

CHINA OILFIELD TECHNOLOGY SERVICES GROUP LIMITED
(Incorporated in the Cayman Islands with Registration Number CT-189285)



Unaudited Financial Statements and Dividend Announcement for the Year Ended 31 December 2014

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

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Consolidated income statement

	<u>Group</u>		
	FY2014	FY2013	Increase/
	(Unaudited)	(Audited)	(Decrease)
	RMB'000	RMB'000	%
Revenue	-	-	N.M.
Cost of sales	-	-	N.M.
Gross profit	-	-	N.M.
Other income	5,311	9,613	(44.7)
Selling and distribution expenses	(1,391)	(4,737)	(70.6)
Administrative expenses	(2,247)	(25,726)	(91.3)
Gain on disposal of subsidiaries	20,436	-	N.M.
Impairment losses	-	(13,056)	(100.0)
Finance costs	(2,763)	(11,249)	(75.4)
Profit/(loss) before income tax	19,346	(45,155)	141.4
Income tax expense	-	-	N.M.
Profit/(loss) for the year	19,346	(45,155)	141.4
Profit/(loss) per share for loss attributable to owners of the Company during the year:			
- Basic (RMB cents)	2.66	(6.20)	
- Diluted (RMB cents)	N/A	N/A	

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Consolidated statement of comprehensive income

	<u>Group</u>		
	FY2014	FY2013	
	(Unaudited)	(Audited)	Increase
	RMB'000	RMB'000	%
Profit/(loss) and total comprehensive income for the year	19,346	(45,155)	N.M.

Note

Further to the announcements dated 27 December 2013 and the circular to shareholders dated 19 March 2014 in relation to the disposal by the Company of all its subsidiaries (the "Disposal"), and the extraordinary general meeting held on 3 April 2014 at which the shareholders of the Company had approved the Disposal, the Disposal was completed on 30 April 2014. Accordingly, some of the figures presented above and elsewhere in this announcement related to the activities engaged by the Group prior to the Disposal.

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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 loss before income tax is arrived at after charging/(crediting):

	<u>Group</u>	
	FY2014 (Unaudited) RMB'000	FY2013 (Audited) RMB'000
Amortisation of land use rights	-	331
Fair value gain on financial assets at fair value through profit or loss	-	(1,108)
Interest income	(12)	(197)
Amortisation of deferred government grants	-	(2,555)
Interest expenses	2,763	11,249
Dividend income	-	(23)
Gain on disposal of subsidiaries	(20,436)	-
Inventories written off	-	13,056

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

	<u>Group</u>		<u>The Company</u>	
	As at 31.12.2014 (Unaudited) RMB'000	As at 31.12.2013 (Audited) RMB'000	As at 31.12.2014 (Unaudited) RMB'000	As at 31.12.2013 (Audited) RMB'000
ASSETS				
Current assets				
Prepayments, other receivables and advance and deposits paid to suppliers	-	114	-	114
Cash and cash equivalents	598	4,371	598	4,371
	598	4,485	598	4,485
Assets of disposal group classified as held for sale	-	67,025	-	-
	598	71,510	598	4,485
Total assets	598	71,510	598	4,485
EQUITY AND LIABILITIES				
Equity				
Equity attributable to owners of the Company				
Share capital	352,903	352,903	352,903	352,903
Reserves	(352,893)	(502,250)	(352,893)	(356,271)
Net assets/(liabilities)	10	(149,347)	10	(3,368)
Current liabilities				
Accruals, other payables and deposits received from trade customers	588	4,813	588	4,813
Due to directors	-	3,040	-	3,040
	588	7,853	588	7,853
Liabilities directly associated with disposal group classified as held for sale	-	213,004	-	-
	-	220,857	-	7,853
Total liabilities	588	220,857	588	7,853
Total equity and liabilities	598	71,510	598	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 31.12.2014		As at 31.12.2013	
(Unaudited)		(Audited)	
Secured	Unsecured	Secured*	Unsecured*
RMB'000	RMB'000	RMB'000	RMB'000
-	-	30,000	40,000

Amount repayable after one year

As at 31.12.2014		As at 31.12.2013	
(Unaudited)		(Audited)	
Secured	Unsecured	Secured*	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	120,000	-

*Borrowings grouped in liabilities directly associated with disposal group classified as held for sale. These amounts had been disposed with the disposal group upon completion of disposal transaction.

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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

	<u>Group</u>	
	FY2014	FY2013
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Cash flows from operating activities		
Profit/(loss) before income tax	19,346	(45,155)
Adjustments for:		
Interest income	(12)	(197)
Dividend income	-	(23)
Interest expenses	2,763	11,249
Amortisation of land use rights	-	331
Government grants related to other borrowings	-	(2,555)
Inventories written off	-	13,056
Gain on disposals of financial assets at fair value through profit or loss	-	(1,108)
Reversal of expenses	(2,616)	-
Gain on disposals of subsidiaries	(20,436)	-
Operating loss before working capital changes	(955)	(24,402)
Change in inventories	-	(3,939)
Change in amounts due to directors	-	1,737
Change in amount due from a related company	-	5,787
Change in prepayments, other receivables and advances and deposits paid to suppliers	114	22,924
Change in trade payables	-	(4,987)
Change in accruals, other payables and deposits received from trade customers	(11,167)	8,722
Cash (used in)/generated from operations	(12,008)	5,842
Income tax paid	-	-
Proceeds from disposals of financial assets at fair value through profit or loss	-	5,664
Net cash (used in)/generated from operating activities	(12,008)	11,506

