



CHINA OILFIELD SERVICES LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2883)

OVERSEAS REGULATORY ANNOUNCEMENT

—THIRD QUARTERLY RESULTS

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Third Quarterly Report for 2020 of the Company is prepared in accordance with PRC Accounting Standards for Business Enterprises and has not been audited.

This announcement is prepared in both Chinese and English. In the event of any discrepancy between the two versions, the Chinese version shall prevail.

29 October 2020

As at the date of this announcement, the executive directors of the Company are Messrs. Qi Meisheng (Chairman) and Zhao Shunqiang; the non-executive directors of the Company are Messrs. Meng Jun and Zhang Wukui; and the independent non-executive directors of the Company are Messrs. Fong Chung, Mark, Wong Kwai Huen, Albert and Lin Boqiang.

Stock code: 601808

Stock short name: 中海油服

China Oilfield Services Limited
2020 Third Quarterly Report

Contents

1. Important Notice.....	3
2. Basic Information of the Company.....	3
3. Significant Events.....	8
4. Appendix.....	14

1. Important Notice

1.1 The board of directors (the “**Board**”), supervisory committee, and the directors, supervisors and senior management of China Oilfield Services Limited (the “**Company**” or “**Group**”) assure for the truthfulness, accuracy and completeness of the contents of the quarterly report, confirm that there are no misrepresentations, misleading statements or material omissions in the quarterly report and accept joint and several liability.

1.2 Director who did not attend Board meeting

Name of director who did not attend the board meeting	Position of director who did not attend the board meeting	Reason for not attending the board meeting	Appointee
Qi Meisheng	Chairman of the Board	Other office duty	Zhao Shunqiang

1.3 Mr. Qi Meisheng, person in charge of the Company, Mr. Zheng Yonggang, person in charge of the accounting work, and Ms. Chong Xiaojie, person in charge of the accounting office (the accountant in charge), have declared that they assure for the truthfulness, accuracy and completeness of the quarterly report.

1.4 The Third Quarterly Report of the Company was unaudited.

2. Basic Information of the Company

2.1 Principal Financial Data

Unit: Million Yuan Currency: RMB

	As at the end of the reporting period	As at the end of last year	The increase/decrease at the end of the reporting period compared with the end of last year (%)
Total assets	77,270.2	76,101.8	1.5
Net assets attributable to shareholders of the Company	38,054.0	36,734.2	3.6
	From the beginning of the year to the end of the reporting period (January to September)	From the beginning of last year to the end of the reporting period of last year (January to September)	The increase/decrease in the reporting period compared with the same period of last year (%)
Net cash flow from operating activities	-734.2	1,133.7	-164.8
	From the beginning of the year to the end of the reporting period (January to September)	From the beginning of last year to the end of the reporting period of last year (January to September)	The increase/decrease in the reporting period compared with the same period of last year (%)
Revenue	21,449.8	21,334.8	0.5
Net profit attributable to shareholders of the Company	2,154.6	2,118.8	1.7
Net profit excluding non-recurring gain and loss attributable to shareholders of the Company	1,891.8	1,889.6	0.1
Weighted average net assets earnings ratio (%)	5.8%	6.0%	Decreased 0.2 percentage point

Basic earnings per share (Yuan per share)	0.45	0.44	2.3
Diluted earnings per share (Yuan per share)	N/A	N/A	N/A

Non-recurring gain and loss items and amounts

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Items	Amounts for the period (July to September)	Balance from the beginning of the year to the end of the reporting period (January to September)
Gain or loss on disposal of non-current assets	577,613	-5,866,025
Government grants credited to the income statement for the current period, except for those closely relevant to normal business of the Company, conformed to requirements of State policy, granted on fixed amount basis or enjoyed on continuous fixed amount basis subject to certain standards	22,809,306	63,663,554
Reversal of provision for impairment of receivables and contract assets subject to separate impairment test	0	60,589
Non-operating incomes and expenses other than the above items	35,342,116	133,289,145
Income from the wealth management products credited for the current period	14,983,791	117,976,098
Income tax effect	-11,056,924	-46,368,504
Total	62,655,902	262,754,857

2.2 Number of shareholders, particulars of shareholding of the top 10 shareholders and particulars of shareholding of the top 10 shareholders not subject to restrictions on sales as at the end of the reporting period

Unit: Share

Total number of shareholders:				72,939		
Particulars of shareholding of the top 10 shareholders						
Name of shareholder (Full name)	Total number of shares held as at the end of the reporting period	Shareholding percentage (%)	Number of shares held subject to restrictions on sales	Shares pledged or locked up		Nature of shareholder
				Condition	Number	
China National Offshore Oil Corporation	2,410,849,300	50.53	0	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Nominees Limited	1,808,819,958	37.91	0	Nil	0	Others
China Securities Finance Corporation Limited	140,604,876	2.95	0	Nil	0	State-owned legal person
Central Huijin Asset Management Ltd.	29,883,000	0.63	0	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Limited	6,688,514	0.14	0	Nil	0	Others

