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Sinopec Oilfield Service Corporation

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

(Stock code: 1033)

POSSIBLE DISCLOSEABLE TRANSACTION ACQUISITION OF THE 45% EQUITY INTEREST OF SINOFTS

BACKGROUND

The Board is pleased to announce that on 25 April 2019, the Board reviewed and approved the Buyout Agreement to be entered between the Buyer and the Seller on or before 10 May 2019. Pursuant to the Buyout Agreement, the Buyer, a wholly-owned subsidiary of the Company, has conditionally agreed to purchase and the Seller has conditionally agreed to sell the Sale Share, which represents 45% equity interest of SinoFTS at a purchase price of US\$26,902,400 (tax exclusive). Upon Closing, SinoFTS will become an indirectly wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% but are less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that the Buyout Agreement has not been executed and the Closing of the Acquisition is subject to the fulfillment (or waiver, if applicable) of the Conditions, and the Closing may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Board is pleased to announce that on 25 April 2019, the Board reviewed and approved the Buyout Agreement to be entered between the Buyer and the Seller on or before 10 May 2019. Pursuant to the Buyout Agreement, the Buyer, a wholly-owned subsidiary of the Company, has conditionally agreed to purchase and the Seller has conditionally agreed to sell the Sale Share, which represents 45% equity interest of SinoFTS at a purchase price of US\$26,902,400 (tax exclusive). Upon Completion, SinoFTS will become an indirectly wholly-owned subsidiary of the Company.

THE BUYOUT AGREEMENT

Date: On or before 10 May 2019

Parties:

- 1) SOSOC, as the Buyer; and
 - 2) FTS Netherlands, as the Seller;
- (Together, the "**Parties**")

FTS Netherlands is a company established under the laws of the Netherlands and a wholly-owned subsidiary of FTS Services. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, FTS Netherlands, FTS Services and its ultimate beneficial owner are independent third parties.

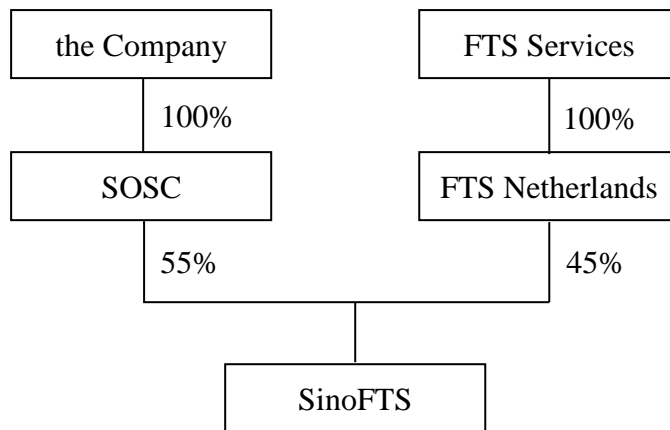
The buyer is a company incorporated under the laws of the PRC with limited liability and is a wholly-owned subsidiary of the company.

Subject Matter of the Buyout Agreement

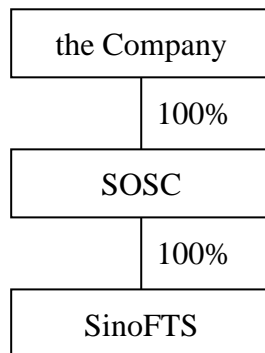
Pursuant to the Buyout Agreement, the Buyer has conditionally agreed to purchase and the Seller has conditionally agreed to sell the Sale Share, which represents 45% equity interest of SinoFTS.

Set out below is the shareholding structure of SinoFTS immediately before and after the Closing of the Acquisition:

Before the Closing



After the Closing



The Purchase Price

The Purchase Price shall be US\$26,902,400 million (tax excluded), which shall be payable at the Closing by Buyer by wire transfer of immediately available funds to an account designated by Seller and notified to Buyer in writing at least five (5) Business Days before the Closing Date. The Company intends to settle the Purchase Price with the internal resources of the Group.

If, due to any reason not attributable to the Seller, the Closing is deferred to a date after 20 August 2019, the Purchase Price shall be increased by US\$500,000 upon the elapse of each and every period of thirty (30) calendar days after 20 August 2019 until the Closing occurs. For the avoidance of doubt, if the Closing occurs before the expiry of such thirty (30)-calendar day period, there shall be no increase of the additional US\$500,000 for such period. Pursuant to the Buyout Agreement, the maximum Purchase Price (tax excluded) to be paid by the Buyer may amount to US\$28,402,400 as the Closing must happen on or before the Longstop Date.

Any applicable taxes in the PRC with respect to the Acquisition which is estimated to be no more than US\$215,200 will be borne, and promptly paid by Buyer.

The Purchase Price was arrived at after arm's length negotiation between the Buyer and the Seller and was determined with reference to the valuation amount of the Sale Shares as at the valuation date (being 31 December 2018). According to the valuation report prepared by China Enterprise Appraisals Co., Ltd. (北京中企華資產評估有限責任公司), using the asset-based method, the valuation amount of the net assets of SinoFTS as at the valuation date was RMB404,353,400. The Purchase Price is about equal to the valuation amount of the Sale Shares.

