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 2016

The Board of Directors ("**the Board**") of Sinopec Oilfield Service Corporation (the "**Company**") hereby presents the interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2016.

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

1.2 The interim financial statements of the Company for 2016, 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 2016, 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.Sun Qingde, Vice Chairman and General Manager, Mr.Wang Hongchen, Chief Financial Officer, and Mr. Song Daoqiang, Manager of the Accounting Department of the Company, hereby warranted the authenticity and completeness of the interim financial statements contained in the announcement.

1.4 This announcement of interim results is a summary of the 2016 Interim Report of the Company. For more details, investors should carefully read the full version of the 2016 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	-
H Shares	HKSE	SINOPEC SSC	1033	-

2.1.2 Contact Persons and Contact Information

	Secretary to the board	Securities Affairs Representative
Name	Li Honghai	Wu Siwei
Address	Office of the board of directors, #9 Jishikou Road, Changyang District, Beijing, China.	
Telephone	86-10-59965998	
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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 2016 RMB'000	As at 31 December 2015 RMB'000	Increase /(Decrease) (%)
Total assets	**77,477,260**	85,307,777	（9.2）
Total liabilities	**57,278,533**	60,670,824	（5.6）
Total equity attributable to equity shareholders of the Company	**20,199,951**	24,638,094	（18.0）
Net assets per share attributable to equity shareholders of the Company (RMB)	**1.43**	1.74	(17. 8)
	For the six months ended 30 June 2016 RMB '000	For the six months ended 30 June 2015 RMB '000	Increase/(Decrease) (%)
(Loss)/Profit attributable to equity shareholders of the Company	**（4,438,143）**	(1,247,775)	Not applicable
Basic and diluted (loss)/earnings per share	**RMB (0.314)**	RMB (0.090)	Not applicable
Net cash used in operating activities	**（3,242,833）**	(1,397,163)	Not applicable
Return on net assets	**(21.97%)**	(5.33%)	Decreased by16.64 percentage points
Net cash used in operating activities per share	**RMB (0.229)**	RMB (0.101)	Not applicable

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 2016 RMB'000	**For the six months ended 30 June 2015 RMB'000**	Increase/(Decrease) (%)
Operating income	**18,689,863**	23,121,285	-9.2
Operating profit ("-" for losses)	**-4,439,422**	-1,349,881	Not applicable
Profit before income tax ("-" for losses)	**-4,396,294**	-1,197,310	Not applicable
Net profit attributable to equity shareholders of the Company ("-" for losses)	**-4,509,421**	-1,380,350	Not applicable
Net profit deducted extraordinary gain	**-4,559,830**	-1,401,445	Not applicable

and loss attributable to equity shareholders of the Company ("-" for losses)			
Net cash inflow from operating activities ("-" for outflow)	**-3,110,624**	-1,371,422	Not applicable
	As at 30 June 2016 RMB'000	**As at 30 June 2015 RMB'000**	Increase/(Decrease) (%)
Total assets	**77,477,260**	85,307,777	-9.2
Total equity attributable to equity shareholders of the Company	**20,199,951**	24,638,094	-18.0

（2）Key financial indicators

	For the six months ended 30 June 2016	For the six months ended 30 June 2015	Increase/(Decrease) (%)
Basic earnings per share (RMB) ("-" for losses)	**-0.319**	-0.101	Not applicable
Diluted earnings per share (RMB) ("-" for losses)	**-0.319**	-0.101	Not applicable
Basic earnings per share deducted extraordinary gain and loss (RMB) ("-" for losses)	**-0.322**	-0.102	Not applicable
Weighted average return on net assets	**-20.15%**	-6.56%	Decreased by 13.59 percentage points
Weighted average return on net assets deducted extraordinary gain and loss	**-20.39%**	-6.66%	Increased by 13.73 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	405
Government grants recognized in profit or loss during the current period	25,605
Gains and losses from entrusted loans	15,549
Other non-operating income and expenses excluding the aforesaid items	17,118
Effect of income tax	-8,268
Total	50,409

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

	Net profit attributable to equity shareholders of the Company ("-" for losses)		Total equity attributable to equity shareholders of the Company	
	For the six months ended 30 June 2016 RMB'000	For the six months ended 30 June 2015 RMB'000	As at 30 June 2016 RMB'000	As at 1 January 2016 RMB'000
PRC ASBE	-4,509,421	-1,380,350	20,199,951	24,638,094
Specific reserve (a)	71,278	132,575	-	-
IFRS	-4,438,143	-1,247,775	20,199,951	24,638,094
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:	11,592,660,995	82.0	-	-	-	-1,333,333,333	-1,333,333,333	10,259,327,662	72.6
1. State-owned shares	-	-	-	-	-	-	-	-	-
2. Shares held by state-owned companies	10,259,327,662	72.6	-	-	-	-	-	10,259,327,662	72.6
3. Shares held by other domestic investors	1,333,333,333	9.4	-	-	--	-1,333,333,333	-1,333,333,333	-	-
4. Shares held by foreign investors	-	-	-	-	-	-	-	-	-
II. Shares without selling restrictions	2,550,000,000	18.0	-	-	-	+1,333,333,333	+1,333,333,333	3,883,333,333	27.4
1. RMB-denominated ordinary shares	450,000,000	3.2	-	-	-	+1,333,333,333	+1,333,333,333	1,783,333,333	12.6
2. Shares traded in non-RMB currencies and listed domestically	-	-	-	-	-	-	-	-	-
3. Shares listed overseas	2,100,000,000	14.8	-	-	-	-	-	2,100,000,000	14.8
4. Others	-	-	-	-	-	-	-	-	-
III. Total shares	14,142,660,995	100.0	-	-	-	-	-	14,142,660,995	100.0

During the reporting period, the Company's total number of shares remains the same but shareholding structure has changed. The change mainly results from the termination of the lock-up period of non-public issued 1,333,333,333 A shares with selling restrictions on 3 March 2016.

3.2 As at 30 June 2016, there were 176,436 shareholders in the Company, including 176,072 shareholders holding A shares and 346 registered holders of H shares.

3.3 As at 30 June 2016, the shareholdings of the top ten shareholders of the Company are as follows:

Shareholdings of the top ten shareholders					
Names of shareholders	Nature of shareholders	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	2,085,950,496	14.75	0	0
CITIC Limited	State-owned legal person	1,035,000,000	7.32	1,035,000,000	0
Darry Asset Management (Hangzhou) Co., Ltd.	Other	133,333,333	0.94	0	133,333,300
Beijing Harvest Yuanhe Investment Center (Limited Partnership)	Other	124,007,660	0.88	0	Unknown
Donghai Fund-Xingye Bank-Huaxin Trust-Huizhi Investment No.47 Trust Plan	Other	66,666,666	0.47	0	Unknown
Donghai Fund-Xingye Bank-Huaxin Trust-Huizhi Investment No.49 Trust Plan	Other	66,666,666	0.47	0	Unknown
Caitong Fund-Minsheng Bank-Shuguang No.15 Asset Management Plan	Other	16,264,090	0.12	0	Unknown
Hua'an Fund-Xingye Bank-China Foreign Economy and Trade Trust Co., Ltd.	Other	13,333,300	0.09	0	Unknown
Caitong Fund-Guangda Bank-China Galaxy Securites	Other	10,842,727	0.08	0	Unknown

Shareholdings of top ten shareholders of shares without selling restrictions		
Name of shareholders	**Number of shares without selling restrictions held at the end of the reporting period (shares)**	**Types of shares**
HKSCC (Nominees) Limited*	2,085,950,496	H Share
Darry Asset Management (Hangzhou) Co., Ltd.	133,333,333	A Share

Beijing Harvest Yuanhe Investment Center (Limited Partnership)	124,007,660	A Share
Donghai Fund- Xingye Bank-Huaxin Trust- Huizhi Investment No.47 Trust Plan	66,666,666	A Share
Donghai Fund- Xingye Bank-Huaxin Trust- Huizhi Investment No.49 Trust Plan	66,666,666	A Share
Caitong Fund-Minsheng Bank-Shuguang No.15 Asset Management Plan	16,264,090	A Share
Hua'an Fund-Xingye Bank-China Foreign Economy and Trade Trust Co., Ltd.	13,333,300	A Share
Caitong Fund-Guangda Bank-China Galaxy Securites	10,842,727	A Share
Hua'an Fund-Minsheng Bank-Hua'anjifeng No.7 Hierarchical Asset Management Plan	10,300,000	A Share
Beixin Ruifeng Fund-Ningbo Bank-Beixinruifeng Fund Fengqing No.18 Asset Management Plan	9,222,308	A Share
Statement on the connected relationship or activities in concert among the above-mentioned shareholders.	Except that "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, "Caitong Fund-Minsheng Bank-Shuguang No.15 Asset Management Plan" and "Caitong Fund-Guangda Bank-China Galaxy Securites" belong to Caitong Fund Management Limited Company, and "Hua'an Fund-Xingye Bank-China Foreign Economy and Trade Trust Co., Ltd" and "Hua'an Fund-Minsheng Bank-Hua'anjifeng No.7 Hierarchical Asset Management Plan" belong to Caitong Fund Management Limited Company, there is no connected relationship or acting in concert among the above-mentioned shareholders.	

*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 are aware of, as at 30 June 2016, 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 shall be disclosed under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO") were as follows:

Name of shareholder	Number of share held	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 2016, so far as the Directors are aware of, 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. Zhu Ping had tendered his resignations as the Vice Chairman and General Manager, with effect from11 March 2016. The Board expressed its sincere gratitude to Mr. Zhu Ping for his important contributions to the Company during the term of office.

Following the nomination by Chairman, the Board resolved that Mr. Sun Qingde was appointed as the General Manager of the Company. The term of office started from 11 March 2016 to the end of the eighth session of the Board.

Mr. Sun Qingde was elected as Executive Director of the eighth session of the Board at 2015 Annual General Meeting held on 6 June 2016. The term of Mr. Sun Qingde was started from 6 June 2016 to the end of the eighth session of the Board.

Mr. Sun Qingde was elected as Vice Chairman of the eighth session of the Board at the eleventh meeting of the eighth session of Board on 6 June 2016.

Mr. Geng Xianliang had tendered his resignation as the Deputy General Manager due to personal reasons with effect from 5 July 2016.

Due to the change of work, Ms. Wen Dongfen tendered her resignation as the Supervisor of the Company, with effect from 2 August 2016. The Company expressed its sincere gratitude to Ms. Wen Dongfen for her hard work and contributions to the Company during the term of office.

Following the nomination by General Manager, the Board resolved that Mr. Lu Baoping was appointed as the Deputy Manager of the Company. The term of office was from 30 August 2016 to 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 of the Company did not hold any shares of the Company'.

No Directors, Supervisors and Senior Management had any interests, whether beneficial or non-beneficial, in the shares of the Company or other associated corporations (within the meaning of the SFO) during the reporting period.

