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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 2016

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 2016, with net loss attributable to equity shareholders of the Company of approximately RMB 16.08 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:

1. Estimated results for the year of 2016

(1) Period of estimated results: from 1 January 2016 to 31 December 2016.

(2) Estimated results: Based on a preliminary assessment of the Company’s accounting department, the operational results of the Company is estimated to suffer significant

loss for the year of 2016, with net loss attributable to equity shareholders of the Company of approximately RMB 16.08 billion in accordance with the PRC Accounting Standards for Business Enterprises ("ASBE").

(3) The above estimated results have not been reviewed or audited by any certified accountants.

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

	Under the ASBE
Net profit attributable to equity shareholders of the Company	RMB 24,478,000
Basic earning per share	RMB 0.002

3. Reasons for the estimated loss of the annual results

In 2016, the price of international crude oil still remained at a low level and the annual average price hit a new low in recent 12 year. International and domestic oil companies reduced the capital expenditures of the upstream exploration and exploitation significantly. The global oilfield service sector is experiencing a continuous downturn, resulting in a sharp decline in both work volume and service price. The Company estimated that the net loss attributable to the equity shareholders of the Company will be approximately RMB 16.08 billion for the year 2016 due to the following reasons:

1. Work volumes of major segments of the Company declined sharply comparing to that of the corresponding period, among which drilling footage declined by more than 30%.
2. Service prices of the Company's main markets declined by 5% - 15%.
3. In the several engineering and construction projects of the Company, construction period was prolonged, costs were increased and compensation from contract defaults was lower than expectation.
4. The Company increased the provision for bad debts of accounts receivable.

4. 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 2016 to be officially published by the Company, which shall prevail.

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, 20 January 2017

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

+ *Non-Executive Director*

Executive Director

* *Independent Non-Executive Director*