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Sinopec Oilfield Service Corporation

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

(Stock code: 1033)

2019 Third Quarterly Results

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

The Board of Directors (**the "Board"**) of the Company hereby presents the third quarterly results of the Company and its subsidiaries ended 30 September 2019.

§1. Important Notes

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

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

1.3 Mr. Liu Zhongyun, Chairman, Mr. Yuan Jianqiang, General Manager, Mr. Li Tian, Chief Financial Officer and Mr. Pei Defang, Director of the Asset and Accounting Department of the Company warranted the authenticity and completeness of the financial statements contained in this quarterly report.

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

2.1 Key financial data (prepared in accordance with the PRC Accounting Standards for

Business Enterprises and unaudited)

	As at 30 September 2019 RMB'000	As at 31 December 2018 RMB'000	Increase/(decrease) from last year (%)
Total assets	66,853,074	60,904,715	9.8
Total equity attributable to shareholders of the Company	6,922,291	5,778,410	19.8
	For the nine months ended 30 September 2019 RMB'000	For the nine months ended 30 September 2018 RMB'000	Increase/(decrease) from corresponding period of last year (%)
Net cash inflow from operating activities ("-" for outflow)	897,769	-3,043,798	Not applicable
	For the nine months ended 30 September 2019 RMB'000	For the nine months ended 30 September 2018 RMB'000	Increase/(decrease) from corresponding period of last year (%)
Operating income	47,599,937	37,181,137	28.0
Net profit attributable to equity shareholders of the Company ("-" for losses)	723,193	439,974	64.4
Net profit deducted extraordinary gain and loss attributable to equity shareholders of the Company ("-" for losses)	557,596	2,033	27,327.3
Weighted average return on net assets (%)	11.78	8.97	Increased by 2.81 percentage points
Basic earnings per share (in RMB) ("-" for losses)	0.038	0.024	58.3
Diluted earnings per share (in RMB) ("-" for losses)	0.038	0.024	58.3

Extraordinary gain and loss items

√ Applicable Not Applicable

Items	Amount during the period from July to September 2019 RMB'000	For the nine months ended 30 September 2019 RMB'000
Disposal of non-current assets	15,288	13,851
Government grants recognized in profit or loss during the current period	20,364	42,092
Gain or loss on debt restructuring	16,891	92,400
Other non-operating income and expenses excluding the aforesaid items	26,917	33,140
Other profit and loss items that meet the definition of extraordinary gains and losses	31,624	31,624
Effect of income tax	-24,855	-47,510
Total	86,229	165,597

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

Unit: Share

The total number of shareholders at the end of this reporting period	136,686, of which the number of H shareholders was 345					
Shareholdings of the top ten shareholders						
Names of shareholders	Number of shares held (shares)	Percent age to total share capital (%)	Number of shares with selling restrictions (Share)	Number of pledged or frozen share		Nature of shareholders
				Shares status	Amounts	
China Petrochemical Corporation	10,727,896,364	56.51	1,503,568,702	None	0	State-owned legal person
Hong Kong Securities Clearing Company (Nominees) Limited (“ HKSCC (Nominees) Limited ”)	5,401,964,978	28.45	2,595,786,987	None	0	Overseas legal person
CITIC Limited	1,035,000,000	5.45	0	None	0	State-owned legal person
China Minsheng Banking Corp., LTD., Hohhot branch	127,447,400	0.67	0	None	0	Domestic non-state-owned legal

						person
Donghai Fund-Industrial Bank-Huaxin Trust-Huizhi Investment No.49 Trust Plan	66,666,666	0.35	0	None	0	Other
Donghai Fund-Industrial Bank-Huaxin Trust-Huizhi Investment No.47 Trust Plan	66,666,666	0.35	0	None	0	Other
Changjiang Pension Insurance Co.,Ltd.-Changjiang Shengshi Huazhang No.2 Community Pension anagement Fund	23,148,854	0.12	23,148,854	None	0	Other
Hong Kong Securities Clearing Company Limited	15,604,902	0.08	0	None	0	Overseas legal person
Shenzhen Yongtai Investment Co., Ltd.	15,000,000	0.08	0	None	0	Domestic non-state-owned legal person
Huaan Fund- Industrial Bank –China Foreign Economy & Trade Co.Ltd	13,333,300	0.07	0	None	0	Other