China Merchants Bank Co., Ltd. – Bosera CSI Stated-Owned Enterprises Structural Adjustment ETF Securities Investment Fund	4,519,600	0.09	0	Nil	0	Others
Agricultural Bank of China Limited –China AMC CSI State-Owned Enterprise Structural Adjustment ETF Securities Investment Fund	3,930,191	0.08	0	Nil	0	Others
Guotai Junan Securities Capital Management–Construction Bank–Guotai Junan Jundexin Two-year Mixed Collective Asset Management Plan	2,800,000	0.06	0	Nil	0	Others
China Merchants Bank Co., Ltd.– Bosera CSI State-Owned Enterprises Innovation oriented ETF Securities Investment Fund	2,765,895	0.06	0	Nil	0	Others
Huang Tingren	2,083,178	0.04	0	Nil	0	Others
Particulars of shareholding of the top 10 shareholders not subject to restrictions on sales						
Name of shareholder	Shares not subject to restrictions on sales	Type and number of shares				
		Type	Number			
China National Offshore Oil Corporation	2,410,849,300	A Shares	2,410,847,300			
		H Shares	2,000			
Hong Kong Securities Clearing Company Nominees Limited	1,808,819,958	H Shares	1,808,819,958			
China Securities Finance Corporation Limited	140,604,876	A Shares	140,604,876			
Central Huijin Asset Management Ltd.	29,883,000	A Shares	29,883,000			
Hong Kong Securities Clearing Company Limited	6,688,514	A Shares	6,688,514			
China Merchants Bank Co., Ltd. – Bosera CSI Stated-Owned Enterprises Structural Adjustment ETF Securities Investment Fund	4,519,600	A Shares	4,519,600			
Agricultural Bank of China Limited –China AMC CSI State-Owned Enterprise Structural Adjustment ETF Securities Investment Fund	3,930,191	A Shares	3,930,191			
Guotai Junan Securities Capital Management–Construction Bank–Guotai Junan Jundexin Two-year Mixed Collective Asset Management Plan	2,800,000	A Shares	2,800,000			
China Merchants Bank Co., Ltd.– Bosera CSI State-Owned Enterprises Innovation oriented ETF Securities Investment Fund	2,765,895	A Shares	2,765,895			
Huang Tingren	2,083,178	A Shares	2,083,178			

Notes of connected relationships or concerted actions of the above shareholders	<p>1. Shares held by Hong Kong Securities Clearing Company (HKSCC) Nominees Limited were the sum of H-shares of China Oilfield Services Limited (by agent) traded in the trading platform of HKSCC Nominees Limited and in the accounts of H-share shareholders (2,000 H shares held by China National Offshore Oil Corporation are not included).</p> <p>2. Shares held by Hong Kong Securities Clearing Company Limited represent the aggregate shares it held as a nominee on behalf of the shareholders of the Company under Shanghai-Hong Kong Stock Connect. 3. Except that Hong Kong Securities Clearing Company Nominees Limited and Hong Kong Securities Clearing Company Limited are the subsidiaries of HKSE, to the knowledge of the Company, there were no connected relationships or concerted actions among the above top 10 shareholders and the top 10 shareholders not subject to restrictions on sales, or between the above top 10 shareholders and top 10 shareholders not subject to restrictions on sales. 4. In “Particulars of shareholding of the top 10 shareholders”, the 2,410,849,300 shares, namely the “Total number of shares held as at the end of the reporting period” by China National Offshore Oil Corporation, include 2,410,847,300 A shares and 2,000 H shares.</p>
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2.3 Total number of holders of preference shares, top 10 holders of preference shares and top 10 holders of preference shares not subject to restriction on sales as at the end of the reporting period

Applicable Not applicable

2.4 Operating results review

As of the third quarter of 2020, due to the dual impact of the continuation of the COVID-19 pandemic (the “Pandemic”) and the depressed global oil price, the international oil service market fell into a trough. The domestic market remains stable with the slow recovery of the economy and the long-term deployment of national energy security strategies. In the face of market difficulties, the Group insists on reducing costs and improving quality and efficiency, actively devising low oil price strategies in response, reasonable allocating resources, enlarging the investment in scientific research and improving management level. In the first three quarters of 2020, operating income reached RMB21,449.8 million, net profit reached RMB2,167.2 million which was basically in line with the same period of last year.

Drilling Services	For the period ended 30 September 2020	For the period ended 30 September 2019	Change (%)
Operating Days (Day)	11,088	10,662	4.0
Jack-up Drilling Rigs	8,604	8,036	7.1
Semi-submersible Drilling Rigs	2,484	2,626	-5.4
Utilization Rate (Available Day)	76.5%	84.0%	Decreased 7.5 percentage points
Jack-up Drilling Rigs	78.7%	86.3%	Decreased 7.6 percentage points
Semi-submersible Drilling Rigs	69.7%	77.7%	Decreased 8.0 percentage points
Utilization Rate (Calendar Day)	72.9%	80.9%	Decreased 8.0

2020 Third Quarterly Report

			percentage points
Jack-up Drilling Rigs	75.7%	83.7%	Decreased 8.0 percentage points
Semi-submersible Drilling Rigs	64.8%	73.5%	Decreased 8.7 percentage points

Marine Support Services (Group Owned Vessels)	For the period ended 30 September 2020	For the period ended 30 September 2019	Change (%)
Operating Days (Day)	22,863	23,156	-1.3
Standby Vessels	10,044	10,000	0.4
AHTS Vessels	7,105	7,487	-5.1
Platform Supply Vessels	3,659	3,564	2.7
Multipurpose Vessels	1,080	1,055	2.4
Workover Support Barges	975	1,050	-7.1

Vessel Utilization Rate (Available Day)	97.7%	98.1%	Decreased 0.4 percentage point
Standby Vessels	98.9%	98.8%	Increased 0.1 percentage point
AHTS Vessels	95.7%	97.7%	Decreased 2.0 percentage points
Platform Supply Vessels	99.1%	96.8%	Increased 2.3 percentage points
Multipurpose Vessels	100.0%	96.6%	Increased 3.4 percentage points
Workover Support Barges	92.9%	99.9%	Decreased 7.0 percentage points

Vessel Utilisation Rate (Calendar Day)	95.2%	94.2%	Increased 1.0 percentage point
Standby Vessels	97.4%	93.9%	Increased 3.5 percentage points
AHTS Vessels	92.6%	94.6%	Decreased 2.0 percentage points
Platform Supply Vessels	95.4%	93.3%	Increased 2.1 percentage points
Multipurpose Vessels	98.5%	96.6%	Increased 1.9 percentage points
Workover Support Barges	89.0%	96.2%	Decreased 7.2 percentage points

Geophysical Acquisition and Surveying Services	For the period ended 30 September 2020	For the period ended 30 September 2019	Change (%)
2D Acquisition (km)	9,652	25,701	-62.4
of which: multi-client	-	1,350	-100.0
3D Acquisition (km ²)	14,844	26,319	-43.6
of which: multi-client	2,918	5,113	-42.9
Submarine cable (km ²)	933	1,300	-28.2

Under the increased efforts of the Group in market development and reasonable deployment of resources, for the period ended 30 September 2020, the operating days of drilling rigs amounted to 11,088 days, representing an increase of 426 days or 4.0% as compared with the same period of last year, among which the operating days of jack-up drilling rigs amounted to 8,604 days, representing an increase of 7.1% as compared with the same period of last year and the calendar day utilization rate was 75.7%; the operating days of semi-submersible drilling rigs amounted to 2,484 days, representing a decrease of 5.4% as compared with the same period of last year and the calendar day utilization rate was 64.8%.

