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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 2022

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 2022.

Important Highlights

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.

Mr. Chen Xikun, Chairman, Mr. Yuan Jianqiang, General Manager, Mr. Cheng Zhongyi, executive in charge of accounting work and Mr. Yang Yulong, manager of the accounting department of the Company warranted the authenticity and completeness of the financial statements contained in this quarterly report.

The Company's first quarterly financial report for 2022 is unaudited.

§1. Key financial data

1.1 Key accounting data and financial indicators

Items	For the three months ended 31 March 2022 RMB'000	Increase/(decrease) from corresponding period of last year (%)	
Operating income	15,347,614	5.1	
Net profit attributable to equity shareholders of the Company	68,290	-58.8	
Net profit deducted extraordinary gain and loss attributable to equity shareholders of the Company	49,132	-62.3	
Net cash inflow from operating activities (“-” for outflow)	-902,539	Not applicable	
Basic earnings per share (in RMB)	0.004	-60.0	
Diluted earnings per share (in RMB)	0.004	-60.0	
Weighted average return on net assets (%)	1.0	Decreased by 1.4 percentage points	
	As at 31 March 2022 RMB'000	As at 31 December 2021 RMB'000	Increase/ (decrease) (%)
Total assets	64,609,215	64,052,447	0.9
Total equity attributable to equity shareholders of the Company	7,110,981	6,861,517	3.6

1.2 Extraordinary gain and loss items

Items	Amount during the reporting period (From 1 January 2022 to 31 March 2022) RMB'000	Statements
Gains or losses from disposal of non-current assets	3,433	
Government grants recognised in profit or loss during the current period, except for government subsidies that are closely related to the company's normal business operations and that are in compliance with national policies and are subject to constant or fixed amount of certain standards	18,901	
Gains or losses from debt restructuring	8,422	
Other non-operating income and expenses excluding the aforesaid items	-6,605	
Less: effect of income tax	4,993	
Total	19,158	

Statement on defining extraordinary items under “Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 - Extraordinary Profit

and Loss” as recurrent items

Applicable Not Applicable

1.3 Statement on change of key accounting data and financial indicators

Applicable Not Applicable

Items	Ratio of change (%)	Main reasons for change
Net profit attributable to equity shareholders of the Company	-58.8	Mainly due to the accelerated progress of R&D expenditure, resulting in a 261.7% year-on-year increase in R&D
Net profit deducted extraordinary gain and loss attributable to equity shareholders of the Company	-62.3	Mainly due to the accelerated progress of R&D expenditure, resulting in a 261.7% year-on-year increase in R&D
Net cash inflow from operating activities	Not applicable	Mainly due to increase the payments
Basic earnings per share	-60.0	Mainly due to the change of net profit attributable to equity shareholders of the Company during the reporting period
Diluted earnings per share	-60.0	Mainly due to the change of net profit attributable to equity shareholders of the Company during the reporting period

§2. Information of shareholders

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

Unit: Share

Names of shareholders	Number of shares held at the end of the reporting period (shares)	Percentage to total share capital (%)	Number of shares with selling restrictions (shares)	Number of pledged, signed or frozen share		Nature of shareholders
				Shares status	Amounts	
China Petrochemical Corporation ¹	10,727,896,364	56.51	0	none	0	State-owned legal person
Hong Kong Securities Clearing Company (Nominees) Limited (“HKSCC (Nominees) Limited”) ²	5,402,088,694	28.46	0	none	0	Overseas legal person