4.3. Directors', Supervisors' and Senior Management's rights to acquire interest or short position in shares or debentures

As at 30 June 2016, none of the Directors or Supervisors of the Company had any interest or 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 HKSE 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 Non-executive Director and Audit Committee

As at 30 June 2016, the Company has three independent non-executive directors, one of whom is professional in the accounting field and has experience in financial management.

The Audit Committee of the Board of the Company has been founded. The members of the Audit Committee include Ms. Jiang Bo, Mr. Pan Ying and Mr. Li Lianwu. The main responsibilities of the audit committee are to review and supervise the Company's financial reporting procedures and internal control system, and to provide advice to the Board. The Audit Committee has reviewed and confirmed the interim results for the six months ended on 30 June 2016.

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

In the first half of 2016, with the weak recovery of global economy, downward pressure on China's economy increased. Global crude oil prices continued to fluctuate at low levels, and the average price of crude oil in Brent, Dubai and Cinta was USD 39.5 per barrel, decreasing by 31.8% from the corresponding period of previous year. Affected by the factors above, international oil companies as well as domestic ones further reduced CAPEX for oilfield exploration. As a result, oilfield service industry faced with declined work volume, decreased service price and more crews and equipment stopped working. The oilfield service companies encountered more severe competitions. Global oilfield service industry has entered into the cold spell and main oilfield service companies in the industry generally suffered certain amounts of loss.

5.2 Operation Review

During the six months ended 30 June, 2016, affected by the tough market environment, both oilfield service workload and price of the Company has declined and the number of crews and equipments which stopped working further increased. As a result, the Company's consolidated turnover was RMB18,689,863,000, decreased by 19.2% from the corresponding period of previous year i.e. RMB 23,121,285,000; net loss attributed to the equity shareholders was RMB 4,509,421,000 and basic net loss per share was RMB 0.319. In the corresponding period of previous year, the net loss attributed to equity shareholders was RMB 1,380,350,000 and basic net profit per share is RMB 0.101.

In the face of overall loss in the oilfield service industry in the first half of 2016, the Company vigorously expanded markets outside Sinopec, and revenue from markets outside Sinopec accounted for over 50% of the total operating revenue for the first time. At the same time, revenue from overseas markets increased by 8.8% year-on year, despite of the depressed market situation. The Company spared no effort to tap potentials and enhance efficiency, strictly controlled the cost of projects. Meanwhile, it further accelerated the reform and restructuring, and stripped off low-end business. The Company has promoted the upgrade and application of technology research and development, adjusted scales and frequencies of investments moderately, surmounted difficulties, and managed to keep stable production and operation.

5.2.1Geophysical service

The Company's operation revenue in geophysical service was RMB 2,046,124,000 in the first half of 2016, representing a decline of 4.6% from RMB 2,145,093,000 in the corresponding period of the previous year. The completed 2D seismic have accumulated for 8,653 kilometers, declined by 49.3% from the corresponding period last year; while the 3D seismic for 7,718 square kilometers, representing an increase of 32.9% over the corresponding period last year. Both of the qualified rates of data record in 2D seismic and 3D seismic are 100%. The Company has made great effort to meet the demand of oilfield exploration and production. With projectized engineering operations, we maintained sustainable increases in work efficiencies of seismic engineering as well as materials quality, providing strong supports to the upstream exploration and production. Meanwhile, the Company further expanded markets outside Sinopec and successively acquired 13 projects from China Geological Survey with contract value at RMB 110 million. The Company also obtained two-dimensional shallow sea seismic acquisition processing projects in Bangladesh for the first time, making new breakthrough in expanding overseas shallow sea markets.

5.2.2. Drilling service

The Company's operation revenue in drilling service was RMB 9,091,487,000 in the first half of 2016, representing a decline of 27.1% from RMB 12,473,028,000 in the corresponding period of the previous year. Its completed drilling footage was accumulated for 2,360 kilometers, representing a decline of 30.0% over the corresponding period of the previous year. Faced with the challenging circumstance that both domestic and international oil companies cut down their investments, the Company expanded markets with better quality, more advanced technology, higher efficiency and better services and launched Fuling Shale Gas Phase II project. The Company improved its offshore service quality and Exploration No. 7 Platform was successfully put into operation in drilling Wei Well No.6 and hydrocarbon flow was obtained. In addition, the Company has completed the drilling of Mashen Well No.1, the deepest well drilled in Asia with the depth of 8,418 meters, indicating the Company's ultra-deep well technology has reached the world's leading level.

5.2.3. Logging/ mud logging service

The Company's operation revenue in logging/ mud logging service was RMB 534,741,000 in the first half of 2016, a decline of 30.5% from RMB 769,351,000 in the corresponding period of previous year. Our completed logging projects have accumulated for 71,720,000 standard meters in the first half of 2016, representing a decline of 24.7% compared with the corresponding period of the previous year. Our completed mud logging projects have accumulated for 2,320,000 meters in the first half of 2016, representing a decline of 32.6% compared with the corresponding period of the previous year To tackle the severe and challenging environments where the logging/ mud logging workload declined sharply, the Company captured working opportunities with capabilities of providing proactive, high quality and efficient services and the overseas mud logging markets of the Company remained about the same compared with that of the first half of 2015. The Company completed the field test of high temperature (175℃) bearing MWD system in 1-7H ultra-deep horizontal well in Shunbei, indicating that we have made great progress in high-end measurements-while-drilling tools research & development.

5.2.4. Downhole operation service

The Company’s operation revenue in downhole operation was RMB 1,861,348,000 in the first half of 2016, with a year-on-year decline of 12.3% from RMB 2,122,757,000 at the corresponding period of the previous year. It has completed downhole operation for 2,048 wells, with a year-on-year decline of 16.0%. The Company efficiently completed the work of testing, fracturing and completion in Fuling Shale Gas Phase I project. And traction device has successfully replaced coiled tubing in the operation of transmission perforation with pressure for the first time. Meanwhile we have continuously developed well workover business in the Middle East.

5.2.5. Engineering and construction service

The Company’s operation revenue in engineering and construction service was RMB 4,615,478,000 in the first half of 2016, with a year-on-year decline of 7.5%, from RMB 4,987,120,000 at the corresponding period of the previous year. Due to the continuing decrease of investments in outbound markets, it has completed contracts valued of RMB 4.08 billion in the first six months of 2016, representing a year-on-year decline of 16.4%. Its newly signed contracts were valued at RMB 4.43 billion, with a year-on-year decline of 23.6%. The Company has successfully completed a series of significant projects with high efficiency and quality, such as Puguang safety regulation project, Guangxi LNG pipeline and Jintan gas storage, etc.

5.2.6. International business service

The Company’s operation revenue in international business service was RMB 6,800,223,000 in the first half of 2016, representing a year-on-year increase of 8.8%, from RMB 6,250,362,000 at the corresponding period last year and accounted for 36.4% of the total revenue of the first half of 2016.. The Company has been firmly executing internationalization strategy and after years of development, The Company 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 USD 1.71 billion, representing a year-on-year increase of 2.4%. Our business scale in key markets continuously increased. For example, in the Middle East we had entered into several new contracts valuing at USD 800 million. In Africa, we has entered into new contracts valuing at USD 490 million. In Americas, we have entered into new contracts valuing at USD 330 million.

5.2.7. Research & development

In the first half of 2016, focusing on major projects such as construction of deep shale gas produce capacity and exploration project of ultra-deep hydrocarbon resources in Shuntuo and Shunnan, Tarim Basin of Xinjiang, the Company has provided service for exploration and development and improved its technical service ability. 195 domestic and foreign patents were granted, and 229 domestic and foreign patents were filed in the first half of 2016. At the same time, it enhanced the application research of integrated engineering technologies for shale gas reservoir E&P, developed 14 series core technologies and basically constructed engineering technology system with independent intellectual property rights on safe optimal-fast drilling technique in shale gas wells, high efficiency special operations, identification and evaluation, and environmental protection. The technology of water-base drilling fluid for shale gas horizontal well made great breakthrough, which has independent intellectual property rights. The deepest well in Asia, Mashen No.1 has been completed, which is 8,418 meters in depth. Coal-fired power plant flue gas CO_2 capture, transport and use of flooding supporting proprietary technology Habitat takes the leading level in domestic research.

5.2.8. Internal reforms and management

In the first half of 2016, the Company focused on optimizing the consolidation of internal resources and achieved more synergistic effect. The Company completed the restructuring of 4 regional subsidiaries including Sinopec Huadong Oil Engineering Company Limited, Sinopec Jiangsu Oil Engineering Company Limited, Sinopec Huabei Oil Engineering Company Limited and Sinopec Henan Oil Engineering Company Limited. The Company has enhanced the cost-based management among the staff. By cutting down the cost of human resources, procurement, operation, rental fees and maintenance, etc., the Company reduced cost by RMB 440 million. The Company has also improved the management of employment and remuneration, formulated administration measures for human resources optimization and allocation, vigorously promoted the stripping of low-end business and temporary employment, and make efforts to cut off the number of employment and reduce the cost of human resources. Meanwhile, the Company further enhanced the operation safety, environmental protection and risk control.

5.3 Assets, liabilities, equity and cash flow analysis (Prepared in accordance with International Financial Reporting Standards ("IFRS"))

As at 30 June, 2016, the Group's total assets was RMB 77,477,260,000 and total liabilities was RMB 57,278,533,000. The total equity attributable to shareholders of the Company was RMB20, 199,951,000. Compared with the Balance Sheet as of 31 December, 2015 ("Compared with that of the end of last year"), the change and its main reasons were as follow:

Total assets was RMB 77,477,260,000, decreased by RMB 7,830,517,000 compared with that of the end of last year, including that (i)current assets was RMB 42,265,732,000, decreased RMB 5,922,060,000 compared with that of the end of last year, due to the decreasing revenue of the first half of this year caused the decreasing receivable accounts and trade account receivables by RMB 9,086,352,000; and (ii) non-current assets was RMB 35,211,528,000, decreased by RMB1,908,457,000 compared with that of the end of last year due to the decrease of property, plants and equiments by RMB 1,426,609,000 as the Group had recognized the provision for depreciation and amortization of fixed assets and petroleum engineering special tools.

The total liabilities was RMB 57,278,533,000, decreased by RMB 3,392,291,000 compared with that of the end of last year, including that (i)current liabilities was RMB 56,443,121,000, decreased by RMB 3,466,270,000 compared with that of the end of last year due to the decrease of Company's notes payable and trade account payable and project-related accounts payable of the first half of 2016r by RMB 3,244,292,000 and RMB 2,756,592,00 respectively, and the increase of short-term borrowing by RMB 3,777,633,000; and (ii) non-current liabilities was RMB 835,412,000, increased by RMB 73,979,000 compared with that of the end of last year mainly due to the increase of long-term borrowing by RMB 70,042,000.

Total equity attributable to shareholders of the Company was RMB 20,199,951,000, decreased by RMB 4,438,143,000 compared with that of the end of last year mainly due to the loss attributable to shareholders of the Company in the first half of 2016 as RMB 4,438,143,000.

