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Sinopec Oilfield Service Corporation

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

(Stock code: 1033)

2023 Third Quarterly Report

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

The board of Directors (the “**Board**”) of the Company hereby presents the third quarterly results of the Company and its subsidiaries ended 30 September 2023.

Important Notes

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

2. Mr. Chen Xikun, Chairman, Mr. Yuan Jianqiang, General Manager, Mr. Cheng Zhongyi, Chief Financial Officer and Mr. Yang Yulong, Manager of the Asset and Accounting Department of the Company warrant the authenticity, accuracy and completeness of the financial statements contained in this quarterly report.

3. Audit of the third quarterly results

Applicable Not Applicable

§1. Key financial data of the Company

1.1 Key financial data and indicators

Items	During the reporting period RMB'000	During the same period last year RMB'000		Increase/(decrease) from corresponding period of last year (%)	For the nine months ended 30 September 2023 RMB'000	For the nine months ended 30 September 2022 RMB'000		Increase/(decrease) from corresponding period of last year (%)
		Before adjustment	After adjustment	After adjustment		Before adjustment	After adjustment	After adjustment
Operating income	18,709,448	17,806,415	17,806,415	5.1	55,842,976	50,955,067	50,955,067	9.6
Net profit attributable to equity shareholders of the Company	117,701	76,106	79,128	48.8	443,605	276,374	285,438	55.4
Net profit deducted extraordinary gain and loss attributable to equity shareholders of the Company	76,107	29,120	32,142	136.8	361,151	173,122	182,186	98.2
Net cash inflow from operating activities ("—" for outflow)	Not applicable	Not applicable	Not applicable	Not applicable	1,234,601	-973,896	-973,896	Not applicable
Basic earnings per share (in RMB)	0.006	0.004	0.004	50.0	0.023	0.015	0.015	53.3
Diluted earnings per share (in RMB)	0.006	0.004	0.004	50.0	0.023	0.015	0.015	53.3

Weighted average return on net assets (%)	1.45	1.02	1.06	Increased by 0.39 percentage points	5.80	3.95	4.08	Increased by 1.72 percentage points
	As at 30 September 2023 RMB'000	As at 31 December 2022 RMB'000			Increase/(decrease) from last year (%)			
		Before adjustment	After adjustment	After adjustment				
Total assets	74,532,190	71,200,517	71,208,061	4.7				
Total equity attributable to shareholders of the Company	8,269,282	7,427,319	7,429,734	11.3				

Note: “during the reporting period” means during three months from the beginning to the end of the third quarter in 2023, the same as below.

Reasons for retrospective adjustment or restatement:

The Ministry of Finance of the People's Republic of China issued the *Notice on Issuing the Interpretation of Accounting Standards for Business Enterprises No.16* ("Interpretation No.16") in 2022, and since 1 January 2023, the Company implemented the relevant requirements in the Interpretation No. 16 that the deferred income tax related to assets and liabilities arising from a single transaction shall not be subject to the accounting treatment of initial recognition exemption, and adjusted the cumulative impact amount to the opening retained earnings and other related financial statement items of the earliest period presented in the financial statements. For the single transaction fits the Interpretation No.16 existing between 1 January 2022 and the implementation date, the Company has made retrospective adjustments, and the comparative financial statements for 2022 have been restated accordingly. Other than the impact described above, the above amendments had no material impact on the Company's financial statements.

1.2 Extraordinary gain and loss items

Items	Amount during the reporting period RMB'000	For the nine months ended 30 September 2023 RMB'000	Statement
Disposal of non-current assets	23,445	55,087	
Government grants recognized in profit or loss during the current period, except government grants which closely related to the company's normal business, in accordance with national policies and continuously enjoyed with certain standards or quotas	11,779	63,044	

