CHINA OILFIELD TECHNOLOGY SERVICES GROUP LIMITED

(Incorporated in the Cayman Islands with Registration Number CT-189285)

Unaudited Third Quarter Financial Statements and Dividend Announcement for the Three Months Ended 30 September 2014

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated income statement

	Group			Group		
	Three months ended	Three months ended		Nine months ended	Nine months ended	
	30.9.2014 (Unaudited)	30.9.2013 (Unaudited)	Increase/ (Decrease)	30.9.2014 (Unaudited)	30.9.2013 (Unaudited)	Increase/ (Decrease)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	-	-	N.A.	-	-	N.A.
Cost of sales	-	-	N.A.	-	-	N.A.
Gross profit	-	-	N.A.	-	-	N.A.
Other revenue and net income	-	1,218	(100.0%)	5,032	7,007	(28.2%)
Selling and distribution expenses	-	(1,121)	(100.0%)	(1,391)	(3,214)	(56.7%)
Administrative expenses and other operating expenses	(359)	(3,624)	(90.1%)	(4,099)	(27,514)	(85.1%)
Finance costs	-	(2,199)	(100.0%)	(2,763)	(8,560)	(67.7%)
Gain on disposal of subsidiaries	-	-	N.A.	23,823	-	N.A.
(Loss)/Profit before income tax	(359)	(5,726)	(93.7%)	20,602	(32,281)	163.8%
Income tax expenses	-	-	N.A.	-	-	N.A.
(Loss)/Profit for the period	(359)	(5,726)	(93.7%)	20,602	(32,281)	163.8%
(Loss)/Profit per share						
- Basic (RMB cents)	(0.05)	(0.79)		2.83	(4.43)	
- Diluted (RMB cents)	N.A.	N.A.		N.A.	N.A.	

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Consolidated statement of comprehensive income

	Group			Group		
	Three months ended 30.9.2014 (Unaudited)	Three months ended 30.9.2013 (Unaudited)	Increase/ (Decrease)	Nine months ended 30.9.2014 (Unaudited)	Nine months ended 30.9.2013 (Unaudited)	Increase/ (Decrease)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
(Loss)/Profit for the period	(359)	(5,726)	(93.7%)	20,602	(32,281)	163.8%
Other comprehensive income	-	-	N.A.	-	-	N.A.
Total comprehensive income for the period	(359)	(5,726)	(93.7%)	20,602	(32,281)	163.8%

1(a)(ii) **The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.**

Notes:

The Group's profit /(loss) from operations is arrived at after charging/(crediting):

	Group		Group	
	Three months ended 30.9.2014 (Unaudited) RMB'000	Three months ended 30.9.2013 (Unaudited) RMB'000	Nine months ended 30.9.2014 (Unaudited) RMB'000	Nine months ended 30.9.2013 (Unaudited) RMB'000
Amortisation of land use rights	-	83	-	248
Interest income on financial assets carried at amortised cost	-	(83)	(12)	(197)
Interest expenses on secured interest-bearing bank borrowings	-	2,200	2,763	8,560
Gain on disposal of financial assets at fair value through profit or loss	-	-	-	(1,074)
Fair value (gain)/loss on financial assets at fair value through profit or loss	-	(111)	-	37
Dividend income on financial assets at fair value through profit or loss	-	(23)	-	(23)
Gain on disposal of subsidiaries	-	-	(23,823)	-
Reversal of accruals and other payables	-	-	(3,765)	-
Exchange loss	-	-	-	99
Impairment loss on inventories	-	-	-	13,056
Government grants related to other borrowings	-	(556)	-	(1,668)

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1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		The Company	
	As at 30.09.2014	As at 31.12.2013	As at 30.09.2014	As at 31.12.2013
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Current assets				
Prepayments, other receivables and advance and deposits paid to suppliers	-	114	-	114
Cash and cash equivalents	700	4,371	700	4,371
	700	4,485	700	4,485
Assets of disposal group classified as held for sales	-	67,025	-	-
	700	71,510	700	4,485
Total assets	700	71,510	700	4,485
EQUITY AND LIABILITIES				
Equity				
Equity attributable to owners of the Company				
Share capital	352,903	352,903	352,903	352,903
Reserves	(352,203)	(502,250)	(352,203)	(356,271)
Total equity/(capital deficiency)	700	(149,347)	700	(3,368)
Current liabilities				
Accruals, other payables and deposits received from trade customers	-	4,813	-	4,813
Due to directors	-	3,040	-	3,040
	-	7,853	-	7,853
Liabilities directly associated with disposal group classified as held for sale	-	213,004	-	-
	-	220,857	-	7,853
Total liabilities	-	220,857	-	7,853
Total equity and liabilities	700	71,510	700	4,485

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1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30.09.2014		As at 31.12.2013	
(Unaudited)		(Audited)	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Amount repayable after one year

As at 30.09.2014		As at 31.12.2013	
(Unaudited)		(Audited)	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

