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**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 2015**

The Board of Directors (“**the Board**”) of Sinopec Oilfield Service Corporation (“**the Company**”) hereby presents the interim results of the Company for the six months ended 30 June 2015.

**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 Interim Report and individually and jointly accept full responsibility for the authenticity, accuracy and completeness of the information contained in this Interim Report.

1.2 The interim financial statements of the Company for 2015, 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 2015, which have been prepared in accordance with the IFRS, have been reviewed by Grant Thornton Hong Kong Limited.

1.3 Mr. Jiao Fangzheng, Chairman, Mr. Zhu Ping, Vice Chairman and General Manager, Mr. Wang Hongchen, Chief Financial Officer, and Mr. Song Daoqiang, Director of the Asset and Accounting Department of the Company, hereby warranted the authenticity and completeness of the interim financial statements contained in the Interim Report.

1.4 This announcement of interim results is a summary of the 2015 Interim Report of the Company. For more details, investors should carefully read the full version of the 2015 Interim Report, which is 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.hkex.com.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, 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	*ST Yihua
H Shares	HKSE	SINOPEC SSC	1033	Yizheng Chemical

#### 2.1.2 Contact Persons and Contact Methods

	Secretary to the board	Securities Representative
Name	Li Honghai	Wu Siwei
Address	Office of the board of directors, #9 Jishikou Road, Changyang District, Beijing, China.	
Telephone	86-10-59960871	
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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 2015 RMB'000	As at 31 December 2014 RMB'000	Increase /(Decrease) (%)
Total assets	73,812,786	81,295,708	(9.2)
Total equity attributable to equity shareholders of the Company	23,401,862	18,697,120	25.2
Net assets per share attributable to equity shareholders of the Company <sup>1</sup>	RMB 1.65	RMB 1.46	13.0
	For the six months ended 30 June 2015 RMB '000	For the six months ended 30 June 2014 RMB '000	Increase/(Decrease) (%)
(Loss)/Profit attributable to equity shareholders of the Company	(1,247,775)	(455,775)	Not applicable
Including: continuing operations <sup>2</sup>	(1,247,775)	1,293,011	(196.5)
discontinued operations <sup>2</sup>	-	(1,748,786)	Not applicable
Basic and diluted (loss)/earnings per share	RMB (0.090)	RMB (0.030)	Not applicable
Including: continuing operations	RMB (0.090)	RMB 0.085	(205.9)
discontinued operations	-	RMB (0.115)	Not applicable
Net cash used in operating activities	(1,397,163)	(2,034,103)	Not applicable
Return on net assets	(5.33%)	(1.87%)	Decreased by 3.46 percentage points
Net cash used in operating activities per share <sup>3</sup>	RMB (0.101)	RMB (0.134)	Not applicable

Note:

1. The per share information was calculated on the base of the number of shares at the end of each reporting period/year.
2. The oilfield business was classified as “Continuing operations” and the fibre business was classified as “Discontinued operations” in the condensed consolidated statement of comprehensive income.
3. The per share information was calculated on the base of the weighted average number of shares during each reporting period.

## 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 2015 RMB'000	For the six months ended 30 June 2014		Increase/(Decrease) (%)
		After adjustment RMB'000	Before adjustment RMB'000	
Operating income	23,121,285	42,109,535	7,924,423	-45.1
Operating profit ("-" for losses)	-1,349,881	-357,179	-1,667,853	Not applicable
Profit before income tax ("-" for losses)	-1,197,310	-174,083	-1,676,496	Not applicable
Net profit attributable to equity shareholders of the Company ("-" for losses)	-1,380,350	-687,285	-1,750,279	Not applicable
Net profit deducted extraordinary gain and loss attributable to equity shareholders of the Company ("-" for losses)	-1,401,445	-1,741,636	-1,741,636	Not applicable
Net cash inflow from operating activities ("-" for outflow)	-1,371,422	-1,982,413	-257,014	Not applicable
	As at 30 June 2015 RMB'000	As at 31 December 2014		Increase/(Decrease) (%)
		After adjustment RMB'000	Before adjustment RMB'000	
Total assets	73,812,786	81,295,708	81,295,708	-9.2
Total equity attributable to equity shareholders of the Company	23,401,862	18,697,120	18,697,120	25.2

Note: The before-adjustment data for the first half of 2014 are the related financial data which were disclosed in the Financial Report of the Company 2014 Interim Report. According to the regulation of "Enterprise Accounting Standards No. 20 - Business Combinations", for a business combination under common control, the initial figures of the consolidated balance sheet should be adjusted, while the comparative statements related items to be adjusted. Therefore, the adjusted financial data for the first half of 2014 included the data of outgoing assets and incoming assets.

## (2) Key financial indicators

	For the six months ended 30 June 2015 RMB'000	For the six months ended 30 June 2014		Increase/(Decrease) (%)
		After adjustment RMB'000	Before adjustment RMB'000	
Basic earnings per share (RMB) ("-" for losses)	<b>-0.101</b>	-0.045	-0.292	Not applicable
Diluted earnings per share (RMB) ("-" for losses)	<b>-0.101</b>	-0.045	-0.292	Not applicable
Basic earnings per share deducted extraordinary gain and loss (RMB) ("-" for losses)	<b>-0.102</b>	-0.114	-0.290	Not applicable
Weighted average return on net assets	<b>-6.56%</b>	-2.86%	-28.13%	Decreased by 3.70 percentage points
Weighted average return on net assets deducted extraordinary gain and loss	<b>-6.66%</b>	-7.25%	-27.99%	Increased by 0.59 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)
Disposal of non-current assets	13,506
Government grants recognised in profit or loss during the current period	19,087
Other non-operating income and expenses excluding the aforesaid items	-3,273
Effect of income tax	-8,225
Total	21,095

### 2.2.4 Significant 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 ("-" for losses)		Total equity attributable to equity shareholders of the Company	
	For the six months ended 30 June 2015 RMB'000	For the six months ended 30 June 2014 RMB'000	As at 30 June 2015 RMB'000	As at 1 January 2015 RMB'000
PRC ASBE	-1,380,350	-687,285	23,401,862	18,697,120
IFRS	-1,247,775	-455,775	23,401,862	18,697,120
Explanations for difference	Please refer to the section 7.3 of the financial report in this announcement			

### 3. CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF MAJOR SHAREHOLDERS

3.1 Details of the changes in share capital are as follows:

*Unit: Share*

	Before change		Increase/(Decrease) (+/-)					After change	
	Number of shares	Per cent (%)	New issue	Stock dividends	Conversion from Reserve	Others	Sub-total	Number of shares	Per cent (%)
I. Shares with selling restrictions:	10,259,327,662	80.1	+1,333,333,333	-	-	-	+1,333,333,333	11,592,660,995	82.0
1. State-owned shares	-	-	-	-	-	-	-	-	-
2. Shares held by state-owned companies	10,259,327,662	80.1	-	-	-	-	-	10,259,327,662	72.6
3. Shares held by other domestic investors	-	-	+1,333,333,333	-	-	-	+1,333,333,333	1,333,333,333	9.4
4. Shares held by foreign investors	-	-	-	-	-	-	-	-	-
II. Shares without selling restrictions	2,550,000,000	19.9	-	-	-	-	-	2,550,000,000	18.0
1. RMB-denominated ordinary shares	450,000,000	3.5	-	-	-	-	-	450,000,000	3.2
2. Shares traded in non-RMB currencies and listed domestically	-	-	-	-	-	-	-	-	-
3. Shares listed overseas	2,100,000,000	16.4	-	-	-	-	-	2,100,000,000	14.8
4. Others	-	-	-	-	-	-	-	-	-
III. Total shares	12,809,327,662	100.0	+1,333,333,333	-	-	-	+1,333,333,333	14,142,660,995	100.0

During the reporting period, the Company's total equity and its share capital structure have been changed. On 3 March 2015, the Company accomplished complementary private placement and issued 1,333,333,333 A shares with selling restrictions and conditions for sale, resulting in the changes of the Company's total equity and its share capital structure.

3.2 As at 30 June 2015, there were 102,327 shareholders in the Company, including 101,956 shareholders holding A shares and 371 registered holders of H shares.

3.3 As at 30 June 2015, the shareholdings of the top ten shareholders of the Company are respectively as follows:

<b>Shareholdings of the top ten shareholders</b>					
Names of shareholders	Nature of shareholders	Number of shares held (shares)	Percent age to total share capital (%)	Number of shares with selling restrictions (shares)	Number of shares pledged or frozen
China Petroleum Chemical Corporation	State-owned legal person	9,224,327,662	65.22	9,224,327,662	0
Hong Kong Securities Clearing Company (Nominees) Limited* (“HKSCC (Nominees) Limited”)	Overseas legal person	2,085,275,495	14.74	0	0
CITIC Limited	State-owned legal person	1,035,000,000	7.32	1,035,000,000	0
Beijing Harvest Yuanhe Investment Center (Limited Partnership)	Other	293,333,333	2.07	293,333,333	Unknown
Nanjing Ruisen Investment Management Partnership Enterprise (Limited Partnership)	Other	133,333,333	0.94	133,333,333	133,333,333
Darry Asset Management (Hangzhou) Co., Ltd.	Other	133,333,333	0.94	133,333,333	Unknown
Hua An Fund- Minsheng Bank- Hua An Jifeng No. 11 Asset Management Plan	Other	111,110,800	0.79	111,110,800	Unknown
Beixin Ruifeng Fund- ICBC- Fengqing No.33 Asset Management Plan	Other	93,333,333	0.66	93,333,333	Unknown
Donghai Fund- Xingye Bank- Xinlong No.118 Multi-client Asset Management Plan	Other	66,666,667	0.47	66,666,667	Unknown
Donghai Fund- Xingye Bank-Huaxin Trust- Huizhi Investment No.49 Trust Plan	Other	66,666,666	0.47	66,666,666	Unknown
Donghai Fund- Xingye Bank-Huaxin Trust- Huizhi Investment No.47 Trust Plan	Other	66,666,666	0.47	66,666,666	Unknown
<b>Shareholdings of top ten shareholders of shares without selling restrictions</b>					
Name of shareholders			Number of shares without selling restrictions held at the end of the reporting period (shares)		Types of shares
HKSCC (Nominees) Limited*			2,085,275,495		H Share
IP KOW			2,850,000		H Share
Tao Huilian			2,445,660		A Share
Hong Kong Securities Clearing Company Limited (“HKSCC limited”)			2,372,383		A Share
Wang Xin			2,212,915		A Share
Wang Yuying			2,126,011		A Share

Xu Xiao	2,000,000	A Share
Su Lan	1,762,100	A Share
Hua Fu Ding Xin Flexible Allocation Security Investment Fund	1,100,000	H Share
Li Yucai	1,029,200	A Share
Statement on the connected relationship or activities in concert among the above-mentioned shareholders.	<p>1. Shares held by HKSCC Limited represent the aggregate shares it held as a nominee on behalf of the shareholders of the Company under Shanghai-Hong Kong Stock Connect.</p> <p>2. Except that “HKSCC (Nominees) Limited” and “HKSCC Limited” belong to subsidiary of HKSE, and “Donghai Fund- Xingye Bank-Xinlong No.118 Multi-client Asset Management Plan”, “Donghai Fund- Xingye Bank-Huaxin Trust- Huizhi Investment No.49 Trust Plan” and “Donghai Fund- Xingye Bank-Huaxin Trust-Huizhi Investment No.47 Trust Plan” belong to Donghai Fund Management Limited Company, the Company is not aware that there is any connected relationship or activities in concert among the above-mentioned shareholders.</p>	

Notes: \*Shares held on behalf of different customers.

### 3.4 The interest or short position held by the substantial shareholders and other persons in the Company's shares or underlying shares

So far as the directors be aware of, as at 30 June 2015, the persons other than a Director, Supervisor or senior management of the Company who had interests or short positions in the shares or underlying shares of the Company which are discloseable 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	Per cent of shareholding in the Company's total issued share capital (%)	Per cent of shareholding in the Company's total issued domestic shares (%)	Per cent of shareholding in the Company's total issued H shares (%)	Short position (shares)
China Petroleum Chemical Corporation	9,224,327,662	65.22	76.60	Not Applicable	-
CITIC Limited	1,035,000,000	7.32	8.59	Not Applicable	-

As at 30 June 2015, so far as the Directors are aware, save as disclosed above, no person (other than a Director, Supervisor or senior management of the Company) had an interest or short position in the shares of the Company according to the register of interests in shares and short positions kept by the Company pursuant to Section 336 of the SFO.

## **4. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

### **4.1 Changes in Directors, Supervisors and Senior Management**

Due to the change of work, Mr. Wang Chunjiang had applied for resigning as the Chairman of Supervisory Committee and Mr. Zhang Jixing had applied for resigning as the Supervisor. The valid date was from 28 April 2015. The Board expresses its sincere gratitude to them for their important contributions to the Company during the term of office.

Due to the change of work, Mr. Yong Ziqiang, Mr. Zuo yaojiu, Mr. Zong Tie and Mr. Zhao Diandong had applied to the Board for resigning as Deputy General Manager, respectively. The valid date was from 28 April 2015. The Board expresses its sincere gratitude to them for their important contributions to the Company during the term of office.