Gain or loss on debt restructuring	3,846	18,495	
Except for the effective hedging business related to the normal business of the company, the fair value change gains and losses arising from the holding of trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities, as well as the investment income from the disposal of trading financial assets, derivative financial assets and derivative financial liabilities and other creditor's rights investment	0	-1,020	
Other non-operating income and expenses excluding the aforesaid items	12,874	-31,503	
Deduct: effect of income tax	10,350	21,649	
Total	41,594	82,454	

Statements on defining extraordinary items under “Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 - Extraordinary Profit and Loss” as recurrent items

Applicable Not applicable

1.3 Significant changes of key accounting items and financial indicators and the reasons for the changes

Applicable Not applicable

Items	Change (%)	Main reasons for change
Net profit attributable to equity shareholders of the Company (during the reporting period)	48.8	Mainly due to the increase in revenue resulting from the increased workload
Net profit attributable to equity shareholders of the Company (for the nine months ended 30 September 2023)	55.4	Mainly due to the increase in revenue resulting from the increased workload
Net profit deducted extraordinary gain and loss attributable to equity shareholders of the Company (during the	136.8	Mainly due to the increase in revenue resulting from the increased workload

reporting period)		
Net profit deducted extraordinary gain and loss attributable to equity shareholders of the Company (for the nine months ended 30 September 2023)	98.2	Mainly due to the increase in revenue resulting from the increased workload
Net cash inflow from operating activities (for the nine months ended 30 September 2023)	Not applicable ^{Note}	Mainly due to client's payment of the unsettled project funds of the previous year
Basic earnings per share (during the reporting period)	50.0	Mainly due to the increase in revenue resulting from the increased workload
Basic earnings per share (for the nine months ended 30 September 2023)	53.3	Mainly due to the increase in revenue resulting from the increased workload
Diluted earnings per share (during the reporting period)	50.0	Mainly due to the increase in revenue resulting from the increased workload
Diluted earnings per share (for the nine months ended 30 September 2023)	53.3	Mainly due to the increase in revenue resulting from the increased workload

Note: because the number in the same period last year was negative, the item of “change” was filled in “not applicable”.

§2. Information of Shareholders

2.1 The number of shareholders of ordinary shares and preferred shares with voting rights of the Company at the end of this reporting period and details of the top ten shareholders

Unit: Share

The total number of ordinary shareholders at the end of this reporting period	107,063	The total number of preferred shareholders with voting rights at the end of this reporting period (if it is applicable)	0		
Shareholdings of the top ten shareholders					
Names of shareholders	Nature of shareholder	Number of shares held	Percentage to total share capital	Number of shares with selling	Number of pledged, marked or frozen shares

			(%)	restrictions	Shares status	Amounts
China Petrochemical Corporation ¹	State-owned legal person	10,727,896,364	56.51	0	none	0
Hong Kong Securities Clearing Company (Nominees) Limited (“ HKSCC (Nominees) Limited ”) ²	Overseas legal person	5,402,252,694	28.46	0	none	0
CITIC Limited	State-owned legal person	325,469,800	1.71	0	none	0
Hong Kong Securities Clearing Company ³	Other	314,009,939	1.65	0	none	0
Shanghai Tongneng Investment Holdings Co., Ltd.	Domestic non-state-owned legal person	44,522,000	0.23	0	none	0
Anhui Yangguang Xintong Electronic Technology Corp., Ltd	Domestic non-state-owned legal person	38,025,000	0.20	0	none	0
Agricultural Bank of China – China Securities 500 Trading Open Index Securities Investment Fund	Other	29,994,800	0.16	0	none	0
Li Feng	Domestic natural person	23,000,000	0.12	0	none	0
CITIC Securities Company Limited	State-owned legal person	16,681,655	0.09	0	none	0
China Life Insurance Company Limited-Dividends-Individual Dividends-005L-FH002 Shanghai	Other	13,622,000	0.07	0	none	0

