

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Sinopec Oilfield Service Corporation

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

(Stock code: 1033)

Announcement of the interim results for the six months ended 30 June 2024

The board of directors (the “**Board**”) of Sinopec Oilfield Service Corporation (the “**Company**”) hereby presents the interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024.

1. IMPORTANT NOTES

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

1.2 The interim financial statements of the Company for 2024, which have been prepared in accordance with the PRC Accounting Standards for Business Enterprises (“**PRC ASBE**”) and International Financial Reporting Standards (“**IFRS**”), are unaudited. The interim financial statements of the Company for 2024, which have been prepared in accordance with the IFRS, have been reviewed by BDO Limited.

1.3 Mr. Wu Baizhi, Chairman, Mr. Zhang Jiankuo, General Manager, Mr. Cheng Zhongyi, Chief Financial Officer and Manager of the Accounting Department of the Company, hereby warranted the authenticity and completeness of the interim financial statements contained in the announcement.

1.4 This announcement of interim results is a summary of the 2024 Interim Report of the Company. For more details, investors should carefully read the full version of the 2024 Interim Report, which will be published on the websites of the Shanghai Stock Exchange (“**SSE**”) (website: <http://www.sse.com.cn>), The Stock Exchange of Hong Kong Limited (“**HKSE**”) (website: <http://www.hkexnews.hk>) and the Company (website: <http://ssc.sinopec.com>).

2. BASIC INFORMATION OF THE COMPANY

2.1 Company Profile

2.1.1 Places of listing, short names and codes of the stock:

| Share Type | Place of listing of the shares | Stock abbreviation | Stock Code | Stock abbreviation before change |
|------------|--------------------------------|--------------------|------------|----------------------------------|
| A Shares | SSE | SINOPEC SSC | 600871 | - |
| H Shares | HKSE | SINOPEC SSC | 01033 | - |

2.1.2 Contact Persons and Contact Information

| | | |
|-----------|---|--|
| | Secretary to the Board | Company Secretary, Securities Affairs Representative |
| Name | Ke Yuehua | Shen Zehong |
| Address | Office of the Board of Directors, #9 Jishikou Road, Changyang District, Beijing, the PRC. | |
| Telephone | 86-10-59965998 | |
| Fax | 86-10-59965997 | |
| E-mail | ir.ssc@sinopec.com | |

2.2 Principal financial data and financial indicators

2.2.1 Extracted from the interim financial report prepared under IFRS (Unaudited)

| | As at 30 June 2024 <i>RMB '000</i> | As at 31 December 2023 <i>RMB '000</i> | Increase/ (Decrease) from last year (%) |
|--|--|--|---|
| Total assets | 75,900,751 | 75,162,974 | 1.0 |
| Total Liabilities | 67,176,619 | 67,139,772 | 0.1 |
| Total equity attributable to equity shareholders of the Company | 8,724,132 | 8,023,202 | 8.7 |
| Net assets per share attributable to equity shareholders of the Company (<i>RMB</i>) | 0.46 | 0.42 | 9.5 |
| | For the six months ended 30 June 2024 <i>RMB '000</i> | For the six months ended 30 June 2023 <i>RMB '000</i> | Increase/ (Decrease) from corresponding period of last year (%) |
| Profit attributable to equity shareholders of the Company | 752,950 | 649,120 | 16.0 |
| Basic and diluted earnings per share | RMB 0.040 | RMB 0.034 | 17.6 |
| Net cash generated from/(used in) operating activities | -190,066 | 421,612 | (145.1) |
| Return on net assets | 8.58% | 8.03% | Increased by 0.55 percentage points |
| Net cash generated from/(used in) operating activities per share | RMB -0.010 | RMB 0.022 | (145.5) |

2.2.2 Extracted from the interim financial report prepared in accordance with the PRC ASBE (Unaudited)

(1) Key financial data

| | For the six months ended 30 June 2024 RMB'000 | For the six months ended 30 June 2023 RMB'000 | Increase/(Decrease) (%) |
|--|--|--|------------------------------------|
| Operating income | 36,821,444 | 37,133,528 | (0.8) |
| Operating profit | 692,652 | 534,827 | 29.5 |
| Profit before income tax | 781,564 | 541,574 | 44.3 |
| Net profit attributable to equity shareholders of the Company | 451,807 | 325,904 | 38.6 |
| Net profit deducted extraordinary gain and loss attributable to equity shareholders of the Company | 251,181 | 285,044 | (11.9) |
| Net cash inflow from operating activities (“-” for outflow) | -190,066 | 421,612 | (145.1) |
| | As at 30 June 2024 RMB'000 | As at 31 December 2023 RMB'000 | Increase/(Decrease) (%) |
| Total equity attributable to equity shareholders of the Company | 8,724,132 | 8,023,202 | 8.7 |
| Total assets | 75,900,751 | 75,162,974 | 1.0 |

(2) Key financial indicators

| | For the six months ended 30 June 2024 | For the six months ended 30 June 2023 | Increase/(Decrease) (%) |
|--|--|--|-------------------------------------|
| Basic earnings per share (RMB/share) | 0.024 | 0.017 | 41.2 |
| Diluted earnings per share (RMB/share) | 0.024 | 0.017 | 41.2 |
| Basic earnings per share deducted extraordinary gain and loss (RMB/share) | 0.013 | 0.015 | (13.3) |
| Weighted average return on net assets | 5.48% | 4.29% | Increased by 1.19 percentage points |
| Weighted average return on net assets deducted extraordinary gain and loss | 3.04% | 3.75% | Decreased by 0.71 percentage points |

2.2.3 Extraordinary gain and loss items and amount (figures are based on the interim financial report prepared in accordance with the PRC ASBE) (Unaudited)

| Extraordinary gain and loss items | Amount (RMB'000) |
|--|-------------------------|
| Gains and losses on disposal of non-current assets, including write-offs of provision for impairment of assets | 62,881 |
| Government subsidies included in the current profits and losses, except those that are closely related to the normal business operations of the Company, comply with the national policies and regulations, are enjoyed in accordance with the determined standards, and have a continuous impact on the profits and losses of the Company | 11,170 |
| Reversal of provision for impairment of receivables individually tested for impairment | 101,793 |
| Gain or loss on debt restructuring | 12,408 |
| Other non-operating income and expenses excluding the aforesaid items | 69,993 |
| Effect of income tax | -57,619 |
| Total | 200,626 |

2.2.4 Differences between the interim financial report of the Company prepared in accordance with the PRC ASBE and IFRS (Unaudited)

| | Net profit attributable to equity shareholders of the Company | | Total equity attributable to equity shareholders of the Company | |
|---|---|---|--|--|
| | For the six months ended 30 June 2024 <i>RMB'000</i> | For the six months ended 30 June 2023 <i>RMB'000</i> | As at 30 June 2024 <i>RMB'000</i> | As at 1 January 2024 <i>RMB'000</i> |
| PRC ASBE | 451,807 | 325,904 | 8,724,132 | 8,023,202 |
| Adjustment of items and amount in accordance with the IFRS: | | | | |
| Specific reserve (a) | 301,143 | 323,216 | - | - |
| IFRS | 752,950 | 649,120 | 8,724,132 | 8,023,202 |
| Description of differences | Please refer to section 7.3 of financial report of this interim performance announcement. | | | |

3. CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF MAJOR SHAREHOLDERS

3.1 Changes in share capital

During the reporting period, there was no change in the total number of shares and the share structure of the Company.

3.2 As at 30 June 2024, the number of shareholders of the Company was 110,819, including 110,496 shareholders of A shares and 323 registered shareholders of H shares.

3.3 As at 30 June 2024, the shareholdings of the top ten shareholders of the Company are as follows:

| Shareholdings of the top ten shareholders | | | | | | |
|--|---------------------------------------|--|---|---------------------------------------|--|------------------------------------|
| Names of shareholders | Nature of shareholders | Changes of shareholdings ¹ (shares) | 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 shares pledged or frozen |
| China Petrochemical Corporation ² | State-owned legal person | 0 | 10,727,896,364 | 56.51 | 0 | 0 |
| Hong Kong Securities Clearing Company (Nominees) Limited (“HKSCC (Nominees) Limited”) ³ | Overseas legal person | -160,000 | 5,402,188,694 | 28.46 | 0 | 0 |
| CITIC Corporation Limited | State-owned legal person | 0 | 325,469,800 | 1.71 | 0 | 0 |
| Hong Kong Securities Clearing Company Limited ⁴ | Others | -18,666,910 | 93,416,428 | 0.49 | 0 | 0 |
| Anhui Yangguang InfoComm Electronic Technology Co., Ltd. | Domestic non-state-owned legal person | 1,751,000 | 53,476,000 | 0.28 | 0 | 0 |
| Agricultural Bank of China – China Securities 500 Trading Open Index Securities Investment Fund | Others | 25,819,000 | 48,601,700 | 0.26 | 0 | 0 |
| Shanghai Tongneng Investment Holdings Co., Ltd. | Domestic non-state-owned legal person | 0 | 44,522,000 | 0.23 | 0 | 0 |
| Li Feng | Domestic natural person | 4,721,000 | 29,844,000 | 0.16 | 0 | 0 |
| He Long | Domestic natural person | 6,000,000 | 26,000,000 | 0.14 | 0 | 0 |
| China Life Insurance Company Limited-Dividends-Individual Dividends-005L-FH002 Shanghai | Others | 556,400 | 14,178,400 | 0.07 | 0 | 0 |
| Shareholdings of top ten shareholders of shares without selling restrictions | | | | | Number of shares without selling restrictions held at the end of the | Types of shares |
| Name of shareholders | | | | | | |

| | reporting period (shares) | |
|--|---|---------|
| China Petrochemical Corporation | 10,727,896,364 | A Share |
| Hong Kong Securities Clearing Company (Nominees) Limited (“HKSCC (Nominees) Limited”) | 5,402,188,694 | H Share |
| CITIC Corporation Limited | 325,469,800 | A Share |
| Hong Kong Securities Clearing Company Limited | 93,416,428 | A Share |
| Anhui Yangguang InfoComm Electronic Technology Co., Ltd. | 53,476,000 | A Share |
| Agricultural Bank of China – China Securities 500 Trading Open Index Securities Investment Fund | 48,601,700 | A Share |
| Shanghai Tongneng Investment Holdings Co., Ltd. | 44,522,000 | A Share |
| Li Feng | 29,844,000 | A Share |
| He Long | 26,000,000 | A Share |
| China Life Insurance Company Limited-Dividends-Individual Dividends-005L-FH002 Shanghai | 14,178,400 | A Share |
| Statement on the connected relationship or activities in concert among the above-mentioned shareholders | The Company is not aware of any connected relationship or acting in concert among the above-mentioned shareholders. | |
| Description of the repurchase accounts of the top ten shareholders | Not applicable | |
| Explanation on the voting right entrusted, voting right and waiver of voting right by the aforesaid shareholders | Not applicable | |

Note:

- As compared with the number of shares held as of 31 December 2023.
- Apart from directly holding 10,727,896,364 A-shares of the Company, China Petrochemical Corporation also held 2,595,786,987 H-shares through its wholly-owned subsidiary, Sinopec Century Bright Capital Investment Limited (“**Century Bright Company**”). Therefore, China Petrochemical Corporation directly and indirectly holds 13,323,683,351 shares of the Company, which represents 70.18% of the total shares of the Company.
- 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.
- Hong Kong Securities Clearing Company Limited is a wholly-owned subsidiary of the Hong Kong Exchanges and Clearing Limited, and acts as a nominal holder to hold A shares of the Company in SSE on behalf of the investors of the HKSE.

3.4 Substantial Shareholder’s Interests and Short Positions in Shares and Underlying Shares of the Company

To the directors’ knowledge, as at 30 June 2024, the following persons (other than director, supervisor or senior management of the Company) had an interest or short positions in the shares or underlying shares of the Company which shall be disclosed under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (“**SFO**”) were as follows:

| Name of shareholder | Number of share held (shares) | Percent of shareholding in the Company’s total issued share capital (%) | Percent of shareholding in the Company’s total issued domestic shares (%) | Percent of shareholding in the Company’s total issued H shares (%) | Short position (shares) |
|---------------------------------|--------------------------------------|---|---|--|-------------------------|
| China Petrochemical Corporation | 10,727,896,364 (A share) | 56.51 | 79.06 | Not Applicable | - |
| | 2,595,786,987 (H share) ¹ | 13.67 | Not Applicable | 47.94 | - |

| | | | | | |
|---|---------------------------------------|------|-------------------|-------|---|
| China State-owned Enterprise Structural Adjustment Fund Co., Ltd. | 719,174,495 (H share) ² | 3.79 | Not Applicable | 13.28 | - |
|---|---------------------------------------|------|-------------------|-------|---|

Note: 1. China Petrochemical Corporation held 2,595,786,987 H shares of the Company through its wholly-owned subsidiary Century Bright Company. China Petrochemical Corporation is deemed to have H shares held by Sinopec Century Bright Capital Investment, Ltd.

2. China State-owned Enterprise Structural Adjustment Fund Co., Ltd. held 401,807,632 H shares of the Company through Yifangda Fund Management Co., Ltd., accounting for 7.42% of the total issued H shares of the Company, and 317,366,863 H shares of the Company through Huaxia Fund Management Co., Ltd., accounting for 5.86% of the total issued H shares of the Company.

Save as disclosed above, as at 30 June 2024, as far as known to the directors, no other person (other than director, supervisor or senior management of the Company) had an interest or short position in the shares and underlying shares of the Company which would as recorded in the register kept by the Company under Section 336 of the SFO.

4. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

4.1 Changes in Directors, Supervisors and Senior Management

The Company's chairman of the tenth session of the board and executive director Mr. Chen Xikun, non-executive director Mr. Fan Zhonghai, non-executive director Mr. Zhou Meiyun, non-executive director Mr. Wei Ran, independent non-executive director Mr. Chen Weidong and independent non-executive director Mr. Dong Xiucheng resigned their position respectively, due to the expiry of their terms of office with immediate effect from 12 June 2024.

The Company's supervisors of the tenth session of the supervisory committee Mr. Du Jiangbo and Ms. Zhang Qin, employee representative supervisors Mr. Sun Yongzhuang and Mr. Du Guangyi resigned their position respectively, due to the expiry of their terms of office with immediate effect from 12 June 2024.

The Company expresses its sincere gratitude to Mr. Chen Xikun, Mr. Fan Zhonghai, Mr. Zhou Meiyun, Mr. Wei Ran, Mr. Chen Weidong, Mr. Dong Xiucheng, Mr. Du Jiangbo, Ms. Zhang Qin, Mr. Sun Yongzhuang and Mr. Du Guangyi for their hard work and important contributions during their tenure.

After the election by the shareholders at the Company's annual general meeting for 2023 held on 12 June 2024, Mr. Wu Baizhi, Mr. Zhang Jiankuo, Mr. Zhao Jinhai, Mr. Du Kun, Ms. Zhang Lili, Mr. Xu Keyu, Mr. Zheng Weijun, Mr. Wang Pengcheng and Ms. Liu Jiangning were elected as directors of the eleventh session of the board, with a term of office commencing from 12 June 2024 to the date when the term of the eleventh session of the board expires (11 June 2027). Mr. Wang Jun, Mr. Zhang Kun, Mr. Zhang Xiaofeng, Mr. Li Wei were elected as supervisors of the eleventh session of the supervisory committee, with a term of office commencing from 12 June 2024 to the date when the term of the eleventh session of the supervisory committee expires (11 June 2027). The employee's representative meeting of the Company was held on 12 June 2024, at which Mr. Zhang Zonglin, Mr. Zhang Bailing and Mr. Wang Zhonghong were elected as the employee representative supervisors of the eleventh session of the supervisory committee, with a term of office commencing from 12 June 2024 to the date when the term of the eleventh session of the supervisory committee expires (11 June 2027).

On 12 June 2024, the Company held the first meeting of the eleventh session of the board and Mr. Wu Baizhi was elected as the chairman of the eleventh session of the board. According to the nomination of the chairman, the board continued to appoint Mr. Zhang Jiankuo as the general manager of the Company; according to the nomination of the general manager, the board continued to appoint Mr. Zhang Congbang and Mr. Sun Bingxiang as deputy general managers of the Company and continued to appoint Mr. Cheng Zhongyi as the chief financial officer of the Company. According to the nomination of the chairman, the board continued to appoint Mr. Cheng Zhongyi as the secretary to the board of the Company. According to the nomination of the general manager, the

board appointed Mr. Cheng Zhongyi as the general counsel. Mr. Zhang Jiankuo, Mr. Zhang Congbang, Mr. Cheng Zhongyi and Mr. Sun Bingxiang have a term of office commencing from 12 June 2024 to the date when the term of the eleventh session of the board expires (11 June 2027).

On 12 June 2024, the Company held the first meeting of the eleventh session of the supervisor committee and Mr. Wang Jun was elected as the chairman of the eleventh session of the supervisor committee.

On 20 August 2024, the Company held the fourth meeting of the eleventh session of the board, at which the proposal on adjustment of the secretary to the board of the Company was approved. Because of the adjustment of the division of the Company's management functions, according to the nomination of the chairman and the qualification review of the second meeting of the nomination committee of the eleventh session of the board, the board agreed to appoint Mr. Ke Yuehua as the secretary to the board for a term of office commencing from 20 August 2024 to the date when the term of the eleventh session of the board expires. Mr. Cheng Zhongyi ceased to serve concurrently as the secretary to the board and continued to serve as the chief financial officer and general counsel of the Company.

4.2 Directors', supervisors' and senior management's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

At the date of this announcement, the Company's deputy general manager Mr. Sun Bingxiang as a beneficial owner held 50,300 A shares of the Company, representing 0.00037% of the A shares in issue of the Company and 0.00026% of shares in issue of the Company.

As at 30 June 2024, save as disclosed above and Qi Xin Gong Ying Scheme disclosed below, none of the directors, supervisors or other senior management of the Company had any interest or short position in any share, underlying share or debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and HKSE pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors, supervisors and senior management of the Company are taken or deemed to have under such provisions of the SFO), or as recorded in the registry by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and HKSE pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**").

Directors, Supervisors and Senior management's participation in Qi Xin Gong Ying Scheme

On 25 January 2018, the Company non-publicly issued 1,503,568,702 and 23,148,854 shares of restricted-sale A shares to China Petrochemical Corporation and Qi Xin Gong Ying Scheme respectively. Qi Xin Gong Ying Scheme is managed by Changjiang Pension Insurance Co., Ltd., and its shares shall be subscribed by the certain directors, supervisors, senior management and other core management personnel of the Company. The number of subscribers is 198, and the subscription amount is RMB60.65 million in total. The subscription price for each scheme unit under Qi Xin Gong Ying Scheme is RMB 1.00. The duration of Qi Xin Gong Ying Scheme is 48 months commencing from 25 January 2018. The first 36 months shall be the lock-up period and the last 12 months shall be the unlocking period. On 25 January 2021, the lock-up period of 23,148,854 A shares with selling restrictions held by Qi Xin Gong Ying Scheme have ended and were listed for trading. In 2021, Qi Xin Gong Ying Scheme reduced holding 11,574,427 shares of A share through centralized bidding. By the end of the reporting period, Qi Xin Gong Ying Scheme still holds 11,574,427 shares of A share.