Shareholdings of the top ten shareholders of shares without selling restriction

Name of shareholders	Number of shares without selling restrictions held at the end of the reporting period (shares)	Type and Amount of shares	
		Type	Amount
China Petrochemical Corporation	9,224,327,662	A shares	9,224,327,662
Hong Kong Securities Clearing Company (Nominees) Limited (“ HKSCC (Nominees) Limited ”)	2,806,201,757	H shares	2,806,201,757
CITIC Limited	1,035,000,000	A shares	1,035,000,000
CHINA MINSHENG BANKING CORP., LTD., Hohhot branch	127,447,400	A shares	127,447,400
Donghai Fund- Industrial Bank-Huaxin Trust-Huizhi Investment No.49 Trust Plan	66,666,666	A shares	66,666,666
Donghai Fund-Industrial Bank-Huaxin Trust-Huizhi	66,666,666	A shares	66,666,666

Investment No.47 Trust Plan			
Hong Kong Securities Clearing Company Limited	15,604,902	A shares	15,604,902
Shenzhen Yongtai Investment Co., Ltd.	15,000,000	A shares	15,000,000
Huaan Fund- Industrial Bank –China Foreign Economy & Trade Co.Ltd	13,333,300	A shares	13,333,300
Vanguard Investment Australia Ltd - Vanguard Emerging Markets Stock Index Fund (Exchange)	9,301,900	A shares	9,301,900
Statement on the connected relationship or activities in concert among the above-mentioned shareholders	Donghai Fund- Industrial Bank-Huaxin Trust-Huizhi Investment No.47 Trust Plan and Donghai Fund- Industrial Bank-Huaxin Trust-Huizhi Investment No.49 Trust Plan belong to Donghai Fund Management Co. Ltd. Other than the above, the Company is not aware that there is any connected relationship or activities in concert among the above-mentioned shareholders.		

2.3 Total number preferred shareholders, top 10 preferred shareholders and top 10 holders of preference shares without selling restriction as at the end of the reporting period

Applicable Not applicable

§3. Significant Events

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

Applicable Not applicable

Item	As at 30 September 2019 RMB '000	As at 31 December 2018 RMB '000	Change (%)	Reason for change
Bills receivable	1,036,962	481,196	115.5	Mainly due to the increase in revenue and the increase in the settlement of bills
Prepayments	1,052,579	444,749	136.7	Mainly due to the increase in prepayments for procurement of steel pipes for new pipeline projects from January to September in 2019.
Contract Assets	14,335,454	8,871,704	61.6	Mainly due to the increase in the workload from January to September in 2019
Non-current assets due within one	0	40,477	-100.0	Mainly due to the collection of due funds

year				
Other current assets	1,645,693	1,218,035	35.1	Mainly due to the increase in VAT deduction
Long-term equity investments	36,124	232,823	-84.5	Since the acquisition of foreign equity, SinoFTS Petroleum Services Limited has become the wholly-owned subsidiary of the company
Construction in progress	932,548	365,414	155.2	Mainly due to the investment in geophysical acquisition equipment from January to September in 2019
Right-of-use assets	1,147,188	0	Not applicable	Mainly due to the implementation of the new leases standard
Bills payable	5,354,418	3,797,742	41.0	Mainly due to the increase in bill settlement
Other payables	2,887,528	2,186,009	32.1	Mainly due to the factoring of account payable
Non-current liabilities due within one year	463,643	156,559	196.1	Mainly due to the implementation of the new leases standard
Other current liabilities	0	917	-100.0	Mainly due to the decrease in output VAT to be certified
Lease liabilities	843,504	0	Not applicable	Mainly due to the implementation of the new leases standard
Special reserve	718,766	300,609	139.1	Mainly due to the increase in the provision for special reserves

