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PROGRESS ANNOUNCEMENT ON AN ARBITRATION IN RELATION TO A WHOLLY-OWNED SUBSIDIARY

This announcement is made pursuant to the Part XIVA of the Securities and Futures Ordinance and Rule 13.09(2)(a) and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

I. BASIC INFORMATION OF THE ARBITRATION

Reference is made to the announcement of Sinopec Oilfield Service Corporation (the “**Company**”) dated 25 June 2018 in relation to the application by China National Chemical Engineering No. 11 Construction Co., Ltd. (中國化學工程第十一建設有限公司) (the “**Applicant**”) to the China International Economic and Trade Arbitration Commission for arbitration (the “**Arbitration**”) in respect of the contract dispute between the Applicant and Sinopec International Petroleum Services Corporation (中國石化集團國際石油工程有限公司), a wholly-owned subsidiary of the Company (the “**International Services Corporation**” or the “**Respondent**”).

The Company has recently received an arbitral award (the “**Arbitral Award**”) dated 21 April 2023 issued by the China International Economic and Trade Arbitration Commission transferred from International Services Corporation. According to the Arbitral Award, the arbitration requests finally confirmed by the Applicant after the

change are: requesting the Respondent to pay a total of approximately RMB816,126,971.21 for the project fee, loss due to stoppage of work, guarantee delay fees, on-site management fees during the period of delay in the construction period, headquarters management fees, advance payment guarantee fees and other expenses, together with the interest of the aforesaid expenses, RMB2,026,120.90 for attorney fees and travel expenses incurred for the investigation of evidence collection, and the arbitration fees. The arbitration counter-claims finally confirmed by the Respondent are: requesting the Applicant to repay a total of approximately RMB1,010,484,472.23 for the project advances and borrowings, various payments (including the contract price paid to a third party) incurred for the performance of contractual obligations by the Respondent on behalf of the Applicant due to the default of the Applicant, various losses and other expenses, together with the interest of the aforesaid expenses, RMB 2,260,000 for attorney fees, translation fees and expert report fees, and arbitration fees.

II. RESULTS OF THE ARBITRATION

According to the Arbitral Award, the main results are as follows:

1. The Respondent shall pay the Applicant RMB11,774,565.59 for the project payment, RMB19,638,188 for the losses due to stoppage of work, RMB38,018,100 for the refund of the advance payment guarantee paid by the Applicant, and RMB810,000 for attorney fees and travel expenses incurred for the investigation of evidence collection, and reject the Applicant's other arbitration requests;
2. The Applicant shall repay the project advances and borrowings as of 30 June 2018 of RMB322,187,057.90 to the Respondent, compensate the various losses of RMB29,622,931.76 brought to the Respondent as a result of the Applicant and attorney fees of RMB1,200,000, and reject the other arbitration counterclaims of the Respondent;
3. Cost appraisal fee is RMB5,200,000, which shall be borne by the Applicant as to 60% (i.e. RMB3,120,000) and the Respondent as to 40% (i.e. RMB2,080,000);
4. The arbitration fee is RMB4,300,511, which shall be borne as to 70% by the Applicant (i.e. RMB3,010,357.70) and 30% by the Respondent (i.e. RMB1,290,153.30);
5. The counter-claim arbitration fee is RMB5,203,625, which shall be borne by the Applicant as to 60% (i.e. RMB3,122,175) and the Respondent as to 40% (i.e. RMB2,081,450).

This award is final and effective from the date of the Arbitral Award.

III. IMPACT OF THE ARBITRATION ON THE CURRENT OR FUTURE PROFITS OF THE COMPANY

As of the end of March 2023, the Company has made a provision for impairment of RMB322 million for project advances and borrowings related to the Applicant and has made a provision of RMB4 million for attorney's fees. As the results of the Arbitration have not been implemented, there are uncertainties and it is currently impossible to determine the impact of the arbitration on the current or future profits of the Company. The Company will make active response and safeguard the legitimate rights and interests of the Company. Meanwhile, the Company will perform its obligation in disclosure of information regarding the progress of the implementation of the arbitration results according to relevant requirements. Investors are advised to be cautious about investment risks.

This announcement is hereby made.

By Order of the Board
Shen Zehong
Company Secretary

Beijing, PRC, 25 April 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*