CITIC Limited	617,313,200	3.25	0	none	0	State-owned legal person
Hong Kong Securities Clearing Company Limited ³	113,870,208	0.60	0	none	0	Other
Anhui Yang Guang Xin Tong Electronic Technology Co. Ltd	24,000,000	0.13	0	none	0	Domestic non-state-owned legal person
Shanghai Tongneng Investment Holdings Co., Ltd	13,916,200	0.07	0	none	0	Domestic non-state-owned legal person
Changjiang Pension Insurance Co.,Ltd.-Changjiang Shengshi Huazhang No.2 Community Pension Management Fund ⁴	11,574,427	0.06	0	none	0	Other
Li Feng	11,406,700	0.06	0	none	0	Domestic natural person
Hu Xiao	9,920,000	0.05	0	none	0	Domestic natural person
Vanguard Investment Australia Limited – Vanguard Emerging Market Stock Index Fund	9,698,700	0.05	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
China Petrochemical Corporation	10,727,896,364	A shares	10,727,896,364
HKSCC (Nominees) Limited	5,402,088,694	H shares	5,402,088,694
CITIC Limited	617,313,200	A shares	617,313,200
Hong Kong Securities Clearing Company Limited ³	113,870,208	A shares	113,870,208
Anhui Yang Guang Xin Tong Electronic Technology Co. Ltd	24,000,000	A shares	24,000,000
Shanghai Tongneng Investment Holdings Co., Ltd	13,916,200	A shares	13,916,200
Changjiang Pension Insurance Co.,Ltd.-Changjiang Shengshi Huazhang No.2 Community Pension Management Fund	11,574,427	A shares	11,574,427
Li Feng	11,406,700	A shares	11,406,700
Hu Xiao	9,920,000	A shares	9,920,000
Vanguard Investment Australia Limited – Vanguard Emerging Market Stock Index Fund	9,698,700	A shares	9,698,700

Statement on the connected relationship or activities in concert among the above-mentioned shareholders	The Company is not aware of that there is any connected relationship or activities in concert among the above-mentioned shareholders.
Statement on the top ten shareholders and the top ten shareholders of shares without selling restriction participate in margin trading and short selling and financing business (if any)	Hu Xiao purchased 9,920,000 A shares of the company through margin and short selling accounts.

Note:

1. Apart from directly holding 10,727,896,364 A shares of the Company, China Petrochemical Corporation (“CPC”) also held 2,595,786,987 H shares of the Company through its wholly-owned subsidiary, Century Bright Company. Therefore, China Petrochemical Corporation directly and indirectly holds 13,323,683,351 shares of the Company, which represent 70.18% of the total shares of the Company.
2. “HKSCC (Nominees) Limited” is a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited, acts as an agent to hold H shares of the company on behalf of other companies or individual shareholders.
3. Hong Kong Securities Clearing Company Limited is a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited, acts as a nominal holder to hold A shares of the company in the Shanghai Stock Exchange on behalf of the investors of the Hong Kong Stock Exchange.
4. Changjiang Pension Insurance Co., Ltd held it on behalf of Qi Xin Gong Ying Scheme.

§3. Significant Events

Other important information about the Company’s operation during the reporting period that need to be brought to the attention of investors.

Applicable Not applicable

In the first quarter of 2022, the Company vigorously improved its support capability in engineering and technical services, strengthened cooperation with oil companies for win-win outcomes, while steadily advancing its market development. The total cumulative amount of newly signed contracts reached RMB29.75 billion, representing a year-on-year increase of 33.5%, of which the newly signed contracts in the Sinopec market amounted to RMB16.3 billion, representing a year-on-year increase of 6.6%; the newly signed contracts in domestic external markets amounted to RMB3.65 billion, representing a year-on-year decrease of 11.0%; the newly signed contracts in overseas markets amounted to RMB9.8 billion, representing a year-on-year increase of 237.7%.

In the first quarter of 2022, the Company’s consolidated revenue is RMB15.35 billion, representing a year-on-year increase of 5.1%, and net profit attributable to shareholders of the Company amounted to RMB70 million, representing a year-on-year decrease of 58.8%.