In Qi Xin Gong Ying Scheme, current and former directors, supervisors and senior management of the Company have subscribed 5.75 million scheme units in total, accounting for approximately 9.5% of the total scheme units of Qi Xin Gong Ying Scheme. There are 17 directors, supervisors and senior management of the Company in total who have subscribed for Qi Xin Gong Ying Scheme. The subscriptions by the current and former directors, supervisors and senior management of the Company under Qi Xin Gong Ying Scheme are as follows:

| Name | Position | Subscription amount under Qi Xin Gong Ying Scheme (RMB) | Subscription scheme units under Qi Xin Gong Ying Scheme (unit) | Subscription Price (RMB/A Share) | Subscription of A share (share) |
|----------------|---|---|--|----------------------------------|---------------------------------|
| Zhang Jiankuo | Director, General Manager | 300,000 | 300,000 | 2.62 | 114,503 |
| Wang Jun | Chairman of Supervisory Committee | 300,000 | 300,000 | 2.62 | 114,503 |
| Zhang Bailing | Employee representative supervisor | 350,000 | 350,000 | 2.62 | 133,587 |
| Wang Zhonghong | Employee representative supervisor | 300,000 | 300,000 | 2.62 | 114,503 |
| Zhang Congbang | Deputy General Manager | 300,000 | 300,000 | 2.62 | 114,503 |
| Chen Xikun | Former Chairman, Secretary of the Party Committee | 400,000 | 400,000 | 2.62 | 152,671 |
| Sun Yongzhuang | Former Employee representative supervisor | 300,000 | 300,000 | 2.62 | 114,503 |
| Du Guangyi | Former Employee representative supervisor | 350,000 | 350,000 | 2.62 | 133,587 |
| Zhang Yongjie | Former Deputy General Manager | 350,000 | 350,000 | 2.62 | 133,587 |
| Sun Qingde | Former Vice Chairman, General Manager | 400,000 | 400,000 | 2.62 | 152,671 |
| Li Wei | Former Chairman of Supervisory Committee | 350,000 | 350,000 | 2.62 | 133,587 |
| Huang Songwei | Former Supervisor | 350,000 | 350,000 | 2.62 | 133,587 |
| Zhang Hongshan | Former Supervisor | 350,000 | 350,000 | 2.62 | 133,587 |
| Zuo Yaojiu | Former Deputy General Manager | 350,000 | 350,000 | 2.62 | 133,587 |
| Zhang Jinhong | Former Deputy General Manager | 350,000 | 350,000 | 2.62 | 133,587 |
| Li Tian | Former Chief Financial Officer | 350,000 | 350,000 | 2.62 | 133,587 |

| | | | | | |
|------------|-------------------------------|-----------|-----------|------|-----------|
| Li Honghai | Former Secretary to the Board | 300,000 | 300,000 | 2.62 | 114,503 |
| Total | / | 5,750,000 | 5,750,000 | - | 2,194,643 |

4.3 Independent Non-Executive Director and Audit Committee

As at 30 June 2024, the Company has three independent non-executive directors, two of whom are professional in the accounting field and has experience in financial management.

The Audit Committee of the Board of the Company has been founded. The members of the Audit Committee include Mr. Zheng Weijun, Ms. Zhang Lili, Mr. Wang Pengcheng and Ms. Liu Jiangning. The main responsibilities of the Audit Committee are to review and supervise the Company's financial reporting procedures and internal control system, and to provide advice to the Board. The Audit Committee has reviewed and confirmed the interim financial statements of the Company for the six-months ended 30 June 2024 and the 2024 Interim Report.

5. MANAGEMENT DISCUSSION & ANALYSIS

The following financial figures, except where specifically noted, are extracted from the Company's unaudited interim financial report prepared in accordance with the PRC ASBE.

In the first half of 2024, the Company firmly grasped the boom cycle of the oilfield service industry, continued to optimize production and operation, strengthened integrated operation with oil companies, improved engineering and technical service capabilities, and achieved stable and efficient production and operation. The Company optimized market layout, continued to expand the proportion of high-end business in overseas markets, and achieved a good year-on-year growth in the amount of newly signed contracts, deepened the optimization of human resources, assets and other resources, tapped the potential of cost reduction, promoted the transformation of innovation advantages into industrial advantages, and maintained good growth in business performance. During the first half of 2024, the consolidated revenue of the Company was RMB36,821,444,000, representing a decrease of 0.8% over RMB37,133,528,000 in the same period of the previous year. Net profit attributable to shareholders of the Company amounted to RMB451,807,000, representing an increase of 38.6% from RMB325,904,000 in the same period of the previous year. Basic earnings per share was RMB0.024, representing an increase of RMB0.007 over the same period of the previous year.

5.1 Market review

In the first half of 2024, the oilfield service industry continued to recover. From a macro perspective, the world economy continued to recover slowly, China's economy stabilized and rebounded, market expectations improved significantly, and gross domestic product (GDP) grew by 5.0% year-on-year, which promoted the sustained growth of domestic market demand for refined oil and natural gas. From the perspective of the industry, international oil prices fluctuated at a high level, with the average spot price of Brent crude oil in the North Sea at \$83.8 per barrel, up 5.0% from the same period in 2023, and domestic crude oil and natural gas production increased steadily. From the Company's perspective, driven by the national energy security strategy and the "seven-year action plan" for increasing reserves and production, the Company achieved good growth in amount of newly signed contracts and operating results.

In the first half of 2024, the Company carried out in-depth reform, deepening and upgrading actions, strived to promote the integrated planning and in-depth sharing of resources such as market, manpower and equipment. Supported by optimizing production operation and project management, the Company focused on changes in domestic and foreign market situations, consolidated and expanded high-quality and large-scale markets. The market structure became more reasonable, risk management was more controlled, and production and operation indicators were growing well. In the first half of the year, the amount of newly signed contracts reached the best level in the same period since the "13th Five-Year Plan", and our accumulated value of newly signed contracts amounted to RMB61.68 billion, representing a year-on-year growth of 15.4%. Among which, the value of our newly signed contracts in the market of China Petrochemical Corporation reached RMB33.36 billion,

representing a year-on-year increase of 6.2%; the value of our newly signed contracts in the domestic external markets reached RMB16.90 billion, representing a year-on-year growth of 61.4%; and the value of our newly signed contracts in the overseas markets reached RMB11.42 billion, representing a year-on-year decrease of 1.3%.

5.2 Operation Review

5.2.1 Geophysical service

In the first half of 2024, the Company's operation revenue from the principal business of geophysical service was RMB2,146,740,000, representing an increase of 6.3% from RMB2,019,633,000 in the same period of the previous year. The completed 2D seismic exploration accumulated for 1,343 kilometers, representing a year-on-year decrease of 39.4%; while the completed 3D seismic exploration accumulated for 7,075 square kilometers, representing a year-on-year increase of 43.8%. In the first half of the year, the Company took serving exploration and development as its core responsibility, used high-quality geophysical data to effectively support and ensure the stability of oil and gas production in the old areas of eastern region. Major breakthroughs were made in the Sichuan Basin, Shunbei, carbonate rock oil and gas reservoirs, shale gas and continental shale oil. The first-class rate of seismic data reached 90.5%, representing an increase of 3.1 percentage points over the contract requirements; actively participated in oil and gas exploration in key domestic areas such as the eastern part of Shengli and the Tarim Basin. We have newly signed the Linfanjia 3D seismic acquisition project of Sinopec Shengli Oilfield with a contract value of RMB110 million, and newly signed 3D seismic exploration data acquisition project for the Shunbei 21 Well Area of Shuntuoguole West Block of Tarim Basin in Sinopec Northwest Oilfield 2024 with a contract value of RMB230 million.

5.2.2 Drilling service

In the first half of 2024, the Company's operation revenue from the principal business of drilling service was RMB18,880,289,000, representing an increase of 0.1% from RMB18,867,990,000 in the same period of the previous year. Our completed drilling footage reached 5,480 kilometers, representing a year-on-year decrease of 2.3%, which completed 51.4% of the annual plan and exceeded the planned progress of operation. The Company continued to optimize the size of our team and enhance the reasonableness of our team layout, the drilling footage of a single team increased by 5% year-on-year. The Company comprehensively deepened the integrated operation of Party A and Party B with focus on managing operation and providing technical support for key wells and demonstration wells, and continuously improved the quality and efficiency of service, with good results achieved in the "Four Improvements" and "Five Transformations" initiatives. The Shunzhong 6-2X well was completed with a depth of 9,134 meters and the drilling cycle was 100.75 days, setting the shortest record for drilling cycle at a depth of 9,000 meters in China Petroleum & Chemical Corporation ("Sinopec"). The integrated application of "high-quality coring + long horizontal section drilling + ultra-high pressure volume fracturing technology" in the Ziyang 2 well produced 1.257 million cubic meters of high-yield shale gas flow per day, helping to achieve a major breakthrough in shale gas exploration in the Sichuan Basin.

5.2.3 Logging and mud logging service

In the first half of 2024, the Company's operation revenue from the principal business of logging and mud logging service was RMB1,602,140,000, representing an increase of 2.4% from RMB1,564,589,000 in the same period of the previous year. Our completed logging projects accumulated for 126,550,000 standard meters, representing a year-on-year decrease of 19.4%, whereas our completed mud logging projects accumulated for 4,200 kilometers, representing a year-on-year decrease of 8.7%. The Company continued to promote technology research and development, made progress in technologies such as electromagnetic through-casing resistivity and optical fiber logging, increased the application of technologies such as general logging integration, tractor and complex reservoir processing and interpretation, and maintained good indicators. Quality indicators such as one-time success rate of logging and excellent rate of mud logging data increased steadily, and the ability of service guarantee for oil and gas exploration and development continued to improve.

5.2.4 Downhole operation service

In the first half of 2024, the Company's operation revenue from the principal business of downhole operation service was RMB5,569,305,000, representing a year-on-year increase of 18.5% as compared with RMB4,699,568,000 in the same period of the previous year. We completed downhole operation for 2,545 wells times, with a year-on-year decrease of 28.8%, and the fracturing construction efficiency in key work areas increased by 11.2% year on year. The Company assisted Sinopec to achieve production breakthroughs in multiple exploration areas. The fracturing test of Xingye 9 Well produced 108 cubic meters of oil and 15,800 cubic meters of gas per day for high-yield shale oil and gas flow. The 175MPa ultra-high pressure fracturing equipment was used for the first time in Qiye Shen 1 Well, providing safety and technical assurance for ultra-deep shale gas exploration and development. We strengthened the integrated coordination efforts of geological engineering, and further promoted the cooperative development of difficult-to-use reserves. We continued to increase cooperation efforts in Shengli, Zhongyuan, Southwest and other regions, 54 cooperative blocks were added, 26.73 million tons of reserves were used and 400,000 tons of production capacity was newly constructed in the first half of the year.

5.2.5 Engineering and construction service

In the first half of 2024, the Company's operation revenue from the principal business of engineering and construction service was RMB7,258,740,000, representing a year-on-year decrease of 17.8% from RMB8,830,866,000 in the same period of the previous year. Our accumulated value of newly signed contracts amounted to RMB17.79 billion, representing a year-on-year increase of 19.4%. We completed projects with an accumulated contract value of RMB7.54 billion, representing a year-on-year decrease of 16.5%. In the first half of the year, 71 key projects constructed by the Company were operated safely and orderly. The 193-kilometer "Gaoyou Gas Transmission Pipeline and Northeast Anhui Pipeline Project" participated by the Company was successfully put into operation for the first time. Key projects such as Daniudi Ethane Recovery, Puguang Gas Field Wet Gas Pressurization, and Hongxing Jiannan Block Purification Station fully started their construction works to assist Sinopec in increasing reserves and production. We have newly signed natural gas pipeline projects with China Oil & Gas Pipeline Network Corporation ("PipeChina") with a total contract value of RMB6.52 billion, and newly signed the second tender section for the construction of a 250,000-tonnage crude oil import berth and ancillary engineering works at Dongying Port with a contract value of RMB1.43 billion.

5.2.6 International business

In the first half of 2024, the Company's operation revenue from the principal business of international business was RMB8,890,871,000, representing a year-on-year growth of 14.0% from RMB7,795,859,000 in the same period of the previous year, accounting for 24.4% of the revenue from our principal business in the first half of the year. In the first half of the year, the overseas business of the Company achieved an effective breakthrough. In the Saudi market, the Company renewed 6 unconventional gas well drilling rig projects and S84 3D acquisition geophysical exploration project of Saudi Aramco, and won the bid for Packages 6 and 7 of the Phase 3 Pipeline Project Clusters of the Master Gas System. In the Kuwait market, the Company won the bid for 11 drilling and workover rig projects of Kuwait National Petroleum Corporation. In the Ecuadorian market, the second phase drilling and completion project of SACHA Oilfield was successfully renewed. Other long-term ground business projects in Uganda, Thailand and other countries were progressing well.

5.2.7 Technology Research & development

In the first half of 2024, the Company concentrated its superior resources to solve the exploration and development problems, the quality and efficiency of scientific and technological innovation continued to improve. The fully automatic shale oil drilling rig entered the commissioning stage; casing drilling technology was successfully cumulative applied to 14 wells, shortening the drilling cycle by more than 20%; the self-developed rotary steering was cumulatively applied to 249 wells, with a footage of 310,000 meters and a maximum single-trip drilling time of 325 hours; the boundary detection technology for resistivity logging while drilling achieved a deep side detection distance from 5 meters to 30 meters, which was applied to a total of 56 wells, and the drilling rate of high-quality reservoirs increased from less than 80% to 92%. The 40,000-ton chemical agent industrialization base in Shengli Shikou was completed and put into production, the production

capacity of the Zhongyuan chemical agent industrialization base reached 70,000 tons, the internal mutual supply rate of high-end instruments and tools increased from 20% to 76%, and the transformation of scientific and technological achievements and product industrialization achieved an output value of RMB2.1 billion. The fusion and application of systems, such as integrated decision-making for well site acquisition, digital twin technology for well drilling and completion and geological engineering integration had effectively supported real-time optimization and intelligent decision-making for well drilling and completion. In the first half of the year, the Company applied for 478 patents, including 292 invention patents.

5.2.8 Internal reform and management

In the first half of 2024, the Company continued to lay a solid foundation for high-quality development around integrated operations and the development of specialized businesses. The Company studied and formulated the Work Plan for Improving Asset Operation and Creation of Efficiency to carry out professional integration for coordination and adjustment of assets, leasing, disposal and bidding businesses, establishing asset operation branches, building a coordination and sharing platform for resources and breaking down the barriers to asset adjustment and activation between subsidiaries, as a result 1,372 sets of equipment were adjusted and activated, 1,166 sets were leased, and assets worth RMB630 million were disposed of, improving the asset operation and efficiency creation capabilities of assets. A new integrated equipment investment model of “manufacturing + industrial and financing integration + expansion services” was innovatively implemented, which had orderly enabled the construction progress of the Northwest and South Xinjiang Automation Demonstration Zone, strengthened the deployment of key core equipment, optimized the investment in pressure reduction equipment and effectively alleviated capital pressure, the entire chain was optimized with reduced costs, and the reduction of costs and expenses of RMB410 million was completed in the first half of the year.

5.2.9 Capital Expenditure

In the first half of 2024, the Company had a capital expenditure of RMB520 million, with a year-on-year increase of 48.5%. The Company adhered to the “proactive and prudent” investment principle, optimized investment structure, strengthened resource coordination, and continued to play the leading and supporting role of investment, mainly for purchasing 7 new drilling rigs, upgrading 3 drilling rigs, self-developing 3 sets of rotary steering instruments, purchasing 8 fully automatic workover rigs, 4 sets of string automation equipment, 60 high-power generators, 29 sets (sets) of grid electrical devices, 37 sets of power catwalks, 2 sets of high-temperature measurement while drilling instruments, 50000 wireless node acquisition instruments, and building a dual-fuel support ship, etc.

5.3 Assets, liabilities, equity and cash flow analysis (Prepared in accordance with IFRS)

As at 30 June 2024, the Group’s total assets were RMB75,900,751,000 and total liabilities were RMB67,176,619,000. The total equity attributable to shareholders of the Company was RMB8,724,132,000. Compared with the consolidated statement of financial position as at 31 December 2023 (“**compared with that at the end of last year**”), the changes and its main reasons were as follow:

Total assets were RMB75,900,751,000, increased by RMB737,777,000 compared with that at the end of last year, including that (i) current assets were RMB42,966,066,000, increased by RMB3,563,515,000 compared with that of the end of last year, mainly due to the increase in contract assets of RMB5,260,726,000 as a result of the increase in completed but unsettled projects in the first half of the year. (ii) non-current assets were RMB32,934,685,000, decreased by RMB2,825,738,000 compared with that at the end of last year, mainly due to the normal provision for depreciation and amortization of fixed assets and long-term deferred expenses of the Group in the first half of the year.

The total liabilities were RMB67,176,619,000, increased by RMB36,847,000 compared with that at the end of last year, including that (i) current liabilities were RMB66,542,662,000, increased by RMB356,658,000 compared with that of the end of last year, mainly due to the increase in short-term borrowings for payment to suppliers and subcontractors and the reclassification of long-term borrowings due within one year in the first half of the year; and (ii) non-current liabilities were RMB633,957,000, decreased by RMB319,811,000

compared with that at the end of last year, which is mainly due to the repayment of part of the US dollar borrowings and the reclassification of long-term borrowings due within one year decreased by RMB318,722,000.

Total equity attributable to shareholders of the Company was RMB8,724,132,000, increased by RMB700,930,000 compared with that at the end of last year. It was mainly due to the fact that profit attributable to shareholders of the Company for the first half of 2024 was RMB752,950,000.

As at 30 June 2024, the ratio of total liabilities to assets was 88.5%, comparing with 89.3% as at 31 December 2023.

In the first half of 2024, the Group's net cash outflow from operating activities was RMB190,066,000, representing an increase of cash outflow by RMB611,678,000 as compared with the corresponding period of last year. It was mainly due to the increase in the payment of suppliers and subcontractors.