Shareholdings of the top ten shareholders of shares without selling restriction			
Name of shareholders	Number of shares without selling restrictions held at the end of the reporting period	Type and amount of shares	
		Type	Amount
China Petrochemical Corporation	10,727,896,364	A shares	10,727,896,364
HKSCC (Nominees) Limited	5,402,252,694	H shares	5,402,252,694
CITIC Limited	325,469,800	A shares	325,469,800
Hong Kong Securities Clearing Company	314,009,939	A shares	314,009,939
Shanghai Tongneng Investment Holdings Co., Ltd.	44,522,000	A shares	44,522,000
Anhui Yangguang Xintong Electronic Technology Corp., Ltd	38,025,000	A shares	38,025,000
Agricultural Bank of China – China Securities 500 Trading Open Index Securities Investment Fund	29,994,800	A shares	29,994,800
Li Feng	23,000,000	A shares	23,000,000
CITIC Securities Company Limited	16,681,655	A shares	16,681,655
China Life Insurance Company Limited-Dividends-Individual Dividends-005L-FH002 Shanghai	13,622,000	A shares	13,622,000
Statement on the related relationship or activities in concert among the above-mentioned shareholders	The company is not aware of that there is any related relationship or activities in concert among the above-mentioned shareholders.		
Statement on the top ten shareholders and the top ten shareholders of shares without selling restriction participating in margin trading and short selling and financing business (if any)	No.		

Note:

1. Apart from directly holding 10,727,896,364 A shares of the Company, China Petrochemical Corporation (“CPC”) also held 2,595,786,987 H shares of the Company through its wholly-owned subsidiary, Sinopec Century Bright Capital Investment, Ltd. Therefore, CPC directly and indirectly holds 13,323,683,351 shares of the Company, which represent 70.18% of the total shares of the Company.
2. HKSCC (Nominees) Limited is a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited, and acts as an agent to hold H shares of the Company on behalf of other companies or individual shareholders.
3. Hong Kong Securities Clearing Company Limited is a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited, and acts as a nominal holder to hold A shares of the Company in the Shanghai Stock Exchange on behalf of the investors of the Hong Kong Stock Exchange.

§3. Other Significant Events

Other significant events about the Company's operation during the reporting period that needs to be noticed by investors

Applicable Not applicable

For the nine months ended 30 September 2023, the Company made great efforts to enhance its engineering and technical service capabilities, strengthened win-win cooperation with oil companies, and steadily promoted market development. The accumulated value of newly signed contracts amounted to RMB70.69 billion, representing a year-on-year increase of 8.1%, of which, the value of newly signed contracts in the market of China Petrochemical Corporation amounted to RMB43.7 billion, representing a year-on-year increase of 11.9%; the value of new contracts signed in domestic external markets amounted to RMB12.95 billion, representing a year-on-year increase of 3.0%; and the value of new contracts signed in overseas markets amounted to RMB14.04 billion, representing a year-on-year increase of 1.9%.

For the nine months ended 30 September 2023, the consolidated operating revenue of the Company was RMB55.84 billion, representing a year-on-year increase of 9.6%; the net profit attributable to shareholders of the Company was RMB440 million, representing a year-on-year increase of 55.4%.

§4. Third Quarterly Financial Statements

4.1 Types of audit opinions

Applicable Not applicable

4.2 Financial statements

Consolidated Balance Sheet

As at 30 September 2023

Sinopec Oilfield Service Corporation

(Expressed in thousands of renminbi yuan and unaudited)

Items	As at 30 September 2023	As at 31 December 2022
Current assets:		
Cash at bank and on hand	2,013,934	1,838,229
Bills receivable		
Accounts receivable	10,025,929	10,537,217
Receivables financing	2,173,073	1,468,340
Prepayments	706,246	406,578
Other receivables	3,605,036	3,196,602
Including: Interest receivable		
Dividend receivable		
Inventories	2,365,098	1,116,341
Contract assets	19,681,306	15,613,899