§ 4. Financial statements of the first quarter

4.1 Type of audit opinion

Applicable Not Applicable

4.2 Financial statements

Consolidated Balance Sheet

As at 31 March 2022

Sinopec Oilfield Service Corporation

(Expressed in thousands of renminbi yuan and unaudited)

item	As at 31 March 2022	As at 31 December 2021
Current assets:		
Cash at bank and on hand	1,720,871	2,508,224
Bills receivable	0	0
Accounts receivable	8,021,323	8,151,019
Accounts receivable financing	710,437	1,295,971
Prepayments	569,560	338,555
Other receivables	2,875,234	2,552,292
Including: Interest receivables	0	0
Dividend receivables	548	548
Inventories	1,445,918	1,088,304
Contract assets	15,737,051	13,546,895
Assets classified as held for sale	0	0
Non-current assets due within one year	0	0
Other current assets	2,280,191	2,238,006
Total current assets	33,360,585	31,719,266
Non-current assets:		
Long-term receivable		0
Long-term equity investments	46,771	47,048
Other equity instrument investments	21,760	21,760
Fixed assets	22,743,067	23,461,781
Construction in progress	636,940	668,364
Right-of-use asset	923,271	720,938
Intangible assets	454,411	506,596
Long-term deferred expenses	6,111,646	6,595,930
Deferred income tax assets	310,764	310,764
Other non-current assets	0	0
Total non-current assets	31,248,630	32,333,181
Total assets	64,609,215	64,052,447
Current liabilities:		
Short-term loans	18,135,246	17,520,091

Bills payable	9,522,807	8,334,086
Accounts payable	20,304,332	21,556,262
Advances from customers	0	0
Contract liabilities	3,277,275	3,547,938
Employee benefits payable	654,182	644,026
Taxes payable	432,239	737,725
Other payables	2,515,825	2,355,823
Including: Interest payable	26,668	19,476
Dividend payable		0
Liabilities classified as held for sale		0
Non-current liabilities due within one year	390,308	296,045
Other current liabilities		0
Total current liabilities	55,232,214	54,991,996
Non-current liabilities:		
Long-term loans	1,520,552	1,554,686
Lease liability	495,603	390,866
Long-term payable	31,404	28,885
long-term employment benefits payable	0	0
Provisions	198,803	205,771
Deferred income	10,220	9,288
Deferred tax liabilities	9,438	9,438
Other non-current liabilities	0	0
Total non-current liabilities	2,266,020	2,198,934
Total liabilities	57,498,234	57,190,930
Shareholders' equity:		
Share capital	18,984,340	18,984,340
Capital reserve	11,717,773	11,717,773
Other comprehensive income	-3,823	-3,823
Specific reserve	400,356	219,182
Surplus reserve	200,383	200,383
Retained earnings	-24,188,048	-24,256,338
Equity attributable to shareholders of the Company	7,110,981	6,861,517
Minority interests	0	0
Total shareholders' equity	7,110,981	6,861,517
Total liabilities and shareholders' equity	64,609,215	64,052,447

Legal Representative: Mr. Chen Xikun

General Manager: Mr. Yuan Jianqiang

Executive in charge of accounting work: Mr. Cheng Zhongyi

Manager of accounting department: Mr. Yang Yulong

Consolidated Income Statement
For the three months ended 31 March 2022

Sinopec Oilfield Service Corporation

(Expressed in thousands of renminbi yuan and unaudited)

Item	For the three months ended 31 March 2022	For the three months ended 31 March 2021
1. Total Operating Income	15,347,614	14,599,813
Including: Operating Income	15,347,614	14,599,813
2. Total Operating Costs	15,250,605	14,501,612
Including: Operating Costs	14,197,606	13,759,222
Business taxes and surcharges	49,910	50,429
Selling and distribution expenses	12,233	16,374
General and administrative expenses	493,596	414,589
Research and development expenses	310,442	85,824
Finance expenses	186,818	175,174
Including: Interest expenses	149,843	162,021
Interest income	1,984	9,034
Add: Other income	17,325	48,339
Investment income (“-” for losses)	8,146	11,740
Including: Investment income in associates and joint ventures	-276	-380
Gain from derecognition of financial assets measured at amortized cost (“-” for losses)	8,422	12,120
Exchange gains (“-” for losses)		
Credit impairment losses (“-” for losses)	4,118	18,343
Impairment of assets (“-” for losses)	134	27
Gains from assets disposal (“-” for losses)	3,433	2,229
3. Operating profit (“-” for losses)	130,165	178,879
Add: Non-operating income	19,070	13,478
Less: Non-operating expenses	21,640	2,265
4. Total profit (“-” for losses)	127,595	190,092
Less: Income tax expenses	59,305	24,446
5. Net profit for the period (“-” for losses)	68,290	165,646
(1) Classification according to operation continuity		
Including: Net profit from continuing operations (“-” for net loss)	68,290	165,646
Net profit from discontinued operations (“-” for net loss)		
(2) Classification according to attribute		
Including: Shareholders of the company (“-” for net loss)	68,290	165,646