The Group adhered to implement its technological development strategy, build a technological innovation system, promote institutional mechanism reform, vigorously create an innovation environment, stimulate innovation momentum, enlarge its investment in research and development so as to enhance its market development, achieve technological breakthroughs in multiple professional aspects, achieve industrialization and steady improvement in the profitability of technical service; the operation volume of main lines in the well services segment has been increased.

The Group's owned vessels for marine support services operated 22,863 days, representing a decrease of 293 days over the same period of last year and the calendar day utilization rate of vessels increased by 1.0 percentage point to 95.2% as compared with the same period of last year. In addition, the operation of the Group's chartered vessels increased during the period, which operated 13,597 days, representing an increase of 2,574 days as compared with the same period of last year.

As for the geophysical acquisition and surveying services segment, the workload for 3D acquisition business was 14,844 km², decreased by 11,475 km² as compared with the same period of last year, and the workload for 2D acquisition business was 9,652 km, decreased by 16,049 km as compared with the same period of last year.

3. Significant Events

3.1 Disclosure as to and reasons for, material changes in major accounting items and financial indicators of the Company

Applicable Not applicable

1. Gains from changes in fair value

For the nine months ended 30 September 2020, the gains from changes in fair value of the Group amounted to RMB11.8 million, representing an increase of RMB61.2 million as compared with RMB-49.4 million for the same period (January to September) of last year. It was mainly due to the increase of income from changes in fair value caused by changes in fair value.

2. Credit impairment loss

For the nine months ended 30 September 2020, the credit impairment loss of the Group amounted to RMB-0.9 million, representing an increase of RMB1.6 million as compared with RMB-2.5 million for the same period (January to September) of last year. It was mainly due to more reversal in respect of the credit impairment loss during the same period of last year.

3. Assets impairment losses

For the nine months ended 30 September 2020, the assets impairment losses of the Group amounted to RMB869.0 million, representing an increase in loss of RMB858.5 million as compared with RMB10.5 million for the same period (January to September) of last year. It was mainly attributable to the provision for impairment of fixed assets of RMB843.8 million during the period; there was no provision for impairment of fixed assets during the same period of last year.

4. Gains on disposal of assets

For the nine months ended 30 September 2020, the gains (losses) on disposal of assets of the Group amounted to RMB4.3 million, representing a decrease of RMB68.7 million or 94.1% as compared with RMB73.0 million for the same period (January to September) of last year. It was mainly attributable to there was no large-scale equipment disposal during the period.

5. Non-operating income

For the nine months ended 30 September 2020, the non-operating income of the Group amounted to RMB189.6 million, representing an increase of RMB112.5 million or 145.9% as compared with RMB77.1 million for the same period (January to September) of last year. It was mainly attributable to the increase in amount of insurance premium received during the period.

6. Non-operating expenses

For the nine months ended 30 September 2020, the non-operating expenses of the Group amounted to RMB65.4 million, representing a decrease of RMB57.5 million or 46.8% as compared with RMB122.9 million for the same period (January to September) of last year. It was mainly attributable to the decrease in provision for compensation of equipment in well-off accrued during the period.

7. Cash on hand and at bank

As at 30 September 2020, the cash on hand and at bank of the Group amounted to RMB6,127.3 million, representing an increase of RMB2,661.5 million or 76.8% as compared with RMB3,465.8 million at the beginning of the year. It was mainly attributable to the issuance of USD800 million bonds during the period.

8. Financial assets held for trading

As at 30 September 2020, the financial assets held for trading of the Group amounted to RMB1,023.8 million, representing a decrease of RMB3,487.4 million or 77.3% as compared with RMB4,511.2 million at the beginning of the year. It was mainly attributable to the maturity of floating income wealth management products during the period.

9. Notes receivable

As at 30 September 2020, the notes receivable of the Group amounted to RMB13.8 million, representing a decrease of RMB30.4 million or 68.8% as compared with RMB44.2 million at the beginning of the year. It was mainly attributable to the maturity of commercial acceptance bills at the beginning of the year.

10. Accounts receivable

As at 30 September 2020, the accounts receivable of the Group amounted to RMB15,166.6 million, representing an increase of RMB4,861.1 million or 47.2% as compared with RMB10,305.5 million at the beginning of the year. It was mainly attributable to the impact of the continuation of the Pandemic and fluctuations in oil price which affected the customers' payment cycle.

11. Receivables financing

As at 30 September 2020, the receivables financing of the Group amounted to RMB4.7 million, representing a decrease of RMB35.9 million or 88.4% as compared with RMB40.6 million at the beginning of the year. It was mainly attributable to the maturity of bank acceptance bills.

12. Inventories

As at 30 September 2020, the inventories of the Group amounted to RMB2,544.7 million, representing an increase of RMB1,120.0 million or 78.6% as compared with RMB1,424.7 million at the beginning of the year. It was mainly attributable to the increase in operating material reserves.

13. Other current assets

As at 30 September 2020, other current assets of the Group amounted to RMB395.1 million, representing a decrease of RMB2,136.8 million or 84.4% as compared with RMB2,531.9 million at the beginning of the year. It was mainly attributable to the maturity of bank wealth management products with guaranteed returns.