Held for sale assets		
Non-current assets due within one year		
Other current assets	2,591,122	2,362,863
Total current assets	43,161,744	36,540,069
Non-current assets:		
Long-term equity investments	37,744	50,215
Other equity instrument investments	134,492	134,492
Fixed assets	23,117,358	24,896,607
Construction in progress	436,616	467,385
Right-of-use assets	756,129	1,012,350
Intangible assets	372,147	481,490
Long-term deferred expenses	6,141,415	7,255,439
Deferred tax assets	374,545	370,014
Other non-current assets		
Total non-current assets	31,370,446	34,667,992
Total assets	74,532,190	71,208,061
Current liabilities:		
Short-term loans	20,512,241	17,923,208
Bills payable	9,306,043	7,990,225
Accounts payable	24,929,589	25,601,228
Advances from customers		
Contract liabilities	4,335,271	5,115,819
Employee benefits payable	691,091	570,290
Taxes payable	685,515	998,894
Other payables	3,285,968	2,728,144
Including: Interest payables	44,255	21,885
Dividend payables		
Non-current liabilities due within one year	1,410,278	1,517,190
Other current liability		
Total current liabilities	65,155,996	62,444,998
Non-current liabilities:		
Long-term loans	387,709	480,557
Leases liabilities	304,674	497,045

Long-term payable	144,983	74,657
Long-term employee benefits payable		
Provisions	186,791	200,998
Deferred income	20,102	11,576
Deferred tax liabilities	62,653	68,496
Other non-current liabilities		
Total non-current liabilities	1,106,912	1,333,329
Total liabilities	66,262,908	63,778,327
Shareholders' equity:		
Share capital	18,984,340	18,984,340
Capital reserve	11,717,773	11,717,773
Other comprehensive income	5,232	5,232
Specific reserves	722,926	326,983
Surplus reserves	200,383	200,383
Retained earnings	-23,361,372	-23,804,977
Total equity attributable to owners of the parent company	8,269,282	7,429,734
Minority interests		
Total owners' equity	8,269,282	7,429,734
Total liabilities and owners' equity	74,532,190	71,208,061

Legal Representative: Mr. Chen Xikun

General Manager: Mr. Yuan Jianqiang

Chief Financial Officer: Mr. Cheng Zhongyi

Manager of Asset and Accounting Department: Mr. Yang Yulong

Consolidated Income Statement

For the nine months ended 30 September 2023

Sinopec Oilfield Service Corporation

(Expressed in thousands of renminbi yuan and unaudited)

Items	For the nine months ended 30 September 2023	For the nine months ended 30 September 2022
1. Total Operating Income	55,842,976	50,955,067
Including: Operating Income	55,842,976	50,955,067
2. Total Operating Costs	55,370,913	50,638,285
Including: Operating Costs	51,917,121	47,372,216
Business taxes and surcharges	174,175	187,216
Selling and distribution expenses	46,955	41,676

General and administrative expenses	1,482,580	1,555,033
Research and development expenses	1,121,565	1,076,878
Finance costs	628,517	405,266
Including: Interest expenses	589,484	499,301
Interest income	17,127	8,139
Add: Other income	13,055	51,088
Investment income (“-” for losses)	22,542	17,653
Including: Investment income from associated enterprise and joint ventures	5,067	3,202
Gain from derecognition of financial assets measured at amortized cost (“-” for losses)	18,495	14,451
Credit impairment losses (“-” for losses)	163,704	72,623
Impairment of assets (“-” for losses)	-13,452	-42,629
Gains from assets disposal (“-” for losses)	16,622	28,797
3. Operating profit (“-” for losses)	674,534	444,314
Add: Non-operating income	115,244	94,025
Less: Non-operating expenses	79,650	54,911
4. Total profit (“-” for losses)	710,128	483,428
Less: Income tax expenses	266,523	197,990
5. Net profit (“-” for losses)	443,605	285,438
Classified by operating sustainability:		
- Continuous operating net profit (“-” for losses)	443,605	285,438
- Termination of net profit (“-” for losses)		
Classified by ownership		
- Net profit attributable to the owners of parent company (“-” for losses)	443,605	285,438
- Minority interest income (“-” for losses)		
6. Other comprehensive net income after tax		
-Other comprehensive net income after tax attributable to		

owners of the parent company		
-Other comprehensive net income after tax attributable to minority interests		
7. Total comprehensive income	443,605	285,438
Attributable to owners of the parent company	443,605	285,438
Attributable to minority shareholders of the Company		
8. Earnings per share:		
(1) Basic earnings per share (in RMB)	0.023	0.015
(2) Diluted earnings per share (in RMB)	0.023	0.015

Profit from combined party before business combination under common control was zero during the current period. Profit from combined party before business combination under common control was zero during the prior period.