Closing Conditions

The Closing is conditional upon the fulfillment or waived of the following conditions on or before 20 August 2019 or such other date as agreed by the Parties which shall be no later than the Longstop Date and without prejudice to the adjustment of Purchase Price in accordance with the Buyout Agreement:

- 1) Seller's executive officer signing a certificate certifying that each of the representations and warranties of Seller set forth in the Buyout Agreement are true and correct in all material respects as of the Closing Date as though made on and as of such time (other than such representations and warranties that are made as of another date);
- 2) Seller's executive officer signing a certificate certifying that Seller has performed or complied with all material obligations and covenants required to have been performed or complied with under the Buyout Agreement at or prior to the Closing Date;
- 3) Buyer having obtained all necessary governmental authorizations that are required to be obtained under applicable PRC laws and that are relevant to the Acquisition including (i) registrations at Beijing Commerce Bureau and Beijing Market Supervision Bureau; (ii) tax filing form (if any) and (iii) registrations and filings at State Administration of Foreign Exchange via the SinoFTS' handling banks;
- 4) Buyer's executive officer signing a certificate certifying that each of the representations and warranties of Buyer set forth in the Buyout Agreement are true and correct in all material respects as of the Closing Date as though made on and as of such time (other than such representations and warranties that are made as of another date, which shall be so true and correct as of such date);
- 5) Buyer's executive officer signing a certificate certifying that Buyer has performed or complied with all material obligations and covenants required to have been

performed or complied with by it under the Buyout Agreement at or prior to the Closing Date.

Buyer may at its discretion, by written notice to Seller, waive the Conditions (1) to (2); Seller may at its discretion, by written notice to Buyer, waive the Conditions (4) to (5); and Seller and Buyer, may by written notice to each other, jointly waive the Condition (3), in whole or in part at any time on or before the Closing Date.

If one or more of the Conditions (i) remains unsatisfied on the Longstop Date and has not been waived on or before that date; or (ii) becomes impossible to satisfy on or before the Longstop Date and, if it is a Condition which can be waived by the relevant Party, has not been waived within five (5) Business Days of such Condition becoming impossible to satisfy, either Seller or Buyer may give written notice to the other Parties that it wishes to terminate the Buyout Agreement.

Interim Period

As long as the Buyout Agreement is in effect and has not been terminated, during the period from the Accounts Date until the Closing:

(a) Buyer shall be solely responsible for and in charge of the day to day operations, management or decision-making of SinoFTS. Seller shall not participate in the day-to-day operations, management or decision-making of SinoFTS; however, upon Buyer's reasonable request, Seller shall provide all necessary assistance that is required for (i) the SinoFTS' carrying on its business in all material respects in the ordinary course and in substantially the same manner as its business has been carried on or prior to the Accounts Date, (ii) obtaining any government authorization required for the Closing of the Acquisition.

(b) All the profits and losses of SinoFTS accrued after the Accounts Date shall be deemed on the account of Buyer, and there shall be no adjustment to the Purchase Price based on any profits and losses of SinoFTS accrued after the Accounts Date. Seller shall have no right to claim for any of such profits, either as an adjustment to the Purchase Price or in other forms, nor shall it be liable for any such losses.

Closing

The Closing shall take place at SinoFTS's address in Beijing at 10:00 a.m., Beijing time, or by electronic transmission of executed documents, on the fifth (5th) Business Day following the satisfaction or waiver of the Conditions (the "**Closing Date**").

Upon the Closing, the JV Contract shall be terminated and of no further force or effect as

of the Closing. SinoFTS will become an indirectly wholly-owned subsidiary of the Company and accordingly its financial results will be consolidated into the accounts of the Group.

Effective Date

The Buyout Agreement will take effective upon duly signed by the Seller and the Buyer on or before 10 May 2019.

INFORMATION OF SINOFTS

SinoFTS is a joint venture company incorporated under the PRC laws with limited liability. The Company currently holds 55% of SinoFTS' equity interest through SOSC and the Seller currently holds 45% of SinoFTS' equity interest. SinoFTS is principally engaged in onshore hydraulic fracturing and stimulation treatment for oil and gas, downhole operation, fracturing, acidification, oil and gas testing, coiled tubing and testing; oil engineering and technology services; R&D and application of stimulation techniques for oil and natural gas; wholesale of stimulation treatment for oil and natural gas; import/export of goods and technologies and import/export agents.

Set out below is a summary of the consolidated audited financial information of SinoFTS for the two years ended 31 December 2017 and 31 December 2018, respectively:

	For the year ended 31 December 2017	For the year ended 31 December 2018
	<i>(RMB)</i>	<i>(RMB)</i>
Net profit before taxation and extraordinary items	-17,108,061.76	48,726,660.63
Net profit after taxation and extraordinary items	-17,100,227.12	48,723,601.13

The audited total assets and net assets of SinoFTS as at 31 December 2018 prepared under the China Accounting Standards for Business Enterprises were RMB448,502,039.67 and RMB356,884,834.01.

