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Sinopec Oilfield Service Corporation

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

(Stock code: 1033)

First Quarterly Results 2017

This announcement is made by Sinopec Oilfield Service Corporation (the "**Company**") pursuant to Rule 13.09 (2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the relevant regulations issued by the Shanghai Stock Exchange (the "**SSE**").

The board of directors (the "**Board**") of the Company hereby presents the first quarterly results of the Company and its subsidiaries for the three months ended 31 March 2017.

§1. Important Highlights

1.1 The Board and the Supervisory Committee of the Company and its directors, supervisors and senior management warrant that there are no false representations, misleading statements or material omissions in this quarterly report and individually and jointly accept full responsibility for the authenticity, accuracy and completeness of the information contained in this quarterly report.

1.2 The Company's first quarterly financial report is prepared in accordance with the PRC Accounting Standards for Business Enterprises and unaudited.

1.3 Mr. Jiao Fangzheng, Chairman, Mr. Sun Qingde, General Manager, Mr. Wang Hongchen, Chief Financial Officer and Mr. Song Daoqiang, Director of the Asset and Accounting Department of the Company warranted the authenticity and completeness of the financial statements contained in this quarterly report.

§2. Key financial data and changes in shareholders of the Company

2.1 Key financial data (prepared in accordance with the PRC Accounting Standards for Business Enterprises and unaudited)

	As at 31 March 2017 RMB'000	As at 31 December 2016 RMB'000	Increase/(decrease) from last year (%)
Total assets	70,817,659	74,493,166	-4.9
Total equity attributable to shareholders of the Company	7,175,940	8,442,868	-15.0
	For the three months ended 31 March 2017 RMB'000	For the three months ended 31 March 2016 RMB'000	Increase/(decrease) from corresponding period of last year (%)
Net cash inflow from operating activities(“-” for outflow)	-1,312,169	-1,953,173	Not applicable
	For the three months ended 31 March 2017 RMB'000	For the three months ended 31 March 2016 RMB'000	Increase/(decrease) from corresponding period of last year (%)
Operating income	8,815,250	8,510,893	3.6
Net profit attributable to equity shareholders of the Company(“-” for losses)	-1,345,366	-1,685,210	Not applicable
Net profit deducted extraordinary gain and loss attributable to equity shareholders of the Company(“-” for losses)	-1,357,638	-1,715,977	Not applicable
Weighted average return on net assets	-17.31	-7.08	Decreased by 10.23 percentage points
Basic earnings per share (in RMB) (“-” for losses)	-0.095	-0.119	Not applicable
Diluted earnings per share (in RMB) (“-” for losses)	-0.095	-0.119	Not applicable

Extraordinary gain and loss items

Applicable Not Applicable

Items	Amount during the reporting period (From January to March, 2017) RMB'000
Disposal of non-current assets	3,079
Government grants recognised in profit or loss during the current period	12,509
Gains or losses from entrusted loans	67
Other non-operating income and expenses excluding the aforesaid items	1,153
Effect of income tax	-4,536
Total	12,272

2.2 The number of shareholders of the Company at the end of this reporting period and details of the top ten shareholders and the top ten shareholders of shares without selling restrictions

Unit: Share

The total number of shareholders at the end of this reporting period	152,326, of which the number of H shareholders was 360.					
Shareholdings of the top ten shareholders						
Names of shareholders	Number of shares held (shares)	Percent age to total share capital (%)	Number of shares with selling restrictions (Share)	Number of pledged or frozen share		Nature of shareholders
				Shares status	Amounts	
China Petrochemical Corporation	9,224,327,662	65.22	9,224,327,662	none	0	State-owned legal person
Hong Kong Securities Clearing Company (Nominees) Limited (“ HKSCC (Nominees) Limited ”)	2,086,550,496	14.75	0	none	0	Overseas legal person
CITIC Limited	1,035,000,000	7.32	0	none	0	State-owned legal person
Darry Asset Management (Hangzhou) Co., Ltd.	133,333,333	0.94	0	pledged	133,333,300	Other
Beijing Harvest Yuanxing Investment Center (Limited Partnership)	124,007,660	0.88	0	none	0	Other