In the first half of 2024, the Group's net cash outflow from investing activities was RMB1,092,906,000, a decrease of cash outflow by RMB540,536,000 as compared with the corresponding period of last year. It was mainly due to the year-on-year decrease in the payment for equipment purchases by the Group in the first half of 2024.

In the first half of 2024, the Group's net cash inflow from financing activities was RMB1,508,206,000, an increase of cash inflow by RMB408,116,000 compared with the corresponding period of last year. It was mainly due to the increase in volume of loans in the first half year.

As at 30 June 2024, the Group's borrowings from bank and related companies were RMB22,335,184,000 (as at 31 December 2023: RMB20,226,157,000). These borrowings include the short-term borrowings of RMB22,100,000,000, and the long-term borrowings due within one year of RMB235,184,000. As at 30 June 2024, approximately 98.9% of the borrowings were denominated in Renminbi (as at 31 December 2023: 94.9%) and approximately 1.1% were denominated in US dollars (as at 31 December 2023: 5.1%).

As at 30 June 2024, the gearing ratio of the Group was 69.8% (as at 31 December 2023: 69.4%). The gearing ratio = (liability with interest – cash & cash equivalents)/(liability with interest – cash & cash equivalents + shareholders' equity).

5.4 Statement of operation by industry

| Industry | Operating Income for the first half of 2024 RMB '000 | Operating cost for the first half of 2024 RMB '000 | Gross Profit Margin (%) | Increase/ (decrease) in operating income as compared with last year (%) | Increase/ (decrease) in operating cost of main business as compared with the corresponding period of last year (%) | Gross profit margin compared with the corresponding period of last year |
|---------------------|---|---|-------------------------|---|--|---|
| Geophysical | 2,146,740 | 1,999,338 | 6.9 | 6.3 | (0.7) | Increased by 6.6 percentage points |
| Drilling | 18,880,289 | 17,232,150 | 8.7 | 0.1 | (1.4) | Increased by 1.3 percentage points |
| Logging/Mud logging | 1,602,140 | 1,286,520 | 19.7 | 2.4 | 1.3 | Increased by 0.9 percentage points |
| Downhole operation | 5,569,305 | 5,157,710 | 7.4 | 18.5 | 17.5 | Increased by 0.8 percentage points |

| | | | | | | |
|------------------------------|------------|------------|-------|--------|--------|------------------------------------|
| Engineering and construction | 7,258,740 | 6,766,751 | 6.8 | (17.8) | (17.1) | Decreased by 0.8 percentage points |
| Other | 1,035,207 | 1,111,070 | (7.3) | 28.5 | 19.8 | Increased by 7.8 percentage points |
| Total | 36,492,421 | 33,553,539 | 8.1 | (0.8) | (2.0) | Increased by 1.2 percentage points |

5.5 Statement of operation by regions

| Region | Operating income for the first half of 2024 RMB '000 | Increase/ (decrease) as compared with the corresponding period of last year (%) |
|---------------------------------------|---|---|
| Mainland China | 27,601,550 | -4.8 |
| Hong Kong, Macau, Taiwan and overseas | 8,890,871 | 14.0 |

5.6 Business prospects

Looking ahead to the second half of 2024, the oilfield services industry will continue its upward trend. On the macro level, the global economy will continue to recover slowly, and China's economy will continue to recover the upward trend, the steady and rising economy will support the growth of demand for crude oil and natural gas. On the industry level, under the influence of factors such as the continuous increase in global oil demand and the OPEC+ continuous production reduction policy, international oil prices are expected to continue fluctuating at the medium-to-high level. At the same time, with the in-depth advancement of the "Seven-Year Action Plan" for increasing domestic oil and gas reserves and production, upstream exploration and development activities of domestic oil companies will remain high, the domestic crude oil and natural gas production is expected to remain stable with an increasing trend. For the Company itself, based on better performance in the completed amount of the newly signed contracts in the first half of the year, it is expected that the newly signed contract amount for the full year of 2024 will far exceed the target set at the beginning of the year, and is expected to reach a high level of RMB90.0 billion, which will strongly support the future growth of results performance of the Company.

Operation Plans for the Second Half of 2024

In the second half of 2024, the Company will vigorously promote market expansion and efficiency creation, optimize and improve efficiency, tap potential and increase efficiency to build low-cost competitiveness; further optimize the market structure, vigorously develop high-end and asset-light markets, and improve the overall efficiency creation level of the external market. The Company expects to achieve a newly signed contract value over RMB28.3 billion, among which over RMB17.6 billion will be from the China Petrochemical Corporation market, over RMB2.1 billion from domestic external market, and over RMB8.6 billion from overseas market. The Company expects to achieve a newly signed contract value more than RMB90 billion for the whole year.

5.6.1 Geophysical service

In the second half of 2024, the Company will focus on deeper and thinner target layers and more complex exploration objects for vigorously enhancing the ability to "see clearly, see deeply, and see accurately", supporting high-quality exploration with high-quality geophysical exploration, strengthening coordination and linkage with oil companies, accelerating workload release and organization and operation of key projects, continuing to increase the efforts of updating geophysical equipment, and striving to improve the automation and intelligence level of core equipment such as node instrument acquisition. We will strengthen basic forward-looking technology research, solving issues in key and core technology research and implement industrial application of equipment software to make significant progress in exploration technologies for high-density, foreland belts, deep and ultra-deep layers, and do our best to provide geophysical services. In the second half of the year, it is planned to complete geophysical prospecting of 3,409 kilometers for 2D seismic and 8,380 square kilometers for 3D seismic prospecting.

5.6.2 Drilling service

In the second half of 2024, the Company will further deepen the integrated synergistic mechanism between Party A and Party B, integrate oil and gas exploration and development decision-making from the source, and provide real-time services to ensure on-site construction operations; select first-class teams, first-class equipment, and first-class experts to fully assure the construction of demonstration wells and demonstration areas, and continuously expand the demonstration radiation effect; vigorously promote the advanced experience of the Bin 37 and Shang 541 well groups, promote platform-based layout for wells, intensive construction, professional collaboration and factory-based construction works, strengthen shared utilization of resources and improve production organization and operation efficiency; keep up with the deployment and technical needs of exploration and development in the "Three Norths and One Sichuan", the old areas of eastern region and the sea areas to implement policies in a classified manner, and make precise efforts to comprehensively enhance, support and assure capabilities. In the second half of the year, it is planned to complete the drilling footage of 5.26 million meters.

5.6.3 Logging and mud logging service

In the second half of 2024, the Company will adhere to the integration of exploration and development, geological engineering, scientific research and production, technology and economy, actively integrate into the national scientific and technological innovation system, form a demonstration system of measurement and control instrument equipment industry, and create an innovative highland of technology gathering, achievement gathering and talent gathering. The Company will strengthen cooperation with international oilfield service companies, deepen strategic partnerships with internationally renowned oilfield service companies such as Schlumberger and Baker Hughes through equipment leasing, technical cooperation and talent sharing, jointly expand the market scale of high-end business such as rotary guidance and high temperature electric imaging logging, and strengthen the extension of technical services to new energy, digital intelligence and other fields. In the second half of the year, we plan to complete logging footage of 143,450,000 standard meters and mud logging footage of 4.25 million meters.

5.6.4 Downhole operation service

In the second half of 2024, the Company will continue to improve the technical level and service assurance capabilities of underground special operations, increase the intensity of cooperative development of difficult-to-use reserves, focus on improving the production and efficiency of Sichuan and Chongqing shale gas fracturing, reducing costs and increasing efficiency of Shengli shale oil, acid fracturing testing of ultra-deep wells in the Sichuan Basin and Shunbei ultra-deep oil and gas testing engineering and technical services, improve the production capacity of deep coalbed methane fracturing in the Ordos Basin, and continue to improve the technical service capabilities of ultra-high temperature and high pressure well completion testing, so as to assist the "deep earth project" to proceed smoothly. We will increase the replication, promotion and standardization of the cooperative benefit development model of Shengli difficult-to-use reserves and improve its standardization, vigorously promote the construction of demonstration areas for integrated cooperation models of difficult-to-use reserves, realize the economic benefit development of low-grade reservoirs in old oilfields of eastern region and deep-level shale gas in Sichuan and Chongqing, and continue to create new poles of economic growth for the Company. In the second half of the year, we plan to complete downhole operation service of 3,155 wells times.

5.6.5 Engineering and construction service

In the second half of 2024, the Company will comprehensively strengthen the management and control of projects under construction, continue to focus on increasing oil and gas reserves and production, further promote the "Four Improvements" and "Five Transformations", strengthen the application of standardized design finalization results, promote the research and development and promotion of integrated processing devices such as efficient dehydration of shale oil, and rapidly release oil and gas production capacity. The Company will continue to dig deep into the China Petrochemical Corporation market, while continuing to increase the

development of domestic external markets such as PipeChina, and strive for the largest share in the limited market. In the second half of the year, we plan to sign new contracts with value of RMB8.0 billion and complete contracts with value of RMB10.8 billion.

5.6.6 International Business

In the second half of 2024, the Company will focus on economic benefits, continues to strengthen the development of high-quality and large-scale markets such as Saudi Arabia, Kuwait, Ecuador, Mexico and Uganda, continues to pay attention to the progress of key projects such as unconventional drilling and geophysical exploration projects of Saudi Aramco, ground construction in Uganda and pipelines in Saudi Arabia, so as to ensure the performance and efficient operation of these projects, while promoting geophysical exploration and ground business to achieve greater development. At the same time, the Company will promote the qualification review of the wellbore business in Saudi Arabia and Kuwait, follow up the project bidding closely, strive to win more major projects, and accelerate the high-end technical service projects such as rotary steering, coiled tubing, drilling fluid, cementing and fracturing to go abroad, continuing to improve the scale efficiency of overseas markets.

5.6.7 Technology Research & development

In the second half of 2024, the Company will anchor on technology leadership to accelerate the forging of core tools for supporting the growth in reserves and production. We will continue to improve the socialization and integration mechanism, build external joint research platforms, upstream collaborative research platforms and internal R&D and production service platforms. We will accelerate the development of major core technologies such as intelligent node instruments, 7,000-meter automatic drilling rigs for high-cold and high-altitude all-weather operations, special automatic drilling rigs for fast installation and fast movement of casing drilling wells, and "one-trip drilling" for long horizontal sections to support the needs of "deep earth engineering" and shale oil and gas exploration and development. We will vigorously promote advantageous and special technical products such as drilling and completion tools and instruments, oilfield chemical additives, and conduct large-scale trials of special technologies such as casing drilling and coiled tubing side drilling, striving to generate an annual revenue of RMB4.0 billion from product industrialization and new technology. We will make every effort to promote resolving research issues in core technologies for new energy, and create competitive advantages in the fields of, among others, CCUS full industrial chain, hydrogen pipelines, Beidou system applications, geothermal energy, and oil and gas associated minerals. We will accelerate the development of intelligent wellbore, intelligent geophysical exploration, and intelligent ground operations to move toward "digital oilfield services".

5.6.8 Internal Reform and Management

In the second half of 2024, the Company will continue to deepen the reform, fully promote the optimization of resource allocation, continue to integrate internal resources and improve the overall efficiency of the Company. We will accelerate the construction of asset operation platform, highlight value creation and industrial layout, vigorously develop "manufacturing, financing, using and circular economy", enhance the Company's asset operation income-generating capacity, expand recycling scenarios, and build a circular economy industry. We will also strengthen the cost target management of the whole staff, implement the path of smooth policy withdrawal and project-based labor withdrawal, create the highlands of reducing costs through tapping potential in self-operation and generating revenues through contracting and exporting.

5.6.9 Capital expenditure

In the second half of 2024, the planned capital expenditure is RMB2.99 billion. The Company will focus on economic benefits, continue to improve its exploration and exploitation service capabilities, expand resource integration and enhance overall planning, and focus on ensuring the renewal and transformation of urgent production needs, technical service capabilities, and equipment with potential safety and environmental protection hazards, mainly including the purchase of two new casing drilling rigs and six drilling rigs in the Kuwaiti market, the purchase of 25,000 cable acquisition instruments, 422 sets of MGS pipeline construction

equipment in the Saudi market, and the construction of a geological survey ship. We will further promote the transformation of development mode, the adjustment of market structure, and the cultivation of core competitiveness.

6. SIGNIFICANT EVENTS

6.1 Interim dividends for 2024 and proposal on issue of shares by capitalizing the common reserves

In accordance with the Articles of Association of the Company, the Board resolved that no interim dividend was paid for the year ended 31 December 2024, and no issue of bonus shares by way of capitalization of common reserves.

6.2 During the reporting period, the Company was not involved in material litigation or arbitration.

6.3 During the reporting period, the Company had no bankruptcy restructuring related matter.

6.4 During the reporting period, the Company had no major acquisition or disposals of assets, nor any merger and acquisitions activities.

6.5 Information on material connected transactions

The Company's material connected transactions entered into during the six months ended 30 June 2024 are as follows:

(a) The following are the material connected transactions relating to ordinary operation of the Company during the reporting period:

| The nature of the transaction classification | Connected parties | Amount of transaction RMB '000 | Proportion of the same type of transaction (%) |
|--|--|-----------------------------------|--|
| Purchase of materials and equipment | China Petrochemical Corporation and its associates | 4,386,073 | 28.0 |
| Rendering engineering services | China Petrochemical Corporation and its associates | 21,180,590 | 58.4 |
| Rendering engineering services | PipeChina | 1,653,683 | 4.6 |
| Comprehensive service expenditure | China Petrochemical Corporation and its subsidiaries | 10,043 | 99.6 |
| Other comprehensive service expenditure | China Petrochemical Corporation and its subsidiaries | 489,849 | 59.5 |
| Technology R&D Income | China Petrochemical Corporation and its subsidiaries | 54,790 | 95.9 |
| Land and property rental expenses | China Petrochemical Corporation and its subsidiaries | 60,695 | 14.2 |
| Equipment leasing expenses | China Petrochemical Corporation and its subsidiaries | 120,969 | 25.3 |
| Loan interest expense | China Petrochemical Corporation and its associates | 317,066 | 89.2 |
| Borrowings obtained | China Petrochemical Corporation and its subsidiaries | 13,557,825 | 98.0 |
| Borrowings repaid | China Petrochemical Corporation and its subsidiaries | 11,367,463 | 96.9 |
| Safety and insurance fund expenses | China Petrochemical Corporation | 42,975 | 100.0 |
| Safety and insurance fund expenses refund | China Petrochemical Corporation | 43,563 | 100.0 |

The Company considers that it is necessary to enter into the above connected transactions with the selected connected parties and they will continue to occur. The agreements of connected transactions were based on the needs of the Group's operations and actual market situation. Purchasing materials and equipment from China

Petrochemical Corporation and its subsidiaries will ensure the stable and safe supply of the Group's materials. The provision of engineering service to China Petrochemical Corporation and its subsidiaries is decided by the operating system of China's petroleum development and by the history of China Petrochemical Corporation's development, which constitutes the Company's main business income source, and the borrowed funds from China Petrochemical Corporation can satisfy the Group's capital needs under the situation of the fund shortage, so it is beneficial to the Company. The above transactions were mainly based on the market price or the price decided by open bidding or negotiation, which were fair, equal and open, beneficial to the development of Company's main business, and ensure the maximization of the shareholders' interests. The above connected transactions have no adverse effects on the profits of the Company or the independence of the Company.

(b) During the reporting period, there were no material connected transactions related to the acquisition or disposal of assets or equities of the Company.

(c) The following is connected obligatory rights and debts during the reporting period:

Unit: RMB'000

| Connected parties | Connected relation | Funds provided to connected party | | | Funds provided to the Company by connected party | | |
|--|---|-----------------------------------|-------------------|-----------------|--|-------------------|-----------------|
| | | Opening balance | Occurrence amount | Closing balance | Opening balance | Occurrence amount | Closing balance |
| China Petrochemical Corporation and its subsidiaries | Controlling shareholders and its subsidiaries | 11,133,304 | 1,036,847 | 12,170,151 | 6,240,941 | -1,212,270 | 5,028,671 |
| Sinopec Finance Company Limited | Subsidiary companies of the controlling shareholder | - | - | - | 19,185,000 | 2,915,000 | 22,100,000 |
| Sinopec Century Bright Capital Investment Limited | Subsidiary companies of the controlling shareholder | - | - | - | 722,435 | -722,435 | 0 |
| Total | | 11,133,304 | 1,036,847 | 12,170,151 | 26,148,376 | 980,295 | 27,128,671 |
| Causes of related claims and debts | | Normal production and operation | | | | | |
| Influence of connected claims and debts on the Company's performance and financial situation | | No material adverse effects | | | | | |

During the reporting period, there were no occupancy of fund for non-operating purpose by the controlling shareholders and its subsidiaries.

The Board is of the view that the above connected transactions were entered into in the ordinary and usual course of business and on normal commercial terms and in accordance with the terms of agreements governing these transactions. The terms are fair, reasonable and in accordance with the interests of shareholders as a whole. The above connected transactions are fully in compliance with the relevant rules and regulations of HKSE and the SSE.

6.6 Material contracts and performance

(a) During the reporting period, there were no trusteeship and subcontracting assets of other companies by the Company which would contribute profit to the Company of 10 percent or more of its total profits for the current period.

(b) Leasing Matters

During the reporting period, there were no leasing matters which would contribute profit to the Company of 10 percent or more of its total profits for the current period.