14. Debt investment

As at 30 September 2020, the debt investment of the Group amounted to RMB1,000.0 million, representing an increase of 100.0% as compared with the beginning of the year. It was mainly attributable to the increase in large deposit certificates.

15. Deferred tax assets

As at 30 September 2020, the deferred tax assets of the Group amounted to RMB179.0 million, representing an increase of RMB86.5 million or 93.5% as compared with RMB92.5 million at the beginning of the year. It was mainly attributable to the increase in deductible temporary differences.

16. Employee benefits payable

As at 30 September 2020, the employee benefits payable of the Group amounted to RMB1,661.2 million, representing an increase of RMB682.0 million or 69.6% as compared with RMB979.2 million at the beginning of the year. It was mainly attributable to the fact that the Group needed to cope with the increased operational demand by increasing labor input to match the production and operation demands.

17. Taxes payable

As at 30 September 2020, the taxes payable of the Group amounted to RMB389.0 million, representing a decrease of RMB545.6 million or 58.4% as compared with RMB934.6 million at the beginning of the year. It was mainly attributable to the decrease in income tax payable.

18. Non-current liabilities due within one year

As at 30 September 2020, the non-current liabilities due within one year of the Group amounted to RMB652.9 million, representing a decrease of RMB4,364.0 million or 87.0% as compared with RMB5,016.9 million at the beginning of the year. It was mainly attributable to the repayment of Europe medium term note.

19. Other current liabilities

As at 30 September 2020, the other current liabilities of the Group amounted to RMB728.0 million, representing an increase of RMB476.8 million or 189.8% as compared with RMB251.2 million at the beginning of the year. It was mainly attributable to the increase in output value-added tax to be recognized.

20. Deferred tax liabilities

As at 30 September 2020, the net deferred tax liabilities of the Group amounted to RMB41.4 million, representing a decrease of RMB21.3 million or 34.0% as compared with RMB62.7 million at the beginning of the year. It was mainly attributable to the increase in deferred tax assets which led to the decrease in deferred tax liabilities after deduction.

21. Other non-current liabilities

As at 30 September 2020, other non-current liabilities of the Group amounted to RMB113.1 million, representing a decrease of RMB79.6 million or 41.3% as compared with RMB192.7 million at the beginning of the year. It was mainly attributable to the amortization in equipment compensation and mobilization revenue led to a decrease.

22. Other comprehensive income

As at 30 September 2020, other comprehensive income of the Group amounted to RMB-180.1 million, as compared with RMB-108.7 million at the beginning of the year. Among which the exchange differences on translation of financial statements of foreign operations amounted to RMB-184.6 million for the period with RMB-115.3 million at the beginning of the year. The change was mainly attributable to fluctuation in foreign exchange rates.

23. Net cash flows from operating activities

For the nine months ended 30 September 2020, the Group's net cash outflows from operating activities amounted to RMB734.2 million, as compared with the net cash inflows from operating activities amounted to RMB1,133.7 million at the same period of last year. This was mainly attributable to the following reasons: (1) the cash received for sales of goods and rendering of services during the period decreased by RMB283.2 million as compared with the same period of last year; (2) the cash received relating to other operating activities increased by RMB1,288.7 million as compared with the same period of last year due to the receipt of contract termination settlement payment of RMB1,309.6 million during the period; (3) the cash paid for purchase of goods and receipt of services increased by RMB2,916.7 million as compared with the same period of last year. Besides, net cash outflows decreased by RMB43.4 million as compared with the same period of last year due to the combined effects of cash related to other operating activities.

24. Net cash flows from investing activities

For the nine months ended 30 September 2020, the Group's net cash inflows from investing activities amounted to RMB3,877.8 million, representing a decrease in cash inflows of RMB861.1 million as compared with the same period of last year. This was mainly due to the facts that: (1) cash received from purchasing wealth management products and other activities during the period decreased by RMB741.1 million as compared with the same period of last year and cash inflow received from other investing activities decreased by RMB10.7 million; (2) cash paid for purchasing fixed assets, intangible assets and other long-term assets decreased by RMB673.9 million as compared with the same period of last year and cash paid for purchasing investment such as wealth management products increased by RMB783.2 million as compared with the same period of last year.

25. Net cash flows from financing activities

For the nine months ended 30 September 2020, the Group's net cash outflows from financing activities amounted to RMB311.1 million, representing a decrease in cash outflows of RMB2,992.2 million as compared with the same period of last year. The main reasons were that (1) cash received from borrowings during the same period of last year amounted to RMB1,017.1 million, there was no cash received from borrowings during the period; (2) the cash received from the issuance of bonds amounted to RMB5,613.7 million during the period, there was no cash received from the issuance of bonds at the same period of last year; (3) the cash paid for the repayment of debts increased by RMB1,439.5 million as compared with the same period of last year; (4) the cash paid relating to other financing activities

increased by RMB164.9 million as compared with the same period of last year.

26. The effect of **fluctuation in exchange rates** on cash and cash equivalents during the period was a decrease in cash of RMB102.0 million.

3.2 Significant events and analysis on their effects and solutions

Applicable Not Applicable

In December 2016, COSL Offshore Management AS (“COM”, a subsidiary of the Company) as a plaintiff filed a Statement of Claim (the “Claim”) against Statoil Petroleum AS (hereinafter “Statoil”) with Oslo District Court of Norway (the “Court”) through WIKBORG, REIN & CO. ADVOKATFIRMA DA, an international law firm based in Norway, as litigation agent. COM has claimed that Statoil’s termination of the contract in respect of the drilling rig of COSLInnovator was unlawful and has claimed the contract to be maintained. If the contract cannot be maintained, COM has claimed that Statoil is obliged to cover COM’s loss resulting from the unlawful termination, and the exact amount of damages will be subject to subsequent proceedings.