By the election of the employees, Mr. Hu Guoqiang was elected as the Employee Representative Supervisor of the eighth session of Supervisory Committee. The term was valid from 28 April 2015 until the end of the eighth session of the Supervisory Committee. Meanwhile, Mr. Huguoqiang was elected as the Chairman of Supervisory Committee of eighth session at the third meeting of the eighth session of Supervisory Committee on 28 April 2015.

In accordance with the nomination of General Manager, the Board resolved that Mr. Zhang Jinhong and Mr. Huang Songwei were appointed as the Deputy General Manager of the Company. The term was valid from 28 April 2015 until the end of the eighth session of the Board.

Mr. Zhang Hong was elected as Director of the eighth session of the Board of the company at 2014 Annual General Meeting held on 16 June 2015. The term of Mr. Zhang was valid from 16 June 2015 until the end of the eighth session of the Board.

Mr. Du Jiangbo was elected as Supervisor of the eighth session of the Supervisory Committee at 2014 Annual General Meeting held on 16 June 2015. The term of Mr. Du was valid from 16 June 2015 until the end of the eighth session of the Board.

### **4.2 Directors', Supervisors' and Senior Management's interests in shares**

At the end of the reporting period, Directors, Supervisors and Senior Management did not hold the Company's shares.

No Directors, Supervisors and Senior Management had any interests, whether beneficial or non-beneficial, in the issued share capital of the Company, and other associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance of Hong Kong) during the reporting period.



#### **4.3. Directors', Supervisors' and Senior Management's rights to acquire shares and debentures and short position**

At 30 June 2015, none of the Directors or Supervisors of the Company had any interest and short positions in any shares, underlying shares or debentures of the Company or any associated corporations within the meaning of Part XV of the SFO required to be recorded in the register mentioned under Section 352 of the SFO or as otherwise notifiable to the Company and the Hong Kong Stock Exchange by the Directors and Supervisors pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (“Model Code”) as contained in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

#### **4.4 Independent Director and Audit Committee**

As at 30 June 2015, the Company has three Independent Directors, one of whom are professionals in the accounting field and have experience in financial management.

The Audit Committee of the Board of the Company has been founded in accordance with requirements under the Listing Rules.

Mr. Wong, Kennedy Ying Ho (“Mr. Wong”) has applied to resign as an independent non-executive director, chairman of the Remuneration Committee and member of the Audit Committee on 2 August 2015 effective from 3 August 2015. Following the resignation of Mr. Wong, there would only be two independent non-executive directors in the Board, which will result in the number and percentage of independent non-executive directors to fall below the minimum number requirement of Rule 3.10(1) and as such the Company will not be able to satisfy the requirement of Rule 3.25 of the Listing Rules by having a majority of the members of the remuneration committee to be the independent non-executive directors of the Company and the number of members of the audit committee of the Company may also fall below the minimum number required under Rule 3.21 of the Listing Rules. The Board is now actively looking for suitable candidate to ensure that a sufficient number of independent non-executive directors and sufficient members of the audit committee and the remuneration committee of the Company will be appointed to meet the requirements of the Listing Rules. The Company will make a further announcement once a new independent non-executive director is appointed.

### **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*

#### **5.1 Market review**

Global crude oil prices fluctuated at lower levels over the first half of 2015, and international oil companies as well as domestic ones significantly reduced capital expenditure for oilfield exploration. The continuing slumps down of the global oilfield service industry brought both challenges of declined workloads and that of lower service prices to the market. And oilfield service companies encountered more and more severe competitions and much more pressures. Meanwhile, thanks to the accelerated development of clean energies in China, such as natural gas, shale gas, etc., there are still new opportunities and challenges in the international and domestic oilfield service markets.

## **5.2 Operation Review**

In the face of complicated and challenging market environments over the first half of 2015, SSC has carried out overall measures to enhance business operation, further explore markets, strengthen cost control more vigorously, and speed up integration of internal resources. Also the Company has channeled all efforts to adjust scales and frequencies of investments moderately, transform and upgrade industrial structures more quickly, and surmounted difficulties to achieve better business results. During the six months ended June 30 2015, effected by the decline of workload and service price, the Company's consolidated turnover was RMB 23,121,285,000, decreased by 45.1% from the corresponding period of previous year when that was RMB 42,109,535,000; net loss attributed to the equity shareholders was RMB 1,380,350,000 and basic net loss per share was RMB 0.101 in the first half of 2015. In the corresponding period of previous year, the net loss attributed to equity shareholders was RMB 687,285,000 and basic net loss per share is RMB 0.045.

### **5.2.1 · Geophysical service**

The Company's operation revenue in geophysical service was RMB 2,145,093,000 in the first half of 2015, representing a decline of 21.4% over the same period of the previous year, for which the figure was RMB 2,728,483,000. The completed 2D seismic have accumulated for 17,057 kilometers, declined by 24.1% from the same period last year; while the 3D seismic for 5,809 square kilometers, representing a decline of 49.7% over the same period last year. The Company has made joint effort to meet the demand of oilfield exploration and production. With focuses on technology and quality, it has refined the engineering operations and maintained sustainable increases in work efficiencies of seismic engineering as well as materials quality, providing vigorous supports to development of upstream exploration and production. Meanwhile, by expanding overseas markets, the company achieved its newly signed contracts of geophysical service with the value of USD 0.15 billion, with a year-on-year increase of 158.0%.

### **5.2.2. Drilling service**

The Company's operation revenue in drilling service was RMB 12,473,028,000 in the first half of 2015, representing a decline of 30.0% over the same period of the previous year, for which the figure was RMB 17,814,014,000. Its completed drilling footage was accumulated for 3,370 kilometers, performing a decline of 40.4% over the same time of the previous year. The domestic and international oil companies cut down their investment and workload. But thanks to the fact that the Company ensured Sinopec's exploration and production with finer quality, more advanced technology, higher efficiency and better services, its market shares inside the Group have been increased steadily. At the same time, it continued to enlarge the domestic market outside the Group, and the overseas markets went well, with newly signed contracts of USD 1.03 billion, with a year-on-year increase of 13.4%.

### **5.2.3. Logging/ mud logging service**

The Company's operation revenue in logging/ mud logging service was RMB 769,351,000 in the first half of 2015, a decline of 50.2% over the same time of previous year, for which the figure was RMB 1,545,591,000. Its completed logging projects have accumulated for 95,460,000 standard meters, performing a decline of 43.8% compared with the same period of the previous year. Its completed mud logging projects have accumulated for 3,440,000 meters, performing a decline of 42.2% compared with the same period of the previous year. To tackle the severe and challenging environments where the logging/ mud logging workload declined sharply, the Company captured opportunities with capabilities of providing proactive, qualified and efficient services. Meanwhile, it made efforts to extend the external market by means of drilling lump sum and project co-ordinations, etc.

### **5.2.4. Downhole operation service**

The Company's operation revenue in downhole operation was RMB 2,122,757,000 in the first half of 2015, with a year-on-year decline of 33.2%, and the figure was RMB 3,175,439,000 at the same time of the previous year. It has completed downhole operation for 2,437 wells, with a year-on-year decline of 32.3%. In Fuling, the Company studied economic feasibilities of testing, fracturing and completion technologies of the shale gas. and has optimised the projects to further drop the cost and increase benefit by means of modifying procedures including project design, engineering organisation, supporting equipment and procurement of materials, etc.

### **5.2.5. Engineering and construction service**

The Company's operation revenue in engineering and construction service was RMB 4,987,120,000 in the first half of 2015, with a year-on-year decline of 38.1%, and the figure was RMB 8,054,139,000 at the same time of the previous year. Due to the constant decrease of investments in outbound markets, its accumulated completed contracts valued RMB 4.88 billion in the first six months, performing a year-on-year decline of 33.8%. Its newly signed contracts were valued RMB 5.80 billion, with a year-on-year decline of 5.6%. The Fuling - Wangchang shale gas pipeline project, which is to externally transport shale gas from Fuling, a district of Chongqing Municipality to Wangchang, a little town of Hubei Province, has been completed and put into operation earlier than planned, forming a new EPC general contracting model. Meanwhile, the Company has successfully completed a series of significant and challenging projects, such as safety regulation project of Dongying-Huangdao Multiple Track, and project of Lhasa oil product tanks, etc.

### **5.2.6. International business service**

The Company's operation revenue in international business service was RMB 6,250,362,000 in the first half of 2015, a year on year decline of 28.0%, and the figure was RMB 8,682,594,000 at the same time last year. The revenue contributed by the international business accounted for 27.0% of the total revenue of the first half in 2015. It has formulated 5 large-scaled markets in the Middle East, Africa, the Americas, Central Asia, Mongolia and the Southeast Asia. Its newly signed contracts in the overseas markets valued 1.67 billion USD, performing a year-on-year increase of 26.6%. Its business in key markets made better performance against the severe and challenging environments. For example, in Saudi Arabia it completed contracts valued 0.44 billion USD, with a year-on-year increase of 10.4%. In Kuwait, its completed contract value reached 0.14 billion USD, with a year-on-year increase of 144.7%. The effect of developing large scale markets has been generally proved.

### **5.2.7. Research & development**

In the first half of 2015, the Company has studied prominent segments and the demands in the oil and gas E & P markets, and channeled efforts into technical innovation. Progress has been made in developing its own technologies with strong strength. It has applied for domestic or international patents of 100 items, and has 161 authorised ones. Thanks to the enrollment into supporting technologies to the Fuling shale gas engineering project, it has generally formulated 5 main technology series of drilling, logging or mud logging, fracturing and testing, equipment manufacturing and engineering construction, all of which are suitable for shale layers at the depth below 3500 meters in Fuling. The key technologies have been developed domestically and the supporting technologies have been leading domestic ones of the same kind. It has generally completed designs for techniques for complex mountain front areas, including surface structure investigation and statics correction, shooting, receiving and noise depression, layout system parameter's degradation and optimisation analysis. In terms of deep water drilling, it has developed the treating chemical suitable for deep water drilling fluid hydrate, and the liquid cement system for deep water, low temperature and density environment.

### **5.2.8. Internal reforms and management**

In the first half of 2015, the Company has enhanced the cost-based management among the staff. Thanks to the implementation of increasing return of investment, dropping the cost of human resources and procurement, optimising the organisation and execution of production, and cutting down rental fees, maintenance cost, financial fees and management cost, etc, its dropped cost and cut down fees accumulated to reach RMB 0.45 billion. Also it has improved the employment mechanism considering the total workload and cost per capita. For example, it dismissed temporary employees, and outsourced some non-core business, etc.. As a result, a total of 2,700 employees were dismissed in the first half of the year. At the same time, it made steady movement of transformation, and smoothed paths of developing new business including information technology of geophysical mapping, and programs of environmental protection and saving energy. Moreover, the Company strictly enhanced the operation safety, environmental protection and risk control.

### **5.3 Financial Analysis (Prepared in accordance with International Financial Reporting Standards (“IFRS”))**

As at 30 June 2015, the Company’s total assets were RMB 73,812,786,000 and total liabilities were RMB 50,411,981,000. The total equity attributable to equity shareholders of the Company was RMB 23,401,862,000. Compared with the assets and liabilities as at 31 December 2014 (hereinafter referred to as “compared with the end of last year”), the changes and main causes of such changes are as follows:

Total assets were RMB 73,812,786,000, representing a decrease of RMB 7,482,922,000 compared with the end of last year, of which: current assets were RMB 38,809,385,000, decreased by RMB 5,723,167,000 compared with the end of last year. The decrease was mainly due to the decrease in notes and trade receivables by RMB 12,961,995,000 owing to the decrease in revenue in the first half of 2015. Non-current assets were RMB 35,003,401,000 decreased by RMB 1,759,755,000 compared with the end of last year, which was mainly affected by the decrease of RMB 1,265,087,000 in that the Company had recognised the depreciation of properties, plants and equipments.

The total liabilities were RMB 50,411,981,000, decreased by RMB 12,187,589,000 compared with the end of last year, of which: current liabilities were RMB 49,812,337,000, decreased by RMB 12,125,577,000 compared with the end of last year. The decrease was mainly due to the decrease in note and trade payables by RMB 5,610,440,000 and deposits received and other payables by RMB 3,808,001,000. Non-current liabilities were RMB 599,644,000, decreased by RMB 62,012,000 compared with the end of last year.

Total equity attributable to equity shareholders of the Company was RMB 23,401,862,000, increased by RMB 4,704,742,000 compared with the end of last year, the main reason was that the raising fund of the Company by non-public offering in the first half of 2015 was RMB 5,952,517,000, and the loss attributable to equity shareholders of the Company in the first half of 2015 was RMB 1,247,775,000.

As at 30 June 2015, the Company’s total liabilities to total assets ratio was 68.3%, whereas 77.0% as at 31 December 2014.

As at 30 June 2015, the Company’s bank borrowings and loans from related parties were RMB 12,105,064,000 (31 December 2014: RMB 12,498,432,000). These borrowings include the short-term borrowings in RMB 11,646,544,000 and the long-term borrowings due more than one year in RMB 458,520,000. The fixed-rate loans were RMB 3,598,520,000 and the floating rate loans were RMB 8,506,544,000. As at 30 June 2015, approximately 25.9% were denominated in Renminbi and approximately 74.1% were denominated in US Dollars.