Item	For the nine months ended 30 September		Change (%)	Reason for change
	2019 RMB '000	2018 RMB '000		
Research and development expenses	683,745	268,744	154.4	Mainly to increase the technical input in drilling and completion, complex reservoir logging, special reservoir reconstruction.
Finance costs	615,969	223,609	175.5	Mainly due to the year-on-year increase in interest expenses and the impact of new leases standard
Other income	255,183	694,050	-63.2	Mainly due to the receipt of government subsidies for relocation of employees during the same period last year.
Investment income	45,558	-1,304	Not applicable	Mainly due to the year-on-year increased profitability of joint ventures
Asset disposal income	13,851	-7,248	Not applicable	Mainly due to the year-on-year increase in income from non-current assets disposal

Income tax expenses	325,337	228,138	42.6	Mainly due to the year-on-year increase in profits
Net cash flow from operating activities	897,769	-3,043,798	Not applicable	Mainly due to the significant increase in operating income year-on-year and the improvement of project settlement
Net cash flow from investing activities	-1,275,151	-398,073	Not applicable	Mainly due to the increase in cash paid for long-term assets such as the procurement of geophysical acquisition construction equipment.
Net cash flow from financing activities	151,625	2,816,237	Not applicable	Mainly due to the impact of funds raised by non-public offering in the same period last year

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

Applicable Not applicable

3.3 Non-performance of undertakings during the reporting period

Applicable Not applicable

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

Applicable Not applicable

By order of the Board
Li Honghai
Secretary to the Board
28 October 2019, Beijing

As at the date of this announcement, the Board of Directors comprises Mr. Liu Zhongyun+, Mr. Chen Xikun#, Mr. Yuan Jianqiang#, Mr. Lu Baoping+, Mr. Fan Zhonghai+, Mr. Wei Ran+, Mr. Xiao Yi+, Ms. Jiang Bo, Mr. Pan Ying*, Mr. Chen Weidong* and Mr. Dong Xiucheng**

“ + ” Non-Executive Director

“ # ” Executive Director

*“ * ” Independent Non-Executive Director*

§ 4 Appendix

4.1 Financial statements

Consolidated Balance Sheet As at 30 September 2019

Sinopec Oilfield Service Corporation

(Expressed in thousands of renminbi yuan and unaudited)

item	At the end of this reporting period	At the end of the last reporting year
Current assets:		
Cash at bank and on hand	2,034,412	2,203,441
Bills receivable	1,036,962	481,196
Accounts receivable	13,794,238	15,630,004
Receivables financing		
Prepayments	1,052,579	444,749
Other receivables	2,183,940	1,712,575
Including: Interest receivable	0	0
Dividend receivable	0	188
Inventories	1,801,814	1,411,638
Contract assets	14,335,454	8,871,704
Held for sale assets		
Non-current assets due within one year	0	40,477
Other current assets	1,645,693	1,218,035
Total current assets	37,885,092	32,013,819
Non-current assets:		
Long-term receivables	0	0
Long-term equity investments	36,124	232,823
Other equity instrument investments	39,011	39,011
Fixed assets	22,092,471	23,842,767
Construction in progress	932,548	365,414
Right-of-use assets	1,147,188	0
Intangible assets	218,141	237,275
Long-term deferred expenses	4,076,337	3,681,168
Deferred tax assets	426,162	492,438
Other non-current assets	0	0

Total non-current assets	28,967,982	28,890,896
Total assets	66,853,074	60,904,715
Current liabilities:		
Short-term loans	18,861,462	17,606,082
Bills payable	5,354,418	3,797,742
Accounts payable	24,860,425	23,261,762
Advances from customers		
Employee benefits payable	659,872	510,507
Taxes payable	814,298	1,053,477
Other payables	2,887,528	2,186,009
Including: Interest payables	1,834	12,893
Dividend payables	0	0
Contract liabilities	3,093,092	4,390,293
Held for sale liabilities		
Non-current liabilities due within one year	463,643	156,559
Other current liability	0	917
Total current liabilities	56,994,738	52,963,348
Non-current liabilities:		
Long-term loans	495,103	536,291
Leases Liabilities	843,504	0
Long-term payable	832,505	868,672
Long-term employment benefits payable		
Provisions	582,613	595,742
Deferred income	160,658	139,594
Deferred tax liabilities	21,662	22,658
Other non-current liability		
Total non-current liabilities	2,936,045	2,162,957
Total liabilities	59,930,783	55,126,305
Shareholders' equity:		
Share capital	18,984,340	18,984,340
Capital reserve	11,713,294	11,710,763
Other comprehensive income	11,676	11,676
Specific reserve	718,766	300,609
Surplus reserve	200,383	200,383

