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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 2018

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 2018.

§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. Li Tian, Chief Financial Officer and Mr. Pei Defang, 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 2018	As at 31 December 2017	Increase/(decrease) from last year
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	RMB'000	RMB'000	(%)
Total assets	59,605,141	61,942,629	-3.8
Total equity attributable to shareholders of the Company	5,660,389	-2,102,628	Not applicable
	For the three months ended 31 March 2018 RMB'000	For the three months ended 31 March 2017 RMB'000	Increase/(decrease) from corresponding period of last year (%)
Net cash inflow from operating activities("-" for outflow)	-1,864,850	-1,312,169	Not applicable
	For the three months ended 31 March 2018 RMB'000	For the three months ended 31 March 2017 RMB'000	Increase/(decrease) from corresponding period of last year (%)
Operating income	10,267,637	8,815,250	16.5
Net profit attributable to equity shareholders of the Company("-" for losses)	30,129	-1,345,366	Not applicable
Net profit deducted extraordinary gain and loss attributable to equity shareholders of the Company("-" for losses)	-334,673	-1,357,638	Not applicable
Weighted average return on net assets	1.00	-17.31	Increased by 18.31 percentage points
Basic earnings per share (in RMB) ("-" for losses)	0.002	-0.095	Not applicable
Diluted earnings per share (in RMB) ("-" for losses)	0.002	-0.095	Not applicable

Extraordinary gain and loss items

Applicable Not Applicable

Items	Amount during the reporting period (From January to March, 2018) RMB'000
Disposal of non-current assets	1,641
Government grants recognised in profit or loss during the current period	362,475
Gains or losses from debt restructuring	120,634
Other non-operating income and expenses excluding the aforesaid items	-399
Effect of income tax	-119,549
Total	364,802

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	159,265, of which the number of H shareholders was 344.					
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 (shares)	Number of pledged or frozen share		Nature of shareholders
				Shares status	Amounts	
China Petrochemical Corporation ¹	10,727,896,364	56.51	1,503,568,702	none	0	State-owned legal person
Hong Kong Securities Clearing Company (Nominees) Limited (“HKSCC (Nominees) Limited”) ²	5,401,925,978	28.45	2,595,786,987	none	0	Overseas legal person
CITIC Limited	1,035,000,000	5.45	0	none	0	State-owned legal person
Darry Asset Management (Hangzhou) Co., Ltd.	133,333,333	0.70	0	pledged	133,333,300	Other
Donghai Fund-Industrial Bank-Huaxin Trust-Huizhi Investment No.47 Trust Plan	66,666,666	0.35	0	none	0	Other
Donghai Fund-Industrial Bank-Huaxin Trust-Huizhi Investment No.49 Trust Plan	66,666,666	0.35	0	none	0	Other
Changjiang Pension Insurance Co.,Ltd.-Changjiang Shengshi Huazhang No.2 Community Pension Management Fund ³	23,148,854	0.12	23,148,854	none	0	Other
Huaan Fund- Industrial Bank –China Foreign Economy & Trade Co. Ltd	13,333,300	0.07	0	none	0	Other
China Construction Bank Corporation –Huaxia Xinghua Mixed Securities Investment Fund	9,168,500	0.05	0	none	0	Other
Cai Xilian	6,680,000	0.04	0	none	0	Natural person
Shareholdings of the top ten shareholders of shares without selling restriction						
Name of shareholders	Number of shares without selling		Type and Amount of shares			

	restrictions held at the end of the reporting period (shares)	Type	Amount
China Petrochemical Corporation	9,224,327,662	A shares	9,224,327,662
HKSCC (Nominees) Limited	2,805,770,991	H shares	2,805,770,991
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
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
Huaan Fund-Industrial Bank –China Foreign Economy & Trade Co. Ltd	13,333,300	A shares	13,333,300
China Construction Bank Corporation –Huaxia Xinghua Mixed Securities Investment Fund	9,168,500	A shares	9,168,500
Cai Lianxi	6,680,000	A shares	6,680,000
Hu Xucang	6,200,189	A shares	6,200,189
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, the Company is not aware of that there is any connected relationship or activities in concert among the above-mentioned shareholders.		
Explanation of preferred stockholders and Number of Shares	The company has no outstanding preferred shares.		

Note:

1. China Petrochemical Corporation held 2,595,786,987 H shares of the Company through Sinopec Century Bright Capital Investment, Ltd., an overseas wholly-owned subsidiary, H shares were included in the total number of shares held by HKSCC (Nominees) Limited
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. Changjiang Pension Insurance Co., Ltd held it on behalf of QiXinGongYing Scheme.