As at 30 June 2015, the gearing ratio of the Company was 28.2% (31 December 2014: 37.8%). The ratio is computed as the following formula: (liability with interest – cash and cash equivalents) / (liability with interest – cash and cash equivalents + shareholders’ equity)

#### 5.4 Statement of operation by industry

Industry	Operating income for the first half of 2015 RMB'000	Operating cost for the first half of 2015 RMB'000	Gross Profit Margin (%)	Increase/ (Decrease) in operating income as compared with last year (%)	Increase/ (Decrease) in operating cost as compared with last year (%)	Gross profit margin compared with last year
Geophysical	2,145,093	2,077,397	3.2	-21.4	-13.1	Decreased by 9.2 percentage points
Drilling	12,473,028	12,302,057	1.4	-30.0	-20.5	Decreased by 11.7 percentage points
Logging/ Mud logging	769,351	723,436	6.0	-50.2	-39.9	Decreased by 16.2 percentage points
Downhole operation	2,122,757	1,890,695	10.9	-33.2	-32.1	Decreased by 1.4 percentage points
Engineering and Construction	4,987,120	4,840,338	2.9	-38.1	-35.9	Decreased by 3.4 percentage points
Other	387,596	326,106	15.9	-32.3	-31.9	Decreased by 0.5 percentage points
Total	22,884,945	22,160,029	3.2	-45.0	-41.3	Decreased by 6.1 percentage points

#### 5.5 Statement of operation by regions

Region	Operating income for the first half of 2015 RMB'000	Increase/ (Decrease) as compared with the corresponding period of last year (%)
Mainland China	16,634,583	-49.5
Hong Kong, Macau, Taiwan and overseas	6,250,362	-28.0

## 5.6 Fund raising and the usage

### (1) General usage of Fund Raising

Unit: RMB'000

Year	Type of Fund Raising	Total Amount of Fund Raising	The amount of the used Fund Raising during the reporting period	The amount of the used Fund Raising accumulated	The Total amount of unused Fund Raising	The status and usage of the unused Fund Raising
2015	Non-Public Offering	5,952,516.67	3,361,889.97	3,361,889.97	2,590,626.70	Mainly used for commitment item and temporarily supplementing liquidity
Total	/	5,952,516.67	3,361,889.97	3,361,889.97	2,590,626.70	/
General Usage of Fund Raising			On 24 March 2015, the Company held the second meeting of the eighth session of the Board of Directors, and approved the proposal of the usage of part of the idle raising fund in complementing the liquidity temporarily. The related details were disclosed at the website of SSE and HKSE, China Securities, Shanghai Securities News, Securities Times.			

### (2) Commitment Item of Fund Raising

Unit: RMB'000

The name of the commitment item	Whether the project was changed	The planned invested amount of the raising fund	The invested amount of the raising fund during the reporting period	The accumulated actual invested amount of the raising fund	Whether meet the planned progress	The project progress	The expected income	The income situation	Whether meet the expected income	The explanation on the unachieved progress and income	The reason for change and the explanation on the changed process of raising fund
Kuwait rig project	no	1,600,000	252,806.26	252,806.26	Yes	15.8 %	-	Not applicable	-	No	No
Project of building 25m working platform	no	466,000	113,306.77	113,306.77	Yes	24.3 %	-	Not applicable	-	No	No
Project of purchasing 8000HP multipurpose	no	195,000	69,430	69,430	Yes	35.6 %	-	Not applicable	-	No	No

workin g vessel											
Project of purcha sing LOGI Q Imagin g Loggin g System	no	120,000	-	-	Yes	-	-	Not appli cable	-	No	No
Project of purcha sing downh ole testing equip ment	no	139,000	96,294.68	96,294.68	Yes	69.3 %	-	Not appli cable	-	No	No
Project of purcha sing Top Drive equip ment	no	110,000	110,000	110,000	Yes	100. 0%	-	4, 24 0	Yes	No	No
Project of purcha sing Coiled Tubing equip ment	no	80,000	-	-	Yes	-	-	Not appli cable	-	No	No
Project of purcha sing pipe contru ction equip ment	no	530,000	20,052.26	20,052.26	Yes	3.8 %	-	Not appli cable	-	No	No
Supple ment the liquidit y	no	2,712,516.67	2,700,000	2,700,000	Yes	99.5 %	-				
Total	/	5, 952, 516. 6 7	3, 361, 889. 9 7	3, 361, 889. 9 7	/	/		/	/	/	/

## 5.7 Progress of projects financed by non-public raised proceeds

Unit: RMB'000

Name of the main project	Amount of the project	Project progress (%)	Investment amount in the reporting period	The cumulative amount of actual investment	Project earnings
Shengli 90m Drilling Platform	700, 000	28. 1	67	196, 351	Under Construction
Shanghai 7000hp Multipurpose Supply Vessels	187, 500	93. 8	36, 809	175, 873	Under Construction
Updating of the aging equipment of the Offshore Drilling Platform	63, 170	41. 9	23, 136	26, 495	Under Construction
Total	950, 670	/	60, 012	398, 719	/

## 5.8 Business prospects

The world's economy turns into a slow recovery in the second half of 2015. And China's economy has entered a new normal when it moves forward with reforms and innovation at shifted but lower speeds. The global production of crude oil will continue to increase while the growth of international markets' demand slows down. Thus, the international oil prices will continue to be at lower points. At the same time, the oilfield service industry will continue to face the challenging and complicated environments. No obvious improvement will appear for workload and service prices, and the competition in markets will be much more severe. Nevertheless, China's economy does not change its stably upward development tendency. The investment on natural gas and shale gas continues to grow rapidly. Moreover, thanks to the implementation of national strategy of 'One Belt, One Road', more investment on development of national energy and resources will be made in place nearby the Belt and the Silk Road. Thus the oilfield service industry will find new opportunities.

In the second half of 2015, the Company continues to encounter the complicated and challenging environments. But it will place focuses on improving qualities, increasing profit and vigorously enlarging markets. At the same time, it will optimise resource collaborations and adjust structures for higher levels. It will enhance management to make a better performance with more profit, and develop the Company in a sustainable as well as healthy manner.

### 5.8.1 Geophysical service

The Company will continue the high-quality and efficient service for Sinopec Group in the second half of 2015. Meanwhile, it will contribute new growth points by exploring new business in the domestic market, including that of pipelines and geophysical mapping, etc. In a major push to enlarge the overseas market, it will continue to improve its integrated service capabilities of acquisition, processing and interpretation. The company will continuously carry on the 3D offshore Geophysical service. It plans to complete 2D seismic acquisition for 21,359 kilometers, while 3D for 7,453 square kilometers in the second half of 2015.



#### 5.8.2. Drilling service

The Company will continue to consolidate and enlarge the market shares inside Sinopec Group. In traditional markets, it aims to increase market shares. It will maintain sound cooperations with Petro China, CNOOC, and Yanchang Petroleum Company, etc. At the same time, it will make new growth points will be made with more integrated oilfield service projects, larger markets in the Middle East, and smooth the way for operation in traditional overseas markets including the Americas, Central Asia and Southeast Asia. Also it will leverage its mature drilling Shale Gas development technologies acquired from establishing the state-level Fuling Pilot Project, to further develop China's unconventional shale gas, geothermal and coal-bed gas market. At the same time, progress will be made to adjust drilling structures and improve service quality as well as efficiency. In overseas markets, it aims to enlarge the market shares in the Middle East and maintain good performance in the Americas, Central Asia and Southeast Asia to contribute new growth points. It plans to complete drilling footage accumulated for 4,820,000 meters in the second half of 2015.

#### 5.8.3 Logging/ Mud Logging Services

The Company will continue the investment on technology R&D, leverage hi-tech equipments and excellent operation teams to provide customers with complete logging/ mud logging service. It will promote and apply the integrated service technologies of logging/mud logging as well as directional well drilling. It also aims to enlarge the markets at home and abroad. At the same time, it will promote technologies of multi-stage perforation and develop unconventional markets in China. In overseas markets, it will leverage strengths in providing integrated oilfield services to enlarge the international markets. It plans to complete logging with accumulated for 126,900,000 standard meters and mud logging footage with 4,460,000 meters in the second half of 2015.

#### 5.8.4 Downhole operation service

The Company has accumulated engineering experiences from the state-level Fuling Shale Gas Pilot Project. Its leading technologies include staged fracturing in ultra long horizontal wells, coiled tubing snubbing operation and acid gas fields operation, etc. In China, it aims to leverage the leading technologies above to explore conventional and unconventional oil and gas markets. In overseas markets, it aims to create new growth points through constant development in the Middle East market, headed by the workover business in Kuwait and Saudi Arabia. In second half of the 2015, it plans to complete downhole operation service for 2,599 wells.

#### 5.8.5 Engineering and construction service

In China, the Company aims to raise its market shares through strengthened management of domestic operations and subcontracted projects, to catch available opportunities for developing and producing natural gas, and to secure the oil and gas production and production capabilities built for offshore oilfields. In the overseas market, it aims to adjust the market distribution, improve the marketing development quality and strengthen the risk controls. In the second half of 2015, it plans to sign new contracts valued RMB 9.5 billion and complete contracts valued RMB 12 billion.

#### 5.8.6 International business service

The Company will continue the firm implementation of internationalisation strategy in the second half of 2015. To achieve that, firstly it aims at the bidden projects and those for renewal in Saudi Arabia, Kuwait and Bolivia, etc. At the same time, it will accelerate negotiations of drilling lumpsum projects in Ecuador and EBANO oilfield transformation project in Mexico. Secondly it will make vigorous efforts to bid for integrated oilfield service projects and high value-added technical services of logging, cementing, testing and drilling fluid, etc. And it will increase market shares of geophysical integrated oilfield services of data acquiring, enhancement and interpretation, as well as EPC general contractor projects of ground constructions. Thirdly, it works to deepen the cooperations with Sinopec International Exploration and Production Corporation (SIPC) and increase the market shares in Sinopec invested projects overseas. In the second half of 2015, it plans to sign new contracts valued USD 0.90 billion and complete contracts valued USD 1.25 billion.

#### 5.8.7 Research & development

The Company will collect strengths for technical innovation and provide support for E&P. It also aims to upgrade and promote transformation in the second half of 2015. To achieve those targets above, it continues to further develop the integrated petroleum engineering technologies which will be promoted and applies on-site in the Fuling area to formulate capabilities of providing large scaled service. At the same time, it will enhance technical negotiations and resource allocations inside the Company, making joint efforts to tackle problems and develop technologies. It aims to formulate petroleum engineering R&D mechanisms covering the whole industrial chain. Also it plans to establish the key wellborn engineering labs to improve the innovative capabilities and the conversion ratio of science and technology results.

#### 5.8.8 Capital Expenditure

The Company's capital expenditures for the second half of 2015 is added RMB 1.55 billion on the base of the budget of RMB 2.95 billion for the first half of 2015. That will be spent on high-end business development, offshore engineering equipment manufacturing, key labs establishment, safe production governance and environmental protection projects. It plans to continue the efficiency - oriented operation for improvement of quality as well as profit. Also it will place focuses on safe production, environmental protection, and development of low-Carbon green economy. At the same time, it continues to strictly control non-productive projects and achieve the sustainable development. It will continue the investment and push forward the resource allocation, development transformation, marketing structure adjustment to increase high-end market shares and strengthen its competitiveness.

## 6. SIGNIFICANT EVENTS

6.1 Final dividends for 2014, interim dividends for 2015 and proposal on issue of shares by capitalising the common reserves

### (1) Final dividends for 2014

As approved by 2014 AGM held on 16 June 2015, the Company did not pay a final cash dividend for the year ended 31 December 2014, according to the Company Law and the Articles of Association of the Company.

### (2) Interim dividends for 2015 and proposal on issue of shares by capitalising 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 ending 31 December 2015, and no issue of bonus shares by way of capitalisation of common reserves.

6.2 During the reporting period, the Company was not involved in any material litigation or arbitration or events commonly disputable by the media.

6.3 During the reporting period, there occurred no bankruptcy restructuring related matter.

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

6.5 During the reporting period, the Company did not implement stock option incentive plan.

### 6.6 Information on material connected transactions

The Company's material connected transactions entered into during the period ended 30 June 2015 were as follows:

(a) The following is the significant connected transactions relating to ordinary operation during the reporting period:

The nature of the transaction classification	Related parties	Amount of Transaction RMB'000	Proportion of the same type of transaction (%)
Purchase of materials and equipments	China Petrochemical Corporation and its subsidiaries ("Sinopec Group and its subsidiaries")	2,278,104	51.3
Sales of products	Sinopec Group and its subsidiaries	18,487	100.0
Rendering Engineering services	Sinopec Group and its subsidiaries	12,616,265	54.6
Receiving of community services	Sinopec Group and its subsidiaries	805,237	100.0
Receiving of integrated services expenses	Sinopec Group and its subsidiaries	116,513	100.0
Rental expenses	Sinopec Group and its subsidiaries	45,900	13.3
Loan interest expenses	Sinopec Group and its subsidiaries	153,311	99.3
Borrowings obtained	Sinopec Group and its subsidiaries	26,332,206	99.9
Borrowings repaid	Sinopec Group and its subsidiaries	26,755,339	100.0
Safety and insurance fund expenses	Sinopec Group and its subsidiaries	30,215	100.0
Safety and insurance fund refund	Sinopec Group and its subsidiaries	22,250	100.0

The Company considers that it is important for the above connected transactions and selection of related party transactions, which would continue occur. The agreement of connected transaction is based on the need of Company's operations and actual market situation. Purchasing materials and equipment from Sinopec Group and its subsidiaries will ensure the stable and safe supply of the Company's materials. The fact of providing engineering service to Sinopec Group and its subsidiaries is decided by the history of the operating system of China's petroleum development and by the history of Sinopec Group's development, the Sinopec Group and its subsidiaries constitute the Company's main business income source, and the borrowed funds from Sinopec Group can satisfy the obtaining of financial resource under the situation of the fund shortage, so it is beneficial to the Company. The above transactions were mainly based on the market price which was decided by open bidding or negotiation, reflecting the fairness, justice and openness, beneficial to the development of the Company's main business, and beneficial to ensure the maximisation of the shareholder 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 significant connected transactions related to the transfer of assets or equity of the Company.