Retained earnings	-24,706,168	-25,429,361
Equity attributable to shareholders of the Company	6,922,291	5,778,410
Minority interests		
Total shareholders' equity	6,922,291	5,778,410
Total liabilities and shareholders' equity	66,853,074	60,904,715

*Legal Representative: Mr. Liu Zhongyun, CEO: Mr. Yuan Jianqiang Chief Financial Officer: Mr. Li Tian
Director of Asset and Accounting Department: Mr. Pei Defang*

Balance Sheet

As at 30 September 2019

Sinopec Oilfield Service Corporation

(Expressed in thousands of renminbi yuan and unaudited)

item	At the end of this reporting period	At the end of the last reporting year
Current assets:		
Cash at bank and on hand	170	58,679
Bills receivable		
Accounts receivable		
Receivables financing		
Prepayments		
Other receivables	4,413,264	4,357,230
Including: Interest receivable		
Dividend receivable		
Inventories		
Contract assets		
Held for sale assets		
Non-current assets due within one year		
Other current assets	16	
Total current assets	4,413,450	4,415,909
Non-current assets:		
Long-term receivables		
Long-term equity investments	27,891,662	27,891,662
Other equity instrument investments		

Other non-current financial assets		
Fixed assets		
Construction in progress		
Intangible assets		
Research and development expenditure		
Goodwill		
Long-term deferred expenses		
Deferred tax assets		
Other non-current assets		
Total non-current assets	27,891,662	27,891,662
Total assets	32,305,112	32,307,571
Current liabilities:		
Short-term loans		
Bills payable		
Accounts payable	9,950	1,535
Advances from customers		
Contract liabilities		
Employee benefits payable		
Taxes payable	26,450	26,371
Other payables	8	
Including: Interest payables		
Dividend payables		
Liabilities classified as held for sale		
Non-current liabilities due within one year		
Other current liability		
Total current liabilities	36,408	27,906
Non-current liabilities:		
Long-term loans		
Long-term payable		
long-term employment benefits payable		
Provisions		

Deferred income		
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	36,408	27,906
Shareholders' equity:		
Share capital	18,984,340	18,984,340
Capital reserve	14,563,537	14,561,006
Other comprehensive income		
Specific reserve		
Surplus reserve	200,383	200,383
Retained earnings	-1,479,556	-1,466,064
Total shareholders' equity	32,268,704	32,279,665
Total liabilities and shareholders' equity	32,305,112	32,307,571

*Legal Representative: Mr. Liu Zhongyun, CEO: Mr. Yuan Jianqiang Chief Financial Officer: Mr. Li Tian
Director of Asset and Accounting Department: Mr. Pei Defang*

Consolidated Income Statement
For the nine months ended 30 September 2019

Sinopec Oilfield Service Corporation

(Expressed in thousands of renminbi yuan and unaudited)

Item	For the three months ended 30 September 2019 (July to September)	For the three months ended 30 September 2018 (July to September)	For the nine months ended 30 September 2019	For the nine months ended 30 September 2018
1. Total Operating Income	17,343,907	13,528,135	47,599,937	37,181,137
Including: Operating Income	17,343,907	13,528,135	47,599,937	37,181,137
2. Total Operating Costs	17,364,470	13,464,930	46,998,143	37,349,909
Including: Operating Costs	16,162,991	12,635,125	43,650,622	34,893,173
Business taxes and surcharges	67,696	65,375	193,048	182,943
Selling and distribution expenses	18,882	14,811	44,182	38,342
General and administrative expenses	750,057	661,086	1,810,577	1,743,098