As at 30 June 2016, the Group's liability rate (Total liability / Total asset) was 73.9%, comparing with 71.1% as at 31 December 2015.

In the first half of 2016, the Group's net cash outflow from operating activities was RMB 3,242,833,000, representing an increase of cash outflow by RMB 1,845,670,000 as compared with the corresponding period of last year. This was mainly due to the operational losses caused by the decline of workover and price of oil field service and increase in contract work-in-progress in the first half of 2016.

In first half of 2016, the Group's net cash outflow from investing activities was RMB 9,533,000, a decrease of cash outflow by RMB 421,113,000 as compared with the corresponding period of last year. It was mainly due to the decrease of capital expenditure by RMB 234,892,000 as compared with the corresponding period of last year and the recovering of entrusted loans by RMB 197,000,000 in the first half of 2016.

In the first half of 2016, the Group's net cash inflow from financing activities was RMB 3,663,555,000, an increase of cash inflow by RMB 47,866,000 compared with the corresponding period of last year. It was mainly due to the sharp increase of net borrowings by RMB 4,283,550,000 in the first half of 2016 and the fund raised by non-public offering in the first half of 2015.

As at 30 June 2016, the Group’s borrowings from bank and related companies were RMB 16,615,333,000 (as at 31 December 2015: RMB 12,759,281,000), including the short-term borrowings of RMB 15,917,945,000 and the long-term borrowings due over one-year of RMB 697,388,000. As at 30 June 2016, approximately 58.9% of the borrowings were denominated in Renminbi (as at 31 December 2015: 41.8%) and approximately 41.1% were denominated in US Dollars (as at 31 December 2015: 58.2%).

As at 30 June 2016, the gearing ratio of the Group was 41.4% (as at 31 December 2015: 30.5%). The gearing ratio = (liability with interest − cash & cash equivalents)/(liability with interest − cash & cash equivalents + shareholders' equity)

5.4 Statement of operation by industry

Industry	Operating Income for the first half of 2016 RMB ‘000	Operating cost for the first half of 2016 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	2,046,124	2,381,867	-16.4	-4.6	14.7	Decreased by 19.6 percentage points
Drilling	9,091,487	10,851,274	-19.4	-27.1	-11.8	Decreased by 20.8 percentage points
Logging/ Mud logging	534,741	786,035	-47.0	-30.5	8.7	Decreased by 53.0 percentage points
Downhole operation	1,861,348	2,128,123	-14.3	-12.3	12.6	Decreased by 25.2 percentage points
Engineering and Construction	4,615,478	4,428,326	4.1	-7.5	-8.5	Increased by 1.2 percentage points
Other	297,461	301,921	-1.5	-23.3	-7.4	Decreased by 17.4 percentage points
Total	18,446,639	20,877,546	-13.2	-19.4	-5.8	Decreased by 16.4 percentage points

5.5 Statement of operation by regions

Region	Operating income for the first half of 2016 RMB '000	Increase/ (decrease) as compared with the corresponding period of last year (%)
Mainland China	11,646,416	-30.0
Hong Kong, Macau, Taiwan and overseas	6,800,223	8.8

5.6 Fund raising and the usage

(1) Use of Fund Raised

Unit: RMB'000

Year	Type of Fund Raising	Total Amount of Fund Raised	Amount of the used Fund during the reporting period	Amount of the used Fund accumulated	Total amount of unused Fund	The usage of the remaining Fund
2015	Non-Public Offering	5,952,517	311,237	4,570,610	1,381,907	Mainly used for commitment items
Total	/	5,952,517	311,237	4,570,610	1,381,907	/
Genral Usage of Fund Raised			On 28 April 2016, the Company held the tenth meeting of the eighth session of the Board and approved the proposal to use part of the unutilized raising fund as the working capital of the Company. Please refer to the announcements dated 29 April 29 2016 published on the website of SSE (http://www.sse.com.cn), China Securities, Shanghai Securities News, Securities Times and HKSE.			

(2) Commitment Projects of Fund Raising

Unit: RMB'000

The name of the commitment item project	Whether the project was changed	The proposed investment amount of the fund raised	The invested amount of the raised fund during the reporting period	The accumulated actual invested amount of the raised fund	Whether meet the planned progress	The project progress	The expected return	status es of the return	Whether meet the expected return	The explanation on the unachieved progress and return	The reason for the changes and the explanation on the changed process of raising fund
Kuwait rig project	no	1,600,000	224,831	919,881	yes	57.49%		Not applicable		no	no
Project of building 25m working	no	466,000	46,357	297,393	yes	63.82%		Not applicable		no	no

platform											
Project of purchasing 8000HP multipurpose working vessel	no	195,000	34,000	171,960	yes	88.18%		Not applicable		no	no
Project of purchasing LOGIQ Imaging Logging System	no	120,000	4,999	112,199	yes	93.50%		Not applicable		no	no
Project of purchasing downhole testing equipment	no	139,000	-	139,000	yes	100%		Not applicable		no	no
Project of purchasing Top Drive equipment	no	110,000	-	110,000	yes	100.0%		Not applicable		no	no
Project of purchasing Coiled Tubing equipment	no	80,000	-	70,800	yes	88.50%		Not applicable		no	no
Project of purchasing pipe contruction equipment	no	530,000	1,050	36,860	no	6.95%		Not applicable		See the notes below	no
Supplement	no	2,712,517	-	2,712,517	yes	100%		Not appli		no	no

the liquidity								cable			
Total	/	5,952,517	311,237	4,570,610	/	/		/	/	/	/

Note: The Xin Yue Zhe pipeline project, which is the corresponded project of the project of purchasing pipe construction equipment, got approved by the government in the second half of 2015. Relevant party of the project is now optimizing the project's construction scheme and profit based on the approval. And the project is estimated to begin construction in the first half of 2017. So the pipe construction equipment purchased by the raising fund will be regarded as the equipment procurement of pipeline construction scheme designated by the relevant party.

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	49.2	74	344,105	Under Construction
Updating of the workover rigs in Kuwait	186,890	0.1	104	104	Under Construction
Transformation of the drilling rigs in Algeria	122,200	49.0	59,895	59,895	Under Construction
Total	1,009,090	/	60,073	404,104	/

5.8 Business prospects

The slow recovery of the world's economy is highly uncertain in the second half of 2016. China's economy has been under great downward pressure. The supply and demand situation of the global crude oil market will continue to be easy, meanwhile, the international oil prices will probably keep fluctuating at low levels. Affected by these factors, domestic and international oil companies apparently lack desire for investment and no obvious improvement will appear for workload and service prices. The global oilfield service markets will remain weak, and the market environment will be increasingly severe. Nevertheless, China's economy will operate in a reasonable range and help increase the demand for petroleum and petrochemical products. Moreover, thanks to the implementation of national strategy of 'Belt and Road', more investment on development of national energy and resources will be made in place nearby the Belt and the Silk Road. Thus the Company will find new opportunities.

In the second half of 2016, the Company continues to encounter the complicated and challenging environments. But it will place focus on improving quality and efficiency and spare no effort to expand markets outside Sinopec. At the same time, it will accelerate deepening the internal reform and optimize management system and mechanism. The Company will make further efforts to cut down the cost and enhance technology innovation so as to pursue better operating performance.

5.8.1 Geophysical service

The Company will continue the high-quality and efficient service for domestic and international oil companies in the second half of 2016. It will accelerate introducing and developing new technologies to adapt to oil companies' low cost requirement of exploration and obtain more workload. Meanwhile, it will contribute new growth points by vigorously expanding new business markets, including that of non-seismic, geophysical mapping and measuring, etc. The Company will continue to broaden the overseas market including Africa, the Middle East and South America, etc, and make efforts to acquire more excellent geophysical projects. It plans to complete 2D seismic acquisition for

6,400 kilometers, while 3D for 7,093 square kilometers in the second half of the year.

5.8.2. Drilling service

The Company will continue to consolidate the market shares inside Sinopec Group in the second half of 2016. In traditional markets, it aims to increase market shares. It will maintain sound cooperation with Petro China, CNOOC, and Yanchang Petroleum Company, etc. The Company will actively promote shale gas development technology and intensify the development of unconventional domestic markets such as shale gas, geothermal, coal-bed gas market, etc. Stable development of markets in the Middle East, Africa, Central Asia and Southeast Asia will be maintained to promote scale operation and form integrated competitive advantage. At the same time, the Company will enhance the development of lump-sum drilling projects. According to the changes of markets, progress will be made to adjust team structures and equipment layouts. In addition, it will improve operating efficiency and reduce the operating cost. The Company plans to complete drilling footage accumulated for 2,580,000 meters in the second half of 2016.

5.8.3 Logging/ Mud Logging Services

The Company will continue the investment on technology R&D, leverage hi-tech equipment 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 70,530,000 standard meters and mud logging footage with 2,350,000 meters in the second half of 2016.

5.8.4 Downhole operation service

The Company has accumulated exploration and development experiences from the shale gas projects in Fuling and western Sichuan. 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. At the same time, it will further develop the completion test technology of super deep oil and gas reservoir with high temperature and high pressure to provide support for the exploration of deep and super deep oil and gas reservoirs in western regions such as Tarim, etc. Meanwhile, it will guarantee the successful operation of the workover business in Kuwait and Saudi Arabia and make efforts to expand overseas markets. In next half of the year, it plans to complete downhole operation service for 1,760 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 project cost control, to catch available opportunities for developing and producing natural gas and oil (gas) storage projects, and production capabilities built for offshore oilfields. It will continue to enhance the management of subcontracting projects and sub-contractors so as to reduce loss of benefits. 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 the year, it plans to sign new contracts valued RMB 7.6 billion and complete contracts valued RMB 8.6 billion.

5.8.6 International business service

The Company will continue the firm implementation of internationalization strategy in the second half of 2016. To achieve that, firstly it will accelerate centralized management of overseas business to adapt to the requirements of international development. At the same time, it will make efforts to guarantee the maintenance and upgrade of key customers to gradually expand market shares and enhance the scale operation. Thirdly, it will develop the high-tech and high value-added markets and focus on expanding markets of horizontal well, underbalanced drilling, acid fracturing, drilling fluid, gas well drilling, deep and ultra-deep well drilling, etc. Meanwhile, it will keep close track of “Belt and Road” markets and vigorously promote infrastructure projects and oil-gas construction projects. Moreover, it works to deepen the cooperation with Sinopec International Exploration and Production Corporation (SIPC) and increase the market shares in Sinopec invested projects overseas. In next half of the year, it will make efforts to increase the value of newly signed contracts and plans to complete contracts valued USD 1 billion.