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

Unit: RMB'000

Connected parties	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	19,712,996	-13,062,046	6,650,950	7,835,426	1,501,038	9,336,464
Sinopec Finance Company Limited	-	-	-	4,530,000	-3,190,000	1,340,000
Sinopec Century Bright Capital Investment Limited	-	-	-	7,502,995	966,867	8,469,862
Total	19,712,996	-13,062,046	6,650,950	19,868,421	-722,095	19,146,326

During the reporting period, there were no non-operating funds supplied by the Company to the controlling shareholders and its subsidiaries.

The Board believed that the above transactions were entered into in the ordinary course of business and in normal commercial terms or in accordance with the terms of agreements governing these transactions. The above applicable connected transactions fully complied with the related regulations issued by HKSE and the SSE.

## 6.7 Material contracts and performance

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

(b) The Company did not make any guarantee or pledge during the reporting period.

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

## 6.8 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) During the reporting period, no entrusted financing, entrusted loans, other investments and financing and derivatives investment items of the Company occurred.

## 6.9 The special commitments by the Company and its shareholders with holdings of more than 5 per cent and the implementation of commitments ending 30 June 2015:

Commitment Background	Acceptance	Commitments	Completion date of commitment	Performance of Commitments
Commitments regarding share reform	Sinopec, CITIC Limited	Within 12 months from the date their non-tradable A shares in the Company have obtained the right to be tradable on the stock market, they will propose that, subject to compliance with the relevant systems of the State-owned Assets Supervision and Administration Commission of the State Council, the Ministry of Finance and CSRC, the board of directors of the Company makes a proposal for a share option incentive scheme, with the exercise price of the first grant of share options being not less than RMB 6.64 per A share, being the closing price of the A Shares on 30 May 2013 (such minimum exercise price will be subject to adjustment due to matters for exclusion of rights and dividends prior to the announcement of the proposal for the share option incentive scheme)	19 August 2014	As at 19 August 2014, the Company does not have the conditions of the implementation of equity incentive plan due to the consecutive losses of operating results. China Petrochemical Corporation Board of Directors of the Company made the commitment to draw equity incentive plan after the completion of Material Assets Reorganisation under the related regulation.

Commitment Background	Acceptance	Commitments	Completion date of commitment	Performance of Commitments
Commitments regarding the Material Assets Reorganisation	China Petrochemical Corporation	<p>The Non-Competition Undertaking</p> <p>1. China Petrochemical Corporation issued the commitment that it will 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 its exercise of shareholder rights. 2. After the Material Assets Reorganisation, if Sinopec Star'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. Within 5 years of the Material Assets Reorganisation, China Petrochemical Corporation will find the appropriate opportunity to sell the Petroleum Service Business belonged "Exploration IV" drilling rig of Sinopec Star to the Company, after the China Petrochemical Corporation's comprehensive consideration of the related factors of National Law, Industry Norms and International Political Economy. 3. After the Material Assets Reorganisation, if China Petrochemical Corporation and its subsidiaries' 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. If China Petrochemical Corporation intends to transfer, sell, lease, license or otherwise transfer or permit to use any of the above business 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 competition. 4. China Petrochemical Corporation consent that it will bear and pay damages to the listed companies caused by its violation of the commitment.</p>	Long Term	During the reporting period, China Petrochemical Corporation did not act contrary to the promise.
Commitments regarding the Material Assets Reorganisation	China Petrochemical Corporation	The Commitment 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	Long Term	During the reporting period, China Petrochemical Corporation did not act contrary to the promise.

Commitment Background	Acceptance	Commitments	Completion date of commitment	Performance of Commitments
		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 price related to the connected transaction will follow the principle of fair, reasonable and impartial.		
Commitments regarding the Material Assets Reorganisation	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, organisation and business, strictly comply with the relevant provisions regarding to the listed Company's independency of CSRC. China Chemical Corporation will not utilise, control or violate the Standardised operation program of the listed company, not intervene the Company's operating decisions, and not jeopardise 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.	Long Term	During the reporting period, China Petrochemical Corporation did not act contrary to the promise.

6.10 During the reporting period, none of the Company or its Directors, Supervisors, senior management, shareholders who hold more than five per cent of the Company's shares or ultimate controller was subject to any investigation by relevant authorities or enforcement by judicial or disciplinary departments or subject to criminal liability, or subject to investigation or administrative penalty by the CSRC, nor any denial of participation in the securities market or deemed unsuitability to act as directors thereby by other administrative authorities or any public criticisms made by a stock exchange.

## 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 2015.

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the six months period ended 30 June	
		2015	2014
		RMB'000	RMB'000
		(Unaudited)	Restated (Unaudited)
<b>Continuing operations:</b>			
Revenue	4	23,121,285	34,185,112
Cost of sales and business taxes		(22,433,888)	(30,322,718)
<b>Gross profit</b>		<b>687,397</b>	<b>3,862,394</b>
Selling expenses		(25,343)	(29,206)
General and administrative expenses		(1,560,959)	(1,782,684)
Finance income/(expenses) - net	6	(203,506)	(432,650)
Impairment losses on assets	7	(110,205)	(78,546)
Investment income		42	1,091
Share of (loss)/profit from joint ventures		(4,732)	293
Operating (loss)/profit		(1,217,306)	1,540,692
Other income	8	173,729	216,609
Other expenses	9	(21,158)	(24,870)
<b>(Loss)/Profit before income tax</b>	10	<b>(1,064,735)</b>	<b>1,732,431</b>
Income tax expense	11	(183,115)	(436,183)
<b>(Loss)/Profit for the period from continuing operations</b>		<b>(1,247,850)</b>	<b>1,296,248</b>
<b>Discontinued operations:</b>			
Loss for the period from discontinued operations	12	-	(1,748,786)
<b>Loss for the period</b>		<b>(1,247,850)</b>	<b>(452,538)</b>
<b>Other comprehensive income for the period, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive expense for the period</b>		<b>(1,247,850)</b>	<b>(452,538)</b>



# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Notes	For the six months period ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 Restated (Unaudited)
<b>Total comprehensive expense for the period attributable to :</b>			
Owners of the Company			
- Continuing operations		(1,247,775)	1,293,011
- Discontinued operations		-	(1,748,786)
		<u>(1,247,775)</u>	<u>(455,775)</u>
Non-controlling interests			
- Continuing operations		(75)	3,237
- Discontinued operations		-	-
		<u>(75)</u>	<u>3,237</u>
<b>Total comprehensive expense for the period</b>		<u><b>(1,247,850)</b></u>	<u><b>(452,538)</b></u>
(Loss)/Earnings per share for (loss)/profit attributable to owners of the Company (presented in RMB per share)	13		
Basic and diluted			
- Continuing operations		(0.090)	0.085
- Discontinued operations		-	(0.115)
		<u><b>(0.090)</b></u>	<u><b>(0.030)</b></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	29,815,343	31,080,430
Other non-current assets		4,787,754	5,285,204
Prepaid land leases	17	50,475	51,107
Intangible assets		33,983	41,243
Interests in joint ventures		103,139	107,871
Interests in associates		128	128
Available-for-sale financial assets		40,494	40,494
Deferred income tax assets		172,085	156,679
<b>Total non-current assets</b>		<b>35,003,401</b>	<b>36,763,156</b>
<b>Current assets</b>			
Inventories	21	2,051,985	1,950,590
Notes and trade receivables	18	15,322,446	28,284,441
Prepayment and other receivables	19	4,300,749	3,102,072
Amounts due from customers for contract works	20	14,107,373	9,981,552
Restricted cash		37,198	12,143
Cash and cash equivalents		2,989,634	1,201,754
<b>Total current assets</b>		<b>38,809,385</b>	<b>44,532,552</b>
<b>Total assets</b>		<b>73,812,786</b>	<b>81,295,708</b>
<b>Equity</b>			
Share capital	22	14,142,661	12,809,328
Reserves		9,259,201	5,887,792
Equity attributable to owners of the Company		23,401,862	18,697,120
Non-controlling interests		(1,057)	(982)
<b>Total equity</b>		<b>23,400,805</b>	<b>18,696,138</b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(CONTINUED)**

	Notes	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term borrowings	25	508,891	568,163
Deferred income		50,964	43,951
Special payables		2,647	2,647
Deferred income tax liabilities		37,142	46,895
<b>Total non-current liabilities</b>		<b>599,644</b>	<b>661,656</b>
<b>Current liabilities</b>			
Notes and trade payables	23	25,303,167	30,913,607
Deposits received and other payables	24	8,204,182	12,012,183
Amounts due to customers for contract works	20	4,555,910	6,564,119
Short term borrowings	25	11,674,904	12,015,579
Current income tax payable		74,174	432,426
<b>Total current liabilities</b>		<b>49,812,337</b>	<b>61,937,914</b>
<b>Total liabilities</b>		<b>50,411,981</b>	<b>62,599,570</b>
<b>Total equity and liabilities</b>		<b>73,812,786</b>	<b>81,295,708</b>
<b>Net current liabilities</b>		<b>(11,002,952)</b>	<b>(17,405,362)</b>
<b>Total assets less current liabilities</b>		<b>24,000,449</b>	<b>19,357,794</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000 (Note 22)	Share premium RMB'000	Other capital reserve RMB'000	Surplus reserve RMB'000	Specific reserve RMB'000	Retained earnings RMB'000	Total RMB'000	
Balance as at 1 January 2015	<b>12,809,328</b>	<b>4,207,063</b>	<b>67,969</b>	<b>200,383</b>	<b>295,568</b>	<b>1,116,809</b>	<b>18,697,120</b>	<b>(982)</b> <b>18,696,138</b>
Total comprehensive expense for the period	-	-	-	-	-	(1,247,775)	(1,247,775)	(75) (1,247,850)
Transactions with owners:								
Issue of shares	1,333,333	4,619,184	-	-	-	-	5,952,517	- 5,952,517
Appropriation of specific reserve	-	-	-	-	336,223	(336,223)	-	- -
Utilisation of specific reserve	-	-	-	-	(203,648)	203,648	-	- -
Total transactions with owners	<b>1,333,333</b>	<b>4,619,184</b>	<b>-</b>	<b>-</b>	<b>132,575</b>	<b>(132,575)</b>	<b>5,952,517</b>	<b>-</b> <b>5,952,517</b>
Balance as at 30 June 2015 (Unaudited)	<b>14,142,661</b>	<b>8,826,247</b>	<b>67,969</b>	<b>200,383</b>	<b>428,143</b>	<b>(263,541)</b>	<b>23,401,862</b>	<b>(1,057)</b> <b>23,400,805</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to owners of the Company						Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000 (Note 22)	Share premium RMB'000	Other capital reserve RMB'000	Surplus reserve RMB'000	Specific reserve RMB'000	Retained earnings RMB'000	Total RMB'000	
Balance at 1 January 2014, as previously reported	6,000,000	518,833	28,339	200,383	1,447	314,462	7,063,464	7,063,464
Business combinations under common control (Note 1.2)	-	22,731,400	39,630	-	300,982	512,795	84,938	23,669,745
Balance at 1 January 2014, restated	6,000,000	23,250,233	67,969	200,383	302,429	827,257	84,938	30,733,209
Total comprehensive expense for the period	-	-	-	-	-	(455,775)	3,237	(452,538)
Transactions with owners:								
Assets injection from Sinopec Group	-	146,267	-	-	-	-	-	146,267
Distributions to Sinopec Group and non-controlling interests	-	-	-	-	-	(17,080)	(20,000)	(37,080)
Equity adjustment of subsidiaries upon transformation	-	(238,795)	-	-	-	238,795	-	-
Return of capital to Sinopec Group	-	(5,910,582)	-	-	-	-	-	(5,910,582)
Appropriation of specific reserve	-	-	-	-	521,710	(521,710)	-	-
Utilisation of specific reserve	-	-	-	-	(291,616)	291,616	-	-
Total transactions with owners	-	(6,003,110)	-	-	230,094	(8,379)	(20,000)	(5,801,395)
Balance at 30 June 2014 (Unaudited)	6,000,000	17,247,123	67,969	200,383	532,523	363,103	68,175	24,479,276

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months period ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 Restated (Unaudited)
<b>Cash flows from operating activities</b>		
Cash flows used in operations	(830,637)	(1,596,167)
Income tax paid	(566,526)	(437,936)
<b>Net cash used in operating activities</b>	(1,397,163)	(2,034,103)
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(469,299)	(951,096)
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets	22,780	4,430
Interests received	15,873	6,574
Investments income received from the available-for-sale financial assets	-	2,050
<b>Net cash used in investing activities</b>	(430,646)	(938,042)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	26,172,969	35,572,144
Repayments of borrowings	(26,592,740)	(32,493,963)
Interests paid	(156,752)	(359,122)
Issue of shares	5,952,517	-
Payment of funds from restructuring and business combinations	(360,305)	-
Payment to Sinopec Group for capital contribution	(1,400,000)	-
Distributions to Sinopec Group and non-controlling interests	-	(20,435)
<b>Net cash generated from financing activities</b>	3,635,513	2,687,658
<b>Net increase/(decrease) in cash and cash equivalents</b>	1,787,880	(273,521)
<b>Cash and cash equivalents at the beginning of the period</b>	1,201,754	1,694,094
<b>Cash and cash equivalents at the end of the period</b>	2,989,634	1,420,573

## NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months period ended 30 June 2015

### 1 GENERAL INFORMATION, THE REORGANISATION AND BASIS OF PRESENTATION

#### 1.1 General information and the Reorganisation

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 headquarter registered address is No. 9, Jishikou Road, Chaoyang District, Beijing, the PRC. The name of the Company was changed from Sinopec Yizheng Chemical Fibre Company Limited to Sinopec Oilfield Service Corporation (“SSC”) with effect from 20 March 2015.