Research and development expenses	203,963	28,548	683,745	268,744
Finance costs	160,881	59,985	615,969	223,609
Including: Interest expenses	243,976	173,290	732,136	456,754
Interest income	33,375	28,805	112,599	63,919
Add: Other income	153,147	31,716	255,183	694,050
Investment income (“-” for losses)	36,148	1,665	45,558	-1,304
Including: Investment income from associated enterprise and joint ventures	39,864	1,665	49,274	-1,304
Credit impairment losses (“-” for losses)	94,816	944	99,004	122,824
Impairment losses (“-” for losses)				
Gains from assets disposal (“-” for losses)	15,288	-8,143	13,851	-7,248
3. Operating profit (“-” for losses)	278,836	89,387	1,015,390	639,550
Add: Non-operating income	38,736	48,710	63,091	68,881
Less: Non-operating expenses	11,819	19,051	29,951	40,319
4. Total profit (“-” for losses)	305,753	119,046	1,048,530	668,112
Less: Income tax expenses	91,988	80,021	325,337	228,138
5. Net profit (“-” for losses)	213,765	39,025	723,193	439,974
Classification by going concern:				
– Continuous operating net profit. (“-” for losses)	213,765	39,025	723,193	439,974
– Termination of net profit. (“-” for losses)				
Classification by ownership				
– Attributable to the owners’ of parent company. (“-” for losses)	213,765	39,025	723,193	439,974
– Minority interests. (“-” for losses)				
6. Other comprehensive net income after tax	0	0	0	0
7. Total comprehensive income	213,765	39,025	723,193	439,974
Attributable to shareholders of the Company	213,765	39,025	723,193	439,974
Attributable to minority shareholders of the Company	0	0	0	0
8. Earnings per share:				
(1) Basic earnings per share (in RMB)	0.011	0.002	0.038	0.024

(2) Diluted earnings per share (in RMB)	0.011	0.002	0.038	0.024
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Profit from combined party before business combination under common control was zero during the current period. Profit from combined party before business combination under common control was zero during the prior period.

*Legal Representative: Mr. Liu Zhongyun, CEO: Mr. Yuan Jianqiang Chief Financial Officer: Mr. Li Tian
Director of Asset and Accounting Department: Mr. Pei Defang*

Income Statement
For the nine months ended 30 September 2019

Sinopec Oilfield Service Corporation

(Expressed in thousands of renminbi yuan and unaudited)

Item	For the three months ended 30 September 2019 (July to September)	For the three months ended 30 September 2018 (July to September)	For the nine months ended 30 September 2019	For the nine months ended 30 September 2018
1. Operating Income				
Less: Operating Costs				
Business taxes and surcharges				
Selling and distribution expenses				
General and administrative expenses	332	1,029	17,703	3,457
Research and development expenses				
Finance costs		-345	-4,211	-39,921
Including: Interest expenses				
Interest income	1	1,301	4,212	1,301
Asset impairment losses				
Credit impairment losses				
Add: Other income				
Investment income (“-” for losses)				
Including: Investment income from associated enterprise and joint ventures				
Gains/(losses) from hedging in exposure (loss in “-”)				
Gains/(losses) from				

changes in fair value (loss in “-”)				
Asset disposal income (loss in “-”)				
2. Operating profit (“-” for losses)	-332	-684	-13,492	36,464
Add: Non-operating income				
Less: Non-operating expenses				
3. Total profit (“-” for losses)	-332	-684	-13,492	36,464
Less: Income tax expenses				
4. Net profit (“-” for losses)	-332	-684	-13,492	36,464
– Continuous operating net profit. (“-” for losses)	-332	-684	-13,492	36,464
– Termination of net profit. (“-” for losses)				
5. Other comprehensive net income after tax	0	0	0	0
6. Total comprehensive income for the period	-332	-684	-13,492	36,464
7. Earnings per share:				
(1) Basic earnings per share (in RMB)				
(2) Diluted earnings per share (in RMB)				

*Legal Representative: Mr. Liu Zhongyun, CEO: Mr. Yuan Jianqiang Chief Financial Officer: Mr. Li Tian
Director of Asset and Accounting Department: Mr. Pei Defang*