5.8.7 Research & development

In the second half of 2016, the Company will continue to provide service for major exploration projects, vigorously tackle key technical problems and constantly improve its core competitiveness. Based on the integrated technology of Fuling Shale Gas Phase I project, it will tackle key technical problems on plug staged fracturing technology of deep shale gas, providing technical support for Fuling Shale Gas Phase II project. Aimed at ultra-deep HT/HP gas reservoir in Shuntuo and Shunnan, Tarim Basin, the Company will make research on drilling and completion techniques for ultra-deep wells, advanced MWD technology, logging techniques and matching technology of engineering equipment. In addition, it will develop instruments and tools matched for SINOLOG900 Ultra-Speed Networked Logging System, and carry forward the research of advanced logging methods including multi-frequency dielectric logging, isotope mud logging technology, etc. Meanwhile, the Company will promote the application of SINOWS Advanced Comprehensive Logging Instrument and technologies of vibroseis high efficient acquisition, and increase the transformation of technical achievements. At present, the Company has obtained the right to drill Chuanshen Well No. 1, which will refresh the records in Asia with designed depth of 8,690 meters.

5.8.8 Internal Reform and Management

In the second half of 2016, the Company will deepen internal reform and continuously optimize restructuring. According to the general strategy of “Standardization and Simplification”, it will accelerate specialized restructuring, decrease homogeneous development, streamlining management and improving the market-oriented operation management system. The company will strengthen performance assessment and project management, and enhance the restraints of the assessment. At the same time, it will make further efforts to deepen precision management and continuously reinforce total cost management during the whole process. The Company will try its best to cut down cost to the fullest at crucial aspects so as to achieve the target of cost saving which was set at the beginning of this year. Meanwhile the Company will accelerate business consolidation and structural adjustment and make breakthroughs in improving competitiveness and achieving scale development in new business such as geographic information mapping, energy conservation and environmental protection business, pipeline operation & maintenance, etc.

5.8.9 Capital Expenditure

The Company has made the capital expenditure plan of RMB 900 million in the first half of 2016. Considering the fact that the total capital expenditures for 2016 should not exceed RMB 2.7 billion, the Company will make moderate capital expenditure arrangement for the second half of 2016 according to the practical production situation. 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 will continues to achieve sustainable development and further accelerate the resource allocation, development transformation, and market structure adjustment, so as to increase the share of high-end business revenue and strengthen its competitiveness.

6. SIGNIFCANT EVENTS

6.1 Final dividends for 2015, interim dividends for 2016 and proposal on issue of shares by capitalising the common reserves

（1）Final dividends for 2015

Due to that the Company's undistributed profit for the year ended 31 December 2015 was negative, as proposed by the Board and approved by shareholders at 2015 annual general meeting held on 6 June 2016, the Company did not distribute a final cash dividend for the year ended 31 December 2015.Therefore, the Company did not have any profit distribution plan to implement during the reporting period.

（2）Interim dividends for 2016 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 would be distributed for the six month ended 30 June2016, and no issue of bonus shares by way of capitalization of common reserves.

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

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

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

6.5 During the reporting period, the Company's controlling shareholder, China Petrochemical Corporation, proposed that, according to its undertakings made in "Report on the connected transaction in relation to major assets sales, repurchase of shares, issue of shares as the consideration for assets purchasing and subsequent fund raising of Sinopec Yizheng Chemical Limited Company ", subject to compliance with the relevant regulations of the State-owned Assets Supervision and Administration Commission of the State Council ("SASAC") and China Securities Regulatory Commission ("CSRC") , the Board to make a proposal for A share option incentive scheme as soon as possible.

On 29 March 292016, the eighth meeting of the eighth session of the Board was held and approved the proposal of "Sinopec Oilfield Service Corporation A share option incentive scheme (Draft)". The related details were disclosed in the announcements dated 30 March 2016 on Shanghai Securities News, China Securities, Securities Times and the website of SSE and HKSE.

6.6 Information on material connected transactions

The Company's material connected transactions entered into during the period ended 30 June 2016 were as follows:

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

The nature of the transaction classification	Connected parties	Amount of transaction RMB'000	Proportion of the same type of transaction (%)

Purchase of materials and equipments	China Petrochemical Corporation and its subsidiaries	1,780,318	37.6
Sales of products	China Petrochemical Corporation and its subsidiaries	50,172	90.9
Rendering Engineering services	China Petrochemical Corporation and its subsidiaries	9,119,567	48.8
Receiving of community services	China Petrochemical Corporation and its subsidiaries	786,120	100.0
Receiving of integrated services	China Petrochemical Corporation and its subsidiaries	18,045	100.0
Rental expenses	China Petrochemical Corporation and its subsidiaries	26,670	16.7
Loan interest expenses	China Petrochemical Corporation's subsidiaries	219,946	98.5
Borrowings obtained	China Petrochemical Corporation's subsidiaries	27,052,059	100.0
Borrowings repaid	China Petrochemical Corporation's subsidiaries	23,206,326	100.0
Safety and insurance fund expenses	China Petrochemical Corporation	44,114	100.0
Safety and insurance fund refund	China Petrochemical Corporation	43,990	100.0

The Company considers that it is necessary to enter into the above connected transactions with the selected connected parties and it would continue to occur. The agreements of connected transactions were based on the needs of the Group's operations and actual market situation. Purchasing materials and equipment from China Petrochemical Corporation and its subsidiaries will ensure the stable and safe supply of the Group's materials. The fact of providing engineering service to China Petrochemical Corporation and its subsidiaries is decided by the history of the operating system of China's petroleum development and by the history of China Petrochemical Corporation's development, the China Petrochemical Corporation and its subsidiaries constitute the Company's main business income source, and the borrowed funds from China Petrochemical Corporation can satisfy the Group's capital needs under the situation of the fund shortage, so it is beneficial to the Company. The above transactions were mainly based on the market price or the price decided by open bidding or negotiation, which were fair, equal and open, beneficial to the development of Company's main business, and ensure the maximization of the shareholders' interests. The above connected transactions have no adverse effects on the profits of the Company or the independence of the Company.

(b) During the reporting period, there were no material connected transactions related to the 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	Connected relation	Funds provided to connected party			Funds provided to the Company by connected party		
		Opening balance	Occurrence amount	Closing balance	Opening balance	Occurrence amount	Closing balance
China Petrochemical Corporation and its subsidiaries	Controlling shareholders and its subsidiaries	18,064,678	-9,862,382	8,202,296	6,056,849	-84,610	5,972,239
Sinopec Finance Company Limited	Subsidiary companies of the controlling shareholders	-	-	-	2,295,000	3,344,000	5,639,000
Sinopec Century Bright Capital Investment Limited	Subsidiary companies of the controlling shareholders	-	-	-	9,977,261	501,732	10,478,993
Total		18,064,678	-9,862,382	8,202,296	18,329,110	3,761,122	22,090,232
Amount of funds provided to the controlling shareholders and its subsidiaries by the Company during the reporting period		-					
Balance of funds provided to the controlling shareholders and its subsidiaries by the Company		8,202,296					
Causes of connected claims and debts		Normal production and operation					
Liquidation of connected claims and debts		Strict execution of contracts and no delinquent account payable					
Commitment about connected claims and debts		None					
Influence of connected claims and debts on the Company's performance and financial situation		No material adverse effects					

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

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

6.7 **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 provide any guarantee or make any pledge during the reporting period.

（c）Save as disclosed in the 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 asset management, no other investment or asset management and derivatives investment items of the Company.

6.9 The special undertakings made by the Company and its shareholders holdings more than 5%and the performance of the undertakings as of 30 June 2016:

Undertaking Background	Undertaking Type	Undertaking party	Undertaking	Undertaking date and period	Is there deadline for performance of undertaking	Whether or not strictly and timely fulfill the undertaking
Undertaking regarding share reform	Others	China Petroleum& Chemical Corporation, CITIC Limited	Within 12 months from the date their non-tradable A shares in the Company become tradable on the stock market, they will propose that, subject to compliance with the relevant regulations of the SASAC, the Ministry of Finance and CSRC, the Board shall make a proposal for a share option incentive scheme, with the exercise price of the initial grant of share options being not less than the closing price of the A Shares of the Company on 30 May 2013, being RMB6.64 per share (such price will be subject to adjustment due to matters for exclusion of rights and dividends prior to the	Undertaking date:20 August 2013 Period:one year	Yes	As at 19 August 2014, the Company does not have the conditions for the implementation of share incentive scheme due to the consecutive losses of operating results. China Petrochemical Corporation has undertaken to propose a share option

Undertaking Background	Undertaking Type	Undertaking party	Undertaking	Undertaking date and period	Is there deadline for performance of undertaking	Whether or not strictly and timely fulfill the undertaking
			announcement of the draft share option incentive scheme			incentive scheme after the completion of the Company's material assets reorganisation subject to relevant regulations s. On 29 March 2016, the eighth meeting of the eighth session of the Board was held and approved relevant proposals such as A Share Option Incentive Scheme (Draft) of the Company, etc.
Undertakings regarding the material assets reorganisation	To solve horizontal competition	China Petrochemical Corporation	The Non-Competition Undertaking 1. China Petrochemical Corporation undertook that it would not engage with the Company's production and business activities in competition, and will ensure its subsidiaries not to engage with the Company's production and business activities in competition through exercise of its shareholder rights. 2. After the material assets 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 appropriate opportunity to sell the petroleum service business	Undertaking date: September 12, 2014 Period: long term	Yes	During the reporting period, China Petrochemical Corporation did not act contrary to the promise.

Undertaking Background	Undertaking Type	Undertaking party	Undertaking	Undertaking date and period	Is there deadline for performance of undertaking	Whether or not strictly and timely fulfill the undertaking
			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.			
Commitments regarding the Material Assets Reorganisation	To solve connected transactions	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 reasonable grounds, China Petrochemical Corporation an 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	Commitment date: September 12, 2014 Period: long term	Yes	During the reporting period, China Petrochemical Corporation did not act contrary to the promise.