Donghai Fund-Industrial Bank-Huaxin Trust-Huizhi Investment No.47 Trust Plan	66,666,666	0.47	0	none	0	Other
Donghai Fund-Industrial Bank -Huaxin Trust-Huizhi Investment No.49 Trust Plan	66,666,666	0.47	0	none	0	Other
National Social Security Fund-No.112 Portfolio	30,880,000	0.22	0	none	0	Other
National Social Security Fund-No.111 Portfolio	25,378,600	0.18	0	none	0	Other
China Galaxy Securities Co., Ltd.	14,516,613	0.10	0	none	0	Other
Shareholdings of the top ten shareholders of shares without selling restriction						
Name of shareholders	Number of shares without selling restrictions held at the end of the reporting period (shares)	Type and Amount of shares				
		Type	Amount			
HKSCC (Nominees) Limited	2,086,550,496	H shares	2,086,550,496			
CITIC Limited	1,035,000,000	A shares	1,035,000,000			
Darry Asset Management (Hangzhou) Co., Ltd.	133,333,333	A shares	133,333,333			
Beijing Harvest Yuanxing Investment Center (Limited Partnership)	124,007,660	A shares	124,007,660			
Donghai Fund-Industrial Bank-Huaxin Trust-Huizhi Investment No.47 Trust Plan	66,666,666	A shares	66,666,666			
Donghai Fund-Industrial Bank -Huaxin Trust-Huizhi Investment No.49 Trust Plan	66,666,666	A shares	66,666,666			
National Social Security Fund-No.112 Portfolio	30,880,000	H shares	30,880,000			
National Social Security Fund-No.111 Portfolio	25,378,600	A shares	25,378,600			
China Galaxy Securities Co., Ltd.	14,516,613	A shares	14,516,613			
HuaAn Funds-Industrial Bank -China Foreign Economy and Trade Trust Co., Ltd	13,333,300	A shares	13,333,300			
Statement on the connected relationship or activities in concert among the above-mentioned shareholders	Except that “Donghai Fund- Industrial Bank-Huaxin Trust - Huizhi Investment No.49 Trust Plan” and “Donghai Fund- Industrial Bank-Huaxin Trust - Huizhi Investment No.47 Trust Plan” belong to Donghai Fund Management Limited Company, “National Social Security Fund-No.112 Portfolio” and “National Social Security					

	Fund-No.111 Portfolio” belong to Council for National Social Security Fund, the Company is not aware of that there is any connected relationship or activities in concert among the above-mentioned shareholders.
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§3. Significant Events

3.1 Significant changes of key accounting items and financial indices and the reasons for the changes (figures extracted from the financial statements prepared in accordance with the PRC Accounting Standards for Business Enterprises) (consolidated and unaudited)

√Applicable □Not applicable

Item	As at 31 March 2017 RMB '000	As at 31 December 2016 RMB '000	Change (%)	Reason for change
Other current assets	624,981	416,676	50.0	Increase in VAT tax credit, VAT to be certified and prepaid VAT caused by replacing business tax with VAT
Employee benefits payable	345,620	171,657	101.3	Increase in social insurance premium payable, service fee payable, and housing fund payable
Other current liabilities	41,745	15,267	173.4	Increase in output VAT to be certified caused by replacing business tax with VAT
Specific reserve	254,588	176,068	44.6	Accrued safety fund

Item	For the three months ended 31 March		Change (%)	Reason for change
	2017 RMB '000	2016 RMB '000		
Taxes and surcharges	78,542	116,352	-32.5	Replacing business tax with VAT
Financial expense	124,128	88,572	40.1	Increase in borrowings during the current period
Investment income	67	7,673	-99.1	Expiry of entrusted loans at the end of 2016
Non-operating income	27,424	45,309	-39.5	During the first quarter of 2016, the other party defaulted and paid certain amount of compensation.
Gains from the disposal of non-current assets	4,461	1,348	230.9	Increase in gains from the disposal of fixed assets
Losses from the disposal of non-current assets	1,382	2,124	-34.9	Decrease in losses from the disposal of fixed assets
Income tax expense	72,457	54,637	32.6	Final settlement of foreign business during the current period

Net cash inflow from operating activities (“-” for outflow)	-162,600	59,496	Not applicable	Decrease in operating losses and change of operating receivable and payable
Net cash inflow from investing activities	2,069,580	3,544,859	Not applicable	Decrease in cash paid for other investing activities

