong Listing Rules. Based on (i) the maximum amount of the performance guarantee for the joint venture and (ii) the applicable financial data of the Company as at the date of this announcement, one or more of the applicable percentage ratios in respect of such performance guarantee exceed 5% but all fall below 25%, the guarantee agreement and the transaction

contemplated thereunder will potentially constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules. Pursuant to the 2022 Mexican Guarantee Mandate, the Company entered into the guarantee agreement with Mexican National Hydrocarbons Commission on 17 June 2022, providing performance guarantee for Mexico DS Company and has published a discloseable transaction announcement.

If the JV Performance Guarantee is approved by the 2022 annual general meeting, the Company will fulfill other requirements in addition to the requirements for discloseable transactions under Chapter 14 of the Hong Kong Listing Rules upon signing of the guarantee agreement (if applicable).

II. BASIC INFORMATION OF ESTIMATED GUARANTEE AND THE GUARANTEED ENTITIES

The basic information of the estimated guarantee is the estimated guarantee amount that the Company will provide during the guarantee term. The specific guarantee limit may be deployed by the Company depending on the operating needs of each subsidiary and subject to the relevant regulatory requirements. The guaranteed entities are wholly-owned subsidiaries of the Company and their subsidiaries and the joint venture, Mexico DS Company. Please refer to the Appendix 1 to this announcement for basic estimated information of the guarantee and the guaranteed entities.

III. GUARANTEE AGREEMENT

(I) Credit guarantee for wholly-owned subsidiaries (and theirs subsidiaries):

Method of Guarantee: guarantee with joint and several liabilities.

Type of Guarantee: provision of guarantee to wholly-owned subsidiaries (and their subsidiaries) of the Company which will use part of the credit facilities of the Company to issue bank acceptance, letter of bank guarantee and letter of credit and other financing and non-financing credit facilities to external parties for use in day-to-day business operation, such as tender bidding, contract performance and payments.

Guarantee Period: commence from the date of approval by the shareholders at the 2022 annual general meeting until the conclusion of the 2023 annual general meeting.

Guarantee Amount: the maximum amount of joint and several guarantee liabilities undertaken by the Company during the guarantee period shall not exceed the equivalent value of RMB19 billion.

(II) Performance guarantee for wholly-owned subsidiaries:

Method of Guarantee: guarantee with joint and several liabilities.

Type of Guarantee: provision of performance guarantee to wholly-owned subsidiaries of the Company when they engage in market development and tender bidding activities for oilfield services locally and sign business contracts to ensure that when the Subsidiaries lose contract performance capabilities, the Company will perform the contracts on their behalf.

Guarantee Period: commence from the date of approval by the shareholders at the 2022 annual general meeting until the conclusion of the 2023 annual general meeting.

Guarantee Amount: the maximum amount of joint and several guarantee liabilities undertaken by the Company during the guarantee period shall not exceed the equivalent value of RMB22 billion.

(III) JV Performance Guarantee

According to the provisions of the Production Sharing Contract for Mexico EBANO Project, 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 alternately for the EBANO project executed by Mexico DS Company.

According to the Production Sharing Contract signed by the Beneficiary with Petróleos Mexicanos and Mexico DS Company, the Company agreed to provide performance guarantee for Mexico DS Company whenever 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. Accordingly, the Company will then enter into the Guarantee Agreement under which the Mexican National Hydrocarbons Commission shall be the Beneficiary.

Major contents of JV Performance Guarantee are as follows :

Parties:

- (1) The Company or IPSC (as guarantor; the guarantor's net assets as stated in the latest audited financial statements shall not be less than US\$ 275 million)
- (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 of the Company and its connected persons.

Method of Guarantee: guarantee with joint and several liabilities.

Guarantee Period: The authorisation for the JV Performance Guarantee shall become effective from the date of approval by the shareholders at the 2022 annual general meeting until the conclusion of the 2023 annual general meeting. Effective period of the JV Performance Guarantee shall commence from the date of signing the Guarantee Agreement until the termination of the Production Sharing Contract (the maximum term of the Production Sharing Contract is 40 years). IPSC and DIAVAZ provide performance guarantee for Mexico DS Company on an annual basis alternately. Regarding the amount of JV Performance Guarantee that the Company may provide each year, the Company will perform the required procedures such as announcement or shareholders' general meeting approval (if applicable).

Guarantee Amount: The maximum amount of joint and several guarantee liabilities undertaken by the Company during the guarantee period shall not exceed US\$ 275 million. According to the agreement between IPSC and DIAVAZ, the shareholder who has not provided guarantee shall issue a unilateral guarantee letter for 50% of the guarantee amount for the shareholder who provides guarantee.

Reasons for and benefits of the provision of JV Performance 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 JV Performance Guarantee for Mexico DS Company to meet the needs of projects 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 JV Performance Guarantee 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.

General information

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 50 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 company incorporated under the law 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.