Oslo City Court entered into a judgment on 15 May 2018. The judgment may be appealed by either party within one month following the date of legal notice of the judgment was served. Statoil has changed its corporate name to Equinor Energy AS (hereinafter “Equinor”). On 14 June 2018, Equinor appealed to Borgarting Court of Appeal being the relevant appeal court in Norway. On 14 June 2018, COM has subsequently filed an independent appeal concerning the cancellation for convenience, since COM is of the view that the cancellation for convenience is unlawful and COM should accordingly be entitled to damages for the loss suffered.

In January 2017, COM, a subsidiary of the Company as a plaintiff filed a Statement of Claim (the “Claim”) against Statoil with the Court through WIKBORG REIN ADVOKATFIRMA AS, an international law firm based in Norway, as litigation agent. COM is of the view that Statoil shall pay the Claim for cost reimbursement and rate reductions happened in the period of year 2016 in an amount up to the equivalence of US\$15,238,596 incurred as a consequence of the drilling rig of COSLPromoter’s compliance with requirements of Statoil.

In January 2020, COM and Equinor have signed a settlement agreement regarding the above matters. Equinor agreed to pay COM an amount of US\$188 million. Furthermore, COM and Equinor have agreed, as a means of strengthening their cooperation, to enter into a master frame agreement. COM and Equinor had submitted a joint pleading to the Court to request the cases to be lifted with each party covering its own legal costs.

In the first quarter of 2020, Equinor has paid a settlement sum of US\$188 million to COM. Strictly according to relevant rules of the accounting standards, the Company performed impairment testing on fixed asset and made provision for the asset impairment.

For details, please refer to relevant announcements released by the Company on the websites of the Shanghai Stock Exchange, which were named “Announcement of Status of two drilling contracts (Lin 2016-002)” on 7 March 2016, “Announcement of further status of two drilling contracts (Lin 2016-003)” on 21 March 2016, “Announcement of a civil action filed by the company (Lin 2016-043)” on 15 December 2016, “Announcement of a civil action filed by the company (Lin 2017-003)” on 21 January 2017, “Announcement of further development of a civil action filed by the company (Lin 2018-021)” on 16 May 2018, “Announcement of further development of a civil action filed by the company (Lin 2018-028)” on 16 June 2018, “Announcement of settlement of civil actions (Lin 2020-001)” on 9 January 2020 and “Announcement of provisions for asset impairment (Lin 2020-016)”

on 30 April 2020.

3.3 Non-performance of undertakings during the reporting period

Applicable Not Applicable

3.4 Profit warning on anticipation of possible loss against accumulated net profit from the beginning of the financial year to the end of the next reporting period or significant changes in profit as compared with that of the corresponding period of last year and the reasons therefore

Applicable Not Applicable

In the first three quarters of 2020, benefited from the continuous implementation of the domestic “Seven-Year Action Plan”, and multifaceted efforts such as cost reduction as well as quality and efficiency improvement, the Company still managed to present more stable operating results compared with the same period of last year to the shareholders, under the dual challenges from the Pandemic and low oil price. In response to the macro overall uncertainties such as the Pandemic and industry challenges, the Company will continue to the strict implementation of works such as safe operation and cost control through multiple measures during the year, striving for a stable operation for the year.

Company Name	China Oilfield Services Limited
Legal Representative	Qi Meisheng
Date	29 October 2020

4. Appendix

4.1 Financial Statements

Consolidated Balance Sheet

30 September 2020

Prepared by: China Oilfield Services Limited

Unit: Yuan Currency: RMB (Unaudited)

Items	30 September 2020	31 December 2019
Current assets:		
Cash on hand and at bank	6,127,278,388	3,465,791,173
Financial assets held for trading	1,023,780,822	4,511,248,067
Notes receivables	13,771,373	44,244,578
Accounts receivables	15,166,595,062	10,305,533,467
Financing receivables	4,689,079	40,580,000
Prepayments	149,019,293	132,787,929
Other receivables	233,041,856	265,183,486
Inventories	2,544,727,669	1,424,673,901
Contract assets	335,717,759	262,594,465
Non-current assets due within one year	36,710,095	45,086,312
Other current assets	395,111,715	2,531,931,751
Total current assets	26,030,443,111	23,029,655,129
Non-current assets:		
Debt investment	1,000,000,000	-
Long-term equity investment	1,014,775,221	880,583,152
Other non-current financial assets	-	-
Fixed assets	43,674,348,386	46,852,986,210
Construction in progress	2,430,988,383	1,913,743,081
Right-of-use assets	702,620,700	987,133,655
Intangible assets	382,626,322	406,142,627
Development expenditure	163,934,136	150,336,420
Goodwill	-	-
Long-term deferred expenses	1,348,179,047	1,450,301,983
Deferred income tax assets	178,953,798	92,468,008
Other non-current assets	343,316,832	338,487,906
Total non-current assets	51,239,742,825	53,072,183,042
Total assets	77,270,185,936	76,101,838,171
Current liabilities:		
Short-term borrowings	2,384,137,750	2,443,946,195
Notes payable	3,706,975	3,466,634

2020 Third Quarterly Report

Accounts payable	8,586,482,552	9,690,152,749
Contract liabilities	192,778,879	255,305,683
Employee benefits payable	1,661,199,236	979,228,368
Taxes payable	389,000,626	934,648,993
Other payables	236,095,863	254,003,703
Non-current liabilities due within one year	652,924,019	5,016,855,358
Other current liabilities	727,981,077	251,212,893
Total current liabilities	14,834,306,977	19,828,820,576
Non-current liabilities:		
Long-term borrowings	190,254,516	201,049,392
Bonds payable	23,106,398,704	17,928,478,300
Lease liabilities	404,073,483	547,571,865
Long-term payables	29,149,264	28,686,581
Deferred income	313,447,465	401,554,262
Deferred income tax liabilities	41,439,252	62,654,805
Other non-current liabilities	113,070,618	192,745,166
Total non-current liabilities	24,197,833,302	19,362,740,371
Total liabilities	39,032,140,279	39,191,560,947
Shareholders' equity:		
Share capital	4,771,592,000	4,771,592,000
Capital reserve	12,366,274,941	12,366,274,941
Other comprehensive income	-180,078,075	-108,680,691
Statutory reserve funds	2,508,655,961	2,508,655,960
Retained earnings	18,587,516,027	17,196,349,188
Total equity attributable to shareholders' of the Company	38,053,960,854	36,734,191,398
Non-controlling equity	184,084,803	176,085,826
Total shareholders' equity	38,238,045,657	36,910,277,224
Total liabilities and shareholders' equity	77,270,185,936	76,101,838,171