3.2 The progress of significant events and their impacts as well as the analysis and explanations for the solutions

Applicable Not applicable

3.3 The undertakings made by the Company and its shareholders holding more than five per cent interest in the Company and the implementation of undertakings

Applicable Not applicable

3.4 Warnings on potential fluctuation from the net profit to the loss for the period from the beginning of the year to the end of next reporting period or significant changes as compared with the same period of the preceding year

Applicable Not applicable

By order of the Board
Jiao Fangzheng
Chairman

27 April 2017, Beijing

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

“ + ” Non-Executive Director

“ # ” Executive Director

*“ * ” Independent Non-Executive Director*

§ 4 Appendix

Consolidated Balance Sheet
As at 31 March 2017

Sinopec Oilfield Service Corporation

(Expressed in thousands of renminbi yuan and unaudited)

item	At the end of this reporting period	At the end of the last reporting year
Current assets:		
Cash at bank and on hand	2,576,804	2,449,935
Bills receivable	1,051,872	851,624
Accounts receivable	18,633,542	23,907,534
Prepayments	403,607	352,972
Dividends receivable	23	23
Other receivables	3,486,495	2,822,409
Inventories	10,859,504	9,318,377
Non-current assets due within one year	979,961	1,011,028
Other current assets	624,981	416,676
Total current assets	38,616,789	41,130,578
Non-current assets:		
Available-for-sale financial assets	24,389	24,389
Long-term equity investments	221,029	221,329
Fixed assets	27,996,523	28,807,257
Construction in progress	869,892	866,846
Disposal of fixed assets	1,938	2,066
Intangible assets	194,444	185,325
Research and development expenditure	3,789	0
Long-term deferred expenses	2,705,318	3,071,828
Deferred tax assets	183,548	183,548
Total non-current assets	32,200,870	33,362,588
Total assets	70,817,659	74,493,166
Current liabilities:		
Short-term loans	18,691,748	17,033,731
Bills payable	1,926,424	2,013,497

Accounts payable	25,111,280	28,296,730
Advances from customers	9,745,721	10,673,978
Employee benefits payable	345,620	171,657
Taxes payable	760,911	1,050,339
Interest payable	73,259	73,627
Other payables	5,697,433	5,541,678
Non-current liabilities due within one year	274,641	220,908
Other current liabilities	41,745	15,267
Total current liabilities	62,668,782	65,091,412
Non-current liabilities:		
Long-term loans	779,621	763,070
Long-term payable	48,833	57,641
Deferred income	118,479	112,171
Deferred tax liabilities	27,280	27,280
Total non-current liabilities	974,213	960,162
Total liabilities	63,642,995	66,051,574
Shareholders' equity:		
Share capital	14,142,661	14,142,661
Capital reserve	8,897,232	8,897,232
Specific reserve	254,588	176,068
Surplus reserve	200,383	200,383
Retained earnings	-16,318,924	-14,973,476
Equity attributable to shareholders of the Company	7,175,940	8,442,868
Minority interests	-1,276	-1,276
Total shareholders' equity	7,174,664	8,441,592
Total liabilities and shareholders' equity	70,817,659	74,493,166

Legal Representative: Mr. Jiao Fangzheng

General Manager: Mr. Sun Qingde

Chief Financial Officer: Mr. Wang Hongchen

Director of Asset and Accounting Department: Mr. Song Daoqiang

Balance Sheet
As at 31 March 2017

Sinopec Oilfield Service Corporation

(Expressed in thousands of renminbi yuan and unaudited)

item	At the end of this reporting period	At the end of the last reporting year
Current assets:		
Cash at bank and on hand	366,775	382,997
Notes receivable	0	0
Accounts receivable	0	0
Other receivables	5,195,808	5,179,627
Total current assets	5,562,583	5,562,624
Non-current assets:		
Long-term equity investments	20,215,327	20,215,327
Fixed assets	0	0
Construction in progress	0	0
Total non-current assets	20,215,327	20,215,327
Total assets	25,777,910	25,777,951
Current liabilities:		
Short-term loans	0	0
Notes payable	0	0
Taxes payable	219	189
Other payables	1,119,803	1,119,802
Total current liabilities	1,120,022	1,119,991
Non-current liabilities:		
Long-term loans	0	0
Total non-current liabilities	0	0
Total liabilities	1,120,022	1,119,991
Shareholders' equity:		
Share capital	14,142,661	14,142,661
Capital reserve	11,754,334	11,754,334
Surplus reserve	200,383	200,383
Retained earnings	-1,439,490	-1,439,418
Total shareholders' equity	24,657,888	24,657,960
Total liabilities and shareholders' equity	25,777,910	25,777,951