INFORMATION OF THE SELLER

FTS Netherlands is a company established under the laws of the Netherlands, which is a wholly-owned subsidiary of FTS Services, and is mainly engaged in investment holding.

FTS Services is a limited liability company established under the laws of the State of

Texas of the United States of America and is a service provider of stimulation treatment for oil and natural gas well and is specially engaged in provision of high-pressure hydraulic fracturing services.

INFORMATION OF THE BUYER

SOSC is a limited liability company incorporated in the PRC with a registered capital of RMB4.0 billion. It is currently a wholly-owned subsidiary of the Company. Its principal business includes the provision of engineering equipment and technical services in the areas of geophysics, drilling, logging, mud logging, cementing, special downhole operations, oilfield ground surface construction, petroleum and natural gas pipeline construction.

INFORMATION OF THE GROUP

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.

REASONS FOR AND BENEFITS OF THE ACQUISITION

FTS Services is one of the largest service providers of hydraulic fracturing in the North America with extensive experience in fracturing of shale oil and gas, and is specially engaged in provision of high-pressure hydraulic fracturing services. To strengthen the Company's technologies related to fracturing of shale oil and gas, SOSC and FTS Netherlands formed SinoFTS as a joint venture in July 2014. Currently, FTS Services is operating with a focus on the shale gas market in the North America. The Company believes that the prospect of shale gas market in China for the following years is promising and expects an increasing demand for fracturing services for shale gas. The Company considers that the Acquisition meets the needs of the Company for its business development and benefits the Company in strengthening its shale gas fracturing techniques, which increases the revenue of the Company. As SinoFTS is of a relatively small size, the Acquisition will not pose a material effect on the financial position and results of operation of the Company for the current and following periods or adverse effect to the interest of the Company. Meanwhile, the Company intends to continue using

the fracturing facilities and the related techniques provided by FTS Services to ensure normal business operation of SinoFTS.

DIRECTORS' VIEW

In light of the reasons stated in the section headed "REASONS FOR AND BENEFITS OF THE ACQUISITION" above, the Directors are of the view that the terms of the Buyout Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% but are less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that the Buyout Agreement has not been executed and the Closing of the Acquisition is subject to the fulfillment (or waiver, if applicable) of the Conditions, and the Closing may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

Acquisition	the proposed acquisition of 45% of equity interest of SinoFTS by the Buyer in accordance with the terms and conditions of the Buyout Agreement
Accounts Date	31 December 2018.
Board	the board of Directors of the Company
Business Days	a day other than a Saturday, Sunday or any day on which banking institutions in Beijing of PRC, Hong Kong are closed
"Buyer" or "SOSC"	Sinopec Oilfield Service Corporation(中石化石油工程技術服務有限公司), a limited liability company established under PRC laws and a wholly-owned subsidiary of the Company
Buyout Agreement	the buyout agreement to be entered into between the

Closing	Buyer and the Seller on or before 10 May 2019 in relation to the sale and purchase of the Sale Shares the completion of the Acquisition in accordance with the terms and conditions of the Buyout Agreement, which shall take place on a day no later than the Longstop Date
Company	Sinopec Oilfield Service Corporation (中石化石油工程技術服務股份有限公司), a joint stock limited company incorporated in the PRC, its A Shares are listed on the Shanghai Stock Exchange and its H Shares are listed on the Main Board of the Stock Exchange
Conditions	the conditions precedent to the Closing
Director(s)	the director(s) of the Company
"FTS Services"	FTS International Services, LLC, a limited liability company established under the laws of the State of Texas of the United States of America
Group	the Company and its subsidiaries
Hong Kong	the Hong Kong Special Administrative Region of the PRC
JV Contract	certain joint venture contract entered into between the Seller and the Buyer dated 27 January 2014 in relation to the establishment of SinoFTS
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Longstop Date	30 November 2019
PRC	the People's Republic of China
Purchase Price	the purchase price of US\$26,902,400 (tax excluded) for the Acquisition of the Sale Share pursuant to the Buyout Agreement
RMB	Renminbi, the lawful currency of the PRC
Sale Share	45% equity interest of SinoFTS currently held by FTS Netherlands
"Seller" or "FTS Netherlands"	FTS International Netherlands, B.V., a company established under the laws of the Netherlands
Shareholders	holder(s) of the Shares
Shares	the ordinary share(s) of the Company
SinoFTS	SinoFTS Petroleum Services Ltd, a limited liability

	company jointly established by the Buyer and the Seller in accordance with the JV Contracts under the PRC laws.
SinoFTS' Business	the scope of business of SinoFTS
Stock Exchange	Stock Exchange of Hong Kong Limited
US\$	US dollars, the lawful currency of the United States of America
“%”	Per cent

For and on behalf of the Board of Directors

Li Honghai

Company Secretary

Beijing, PRC, 25 April 2019

As at the date of this announcement, the Board of Directors comprises Mr. Liu Zhongyun+, Mr. Sun Qingde#, Mr. Chen Xikun#, 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*