Legal representative:	Person in charge of the accounting work:	Person in charge of the accounting office:
Qi Meisheng	Zheng Yonggang	Chong Xiaojie

Company Balance Sheet

30 September 2020

Prepared by: China Oilfield Services Limited

Unit: Yuan Currency: RMB (Unaudited)

Items	30 September 2020	31 December 2019
Current assets:		

2020 Third Quarterly Report

Cash on hand and at bank	4,758,124,905	1,946,735,672
Financial assets held for trading	1,023,780,822	4,511,248,067
Notes receivables	13,771,373	44,244,578
Accounts receivables	14,496,312,134	10,067,948,917
Financing receivables	2,678,652	39,180,000
Prepayments	58,945,767	24,771,474
Other receivables	958,604,156	906,010,896
Inventories	1,653,197,436	628,087,989
Contract assets	295,620,536	140,430,271
Other current assets	390,590,204	2,518,579,297
Total current assets	23,651,625,985	20,827,237,161
Non-current assets:		
Debt investment	1,000,000,000	-
Long-term receivables	4,007,455,908	6,893,547,084
Long-term equity investment	8,858,249,677	8,724,057,608
Fixed assets	22,754,016,069	23,634,707,228
Construction in progress	1,971,916,195	1,747,979,612
Right-of-use assets	417,039,037	715,834,061
Intangible assets	155,906,041	148,930,655
Long-term deferred expenses	944,228,893	991,033,983
Deferred income tax assets	152,548,877	30,508,772
Other non-current assets	145,710,642	170,444,455
Total non-current assets	40,407,071,339	43,057,043,458
Total assets	64,058,697,324	63,884,280,619
Current liabilities:		
Notes payable	3,706,975	3,466,634
Accounts payable	8,146,111,256	8,790,985,432
Contract liabilities	165,630,566	203,958,291
Employee benefits payable	1,532,377,884	832,073,465
Taxes payable	151,548,894	772,549,672
Other payables	659,963,324	651,095,581
Non-current liabilities due within one year	509,249,649	1,356,075,050
Other current liabilities	720,940,979	250,974,173
Total current liabilities	11,889,529,527	12,861,178,298
Non-current liabilities:		
Long-term borrowings	190,254,516	201,049,392
Bonds payable	7,498,371,000	7,497,769,500
Lease liabilities	193,656,603	286,639,268

2020 Third Quarterly Report

Deferred income	293,556,429	314,961,968
Total non-current liabilities	8,175,838,548	8,300,420,128
Total liabilities	20,065,368,075	21,161,598,426
Shareholders' equity:		
Share capital	4,771,592,000	4,771,592,000
Capital reserve	12,371,646,371	12,371,646,371
Other comprehensive income	97,412,291	143,341,825
Statutory reserve funds	2,508,655,961	2,508,655,960
Retained earnings	24,244,022,626	22,927,446,037
Total equity attributable to shareholders' of the Company	43,993,329,249	42,722,682,193
Total liabilities and shareholders' equity	64,058,697,324	63,884,280,619

Legal representative:	Person in charge of the accounting work:	Person in charge of the accounting office:
Qi Meisheng	Zheng Yonggang	Chong Xiaojie

Consolidated Income Statement

January to September, 2020

Prepared by: China Oilfield Services Limited

Unit: Yuan Currency: RMB (Unaudited)

Items	The third quarter of 2020 (July to September)	The third quarter of 2019 (July to September)	First three quarters of 2020 (January to September)	First three quarters of 2019 (January to September)
I. Gross Revenue	6,938,433,337	7,771,954,359	21,449,789,837	21,334,753,730
Including: revenue	6,938,433,337	7,771,954,359	21,449,789,837	21,334,753,730
II. Total operating costs	6,522,818,101	6,467,149,043	18,513,547,186	18,979,316,446
Including: Operating costs	5,694,149,977	5,909,817,887	16,638,833,210	17,293,047,988
Taxes and surcharges	6,682,401	15,488,697	21,376,399	26,176,113
Selling expenses	7,030,619	7,573,408	23,129,717	22,513,411
Administrative expenses	185,820,261	185,105,458	474,132,345	489,655,837
Research and development expenses	211,347,592	191,555,299	551,755,714	468,019,743
Financial costs	417,787,251	157,608,294	804,319,801	679,903,354
Including: Interest expenses	222,067,217	264,888,744	678,845,494	847,260,851
Interest income	28,848,838	23,895,742	59,062,255	45,086,166
Add: Other income	28,728,254	45,883,000	102,351,524	82,157,675
Investment income ("-" for loss)	97,913,550	105,758,617	334,091,394	399,551,079
Including: income from investment in joint ventures	69,267,314	72,040,029	227,938,650	191,948,223
Gains on changes in fair value ("-" for loss)	-13,662,445	-	11,823,354	-49,440,725
Credit impairment loss ("-" for	-	-	888,570	2,523,953