Undertaking Background	Undertaking Type	Undertaking party	Undertaking	Undertaking date and period	Is there deadline for performance of undertaking	Whether or not strictly and timely fulfill the undertaking
			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	Others	China Petrochemical Corporation	Issued "The commitment letter regarding to the regulating of connected transaction and maintaining the independence of the Company": 1. China Petrochemical Corporation and its controlling companies guarantee the maintaining of the separation from the Company's asset, personnel, finance, organization and business, strictly comply with the relevant provisions regarding to the listed Company's independency of CSRC. China Chemical Corporation will not utilize, control or violate the Standardized operation program of the listed company, not intervene the Company's operating decisions, and not jeopardize the legitimate rights and interests of the Company and its shareholders. 2. China Petrochemical Corporation and its controlling companies guarantee not to illegally use the funds of the Company and its holding Company. 3. If China Petrochemical Corporation violate the above commitment, it would undertake the law and compensate the losses caused to the Company.	Commitment date: September 12, 2014 Period: long term	Yes	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 de facto 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 2016.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2016

	Notes	For the six months ended 30 June 2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Revenue	4	**18,689,863**	23,121,285
Cost of sales and business taxes		**(21,199,244)**	(22,433,888)
(Gross loss)/Gross profit		**(2,509,381)**	687,397
Selling expenses		**(24,797)**	(25,343)
General and administrative expenses		**(1,562,419)**	(1,560,959)
Finance expenses - net	6	**(194,547)**	(203,506)
Impairment losses on assets	7	**(68,130)**	(110,205)
Investment income		**500**	42
Share of loss from joint ventures		**(9,370)**	(4,732)
Operating loss		**(4,368,144)**	(1,217,306)
Other income	8	**69,736**	173,729
Other expenses	9	**(26,608)**	(21,158)
Loss before income tax	10	**(4,325,016)**	(1,064,735)
Income tax expense	11	**(113,210)**	(183,115)
Loss for the period		**(4,438,226)**	(1,247,850)
Other comprehensive income for the period, net of tax		**-**	-
Total comprehensive expense for the period		**(4,438,226)**	(1,247,850)
Total comprehensive expense for the period attributable to :			
Owners of the Company		**(4,438,143)**	(1,247,775)
Non-controlling interests		**(83)**	(75)
Total comprehensive expense for the period		**(4,438,226)**	(1,247,850)
Loss per share for loss attributable to owners of the Company (presented in RMB per share)	12		
Basic and diluted		**(0.314)**	(0.090)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	15	**30,291,758**	31,718,367
Other non-current assets		**4,304,177**	4,775,091
Prepaid land leases	16	**109,638**	104,954
Intangible assets		**65,415**	77,249
Interests in joint ventures		**199,552**	208,922
Interests in associates		**11,478**	7,478
Available-for-sale financial assets		**40,494**	40,494
Deferred income tax assets		**189,016**	187,430
Total non-current assets		**35,211,528**	37,119,985
Current assets			
Inventories	20	**1,920,780**	1,978,726
Notes and trade receivables	17	**18,175,907**	27,262,259
Prepayment and other receivables	18	**5,221,048**	4,144,668
Amounts due from customers for contract works	19	**14,539,683**	12,790,549
Restricted cash		**3,916**	18,381
Cash and cash equivalents		**2,404,398**	1,993,209
Total current assets		**42,265,732**	48,187,792
Total assets		**77,477,260**	85,307,777
Equity			
Share capital	21	**14,142,661**	14,142,661
Reserves		**6,057,290**	10,495,433
Equity attributable to owners of the Company		**20,199,951**	24,638,094
Non-controlling interests		**(1,224)**	(1,141)
Total equity		**20,198,727**	24,636,953

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2016

	Notes	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Liabilities			
Non-current liabilities			
Long term borrowings	24	**740,165**	670,123
Deferred income		**64,663**	59,008
Special payables		**400**	1,051
Deferred income tax liabilities		**30,184**	31,251
Total non-current liabilities		**835,412**	761,433
Current liabilities			
Notes and trade payables	22	**26,949,554**	30,193,846
Deposits received and other payables	23	**8,480,543**	9,508,867
Amounts due to customers for contract works	19	**5,047,921**	7,804,513
Short term borrowings	24	**15,935,305**	12,157,672
Current income tax payable		**29,798**	244,493
Total current liabilities		**56,443,121**	59,909,391
Total liabilities		**57,278,533**	60,670,824
Total equity and liabilities		**77,477,260**	85,307,777
Net current liabilities		**(14,177,389)**	(11,721,599)
Total assets less current liabilities		**21,034,139**	25,398,386

Chairman of the Board:
JIAO Fangzheng

Vice Chairman and General Manager:
SUN Qingde

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to owners of the Company								
	Share capital	Share premium	Other capital reserve	Surplus reserve	Specific reserve	Retained earnings/ (accumulated losses)	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 21)								
At 1 January 2016	**14,142,661**	**8,826,247**	**67,969**	**200,383**	**259,547**	**1,141,287**	**24,638,094**	**(1,141)**	**24,636,953**
Total comprehensive expense for the period	-	-	-	-	-	**(4,438,143)**	**(4,438,143)**	**(83)**	**(4,438,226)**
Transactions with owners:									
Appropriation of specific reserve	-	-	-	-	**232,721**	**(232,721)**	-	-	-
Utilisation of specific reserve	-	-	-	-	**(161,443)**	**161,443**	-	-	-
Total transactions with owners	-	-	-	-	**71,278**	**(71,278)**	-	-	-
At 30 June 2016 (Unaudited)	**14,142,661**	**8,826,247**	**67,969**	**200,383**	**330,825**	**(3,368,134)**	**20,199,951**	**(1,224)**	**(20,198,727)**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2016

	Attributable to owners of the Company								
	Share capital	Share premium	Other capital reserve	Surplus reserve	Specific reserve	Retained earnings/ (accumulated losses)	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 21)								
At 1 January 2015	12,809,328	4,207,063	67,969	200,383	295,568	1,116,809	18,697,120	(982)	18,696,138
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	1,333,333	4,619,184	-	-	132,575	(132,575)	5,952,517	-	5,952,517
At 30 June 2015 (Unaudited)	14,142,661	8,826,247	67,969	200,383	428,143	(263,541)	23,401,862	(1,057)	23,400,805

CONDSENDED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash flows used in operations	**(2,912,275)**	(830,637)
Income tax paid	**(330,558)**	(566,526)
Net cash used in operating activities	**(3,242,833)**	(1,397,163)
Cash flows from investing activities		
Purchases of property, plant and equipment	**(224,367)**	(469,299)
Proceeds from disposal of property, plant and equipment	**2,629**	22,780
Payment of prepaid land leases	**(6,040)**	-
Increase in investments in associates	**(4,000)**	-
Collection of in entrusted loans	**197,000**	-
Interests received	**24,745**	15,873
Investments income received from the available-for-sale financial assets	**500**	-
Net cash used in investing activities	**(9,533)**	(430,646)
Cash flows from financing activities		
Proceeds from borrowings	**26,850,384**	26,172,969
Repayments of borrowings	**(22,986,605)**	(26,592,740)
Interests paid	**(200,224)**	(156,752)
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)
Net cash generated from financing activities	**3,663,555**	3,615,689
Net increase in cash and cash equivalents	**411,189**	1,787,880
Cash and cash equivalents at the beginning of the period	**1,993,209**	1,201,754
Cash and cash equivalents at the end of the period	**2,404,398**	2,989,634

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 registered office is No. 9, Jishikou Road, Chaoyang District, Beijing, the PRC and the headquarter address is No. 22, Chaoyangmen North Street, Chaoyang District, Beijing, the PRC. The name of the Company was changed from Sinopec Yizheng Chemical Fibre Company Limited to Sinopec Oilfield Service Corporation 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") which is a state wholly-owned enterprise established in the PRC.

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.

At the end of December 2014, the Company completed the material assets reorganisation by using of all its assets and liabilities at that time 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 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.

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

1.2 Basis of presentation

As at 30 June 2016, the Group's has net current liabilities of approximately RMB14,177,389,000 (31 December 2015: RMB11,721,599,000). 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. 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 and authorised for issue by the Board of Directors on 30 August 2016.

This condensed interim financial information for the six months ended 30 June 2016 has been prepared in accordance with IAS 34 "Interim Financial Reporting" and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, 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 2015, as described in those annual financial statements.

The Group has been adopted all these relevant New Standard**s**, which are first effective for the accounting periods beginning on or after 1 January 2016:

IAS 27 Amendment	Equity Method in Separate Financial Statements
IAS 1 Amendment	Disclosure Initiative
IAS 16 Amendment	Clarification of methods of depreciation and amortisation
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment entities: applying the consolidation exception
Annual Improvements Project	Annual Improvements 2012-2014 Cycle

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

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 2015, except as described below.

Change in accounting estimates of the useful lives of property, plant and equipment

During the period, management has reviewed the estimated useful lives and estimated residual value of the property, plant and equipment. With due consideration of the technical standards and quality standards of oil engineering equipments and the Group's maintenance programme over these equipments, management is of the opinion that it is more fair and appropriate to extend the estimated useful lives of oil engineering equipments.

The change has been applied prospectively from 1 January 2016. Accordingly, the adoption of the change in the estimated useful lives of oil engineering equipments has no effect on prior years. The revision of the estimated useful lives of the equipments has the effect of reducing the depreciation charge for the period ended 30 June 2016 by RMB 374 million.

4 REVENUE

The Group's revenue is as follows:

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Geophysics	**2,046,124**	2,145,529
Drilling engineering	**9,091,487**	12,481,546
Logging and mud logging	**534,741**	769,696
Special downhole operations	**1,861,348**	2,124,143
Engineering construction	**4,615,478**	5,016,330
Others	**540,685**	584,041
	18,689,863	23,121,285

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

Five reportable operating segments are as follows:

- Geophysics, which provides terrestrial and marine geophysical exploration, development and technical services;

- Drilling engineering, which provides customers with land and ocean drilling design, construction, technical services and drilling instrumentation;

- Logging and mud logging, which provides land and ocean project contracting and technical services for collection, monitoring, transmission, processing and interpretation and evaluation of wellbore oil and gas, geology and engineering information;
- Special downhole operations, which provides oil engineering technical and construction, including oil (gas) testing, well repair, lateral drilling, fracturing, acidising and oil assignments; and

- Engineering construction, which provides a package of services, including feasibility studies, design, procurement, construction for projects of onshore and offshore oil and gas fields, long-distance pipeline projects, oil and gas transporting process projects, storage and transportation projects, petrochemical supporting projects, building construction, water resources and hydropower, ports and waterways, electricity transmission and distribution projects, manufacturing of pressure vessels, LNG projects, coal chemical engineering, geothermal utilisation, energy saving and municipal roads and bridges.