Hong Kong Listing Rules Implications

Pursuant to the Hong Kong Listing Rules, the provision of performance guarantee by the Company in favour of the DS Company, a joint venture of the Company, constitutes a transaction under Chapter 14 of the Hong Kong Listing Rules. Based on (i) the maximum amount of the performance guarantee for the joint venture and (ii) the applicable financial data of the Company as at the date of this announcement, one or more of the applicable percentage ratios in respect of such performance guarantee exceed 5% but all fall below 25%. Therefore, the guarantee agreement and the transaction contemplated thereunder will potentially constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules. Pursuant to the 2022 Mexican Guarantee Mandate, the Company has entered into the guarantee agreement

with Mexican National Hydrocarbons Commission on 17 June 2022, providing performance guarantee for Mexico DS Company and has issued a discloseable transaction announcement.

If the JV Performance Guarantee is approved by the 2022 annual general meeting, the Company will fulfill other requirements in addition to the requirements for discloseable transactions under Chapter 14 of the Hong Kong Listing Rules upon signing of the guarantee agreement (if applicable).

IV. OPINIONS OF THE BOARD

After consideration, the Board unanimously approved the resolution on the provision of guarantee for the wholly-owned subsidiaries and the joint venture of the Company. The decision of the Board complies with the relevant regulations and the procedures stipulated in articles of association of the Company. The independent directors gave their independent opinion on the resolution and considered that the guarantee is beneficial to the successful development of the business of the wholly-owned subsidiaries and the joint venture, and that the Company is able to effectively control and prevent risks and there is no situation detrimental to the interests of the Company and the minority shareholders; the guarantee provided by the Company for the wholly-owned subsidiaries and the joint venture is in compliance with the laws and regulations and the Articles of Association, and the approval procedures are complete and the information disclosure is in compliance.

V. TOTAL AMOUNT OF EXTERNAL GUARANTEE AND AMOUNT OF OVERDUE GUARANTEE

As of 31 December 2021, the balance of credit guarantees and performance guarantees actually provided by the Company for its wholly-owned subsidiaries during the guarantee period amounted to RMB16.9 billion and RMB8.077 billion, respectively. The balance of performance guarantee provided by the Company for the joint venture was US\$275 million. The guarantee amount actually provided by the Company did not exceed the relevant amount approved by the 2021 annual general meeting of the Company.

As at the date of this announcement, the total amount of external guarantee provided by the Company and its controlled subsidiaries is approximately RMB27.593 billion, and the total amount of guarantee provided by the Company to the controlling shareholder and the de facto controller and their affiliates is RMB nil. The Company has no overdue external guarantee.

VI. DEFINITIONS

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

“Board”	the board of directors of the Company
“Company”	Sinopec Oilfield Service Corporation (中石化石油工程技術服務有限公司), 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
“Group”	the Company and its subsidiaries
“2022 Mexico Mandate”	On 29 March 2022, the Board of the Company has considered and approved the resolution on the provision of guarantee for wholly-owned subsidiaries and joint venture of the Company and such resolution was also approved by the 2021 annual general meeting of the Company convened on 26 May 2022. The valid period of the guarantee commenced from the date of approval by the shareholders at the 2021 annual general meeting until the conclusion of the 2022 annual general meeting of the Company.
“Mexico DS Company”	DS Servicios Petroleros, S.A. de C.V. (DS 石油服

务有限公司)

“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
“JV Performance Guarantee”	in the event that Mexico DS Company loses its contract performance capability, the Company agrees to provide a maximum amount of US\$ 275 million in joint and several guarantee liabilities whenever Mexico DS Company engages in market development, tenders bidding activities for oilfield services locally and signs a business contract
“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, Petróleos Mexicanos and Mexico DS Company
“Hong Kong 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
“RMB”	the lawful currency of the PRC

By Order of the Board
Shen Zehong
Company Secretary

Beijing, PRC, 28 March 2023

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*

Appendix I: Basic Information on Estimated Guarantee and Guaranteed Entities

Unit: 100 million Currency: RMB

Guarantor	Guaranteed entities	Shareholding percentage held by the guarantor	Place of incorporation	Scope of business	Total assets as of 31 December 2022	Total liabilities as of 31 December 2022	Gearing ratio of guaranteed entities as of the latest reporting period	Balance of guarantee as of the end of 2022	Guarantee amount	Proportion of guarantee amount to the net assets of listed company for the latest reporting period	Estimated validity period of the guarantee	Related guarantee	Counter guarantee
I. Guarantees to subsidiaries is estimated to:													
1. Subsidiaries with a gearing ratio of 70% or more													
Company	Sinopec Shengli Oil Engineering Company Limited	100.00 %	Dongying City, Shandong Province	Petroleum engineering technical service	113.07	110.34	97.58%	22.96	39.45	53.12%	commencing from the date of approval by the	No	No
	Sinopec Zhongyuan Oil Engineering Company Limited	100.00 %	Puyang City, Henan Province	Petroleum engineering technical service	127.19	124.96	98.25%	18.65	55.80	75.13%	shareholders at the 2022 annual general meeting until the	No	No