2020 Third Quarterly Report

loss)				
Impairment losses of assets (“-” for loss)	-8,738,298	-7,238,562	-868,983,427	-10,507,390
Gains on disposal of assets (“-” for loss)	4,236,420	-1,279	4,267,001	73,012,650
III. Operating profit (“-” for loss)	524,092,717	1,449,207,092	2,520,681,067	2,852,734,526
Add: Non-operating income	24,336,338	8,483,153	189,625,465	77,051,340
Less: Non-operating expenses	-5,789,983	32,955,968	65,399,664	122,928,712
IV. Total profit (“-” for total loss)	554,219,038	1,424,734,277	2,644,906,868	2,806,857,154
Less: Income tax expenses	109,631,614	272,894,894	477,748,771	668,662,040
V. Net profit (“-” for net loss)	444,587,424	1,151,839,383	2,167,158,097	2,138,195,114
(I) Classified by continuity of operations				
1. Net profit from continuing operations (“-” for net loss)	444,587,424	1,151,839,383	2,167,158,097	2,138,195,114
2. Net profit from discontinued operations (“-” for net loss)	-	-	-	-
(II) Classified by ownership of equity				
1. Net profit attributable to shareholders of the Company (“-” for net loss)	440,423,406	1,145,709,590	2,154,621,559	2,118,752,920
2. Non-controlling interests (“-” for net loss)	4,164,018	6,129,793	12,536,538	19,442,194
VI. Other comprehensive income, net of tax	-108,039,190	157,315,461	-75,934,945	110,903,890
(I) Other comprehensive income, net of tax attributable to the owners of the Company	-100,837,921	152,577,017	-71,397,384	105,709,641
1. Other comprehensive income to be reclassified into profit and loss	-100,837,921	152,577,017	-71,397,384	105,709,641
(1) Other comprehensive income which will be reclassified into profit and loss accounted for using equity method	-3,901,985	5,125,845	-2,016,960	5,413,050
(2) Exchange differences on translation of financial statements of foreign operations	-96,935,936	147,451,172	-69,380,424	100,296,591
(II) Other comprehensive income, net of income tax attributable to non-controlling interests	-7,201,269	4,738,444	-4,537,561	5,194,249
VII. Total comprehensive income	336,548,234	1,309,154,844	2,091,223,152	2,249,099,004
(I) Total comprehensive income attributable to owners of the Company	339,585,485	1,298,286,607	2,083,224,175	2,224,462,561
(II) Total comprehensive income attributable to non-controlling interests	-3,037,251	10,868,237	7,998,977	24,636,443
VIII. Earnings per share:				
(I) Basic earnings per share (Yuan per share)	0.09	0.24	0.45	0.44

2020 Third Quarterly Report

Legal representative:	Person in charge of the accounting work:	Person in charge of the accounting office:
Qi Meisheng	Zheng Yonggang	Chong Xiaojie

Company Income Statement

January to September, 2020

Prepared by: China Oilfield Services Limited

Unit: Yuan Currency: RMB (Unaudited)

Items	The third quarter of 2020 (July to September)	The third quarter of 2019 (July to September)	First three quarters of 2020 (January to September)	First three quarters of 2019 (January to September)
I. Revenue	5,747,935,262	6,435,956,794	16,413,356,801	17,328,656,474
Less: Operating costs	4,688,847,654	4,618,714,453	13,343,220,239	12,928,017,074
Taxes and surcharges	6,334,428	15,398,454	17,090,593	23,650,392
Administrative expenses	129,626,260	123,442,651	308,781,647	314,954,502
Research and development expenses	202,594,809	188,022,576	537,915,285	453,653,333
Financial costs	380,744,972	-122,908,117	415,198,127	107,260,940
Including: Interest expenses	79,364,478	106,510,871	247,888,757	367,506,246
Interest income	23,800,979	21,627,047	45,509,920	38,309,210
Add: Other income	25,405,834	45,854,016	98,390,381	81,999,429
Investment income (“-” for loss)	97,913,550	105,758,617	334,091,394	399,551,079
Including: income from investment in joint ventures	69,267,314	72,040,029	227,938,650	191,948,223
Gains on change in fair value (“-” for loss)	-13,662,445	-	11,823,354	-49,440,725
Credit impairment loss (“-” for loss)	-	-	845,306	2,797,096
Impairment losses of assets (“-” for loss)	-9,049,364	-4,127,286	-22,856,568	-7,845,634
Gains on disposal of assets (“-” for loss)	4,309,921	-	5,416,063	73,786,288
II. Operating profit (“-” for loss)	444,704,635	1,760,772,124	2,218,860,840	4,001,967,766
Add: Non-operating income	25,112,913	7,817,090	187,547,836	75,744,527
Less: Non-operating expenses	-5,797,985	32,722,863	64,899,240	120,122,515
III. Total profit (“-” for total loss)	475,615,533	1,735,866,351	2,341,509,436	3,957,589,778
Less: Income tax expenses	-45,786,822	295,158,312	261,478,127	594,857,255
IV. Net profit (“-” for net loss)	521,402,355	1,440,708,039	2,080,031,309	3,362,732,523
(I) Net profit from continuing operations (“-” for net loss)	521,402,355	1,440,708,039	2,080,031,309	3,362,732,523
(II) Net profit from discontinued operations (“-” for net loss)	-	-	-	-
V. Other comprehensive income, net of tax	-73,376,420	62,135,764	-45,929,534	66,170,324

(I) Other comprehensive income to be reclassified into profit and loss	-73,376,420	62,135,764	-45,929,534	66,170,324
1. Other comprehensive income which can be reclassified into profit and loss accounted for using equity method	-3,901,985	5,125,845	-2,016,960	5,413,050
2. Exchange differences on translation of financial statements of foreign operations	-69,474,435	57,009,919	-43,912,574	60,757,274
VI. Total comprehensive income	448,025,935	1,502,843,803	2,034,101,775	3,428,902,847

Legal representative:	Person in charge of the accounting work:	Person in charge of the accounting office:
Qi Meisheng	Zheng Yonggang	Chong Xiaojie

Consolidated Cash Flow Statement

January to September, 2020

Prepared by: China Oilfield Services Limited

Unit: Yuan Currency: RMB (Unaudited)