§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 2018 RMB '000	As at 31 December 2017 RMB '000	Change (%)	Reason for change
Bills receivable	676,535	1,209,147	-44.0	Mainly due to the fare due
Advanced payment	569,025	424,731	34.0	Increase in construction preparation
Non-current assets due within one year	136,733	0	Not applicable	Increase in long-term receivables due within one year
Long-term receivables	87,550	233,061	-62.4	Mainly due to non-current assets due within one year
Employee benefits payable	599,585	381,240	57.3	Increase in social insurance premium payable, service fee payable, and housing fund payable
Interest payable	15	10,927	-99.9	Mainly due to pay interest at maturity
Non-current liabilities due within one year	153,735	28,844	433.0	Increase in finance lease payable due within one year
Other current liabilities	43,355	11,744	269.2	Increase in pending resale tax
Long-term payables	937,002	67,533	1,287.5	Increase in long-term payable by finance lease business
Equity attributable to shareholders of the Company	5,660,389	-2,102,628	Not applicable	Increase in capital and capital reserves by the non-public issuance of A-shares and H-shares in January 2018

Item	For the three months ended 31 March		Change (%)	Reason for change
	2018 RMB '000	2017 RMB '000		
Taxes and surcharges	47,064	78,542	-40.1	Decrease in overseas tax and fee
Investment income	-8,611	67	-12,952.2	Decrease in the profits of the joint venture
Asset disposal income	1,641	3,079	-46.7	Decrease in fixed asset disposal income
Other income	362,475	12,509	2,797.7	Mainly due to the government subsidy for the relocation of employees.
Non-operating income	131,542	10,454	1,158.3	Increase in debt restructuring profit
Income tax expense	19,155	72,457	-73.6	Decrease in income tax from overseas business compared with the same period of last year
Net cash inflow from operating activities (“-” for outflow)	-1,864,850	-1,312,169	Not applicable	Decrease in operating losses and change of operating payable
Net cash inflow from	-214,454	-97,834	Not	Mainly due to the final payment

investing activities(“-” for outflow)			applicable	of 25m operating platform
Net cash inflow from fund activities	2,223,531	1,539,072	44.5	Mainly due to increase cash inflows by the non-public issuance

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

Applicable Not applicable

By the resolutions of the company’s first extraordinary general meeting of shareholders held in 2017 on November 16, 2017, the first A-share class shareholder meeting in 2017 and the first H share class shareholder meeting in 2017, and the approval of the China Securities Regulatory Commission China Securities Regulatory License [2018] No. 142, the Company had issued 1,503,568,702 shares and 23,148,854 new A shares to the China Petrochemical Corporation and the QiXinGongYing Scheme. The non-public issuance of RMB ordinary shares (A shares) was issued at RMB 2.62 per share. As of January 19, 2018, the company had received RMB 3,987,867,324.96 in subscription payments (after deducting various issuance expenses of RMB 12,132,671.76). The Grant Thornton Certified Public Accountants (Special General Partnership) conducted a capital verification of the above-mentioned raised funds, and on January 19, 2018, it issued the Capital Verification Report No.110ZC0018 of the “Comparative Verification” (2018).On January 25, 2018, the Company completed the registration and custody of the non-public issuance of A shares in the Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

By the resolutions of the company’s first extraordinary general meeting of shareholders held in 2017 on November 16, 2017, the first A-share class shareholder meeting in 2017 and the first H share class shareholder meeting in 2017, and the approval of the China Securities Regulatory Commission China Securities Regulatory License [2018] No. 130, the Company had issued 2,595,786,987 shares and 719,174,495 new H shares to Sinopec Century Bright Company and China Structural Reform Fund respectively. The non-public issuance of overseas-listed foreign shares (H shares) was HK\$1.35 per share. As of January 24, 2018, the company had received RMB4,464,700,300.49 in subscribed shares from the issuer (net of issuance fees. RMB 8,650,000), equivalent to RMB 3,649,847,848.64. The Grant Thornton Certified Public Accountants (Special General Partnership) conducted a capital verification of the above-mentioned raised funds, and on January 30, 2018, it issued the Capital Verification Report No. 110ZC0039 of the “Comparative Verification” (2018).