Consolidated Cash flow statement For the nine months ended 30 September 2019

Sinopec Oilfield Service Corporation

(Expressed in thousands of renminbi yuan and unaudited)

Item	For the nine months ended 30 September 2019	For the nine months ended 30 September 2018
1. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	36,347,932	26,188,713
Refund of taxes	71,978	88,254
Cash received relating to other operating activities	10,866,782	19,241,828
Sub-total of cash inflows	47,286,692	45,518,795
Cash paid for goods and services	25,724,454	22,054,678
Cash paid to and for employees	10,317,162	8,996,720
Cash paid for all types of taxes	1,065,935	899,175

Cash paid relating to other operating activities	9,281,372	16,612,020
Sub-total of cash outflows	46,388,923	48,562,593
Net cash inflow from operating activities (outflow listed with “-”)	897,769	-3,043,798
2. Cash flows from investing activities:		
Cash received from investment	0	0
Cash received from investment income	1,107	706
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	611	3,847
Net cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities	0	19
Sub-total of cash inflows	1,718	4,572
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	1,086,917	402,645
Cash paid for investments		0
Net increase in pledged loans		
Net cash paid for acquisition of subsidiaries and other business units	189,952	
Cash paid relating to other investing activities		0
Sub-total of cash outflows	1,276,869	402,645
Net cash inflow from investing activities (outflow listed with “-”)	-1,275,151	-398,073
3. Cash flows from financing activities:		
Cash received from the acquisition of investments	0	7,639,698
Including: Cash received from non-controlling shareholders of subsidiaries		
Cash received from borrowings	25,326,118	24,968,942
Cash received from issuance of bonds		
Cash received relating to other financing activities		
Sub-total of cash inflows	25,326,118	32,608,640
Cash repayments of borrowings	24,237,297	25,600,294
Cash paid for dividends or interest	569,418	449,351
Including: Cash paid for the dividend to minority shareholders of subsidiaries		
Cash paid relating to other financing activities	367,778	3,742,758

Sub-total of cash outflows	25,174,493	29,792,403
Net cash inflow from financing activities	151,625	2,816,237
4. Effect of exchange rate changes on cash and cash equivalents	56,728	241,727
5. Net increase in cash and cash equivalents	-169,029	-383,907
Add: Cash and cash equivalents at the beginning of the period	2,173,580	2,523,356
6. Cash and cash equivalents at the end of the period	2,004,551	2,139,449

Legal Representative: Mr. Liu Zhongyun, CEO: Mr. Yuan Jianqiang Chief Financial Officer: Mr. Li Tian
Director of Asset and Accounting Department: Mr. Pei Defang

Cash flow statement

For the nine months ended 30 September 2019

Sinopec Oilfield Service Corporation

(Expressed in thousands of renminbi yuan and unaudited)

Item	For the nine months ended 30 September 2019	For the nine months ended 30 September 2018
1. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services		
Refund of taxes		
Cash received relating to other operating activities	1,008,232	1,121,738
Sub-total of cash inflows	1,008,232	1,121,738
Cash paid for goods and services	1,855	0
Cash paid to and for employees		
Cash paid for all types of taxes		
Cash paid relating to other operating activities	1,064,886	7,901,458
Sub-total of cash outflows	1,066,741	7,901,458
Net cash inflow from operating activities (outflow listed with “-”)	-58,509	-6,779,720
2. Cash flows from investing activities:		
Cash received from disposal of investment		
Cash received from investment income		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other business units		

Cash received relating to other investing activities		
Sub-total of cash inflows		
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		
Cash paid for other investment activities		
Net cash paid for acquisition of subsidiaries and other business units		
Cash paid for other investing activities		
Sub-total of cash outflows		
Net cash inflow from investing activities (outflow listed with “-”)		
3. Cash flows from financing activities:		
Cash received from the acquisition of investments		7,639,698
Cash received from borrowings		
Cash received relating to other financing activities		
Sub-total of cash inflows		7,639,698
Cash repayments of borrowings		
Cash paid for distribution of dividend, profit or payments of interests		
Cash paid for other financing activities		1,120,283
Sub-total of cash outflows		1,120,283
Net cash inflow from financing activities		6,519,415
4. Effect of exchange rate changes on cash and cash equivalents		82,239
5. Net increase in cash and cash equivalents	-58,509	-178,066
Add: Cash and cash equivalents at the beginning of the period	58,679	236,745
6. Cash and cash equivalents at the end of the period	170	58,679