Non-controlling interests (“-” for net loss)		
6. Other comprehensive net income after tax	0	0
7. Total comprehensive income for the period	68,290	165,646
Attributable to the owners of parent company	68,290	165,646
Attributable to minority shareholders of the Company		
8. Earnings per share:		
(1) Basic earnings per share (in RMB)	0.004	0.01
(2) Diluted earnings per share (in RMB)	0.004	0.01

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. Chen Xikun General Manager: Mr. Yuan Jianqiang

Executive in charge of accounting work: Mr. Cheng Zhongyi Manager of accounting department: Mr. Yang Yulong

Consolidated Cash Flow Statement For the three months ended 31 March 2022

Sinopec Oilfield Service Corporation

(Expressed in thousands of renminbi yuan and unaudited)

Item	For the three months ended 31 March 2022	For the three months ended 31 March 2021
1. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	12,354,400	10,455,420
Refund of taxes	889	57,415
Cash received relating to other operating activities	2,680,242	3,081,251
Sub-total of cash inflows	15,035,531	13,594,086
Cash paid for goods and services	9,805,546	8,385,505
Cash paid to and for employees	2,927,108	2,739,232
Cash paid for all types of taxes	427,300	322,109
Cash paid relating to other operating activities	2,778,116	2,532,717
Sub-total of cash outflows	15,938,070	13,979,563
Net cash flow from operating activities (outflow listed with “-”)	-902,539	-385,477
2. Cash flows from investing activities:		
Cash received from disposal of investment		
Cash received from investment income		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	4,442	8,519
Net cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities		

Sub-total of cash inflows	4,442	8,519
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	229,123	55,449
Cash paid for the investments		
Net cash paid for acquisition of subsidiaries and other business units		
Cash paid relating to other investing activities		
Sub-total of cash outflows	229,123	55,449
Net cash flow from investing activities (outflow listed with “-”)	-224,681	-46,930
3. Cash flows from financing activities:		
Cash received from the acquisition of investments		
Including: Cash received from investment absorbed from minority shareholders by the subsidiary		
Cash received from borrowings	5,049,148	12,756,356
Cash received relating to other financing activities		
Sub-total of cash inflows	5,049,148	12,756,356
Cash paid for repayments of borrowings	4,456,712	12,004,873
Cash paid for distribution of dividend, profit or payments of interests	123,601	148,976
Cash paid relating to other financing activities	111,263	109,282
Sub-total of cash outflows	4,691,576	12,263,131
Net cash flow from financing activities	357,572	493,225
4. Effect of exchange rate changes on cash and cash equivalents	15,213	23,369
5. Net increase in cash and cash equivalents	-754,435	84,187
Add: Cash and cash equivalents at the beginning of the period	2,475,306	1,523,352
6. Cash and cash equivalents at the end of the period	1,720,871	1,607,539

Legal Representative: Mr. Chen Xikun

General Manager: Mr. Yuan Jianqiang

Executive in charge of accounting work: Mr. Cheng Zhongyi

Manager of accounting department: Mr. Yang Yulong

4.3 The adjustment of the relevant items of the financial statements for the first time implementation of new accounting standards since 2022

Applicable Not applicable

By order of the Board
Shen Zehong
Company Secretary

26 April 2022, Beijing

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*