Legal Representative: Mr. Jiao Fangzheng
Chief Financial Officer: Mr. Wang Hongchen

General Manager: Mr. Sun Qingde
Director of Asset and Accounting Department: Mr. Song Daoqiang

Consolidated Income Statement
For the three months ended 31 March 2017

Sinopec Oilfield Service Corporation

(Expressed in thousands of renminbi yuan and unaudited)

Item	For the three months ended 31 March 2017	For the three months ended 31 March 2016
1. Total Operating Income	8,815,250	8,510,893
Including: Operating Income	8,815,250	8,510,893
2. Total Operating Costs	10,104,967	10,183,394
Including: Operating Costs	9,202,543	9,216,491
Business taxes and surcharges	78,542	116,352
Selling and distribution expenses	8,926	10,527
General and administrative expenses	690,828	751,718
Net financial expenses	124,128	88,572
Asset impairment losses	0	-266
Add: Gains from changes in fair value (“-” for losses)	0	0
Investment income (“-” for losses)	67	7,673
3. Operating profit (“-” for losses)	-1,289,650	-1,664,828
Add: Non-operating income	27,424	45,309
Including: Gains from disposal of non-current assets	4,461	1,348
Less: Non-operating expenses	10,683	11,054
Including: Losses from disposal of non-current assets	1,382	2,124
4. Total profit (“-” for losses)	-1,272,909	-1,630,573
Less: Income tax expenses	72,457	54,637
5. Net profit for the period (“-” for losses)	-1,345,366	-1,685,210
Attributable to shareholders of the Company	-1,345,366	-1,685,210
Minority interests	0	0
6. Other comprehensive net income after tax	0	0
Attributable to the owners of parent company	0	0
Attributable to minority shareholders of the Company	0	0
7. Total comprehensive income for the period	-1,345,366	-1,685,210
Attributable to the owners of parent company	-1,345,366	-1,685,210
Attributable to minority shareholders of the Company	0	0
8. Earnings per share:		
(1) Basic earnings per share (in RMB)	-0.095	-0.119
(2) Diluted earnings per share (in RMB)	-0.095	-0.119

Profit from combined party before business combination under common control was RMB 0 during the

current period. Profit from combined party before business combination under common control was RMB 0 during the prior period.

Legal Representative: Mr. Jiao Fangzheng

General Manager: Mr. Sun Qingde

Chief Financial Officer: Mr. Wang Hongchen

Director of Asset and Accounting Department: Mr. Song Daoqiang

Income Statement
For the three months ended 31 March 2017

Sinopec Oilfield Service Corporation

(Expressed in thousands of renminbi yuan and unaudited)

Item	For the three months ended 31 March 2017	For the three months ended 31 March 2016
1. Operating Income	0	0
Less: Operating Costs	0	0
Business taxes and surcharges	0	0
Selling and distribution expenses	0	0
General and administrative expenses	1,113	818
Net financial expenses	-1,042	-1,008
Impairment losses on assets	0	0
Add: Gains from changes in fair value (“-” for losses)	0	0
Investment income (“-” for losses)	0	0
Including: Investment income from associated enterprise and joint ventures	0	0
2. Operating profit (“-” for losses)	-71	190
Add: Non-operating income	0	0
Including: Income from disposal of non-current assets	0	0
Less: Non-operating expenses	0	0
Including: Losses from disposal of non-current assets	0	0
3. Total profit (“-” for losses)	-71	190
Less: Income tax expenses	0	0
4. Net profit for the period (“-” for losses)	-71	190
5. Other comprehensive net income after tax	0	0
6. Total comprehensive income for the period	-71	190
7. Earnings per share:		
(1) Basic earnings per share (in RMB)		
(2) Diluted earnings per share (in RMB)		