5 SEGMENT INFORMATION (Continued)

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

The resources related to interest income, interest expenses, interests in joint venture and associates, 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 ended 30 June 2016 and as at that date, the segment results, assets and liabilities were as follows:

	Geophysics	Drilling engineering	Logging and mud logging	Special downhole operations	Engineering construction	Unallocated	Eliminated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the six months ended 30 June 2016 (unaudited)								
Segment revenue and results								
Revenue from external customers	2,046,124	9,091,487	534,741	1,861,348	4,615,478	540,685	-	18,689,863
Inter-segment revenue	-	5,510	5,490	8,216	90,443	42,474	(152,133)	-
Reportable segment revenue	2,046,124	9,096,997	540,231	1,869,564	4,705,921	583,159	(152,133)	18,689,863
Reportable segment loss	(535,038)	(2,477,582)	(388,361)	(415,078)	(313,992)	(238,093)	-	(4,368,144)
Other income	271	26,985	376	1,961	16,543	23,600	-	69,736
Other expenses	(2,155)	(11,719)	(2,012)	(2,956)	(6,389)	(1,377)	-	(26,608)
Loss before income tax	(536,922)	(2,462,316)	(389,997)	(416,073)	(303,838)	(215,870)	-	(4,325,016)
Income tax expense								(113,210)
Loss for the period								(4,438,226)

5 SEGMENT INFORMATION (Continued)

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

For the six months ended 30 June 2016 and as at that date, the segment results, assets and liabilities were as follows: (Continued)

	Geophysics	Drilling engineering	Logging and mud logging	Special downhole operations	Engineering construction	Unallocated	Eliminated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the six months ended 30 June 2016 (unaudited)								
Supplementary information								
Depreciation and amortisation								
-- Property, plant and equipment	**252,833**	**829,757**	**102,097**	**222,695**	**107,431**	**111,833**	**-**	**1,626,646**
-- Prepaid land leases	**-**	**208**	**208**	**716**	**224**	**-**	**-**	**1,356**
-- Intangible assets	**331**	**6,537**	**503**	**533**	**2,273**	**1,657**	**-**	**11,834**
Capital expenditure								
-- Property, plant and equipment	**41,689**	**175,646**	**4,185**	**41,141**	**984**	**5,995**	**-**	**269,640**
-- Prepaid land leases	**-**	**-**	**-**	**6,040**	**-**	**-**	**-**	**6,040**
-- Long-term investment	**-**	**-**	**-**	**-**	**-**	**4,000**	**-**	**4,000**
Impairment loss on /(Reversal of) trade receivables	**1,880**	**15,148**	**(1,004)**	**1,745**	**30,074**	**(5,209)**	**-**	**42,634**
Impairment loss on /(Reversal of) other receivables	**1,104**	**8,896**	**(590)**	**1,025**	**17,662**	**(2,601)**	**-**	**25,496**
As at 30 June 2016 (unaudited)								
Assets								
Segment assets	**5,912,416**	**36,562,033**	**2,766,554**	**8,890,094**	**20,066,147**	**15,513,619**	**(12,233,603)**	**77,477,260**
Liabilities								
Segment liabilities	**3,622,280**	**22,432,417**	**1,136,330**	**3,826,602**	**21,070,818**	**17,423,689**	**(12,233,603)**	**57,278,533**

5 SEGMENT INFORMATION (Continued)

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

As at 31 December 2015 and for the six months ended 30 June 2015, the segment results, assets and liabilities were as follows:

	Geophysics	Drilling engineering	Logging and mud logging	Special downhole operations	Engineering construction	Unallocated	Eliminated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the six months ended 30 June 2015 (unaudited)								
Segment revenue and results								
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)	-
Reportable segment revenue	2,146,869	12,481,952	782,269	2,167,653	5,151,595	645,682	(254,735)	23,121,285
Reportable segment (loss)/ profit	(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)
(Loss) / profit before income tax	(104,703)	(614,058)	(113,547)	70,323	(394,296)	91,546	-	(1,064,735)
Income tax expense								(183,115)
Loss for the period								(1,247,850)

5 SEGMENT INFORMATION (Continued)

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

As at 31 December 2015 and for the six months ended 30 June 2015, the segment results, assets and liabilities were as follows: (Continued)

	Geophysics	Drilling engineering	Logging and mud logging	Special downhole operations	Engineering construction	Unallocated	Eliminated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the six months ended 30 June 2015 (unaudited)								
Supplementary information								
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 on trade receivables	15,744	2,682	110	3,242	49,587	50	-	71,415
Impairment loss on /(Reversal of) other receivables	989	405	554	438	38,532	(2,128)	-	38,790
As at 31 December 2015 (audited)								
Assets								
Segment assets	6,271,544	43,881,210	3,460,699	11,398,121	20,978,881	15,996,289	(16,678,967)	85,307,777
Liabilities								
Segment liabilities	3,466,176	21,716,987	1,041,834	4,934,069	21,549,797	24,640,928	(16,678,967)	60,670,824

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 ended 30 June		**As at 30 June**	As at 31 December
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
The PRC	**11,889,640**	16,870,923	**29,375,874**	30,848,215
Other countries	**6,800,223**	6,250,362	**5,606,144**	6,043,846
	18,689,863	23,121,285	**34,982,018**	36,892,061

(c) Major customer

For the six months ended 30 June 2016 and 2015, revenue from customers which individually contributed over 10% of the Group's revenue is as follows:

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A	**9,046,934**	12,634,752

Revenue from this customer was derived from the operating segments of geophysics, drilling engineering, logging and mud logging, special downhole operations, engineering construction and accounted for 48% (2015: 55%) of the Group's revenue.

6 FINANCE EXPENSES - NET

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance income		
Interest income from entrusted loans		
- Sinopec Group's subsidiaries	**15,549**	-
Interest income		
- Sinopec Group's subsidiaries	**2,192**	600
- Third-party banks and other financial institutions	**7,004**	15,273
Exchange gains, net	**36,903**	-
	61,648	15,873
Finance expenses		
Interest expenses on bank loans wholly repayable within 5 years		
- Sinopec Group's subsidiaries	**(219,946)**	(153,311)
- Third-party banks and other financial institutions	**(5,246)**	(1,112)
Capitalisation of interest expenses for qualifying assets (a)	**1,911**	4,444
Exchange losses, net	**-**	(37,831)
Bank and other charges	**(32,914)**	(31,569)
	(256,195)	(219,379)
	(194,547)	(203,506)

Note:

(a) Qualifying assets represent property, plant and equipment that the related interests have been capitalised at a rate of 3.12% to 5.86% (2015: 2.89% to 6.00%) per annum.

7 IMPAIRMENT LOSSES ON ASSETS

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Impairment loss on trade and other receivables, net	**68,130**	110,205

8 OTHER INCOME

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment	**1,129**	18,396
Gain on disposal of other non-current assets	**4,955**	-
Government grants	**25,605**	142,338
Waived payables	**11,009**	830
Penalty income	**21,450**	1,270
Compensation received	**1,017**	3,098
Asset inventory surplus	**4**	1,167
Others	**4,567**	6,630
	69,736	173,729

9 OTHER EXPENSES

	For the six months ended 30 June 2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Loss on disposal of property, plant and equipment	**4,340**	4,890
Loss on disposal of other non-current assets	**1,339**	-
Loss on scraps of assets	**-**	12
Penalty	**2,219**	3,582
Donation	**225**	-
Compensation	**5,617**	4,138
Others	**12,868**	8,536
	26,608	21,158

10 LOSS BEFORE INCOME TAX

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

	For the six months ended 30 June 2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Staff costs, including directors and supervisors emoluments (Note 14)	**6,885,993**	6,568,184
Retirement benefit plan contribution (including the above mentioned staff costs)		
－Municipal retirement scheme costs	**633,060**	630,569
－Supplementary retirement scheme costs	**165,808**	171,830
Cost of goods sold	**4,975,813**	5,376,581
Depreciation and amortisation		
－Property, plant and equipment	**1,626,646**	1,924,427
－Prepaid land leases	**1,356**	632
－Intangible assets	**11,834**	7,260
Operating lease expenses		
－Property, plant and equipment	**594,032**	520,738
Provision for impairment losses, net		
－Trade and other receivables	**68,130**	110,205
Rental income from property, plant and equipment after relevant expenses	**(144)**	(604)
Loss/ (gain) on disposal of property, plant and equipment, net	**3,211**	(13,506)
Gain on disposal of other non-current assets, net	**(3,616)**	-
Research and development expenses	**70,157**	55,158
Exchange (gains)/losses, net	**(36,903)**	37,831

11 INCOME TAX EXPENSE

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
PRC enterprise income tax	**2,983**	96,512
Overseas income tax	**112,880**	111,762
	115,863	208,274
Deferred income tax		
Origination and reversal of temporary difference	**(2,653)**	(25,159)
Income tax expense	**113,210**	183,115

12 LOSS PER SHARE

(a) Basic

For the six months ended 30 June 2016 and 2015, the basic loss per share is calculated by dividing the loss attributable to owners of the Company.

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company (RMB'000)	**(4,438,143)**	(1,247,775)
Weighted average number of ordinary shares in issue (Shares)	**14,142,660,995**	13,824,142,477
Basic loss per share (RMB)	**(0.314)**	(0.090)

(b) Diluted

There were no dilutive potential ordinary shares in existence during the six months ended 30 June 2016 and 2015, and therefore the diluted loss per share for the six months ended 30 June 2016 and 2015 were the same as the basic loss per share.

13 DIVIDENDS

The Board of Directors of the Company did not recommend the payment of any interim dividends for the six months ended 30 June 2016 (2015: Nil).

14 EMPLOYMENT BENEFITS

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, wages and other benefits	**6,087,125**	5,765,785
Retirement benefit plan contribution (a)		
—Municipal retirement scheme costs	**633,060**	630,569
—Supplementary retirement scheme costs	**165,808**	171,830
	6,885,993	6,568,184

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 2016, the Group and the employees pay 20% and 8% (31 December 2015: 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.

15 PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2016

	Buildings	Oil engineering equipment and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost				
Balance at 1 January 2016	1,269,666	57,710,586	2,805,442	61,785,694
Additions	-	24,651	244,989	269,640
Disposals/ Write-off	(727)	(222,614)	-	(223,341)
Transferred from construction in progress	1,042	1,842,817	(1,843,859)	-
At 30 June 2016	1,269,981	59,355,440	1,206,572	61,831,993
Accumulated depreciation and impairment loss				
Balance at 1 January 2016	386,167	29,585,896	95,264	30,067,327
Depreciation	21,863	1,604,783	-	1,626,646
Disposals/ Write-off	(463)	(153,275)	-	(153,738)
At 30 June 2016	407,567	31,037,404	95,264	31,540,235
Carrying amounts				
At 30 June 2016 (Unaudited)	**862,414**	**28,318,036**	**1,111,308**	**30,291,758**
Carrying amounts				
At 31 December 2015 (Audited)	883,499	28,124,690	2,710,178	31,718,367

15 ROPERTY, PLANT AND EQUIPMENT (Continued)

For the six months ended 30 June 2015

	Buildings	Oil engineering equipment and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost				
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	1,141,650	55,778,619	1,492,863	58,413,132
Accumulated depreciation and impairment loss				
Balance at 1 January 2015	347,512	26,355,826	95,264	26,798,602
Depreciation	20,086	1,904,341	-	1,924,427
Disposals/ Write-off	-	(125,240)	-	(125,240)
At 30 June 2015	367,598	28,134,927	95,264	28,597,789
Carrying amounts				
At 30 June 2015 (Unaudited)	774,052	27,643,692	1,397,599	29,815,343

As at 30 June 2016, the property, plant and equipment under finance leases are "Oil engineering equipment and others" and its carrying amounts are RMB79,418,000 (31 December 2015: RMB67,855,000).

16 PREPAID LAND LEASES

	2016	2015
	RMB'000	RMB'000
At 1 January	**104,954**	51,107
Additions	**6,040**	-
Amortisation	**(1,356)**	(632)
At 30 June (Unaudited)	**109,638**	50,475

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.