The immediate and ultimate holding company of the Company is China Petrochemical Corporation (hereinafter referred to as the ‘Sinopec Group’).

Originally, the Company and its subsidiaries (hereinafter referred to as the ‘Group’) are principally engaged in the production and sale of chemical fiber and chemical fiber raw materials in the PRC (the “Fibre Business”).

At the end of December 2014, the Company completed the material assets reorganisation by using of all its assets and liabilities at that time (hereinafter referred to as the “Outgoing Business”) as consideration, to repurchase and then cancel the shares held by China Petroleum & Chemical Corporation. At the same time, the Company acquired 100% equity interest of 中石化石油工程技术服务有限公司 (“SOSC”) from Sinopec Group, which was satisfied by the issuance of shares to Sinopec Group (hereinafter collectively referred to as the “Reorganisation”).

Upon completion of the Reorganisation, the principal activities of the Group changed to 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 (the “Oilfield Business”).

# **1 GENERAL INFORMATION, THE REORGANISATION AND BASIS OF PRESENTATION (CONTINUED)**

## **1.2 Basis of presentation**

Immediate before the Reorganisation and SOSC Specialisation Restructuring (Please refer to 2014 annual report for details), SOSC is a wholly-owned subsidiary of Sinopec Group. Immediate before and after the Reorganisation, the ultimate holding company of the Company is Sinopec Group. Since immediate before and after the Reorganisation, both of the Company and SOSC are under common control of Sinopec Group and the control is not transitory, the Reorganisation is accounted for as a business combination under common control.

The operating results of SOSC have been included in the comparative condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period ended 30 June 2014, as if SOSC existed in the Group since 1 January 2014 and remains unchanged throughout the period.

As the Reorganisation has been completed on 30 December 2014, the condensed consolidated statement of financial position as at 31 December 2014 as set out in the interim financial information has included the financial position of SOSC and excluded the Outgoing Business.

In the condensed consolidated statement of comprehensive income, the Oilfield Business was classified as “continuing operations” and the Fibre Business was classified as “discontinued operations”.

As at 30 June 2015, the Group’s has net current liabilities of approximately RMB 11,002,952,000 (31 December 2014: RMB 17,405,362,000). Having taken into account of historical operating cash inflows over the past years, expected operating cash inflows in the next twelve months, and most of the Group’s borrowings were sourced from the Sinopec Group and its subsidiaries, where the Group ongoing maintained good relationship with these companies, which enable the Group to secure sufficient financial support from these companies. After the Reorganisation, in order to obtain sufficient credits facilities, the Company 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 and capital requirements and considered that going concern basis is appropriate for the preparation of this interim financial information.

## **1.3 Financial information**

This interim financial information is presented in RMB, unless otherwise stated. This interim financial information has been approved for issue by the Board of Directors on 25 August 2015.



# 1 **GENERAL INFORMATION, THE REORGANISATION AND BASIS OF PRESENTATION (CONTINUED)**

## 1.3 **Financial information (Continued)**

This condensed interim financial information for the six months period ended 30 June 2015 has been prepared in accordance with IAS 34 “Interim Financial Reporting” and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with the International Financial Reporting Standards (“IFRS”).

This condensed interim financial information had been reviewed, but not audited.

# 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

- (a) New and revised IFRS and interpretation (“New Standards”) effective on 1 January 2015 and has been adopted by the Group.

The Group has been adopted all these New Standards, which are first effective for the accounting periods beginning on or after 1 January 2015:

Annual Improvements Project	Annual Improvements 2010-2012 Cycle
Annual Improvements Project	Annual Improvements 2011-2013 Cycle

The applications of above New Standards have no material impact on the amounts recognised in the Group’s condensed consolidated financial statements.

- (b) Standards, amendments and interpretations to existing standards that are not yet effective for the financial year beginning 1 January 2015 and have not been early adopted.

IAS 27 Amendment	Equity Method in Separate Financial Statements <sup>1</sup>
IFRS 9	Financial Instruments <sup>3</sup>
IFRS 15	Revenue from Contracts with Customers <sup>2</sup>
Annual Improvements Project	Annual Improvements 2012-2014 Cycle <sup>1</sup>

1 Effective for accounting periods beginning on or after 1 January 2016

2 Effective for accounting periods beginning on or after 1 January 2017

3 Effective for accounting periods beginning on or after 1 January 2018

There are no other IFRS and IFRIC-Interpretation which are not yet effective expected to have significant impact to the Group.

### 3 CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES

The Group continually evaluates the critical accounting estimates and key assumptions based on its historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

In preparing this condensed interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2014.

### 4 REVENUE

The Group's revenue is as follows:

	For the six months period ended 30 June	
	2015 RMB'000	2014 RMB'000
Geophysics	2,145,529	2,749,600
Drilling engineering	12,481,546	17,866,296
Logging and mud logging	769,696	1,548,021
Special downhole operations	2,124,143	3,207,591
Engineering construction	5,016,330	8,097,573
Others	584,041	716,031
	<b>23,121,285</b>	<b>34,185,112</b>

### 5 SEGMENT INFORMATION

The Group identifies operating segments based on the internal organisation structure, senior executive management requirements and internal reporting system. The Group's has identified six operating segments including geophysics, drilling engineering, logging and mud logging, special downhole operations, engineering construction and fibre products and raw materials. 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.

Six reportable operating segments are as follows:

***Continuing operations:***

- 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;

## 5 SEGMENT INFORMATION (CONTINUED)

### *Continuing operations: (Continued)*

- 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.

### *Discontinued operations*

- Fibre products and raw materials, with production and sales of polyester chips and polyester fibre, and production of its raw material purified terephthalic acid (Note 12).

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.

The resources related to interest income, interest expenses, interests in joint venture, (loss)/gain on investment, income tax expense as well as shared assets of all segments are centrally managed and accounted for by the Company, and thus are not allocated among segments.

Segment information of each reportable 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.

## 5 SEGMENT INFORMATION (Continued)

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

(a) Segment results, assets and liabilities

For the six months period ended 30 June 2015 and as at that date, the segment results, assets and liabilities were as follows:

	Continuing operations					Discontinued operations			Total
	Geophysics RMB'000	Drilling engineering RMB'000	Logging and mud logging RMB'000	Special downhole operations RMB'000	Engineering construction RMB'000	Fibre products and raw materials RMB'000	Unallocated RMB'000	Eliminated RMB'000	
For the six months period ended 30 June 2015									
<b>Segment revenue and results</b>									
Revenue from external customers	2,145,529	12,481,546	769,696	2,124,143	5,016,330	-	584,041	-	23,121,285
Inter-segment revenue	1,340	406	12,573	43,510	135,265	-	61,641	(254,735)	-
<b>Reportable segment revenue</b>	<b>2,146,869</b>	<b>12,481,952</b>	<b>782,269</b>	<b>2,167,653</b>	<b>5,151,595</b>	<b>-</b>	<b>645,682</b>	<b>(254,735)</b>	<b>23,121,285</b>
Reportable segment profit/ (loss)	(111,123)	(679,149)	(113,784)	64,168	(411,529)	-	34,111	-	(1,217,306)
Other income	7,604	74,980	1,526	8,112	23,238	-	58,269	-	173,729
Other expenses	(1,184)	(9,889)	(1,289)	(1,957)	(6,005)	-	(834)	-	(21,158)
Profit/ (loss) before income tax	(104,703)	(614,058)	(113,547)	70,323	(394,296)	-	91,546	-	(1,064,735)
Discontinued operations									-
Loss before income tax and discontinued operations									(1,064,735)
Income tax expense									(183,115)
Loss for the period from continuing operations									(1,247,850)
Loss for the period from discontinued operations									-
<b>Loss for the period</b>									<b>(1,247,850)</b>

## 5 SEGMENT INFORMATION (Continued)

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

For the six months period ended 30 June 2015 and as at that date, the segment results, assets and liabilities were as follows: (Continued)

	Continuing operations					Discontinued operations		Eliminated	Total
	Geophysics RMB'000	Drilling engineering RMB'000	Geophysics RMB'000	Drilling engineering RMB'000	Geophysics RMB'000	Drilling engineering RMB'000	Unallocated RMB'000		
For the six months period ended 30 June 2015									
<b>Supplementary information</b>									
Depreciation and amortisation									
-- Property, plant and equipment	259,529	1,143,786	169,290	180,915	109,014	-	61,893	-	1,924,427
-- Prepaid land leases	-	196	208	5	223	-	-	-	632
-- Intangible assets	400	480	1,204	537	2,399	-	2,240	-	7,260
Capital expenditure									
-- Property, plant and equipment	72,360	251,164	34,746	302,023	75	-	13,074	-	673,442
Impairment loss/(reversals) on assets	16,733	3,087	664	3,680	88,119	-	(2,078)	-	110,205
As at 30 June 2015									
<b>Assets</b>									
Segment assets	6,281,366	41,919,701	3,198,675	7,649,590	18,923,963	-	23,992,194	(28,152,703)	73,812,786
<b>Liabilities</b>									
Segment liabilities	3,570,581	24,363,307	1,237,460	3,784,822	19,419,455	-	26,189,059	(28,152,703)	50,411,981

## 5 SEGMENT INFORMATION (Continued)

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

As at 31 December 2014 and for the six months period ended 30 June 2014, the segment results, assets and liabilities were as follows:

	Continuing operations					Discontinued operations			Total
	Geophysics	Drilling engineering	Logging and mud logging	Special downhole operations	Engineering construction	Fibre products and raw materials	Unallocated	Eliminated	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the six months period ended 30 June 2014									
<b>Segment revenue and results</b>									
Revenue from external customers	2,749,600	17,866,296	1,548,021	3,207,591	8,097,573	7,924,423	716,031	-	42,109,535
Inter-segment revenue	13,588	737,316	21,204	13,074	128,582	-	316,121	(1,229,885)	-
Reportable segment revenue	2,763,188	18,603,612	1,569,225	3,220,665	8,226,155	7,924,423	1,032,152	(1,229,885)	42,109,535
Reportable segment profit/(loss)	189,703	1,148,821	206,649	218,979	(183,989)	(1,667,777)	(39,471)	-	(127,085)
Other income	8,203	152,429	611	27,560	25,024	4,479	2,782	-	221,088
Other expenses	(4,289)	(5,293)	(1,854)	(3,502)	(9,652)	(11,705)	(280)	-	(36,575)
Profit/(loss) before income tax	193,617	1,295,957	205,406	243,037	(168,617)	(1,675,003)	(36,969)	-	57,428
Discontinued operations									1,675,003
Profit before income tax and discontinued operations									1,732,431
Income tax expense									(436,183)
Profit for the period from continuing operations									1,296,248
Loss for the period from discontinued operations									(1,748,786)
<b>Loss for the period</b>									<b>(452,538)</b>

## 5 SEGMENT INFORMATION (Continued)

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

As at 31 December 2014 and for the six months period ended 30 June 2014, the segment results, assets and liabilities were as follows: (Continued)

	Continuing operations					Discontinued operations			Total
	Geophysics	Drilling engineering	Logging and mud logging	Special downhole operations	Engineering construction	Fibre products and raw materials	Unallocated	Eliminated	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
For the six months period ended 30 June 2014									
<b>Supplementary information</b>									
Depreciation and amortisation									
-- Property, plant and equipment	283,346	1,109,770	129,485	188,672	125,682	241,324	123,104	-	2,201,383
-- Prepaid land leases	-	296	208	5	442	3,970	-	-	4,921
-- Intangible assets	54	2,116	1,005	707	1,647	-	222	-	5,751
Capital expenditure									
-- Property, plant and equipment	20,104	352,992	86,610	77,428	1,817	170,985	1,509	-	711,445
-- Intangible assets	177	146	-	299	26	-	-	-	648
-- Long-term investment	-	-	-	-	43,100	-	-	-	43,100
Impairment loss on assets	-	16,936	-	-	61,610	1,024,524	-	-	1,103,070
As at 31 December 2014									
<b>Assets</b>									
Segment assets	6,801,486	47,609,063	4,021,903	8,740,517	21,924,709	-	2,835,912	(10,637,882)	81,295,708
<b>Liabilities</b>									
Segment liabilities	3,959,861	25,167,042	1,374,073	3,627,904	21,932,334	-	17,176,238	(10,637,882)	62,599,570

## 5 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, prepaid land leases, intangible assets, interests in joint ventures and interests in associates, which are based on the physical location of the assets.