(c) Guarantees of the Company during the reporting period

Unit: Thousand RMB

| External Guarantee provided by the Company (excluding Guarantees for Subsidiaries) | | | | | | | | | | | | | | | |
|---|--------------------------------------|-------------------|---------------------|--|------------------|--|--|---------------------|---------------|--|----------------------------------|----------------|-------------------|--|------------------------|
| Guarantor | Relationship with the listed company | Guaranteed person | Amount of guarantee | Date of guarantee (Agreement signing date) | The starting day | End date | Type of guarantee | Main debt situation | Pledged thing | Whether the guarantee has been fulfilled | Whether the guarantee is overdue | Overdue amount | Counter-guarantee | Whether to guarantee the related party | Connected relationship |
| The Company | itself | Mexico DS Company | 1,959,514 | 17 June 2022 | 17 June 2022 | The end time of annual general meeting for the year 2024 | Guarantee of joint and several liability | - | No | No | No | 0 | Yes | Yes | Joint venture company |
| Total Amount of Guarantees during the Reporting Period (excluding Guarantees for Subsidiaries) | | | | | | | | | | 12,126 | | | | | |
| Total Balance of Guarantees at the end of the Reporting Period (A) (excluding Guarantees for Subsidiaries) | | | | | | | | | | 1,959,514 | | | | | |
| The Guarantee provided by the Company and its Subsidiaries to the Subsidiaries | | | | | | | | | | | | | | | |
| Total Amount of Guarantees paid to Subsidiaries during the Reporting Period | | | | | | | | | | 178,667 | | | | | |
| Total Balance of Guarantees to Subsidiaries at the end of the Reporting Period (B) | | | | | | | | | | 27,678,387 | | | | | |
| Total Company Guarantee (including Guarantee for Subsidiaries) | | | | | | | | | | | | | | | |
| Total Guarantees (A+B) | | | | | | | | | | 29,637,901 | | | | | |
| Total Amount of Guarantees as a Percentage of the Company's Net Asset (%) | | | | | | | | | | 339.7 | | | | | |
| Among them: | | | | | | | | | | | | | | | |
| Amount of Guarantees provided to Shareholders, Actual Controllers and their related Parties (C) | | | | | | | | | | 0 | | | | | |
| Debt Guarantees Amount directly or indirectly for the guaranteed Object whose asset-liability Ratio exceeds 70% (D) | | | | | | | | | | 11,954,229 | | | | | |
| The Amount of the total Guarantee exceeds 50% of the Net Assets (E) | | | | | | | | | | 25,275,835 | | | | | |
| Sum of the three Guarantees above (C+D+E) | | | | | | | | | | 37,230,064 | | | | | |
| Statement of Unexpired Guarantees as potential subject to Joint Liability | | | | | | | | | | None | | | | | |
| Guarantee Statement | | | | | | | | | | The guarantees provided by the Company are all provided for the performance of the domestic and foreign contracts by the | | | | | |

| | |
|--|--|
| | wholly-owned subsidiaries and joint venture (DS Servicios Petroleros, S.A. de C.V.). The guarantee amount is within the amount approved by the annual general meeting for 2023 of the Company. |
|--|--|

(d) Save as disclosed in the interim report, during the reporting period, the Company did not enter into any material contract which requires disclosure.

6.7 Analysis of investment situation

(a) Investment in securities

During the reporting period, there was no investment in securities.

(b) Interest in other listed securities held by the Company

During the reporting period, the Company did not hold any shares of other listed companies.

(c) Equities of financial institutions held by the Company

During the reporting period, the Company did not hold any shares of financial institutions such as commercial banks, securities companies, insurance companies, trust companies and future companies.

(d) Shareholding interests of the Company in non-listed financial institutions

During the reporting period, the Company did not hold any shares of non-listed financial institutions.

(e) Entrusted asset management and derivatives investment

During the reporting period, there were no entrusted asset management, no other investment or asset management and derivatives investment items of the Company.

6.8 The special undertakings made by the Company and its shareholders holding more than 5% and the performance of the undertakings as of 30 June 2024:

| Undertaking Background | Undertaking Type | Undertaking party | Undertaking | Date and duration of the Undertaking | Whether there is a performance period | Whether the undertaking has been strictly fulfilled |
|--|---------------------------------|---------------------------------|--|---|---------------------------------------|---|
| Undertaking regarding the material assets reorganization | To solve horizontal competition | China Petrochemical Corporation | The Non-Competition Undertaking 1. China Petrochemical Corporation undertook that it would not engage with the Company's production and business activities in competition, and will ensure its subsidiaries not to engage with the Company's production and business activities in competition through exercise of its shareholder rights. 2. After the material assets reorganization, if SINOPEC Star Petroleum Co., Ltd.'s new business opportunity has any direct or indirect competition with the Company's main business, priorities of the above-mentioned opportunity will be given to the Company. 3. After the material assets reorganization, if China Petrochemical Corporation and its subsidiaries' new business opportunity has any direct or indirect competition with the Company's | Date of undertaking: 12 September 2014 Duration: long term | No | During the reporting period, China Petrochemical Corporation did not act contrary to the undertaking. |

| | | | | | | |
|--|---------------------------------|---------------------------------|--|---|----|---|
| | | | main business, priorities of the above-mentioned opportunity will be given to the Company. If China Petrochemical Corporation intends to transfer, sell, lease, license or otherwise dispose of any business to the third party which would result in the competition with the Company's main business, priorities of the above-mentioned opportunity will be given to the Company for avoiding the horizontal competition. 4. China Petrochemical Corporation consents that it will bear and pay damages to the listed companies caused by its violation of the commitment. | | | |
| Undertaking regarding the Material Assets Reorganization | To solve connected transactions | China Petrochemical Corporation | The Undertaking of Regulating the connected transaction: China Petrochemical Corporation and its other controlling companies will regulate its/their connected transactions with the Company. For the connected transactions with reasonable grounds, China Petrochemical Corporation and its controlling Company's will sign the standard agreement of connected transactions, and will fulfill the obligations of the program approval and information disclosure, in accordance with the provisions of relevant laws and regulations, and the Company's Articles of Association. The confirmation of price related to the connected transaction will follow the principle of fair, reasonable and impartial. | Date of undertaking: 12 September 2014 Duration: long term | No | During the reporting period, China Petrochemical Corporation did not act contrary to the promise. |
| Undertaking regarding the Material Assets Reorganization | Others | China Petrochemical Corporation | Issued "The commitment letter regarding to the regulating of connected transaction and maintaining the independence of the Company": 1. China Petrochemical Corporation and its controlling companies guarantee the maintaining of the separation from the Company's asset, personnel, finance, organization and business, strictly comply with the relevant provisions regarding to the listed Company's independency of China Securities Regulatory Commission ("CSRC"). China Chemical Corporation will not utilize the control right to violate the Standardized operation program of the listed company, not intervene the Company's operating decisions, and not jeopardize the legitimate rights and interests of the Company and its shareholders. 2. China Petrochemical Corporation and its controlling companies guarantee not to illegally use the funds of the Company and its holding Company. 3. If China Petrochemical Corporation violate the above commitment, it would undertake the law and compensate the losses caused to the Company. | Date of undertaking: 12 September 2014 Duration: long term | No | During the reporting period, China Petrochemical Corporation did not act contrary to the promise. |

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | | | |
|--|--|--|--|--|--|--|

6.9 During the reporting period, none of the Company or its directors, supervisors, senior management, shareholders who hold more than five percent of the Company's shares or de facto controller was subject to any investigation by relevant authorities, enforcement by judicial or disciplinary departments, transfer to judicial departments, criminal liability, investigation or administrative penalty by the CSRC, restriction of participation in the securities market, deemed unsuitability to act as directors, punishment by other administrative authorities or any public censure made by a stock exchange.

6.10 Significant events affecting the Group after the reporting period

From 30 June 2024 and up to the date of this announcement, there is no other events affecting the Group significantly.

7. INTERIM FINANCIAL REPORT

7.1 Interim financial report prepared in accordance with IFRS

The following financial information has been extracted from the Company's unaudited interim financial report, prepared in accordance with IFRS, for the six months ended 30 June 2024.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

| | Notes | For the six months ended 30 June | |
|--|-------|----------------------------------|--------------------------------|
| | | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Revenue | 4 | 36,821,444 | 37,133,528 |
| Cost of sales and taxes and surcharges | | (33,722,652) | (34,212,953) |
| Gross profit | | 3,098,792 | 2,920,575 |
| Selling expenses | | (28,842) | (31,421) |
| General and administrative expenses | | (960,299) | (1,038,184) |
| Research and development expenses | | (1,115,981) | (815,114) |
| Finance expenses – net | 5 | (346,091) | (373,817) |
| Reversal of/(Provision for) expected credit loss (“ECL”) – net | 6 | 264,847 | 153,474 |
| Share of profit from joint ventures | | (1,588) | 262 |
| Share of profit from associates | | 4,071 | 3,254 |
| Other income | 7 | 214,871 | 112,392 |
| Other expenses | 8 | (47,073) | (66,631) |
| Profit before income tax | 9 | 1,082,707 | 864,790 |
| Income tax expense | 10 | (329,757) | (215,670) |
| Profit for the period | | 752,950 | 649,120 |
| Other comprehensive income for the period, net of tax Item that will or may be reclassified subsequently to profit or loss: | | | |
| Exchange difference on translation of financial statements of overseas joint venture | | (52,020) | - |
| Total comprehensive income for the period | | 700,930 | 649,120 |
| Earnings per share for profit attributable to owners of the Company (presented in RMB per share) | 11 | RMB | RMB |
| Basic and diluted | | 0.040 | 0.034 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

| | Notes | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|---|-------|--|--|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 14 | 24,985,217 | 26,401,129 |
| Other non-current assets | 14 | 6,705,176 | 7,938,767 |
| Intangible assets | | 238,858 | 330,581 |
| Interests in joint ventures | | 464,354 | 517,961 |
| Interests in associates | | 35,181 | 35,535 |
| Financial assets at FVTOCI | 15 | 135,763 | 135,763 |
| Deferred tax assets | | 370,136 | 400,687 |
| | | 32,934,685 | 35,760,423 |
| Total non-current assets | | | |
| Current assets | | | |
| Inventories | 19 | 945,181 | 1,042,559 |
| Financial assets at FVTOCI | 15 | 1,385,577 | 2,735,081 |
| Trade receivables | 16 | 9,438,839 | 10,602,242 |
| Prepayments and other receivables | 17 | 6,565,029 | 5,841,569 |
| Contract assets and costs to fulfil contracts | 18 | 21,625,710 | 16,364,984 |
| Restricted cash | | 27,612 | 27,318 |
| Cash and cash equivalents | | 2,978,118 | 2,788,798 |
| | | 42,966,066 | 39,402,551 |
| Total current assets | | 42,966,066 | 39,402,551 |
| Total assets | | 75,900,751 | 75,162,974 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2024

| | Notes | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|--|-------|--|---|
| Equity | | | |
| Share capital | 20 | 18,984,340 | 18,984,340 |
| Reserves | | (10,260,208) | (10,961,138) |
| Total equity | | 8,724,132 | 8,023,202 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Long-term borrowings | 23 | 426,791 | 635,842 |
| Deferred income | | 20,784 | 18,189 |
| Deferred tax liabilities | | 86,841 | 87,028 |
| Provisions | | 99,541 | 212,709 |
| Total non-current liabilities | | 633,957 | 953,768 |
| Current liabilities | | | |
| Notes and trade payables | 21 | 34,290,280 | 35,195,688 |
| Other payables | 22 | 5,281,720 | 5,078,771 |
| Contract liabilities | 18 | 4,086,809 | 5,361,274 |
| Short-term borrowings | 23 | 22,680,811 | 20,343,556 |
| Current income tax payable | | 203,042 | 206,715 |
| Total current liabilities | | 66,542,662 | 66,186,004 |
| Total liabilities | | 67,176,619 | 67,139,772 |
| Total equity and liabilities | | 75,900,751 | 75,162,974 |
| Net current liabilities | | (23,576,596) | (26,783,453) |
| Total assets less current liabilities | | 9,358,089 | 8,976,970 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

| | Attributable to owners of the Company | | | | | | | | |
|---|---------------------------------------|--------------------------|----------------------------------|----------------------------|-----------------------------|--------------------------------|--|-------------------------------|-------------------------|
| | Share capital RMB'000 (Note 20) | Share premium RMB'000 | Other capital reserve RMB'000 | Surplus reserve RMB'000 | Specific reserve RMB'000 | Translation reserve RMB'000 | Other comprehensive income reserve (non-recycling) RMB'000 | Accumulated losses RMB'000 | Total equity RMB'000 |
| At 31 December 2023 (Audited) | 18,984,340 | 11,622,283 | 95,490 | 200,383 | 313,571 | 16,447 | 6,170 | (23,215,482) | 8,023,202 |
| Profit for the period | - | - | - | - | - | - | - | 752,950 | 752,950 |
| Other comprehensive income for the period: | | | | | | | | | |
| Exchange differences on translation of financial statements of overseas joint venture | - | - | - | - | - | (52,020) | - | - | (52,020) |
| Total comprehensive income for the period | - | - | - | - | - | (52,020) | - | 752,950 | 700,930 |
| Transactions with owners: | | | | | | | | | |
| Appropriation of specific reserve | - | - | - | - | 441,029 | - | - | (441,029) | - |
| Utilisation of specific reserve | - | - | - | - | (139,607) | - | - | 139,607 | - |
| Transfer of other comprehensive income reserve | - | - | - | - | - | - | - | - | - |
| Total transactions with owners | - | - | - | - | 301,422 | - | - | (301,422) | - |
| At 30 June 2024 | 18,984,340 | 11,622,283 | 95,490 | 200,383 | 614,993 | (35,573) | 6,170 | (22,763,954) | 8,724,132 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June
2023

Attributable to owners of the Company

| | Share capital RMB'000 (Note 20) | Share premium RMB'000 | Other capital reserve RMB'000 | Surplus reserve RMB'000 | Specific reserve RMB'000 | Other comprehensive income reserve (non-recycling) RMB'000 | Accumulated losses RMB'000 | Total equity RMB'000 |
|---|--|-----------------------------|-------------------------------------|-------------------------------|--------------------------------|--|----------------------------------|-------------------------|
| At 31 December 2022 (Audited) | 18,984,340 | 11,622,283 | 95,490 | 200,383 | 326,705 | 5,232 | (23,807,114) | 7,427,319 |
| Effect of adoption of amendments to IAS 12 | - | - | - | - | - | - | 2,415 | 2,415 |
| At 1 January 2023(Restated) | 18,984,340 | 11,622,283 | 95,490 | 200,383 | 326,705 | 5,232 | (23,804,699) | 7,429,734 |
| Profit for the period (Restated) | - | - | - | - | - | - | 649,120 | 649,120 |
| Other comprehensive income for the period: Net movement in fair value of financial assets at FVTOCI | - | - | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - | - | - | 649,120 | 649,120 |
| Transactions with owners: | | | | | | | | |
| Appropriation of specific reserve | - | - | - | - | 446,169 | - | (446,169) | - |
| Utilisation of specific reserve | - | - | - | - | (122,675) | - | 122,675 | - |
| Transfer of other comprehensive income reserve | - | - | - | - | - | - | - | - |
| Total transactions with owners | - | - | - | - | 323,494 | - | (323,494) | - |
| At 30 June 2023 (Restated) | 18,984,340 | 11,622,283 | 95,490 | 200,383 | 650,199 | 5,232 | (23,479,073) | 8,078,854 |

SINOPEC OILFIELD SERVICE CORPORATION

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | For the six months ended | |
|--|--------------------------|--------------|
| | 30 June | |
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Cash flows from operating activities | | |
| Cash flows generated from/(used in) operations | 95,659 | 676,506 |
| Interest received | 17,341 | 10,897 |
| Income tax paid | (303,066) | (265,791) |
| Net cash generated from/(used in) operating activities | (190,066) | 421,612 |
| Cash flows from investing activities | | |
| Purchases of property, plant and equipment | (734,958) | (876,200) |
| Purchases of intangible assets | (5,920) | - |
| Purchases of other non-current assets | (377,287) | (791,226) |
| Proceeds from disposal of property, plant and equipment | 20,834 | 17,583 |
| Proceeds from disposal of joint venture | - | 11,983 |
| Dividends received from associates | 4,425 | 4,418 |
| Net cash used in investing activities | (1,092,906) | (1,633,442) |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 13,834,050 | 13,336,360 |
| Repayments of borrowings | (11,728,695) | (11,653,293) |
| Placement of restricted Cash | (294) | (36,197) |
| Payment of lease liabilities | (241,223) | (219,225) |
| Interests paid | (355,632) | (327,555) |
| Net cash generated from financing activities | 1,508,206 | 1,100,090 |
| Net increase / (decrease) in cash and cash equivalents | 225,234] | (111,740) |
| Effect of foreign exchange rate changes on cash and cash equivalents | (35,914) | 70,398 |
| Cash and cash equivalents at the beginning of the period | 2,788,798 | 1,801,150 |
| Cash and cash equivalents at the end of the period | 2,978,118 | 1,759,808 |

SINOPEC OILFIELD SERVICE CORPORATION

NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2024

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

1. GENERAL INFORMATION

Sinopec Oilfield Service Corporation (the “Company”) is a joint stock company with limited liability established in the People’s Republic of China (the “PRC”). The registered office is No. 9, Jishikou Road, Chaoyang District, Beijing, the PRC and the headquarter address is No. 22, Chaoyangmen North Street, Chaoyang District, Beijing, the PRC.

The immediate and ultimate holding company of the Company is China Petrochemical Corporation (hereinafter referred to as the “Sinopec Group”) which is a state wholly-owned enterprise established in the PRC.

The principal activities of the Group are the provision of onshore and offshore oil, natural gas and other mineral prospecting, exploration, drilling and exploitation and provision of general contracting, design and construction services for the oil and gas and other types of construction projects.

This interim financial information is presented in RMB, unless otherwise stated. This interim financial information has been approved and authorised for issue by the Board of Directors on 20 August 2024.

SINOPEC OILFIELD SERVICE CORPORATION

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

2. BASIS OF PREPARATION AND GOING CONCERN ASSUMPTION

2.1 Basis of preparation

This interim financial information for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The interim financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at FVTOCI, which are carried at fair value.

The preparation of an interim financial information in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

SINOPEC OILFIELD SERVICE CORPORATION

NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2024

2. BASIS OF PREPARATION AND GOING CONCERN ASSUMPTION (CONTINUED)

2.2 Going concern assumption

The interim financial information is prepared using the going concern basis notwithstanding that as at 30 June 2024, the Group had net current liabilities of approximately RMB23,576,595,000 and capital commitments of approximately RMB107,541,000. The directors of the Company have performed an assessment covering a period of 12 months from the six months ended 30 June 2024, taking account of the following events and measures:

- (i) As at 30 June 2024, the Group has renewed the credit facility from Sinopec group's subsidiaries that includes a line of credit of RMB23.0 billion and USD0.3 billion (Total: approximately RMB24.8 billion), and also a line of credit promissory note and letter of guarantee of RMB12.0 billion. The facility remains valid until 1 March 2025;
- (ii) As disclosed in Note 23, the Group's borrowings amounted to approximately RMB22.1 billion are sourced from Sinopec Group and its subsidiaries, where the Group maintains ongoing good relationship with these companies, which enables the Group to secure sufficient financial support from these companies; and
- (iii) To obtain additional credits facilities, the Group will diversify its source of finance by exploring and developing good relationship with listed and state-owned financial institutions.

The directors of the Company are in the opinion that the above measures are sufficient to meet with the expected liquidity, daily operation and capital and the Group is expected to be able to generate net operating cash in-flows in the next twelve months. As a result, the directors of the Company considered that the going concern basis of accounting is appropriate for the preparation of these consolidated financial statements.