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

25 April 2018, Beijing

As at the date of this announcement, the Board of Directors comprises Mr. Jiao Fangzheng+, Mr. Sun Qingde#, Mr. Chen Xikun#, Mr. Ye Guohua+, Mr. Lu Baoping+, Mr. Fan Zhonghai+, 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 2018

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	2,700,921	2,537,894
Bills receivable	676,535	1,209,147
Accounts receivable	13,808,821	16,961,936
Prepayments	569,025	424,731
Dividends receivable	188	188
Other receivables	2,194,495	1,999,912
Inventories	9,454,888	7,803,074
Non-current assets due within one year	136,733	0
Other current assets	1,116,585	885,473
Total current assets	30,658,191	31,822,355
Non-current assets:		
Available-for-sale financial assets	24,389	24,389
Long-term receivable	87,550	233,061
Long-term equity investments	198,435	207,046
Fixed assets	24,825,346	25,582,509
Construction in progress	254,726	237,638
Disposal of fixed assets	1,936	1,644
Intangible assets	250,402	281,534
Long-term deferred expenses	2,831,982	3,080,269
Deferred tax assets	472,184	472,184
Total non-current assets	28,946,950	30,120,274
Total assets	59,605,141	61,942,629
Current liabilities:		
Short-term loans	12,762,029	17,510,830
Bills payable	3,242,024	3,045,393
Accounts payable	22,257,181	26,442,482
Advances from customers	7,284,149	8,538,959
Employee benefits payable	599,585	381,240
Taxes payable	753,624	1,033,201
Interest payable	15	10,927
Other payables	5,275,970	6,359,459
Non-current liabilities due within one year	153,735	28,844
Other current liabilities	43,355	11,744
Total current liabilities	52,371,667	63,363,079

Non-current liabilities:		
Long-term loans	478,776	455,826
Long-term payable	937,002	67,533
Deferred income	134,800	136,312
Deferred tax liabilities	23,879	23,879
Total non-current liabilities	1,574,457	683,550
Total liabilities	53,946,124	64,046,629
shareholders' equity:		
Share capital	18,984,340	14,142,661
Capital reserve	11,703,904	8,907,868
Specific reserve	297,650	202,477
Surplus reserve	200,383	200,383
Retained earnings	-25,525,888	-25,556,017
Equity attributable to shareholders of the Company	5,660,389	-2,102,628
Minority interests	-1,372	-1,372
Total shareholders' equity	5,659,017	-2,104,000
Total liabilities and shareholders' equity	59,605,141	61,942,629

Legal Representative: Mr. Jiao Fangzheng General Manager: Mr. Sun Qingde
Chief Financial Officer: Mr. Li Tian Director of Asset and Accounting Department: Mr. Pei Defang

Balance Sheet
As at 31 March 2018

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	84,588	236,745
Notes receivable	0	0
Accounts receivable	0	0
Other receivables	13,030,007	5,313,186
Other current assets	17	0
Total current assets	13,114,612	5,549,931
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	33,329,939	25,765,258
Current liabilities:		
Short-term loans	0	0
Notes payable	0	0
Taxes payable	26,261	26,231
Other payables	1,127,323	1,127,163

Total current liabilities	1,153,584	1,153,394
Non-current liabilities:		
Long-term loans	0	0
Total non-current liabilities	0	0
Total liabilities	1,153,584	1,153,394
Shareholders' equity:		
Share capital	18,984,340	14,142,661
Capital reserve	14,561,006	11,764,970
Surplus reserve	200,383	200,383
Retained earnings	-1,569,374	-1,496,150
Total shareholders' equity	32,176,355	24,611,864
Total liabilities and shareholders' equity	33,329,939	25,765,258

Legal Representative: Mr. Jiao Fangzheng

General Manager: Mr. Sun Qingde

Chief Financial Officer: Mr. Li Tian

Director of Asset and Accounting Department: Mr. Pei Defang

Consolidated Income Statement
For the three months ended 31 March 2018

Sinopec Oilfield Service Corporation

(Expressed in thousands of renminbi yuan and unaudited)

Item	For the three months ended 31 March 2018	For the three months ended 31 March 2017
1. Total Operating Income	10,267,637	8,815,250
Including: Operating Income	10,267,637	8,815,250
2. Total Operating Costs	10,694,093	10,104,967
Including: Operating Costs	9,759,665	9,202,543
Business taxes and surcharges	47,064	78,542
Selling and distribution expenses	9,246	8,926
General and administrative expenses	766,771	690,828
Net financial expenses	111,444	124,128
Asset impairment losses	-97	0
Add: Gains from changes in fair value ("-" for losses)	0	0
Investment income ("-" for losses)	-8,611	67
Including: Investment income in associates and joint ventures	-8,611	0
Asset disposal income ("-" for losses)	1,641	3,079
Other income	362,475	12,509
3. Operating profit ("-" for losses)	-70,951	-1,274,062
Add: Non-operating income	131,542	10,454
Less: Non-operating expenses	11,307	9,301
4. Total profit ("-" for losses)	49,284	-1,272,909
Less: Income tax expenses	19,155	72,457
5. Net profit for the period ("-" for losses)	30,129	-1,345,366
Attributable to shareholders of the Company	30,129	-1,345,366
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	30,129	-1,345,366
Attributable to the owners of parent company	30,129	-1,345,366
Attributable to minority shareholders of the Company	0	0
8. Earnings per share:		
(1) Basic earnings per share (in RMB)	0.002	-0.095
(2) Diluted earnings per share (in RMB)	0.002	-0.095