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1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Group	
	Three months ended 30.9.2014	Three months ended 30.9.2013	Nine months ended 30.9.2014	Nine months ended 30.9.2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
(Loss)/Profit before income tax	(359)	(5,726)	20,602	(32,281)
Adjustments for:				
Interest income	-	(83)	(12)	(197)
Dividend income	-	(23)	-	(23)
Interest expenses	-	2,200	2,763	8,560
Amortisation of land use rights	-	83	-	248
Fair value (gain)/loss on financial assets at fair value through profit or loss	-	(111)	-	37
Gain on disposal of financial assets at fair value through profit or loss	-	-	-	(1,074)
Government grant related to other borrowings	-	(556)	-	(1,668)
Impairment loss on inventories	-	-	-	13,056
Gain on disposal of subsidiaries	-	-	(23,823)	-
Reversal of accruals and other payables	-	-	(3,765)	-
Operating loss before working capital changes	(359)	(4,216)	(4,235)	(13,342)
Increase in inventories	-	-	-	(3,939)
Decrease in prepayments, other receivables and advance and deposits paid to suppliers	-	5,308	-	7,922
Decrease in trade payables	-	(635)	-	(4,987)
Increase/(decrease) in accruals, other payables and deposits received from trade customers	-	1,378	1,315	(3,089)
Decrease in amounts due to directors	-	-	-	(363)
Increase in amount due to a related company	-	-	-	5,787
Cash (used in)/generated from operation	(359)	1,835	(2,920)	(12,011)
Income tax paid	-	-	-	-
Net cash (used in)/generated from operating activities	**(359)**	**1,835**	**(2,920)**	**(12,011)**

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	Group		Group	
	Three months ended 30.9.2014	Three months ended 30.9.2013	Nine months ended 30.9.2014	Nine months ended 30.9.2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from investing activities				
Dividend received	-	23	-	23
Interest received	-	83	12	197
Proceed from disposal of financial assets at fair value through profit or loss	-	-	-	5,664
Net cash generated from investing activities	**-**	**106**	**12**	**5,884**
Cash flows from financing activities				
Interest paid	-	(1,644)	(2,763)	(6,896)
Receipt on disposal of subsidiaries	-	-	2,000	-
Repayment of secured interest-bearing bank borrowings	-	-	-	(11,000)
Net cash used in financing activities	**-**	**(1,644)**	**(763)**	**(17,896)**
Net (decrease)/increase in cash and cash equivalents	**(359)**	**297**	**(3,671)**	**(24,023)**
Cash and cash equivalents at beginning of the period	1,059	12,009	4,371	36,329
Cash and cash equivalents at end of the period	**700**	**12,306**	**700**	**12,306**

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group

	Equity attributable to owners of the Company					
	Share capital	Share premium	Merger reserve	Statutory reserves	(Accumulated losses)/ retained profits	(Capital deficiency)/ total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2014 (Audited)	352,903	307,817	(161,707)	32,262	(680,622)	(149,347)
Loss and total comprehensive income for the period	-	-	-	-	(6,627)	(6,627)
As at 31 March 2014 and 1 April 2014 (Unaudited)	352,903	307,817	(161,707)	32,262	(687,249)	(155,974)
Disposal of subsidiaries	-	-	161,707	(32,262)	-	129,445
Profit and total comprehensive income for the period	-	-	-	-	27,588	27,588
As at 30 June 2014 and 1 July 2014 (Unaudited)	352,903	307,817	-	-	(659,661)	1,059
Loss and total comprehensive income for the period	-	-	-	-	(359)	(359)
As at 30 September 2014 (Unaudited)	352,903	307,817	-	-	(660,020)	700

	Equity attributable to owners of the Company					
	Share capital	Share premium	Merger reserve	Statutory reserves	(Accumulated losses)/ retained profits	(Capital deficiency)/ total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2013 (Audited)	352,903	307,817	(161,707)	32,262	(635,467)	(104,192)
Loss and total comprehensive income for the period	-	-	-	-	(3,597)	(3,597)
As at 31 March 2013 and 1 April 2013 (Unaudited)	352,903	307,817	(161,707)	32,262	(639,064)	107,789
Loss and total comprehensive income for the period	-	-	-	-	(22,958)	(22,958)
As at 30 June 2013 and 1 July 2013 (Unaudited)	352,903	307,817	(161,707)	32,262	(662,022)	(130,747)
Loss and total comprehensive income for the period	-	-	-	-	(5,726)	(5,756)
As at 30 September 2013 (Unaudited)	352,903	307,817	(161,707)	32,262	(667,748)	(136,473)

Company

	Share capital	Share premium	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2014 (Audited)	352,903	307,817	(664,088)	(3,368)
Loss and total comprehensive income for the period	-	-	(773)	(773)
As at 31 March 2014 and 1 April 2014 (Unaudited)	352,903	307,817	(664,861)	(4,141)
Profit and total comprehensive income for the period	-	-	5,200	5,200
As at 30 June 2014 and 1 July 2014 (Unaudited)	352,903	307,817	(659,661)	1,059
Loss and total comprehensive income for the period	-	-	(359)	(359)
As at 30 September 2014 (Unaudited)	352,903	307,817	(660,020)	700