	Revenue from external customers		Specified non-current assets	
	For the six months period ended 30 June		As at 30 June	As at 31 December
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
The PRC	16,870,923	25,735,541	30,010,370	31,339,091
Other countries	6,250,362	8,449,571	4,780,452	5,226,892
	<b>23,121,285</b>	<b>34,185,112</b>	<b>34,790,822</b>	<b>36,565,983</b>

## 6 FINANCE INCOME/ (EXPENSES) - NET

	For the six months period ended 30 June	
	2015	2014
	RMB'000	RMB'000
<b>Finance income</b>		
Interest income		
- Sinopec Group and its subsidiaries	600	575
- Third-party banks and other financial institutions	15,273	5,999
	<b>15,873</b>	<b>6,574</b>
<b>Finance expenses</b>		
Interest expenses on bank loans wholly repayable within 5 years		
- Sinopec Group and its subsidiaries	(153,311)	(303,073)
- Third-party banks and other financial institutions	(1,112)	(4,421)
Capitalisation of interest expenses for qualifying assets (i)	4,444	4,421
Exchange losses, net	(37,831)	(104,079)
Bank and other charges	(31,569)	(32,072)
	<b>(219,379)</b>	<b>(439,224)</b>
	<b>(203,506)</b>	<b>(432,650)</b>

Note:

- (i) Qualifying assets represent property, plant and equipment that the related interests have been capitalised at a rate of 2.89% to 6.00% (2014: 2.89% to 6.15%) per annum.



## 7 IMPAIRMENT LOSSES ON ASSETS

	For the six months period ended 30 June	
	2015	2014
	RMB'000	RMB'000
Expected losses on contracts work-in-progress	-	37,034
Provision for bad debts for trade and other receivables	110,205	41,512
	<u>110,205</u>	<u>78,546</u>

## 8 OTHER INCOME

	For the six months period ended 30 June	
	2015	2014
	RMB'000	RMB'000
Gain on disposal of property, plant and equipment	18,396	7,420
Government grants	142,338	178,731
Waived payables	830	24,376
Penalty income	1,270	846
Compensation received	3,098	83
Asset inventory surplus	1,167	1
Others	6,630	5,152
	<u>173,729</u>	<u>216,609</u>

## 9 OTHER EXPENSES

	For the six months period ended 30 June	
	2015	2014
	RMB'000	RMB'000
Loss on disposal of property, plant and equipment	4,890	1,020
Loss on scraps of assets	12	-
Penalty	3,582	6,006
Compensation	4,138	3,699
Others	8,536	14,145
	<u>21,158</u>	<u>24,870</u>

**10 (LOSS)/PROFIT BEFORE INCOME TAX**

(Loss)/Profit before income tax from continuing operations is stated after charging/(crediting) the followings:

	<b>For the six months period ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Staff costs, including directors and supervisors emoluments	<b>6,568,184</b>	7,047,336
Retirement benefit plan contribution (including the above mentioned staff costs)		
— Municipal retirement scheme costs	<b>630,569</b>	630,507
— Supplementary retirement scheme costs	<b>171,830</b>	167,604
Cost of goods sold	<b>5,376,581</b>	8,322,236
Depreciation and amortisation		
— Property, plant and equipment	<b>1,924,427</b>	1,960,059
— Prepaid land leases	<b>632</b>	951
— Intangible assets	<b>7,260</b>	5,751
Operating lease expenses		
— Property, plant and equipment	<b>520,738</b>	596,366
Impairment losses		
— Trade and other receivables	<b>110,205</b>	41,512
— Expected loss on contracts work-in-progress	<b>-</b>	37,034
Rental income from property, plant and equipment after relevant expenses	<b>604</b>	6,723
Gain on disposal of property, plant and equipment, net	<b>(13,506)</b>	(6,400)
Research and development expenses	<b>55,158</b>	76,288
Exchange losses, net	<b>37,831</b>	104,079

## 11 INCOME TAX EXPENSE

	For the six months period ended 30 June	
	2015 RMB'000	2014 RMB'000
<b>Current tax</b>		
PRC enterprise income tax	96,512	305,307
Overseas income tax	111,762	127,293
	<u>208,274</u>	<u>432,600</u>
<b>Deferred income tax</b>		
Accelerated timing difference	(25,159)	3,583
Income tax expense	<u>183,115</u>	<u>436,183</u>

## 12 DISCONTINUED OPERATIONS

As set out the Reorganisation in note 1.1 and the bases of presentation in note 1.2, for the purposes of the condensed consolidated statement of comprehensive income, the Fibre Business were classified as “discontinued operations”.

(a) Result of the discontinued operations is as follows:

	For the six months period ended 30 June	
	2015 RMB'000	2014 RMB'000
<b>Revenue</b>	-	7,924,423
Cost of sales and business taxes	-	(8,176,055)
<b>Gross loss</b>	-	<u>(251,632)</u>
Selling expenses	-	(120,321)
General and administrative expenses	-	(265,302)
Finance income/(expenses) - net	-	(8,024)
Impairment losses on assets	-	(1,024,524)
Share of profit from joint ventures	-	2,026
<b>Operating loss</b>	-	<u>(1,667,777)</u>
Other income	-	4,479
Other expenses	-	(11,705)
<b>Loss before income tax</b>	-	<u>(1,675,003)</u>
Income tax expense	-	(73,783)
<b>Loss for the period from discontinued operations</b>	-	<u>(1,748,786)</u>

### 13 (LOSS)/ EARNINGS PER SHARE

#### (a) Basic

For the six months periods ended 30 June 2015 and 2014, the basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company, and as if the 9,224,327,662 shares issued under the Reorganisation for acquisition of SOSC and the 2,000,000,000 new shares converted from capital reserve under the 5 shares for each 10 shares were in issue since 1 January 2014.

	For the six months period ended 30 June	
	2015	2014
(Loss)/Profit for the period attributable to owners of the Company (RMB'000)		
- Continuing operations	(1,247,775)	1,293,011
- Discontinued operations	-	(1,748,786)
	<u>(1,247,775)</u>	<u>(455,775)</u>
Weighted average number of ordinary shares in issue	<u>13,824,142,477</u>	<u>15,224,327,662</u>
Basic (loss)/earnings per share (RMB)		
- Continuing operations	(0.090)	0.085
- Discontinued operations	-	(0.115)
	<u>(0.090)</u>	<u>(0.030)</u>

#### (b) Diluted

There were no dilutive potential ordinary shares in existence during the six months periods ended 30 June 2015 and 2014, and therefore the diluted (loss)/earnings per share for the six months periods ended 30 June 2015 and 2014 were the same as the basic (loss)/earnings per share.

### 14 DIVIDENDS

The Board of Directors of the Company did not recommend the payment of any dividends for the six months period ended 30 June 2015 (2014: Nil).

## 15 EMPLOYMENT BENEFITS

	For the six months period ended 30 June	
	2015 RMB'000	2014 RMB'000
Salaries, wages and other benefits	5,765,785	6,249,225
Retirement benefit plan contribution (a)		
– Municipal retirement scheme costs	630,569	630,507
– Supplementary retirement scheme costs	171,830	167,604
	<u>6,568,184</u>	<u>7,047,336</u>

Note:

(a) 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 2015, the Group and the employees pay 20% and 8% (31 December 2014: 20% 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 5% 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.

## 16 PROPERTY, PLANT AND EQUIPMENT

For the six months period ended 30 June 2014

	Buildings	Oil engineering equipment and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cost</b>				
Balance at 1 January 2014, as previously reported	1,985,483	12,572,789	1,279,939	15,838,211
Business combinations under common control (Note 1.2)	2,785,958	53,248,043	2,498,392	58,532,393
Balance at 1 January 2014, restated	4,771,441	65,820,832	3,778,331	74,370,604
Additions	57,771	483,960	283,321	825,052
Disposals/Write-off	(505,047)	(555,724)	-	(1,060,771)
Transferred from construction in progress	29,239	1,629,660	(1,658,899)	-
Transfer	(1,745,085)	(1,566,257)	-	(3,311,342)
At 30 June 2014	2,608,319	65,812,471	2,402,753	70,823,543
<b>Accumulated depreciation</b>				
Balance at 1 January 2014, as previously reported	983,889	8,822,869	-	9,806,758
Business combinations under common control (Note 1.2)	880,501	23,825,208	-	24,705,709
Balance at 1 January 2014, restated	1,864,390	32,648,077	-	34,512,467
Depreciation	68,594	2,132,789	-	2,201,383
Disposals/Write-off	(231,354)	(408,008)	-	(639,362)
Transfer	(604,391)	(769,050)	-	(1,373,441)
At 30 June 2014	1,097,239	33,603,808	-	34,701,047
<b>Accumulated impairment loss</b>				
Balance at 1 January 2014, as previously reported	8,253	636,006	-	644,259
Business combinations under common control (Note 1.2)	68,206	320,139	95,264	483,609
Balance at 1 January 2014, restated	76,459	956,145	95,264	1,127,868
Impairment losses	-	845,949	-	845,949
Disposals/Write-off	(13,366)	(26,965)	-	(40,331)
Transfer	(48,256)	(5,731)	-	(53,987)
At 30 June 2014	14,837	1,769,398	95,264	1,879,499
<b>Carrying amounts</b>				
At 30 June 2014	1,496,243	30,439,265	2,307,489	34,242,997

## 16 PROPERTY, PLANT AND EQUIPMENT (Continued)

For the six months period ended 30 June 2015

	Buildings	Oil engineering equipment and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cost</b>				
Balance at 1 January 2015	1,121,780	55,274,704	1,482,548	57,879,032
Additions	-	323,604	349,838	673,442
Disposals/ Write-off	-	(139,342)	-	(139,342)
Transferred from construction in progress	19,870	319,653	(339,523)	-
At 30 June 2015	<u>1,141,650</u>	<u>55,778,619</u>	<u>1,492,863</u>	<u>58,413,132</u>
<b>Accumulated depreciation</b>				
Balance at 1 January 2015	338,888	26,075,169	-	26,414,057
Depreciation	20,086	1,904,341	-	1,924,427
Disposals/ Write-off	-	(125,240)	-	(125,240)
At 30 June 2015	<u>358,974</u>	<u>27,854,270</u>	<u>-</u>	<u>28,213,244</u>
<b>Accumulated impairment loss</b>				
Balance at 1 January 2015 and 30 June 2015	<u>8,624</u>	<u>280,657</u>	<u>95,264</u>	<u>384,545</u>
<b>Carrying amounts</b>				
At 30 June 2015	<u>774,052</u>	<u>27,643,692</u>	<u>1,397,599</u>	<u>29,815,343</u>

As at 30 June 2015, the property, plant and equipment under operating leases are “Oil engineering equipment and others” and its carrying amounts are RMB71,203,000 (31 December 2014: RMB 74,550,000).

## 17 PREPAID LAND LEASES

	2014 RMB'000
Balance at 1 January, as previously reported	263,262
Business combinations under common control (Note 1.2)	75,976
Balance at 1 January, restated	<u>339,238</u>
Amortisation	(4,921)
Write-off	(105,627)
Transfer to Sinopec Group and its subsidiaries	(23,280)
Balance at 30 June	<u>205,410</u>

  

	2015 RMB'000
Balance at 1 January	51,107
Amortisation	(632)
Balance at 30 June	<u>50,475</u>

Prepaid land leases represent prepayments made by the Group for the prepaid land leases located in the PRC which are held on leases term between 20 years to 50 years.



## 18 NOTES AND TRADE RECEIVABLES

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Trade receivables		
- Sinopec Group and its subsidiaries	6,192,632	19,519,440
- Joint ventures	37	31
- Sinopec Group and its joint ventures and associates	81,796	110,437
- Third parties	9,461,096	8,864,442
	<hr/> 15,735,561	<hr/> 28,494,350
Less: Provision for impairment	(498,744)	(429,415)
Trade receivables - net	<hr/> 15,236,817	<hr/> 28,064,935
Notes receivables	85,629	219,506
Notes and trade receivables - net	<hr/> 15,322,446	<hr/> 28,284,441

As at 30 June 2015 and 31 December 2014, the Group's notes and trade receivables were approximately their fair values.

All notes receivables of the Group are bank's acceptance notes and usually collected within six months from the date of issue.

As at 30 June 2015 and 31 December 2014, none of the Group's notes receivables were pledged as collateral or overdue.

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 and the Company do not hold any collateral as security.