Guarantor	Guaranteed entities	Share holding percentage held by the guarantor	Place of incorporation	Scope of business	Total assets as of 31 December 2022	Total liabilities as of 31 December 2022	Gearing ratio of guaranteed entities as of the latest reporting period	Balance of guarantee as of the end of 2022	Guarantee amount	Proportion of guarantee amount to the net assets of listed company for the latest reporting period	Estimated validity period of the guarantee	Related guarantee	Counter guarantee
	Sinopec Jiangnan Oil Engineering Company Limited	100.00 %	Qianjiang City, Hubei Province	Petroleum engineering technical service	47.51	34.84	73.33%	3.73	6.70	9.02%	conclusion of the 2023 annual general meeting	No	No
	Sinopec East China Oil Engineering Company Limited	100.00 %	Nanjing, Jiangsu Province	Petroleum engineering technical service	44.41	38.86	87.51%	10.32	14.60	19.66%		No	No
	Sinopec Oil Engineering and Construction Corporation	100.00 %	Beijing City	Engineering and Construction	222.82	216.02	96.95%	28.2	55.05	74.12%		No	No
	Sinopec Oil Engineering	100.00 %	Beijing City	Geophysical	48.84	45.94	94.05%	3.26	5.30	7.14%		No	No

Guarantor	Guaranteed entities	Share holding percentage held by the guarantor	Place of incorporation	Scope of business	Total assets as of 31 December 2022	Total liabilities as of 31 December 2022	Gearing ratio of guaranteed entities as of the latest reporting period	Balance of guarantee as of the end of 2022	Guarantee amount	Proportion of guarantee amount to the net assets of listed company for the latest reporting period	Estimated validity period of the guarantee	Related guarantee	Counter guarantee
	Geophysical Company Limited			Exploration									
	Sinopec Jingwei Co., Ltd.	100.00 %	Qingdao City, Shandong Province	Testing, logging and locating service	46.13	33.36	72.31%	6.43	10.80	14.54%		No	No
2. Subsidiaries with a gearing ratio less than 70%													
Company	Sinopec Southwest Oil Engineering Company Limited	100.00 %	Chengdu , Sichuan Province	Petroleum engineering technical service	57.29	23.35	40.76%	2.39	3.80	5.12%	commencing from the date of approval by the shareholders at the 2022 annual	No	No
	Sinopec North China Oil Engineering	100.00 %	Zhengzhou City,	Petroleum engineering	46.16	27.16	58.83%	8.59	12.05	16.22%		No	No

Guarantor	Guaranteed entities	Share holding percentage held by the guarantor	Place of incorporation	Scope of business	Total assets as of 31 December 2022	Total liabilities as of 31 December 2022	Gearing ratio of guaranteed entities as of the latest reporting period	Balance of guarantee as of the end of 2022	Guarantee amount	Proportion of guarantee amount to the net assets of listed company for the latest reporting period	Estimated validity period of the guarantee	Related guarantee	Counter guarantee
	Company Limited		Henan Province	g technical service							general meeting		
	Sinopec Shanghai Offshore Oil Engineering Company Limited	100.00 %	Shanghai City	Offshore oil engineering technical service	41.73	4.64	11.12%	-	1.45	1.95%	until the conclusion of the 2023 annual general meeting	No	No
	Sinopec International Petroleum Service Corporation	100.00 %	Beijing City	Petroleum engineering technical service	27.21	16.48	60.58%	145.24	205	276.02%		No	No
II. Guarantee for the joint venture and associates is estimated to:													
Company	Mexico DS Company	50.00 %	Mexico	Oil and gas exploratio	28.73	19.61	68.25%	19.15	19.15	25.92%	commencing from the date of	No	Yes

Guarantor	Guaranteed entities	Share holding percentage held by the guarantor	Place of incorporation	Scope of business	Total assets as of 31 December 2022	Total liabilities as of 31 December 2022	Gearing ratio of guaranteed entities as of the latest reporting period	Balance of guarantee as of the end of 2022	Guarantee amount	Proportion of guarantee amount to the net assets of listed company for the latest reporting period	Estimated validity period of the guarantee	Related guarantee	Counter guarantee
				n and development							approval by the shareholders at the 2022 annual general meeting until the conclusion of the 2023 annual general meeting		

Note: The guarantee amount of the Company provided to Mexico DS Company above involves foreign currencies, which are calculated at the mid-rate of RMB6.9646 to US\$1 in the interbank foreign exchange market as of 30 December 2022 as announced by the China Foreign Exchange Trade Center, and the actual exchange rate at that time when the guarantee actually occurs shall prevail.