Legal Representative: Mr. Jiao Fangzheng

General Manager: Mr. Sun Qingde

Chief Financial Officer: Mr. Wang Hongchen

Director of Asset and Accounting Department: Mr. Song Daoqiang

Consolidated Cash flow statement
For the three months ended 31 March 2017

Sinopec Oilfield Service Corporation

(Expressed in thousands of renminbi yuan and unaudited)

Item	For the three months ended 31 March 2017	For the three months ended 31 March 2016
1. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	8,359,482	10,980,083
Refund of taxes	7,852	2,037
Cash received relating to other operating activities	2,692,472	3,072,900
Sub-total of cash inflows	11,059,806	14,055,020
Cash paid for goods and services	7,541,936	8,836,474
Cash paid to and for employees	2,370,532	2,698,737
Cash paid for all types of taxes	560,004	1,919,654
Cash paid relating to other operating activities	1,899,503	2,553,328
Sub-total of cash outflows	12,371,975	16,008,193
Net cash inflow from operating activities (outflow listed with “-”)	-1,312,169	-1,953,173
2. Cash flows from investing activities:		
Cash received from disposal of investment	0	0
Cash received from investment income	367	0
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,918	250
Cash received relating to other investing activities	128	7,673
Sub-total of cash inflows	2,413	7,923
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	100,185	107,805
Cash paid for the investments	0	0
Cash paid relating to other investing activities	62	62,718
Sub-total of cash outflows	100,247	170,523
Net cash inflow from investing activities (outflow listed with “-”)	-97,834	-162,600
3. Cash flows from financing activities:		
Cash received from the acquisition of investments	0	0
Cash received from borrowings	19,002,457	16,285,419

Cash received relating to other financing activities	0	143,000
Sub-total of cash inflows	19,002,457	16,428,419
Cash repayments of borrowings	17,333,592	13,962,739
Cash paid for dividends or interest	124,002	100,430
Cash paid relating to other financing activities	5,791	295,670
Sub-total of cash outflows	17,463,385	14,358,839
Net cash inflow from financing activities	1,539,072	2,069,580
4. Effect of exchange rate changes on cash and cash equivalents	-2,200	-732
5. Net increase in cash and cash equivalents	126,869	-46,925
Add: Cash and cash equivalents at the beginning of the period	2,449,935	2,011,590
6. Cash and cash equivalents at the end of the period	2,576,804	1,964,665

Legal Representative: Mr. Jiao Fangzheng
Chief Financial Officer: Mr. Wang Hongchen

General Manager: Mr. Sun Qingde
Director of Asset and Accounting Department: Mr. Song Daoqiang

Cash flow statement
For the three months ended 31 March 2017

Sinopec Oilfield Service Corporation

(Expressed in thousands of renminbi yuan and unaudited)

Item	For the three months ended 31 March 2017	For the three months ended 31 March 2016
1. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	0	0
Refund of taxes	0	0
Cash received relating to other operating activities	1,043	1,404
Sub-total of cash inflows	1,043	1,404
Cash paid for goods and services	0	0
Cash paid to and for employees	0	0
Cash paid for all types of taxes	0	34
Cash paid relating to other operating activities	17,265	89,809
Sub-total of cash outflows	17,265	89,843
Net cash inflow from operating activities (outflow listed with “-”)	-16,222	-88,439

2. Cash flows from investing activities:		
Cash received from disposal of investment	0	0
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	0	0
Sub-total of cash inflows	0	0
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	0	0
Cash paid for the investments	0	0
Cash paid for other investing activities	0	59,950
Sub-total of cash outflows	0	59,950
Net cash inflow from investing activities	0	-59,950
3. Cash flows from financing activities:		
Cash received from the acquisition of investments	0	0
Cash received from borrowings	0	0
Sub-total of cash inflows	0	0
Cash repayments of borrowings	0	0
Sub-total of cash outflows	0	0
Net cash inflow from financing activities	0	0
4. Effect of exchange rate changes on cash and cash equivalents	0	0
5. Net increase in cash and cash equivalents	-16,222	-148,389
Add: Cash and cash equivalents at the beginning of the period	382,997	419,118
6. Cash and cash equivalents at the end of the period	366,775	270,729

Legal Representative: Mr. Jiao Fangzheng
Chief Financial Officer: Mr. Wang Hongchen

General Manager: Mr. Sun Qingde
Director of Asset and Accounting Department: Mr. Song Daoqiang