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. Li Tian Director of Asset and Accounting Department: Mr. Pei Defang

Income Statement
For the three months ended 31 March 2018

Sinopec Oilfield Service Corporation

(Expressed in thousands of renminbi yuan and unaudited)

Item	For the three months ended 31 March 2018	For the three months ended 31 March 2017
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	1,632	1,113
Net financial expenses	71,592	-1,042
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)	-73,224	-71
Add: Non-operating income	0	0
Less: Non-operating expenses	0	0
3. Total profit (“-” for losses)	-73,224	-71
Less: Income tax expenses	0	0
4. Net profit for the period (“-” for losses)	-73,224	-71
5. Other comprehensive net income after tax	0	0
6. Total comprehensive income for the period	-73,224	-71
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

Consolidated Cash flow statement
For the three months ended 31 March 2018

Sinopec Oilfield Service Corporation

(Expressed in thousands of renminbi yuan and unaudited)

Item	For the three months ended 31 March 2018	For the three months ended 31 March 2017
1. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	8,039,405	8,359,482
Refund of taxes	17,170	7,852
Cash received relating to other operating activities	3,051,513	2,692,472
Sub-total of cash inflows	11,108,088	11,059,806
Cash paid for goods and services	8,553,254	7,541,936
Cash paid to and for employees	2,468,933	2,370,532
Cash paid for all types of taxes	379,270	560,004
Cash paid relating to other operating activities	1,571,481	1,899,503
Sub-total of cash outflows	12,972,938	12,371,975
Net cash inflow from operating activities (outflow listed with “-”)	-1,864,850	-1,312,169
2. Cash flows from investing activities:		
Cash received from disposal of investment	0	0
Cash received from investment income		367
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,642	1,918
Cash received relating to other investing activities		128
Sub-total of cash inflows	2,642	2,413
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	217,096	100,185
Cash paid for the investments		0
Cash paid relating to other investing activities		62
Sub-total of cash outflows	217,096	100,247
Net cash inflow from investing activities (outflow listed with “-”)	-214,454	-97,834
3. Cash flows from financing activities:		
Cash received from the acquisition of investments	7,639,698	0
Cash received from borrowings	9,799,753	19,002,457
Cash received relating to other financing activities		0
Sub-total of cash inflows	17,439,451	19,002,457
Cash repayments of borrowings	14,348,948	17,333,592
Cash paid for dividends or interest	139,189	124,002
Cash paid relating to other financing activities	727,783	5,791
Sub-total of cash outflows	15,215,920	17,463,385
Net cash inflow from financing activities	2,223,531	1,539,072
4. Effect of exchange rate changes on cash	30,666	-2,200

and cash equivalents		
5. Net increase in cash and cash equivalents	174,893	126,869
Add: Cash and cash equivalents at the beginning of the period	2,523,356	2,449,935
6. Cash and cash equivalents at the end of the period	2,698,249	2,576,804

Legal Representative: Mr. Jiao Fangzheng General Manager: Mr. Sun Qingde
Chief Financial Officer: Mr. Li Tian Director of Asset and Accounting Department: Mr. Pei Defang

Cash flow statement
For the three months ended 31 March 2018

Sinopec Oilfield Service Corporation

(Expressed in thousands of renminbi yuan and unaudited)

Item	For the three months ended 31 March 2018	For the three months ended 31 March 2017
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	1,335	1,043
Sub-total of cash inflows	1,335	1,043
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	7,874,049	17,265
Sub-total of cash outflows	7,874,049	17,265
Net cash inflow from operating activities (outflow listed with “-”)	-7,872,714	-16,222
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	0
Sub-total of cash outflows	0	0
Net cash inflow from investing activities	0	0
3. Cash flows from financing activities:		
Cash received from the acquisition of investments	7,639,698	0
Cash received from borrowings	0	0
Sub-total of cash inflows	7,639,698	0
Cash repayments of borrowings	0	0
Cash paid relating to other financing activities	1,380	0
Sub-total of cash outflows	1,380	0
Net cash inflow from financing activities	7,638,318	0

4. Effect of exchange rate changes on cash and cash equivalents	82,239	0
5. Net increase in cash and cash equivalents	-152,157	-16,222
Add: Cash and cash equivalents at the beginning of the period	236,745	382,997
6. Cash and cash equivalents at the end of the period	84,588	366,775

Legal Representative: Mr. Jiao Fangzheng General Manager: Mr. Sun Qingde
Chief Financial Officer: Mr. Li Tian Director of Asset and Accounting Department: Mr. Pei Defang