SINOPEC OILFIELD SERVICE CORPORATION

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

3. SUMMARY OF ACCOUNTING POLICY

The Group has applied the same accounting policies and methods of computation in its interim financial information as in its annual financial statements for the year ended 31 December 2023, except that in the current interim period, the Group has applied, for the first time, the following amendments to standards which are mandatory effective for the annual period beginning on or after 1 January 2024:

| | |
|---------------------------------------|---|
| AMENDMENTS TO IFRS 16 | Lease Liability in a Sale and Leaseback |
| AMENDMENTS TO IAS 1 | Classification of Liabilities as Current or Non-current |
| AMENDMENTS TO IAS 1 | Non-current Liabilities with Covenants |
| AMENDMENTS TO IAS 7 AND IFRS 7 | Supplier Finance Arrangements |

SINOPEC OILFIELD SERVICE CORPORATION

NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2024

3. SUMMARY OF ACCOUNTING POLICY (CONTINUED)

3.1 Amendments to IFRS16, Lease Liability in a Sale and Leaseback

On 22 September 2022, the IASB issued amendments to IFRS 16 – Lease Liability in a Sale and Leaseback. Prior to the amendments, IFRS 16 did not contain specific measurement requirements for lease liabilities that may contain variable lease payments arising in a sale and leaseback transaction. In applying the subsequent measurement requirements of lease liabilities to a sale and leaseback transaction, the Amendments require a seller-lessee to determine ‘lease payments’ or ‘revised lease payments’ in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The Group does not enter into sales and leaseback transaction since the adoption of IFRS 16 and these amendments had no effect on the interim financial information.

3.2 Amendments to IAS 1, Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants

The IASB issued amendments to IAS 1 in January 2020 Classification of Liabilities as Current or Non-current and subsequently, in October 2022 Non-current Liabilities with Covenants.

The amendments clarify the following:

- An entity’s right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period.
- If an entity’s right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.
- The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.
- In case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity’s own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

The Group’s liabilities are not subject to covenant and these amendments had no effect on the interim financial information.

SINOPEC OILFIELD SERVICE CORPORATION

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

3. SUMMARY OF ACCOUNTING POLICY (CONTINUED)

3.3 Amendments to IAS 7 and IFRS 7, Supplier Finance Arrangements

On 25 May 2023, the IASB issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on characteristics of supplier finance arrangements.

The amendments provide a transition relief whereby an entity is not required to provide the disclosures, otherwise required by the amendments, for any interim period presented within the annual reporting period in which the entity first applies those amendments.

The Group does not enter into any supplier finance arrangements. The Group carried out an assessment of its contracts and operations and concluded that these amendments have had no effect on the interim financial information, regardless of the transition relief provided.

SINOPEC OILFIELD SERVICE CORPORATION

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

4. REVENUE AND SEGMENT INFORMATION

The Group's revenue is as follows:

| | For the six months ended 30 June | |
|------------------------------------|---|--------------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Geophysics | 2,146,740 | 2,019,633 |
| Drilling engineering | 18,880,289 | 18,867,990 |
| Logging and mud logging | 1,602,140 | 1,564,589 |
| Special downhole operations | 5,569,305 | 4,699,568 |
| Engineering construction | 7,258,740 | 8,830,866 |
| Others | 1,364,230 | 1,150,882 |
| | <u>36,821,444</u> | <u>37,133,528</u> |

SINOPEC OILFIELD SERVICE CORPORATION

NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2024

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information

The Group identifies its operating segments based on the internal organisation structure, senior executive management requirements and internal reporting system. The Group has identified five operating segments including geophysics, drilling engineering, logging and mud logging, special downhole operations and engineering construction. These operating segments are identified based on the regular internal financial information reported to the senior executive management. Senior executive management of the Company regularly reviews the segment information for their decision about the resources allocation and performance assessment.

Five reportable operating segments are as follows:

- Geophysics, which provides terrestrial and marine geophysical exploration, development and technical services;
- Drilling engineering, which provides customers with land and ocean drilling design, construction, technical services and drilling instrumentation;
- Logging and mud logging, which provides land and ocean project contracting and technical services for collection, monitoring, transmission, processing and interpretation and evaluation of wellbore oil and gas, geology and engineering information;
- Special downhole operations, which provides oil engineering technical and construction, including oil (gas) testing, well repair, lateral drilling, fracturing, acidising and oil assignments; and
- Engineering construction, which provides a package of services, including feasibility studies, design, procurement, construction for projects of onshore and offshore oil and gas fields, long-distance pipeline projects, oil and gas transporting process projects, storage and transportation projects, petrochemical supporting projects, building construction, water resources and hydropower, ports and waterways, electricity transmission and distribution projects, manufacturing of pressure vessels, LNG projects, coal chemical engineering, geothermal utilisation, energy saving and municipal roads and bridges.

SINOPEC OILFIELD SERVICE CORPORATION

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (Continued)

Inter-segment transfers are measured by reference to market price. The assets are allocated based on the operations of the segment and the physical location of the asset.

All assets are allocated to operating segments other than certain property, plant and equipment, certain intangible assets, certain other non-current assets, certain inventories, certain contract assets, certain trade receivables, certain prepayments and other receivables, certain cash and cash equivalents, certain deferred tax assets, certain financial assets at FVTOCI and interest in joint venture and associates.

All liabilities are allocated to operating segments other than certain borrowings, certain deferred income, certain deferred tax liabilities, certain notes and trade payables, certain other payables, certain contract liabilities and certain current income tax payable.

The resources related to certain interest income, certain interest expenses, interest in joint ventures and associates, gain on investment, income tax expense as well as shared assets and liabilities of all segments are centrally managed and accounted for by the Company, and thus are not allocated among segments.

Segment information of each operating segment were reported and disclosed to the senior executive management in accordance with the accounting policies and the respective measurement bases. These accounting policies and measurement bases were the same as those used in for the preparation of the financial statements.

Information regarding each operating segment provided to the senior executive management was as follows:

SINOPEC OILFIELD SERVICE CORPORATION

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (Continued)

(a) Segment revenue results, assets and liabilities

For the six months ended 30 June 2024 and as at that date, segment revenue results, assets and liabilities were as follows:

| | Geophysics RMB'000 | Drilling engineering RMB'000 | Logging and mud logging RMB'000 | Special downhole operations RMB'000 | Engineering construction RMB'000 | Unallocated RMB'000 | Eliminated RMB'000 | Total RMB'000 |
|---|-----------------------|------------------------------------|---------------------------------------|--|--|------------------------|-----------------------|-------------------|
| For the six months ended 30 June 2024 (Unaudited) | | | | | | | | |
| Segment revenue and results | | | | | | | | |
| Revenue from external customers | 2,146,740 | 18,880,289 | 1,602,140 | 5,569,305 | 7,258,740 | 1,364,230 | - | 36,821,444 |
| Inter-segment revenue | 35,241 | 918,101 | 1,210,156 | 234,973 | 15,572 | 2,336,180 | (4,750,223) | - |
| Reportable segment revenue | 2,181,981 | 19,798,390 | 2,812,296 | 5,804,278 | 7,274,312 | 3,700,410 | (4,750,223) | 36,821,444 |
| Reportable segment (loss)/profit | 42,837 | 909,498 | 260,528 | 314,074 | 216,495 | (828,523) | - | 914,909 |
| Other income | 7,099 | 74,082 | 2,429 | 5,851 | 110,706 | 14,705 | - | 214,872 |
| Other expenses | (2,285) | (24,934) | (1,508) | (3,973) | (3,889) | (10,485) | - | (47,074) |
| (Loss)/Profit before income tax | 47,651 | 958,646 | 261,449 | 315,952 | 323,312 | (824,303) | - | 1,082,707 |
| Income tax expense | | | | | | | | (329,757) |
| Profit for the period | | | | | | | | 752,950 |
| Supplementary information | | | | | | | | |
| Depreciation and amortisation | | | | | | | | |
| - Property, plant and equipment | 175,483 | 994,144 | 107,943 | 265,227 | 151,482 | 150,892 | - | 1,845,171 |
| - Other non-current assets | 77,000 | 1,163,175 | 84,071 | 202,381 | 4,348 | 59,886 | - | 1,590,861 |
| - Intangible assets | 90 | 402 | 338 | 4,064 | 6,098 | 86,651 | - | 97,643 |
| Capital expenditure | | | | | | | | |
| - Property, plant and equipment | 17,265 | 207,061 | 59,169 | 43,773 | 23,521 | 182,029 | - | 532,818 |
| - Other non-current assets | - | 251,541 | - | 117,279 | 6,614 | 1,853 | - | 377,287 |
| - Intangible assets | 25 | - | 2,829 | - | - | 3,356 | - | 6,210 |
| Reversal of ECL on trade receivables, net | (1,285) | (11,449) | (3,612) | (16,461) | (9,001) | (101,449) | - | (143,257) |
| Provision/(Reversal of) for ECL on other receivables, net | 639 | (711) | (98) | 3 | (46,365) | (1,152) | - | (47,684) |
| (Reversal of)/Provision for ECL on contract assets, net | (2,151) | 3,002 | 2,053 | 2,158 | 5,520 | (84,488) | - | (73,906) |
| Reversal of impairment - Prepayment | - | - | - | - | (3,864) | - | - | (3,864) |

SINOPEC OILFIELD SERVICE CORPORATION

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (Continued)

(a) Segment revenue results, assets and liabilities (Continued)

For the six months ended 30 June 2024 and as at that date, segment revenue results, assets and liabilities were as follows (Continued):

As at 30 June 2024 (Unaudited)

| | | | | | | | | |
|---------------------|-----------|------------|-----------|-----------|------------|------------|-------------|------------|
| Assets | | | | | | | | |
| Segment assets | 5,948,060 | 12,272,091 | 4,813,742 | 8,077,507 | 24,237,434 | 21,762,467 | (1,210,550) | 75,900,751 |
| Liabilities | | | | | | | | |
| Segment liabilities | 4,998,854 | 9,084,646 | 3,151,276 | 4,183,939 | 23,014,938 | 23,953,516 | (1,210,550) | 67,176,619 |

SINOPEC OILFIELD SERVICE CORPORATION

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (Continued)

(a) Segment revenue results, assets and liabilities (Continued)

For the six months ended 30 June 2023, segment revenue results, and as at 31 December 2023, segment assets and liabilities were as follows:

| | Geophysics RMB'000 | Drilling engineering RMB'000 | Logging and mud logging RMB'000 | Special downhole operations RMB'000 | Engineering construction RMB'000 | Unallocated RMB'000 | Eliminated RMB'000 | Total RMB'000 |
|---|-----------------------|------------------------------------|---------------------------------------|--|--|------------------------|-----------------------|-------------------|
| For the six months ended 30 June 2023 (Unaudited) | | | | | | | | |
| Segment revenue and results | | | | | | | | |
| Revenue from external customers | 2,019,633 | 18,867,990 | 1,564,589 | 4,699,568 | 8,830,866 | 1,150,882 | - | 37,133,528 |
| Inter-segment revenue | 17,268 | 849,545 | 1,232,584 | 134,746 | 21,072 | 2,065,299 | (4,320,514) | - |
| Reportable segment revenue | 2,036,901 | 19,717,535 | 2,797,173 | 4,834,314 | 8,851,938 | 3,216,181 | (4,320,514) | 37,133,528 |
| Reportable segment (loss)/profit | | | | | | | | |
| Other income | (77,501) | 670,174 | 231,675 | 227,187 | 307,944 | (540,449) | - | 819,029 |
| Other expenses | 8,898 | 47,024 | 3,956 | 1,551 | 40,896 | 10,067 | - | 112,392 |
| | (6,868) | (38,940) | (1,923) | (2,300) | (4,340) | (12,260) | - | (66,631) |
| (Loss)/Profit before income tax | (75,472) | 678,258 | 233,708 | 226,438 | 344,500 | (542,642) | - | 864,790 |
| Income tax expense | | | | | | | | (215,670) |
| Profit for the period | | | | | | | | 649,120 |
| Supplementary information | | | | | | | | |
| Depreciation and amortisation | | | | | | | | |
| - Property, plant and equipment | 175,209 | 984,745 | 100,298 | 265,148 | 148,879 | 149,273 | - | 1,823,552 |
| - Other non-current assets | 48,223 | 992,854 | 85,424 | 112,771 | 5,052 | 29,540 | - | 1,273,864 |
| - Intangible assets | 95 | 234 | 342 | 4,199 | 6,385 | 67,196 | - | 78,451 |
| Capital expenditure | | | | | | | | |
| - Property, plant and equipment | 11,968 | 26,617 | 127,885 | 39,245 | 20,219 | 116,558 | - | 342,492 |
| - Other non-current assets | 482 | 230,168 | - | 55,685 | 4,552 | 37,854 | - | 328,741 |
| - Intangible assets | - | - | - | - | 12,511 | - | - | 12,511 |
| Reversal of ECL on trade receivables, net | (3,611) | (32,480) | (13,847) | (4,715) | (31,166) | (755) | - | (87,305) |
| Provision/(Reversal of) for ECL on other receivables, net | 199 | - | 66 | (1,329) | (74,166) | (47) | - | (74,805) |
| (Reversal of)/Provision for ECL on contract assets, net | (1,837) | 2,942 | 1,554 | 1,384 | 4,455 | 138 | - | 8,636 |
| Impairment | | | | | | | | |
| - Property, plant and equipment | - | 4,959 | - | - | - | - | - | 4,959 |
| - Others | - | - | - | - | 2 | - | - | 2 |

SINOPEC OILFIELD SERVICE CORPORATION

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (Continued)

(b) Segment revenue results, assets and liabilities (Continued)

For the six months ended 30 June 2023, segment revenue results, and as at 31 December 2023, segment assets and liabilities were as follows (Continued):

As at 31 December 2023

(Audited)

Assets

Segment assets

| | | | | | | | |
|-----------|------------|-----------|-----------|------------|------------|-------------|------------|
| 6,249,564 | 10,614,355 | 4,457,471 | 8,124,855 | 22,914,821 | 24,186,553 | (1,384,645) | 75,162,974 |
|-----------|------------|-----------|-----------|------------|------------|-------------|------------|

Liabilities

Segment liabilities

| | | | | | | | |
|-----------|-----------|-----------|-----------|------------|------------|-------------|------------|
| 5,251,583 | 7,995,911 | 2,970,292 | 4,437,053 | 22,098,107 | 25,771,471 | (1,384,645) | 67,139,772 |
|-----------|-----------|-----------|-----------|------------|------------|-------------|------------|

SINOPEC OILFIELD SERVICE CORPORATION

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (Continued)

(b) Geographical information

The following table presents the geographical information. Revenue is based on the location at which revenue were derived. Specified non-current assets include property, plant and equipment, other non-current assets, intangible assets, interest in joint ventures and interest in associates, which are based on the physical location of the assets.

| | Revenue from external customers | |
|---------------------------|---|--------------------|
| | For the six months ended 30 June | |
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| The PRC | 27,903,683 | 29,308,887 |
| Middle East (Note) | 5,573,363 | 4,793,333 |
| Other Countries | 3,344,398 | 3,031,308 |
| | 36,821,444 | 37,133,528 |

| | Specified non-current assets | |
|------------------------|-------------------------------------|--------------------|
| | As at | As at |
| | 30 June 2024 | 31 December |
| | RMB'000 | 2023 |
| | (Unaudited) | RMB'000 |
| | | (Audited) |
| The PRC | 25,761,629 | 28,152,480 |
| Saudi Arabia | 2,916,384 | 4,608,373 |
| Other Countries | 3,750,773 | 2,463,120 |
| | 32,428,786 | 35,223,973 |

Note: Middle East and other countries are mainly represented Saudi Arabia and Kuwait.

SINOPEC OILFIELD SERVICE CORPORATION

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (Continued)

(c) Major customer

For the six months ended 30 June 2024 and 2023, revenue from customers which individually contributed over 10% of the Group's revenue is as follows:

| | For the six months ended 30 June | |
|------------|---|--------------------------------------|
| | 2024 | 2023 |
| | RMB'000 (Unaudited) | RMB'000 (Unaudited) |
| Customer A | 21,271,995 | 22,609,772 |

Revenue from this customer was derived from the operating segments of geophysics, drilling engineering, logging and mud logging, special downhole operations and engineering construction which accounted for 58% (2023: 61%) of the Group's revenue.

(d) Analysis on revenue from contracts

For the six months ended 30 June 2024 and 2023, the Group derives revenue from the transfer of goods and service at a point in time and over time in the following operating segments of geophysics, drilling engineering, logging and mud logging, special downhole operations and engineering construction service:

| | Geophysics | Drilling Engineering | Logging And Mud Logging | Special Downhole Operations | Engineering Construction | Unallocated | Total |
|--|-------------------|---------------------------------|------------------------------------|--|-------------------------------------|--------------------|--------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| For the six months ended 30 June 2024 (unaudited) | | | | | | | |
| Timing of revenue recognition: | | | | | | | |
| - At a point in time | - | - | - | 924 | 8,449 | 176,253 | 185,626 |
| - Over time | 2,146,740 | 18,880,289 | 1,602,140 | 5,568,381 | 7,250,291 | 1,187,977 | 36,635,818 |
| Total | 2,146,740 | 18,880,289 | 1,602,140 | 5,569,305 | 7,258,740 | 1,364,230 | 36,821,444 |
| For the six months ended 30 June 2023 (unaudited) | | | | | | | |
| Timing of revenue recognition: | | | | | | | |
| - At a point in time | - | 3,097 | - | 1,605 | 3,265 | 224,850 | 232,817 |
| - Over time | 2,019,633 | 18,864,893 | 1,564,589 | 4,697,963 | 8,827,601 | 926,032 | 36,900,711 |
| Total | 2,019,633 | 18,867,990 | 1,564,589 | 4,699,568 | 8,830,866 | 1,150,882 | 37,133,528 |

SINOPEC OILFIELD SERVICE CORPORATION

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

| 5. FINANCE EXPENSES – NET | For the six months ended 30 June | |
|---|---|--------------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Finance income | | |
| Interest income | | |
| - Sinopec Group's subsidiaries | 4,485 | 2,487 |
| - Third parties and other financial institutions | 12,856 | 8,410 |
| | 17,341 | 10,897 |
| Finance expenses | | |
| Interest expenses on loans wholly repayable within 5 years | | |
| - Sinopec Group and its subsidiaries | (317,066) | (330,200) |
| - Third parties and other financial institutions | (17,940) | (30,322) |
| Interest expenses on lease liabilities | | |
| - Sinopec Group and its subsidiaries | (5,699) | (9,268) |
| - Associates and joint ventures of Sinopec Group | (1,628) | (4,299) |
| - Third parties | (13,300) | (10,186) |
| Exchange gains, net | 29,264 | 39,756 |
| Bank and other charges | (37,063) | (40,195) |
| | (363,432) | (384,714) |
| | (346,091) | (373,817) |

| 6. REVERSAL OF PROVISION FOR ECL – NET | For the six months ended 30 June | |
|---|---|--------------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Reversal of provision for ECL on trade and other receivables, net | 190,941 | 162,110 |
| Reversal of provision for/(Provision for) ECL on contract assets, net | 73,906 | (8,636) |
| | 264,847 | 153,474 |

SINOPEC OILFIELD SERVICE CORPORATION

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

7. OTHER INCOME

| | For the six months ended 30 | |
|--|------------------------------------|--------------------|
| | June | |
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Gain on disposal of property, plant and equipment, net | 43,963 | 8,835 |
| Gain on disposal of other non-current assets, net | 22,261 | 30,708 |
| Gain on debt restructuring | 12,408 | 14,650 |
| Government grants (Note) | 22,515 | 49,827 |
| Penalty income | 1,174 | 858 |
| Compensation received | 2,318 | 1,537 |
| Compensation on judicial restructuring | 96,163 | - |
| Others | 14,069 | 5,977 |
| | <u>214,871</u> | <u>112,392</u> |

Note: For the six months ended 30 June 2024 and 2023, government grants primarily represent financial appropriation income and non-income tax refunds received from respective government agencies without conditions or other contingencies attached to the receipts of the grants.