## 18 NOTES AND TRADE RECEIVABLES (Continued)

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

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Within 1 year	13,738,313	26,429,277
1 to 2 years	1,081,088	1,459,465
2 to 3 years	263,218	159,149
Over 3 years	239,827	236,550
	<b>15,322,446</b>	<b>28,284,441</b>

The movements of provision for impairment on trade receivables are as follows:

	2014 RMB'000
Balance at 1 January, as previously reported	-
Business combinations under common control (Note 1.2)	385,093
Balance at 1 January, restated	385,093
Provisions	168,697
Reversal	(143,511)
Receivables write-off as uncollectible	(495)
Transfer	(2,787)
Balance at 30 June	406,997

  

	2015 RMB'000
Balance at 1 January	429,415
Provisions	158,916
Reversal	(87,501)
Receivables write-off as uncollectible	(2,086)
Balance at 30 June	498,744

## 19 PREPAYMENT AND OTHER RECEIVABLES

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Prepayments (i)	1,101,956	675,042
Other receivables (ii)		
Petty cash funds	211,320	125,405
Guarantee deposits	771,709	718,477
Disbursement of funds	978,032	755,768
Temporary payment	608,797	358,245
Escrow payments	9,678	16,559
Loans	10,000	10,000
Deposits	56,056	64,015
Export tax refund receivables	13,945	2,839
Value Added Tax to be offset	393,781	168,076
Others	560,739	584,120
	<b>4,716,013</b>	<b>3,478,546</b>
Less: Provision for impairment	<b>(415,264)</b>	<b>(376,474)</b>
Prepayments and other receivables - net	<b>4,300,749</b>	<b>3,102,072</b>

Note:

- (i) As at 30 June 2015, the prepayments include related party balances: Sinopec Group and its subsidiaries amounting at RMB 169,301,000 (31 December 2014: RMB 59,842,000).
- (ii) As at 30 June 2015, the other receivables include related party balances: Sinopec Group and its subsidiaries amounting at RMB 289,017,000 (31 December 2014: RMB 133,714,000), the joint ventures of the Group amounting at RMB 408,000 (31 December 2014: RMB 396,000) and the associates and joint ventures of Sinopec Group amounting at RMB 31,280,000 (31 December 2014: RMB 50,000,000).
- (iii) The amounts due from related parties are unsecured, interest free and repayable on demand.
- (iv) The carrying amounts of the Group's prepayments and other receivables as at 30 June 2015 and 31 December 2014 approximate their fair values.

## 19 PREPAYMENT AND OTHER RECEIVABLES (Continued)

The movements of provision for impairment on prepayments and other receivables are as follows:

	2014 RMB'000
Balance at 1 January, as previously reported	1,294
Business combinations under common control (Note 1.2)	357,854
Balance at 1 January, restated	359,148
Provisions	51,954
Reversal	(31,910)
Transfer	(1,333)
Balance at 30 June	377,859
	<b>2015 RMB'000</b>
Balance at 1 January	376,474
Provisions	67,454
Reversal	(28,664)
Balance at 30 June	415,264

## 20 CONTRACT WORK-IN-PROGRESS

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Contract cost incurred plus recognised profit less recognised losses	74,440,307	51,989,462
Less: Expected loss on contracts	(28,158)	(28,158)
Less: Progress billings	(64,860,686)	(48,543,871)
Contract work-in-progress	9,551,463	3,417,433
Representing:		
Amounts due from customers for contract works	14,135,531	10,009,710
Less: Expected loss on contracts	(28,158)	(28,158)
Net amounts due from customers for contract works	14,107,373	9,981,552
Amounts due to customers for contract works	(4,555,910)	(6,564,119)
	9,551,463	3,417,433
	<b>For the six months period ended 30 June</b>	
	2015 RMB'000	2014 RMB'000
Contract revenue recognised as revenue during the period	15,872,626	26,884,596

## 21 INVENTORIES

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Raw materials	1,779,844	1,743,628
Finished goods	124,770	99,015
Work in progress	134,611	89,322
Turnover materials	19,759	24,917
Others	725	1,432
	<b>2,059,709</b>	<b>1,958,314</b>
Less: Provision for impairment	<b>(7,724)</b>	<b>(7,724)</b>
	<b>2,051,985</b>	<b>1,950,590</b>

## 22 SHARE CAPITAL

	As at 30 June 2015	As at 31 December 2014
	Number of shares Share	Share capital RMB'000
<b>Registered, issued and paid:</b>		
- Domestic non-public legal person shares of RMB1.00 each	10,259,327,662	10,259,328
- Social public A shares of RMB1.00 each	1,783,333,333	1,783,333
- H shares of RMB1.00 each	2,100,000,000	2,100,000
	<b>14,142,660,995</b>	<b>14,142,661</b>
	Number of shares Share	Share capital RMB'000
At 1 January 2015	12,809,327,662	12,809,328
Issued share capital (i)	1,333,333,333	1,333,333
At 30 June 2015	<b>14,142,660,995</b>	<b>14,142,661</b>

Note:

- (i) Approved by “Approval to the Material Asset Reorganisation of Sinopec Yizheng Chemical Fibre Company Limited and Issuance of Shares to China Petrochemical Corporation for Asset Acquisition and Subsequent A Share Placement” (CSRC Permit [2014] No. 1370) issued by China Securities Regulatory Committee, the Company issued 1,333,333,333 A Shares to seven specific investors such as Darry Asset Management (Hangzhou) Co., Ltd at RMB4.50 per share on 13 February 2015. The net proceeds from the issuing were approximately RMB5,962,516,700. The shares registration and relevant procedures of the Issuance had been completed at Shanghai Branch of China Security Depository and Clearing Corporation Limited (“CSDC”) on 3 March 2015. The new shares are limited tradable shares which lock-up period is 12 months.

## 23 NOTES AND TRADE PAYABLES

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Trade payables		
- Sinopec Group and its subsidiaries	1,432,433	2,096,826
- Joint ventures	505	505
- Sinopec Group and its joint ventures and associates	27,273	17,876
- Third parties	22,833,510	27,941,958
	<u>24,293,721</u>	<u>30,057,165</u>
Notes payables	1,009,446	856,442
	<u>25,303,167</u>	<u>30,913,607</u>

As at 30 June 2015 and 31 December 2014, 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 2015 RMB'000	As at 31 December 2014 RMB'000
Within 1 year	19,175,114	23,843,263
1 and 2 years	3,880,898	5,054,013
2 and 3 years	1,907,225	1,141,614
Over 3 years	339,930	874,717
	<u>25,303,167</u>	<u>30,913,607</u>

## 24 DEPOSITS RECEIVED AND OTHER PAYABLES

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Deposits received (i)		
Advances for construction and service	1,875,910	1,853,049
Salaries payables	259,758	288,285
Other tax payables	480,931	2,523,352
Interest payables (ii)	13,623	20,028
Other payables (iii)		
Guarantee deposits	395,863	409,207
Deposits	134,179	161,140
Disbursement of funds	319,071	339,054
Temporary receipts	227,840	369,576
Escrow payments	30,503	28,437
Withheld payments	63,622	169,590
Sinopec Group capital restructuring funds	2,600,000	4,000,000
Net profit of major assets restructuring	1,118,903	1,479,207
Others	683,979	371,258
	<b>8,204,182</b>	<b>12,012,183</b>

Note:

- (i) As at 30 June 2015, the deposits received include related party balances: Sinopec Group and its subsidiaries amounting at RMB 136,053,000 (31 December 2014: RMB 191,719,000) and the joint ventures and associates of Sinopec Group amounting at RMB 43,540,000 (31 December 2014: RMB 143,462,000).
- (ii) As at 30 June 2015, the interest payables include related party balances: Sinopec Group and its subsidiaries amounting at RMB 13,475,000 (31 December 2014: RMB 19,880,000).
- (iii) As at 30 June 2015, the other payables include related party balances: Sinopec Group and its subsidiaries amounting at RMB 7,767,978,000 (31 December 2014: RMB 5,546,881,000).
- (iv) Amounts due to related parties are unsecured, interest free and repayable on demand.

## 25 INTEREST BEARING BORROWINGS

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
<b>Current liabilities</b>		
Bank loans (i)	36,682	36,714
Loans from Sinopec Group (ii)	1,800,000	-
Loans from Sinopec Finance Company Limited (iii)	1,340,000	4,460,000
Loans from Sinopec Century Bright Capital Investment Company Limited (iii)	8,469,862	7,502,995
Finance lease liabilities (iv)	28,360	15,870
	<b>11,674,904</b>	<b>12,015,579</b>
<b>Non-current liabilities</b>		
Bank loans (i)	458,520	428,723
Loans from Sinopec Finance Company Limited (iii)	-	70,000
Finance lease liabilities (iv)	50,371	69,440
	<b>508,891</b>	<b>568,163</b>
	<b>12,183,795</b>	<b>12,583,742</b>

### (i) Bank loans

The bank loans of the Group are repayable as follows:

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Within 1 year	36,682	36,714
Over 5 years	458,520	428,723
	<b>495,202</b>	<b>465,437</b>

As at 30 June 2015, the annual interest rates for the above bank loans were range from 1.93% to 2.42% (31 December 2014: 2.42% to 5.60%).

### (ii) Loans from the immediate and ultimate holding company

The loans from immediate and ultimate holding company of the Group are repayable as follows:

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Within 1 year	1,800,000	-

Loans from the immediate and ultimate holding company are unsecured and repayable on 20 August 2015. The annual interest rate is 3.25% (31 December 2014: Nil).



## 25 INTEREST BEARING BORROWINGS (Continued)

### (iii) Loans from related parties

The loans from related parties of the Group are repayable as follows:

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Within 1 year	9,809,862	11,962,995
1 to 2 years	-	70,000
	<b>9,809,862</b>	<b>12,032,995</b>

Loans from related parties are unsecured and repayable on or before 30 June 2016. As at 30 June 2015, the annual interest rates were range from 1.55% to 6.15% (31 December 2014: 1.55% to 6.15%).

### (iv) Finance lease liabilities

The analysis of the Group's obligations under finance leases is as follows:

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Total minimum lease payments		
- Within 1 year	32,754	20,264
- 1 to 2 years	21,429	22,080
- 2 to 5 years	36,999	58,427
	<b>91,182</b>	<b>100,771</b>
Future finance charges on finance leases	(12,451)	(15,461)
Present value of finance lease liabilities	<b>78,731</b>	<b>85,310</b>

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Present value of minimum lease payments:		
- Within 1 year	28,360	15,870
- 1 to 2 years	17,360	17,360
- 2 to 5 years	33,011	52,080
	<b>78,731</b>	<b>85,310</b>
Less: Portion due within one year included under current liabilities	(28,360)	(15,870)
Portion due after one year included under non-current liabilities	<b>50,371</b>	<b>69,440</b>

## 26 COMMITMENTS

### (a) Capital commitments

Capital commitments for the purchase of property, plant and equipment outstanding as at 30 June 2015 and 31 December 2014 not provided for in the interim financial information are as follows:

	<b>As at 30 June 2015 RMB'000</b>	<b>As at 31 December 2014 RMB'000</b>
Contracted but not provided for	<b>2,222,830</b>	1,658,430

### (b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases at 30 June 2015 and 31 December 2014 are as follows:

	<b>As at 30 June 2015 RMB'000</b>	<b>As at 31 December 2014 RMB'000</b>
Within 1 year	<b>69,082</b>	66,864
1 to 2 years	<b>8,458</b>	19,315
2 to 3 years	<b>7,212</b>	18,299
Over 3 years	<b>10,302</b>	6,046
Total	<b>95,054</b>	110,524

### (c) Investment commitments

As at 30 June 2015, the Group has outstanding commitments of RMB 240,587,000 in respect of its investment in SinoFTS Petroleum Services Limited and Zhong Wai Energy Service Co. Limited. (31 December 2014: SinoFTS Petroleum Services Limited and Zhong Wai Energy Service Co. Limited RMB 240,685,000).

### (d) Fulfillment of commitments for the previous period

The Group has fulfilled the capital and operating lease commitments as at 30 June 2015.

## 27 CONTINGENCIES

In preparing this interim financial information, there were no further developments of those contingencies as at 30 June 2015, which were disclosed in the 2014 annual report.

## 28 SIGNIFICANT RELATED PARTY TRANSACTIONS

Sinopec Group and CITIC Group Corporation (formerly known as “China International Trust and Investment Corporation”) are considered to be related parties as they have the ability to control and exercise their significant influence over the Group’s financial and operating decisions.

Sinopec Finance Company Limited, China CITIC Bank, other subsidiaries of Sinopec Group and other subsidiaries and joint ventures of CITIC Group Corporation are considered to be related parties as they are subject to the common control or significant influences by Sinopec Group or CITIC Group Corporation.

