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Sinopec Oilfield Service Corporation

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

(Stock code: 1033)

Inside Information

Estimated loss for the annual results of the Company for the year 2017

The board of directors of the Company announces that based on a preliminary assessment, the operational results of the Company is estimated to suffer significant loss for the year of 2017, with net loss attributable to equity shareholders of the Company of approximately RMB10.6 billion and the net loss deducted extraordinary gain and loss attributable to equity shareholders of the Company of approximately RMB10.4 billion in accordance with the PRC Accounting Standards for Business Enterprises.

Shareholders and investors of the Company are advised to exercise caution when dealing in securities of the Company.

This announcement is made by Sinopec Oilfield Service Corporation (the ‘‘**Company**’’) pursuant to Rule 13.09(2)(a) of Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company announces the estimated results of the Company as follows:

I. Estimated results of 2017

1. Period of Estimated results

from 1 January 2017 to 31 December 2017

2. Estimated results for the year of 2017

- (1) Based on a preliminary assessment of the Company's accounting department, the net loss attributable to equity shareholders of the Company of approximately RMB 10.6 billion in accordance with the PRC Accounting Standards for Business Enterprises ("ASBE"), representing a significant decrease as comparing to the net loss attributable to equity shareholders of the Company for the year 2016.
- (2) The net loss deducted extraordinary gain and loss attributable to equity shareholders of the Company is estimated to be approximately RMB10.4 billion
- (3) The above estimated results have not been reviewed or audited by any certified accountants.

II. Annual results for the corresponding period of the previous year

	Under the ASBE (RMB)
Net profit attributable to equity shareholders of the Company("-" for losses)	- 16,114,763,000
Net profit deducted extraordinary gain and loss attributable to equity shareholders of the Company("-" for losses)	- 16,173,871,000
Basic earning per share ("-" for losses)	-1.139

III. Reasons for the estimated loss of the annual results

1. Effect of the Major Segments

- (1) In 2017, as the international oil price gradually rebounded, the upstream capital expenditures on exploration and development of domestic and international oil companies increased as compared with the pervious year. The Company's major segments' work volume and revenue have realized a recovery increase. However, the gross profit of the Company remains negative due to high fixed cost.
- (2) In the fourth quarter of 2017, the Company has implemented measures to reduce excessive capacity and cancelled project teams to obtained excessive equipment. According to the preliminary results of the assets impairment test, the Company proposed to record the provision for impairment of fixed assets of RMB1.27

billion.

- (3) In 2017, the Company made best efforts to collect outstanding debt, the balance on the accounts receivable has decreased significantly and the operating cash flow became positive. However, certain debts were still overdue, which results in an increase of the payment risk, the provision of bad debts for accounts receivable is RMB1.27 billion.

2. Effect of the Non-operating Profit and Loss

In 2017, the non-operating profit and loss of the Company is expected to decrease RMB 200 million of the net profit attributable to equity shareholders of the Company, which mainly include government subsidies and disposal gains and losses of non-current assets, etc.

IV. Risk Alert

There are no major uncertainties which will affect the accuracy of this estimated result of the Company.

V. Other information

The above estimated information is only based on a preliminary assessment. The detailed and accurate financial information of the Company will be disclosed in the annual results announcement for the year 2017 to be officially published by the Company, which shall prevail.

As the Company has recorded a net loss for the net profit attributable to equity shareholders of the Company for the year of 2016 and is expecting to continue to record a net loss for the year of 2017, and the net asset for the period ended 31 December 2017 is expected to be negative, a delisting risk warning may be imposed on the A shares of the Company pursuant to the requirements of the Stock Listing Rules of the Shanghai Stock Exchange, following the audit and announcement of the annual financial results for the year of 2017 of the Company.

Shareholders and investors of the Company are advised to exercise caution when dealing in securities of the Company.

For and on behalf of the Board of Directors

Li Honghai

Company Secretary

Beijing, PRC, 30 January 2018

As at the date of this announcement, the Board of Directors comprises Mr. Jiao Fangzheng⁺, Mr. Sun Qingde[#], Mr. Zhou Shiliang[#], Mr. Li Lianwu⁺, Ms. Jiang Bo^{}, Mr. Zhang Huaqiao^{*} and Mr. Pan Ying^{*}.*

+ Non-Executive Director

Executive Director

** Independent Non-Executive Director*