8. OTHER EXPENSES

| | For the six months ended 30 | |
|--|------------------------------------|--------------------|
| | June | |
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Penalty | 1,425 | 759 |
| Compensation | 1,175 | 17,058 |
| Impairment loss on property, plant and equipment | - | 4,961 |
| Others | 44,473 | 43,853 |
| | <u>47,073</u> | <u>66,631</u> |

SINOPEC OILFIELD SERVICE CORPORATION

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

9. PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging/(crediting) the followings:

| | For the six months ended 30 | |
|---|------------------------------------|--------------------|
| | June | |
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Staff costs, including directors and supervisors emoluments (note 13) | 7,762,341 | 7,715,501 |
| Retirement benefit plan contribution (including in the above mentioned staff costs) | | |
| - Municipal retirement scheme costs | 741,588 | 720,118 |
| - Supplementary retirement scheme costs | 366,479 | 356,431 |
| Changes in inventories of finished goods and work in progress | 3,090 | (10) |
| Raw materials and consumables used | 14,474,614 | 15,879,309 |
| Depreciation and amortisation | | |
| - Property, plant and equipment | 1,845,171 | 1,823,552 |
| - Other non-current assets | 1,590,861 | 1,273,864 |
| - Intangible assets | 97,643 | 78,451 |
| Short-term leases and leases with lease term of 12 months or less | 554,368 | 246,982 |
| (Reversal of)/Provision for ECL – net | | |
| - Trade and other receivables | (190,941) | (162,110) |
| - Contract assets | (73,906) | 8,636 |
| Rental income from property, plant and equipment after relevant expenses | (28,086) | (24,355) |
| Gain on disposal of property, plant and equipment, net | (43,963) | (8,835) |
| Gain on disposal of other non-current assets, net | (22,261) | (30,708) |
| Reversal of impairment on prepayment | (3,864) | - |
| Impairment loss on property, plant and equipment | - | 4,961 |
| Exchange gains, net | (29,264) | (39,756) |

SINOPEC OILFIELD SERVICE CORPORATION

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

10. INCOME TAX EXPENSE

| | For the six months ended 30 June | |
|---|---|--------------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Current tax | | |
| PRC enterprise income tax | 161,654 | 86,070 |
| Overseas enterprise income tax | 137,739 | 137,550 |
| | 299,393 | 223,620 |
| Deferred tax | | |
| Origination and reversal of temporary differences | 30,364 | (7,950) |
| | 329,757 | 215,670 |
| Income tax expense | 329,757 | 215,670 |

According to the Corporate Income Tax Law of the PRC, the applicable income tax for the six months ended 30 June 2024 and 2023 is 25%.

According to the statutory PRC corporate income tax and relevant rules, apart from certain subsidiaries of the Company subjected to the relevant development zone policy or participation in technology development and the PRC's western development project that can enjoy a 15% preferential tax rate during the six months ended 30 June 2024 and 2023, the majority of the companies of the Group are subject to 25% income tax rate.

Taxes in other countries are calculated according to the tax laws where the related companies of the Group operate.

SINOPEC OILFIELD SERVICE CORPORATION

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

11. EARNINGS PER SHARE

(a) Basic

For the six months ended 30 June 2024 and 2023, the basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue.

| | For the six months ended 30 June | |
|--|---|-----------------------------|
| | 2024 (Unaudited) | 2023 (Unaudited) |
| Profit for the period attributable to owners of the company (RMB'000) | 752,950 | 649,120 |
| Weighted average number of ordinary shares in issue (shares) | 18,984,340,033 | 18,984,340,033 |
| Basic earnings per share (RMB) | 0.040 | 0.034 |

(b) Diluted

For the six months ended 30 June 2024 and 2023, the diluted earnings per share was the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding as at end of both periods.

12. DIVIDENDS

The Board of Directors of the Company did not recommend the payment of any interim dividends for the six months ended 30 June 2024 (2023: Nil).

SINOPEC OILFIELD SERVICE CORPORATION

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

13. EMPLOYEE BENEFITS

| | For the six months ended 30 | |
|---|------------------------------------|--------------------|
| | June | |
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Salaries, wages and other benefits | 6,654,274 | 6,638,952 |
| Retirement benefit plan contribution (note) | | |
| - Municipal retirement scheme costs | 741,588 | 720,118 |
| - Supplementary retirement scheme costs | 366,479 | 356,431 |
| | 7,762,341 | 7,715,501 |

Note:

Retirement benefits

As stipulated by the regulations of the PRC, the Group participates in basic defined contribution retirement schemes organised by respective municipal government under which it is governed. As at 30 June 2024, the Group and the employees pay 16% and 8% (31 December 2023: 16% and 8%) of salary respectively to basic defined contribution plan.

In addition, the Group provides a supplementary defined contribution retirement plan for its staff at rates not exceeding 8% (31 December 2023: 8%) of the salaries. Employees who have served the Group for one year or more are entitled to participating in this plan. The funds of this plan are held separately from the Group in an independent fund administered by a committee consisting of representatives from the employees and the Group.

Those employees who involved supplementary retirement scheme are entitled to receive the pension in accordance with a certain percentage of the pre-retirement salary after retirement. The Group has no other material obligation for the payment of retirement benefits associated with these plans beyond Municipal retirement scheme and Supplementary retirement scheme.

SINOPEC OILFIELD SERVICE CORPORATION

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

14. PROPERTY, PLANT AND EQUIPMENT AND OTHER NON-CURRENT ASSETS
(a) Property, Plant and Equipment

For the six months ended 30 June 2024 (Unaudited)

| | Buildings | Oil engineering equipment and others | Land | Prepaid Land leases | Construction in progress | Total |
|--|------------------|---|----------------|--------------------------------|-------------------------------------|-------------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Cost | | | | | | |
| At 1 January 2024 | 2,800,709 | 67,113,289 | 141,104 | 150,387 | 699,115 | 70,904,604 |
| Additions | 297,857 | 23,051 | 61,808 | - | 150,102 | 532,818 |
| Remeasurement of leases | 1,425 | (18,708) | 2,645 | - | - | (14,638) |
| Expiration of or early termination of lease | (170,199) | (41,540) | (4,675) | - | - | (216,414) |
| Disposals/write-off | (131) | (1,093,272) | - | - | - | (1,093,403) |
| Transferred from construction in progress | - | 352,176 | - | - | (352,176) | - |
| At 30 June 2024 | <u>2,929,661</u> | <u>66,334,996</u> | <u>200,882</u> | <u>150,387</u> | <u>497,041</u> | <u>70,112,967</u> |
| Accumulated depreciation and impairment | | | | | | |
| At 1 January 2024 | 1,408,610 | 42,943,329 | 109,844 | 38,190 | 3,502 | 44,503,475 |
| Depreciation | 207,788 | 1,611,407 | 24,159 | [1,817] | - | 1,845,171 |
| Expiration of or early termination of lease | (155,923) | (40,449) | (4,675) | - | - | (201,047) |
| Disposals/write-off | (127) | (1,019,722) | - | - | - | (1,019,849) |
| At 30 June 2024 | <u>1,460,348</u> | <u>43,494,565</u> | <u>129,328</u> | <u>40,007</u> | <u>3,502</u> | <u>45,127,749</u> |
| Carrying amounts | | | | | | |
| At 30 June 2024 (unaudited) | <u>1,469,313</u> | <u>22,840,431</u> | <u>71,554</u> | <u>110,380</u> | <u>493,539</u> | <u>24,985,217</u> |
| At 31 December 2023 (audited) | <u>1,392,099</u> | <u>24,169,960</u> | <u>31,260</u> | <u>112,197</u> | <u>695,613</u> | <u>26,401,129</u> |

SINOPEC OILFIELD SERVICE CORPORATION

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

**14. PROPERTY, PLANT AND EQUIPMENT AND OTHER NON-CURRENT ASSETS
(CONTINUED)**

(a) Property, Plant and Equipment (Continued)

Note:

As at 30 June 2024, right-of-use assets with carrying amounts of RMB946,206,000 are included in property, plant and equipment (31 December 2023: RMB911,829,000).

| | Carrying amounts | | Depreciation |
|--------------------------------------|------------------|----------------|-----------------|
| | As at | As at | During the six |
| | 30 June 2024 | 1 January 2024 | months ended 30 |
| | RMB'000 | RMB'000 | June 2024 |
| | | | RMB'000 |
| Buildings | 585,861 | 481,630 | 180,774 |
| Oil engineering equipment and others | 178,408 | 286,742 | 104,920 |
| Land | 71,557 | 31,260 | 24,159 |
| Prepaid land leases | 110,380 | 112,197 | 1,817 |
| | 946,206 | 911,829 | 311,670 |
| | 946,206 | 911,829 | 311,670 |

SINOPEC OILFIELD SERVICE CORPORATION

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

14. PROPERTY, PLANT AND EQUIPMENT AND OTHER NON-CURRENT ASSETS (CONTINUED)

(a) Property, Plant and Equipment (Continued)

For the six months ended 30 June 2023 (Unaudited)

| | Buildings | Oil engineering equipment and others | Land | Prepaid land leases | Construction in progress | Total |
|--|------------------|---|----------------|--------------------------------|-------------------------------------|----------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Cost | | | | | | |
| Balance at 1 January 2023 | 2,709,818 | 66,641,561 | 152,116 | 137,876 | 470,886 | 70,112,257 |
| Additions | 179,575 | 34,672 | 8,332 | 12,510 | 107,403 | 342,492 |
| Remeasurement of leases | 5,156 | 500 | 2,627 | - | - | 8,283 |
| Expiration of or early termination of contract | (68,190) | (391,655) | (17,486) | - | - | (477,331) |
| Disposals/Write-off | (9) | (781,881) | - | - | - | (781,890) |
| Transferred from construction in progress | - | 107,974 | - | - | (107,974) | - |
| At 30 June 2023 | 2,826,350 | 65,611,171 | 145,589 | 150,386 | 470,315 | 69,203,811 |
| Accumulated depreciation and impairment | | | | | | |
| Balance at 1 January 2023 | 1,126,625 | 42,428,938 | 86,484 | 34,626 | 3,502 | 43,680,175 |
| Depreciation | 203,150 | 1,593,897 | 24,757 | 1,748 | - | 1,823,552 |
| Expiration of or early termination of contract | (47,544) | (365,292) | - | - | - | (412,836) |
| Disposals/Write-off | (5) | (717,618) | (17,487) | - | - | (735,110) |
| At 30 June 2023 | 1,282,226 | 42,939,925 | 93,754 | 36,374 | 3,502 | 44,355,781 |
| Carrying amounts | | | | | | |
| At 30 June 2023 (Unaudited) | 1,544,124 | 22,671,246 | 51,835 | 114,012 | 466,813 | 24,848,030 |
| At 31 December 2022 (Audited) | 1,583,193 | 24,212,623 | 65,632 | 103,250 | 467,384 | 26,432,082 |

**14. PROPERTY, PLANT AND EQUIPMENT AND OTHER NON-CURRENT ASSETS
(CONTINUED)
(b) Other Non-Current Assets**

For the six months ended 30 June 2024 (unaudited)

| | Special tools of petroleum engineering | Other tools of petroleum engineering | Camping house | Other long-term deferred expenses | Total |
|---------------------------------|---|---|--------------------------|--|-------------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Cost | | | | | |
| At 1 January 2024 | 18,449,825 | 3,310,886 | 2,826,505 | 51,214 | 24,638,430 |
| Additions | 120,659 | 233,106 | 23,522 | - | 377,287 |
| At 30 June 2024 | 18,570,484 | 3,543,992 | 2,850,027 | 51,214 | 25,015,717 |
| Accumulated depreciation | | | | | |
| At 1 January 2024 | 12,558,084 | 2,105,678 | 1,991,235 | 44,666 | 16,699,663 |
| Depreciation | 1,067,309 | 366,305 | 153,832 | 3,415 | 1,590,861 |
| Other decrease | 16,352 | - | 3,665 | - | 20,017 |
| At 30 June 2024 | 13,641,745 | 2,471,983 | 2,148,732 | 48,081 | 18,310,541 |
| Carrying amounts | | | | | |
| At 30 June 2024 (Unaudited) | 4,928,739 | 1,072,009 | 701,295 | 3,133 | 6,705,176 |
| At 31 December 2023 (Audited) | 5,891,741 | 1,205,208 | 835,270 | 6,548 | 7,938,767 |

**14. PROPERTY, PLANT AND EQUIPMENT AND OTHER NON-CURRENT ASSETS
(CONTINUED)
(b) Other Non-Current Assets (Continued)**

For the six months ended 30 June 2023 (unaudited)

| | Special tools of petroleum engineering | Other tools of petroleum engineering | Camping house | Other long-term deferred expenses | Total |
|---------------------------------|--|--|------------------|--|-------------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Cost | | | | | |
| At 1 January 2023 | 16,289,261 | 2,455,532 | 2,493,899 | 51,214 | 21,289,906 |
| Additions | 133,385 | 156,989 | 38,367 | - | 328,741 |
| At 30 June 2023 | 16,422,646 | 2,612,521 | 2,532,266 | 51,214 | 21,618,647 |
| Accumulated depreciation | | | | | |
| At 1 January 2023 | 10,605,349 | 1,669,883 | 1,716,021 | 43,214 | 14,034,467 |
| Depreciation | 961,951 | 176,161 | 131,727 | 4,025 | 1,273,864 |
| Other decrease | 279 | 4 | 292 | - | 575 |
| At 30 June 2023 | 11,567,579 | 1,846,048 | 1,848,040 | 47,239 | 15,308,906 |
| Carrying amounts | | | | | |
| At 30 June 2023 (Unaudited) | 4,855,067 | 766,473 | 684,226 | 3,975 | 6,309,741 |

15. FINANCIAL ASSETS AT FVTOCI

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|---------------------------------------|---|--|
| Non-current assets: | | |
| Unlisted equity investments – the PRC | <u>135,763</u> | <u>135,763</u> |
| Current assets: | | |
| Notes receivables | <u>1,385,577</u> | <u>2,735,081</u> |

Notes:

- (a) Unlisted equity investments represent the Groups' equity interests in the unlisted entities in the PRC. They are mainly engaged in drilling and technical services operations.

The Group designated its investment in unlisted equity investment as financial assets at FVTOCI (non-recycling), as the investment is held for strategic purpose.

- (b) As at 30 June 2024 and 31 December 2023, notes receivables were classified as financial assets at FVTOCI, as the Group's business model is achieved both by collecting contractual cash flows and by selling of these assets.

All notes receivables of the Group are banks' acceptance notes and commercial acceptance bills usually collected within six months from the date of issue.

As at 30 June 2024 and 31 December 2023, none of the Group's notes receivables were pledged as collateral or overdue.

- (c) All financial assets at FVTOCI are denominated in RMB.

16. TRADE RECEIVABLES

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|--|---|---|
| Trade receivables | | |
| - Sinopec Group and its subsidiaries | 3,366,104 | 3,927,454 |
| - Joint ventures of the Group | 17,301 | 20,354 |
| - Joint ventures and associates of Sinopec Group | 35,636 | 73,269 |
| - Third parties | <u>8,103,283</u> | <u>8,814,526</u> |
| | 11,522,324 | 12,835,603 |
| Less: ECL allowance | <u>(2,083,485)</u> | <u>(2,233,361)</u> |
| Trade receivables - net | <u><u>9,438,839</u></u> | <u><u>10,602,242</u></u> |

As at 30 June 2024 and 31 December 2023, the Group's trade receivables were approximately their fair values.

The Group usually provides customers with a credit term between 90 to 180 days. For the settlement of trade receivables from provision of services, the Group usually reaches an agreement on the term of each payment with the customer by taking into account factors such as, among other things, the credit history of the customer, its liquidity position and the Group's working capital needs, which varies on a case-by-case basis that requires the judgment and experience of the management. The Group does not hold any collateral as security.

16. TRADE RECEIVABLES (CONTINUED)

Ageing analysis of trade receivables net of ECL allowance based on invoice date is as follows:

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|---------------|---|---|
| Within 1 year | 8,863,588 | 10,052,405 |
| 1 to 2 years | 411,186 | 416,954 |
| 2 to 3 years | 119,671 | 73,512 |
| Over 3 years | 44,394 | 59,371 |
| | <u>9,438,839</u> | <u>10,602,242</u> |

The movements of ECL allowance on trade receivables are as follows:

| | For the six months ended 30 June 2024 RMB'000 (Unaudited) | For the year ended 31 December 2023 RMB'000 (Audited) |
|--|--|--|
| At the beginning of the period/year | 2,233,361 | 2,397,795 |
| ECL allowance | 8,198 | 20,878 |
| Reversal | (151,455) | (155,286) |
| Others | (5,972) | 1,532 |
| Receivables write-off as uncollectible | (647) | (31,558) |
| At the end of the period/year | <u>2,083,485</u> | <u>2,233,361</u> |

17. PREPAYMENT AND OTHER RECEIVABLES

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|--|---|--|
| Prepayments (note (a)) | 737,517 | 515,307 |
| Less: Impairment | - | (3,864) |
| | <u>737,517</u> | <u>511,443</u> |
| Other receivables (note (b)) | | |
| Petty cash funds | 12,812 | 4,728 |
| Guarantee deposits | 1,011,541 | 1,153,100 |
| Disbursement of funds | 973,090 | 934,741 |
| Temporary payment | 978,383 | 899,349 |
| Escrow payments | 5,162 | 5,271 |
| Deposits | 34,407 | 42,785 |
| Export tax refund receivables | 97,397 | 5,386 |
| Excess value-added tax paid | 1,148,079 | 1,030,914 |
| Value added tax to be certified | 64,962 | 53,422 |
| Prepaid value-added tax | 1,505,346 | 1,403,186 |
| Prepaid income tax | 61,176 | 5,327 |
| Dividend receivable | 213 | 433 |
| Others | 472,679 | 382,627 |
| | <u>6,365,247</u> | <u>5,921,269</u> |
| Less: ECL allowance | (537,735) | (591,143) |
| | <u>5,827, 512</u> | <u>5,330,126</u> |
| Prepayments and other receivables – net | <u><u>6,565,029</u></u> | <u><u>5,841,569</u></u> |

Notes:

- (a) As at 30 June 2024, prepayments included related party balances: Sinopec Group and its subsidiaries amounting to RMB129,933,000 (31 December 2023: RMB93,764,000).
- (b) As at 30 June 2024, other receivables included related party balances: Sinopec Group and its subsidiaries amounting to RMB225,914,000 (31 December 2023: RMB282,732,000), the joint ventures of the Group amounting to RMB143,114,000 (31 December 2023: RMB 139,194,000) and the associates and joint ventures of Sinopec Group amounting to RMB19,185,000 (31 December 2023: RMB19,285,000).
- (c) The amounts due from related parties are unsecured, interest free and repayable on demand.