17 NOTES AND TRADE RECEIVABLES

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Trade receivables		
- Sinopec Group and its subsidiaries	**7,870,738**	17,797,091
- Joint ventures	**2,721**	1,078
- Sinopec Group and its joint ventures and associates	**232,592**	283,281
- Third parties	**10,217,830**	9,617,468
	18,323,881	27,698,918
Less: Provision for impairment	**(620,425)**	(577,791)
Trade receivables - net	**17,703,456**	27,121,127
Notes receivables	**472,451**	141,132
Notes and trade receivables - net	**18,175,907**	27,262,259

As at 30 June 2016 and 31 December 2015, 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 2016 and 31 December 2015, 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 do not hold any collateral as security.

17 NOTES AND TRADE RECEIVABLES (Continued)

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

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Within 1 year	**15,917,273**	23,814,935
1 to 2 years	**1,422,719**	2,613,848
2 to 3 years	**489,180**	600,288
Over 3 years	**346,735**	233,188
	18,175,907	27,262,259

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

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Not yet due	**5,922,097**	21,758,477
Over due within 3 months	**4,982,469**	1,316,086
Over due 3 months but within 6 months	**3,068,893**	694,806
Over due 6 months but within 1 year	**3,171,038**	3,066,529
Over due 1 year but within 2 years	**949,891**	361,772
Over due over 2 years	**81,519**	64,589
	18,175,907	27,262,259

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

	2016 RMB'000	2015 RMB'000
At 1 January	**577,791**	429,415
Provisions	**162,801**	158,916
Reversal	**(120,167)**	(87,501)
Trade receivables write-off as uncollectible	**-**	(2,086)
At 30 June (Unaudited)	**620,425**	498,744

18 PREPAYMENT AND OTHER RECEIVABLES

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Prepayments (a)	**601,914**	474,961
Other receivables (b)		
Petty cash funds	**167,295**	66,734
Guarantee deposits	**878,513**	780,753
Disbursement of funds	**1,387,198**	1,150,581
Temporary payment	**621,330**	451,067
Escrow payments	**9,708**	9,680
Loans	**10,000**	10,000
Deposits	**47,995**	48,525
Export tax refund receivables	**9,814**	2,823
Value Added Tax to be offset	**465,251**	82,062
Entrusted loans (c)	**900,000**	1,097,000
Others	**546,066**	369,022
	5,645,084	4,543,208
Less: Provision for impairment	**(424,036)**	(398,540)
Prepayments and other receivables - net	**5,221,048**	4,144,668

Note:

(a) As at 30 June 2016, the prepayments include related party balances: Sinopec Group and its subsidiaries amounting at RMB5,116,000 (31 December 2015: RMB16,460,000) and the associates of the Group amounting at RMB7,174,000 (31 December 2015: Nil).

(b) As at 30 June 2016, the other receivables include related party balances: Sinopec Group and its subsidiaries amounting at RMB1,226,442,000 (31 December 2015: RMB1,348,127,000), the joint ventures of the Group amounting at RMB10,762,000 (31 December 2015: RMB308,000) and the associates and joint ventures of Sinopec Group amounting at RMB7,849,000 (31 December 2015: RMB1,570,000).

(c) For the six months ended 30 June 2016, the Group, which acted as the principal, entered into two (31 December 2015: four) entrusted loan arrangements with Sinopec Finance Company Limited, which acted as the agent, to provide funds to a subsidiary of the Sinopec Group. The entrusted loans held by the Group as of the end of the reporting period are unsecured, current and due within one year and borne fixed interest rates of 3% to 3.6% per annum (31 December 2015: 3% to 4%).

(d) The amounts due from related parties are unsecured, interest free and repayable on demand.

(e) The carrying amounts of the Group's prepayments and other receivables as at 30 June 2016 and 31 December 2015 approximate their fair values.

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

	2016 RMB'000	2015 RMB'000

At 1 January	**398,540**	376,474
Provisions	**71,400**	67,454
Reversal	**(45,904)**	(28,664)
At 30 June (Unaudited)	**424,036**	415,264

19 CONTRACT WORK-IN-PROGRESS

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Contract cost incurred plus recognised profit less recognised losses	**73,570,433**	66,456,134
Less: Expected loss on contracts	**(24,030)**	(24,030)
Less: Progress billings	**(64,054,641)**	(61,446,068)
Contract work-in-progress	**9,491,762**	4,986,036
Representing：		
Amounts due from customers for contract works	**14,563,713**	12,814,579
Less: Expected loss on contracts	**(24,030)**	(24,030)
Net amounts due from customers for contract works	**14,539,683**	12,790,549
Amounts due to customers for contract works	**(5,047,921)**	(7,804,513)
	9,491,762	4,986,036

	For the six months ended 30 June	
	2016	2015
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Contract revenue recognised as revenue during the period	**15,362,827**	15,872,626

20 INVENTORIES

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Raw materials	**1,623,181**	1,732,626
Finished goods	**94,675**	76,995
Work in progress	**178,249**	141,177
Turnover materials	**28,530**	33,895
Others	**3,869**	1,757
	1,928,504	1,986,450
Less: Provision for impairment	**(7,724)**	(7,724)
	1,920,780	1,978,726

21 SHARE CAPITAL

	As at 30 June 2016		As at 31 December 2015	
	Number of shares Share	**Share capital RMB'000 (Unaudited)**	Number of shares Share	Share capital RMB'000 (Audited)
Registered, issued and paid:				
- Domestic non-public legal person shares of RMB1.00 each	**10,259,327,662**	**10,259,328**	10,259,327,662	10,259,328
- Social public A shares of RMB1.00 each	**1,783,333,333**	**1,783,333**	1,783,333,333	1,783,333
- H shares of RMB1.00 each	**2,100,000,000**	**2,100,000**	2,100,000,000	2,100,000
	14,142,660,995	**14,142,661**	14,142,660,995	14,142,661

	Number of shares Share	Share capital RMB'000
At 1 January 2015	**12,809,327,662**	**12,809,328**
Issued share capital (a)	**1,333,333,333**	**1,333,333**
At 31 December 2015, 1 January 2016 and 30 June 2016 (Unaudited)	**14,142,660,995**	**14,142,661**

Notes:

(a) 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. After deduction of issuance costs of RMB47,483,000, the net proceeds from the issuing were approximately RMB5,952,517,000. 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 with lock-up period of 12 months and had been traded on the market since 3 March 2016.

22 NOTES AND TRADE PAYABLES

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Trade payables		
- Sinopec Group and its subsidiaries	**1,969,758**	2,071,793
- Joint ventures	**41,034**	31,983
- Sinopec Group and its joint ventures and associates	**19,130**	81,400
- Third parties	**23,272,610**	26,723,925
	25,302,532	28,909,101
Notes payables	**1,647,022**	1,284,745
	26,949,554	30,193,846

As at 30 June 2016 and 31 December 2015, 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 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Within 1 year	**19,034,839**	21,307,084
1 and 2 years	**4,841,959**	5,574,874
2 and 3 years	**1,758,829**	2,148,850
Over 3 years	**1,313,927**	1,163,038
	26,949,554	30,193,846

23 DEPOSITS RECEIVED AND OTHER PAYABLES

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Deposits received (a)		
Advances for construction and service	**1,757,481**	1,459,457
Salaries payables	**277,522**	187,561
Other tax payables	**588,932**	2,367,675
Interest payables (b)	**33,946**	14,823
Other payables (c)		
Guarantee deposits	**477,335**	497,300
Deposits	**148,643**	156,200
Disbursement of funds	**453,858**	291,281
Temporary receipts	**465,933**	370,126
Escrow payments	**28,563**	30,549
Withheld payments	**118,538**	85,841
Sinopec Group capital restructuring funds	**2,600,000**	2,600,000
Payable of profit arising during major assets restructuring	**1,118,902**	1,118,902
Others	**410,890**	329,152
	8,480,543	9,508,867

Note:

(a) As at 30 June 2016, the deposits received include related party balances: Sinopec Group and its subsidiaries amounting at RMB230,987,000 (31 December 2015: RMB199,376,000) and the joint ventures and associates of Sinopec Group amounting at RMB nil (31 December 2015: RMB4,860,000).

(b) As at 30 June 2016, the interest payables was the related party balances with Sinopec Group and its subsidiaries.

(c) As at 30 June 2016, the other payables include related party balances: Sinopec Group and its subsidiaries amounting at RMB3,771,494,000 (31 December 2015: RMB3,785,680,000).

(d) The above amounts due to related parties are unsecured, interest free and repayable on demand.

24 BORROWINGS

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Current liabilities		
Loans from Sinopec Finance Company Limited (b)	**5,559,000**	2,215,000
Loans from Sinopec Century Bright Capital Investment Company Limited (b)	**10,358,945**	9,925,312
Finance lease liabilities (c)	**17,360**	17,360
	15,935,305	12,157,672
Non-current liabilities		
Bank loans (a)	**497,340**	487,020
Loans from Sinopec Finance Company Limited (b)	**80,000**	80,000
Loans from Sinopec Century Bright Capital Investment Company Limited (b)	**120,048**	51,949
Finance lease liabilities (c)	**42,777**	51,154
	740,165	670,123
	16,675,470	**12,827,795**

(a) Bank loans

The bank loans of the Group are repayable as follows:

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Over 5 years	**497,340**	487,020

As at 30 June 2016, the bank loans were secured and the annual interest rates were range from 6.14% to 6.34% (31 December 2015: 5.63% to 5.79%).

24 BORROWINGS (Continued)

(b) Loans from related parties

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

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Within 1 year	**15,917,945**	12,140,312
1 to 2 years	**200,048**	131,949
	16,117,993	12,272,261

As at 30 June 2016, loans from related parties are unsecured and their annual interest rates were range from 1.83% to 6.50% (31 December 2015: 1.48% to 7.6%).

(c) Finance lease liabilities

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

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Total minimum lease payments		
- Within 1 year	**21,429**	21,441
- 1 to 2 years	**19,476**	20,778
- 2 to 5 years	**27,776**	37,362
	68,681	79,581
Future finance charges on finance leases	**(8,544)**	(11,067)
Present value of finance lease liabilities	**60,137**	68,514

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Present value of minimum lease payments:		
- Within 1 year	**17,360**	17,360
- 1 to 2 years	**17,360**	17,360
- 2 to 5 years	**25,417**	33,794
	60,137	68,514
Less: Portion due within one year included under current liabilities	**(17,360)**	(17,360)
Portion due after one year included under non-current liabilities	**42,777**	51,154

25 COMMITMENTS

(a) Capital commitments

Capital commitments for the purchase of property, plant and equipment outstanding as at 30 June 2016 and 31 December 2015 not provided for in the interim financial information are as follows:

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Contracted but not provided for	**936,792**	803,406

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases at 30 June 2016 and 31 December 2015 are as follows:

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Within 1 year	**194,993**	280,765
1 to 2 years	**42,864**	31,728
2 to 3 years	**32,013**	19,271
Over 3 years	**71,064**	80,626
	340,934	412,390

The Group leases various residential properties, office and equipments under non-cancellable operating lease agreements. The leases run for an initial period of 1 to 25 years (31 December 2015: 1 to 26 years), with an option to renew the leases and renegotiate the terms at the expiry date or at dates mutually agreed between the Group and respective landlords/lessors. None of the leases include contingent rentals.