	Share capital	Share premium	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2013 (Audited)	352,903	307,817	(660,267)	453
Loss and total comprehensive income for the period	-	-	(11)	(11)
As at 31 March 2013 and 1 April 2013 (Unaudited)	352,903	307,817	(660,278)	442
Loss and total comprehensive income for the period	-	-	(287)	(287)
As at 30 June 2013 and 1 July 2013 (Unaudited)	352,903	307,817	(660,565)	155
Loss and total comprehensive income for the period	-	-	(243)	(243)
As at 30 September 2013 (Unaudited)	352,903	307,817	(660,808)	(88)

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There had been no changes in the Company's share capital since 30 June 2014. There were no outstanding convertibles issued or treasury shares held by the Company as at 30 September 2014 and 2013.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30 September 2014	As at 31 December 2013
Total number of issued shares	728,595,000	728,595,000
Less: Treasury shares	-	-
Total number of issued shares excluding treasury shares	728,595,000	728,595,000

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

These figures have neither been audited nor reviewed by the independent auditor.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared to the audited financial statements for the year ended 31 December 2013.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the applicable new/revised International Financial Reporting Standards ("IFRS") that are relevant to the Group and mandatory for annual periods beginning on or after 1 January 2014.

For the current reporting period ended 30 September 2014, the adoption of the applicable new/revised IFRS did not result in material changes to the Group's results.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group		**Group**	
	Three months ended 30.9.2014 (Unaudited)	Three months ended 30.9.2013 (Unaudited)	Nine months ended 30.9.2014 (Unaudited)	Nine months ended 30.9.2013 (Unaudited)
	RMB cents	RMB cents	RMB cents	RMB cents
Basic (loss)/profit per share	(0.05)	(0.79)	2.83	(4.43)

Basic (loss)/profit per share was calculated based on the Group's (loss)/profit attributable to owners of the Company for three months ended 30 September 2014 and nine months ended 30 September 2014 of approximately RMB(359,000) and RMB20,602,000 divided by 728,595,000 ordinary shares respectively.

As there were no potential dilutive ordinary shares in existence for three / nine months ended 30 September 2014 and 30 September 2013, no diluted loss per share has been presented.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	As at 30.9.2014 (Unaudited) RMB cents	As at 31.12.2013 (Audited) RMB cents	As at 30.9.2014 (Unaudited) RMB cents	As at 31.12.2013 (Audited) RMB cents
Net asset value per ordinary share	0.1	(20.5)	0.1	(0.5)

Net asset value per ordinary share was calculated based on:

1. the net assets of the Group/Company as at 30 September 2014 and 31 December 2013; and
2. the 728,595,000 ordinary shares in issue as at 30 September 2014 and 31 December 2013.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow,working capital,assets or liabilities of the group during the current financial period reported on.

Review of the Group's Performance for Q3 FY2014 as compared to Q3 FY2013

Other revenue and net income

There was no other revenue and net income in Q3 FY2014 due to the disposal of all subsidiaries of the Company as at 30 April 2014.

Selling and distribution costs

There were no selling and distribution expenses in Q3 FY2014 due to the disposal of all subsidiaries of the Company as at 30 April 2014.

Administrative expenses

Administrative expenses decreased by RMB 3.2 million or 90.1%, from RMB 3.6 million in Q3 FY2013 to RMB 0.4 million in Q3 FY2014. The decrease was mainly due to less administrative expenses incurred in Q3 FY2014 after the disposal of all subsidiaries of the Company as at 30 April 2014.

Finance costs

No finance costs were incurred in Q3 FY2014 due to the disposal of all subsidiaries of the Company as at 30 April 2014.

Gain on disposal of subsidiaries

As at 30 April 2014, the Company disposed of all its subsidiaries at a consideration of RMB 2.0 million.

Review of the Group's Financial Position as at 30 September 2014 and 31 December 2013

Cash and cash equivalents decreased by RMB 3.7 million. Details of changes in cash and cash equivalents are summarised in the consolidated statement of cash flows set out in paragraph 1(c) above.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Following the completion of the disposal of all of the Company's subsidiaries, the Company is currently actively seeking to acquire a new profitable business and/or procure new investor(s), with a view to ultimately applying to the SGX for the Company's removal from the SGX watch-list. Any material further developments will be announced by the Company.

11. Dividend

(a) Whether any dividend has been declared for the current financial period reported on

No.

(b) Whether any dividend has been declared for the corresponding period of the immediately preceding financial year

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No interim dividend has been declared or recommended for the three months ended 30 Septmeber 2014.

13. Interested Person Transactions

The Company has not obtained a general mandate from shareholders for interested person transactions.

14. Confirmation pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of China Oilfield Technology Services Group Limited confirms that, to the best of their knowledge, nothing has come to their attention which may render the Financial Statements for the third quarter ended 30 September 2014 to be false or misleading in any material aspects.

BY ORDER OF THE BOARD

Gao Yanming
Executive Chairman
11 November 2014