17. PREPAYMENT AND OTHER RECEIVABLES (CONTINUED)

(d) The carrying amounts of the Group's prepayments and other receivables as at 30 June 2024 and 31 December 2023 approximate their fair value.

The movements of ECL allowance on other receivables are as follows:

| | For the six months ended 30 June 2024 RMB'000 (Unaudited) | For the year ended 31 December 2023 RMB'000 (Audited) |
|--------------------------------------|--|--|
| At the beginning of the period/year | 595,007 | 861,554 |
| ECL allowance | 13,381 | 76,517 |
| Reversal | (61,065) | (341,103) |
| Others | (9,588) | (1,961) |
| | <u>537,735</u> | <u>595,007</u> |
| At the end of the period/year | <u>537,735</u> | <u>595,007</u> |

18. CONTRACT ASSETS AND COST TO FULFIL CONTRACTS/CONTRACT LIABILITIES

(a) Contract assets and cost to fulfil contracts

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|---|---|---|
| Contract assets arising from construction and service contracts | 20,366,627 | 16,402,808 |
| Cost to fulfil contracts | 1,385,764 | 161,736 |
| Less: ECL allowance | (126,681) | (199,560) |
| | <u>21,625,710</u> | <u>16,364,984</u> |

Typical payment terms which impact the amount of contract assets recognised are as follows:

The Group's construction and service contracts include payment schedules which require progress payments over the construction period once certain specified milestones are reached. Approximate 5% of progress billings of engineering construction service would be retained as quality guarantee. This amount is included in contract assets until the end of guarantee period.

The amount of contract assets that is expected to be recovered after more than one year is RMB2,252,403,000 (31 December 2023: RMB1,712,760,000).

18. CONTRACT ASSETS AND COST TO FULFIL CONTRACTS/CONTRACT LIABILITIES (CONTINUED)

(b) Contract liabilities

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|--|---|---|
| Contract liabilities arising from construction and service contracts | <u>4,086,809</u> | <u>5,361,274</u> |

The balance of contract liabilities as at 1 January 2024 is RMB5,361,274,000, in which RMB4,202,589,000 was recognised as revenue during the period.

Unsatisfied performance obligation:

The Group has signed engineering service contracts with several customers to provide petroleum engineering and technical service and construction engineering contracts, which will be completed within the agreed period and regarded as a single performance obligation as a whole. As at 30 June 2024, part of the Group's petroleum engineering and technical service and construction engineering contracts were still in the process, and the total transaction price apportioned to the unsatisfied and partially unsatisfied performance obligation was RMB46.6billion (31 December 2023: RMB 24.28 billion), the amount of which was related to the progress of the performance of each contract, and will be recognised as revenue in accordance with the percentage of work performed in the future, which is expected to be completed in the coming 60 months.

19. INVENTORIES

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|------------------------------|---|---|
| Raw materials | 839,750 | 949,128 |
| Work in progress | 90,655 | 92,117 |
| Finished goods | 10,283 | 5,732 |
| Turnover materials | 20,988 | 12,077 |
| | <u>961,676</u> | <u>1,059,054</u> |
| Less: Inventories write-down | (16,495) | (16,495) |
| | <u>945,181</u> | <u>1,042,559</u> |

For the six months ended 30 June 2024 and 2023, cost of inventories recognised as expenses and included in “cost of sales” amounting to RMB14,233,203,000 and RMB15,879,309,000 respectively. For the six months ended 30 June 2024, no addition provision for inventories was made to write down inventories to their net realisable value and no reversal of inventories write-down (For the six months ended 30 June 2023: RMB nil) was made.

20. SHARE CAPITAL

| | As at 30 June 2024 | | As at 31 December 2023 | |
|---|---|--|---|--|
| | Number of shares (Share) | Share capital RMB'000 (Unaudited) | Number of shares (Share) | Share capital RMB'000 (Audited) |
| Registered, issued and paid: | | | | |
| - Domestic non-public legal person shares of RMB1.00 each | 11,786,045,218 | 11,786,046 | 11,786,045,218 | 11,786,046 |
| - Social public A shares of RMB1.00 each | 1,783,333,333 | 1,783,333 | 1,783,333,333 | 1,783,333 |
| - H shares of RMB1.00 each | 5,414,961,482 | 5,414,961 | 5,414,961,482 | 5,414,961 |
| | <u>18,984,340,033</u> | <u>18,984,340</u> | <u>18,984,340,033</u> | <u>18,984,340</u> |

21. NOTES AND TRADE PAYABLES

| | as at 30 June 2024 | as at 31 December 2023 |
|--|------------------------|---------------------------------|
| | RMB'000 (Unaudited) | RMB'000 (Audited) |
| Trade payables | | |
| - Sinopec group and its subsidiaries | 2,487,388 | 2,481,469 |
| - Joint ventures of the group | 108,023 | 90,398 |
| - Joint ventures and associates of Sinopec group | 1,456 | 3,636 |
| - Third parties | 22,643,674 | 23,798,425 |
| | <u>25,240,541</u> | <u>26,373,928</u> |
| Notes payables | 9,049,739 | 8,821,760 |
| | <u>34,290,280</u> | <u>35,195,688</u> |

As at 30 June 2024 and 31 December 2023, the carrying amount of Group's notes and trade payables were approximately their fair values.

Ageing analysis of notes and trade payables based on invoice date is as follows:

| | As at 30 June 2024 | As at 31 December 2023 |
|---------------|------------------------|---------------------------------|
| | RMB'000 (Unaudited) | RMB'000 (Audited) |
| Within 1 year | 33,463,685 | 34,328,566 |
| 1 to 2 years | 513,460 | 563,627 |
| 2 to 3 years | 165,133 | 156,428 |
| Over 3 years | 148,002 | 147,067 |
| | <u>34,290,280</u> | <u>35,195,688</u> |

22. OTHER PAYABLES

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|------------------------------|---|---|
| Salaries payables | 880,486 | 863,071 |
| Other tax payables | 512,481 | 794,189 |
| Interest payables (note (a)) | 16,070 | 20,006 |
| Other payables (note (b)) | | |
| Guarantee deposits | 1,099,949 | 1,056,429 |
| Deposits | 152,830 | 157,375 |
| Disbursement of funds | 794,727 | 725,937 |
| Temporary receipts | 476,596 | 474,728 |
| Escrow payments | 44,497 | 45,194 |
| Withheld payments | 432,031 | 57,811 |
| Project expenses payable | 322,947 | 302,134 |
| Others | 549,106 | 581,897 |
| | <u>5,281,720</u> | <u>5,078,771</u> |

Notes:

- (a) As at 30 June 2024, interest payables include related party balances with Sinopec Group and its subsidiaries amounting to RMB14,790,000 (31 December 2023: RMB17,586,000).
- (b) As at 30 June 2024, other payables include related party balances with Sinopec Group and its subsidiaries amounting to RMB98,869,000 (31 December 2023: RMB69,875,000), joint ventures of the Group amounting to RMB264,000 (31 December 2023: RMB172,000) and the joint venture of Sinopec Group amounting to RMB36,000 (31 December 2023: RMB2,654,000).
- (c) The above amounts due to related parties are unsecured, interest free and repayable on demand.

23. BORROWINGS

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|---|---|--|
| Current liabilities | | |
| Loans from Sinopec Finance Company Limited (note (a)) | 22,100,000 | 19,185,000 |
| Loans from Sinopec Century Bright Capital Investment Limited (note (a)) | - | 722,435 |
| Bank borrowings (note (a)) | 235,184 | - |
| Lease liabilities (note (b)) | 345,627 | 436,121 |
| | <u>22,680,811</u> | <u>20,343,556</u> |
| Non-current liabilities | | |
| Bank borrowings (note (a)) | - | 318,722 |
| Lease liabilities (note (b)) | 426,791 | 317,120 |
| | <u>426,791</u> | <u>635,842</u> |
| | <u>23,107,602</u> | <u>20,979,398</u> |

Notes:

(a) The borrowings of the Group are repayable as follows:

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|---------------|---|--|
| Within 1 year | 22,335,184 | 19,907,435 |
| 1 to 2 years | - | 318,722 |
| | <u>22,335,184</u> | <u>20,226,157</u> |

As at 30 June 2024, annual interest rate of credit loans from related parties and bank ranged from 2.90% to 3.75% (31 December 2023: 2.90% to 3.75%).

23. BORROWINGS (CONTINUED)

(b) Lease liabilities

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|--|---|--|
| Total future lease payments | | |
| - Within 1 year | 360,661 | 455,092 |
| - 1 to 2 years | 206,130 | 153,117 |
| - 2 to 5 years | 166,259 | 130,398 |
| - Over 5 years | 90,409 | 62,520 |
| | <u>823,459</u> | <u>801,127</u> |
| Future finance charges on lease liabilities | (51,041) | (47,886) |
| | <u>772,418</u> | <u>753,241</u> |
| Present value of lease liabilities | <u>772,418</u> | <u>753,241</u> |
| | | |
| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
| Present value of future lease payments | | |
| - Within 1 year | 345,627 | 436,121 |
| - 1 to 2 years | 191,433 | 143,015 |
| - 2 to 5 years | 149,746 | 117,805 |
| - Over 5 years | 85,612 | 56,300 |
| | <u>772,418</u> | <u>753,241</u> |
| Less: Portion due within one year included under current liabilities | (345,627) | (436,121) |
| | <u>426,791</u> | <u>317,120</u> |
| Portion due after one year included under non-current liabilities | <u>426,791</u> | <u>317,120</u> |

As at 30 June 2024, the Group leases various residential properties, office and equipment. The leases run for an initial period of 1 to 30 years (31 December 2023: 1 to 30 years), with an option to renew the leases and renegotiate the terms at the expiry date or at dates mutually agreed between the Group and respective landlords/lessors.

For the six months ended 30 June 2024, total cash outflow for the lease payment is RMB900,182,000 (30 June 2023: RMB629,995,000).

24. COMMITMENTS

(a) Capital commitments

Capital commitments for the purchase of property, plant and equipment outstanding as at 30 June 2024 and 31 December 2023 are as follows:

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|---------------------------------|---|---|
| Contracted but not provided for | <u>107,541</u> | <u>138,720</u> |

(b) Lease commitments

The lease commitments for short-term leases as at 30 June 2024 and 31 December 2023 are as follows:

| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|---------------|---|---|
| Within 1 year | <u>47,638</u> | <u>46,397</u> |

As at 30 June 2024 and 31 December 2023, the Group leases various residential properties, office and equipment with a lease period of 6 to 12 months, which are qualified to be accounted for under short-term lease exemption under IFRS 16.

(c) Investment commitments

As at 30 June 2024, the Group has outstanding commitments of RMB129,625,000 (31 December 2023: RMB129,625,000) in respect of its investment in joint ventures.

(d) Fulfilment of commitments

The Group has fulfilled the capital and operating lease commitments as at 30 June 2024.

25. CONTINGENCIES AND GUARANTEES

In preparing this interim financial information, except for described below, there were no further developments of those contingencies as at 30 June 2024, which were disclosed in the 2023 annual report.

(a) Contingent liabilities and financial impacts due to pending litigation

On 8 October 2014, the Ecuador Banya Duri Company 厄瓜多爾斑尼亞杜麗公司 (“EBDC”), an indirectly wholly-owned subsidiary of the Company (the “Banya Duri Company”) entered into the Contract for I-L-Y Oilfield Comprehensive Service Projects in Ecuador (the “I-L-Y Oilfield Projects Contract”) with Corporacion Estatal Petrolera Ecuatoriana (the “PAM”). During the implementation of the I-L-Y oilfield comprehensive service project, the two parties had disputes over the oilfield production and payment amount from 2016 to 2017 and negotiations were unsuccessful. In October 2018, the EBDC has initiated an international legal arbitration plan. In April 2019, in accordance with the relevant provisions of the I-L-Y oilfield project contract, EBDC submitted a "Notice of Application for Legal Arbitration" to PAM for contract disputes to initiate legal arbitration procedures. In May 2020, the Company submitted an arbitration application for the compensation and the accrued interest, approximately amounting to USD79.22 million. In February 2022, Banya Duli Company received the international arbitration award issued by the arbitral tribunal on the dispute over the payment of oil production increase in the I-L-Y oilfield comprehensive service project. The overall result of the award is favourable for Banya Duli Company. However, since the place of arbitration is Chile, the parties to the arbitration have the right to apply for annulment of the arbitral award according to the relevant laws of Chile, and there is still uncertainty as whether the other party will perform the arbitral award. In August 2022, EBDC received a formal notification from the Santiago Court of Chile that PAM had hired a local Chilean law firm to submit an application for revocation of the arbitration award to the court in late July 2022. EBDC has to file the statement of defense within 10 working days of receipt of the notice. After receiving the notice, EBDC has hired a local law firm in Chile to provide litigation support in accordance with Chilean law, and submitted a statement of defense in August 2022. EBDC received an email from a supporting lawyer from Chile in October 2022, and the Chilean court has included the hearing of the case on the schedule. In November 2022, Chilean law firm received a notice from the local court to request confirmation of the hearing on 29 November 2022.

25. CONTINGENCIES AND GUARANTEES (Continued)

(a) Contingent liabilities and financial impacts due to pending litigation (Continued)

On 12 May 2023, Ecuadorian time, Santiago court in Chile issued the judgement of first instance to dismiss the application of PAM and its relevant parties to revoke the arbitration ruling supports PAM's payment of approximately USD64 million as compensation to EBDC ("the Ruling"). In December 2023, EBDC and PAM entered into a settlement arrangement in Quito, Ecuador in relation to the payment of part of the award in the Ruling. Pursuant to the foregoing agreement, the parties agreed that PAM shall pay part of the award in the Ruling in 11 monthly instalments from December 2023, totalling approximately US\$34.98 million and to set up coordinated work meetings to determine corresponding payment plans in relation to the remaining award in the Ruling.

As at 30 June 2024, as the Ruling results had not been fully executed, it is currently impossible to determine the impact of the Arbitration on the current or future profits of the Company. The Company has made a certain proportion of bad debt provision for the above accounts receivable. If PAM and its relevant parties fulfil the settlement agreement and actually pay the award in the future, the Company shall record the resulting reversal amount of loss provision as a gain in profit and loss in the current period when the said amount is received. The Company will make active response and safeguard the legitimate rights and interests of the Company.

25. CONTINGENCIES AND GUARANTEES (CONTINUED)

(b) Contingent liabilities arising from overseas tax penalties and their financial impact

Sinopec Group International Petroleum Engineering Algeria Co., Ltd. (“Algeria Subsidiary”), a subsidiary of Sinopec International Oil Engineering Company Limited (“Sinopec International”), has been operating in Algeria since its establishment. The Algerian tax department is conducting a tax audit on the taxes and fees generated by the business income of the Algerian subsidiary from 2018 to 2020. After receiving the preliminary investigation results, the Algerian subsidiary of Sinopec International and each project department hired a local intermediary agency to conduct tax defense. Based on the audit results of previous years and the assessment of project tax risks, the company’s management accrues estimated liabilities for the relevant taxes that may be involved. As at 30 June 2024, the estimated liability balance is RMB36,185,000 (31 December 2023: RMB49,366,000).

(c) Contingent liabilities and financial impacts from guarantee provided for other entities

As at 30 June 2024 there is no material contingency from guarantee provided for other entities except for disclosed in note 25(d) below (31 December 2023: none).

(d) Performance guarantee

As at 30 June 2024, the Group agreed to provide performance guarantee for DS Servicios Petroleros, S.A.de C.V. (“Mexico DS Company”) for the performance obligations under the production sharing contract for the EBANO project entered into between Mexican National Hydrocarbons Commission, being the beneficiary, and the Mexico DS Company. During the guarantee period, when Mexico DS Company loses contract performance capabilities, the Group shall undertake to perform the contracts on its behalf to an amount not exceed USD274,950,000.

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. The Group is subject to the control of the PRC government which also controls a significant portion of the productive assets and entities in the PRC (collectively known as the “state-owned enterprises”).

In accordance with IAS 24 “Related party disclosures”, other state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC government are regarded as related parties of the Group (“other state-owned enterprises”). For the purpose of related party disclosures, the Group has in place procedures to identify the immediate ownership structure of its customers and suppliers to determine whether they are state-owned enterprises. Many state-owned enterprises have multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatisation programs. Nevertheless, management believes that meaningful information relating to related party transaction has been adequately disclosed.

In addition to the related party transactions and balances shown elsewhere in this interim financial information, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties, including other state-owned enterprises, for the six months ended 30 June 2024 and 2023.

The transactions with related parties are carried out on normal commercial terms or relevant agreements with counterparties in the ordinary course of business.