*Legal Representative: Mr. Liu Zhongyun, CEO: Mr. Yuan Jianqiang Chief Financial Officer: Mr. Li Tian
Director of Asset and Accounting Department: Mr. Pei Defang*

4.2 At the first implementation of the new financial instrument standards, new lease standards and new revenue standards, the situation to adjust the relevant items of the financial statements at the beginning of the first implementation year is as follow:

✓ Applicable Not applicable

Consolidated Balance Sheet

(Expressed in thousands of renminbi yuan)

item	As at 31 December 2018	As at 1 January 2019	Adjustments
Current assets:			
Cash at bank and on hand	2,203,441	2,203,441	0
Bills receivable	481,196	481,196	0
Accounts receivable	15,630,004	15,630,004	0
Prepayments	444,749	444,749	0
Other receivables	1,712,575	1,712,575	0
Including: Interest receivables			
Dividend receivables	188	188	0
Recoursable financial assets acquired			
Inventories	1,411,638	1,411,638	0
Contract assets	8,871,704	8,871,704	0
Held for sale assets			
Non-current assets due within one year	40,477	40,477	0
Other current assets	1,218,035	1,218,035	0
Total current assets	32,013,819	32,013,819	0
Non-current assets:			
Long-term receivable			
Long-term equity investments	232,823	232,823	0
Other equity instrument investments	39,011	39,011	0
Fixed assets	23,842,767	23,771,168	-71,599
Construction in progress	365,414	365,414	0
Right-of-use asset	0	1,020,627	1,020,627
Intangible assets	237,275	232,726	-4,549
Long-term deferred expenses	3,681,168	3,681,168	0
Deferred income tax assets	492,438	492,438	0
Other non-current assets			
Total non-current assets	28,890,896	29,835,375	944,479
Total assets	60,904,715	61,849,194	944,479
Current liabilities:			
Short-term loans	17,606,082	17,606,082	0
Bills payable	3,797,742	3,797,742	0
Accounts payable	23,261,762	23,261,762	0
Advances from customers			
Employee benefits payable	510,507	510,507	0
Taxes payable	1,053,477	1,053,477	0
Other payables	2,186,009	2,186,009	0

Including: Interest payable	12,893	12,893	0
Dividend payable			
Contract liabilities	4,390,293	4,390,293	0
Held for sale liabilities			
Non-current liabilities due within one year	156,559	466,861	310,302
Other current liabilities	917	917	0
Total current liabilities	52,963,348	53,273,650	310,302
Non-current liabilities:			
Long-term loans	536,291	536,291	0
Lease liability	0	663,295	663,295
Long-term payable	868,672	839,554	-29,118
Long-term employment benefits payable			
Provisions	595,742	595,742	0
Deferred income	139,594	139,594	0
Deferred tax liabilities	22,658	22,658	0
Other non-current liabilities			
Total non-current liabilities	2,162,957	2,797,134	634,177
Total liabilities	55,126,305	56,070,784	944,479
Shareholders' equity:			
Share capital	18,984,340	18,984,340	0
Capital reserve	11,710,763	11,710,763	0
Other comprehensive income	11,676	11,676	0
Specific reserve	300,609	300,609	0
Surplus reserve	200,383	200,383	0
Retained earnings	-25,429,361	-25,429,361	0
Equity attributable to shareholders of the Company	5,778,410	5,778,410	0
Minority interests			
Total shareholders' equity	5,778,410	5,778,410	0
Total liabilities and shareholders' equity	60,904,715	61,849,194	944,479

Explanation of the adjustments:

Applicable Not applicable

4.3 Explanation of retrospective adjustment of comparative information of the previous period by the first implementation of the new financial instrument standards or the new revenue standards

Applicable Not applicable

4.4 Audit report

Applicable Not applicable