Legal Representative: Mr. Chen Xikun General Manager: Mr. Yuan Jianqiang

Chief Financial Officer: Mr. Cheng Zhongyi Manager of Asset and Accounting Department: Mr. Yang Yulong

Consolidated Cash flow statement

For the nine months ended 30 September 2023

Sinopec Oilfield Service Corporation

(Expressed in thousands of renminbi yuan and unaudited)

Items	For the nine months ended 30 September 2023	For the nine months ended 30 September 2022
1. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	42,981,901	40,726,843
Refund of taxes	179,957	123,209
Cash received relating to other operating activities	6,410,188	9,331,464
Sub-total of cash inflows	49,572,046	50,181,516
Cash paid for goods and services	31,263,604	31,908,673
Cash paid to and for employees	11,206,829	9,383,939
Cash paid for all types of taxes	1,211,448	1,027,450
Cash paid relating to other operating activities	4,655,564	8,835,350
Sub-total of cash outflows	48,337,445	51,155,412
Net cash inflow from operating activities (outflow listed with “-”)	1,234,601	-973,896

2. Cash flows from investing activities:		
Cash received from investment		
Cash received from investment income	5,075	4,317
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	26,138	19,909
Net cash received from disposal of subsidiaries and other business units	11,983	-
Cash received relating to other investing activities	-	0
Sub-total of cash inflows	43,196	24,226
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	2,606,658	1,068,917
Cash paid for investments	0	0
Net increase in pledge loans		
Net cash paid for acquisition of subsidiaries and other business units		
Cash paid relating to other investing activities	-	582
Sub-total of cash outflows	2,606,658	1,069,499
Net cash inflow from investing activities (outflow listed with “-”)	-2,563,462	-1,045,273
3. Cash flows from financing activities:		
Cash received from borrowings	19,446,360	38,179,500
Cash received relating to other financing activities		
Sub-total of cash inflows	19,446,360	38,179,500
Cash repayments of borrowings	17,007,201	36,317,762
Cash paid for dividends or interest	507,495	409,561
Including: Cash paid for the dividend to minority shareholders of subsidiaries		
Cash paid relating to other financing activities	441,456	358,135
Sub-total of cash outflows	17,956,152	37,085,458
Net cash inflow from financing activities	1,490,208	1,094,042
4. Effect of exchange rate changes on cash and cash equivalents	51,437	168,380
5. Net increase in cash and cash equivalents	212,784	-756,747
Add: Cash and cash equivalents at the beginning of the period	1,801,150	2,475,306
6. Cash and cash equivalents at the end of the period	2,013,934	1,718,559

Legal Representative: Mr. Chen Xikun General Manager: Mr. Yuan Jianqiang
Chief Financial Officer: Mr. Cheng Zhongyi Manager of Asset and Accounting Department: Mr. Yang Yulong

4.3 The first implementation of new accounting standards or interpretations from 2023 involves adjusting the financial statements at the beginning of the year of first implementation.

Applicable Not applicable

By order of the Board
Shen Zehong
Company Secretary

27 October 2023, Beijing

As at the date of this announcement, the Board of Directors comprises Mr. Chen Xikun#, Mr. Yuan Jianqiang#, Mr. Fan Zhonghai+, Mr. Wei Ran+, Mr. Zhou Meiyun+, Mr. Chen Weidong, Mr. Dong Xiucheng* and Mr. Zheng Weijun*.*

Executive Director

+ Non-Executive Director

** Independent Non-Executive Director*