The majority of these significant related party transactions with Sinopec Group and its fellow subsidiaries also constitute continuing connected transactions as defined under Chapter 14A of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

26. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant related party transactions arising with Sinopec Group and its subsidiaries and fellow subsidiaries:

| | For the six months ended 30 June | |
|---|----------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Purchases of materials - Sinopec group and its subsidiaries | 4,308,757 | 4,834,015 |
| Sale of products - Sinopec group and its subsidiaries | 31,830 | 37,569 |
| Rendering of engineering services - Sinopec group and its subsidiaries | 21,144,882 | 22,492,325 |
| Receiving of community services - Sinopec group and its subsidiaries | 10,043 | 18,951 |
| Receiving of integrated services - Sinopec group and its subsidiaries | 489,813 | 224,060 |
| Rendering of integrated services - Sinopec group and its subsidiaries | 39,066 | 11,672 |
| Rendering of technology research and development services - Sinopec group and its subsidiaries | 54,790 | 67,796 |
| Rental income - buildings - Sinopec group and its subsidiaries | 702 | 170 |
| Rental income - equipment - Sinopec group and its subsidiaries | 725 | 241 |

26. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant related party transactions arising with Sinopec Group and its subsidiaries and fellow subsidiaries: (Continued)

| | For the six months ended 30 June | |
|---|----------------------------------|--------------------------------|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Lease payment – lands and buildings | | |
| - Sinopec group and its subsidiaries | 60,695 | 17,328 |
| Lease payment – equipment | | |
| - Sinopec group and its subsidiaries | 115,809 | 36,895 |
| Deposits interest income | | |
| - Sinopec group's subsidiaries | 4,485 | 2,487 |
| Loans interest expenses | | |
| - Sinopec group and its subsidiaries | 317,066 | 330,200 |
| Interest expenses on lease liabilities | | |
| - Sinopec group and its subsidiaries | 5,699 | 9,268 |
| Borrowings obtained | | |
| - Sinopec group and its subsidiaries | 13,557,825 | 13,336,360 |
| Borrowings repaid | | |
| - Sinopec group and its subsidiaries | 11,367,463 | 11,596,612 |
| Safety and insurance fund expenses | | |
| - Sinopec group | 42,975 | 42,145 |
| Safety and insurance fund refund | | |
| - Sinopec group | 43,563 | 46,171 |

26. **SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)**

(b) **Significant related party transactions arising with the associates and joint ventures of the Group:**

| | For the six months ended 30 June | |
|---|---|---|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Rendering of engineering services | | |
| - Associates and joint ventures of the group | 5,608 | 100,978 |
| Receiving of engineering services | | |
| - Associates and joint ventures of the group | 997,576 | 956,860 |

26. **SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)**

(c) **Significant related party transactions arising with the associates and joint ventures of Sinopec Group:**

| | For the six months ended 30 June | |
|--|---|---|
| | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Purchases of materials - Associates and joint ventures of Sinopec group | 77,568 | 70,877 |
| Rendering of engineering services - Associates and joint ventures of Sinopec group | 1,689,391 | 2,206,549 |
| Receiving of integrated services - Associates and joint ventures of Sinopec group | 36 | 7 |
| Lease payment – equipment - Associates and joint ventures of Sinopec group | 5,159 | 1,582 |
| Interest expenses on lease liabilities - Associates and joint ventures of Sinopec group | 1,628 | 4,299 |

26. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Remuneration of key management personnel

Key management includes directors, supervisors, president, vice presidents, chief financial officer and secretary to the Board of Directors. The compensation paid or payable to key management for employee services is shown below:

| | For the six months ended 30 | |
|--------------------------------|-----------------------------|--------------|
| | June | |
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Fee | 300 | 300 |
| Salaries, allowances and bonus | 6,947 | 7,543 |
| Contributions to pension plans | 301 | 308 |
| | <u>7,548</u> | <u>8,151</u> |

(e) Provision for counter guarantee

As at 30 June 2024, the Group has provided the counter guarantee to Sinopec Group, amounting to RMB300,000,000 (31 December 2023: RMB300,000,000). The counter guarantee will be ended in September 2024.

27. FAIR VALUE

Other than noted as below, the carrying amount of the Group's financial assets and liabilities stated in the condensed consolidated statement of financial position are not materially different from their fair values.

Fair value is the price that would be received to sell assets or paid to transfer liabilities in an orderly transaction between market participants at the measurement date. The Group discloses fair value measurements of financial instruments by level of the following fair value measurement hierarchy:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

27. FAIR VALUE (CONTINUED)

(a) Recurring fair value measurement of the Group's financial assets measured at fair value

The financial assets measured at fair value in the condensed consolidated statement of financial position on a recurring basis are grouped into the fair value hierarchy as follows:

| | Level 3 | |
|---|---|---|
| | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
| Financial assets at FVTOCI (non-recycling) | | |
| - Unlisted equity investments | 135,763 | 135,763 |
| Financial assets at FVTOCI | | |
| - Notes receivables | 1,385,577 | 2,735,081 |
| | <u>1,521,340</u> | <u>2,870,844</u> |

The reconciliation of the carrying amounts of assets classified within Level 3 of the fair value hierarchy is as follows:

| | For the six months ended 30 June 2024 RMB'000 (Unaudited) | For the year ended 31 December 2023 RMB'000 (Audited) |
|--|--|--|
| At the beginning of the period/year | 2,870,844 | 1,602,832 |
| (Settlement)/Addition, net | (1,349,504) | 1,266,741 |
| Movement in fair value recognised in other comprehensive income | - | 1,271 |
| At the end of the period/year | <u>1,521,340</u> | <u>2,870,844</u> |

27. FAIR VALUE (CONTINUED)

(a) Recurring fair value measurement of the Group's financial assets measured at fair value (Continued)

The fair value of the unlisted equity investments and notes receivables is measured using valuation techniques with reference to the net asset value and discounted cash flows, respectively. The Directors believe that the change in fair value (which is included in other comprehensive income) derived from the valuation technique is reasonable and is the most appropriate value at the end of the reporting period. There have been no transfers into or out of Level 3 during the six months period ended 30 June 2024 (2023: Nil).

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amount of the Group's financial instruments measured at amortised cost are not materially different from fair value as at 30 June 2024 and 31 December 2023.

7.2 Interim financial report prepared in accordance with the PRC ASBE

The following financial information has been extracted from the Company's unaudited interim financial report, prepared in accordance with the PRC ASBE, for the six months ended 30 June 2024

Consolidated balance sheets

(Expressed in thousands of Renminbi Yuan)

| Assets | 30 June 2024 | 31 December 2023 |
|-------------------------------------|-------------------------|-----------------------------|
| Current assets: | | |
| Cash at bank and on hand | 3,005,730 | 2,816,116 |
| Accounts receivable | 9,438,839 | 10,602,242 |
| Receivable at FVTOCI | 1,385,577 | 2,735,081 |
| Prepayments | 737,517 | 511,443 |
| Other receivables | 2,960,641 | 2,760,141 |
| Inventories | 2,330,945 | 1,204,295 |
| Contract assets | 20,239,946 | 16,203,248 |
| Other current assets | 2,779,561 | 2,492,849 |
| Total current assets | 42,878,756 | 39,325,415 |
| Non-current assets: | | |
| Long-term equity investments | 499,535 | 553,496 |
| Other equity instrument investments | 135,763 | 135,763 |
| Fixed assets | 23,632,781 | 24,870,821 |
| Construction in progress | 493,540 | 695,614 |
| Right-of-use assets | 835,826 | 799,633 |
| Intangible assets | 349,238 | 442,778 |
| Long-term prepaid expenses | 6,705,176 | 7,938,767 |
| Deferred tax assets | 370,136 | 400,687 |
| Total non-current assets | 33,021,995 | 35,837,559 |
| Total assets | 75,900,751 | 75,162,974 |

Consolidated balance sheets (continued)
(Expressed in thousands of Renminbi Yuan)

| Liabilities and shareholders' equity | 30 June 2024 | 31 December 2023 |
|--|------------------------|----------------------------|
| Current liabilities : | | |
| Short-term loans | 22,100,000 | 19,907,435 |
| Bills payable | 9,049,739 | 8,821,760 |
| Accounts payable | 25,240,541 | 26,373,928 |
| Contract liabilities | 4,086,809 | 5,361,274 |
| Employee benefits payable | 880,486 | 863,071 |
| Taxes payable | 715,523 | 1,000,904 |
| Other payables | 3,805,903 | 3,362,683 |
| Non-current liabilities due within one year | 580,811 | 436,121 |
| Total current liabilities | 66,459,812 | 66,127,176 |
| Non-current liabilities: | | |
| Long-term loans | | 318,722 |
| Lease liabilities | 426,791 | 317,120 |
| Long-term payables | 82,850 | 58,829 |
| Provisions | 99,541 | 212,709 |
| Deferred income | 20,784 | 18,189 |
| Deferred income tax liabilities | 86,841 | 87,027 |
| Total non-current liabilities | 716,807 | 1,012,596 |
| Total liabilities | 67,176,619 | 67,139,772 |
| Equity : | | |
| Share capital | 18,984,340 | 18,984,340 |
| Capital reserve | 11,717,773 | 11,717,773 |
| Other comprehensive income | -29,402 | 22,618 |
| Specific reserve | 614,992 | 313,849 |
| Surplus reserve | 200,383 | 200,383 |
| Retained earnings | -22,763,954 | -23,215,761 |
| Total equity attributable to owners of the Company | 8,724,132 | 8,023,202 |
| Non-controlling interests | - | - |
| Total equity | 8,724,132 | 8,023,202 |
| Total liabilities and equity | 75,900,751 | 75,162,974 |

Consolidated income statements

(Expressed in thousands of Renminbi Yuan)

| | For the six months ended | |
|---|---------------------------------|-------------|
| | 30 June | |
| | 2024 | 2023 |
| 1.Revenue | 36,821,444 | 37,133,528 |
| Less: Cost of sales | 33,864,636 | 34,406,386 |
| Taxes and surcharges | 159,159 | 129,783 |
| Selling and distribution expenses | 28,842 | 31,421 |
| General and administrative expenses | 960,299 | 1,038,184 |
| Research and development expenses | 1,115,981 | 815,114 |
| Finance costs | 346,091 | 373,817 |
| Including: Interest expense | 355,632 | 384,275 |
| Interest income | 17,341 | 10,897 |
| Add: Other income | 22,515 | 21,510 |
| Investment income (“-” for losses) | 14,891 | 17,146 |
| Including: Share of profit of associates and joint ventures | 2,483 | 3,516 |
| Credit impairment losses (“-” for losses) | 187,077 | 162,110 |
| Assets impairment (“-” for losses) | 77,770 | -13,597 |
| Gains from disposal of non-current asset (“-” for losses) | 43,963 | 8,835 |
| 2.Operating profit (“-” for losses) | 692,652 | 534,827 |
| Add: Non-operating income | 39,823 | 68,417 |
| Less: Non-operating expenses | -49,089 | 61,670 |
| 3.Profit before income tax (“-” for losses) | 781,564 | 541,574 |
| Less: Income tax expenses | 329,757 | 215,670 |
| 4.Net profit for the period (“-” for losses) | 451,807 | 325,904 |
| Profit for the period attributable to: | | |
| - Owners of the company | 451,807 | 325,904 |
| - Non-controlling interests | - | - |
| 5.Earnings per share(“-” for losses): | | |
| Basic earnings per share (in RMB) | 0.024 | 0.017 |
| Diluted earnings per share (in RMB) | 0.024 | 0.017 |
| 6.Other comprehensive income for the period | - | - |
| 7.Total comprehensive income for the period | 399,787 | 325,904 |
| Total comprehensive income for the period attributable to: | | |
| - Owners of the Company | 399,787 | 325,904 |
| - Non-controlling shareholders | - | - |

Consolidated cash flow statement*(Expressed in thousands of Renminbi Yuan)*

| | For the six months ended | |
|---|---------------------------------|-------------|
| | 30 June | |
| | 2024 | 2023 |
| 1. Cash flows from operating activities: | | |
| Cash received from sale of goods and rendering of services | 30,695,013 | 28,888,115 |
| Refund of taxes | 66,152 | 150,275 |
| Cash received from other operating activities | 1,810,237 | 1,898,878 |
| Sub-total of cash inflows | 32,571,402 | 30,937,268 |
| Cash paid for goods and services | 22,426,556 | 20,838,274 |
| Cash paid to and for employees | 7,623,929 | 7,480,986 |
| Cash paid for all types of taxes | 1,170,781 | 949,630 |
| Cash paid relating to other operating activities | 1,540,202 | 1,246,766 |
| Sub-total of cash outflows | 32,761,468 | 30,515,656 |
| Net cash inflow from operating activities | -190,066 | 421,612 |
| 2. Cash flows from investing activities : | | |
| Cash received from the investment income | 4,645 | 4,418 |
| Net cash received from disposal of fixed assets | 20,615 | 17,583 |
| Net cash received from disposal of subsidiaries and other business units | | 11,983 |
| Sub-total of cash inflows | 25,260 | 33,984 |
| Cash paid for acquisition of fixed assets, intangible assets and other long term assets | 1,118,166 | 1,667,426 |
| Cash paid for the investments | - | - |
| Sub-total of cash outflows | 1,118,166 | 1,667,426 |
| Net cash inflow from investing activities (“-” for outflow) | -1,092,906 | -1,633,442 |
| 3. Cash flows from financing activities : | | |
| Cash received from borrowings | -1,092,906 | -1,633,442 |
| Sub-total of cash inflows | 13,834,050 | 13,336,360 |
| Cash paid for repayments of borrowings | 11,728,695 | 11,653,293 |
| Cash paid for distribution of dividend, profit or payments of interests | 319,750 | 327,555 |
| Cash paid for other financing activities | 277,399 | 255,422 |
| Sub-total of cash outflows | 12,325,844 | 12,236,270 |
| Net cash inflow from financing activities | 1,508,206 | 1,100,090 |
| 4. Effect of foreign exchange rate changes on cash and cash equivalents | -35,913 | 70,398 |
| 5. Net decrease in cash and cash equivalents | 189,321 | -41,342 |
| Add: Cash and cash equivalents at the beginning of the period | 2,788,797 | 1,801,150 |
| 6. Cash and cash equivalents at the end of the period | 2,978,118 | 1,759,808 |

Consolidated Statement of changes in equity

(Expressed in thousands of Renminbi Yuan)

| Items | Share capital | Capital reserve | Other comprehensive income | Specific reserve | Surplus reserve | (Accumulated losses)/Retained earnings | Non-controlling interests | Total equity |
|--|-------------------|-------------------|----------------------------|------------------|-----------------|--|---------------------------|------------------|
| Balance at 31 December 2023 | 18,984,340 | 11,717,773 | 22,618 | 313,849 | 200,383 | -23,215,761 | - | 8,023,202 |
| Add: Changes in accounting policies | - | - | - | - | - | - | - | - |
| Adjustment for the business combination under common control | - | - | - | - | - | - | - | - |
| Balance at 1 January 2024 | 18,984,340 | 11,717,773 | 22,618 | 313,849 | 200,383 | -23,215,761 | - | 8,023,202 |
| Changes during the period (decrease in "-") | - | - | -52,020 | 301,143 | - | 451,807 | - | 700,930 |
| Total comprehensive income | - | - | -52,020 | - | - | 451,807 | - | 399,787 |
| Increase or decrease of capital | - | - | - | - | - | - | - | - |
| Transfer of equity | - | - | - | - | - | - | - | - |
| Transfer of other comprehensive income reserve | - | - | - | - | - | - | - | - |
| Net loss | - | - | - | - | - | - | - | - |
| Distribution of profits | - | - | - | - | - | - | - | - |
| Specific reserve-provided during the period | - | - | - | 555,172 | - | - | - | 555,172 |
| Specific reserve-used during the period (expressed in "-") | - | - | - | 254,029 | - | - | - | 254,029 |
| Balance at 30 June 2024 | 18,984,340 | 11,717,773 | -29,402 | 614,992 | 200,383 | -22,763,954 | - | 8,724,132 |
| Balance at 31 December 2022 | 18,984,340 | 11,717,773 | 5,232 | 326,983 | 200,383 | -23,807,392 | - | 7,427,319 |
| Add: Changes in accounting policies | - | - | - | - | - | 2,415 | - | 2,415 |
| Adjustment for the business combination under common control | - | - | - | - | - | - | - | - |
| Balance at 1 January 2023 | 18,984,340 | 11,717,773 | 5,232 | 326,983 | 200,383 | -23,804,977 | - | 7,429,734 |
| Changes during the period (decrease in "-") | - | - | - | 323,216 | - | 325,904 | - | 649,120 |
| Total comprehensive income | - | - | - | - | - | 325,904 | - | 325,904 |
| Increase or decrease of capital | - | - | - | - | - | - | - | - |
| Transfer of equity | - | - | - | - | - | - | - | - |
| Transfer of other comprehensive income reserve | - | - | - | - | - | - | - | - |
| Net loss | - | - | - | - | - | - | - | - |
| Distribution of profits | - | - | - | - | - | - | - | - |
| Specific reserve-provided during the period | - | - | - | 560,313 | - | - | - | 560,313 |
| Specific reserve-used during the period (expressed in "-") | - | - | - | -237,097 | - | - | - | -237,097 |
| Balance at 30 June 2023 | 18,984,340 | 11,717,773 | 5,232 | 650,199 | 200,383 | -23,479,073 | - | 8,078,854 |

7.3 Reconciliation statement of differences in the financial statements prepared under different GAAPs

The difference between the financial statements prepared under the IFRS and PRC ASBE on net profit and net assets are as follows:

| | Net profit attributable to equity shareholders of the Company | | Net assets attributable to equity shareholders of the Company | |
|-------------------------|--|----------------|--|------------------|
| | For the six months ended 30 June | | At 30 June | At 1 January |
| | 2024 | 2023 | 2024 | 2023 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Amounts under PRC ASBE | 451,807 | 325,904 | 8,724,132 | 8,023,202 |
| Adjustments under IFRS: | - | - | - | - |
| Specific reserve (a) | 301,143 | 323,216 | - | - |
| Amounts under IFRS | <u>752,950</u> | <u>649,120</u> | <u>8,724,132</u> | <u>8,023,202</u> |

a. Specific reserve

Under PRC ASBE, accrued production safety fund is recognised as expenses in profit or loss and separately recorded as a specific reserve in shareholders' equity according to the national regulation. As using production safety fund, if it is profit or loss related, the cost of expenditure is directly charged against the specific reserves. While if it is capital expenditure related, the cost of fixed asset is offset against the specific reserves and the same amount of accumulated depreciation is recognised, then the fixed asset is no longer depreciated in its useful life.

8. OTHER EVENTS

8.1 Compliance with the Corporate Governance Code

For the six months ended 30 June 2024, the Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix C1 to the Listing Rules.

8.2 Compliance with the Model Code

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. Upon specifically inquires of all the directors, supervisors and senior management, the Company confirms that its directors, supervisors and senior management have fully complied with the standards as set out in the Model Code during the reporting period.

8.3 Purchase, sale or redemption of the Company's listed securities

During the reporting period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

By order of the Board
Shen Zehong
Company Secretary

20 August 2024
Beijing, The PRC

As at the date of this announcement, the Board of Directors comprises Mr. Wu Baizhi#, Mr. Zhang Jiankuo#, Mr. Zhao Jinhai+, Ms. Zhang Lili+, Mr. Du Kun+, Mr. Xu Keyu+, Mr. Zheng Weijun, Mr. Wang Pengcheng* and Ms. Liu Jiangning*.*

Executive Director

+ Non-Executive Director

** Independent Non-Executive Director*