Items	First three quarters of 2020 (January to September)	First three quarters of 2019 (January to September)
I. Cash flows from operating activities:		
Cash received from selling goods and rendering services	16,754,130,899	17,037,305,438
Receipt of contract termination settlement payment	1,309,561,000	-
Government grants and subsidies received	47,814,494	68,683,856
Sub-total of cash inflow from operating activities	18,111,506,393	17,105,989,294
Cash paid for purchasing goods and receiving services	13,180,881,910	10,264,182,495
Cash paid to and on behalf of employees	3,464,332,095	3,533,655,128
Cash paid for taxes	1,541,965,028	1,682,366,028
Cash paid relating to other operating activities	658,495,557	492,073,253
Sub-total of cash outflow from operating activities	18,845,674,590	15,972,276,904
Net cash flow from operating activities	-734,168,197	1,133,712,390
II. Cash flows from investing activities:		
Cash received from disposal of investments	9,500,000,000	10,241,109,758
Cash received from return on investments	241,616,679	282,626,568
Cash received on interest income from bank deposits	59,062,255	38,854,639
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	10,172,198	29,940
Sub-total of cash inflow from investing activities	9,810,851,132	10,562,620,905
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	1,349,807,171	2,023,685,534
Cash paid for other investing activities	4,583,200,000	3,800,000,000
Sub-total of cash outflow from investing activities	5,933,007,171	5,823,685,534

2020 Third Quarterly Report

Net cash flows from investing activities	3,877,843,961	4,738,935,371
III. Cash flows from financing activities:		
Cash received from borrowings	-	1,017,120,000
Cash received from issuing bonds	5,613,680,353	-
Sub-total of cash inflow from financing activities	5,613,680,353	1,017,120,000
Cash paid for repayment of liabilities	4,518,850,087	3,079,318,943
Cash paid for the distribution of dividends	763,454,720	334,011,440
Cash paid for repayment of interest expenses	642,435,952	907,012,977
Sub-total of cash outflow from financing activities	5,924,740,759	4,320,343,360
Net cash flows from financing activities	-311,060,406	-3,303,223,360
IV. Effect of foreign exchange rate fluctuation on cash and cash equivalents	-101,977,215	39,620,382
V. Net increase in cash and cash equivalents	2,730,638,143	2,609,044,783
Add: Balance of cash and cash equivalents at the beginning of the period	3,363,588,770	3,169,609,368
VI. Balance of cash and cash equivalents at the end of the period	6,094,226,913	5,778,654,151

Legal representative:	Person in charge of the accounting work:	Person in charge of the accounting office:
Qi Meisheng	Zheng Yonggang	Chong Xiaojie

Company Cash Flow Statement

January to September, 2020

Prepared by: China Oilfield Services Limited

Unit: Yuan Currency: RMB (Unaudited)

Items	First three quarters of 2020 (January to September)	First three quarters of 2019 (January to September)
I. Cash flows from operating activities:		
Cash received from selling goods and rendering services	13,067,917,282	13,622,349,564
Government grants and subsidies received	45,610,509	68,564,726
Refunds of taxes	-	-
Sub-total of cash inflow from operating activities	13,113,527,791	13,690,914,290
Cash paid for purchasing goods and receiving services	11,231,851,835	7,830,784,348
Cash paid to and on behalf of employees	2,664,856,057	2,647,729,075
Cash paid for taxes	1,162,376,218	1,214,980,119
Cash paid relating to other operating activities	379,205,359	316,088,299
Sub-total of cash outflow from operating activities	15,438,289,469	12,009,581,841
Net cash flow from operating activities	-2,324,761,678	1,681,332,449
II. Cash flows from investing activities:		
Cash received from disposal of investments	9,500,000,000	10,167,808,000

2020 Third Quarterly Report

Cash received from return on investments	241,616,679	282,626,568
Cash received on interest income	45,509,920	33,857,277
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	10,172,198	45,759,844
Cash received from the repayment of borrowings to subsidiaries	3,730,405,490	1,139,750,640
Sub-total of cash inflow from investing activities	13,527,704,287	11,669,802,329
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	792,461,236	1,676,651,330
Cash paid for other investing activities	4,583,200,000	3,800,000,000
Cash paid for the borrowings to subsidiaries	961,044,712	1,203,435,595
Sub-total of cash outflow from investing activities	6,336,705,948	6,680,086,925
Net cash flows from investing activities	7,190,998,339	4,989,715,404
III. Cash flows from financing activities:		
Cash paid for repayment of liabilities	1,007,762,299	3,015,712,975
Cash paid for the distribution of dividends	763,454,720	334,011,440
Cash paid for repayment of interest expenses	216,971,749	327,451,209
Cash paid relating to other financing activities	-	9,609,136
Sub-total of cash outflow from financing activities	1,988,188,768	3,686,784,760
Net cash flows from financing activities	-1,988,188,768	-3,686,784,760
IV. Effect of foreign exchange rate fluctuation on cash and cash equivalents	-64,891,155	15,427,151
V. Net increase in cash and cash equivalents	2,813,156,738	2,999,690,244
Add: Balance of cash and cash equivalents at the beginning of the period	1,941,152,036	1,993,478,625
VI. Balance of cash and cash equivalents at the end of the period	4,754,308,774	4,993,168,869

Legal representative:	Person in charge of the accounting work:	Person in charge of the accounting office:
Qi Meisheng	Zheng Yonggang	Chong Xiaojie

4.2 Adjustment to relevant items of financial statements at the beginning of the year when new standards are executed for the first time upon the first-time application of New Revenue Standard and New Lease Standards in 2020

Applicable Not applicable

4.3 Explanation on retrospective adjustment to comparative figures of the prior period upon the first-time application of New Revenue Standard and New Lease Standard in 2020

Applicable Not applicable

4.4 Audit Report

Applicable Not applicable