(c) Investment commitments

As at 30 June 2016, the Group has outstanding commitments of RMB129,625,000 (31 December 2015: RMB129,625,000) in respect of its investment in SinoFTS Petroleum Services Limited and Zhong Wai Energy Service Co. Limited.

(d) Fulfillment of commitments for the previous period

The Group has fulfilled the capital and operating lease commitments as at 30 June 2016.

26 CONTINGENCIES

In preparing this interim financial information, there were no further developments of those contingencies as at 30 June 2016, which were disclosed in the 2015 annual report.

27 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

In addition to the related party transactions and balances shown elsewhere in this interim financial information, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties, including other state-owned enterprises, during the periods ended 30 June 2016 and 2015.

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

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

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

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Purchases of materials		
- Sinopec Group and its subsidiaries	**1,780,318**	2,278,104
Sales of products		
- Sinopec Group and its subsidiaries	**50,172**	18,487
Rendering of engineering services		
- Sinopec Group and its subsidiaries	**9,119,567**	12,616,265
Receiving of community services		
- Sinopec Group and its subsidiaries	**786,120**	805,237
Receiving of integrated services		
- Sinopec Group and its subsidiaries	**18,045**	116,513

27 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

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

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Rental expenses		
- Sinopec Group and its subsidiaries	**26,670**	45,900
Interest income from entrusted loans		
- Sinopec Group's subsidiaries	**15,549**	-
Deposits interest income		
- Sinopec Group's subsidiaries	**2,192**	600
Loans interest expenses		
- Sinopec Group's subsidiaries	**219,946**	153,311
Borrowings obtained		
- Sinopec Group's subsidiaries	**27,052,059**	26,332,206
Borrowings repaid		
- Sinopec Group's subsidiaries	**23,206,326**	26,755,339
Safety and insurance fund expenses		
- Sinopec Group	**44,114**	30,215
Safety and insurance fund refund		
- Sinopec Group	**43,990**	22,250

(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 form employee services is shown below:

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fee	**300**	250
Salaries, allowances and bonus	**4,357**	4,861
Contributions to pension plans	**365**	315
	5,022	5,426

(c) Related party guarantee

At 30 June 2016, Sinopec Group provided performance guarantee to the Group amounting to USD210,000,000. The guarantee period ends in January 2017 (31 December 2015: nil).

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 2016.

Consolidated balance sheets
(Expressed in thousands of RenminbiYuan)

Assets	30 June 2016	31 December 2015
Current assets:		
Cash at bank and on hand	2,408,314	2,011,590
Notes receivable	472,451	141,132
Accounts receivable	17,703,456	27,121,127
Advances to suppliers	577,458	460,035
Dividend receivable	6	6
Other receivables	3,205,194	2,432,785
Inventories	16,460,463	14,769,275
Non-current assets due within one year	2,113,978	2,493,030
Other current assets	465,251	82,062
Total current assets	43,406,571	49,511,042
Non-current assets:		
Available-for-sale financial assets	40,494	40,494
Long-term equity investments	211,030	216,400
Fixed assets	29,180,450	29,008,189
Construction in progress	1,111,308	2,710,178
Disposal of fixed assets	4,581	4,023
Intangible assets	175,053	182,203
Long-term prepaid expenses	3,158,757	3,447,818
Deferred tax assets	189,016	187,430
Total non-current assets	34,070,689	35,796,735
Total assets	**77,477,260**	**85,307,777**

Consolidated balance sheets (continued)

(Expressed in thousands of renminbiyuan)

Liabilities and shareholders' equity

Current liabilities:		
Short-term loans	15,852,320	12,070,312
Notes payable	1,647,022	1,284,745
Accounts payable	25,302,532	28,909,101
Advances from customers	6,805,402	9,263,970
Employee benefits payable	277,522	187,561
Taxes payable	618,730	2,612,168
Interest payable	33,946	14,823
Other payables	5,771,185	5,473,433
Non-current liabilities due within one year	112,834	87,360
Total current liabilities	56,421,493	59,903,473
Non-current liabilities:		
Long-term loans	697,388	618,969
Long-term payables	64,405	57,072
Special payable	400	1,051
Deferred income	64,663	59,008
Deferred income tax liabilities	30,184	31,251
Total non-current liabilities	857,040	767,351
Total liabilities	57,278,533	60,670,824
Shareholders' equity:		
Share capital	14,142,661	14,142,661
Capital reserve	8,894,216	8,894,216
Specific reserve	330,825	259,547
Surplus reserve	200,383	200,383
Retained earnings	-3,368,134	1,141,287
Equity attributable to the owners of the company	20,199,951	24,638,094
Minority interests	-1,224	-1,141
Total shareholders' equity	20,198,727	24,636,953
Total liabilities and shareholders' equity	77,477,260	85,307,777

Consolidated income statements
(Expressed in thousands of RenminbiYuan)

	For the six months ended 30 June	
	2016	**2015**
1.Revenue	18,689,863	23,121,285
Less:Cost of sales	21,069,363	22,305,940
Taxes and surcharges	201,159	260,523
Selling and distribution expenses	24,797	25,343
General and administrative expenses	1,562,419	1,560,959
Finance costs	210,096	203,506
Impairment losses	68,130	110,205
Add:Investment income ("-" for loss)	6,679	-4,690
Including:Share of profit of a joint venture	-9,370	-4,732
2.Operating profit ("-" for loss)	-4,439,422	-1,349,881
Add:Non-operating income	69,736	173,729
Including:Gains from disposal of non-current assets	6,084	18,396
Less:Non-operating expenses	26,608	21,158
Including:Losses from disposal of non-current assets	5,679	4,890
3.Profit before income tax ("-" for loss)	-4,396,294	-1,197,310
Less:Income tax expenses	113,210	183,115
4.Net profit for the period ("-" for loss)	-4,509,504	-1,380,425
Profit for the period attributable to:		
- The owners' of the company	-4,509,421	-1,380,350
- Minority interests	-83	-75
5.Earnings per share ("-" for loss):		
Basic earnings per share (in RMB)	-0.32	-0.10
Diluted earnings per share (in RMB)	-0.32	-0.10
6.Other comprehensive income for the period		
7.Total comprehensive income for the period	-4,509,504	-1,380,425
Total comprehensive income for the period attributable to:		
- The owners of the Company	-4,509,421	-1,380,350
- Minority shareholders	-83	-75

Consolidated cash flow statement
(Expressed in thousands of renminbiyuan)

	For the six months ended 30 June	
	2016	**2015**
1.Cash flows from operating activities:		
Cash received from sale of goods	23,731,235	34,771,336
Refund of taxes	10,127	50,800
Cash received from other operating activities	1,105,805	496,496
Sub-total of cash inflow	24,847,167	35,318,632
Cash paid for goods and services	17,785,051	25,004,722
Cash paid to and for employees	5,541,040	6,081,730
Cash paid for all types of taxes	2,425,996	3,490,444
Cash paid relating to other operating activities	2,205,704	2,113,158
Sub-total of cash outflows	27,957,791	36,690,054
Net cash inflow from operating activities ("-" for outflow)	-3,110,624	-1,371,422
2.Cash flows from investing activities:		
Cash received from recouping the investment	51,000	-
Cash received from the investment income	16,051	-
Net cash received from disposal of fixed assets	2,629	22,780
Cash received relating to other investing activities		-
Sub-total of cash inflows	69,680	22,780
Cash paid for acquisition of fixed assets and intangible assets	230,407	469,299
Cash paid for the investments	4,000	-
Sub-total of cash outflows	234,407	469,299
Net cash inflow from investing activities("-" for outflow)	-164,727	-446,519
3.Cash flows from financing activities:		
Cash received from the acquisition of investments		5,954,000
Cash received from borrowings	26,850,384	26,172,969
Cash received from other financing-related activities	1,285	-
Sub-total of cash inflows	26,851,669	32,126,969
Cash paid for repayments of borrowings	22,986,605	26,586,161
Cash paid for distribution of dividend, profit or payments of interests	200,224	156,752
Cash paid for other financing activities	11,093	1,769,994
Sub-total of cash outflows	23,197,922	28,512,907
Net cash inflow from financing activities	3,653,747	3,614,062
4.Effect of foreign exchange rate changes on cash and cash equivalents	32,793	-8,241
5.Net decrease in cash and cash equivalents	411,189	1,787,880
Add: Cash and cash equivalents at the beginning of the period	1,993,209	1,201,754
6.Cash and cash equivalents at the end of the period	2,404,398	2,989,634

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 2015	14,142,661	8,894,216	259,547	200,383	1,141,287	-1,141	24,636,953
Adjustment for the business combination under common control	-	-	-	-	-	-	-
Balance at 1 January 2016	14,142,661	8,894,216	259,547	200,383	1,141,287	-1,141	24,636,953
Changes during the period (decrease in "-")			71,278		-4,509,421	-83	-4,438,226
Increase or decrease of capital	-	-	-	-	-	-	-
Total comprehensive income					-4,509,421	-83	-4,509,504
Transfer of equity	-	-	-	-	-	-	-
Distribution of profits	-	-	-	-	-	-	-
Special reserve-provided during the period	-	-	232,721	-	-	-	232,721
Special reserve-used during the period (expressed in "-")	-	-	-161,443	-	-		-161,443
Balance at 30 June 2016	**14,142,661**	**8,894,216**	**330,825**	**200,383**	**-3,368,134**	**-1,224**	**20,198,727**
Balance at 31 December 2014	12,809,328	4,275,032	295,568	200,383	1,116,809	-982	18,696,138
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 "-")	1,333,333	4,619,184	132,575	-	-1,380,350	-75	4,704,667
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
Special reserve-used during the period (expressed in "-")	-	-	-203,648	-	-	-	-203,648
Balance at 30 June 2015	**14,142,661**	**8,894,216**	**428,143**	**200,383**	**-263,541**	**-1,057**	**23,400,805**

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

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

	Net profit attributable to equity shareholders of the Company		Net assets attributable to equity shareholders of the Company	
	For the six months ended 30 June		At 30 June 2016	At 1 January 2016
	2016	2015		
Amounts under PRC ASBE	-4,509,421	-1,380,350	20,199,951	24,638,094
Adjustments under IFRS:				
Specific reserve (a)	71,278	132,575	-	-
Amounts under IFRS	-4,438,143	-1,247,775	20,199,951	24,638,094

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

8. OTHER EVENTS

8.1 Compliance with the Corporate Governance Code

For the six months ended 30 June 2016, the Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules, 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. The Company is of the view that such nomination procedures of the candidates for directorship will better serve the operation needs 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 10th meeting of the Audit Committee of the eighth session of the Board on 29 August 2016. In the meeting, the interim financial statements of the Company for the reporting period was reviewed.

8.2 Compliance with the Model Code

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. 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

30 August 2016
Beijing, The PRC

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

" + " *Non-Executive Director*
" # " *Executive Director*
" * " *Independent Non-Executive Director*