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

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

	<b>For the six months period ended 30</b>	
	<b>June</b>	
	<b>2015</b>	<b>2014</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b><u>Continuing operations</u></b>		
<b>Purchases of materials</b>		
- Sinopec Group and its subsidiaries	<b>2,278,104</b>	5,631,319
<b>Sales of products</b>		
- Sinopec Group and its subsidiaries	<b>18,487</b>	17,502
<b>Rendering of engineering services</b>		
- Sinopec Group and its subsidiaries	<b>12,616,265</b>	20,059,270
<b>Receiving of community services</b>		
- Sinopec Group and its subsidiaries	<b>805,237</b>	819,647
<b>Receiving of integrated services</b>		
- Sinopec Group and its subsidiaries	<b>116,513</b>	127,901
<b>Rendering of technology development services</b>		
- Sinopec Group and its subsidiaries	<b>-</b>	49,850

## 28      **SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)**

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

	<b>For the six months period ended 30</b>	
	<b>June</b>	
	<b>2015</b>	<b>2014</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b><u>Continuing operations (Continued)</u></b>		
<b>Rental expenses</b>		
- Sinopec Group and its subsidiaries	<b>45,900</b>	<b>21,105</b>
	<hr/>	<hr/>
<b>Deposits interest income</b>		
- Sinopec Group and its subsidiaries	<b>600</b>	<b>575</b>
	<hr/>	<hr/>
<b>Loans interest expenses</b>		
- Sinopec Group and its subsidiaries	<b>153,311</b>	<b>303,073</b>
	<hr/>	<hr/>
<b>Borrowings obtained</b>		
- Sinopec Group and its subsidiaries	<b>26,332,206</b>	<b>32,190,850</b>
	<hr/>	<hr/>
<b>Safety and insurance fund expenses</b>		
- Sinopec Group	<b>30,215</b>	<b>41,661</b>
	<hr/>	<hr/>

## 28      **SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)**

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

	<b>For the six months period ended 30</b>	
	<b>June</b>	
	<b>2015</b>	<b>2014</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b><u>Discontinued operations</u></b>		
<b>Purchases of materials</b>		
- Sinopec Group and its subsidiaries	-	6,634,545
<b>Sales of products</b>		
- Sinopec Group and its subsidiaries	-	28,295
<b>Commission fees</b>		
- Sinopec Group and its subsidiaries	-	1,119
<b>Construction fees</b>		
- Sinopec Group and its subsidiaries	-	10,263
<b>Miscellaneous expenses</b>		
- Sinopec Group and its subsidiaries	-	5,577
<b>Deposits interest income</b>		
- Sinopec Group and its subsidiaries	-	429
- China CITIC Bank	-	327
	-	756
<b>Loans interest expenses</b>		
- Sinopec Group and its subsidiaries	-	17,593
<b>Safety and insurance fund expenses</b>		
- Sinopec Group	-	341
<b>Borrowings obtained</b>		
- Sinopec Group and its subsidiaries	-	2,000,000

## 28 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 period ended 30 June	
	2015 RMB'000	2014 RMB'000
<b><u>Discontinued operations (Continued)</u></b>		
<b>Compensation received</b>		
- Sinopec Group and its subsidiaries	-	7,400

- (b) Remuneration of key management personnel

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

	For the six months period ended 30 June	
	2015 RMB'000	2014 RMB'000
Fee	250	140
Salaries, allowances and bonus	4,861	1,063
Contributions to pension plans	315	129
	<u>5,426</u>	<u>1,332</u>

- (c) Related party guarantee

As at 30 June 2015 and 31 December 2014, the Sinopec Group provides performance guarantee to the Group amounting at USD 210,000,000. The guarantee period is from June 2013 to November 2015.

## 29 BUSINESS COMBINATION UNDER COMMON CONTROL

The effects of the Group's (loss)/earnings per share for the business combination under common control for the six months period ended 30 June 2014 are as follows:

	For the six months period ended 30 June 2014		
	As previously reported RMB	SOSC RMB	Restated RMB
(Loss)/Earnings per share for (loss)/profit attributable to owners of the Company (in RMB)			
- Basic and diluted	(0.291)	0.261	(0.030)

## 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 2015.

### **Consolidated balance sheets**

*(Expressed in thousands of Renminbi Yuan)*

	<b>30 June 2015</b>	<b>31 December 2014</b>
Assets		
Current assets:		
Cash at bank and on hand	3,026,832	1,213,897
Notes receivable	85,629	219,506
Accounts receivable	15,236,817	28,064,935
Advances to suppliers	1,071,367	660,271
Other receivables	2,770,198	2,215,132
Inventories	16,159,358	11,932,142
Non-current assets due within one year	1,298,109	1,350,742
Other current assets	393,781	168,076
Total current assets	<u>40,042,091</u>	<u>45,824,701</u>
Non-current assets:		
Available-for-sale financial assets	40,494	40,494
Long-term equity investments	103,267	107,999
Fixed assets	28,417,744	29,693,146
Construction in progress	1,397,599	1,387,284
Disposal of fixed assets	-212	3,175
Intangible assets	84,458	92,351
Long-term prepaid expenses	3,555,260	3,989,879
Deferred tax assets	172,085	156,679
Total non-current assets	<u>33,770,695</u>	<u>35,471,007</u>
Total assets	<u><b>73,812,786</b></u>	<u><b>81,295,708</b></u>

**Consolidated balance sheets (continued)**  
*(Expressed in thousands of renminbiyuan)*

Liabilities and shareholders' equity

Current liabilities :

Short-term loans	11,526,544	11,889,709
Notes payable	1,009,446	856,442
Accounts payable	24,293,721	30,057,165
Advances from customers	6,431,820	8,417,168
Employee benefits payable	259,758	288,285
Taxes payable	555,105	2,955,778
Interest payable	13,623	20,028
Other payables	5,552,427	7,327,469
Non-current liabilities due within one year	89,463	125,870
Total current liabilities	<u>49,731,907</u>	<u>61,937,914</u>

Non-current liabilities:

Long-term loans	528,520	498,723
Long-term payables	60,801	69,440
Special payable	2,647	2,647
Deferred income	50,964	43,951
Deferred income tax liabilities	37,142	46,895
Total non-current liabilities	<u>680,074</u>	<u>661,656</u>

Total non-current liabilities

Total liabilities

	<u>50,411,981</u>	<u>62,599,570</u>
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Shareholders' equity :

Share capital	14,142,661	12,809,328
Capital reserve	8,894,216	4,275,032
Specific reserve	428,143	295,568
Surplus reserve	200,383	200,383
Retained earnings	-263,541	1,116,809
Equity attributable to the owners of the company	23,401,862	18,697,120
Minority interests	-1,057	-982
Total shareholders' equity	<u>23,400,805</u>	<u>18,696,138</u>

Total shareholders' equity

Total liabilities and shareholders' equity

	<u>73,812,786</u>	<u>81,295,708</u>
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**Consolidated income statements**  
*(Expressed in thousands of RenminbiYuan)*

	For the six months ended	
	30 June	
	2015	2014
1.Revenue	23,121,285	42,109,535
Less:Cost of sales	22,305,940	38,285,942
Taxes and surcharges	260,523	316,421
Selling and distribution expenses	25,343	149,526
General and administrative expenses	1,560,959	2,174,491
Finance costs	203,506	440,674
Impairment losses	110,205	1,103,070
Add:Investment income	-4,690	3,410
Including:Share of (loss)/profit of a joint venture	-4,732	2,319
2.Operating losses	-1,349,881	-357,179
Add:Non-operating income	173,729	219,672
Less:Non-operating expenses	21,158	36,576
Including:Losses from disposal of non-current assets	4,890	5,960
3.Losses before income tax	-1,197,310	-174,083
Less:Income tax expenses	183,115	509,965
4.Net losses for the period	-1,380,425	-684,048
Profit for the period attributable to:		
- The owners' of the company	-1,380,350	-687,285
- Minority interests	-75	3,237
5.Earnings per share :		
Basic earnings per share (in RMB)	-0.10	-0.05
Diluted earnings per share (in RMB)	-0.10	-0.05
6.Other comprehensive income for the period		
7.Total comprehensive income for the period	-1,380,425	-684,048
Total comprehensive income for the period attributable to:		
- The owners of the Company	-1,380,350	-687,285
- Minority shareholders	-75	3,237

**Consolidated cash flow statement***(Expressed in thousands of renminbiyuan)*

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2015</b>	<b>2014</b>
1.Cash flows from operating activities:		
Cash received from sale of goods	34,771,336	42,281,602
Refund of taxes	50,800	35,836
Cash received from other operating activities	496,496	1,713,514
Sub-total of cash inflow	35,318,632	44,030,952
Cash paid for goods and services	25,004,722	32,632,543
Cash paid to and for employees	6,081,730	7,582,375
Cash paid for all types of taxes	3,490,444	4,010,410
Cash paid relating to other operating activities	2,113,158	1,788,037
Sub-total of cash outflows	36,690,054	46,013,365
Net cash outflow from operating activities	-1,371,422	-1,982,413
2.Cash flows from investing activities :		
Cash received from the investment income	-	2,730
Net cash received from disposal of fixed assets	22,780	4,430
Cash received relating to other investing activities	-	22,625
Sub-total of cash inflows	22,780	29,785
Cash paid for acquisition of fixed assets and intangible assets	469,299	951,096
Cash paid for the investments	-	1,584
Sub-total of cash outflows	469,299	952,680
Net cash outflow from investing activities	-446,519	-922,895
3.Cash flows from financing activities :		
Cash received from the acquisition of investments	5,954,000	-
Cash received from borrowings	26,172,969	35,485,344
Sub-total of cash inflows	32,126,969	35,485,344
Cash paid for repayments of borrowings	26,586,161	32,492,473
Cash paid for distribution of dividend, profit or payments of interests	156,752	359,122
Cash paid for other financing activities	1,769,994	-
Sub-total of cash outflows	28,512,907	32,851,595
Net cash inflow from financing activities	3,614,062	2,633,749
4.Effect of foreign exchange rate changes on cash and cash equivalents	-8,241	-1,962
5.Net decrease in cash and cash equivalents	1,787,880	-273,521
Add: Cash and cash equivalents at the beginning of the period	1,201,754	1,694,094
6.Cash and cash equivalents at the end of the period	2,989,634	1,420,573

**Consolidated Statement of changes in shareholders' equity**  
*(Expressed in thousands of Renminbi Yuan)*

Items	Share capital	Capital reserve	Specific reserve	Surplus reserve	Retained earnings	Minority interests	Total shareholders' equity
Balance at 31 December 2013	6,000,000	1,146,794	1,447	200,383	(252,136)	-	7,096,488
Adjustment for the business combination under common control	-	22,171,408	300,982	-	1,112,416	84,938	23,669,744
Balance at 1 January 2014	6,000,000	23,318,202	302,429	200,383	860,280	84,938	30,766,232
Changes during the period (decrease in "-")							
Increase or decrease of capital	-	(5,764,315)	-	-	-	(16,645)	(5,780,960)
Transfer of equity	-	(238,795)	-	-	238,795	-	-
Total comprehensive income	-	-	-	-	(687,285)	3,237	(684,048)
Distribution of profits	-	-	-	-	(17,080)	(3,533)	(20,613)
Special reserve-provided during the period	-	-	521,710	-	-	178	521,888
-used during the period (expressed in "-")	-	-	(291,616)	-	-	-	(291,616)
Balance at 30 June 2014	<b>6,000,000</b>	<b>17,315,092</b>	<b>532,523</b>	<b>200,383</b>	<b>394,710</b>	<b>68,175</b>	<b>24,510,883</b>
Balance at 1 January 2015	12,809,328	4,275,032	295,568	200,383	1,116,809	(982)	18,696,138
Changes during the period (decrease in "-")							
Total comprehensive income	-	-	-	-	(1,380,350)	(75)	(1,380,425)
Increase or decrease of capital	1,333,333	4,619,184	-	-	-	-	5,952,517
Special reserve-provided during the period	-	-	336,223	-	-	-	336,223
-used during the period (expressed in "-")	-	-	(203,648)	-	-	-	(203,648)
Balance at 30 June 2015	<b>14,142,661</b>	<b>8,894,216</b>	<b>428,143</b>	<b>200,383</b>	<b>(263,541)</b>	<b>(1,057)</b>	<b>23,400,805</b>

### 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 loss and net assets are as follows:

	Net loss 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 2015	At 31 December 2014
	2015	2014		
Amounts under PRC ASBE	-1,380,350	-687,285	23,401,862	18,697,120
Adjustments under IFRS:				
Government grants (a)	-	1,416	-	-
Specific reserve (b)	132,575	230,094	-	-
Amounts under IFRS	<u>-1,247,775</u>	<u>-455,775</u>	<u>23,401,862</u>	<u>18,697,120</u>

a. Government grants

Under PRC ASBE, grants from government that are credited to capital reserve according to relevant regulation cannot be included in deferred income. Under IFRS, the government grants related to assets are recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the assets.

b. 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 2015, the Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, except that:

Code provision A.5.1 provides that listed issuers should establish a nomination committee. As at the end of reporting period, the Company has not set up a nomination committee. Nonetheless, the requirements for nomination of directors are set out in detail in the Articles of Association of the Company. Pursuant to the Articles of Association, the candidates for independent directors may be nominated by the Board, the Supervisory Committee, or shareholders holding individually or collectively more than one per cent of the issued shares of the Company. The candidates for the remaining directors shall be nominated by the Board, the Supervisory Committee, or shareholders holding individually or collectively more than three per cent of the issued shares of the Company. Directors of the Company shall be elected at general meeting of the Company for a term of office of not more than three years. Upon expiration of his term, each Director shall be entitled to be re-elected.

The Company held the 5th meeting of the Audit Committee of the eighth session of the Board on 25 August 2015. In the meeting, the Interim Financial Report of the Company during the report period was reviewed.

### 8.2 Compliance with the Mode Code

The Company has adopted the Model Code as contained in Appendix 10 to the Listing Rules. After having specifically inquired from 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.

### 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  
**Li Honghai**  
*Secretary to the Board*

25 August 2015  
Beijing, The PRC

*As at the date of this announcement, the Board of Directors comprises Mr. Jiao Fangzheng<sup>+</sup>, Mr. Yuan Zhengwen<sup>#</sup>, Mr. Zhu Ping<sup>#</sup>, Mr. Zhou Shiliang<sup>#</sup>, Mr. Li Lianwu<sup>+</sup>, Mr. Zhang Hong<sup>+</sup>, Ms. Jiang Bo<sup>\*</sup>, Mr. Zhang Huaqiao<sup>\*</sup>.*

“ + ” *Non-Executive Director*

“ # ” *Executive Director*

“ \* ” *Independent Non-Executive Director*