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	FY2014 (Unaudited) RMB'000	FY2013 (Audited) RMB'000
Cash flows from investing activities		
Interest received	12	197
Dividend received	-	23
Receipt from disposal of subsidiaries	2,000	-
Net cash generated from investing activities	<u>2,012</u>	<u>220</u>
Cash flows from financing activities		
Repayments of secured interest-bearing bank borrowings	-	(26,000)
Interest paid	(2,763)	(8,698)
Net cash used in financing activities	<u>(2,763)</u>	<u>(34,698)</u>
Net decrease in cash and cash equivalents	(12,759)	(22,972)
Cash and cash equivalents at 1 January	<u>13,357</u>	<u>36,329</u>
Cash and cash equivalents at 31 December	<u>598</u>	<u>13,357</u>

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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 RMB'000	Share premium RMB'000	Merger reserve RMB'000	Statutory reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
As at 1 January 2013	352,903	307,817	(161,707)	32,262	(635,467)	(104,192)
Loss and total comprehensive income for the year	-	-	-	-	(45,155)	(45,155)
As at 31 December 2013 and 1 January 2014	352,903	307,817	(161,707)	32,262	(680,622)	(149,347)
Profit and total comprehensive income for the year	-	-	-	-	19,346	19,346
Disposal of subsidiaries	-	-	161,707	(32,262)	566	130,011
As at 31 December 2014 (Unaudited)	352,903	307,817	-	-	(660,710)	10

Company

	Share capital RMB'000	Share premium RMB'000	Accumulated losses RMB'000	Total equity RMB'000
As at 1 January 2013	352,903	307,817	(660,267)	453
Loss and total comprehensive income for the year	-	-	(3,821)	(3,821)
As at 31 December 2013 and 1 January 2014	352,903	307,817	(664,088)	(3,368)
Profit and total comprehensive income for the year	-	-	3,378	3,378
As at 31 December 2014 (Unaudited)	352,903	307,817	(660,710)	10

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- 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 September 2014. There were no outstanding convertibles issued or treasury shares held by the Company as at 31 December 2014 and 31 December 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 31 December 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 with those of 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 31 December 2014, the adoption of the applicable new/revised IFRS did not result in material changes to the Group's results.

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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.**

	<u>Group</u>	
	FY2014 (Unaudited)	FY2013 (Audited)
	RMB cents	RMB cents
Basic profit/(loss) per share	2.66	(6.20)

Basic Profit/(loss) per ordinary share for the year ended 31 December 2014 was calculated based on the Group's profit/(loss) attributable to owners of the company for FY2014 of approximately RMB 19.3 million (FY2013: RMB (45.2 million)) divided by 728,595,000 ordinary shares.

As there were no potential dilutive ordinary shares in existence during the year ended 31 December 2014 and year ended 31 December 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.

	<u>Group</u>		<u>Company</u>	
	As at 31.12.2014 (Unaudited)	As at 31.12.2013 (Audited)	As at 31.12.2014 (Unaudited)	As at 31.12.2013 (Audited)
	RMB cents	RMB cents	RMB cents	RMB cents
Net asset value per ordinary share	0.0	(20.5)	0.0	(0.5)

Net asset value per ordinary share was calculated based on:

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

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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 FY2014 as compared to FY2013

Other income

Other income decreased by RMB 4.3 million or 44.7% from RMB 9.6 million in FY2013 to RMB 5.3 million in FY2014. Details are listed below.

	FY2014 RMB'000 (Unaudited)	FY2013 RMB'000 (Audited)
Interest income on financial assets carried at amortised costs	12	197
Government grants related to other borrowings	-	2,555
Consultancy income	4,640	4,252
Dividend income from financial assets at fair value through profit and loss	-	23
Fair value gain on financial assets at fair value through profit or loss	-	34
Gain on disposals of financial assets at fair value through profit and loss	-	1,074
Others	659	1,478
Total	5,311	9,613

Selling and distribution expenses

Overall selling and distribution expenses decreased by RMB 3.3 million or 70.6% from RMB 4.7 million in FY2013 to RMB 1.4 million in FY2014. The operating subsidiaries had been disposed and limited business activities were recorded.

Administrative expenses

Administrative expenses decreased by RMB 23.5 million or 91.3%, from RMB 25.7 million in FY2013 to RMB 2.2 million in FY2014. The operating subsidiaries had been disposed and limited administrative activities were recorded.

Finance costs

Finance costs decreased by RMB8.5 million or 75.4% from RMB11.3 million in FY2013 to RMB2.8 million in FY2014. The operating subsidiaries had been disposed and those interest bearing borrowings associated were disposed with the operating subsidiaries.

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Gain on disposal of subsidiaries

As of 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 31 December 2014 and 31 December 2013

As of 31 December 2014, the Company has cash and cash equivalents of RMB598,000. Detail of changes in cash and cash equivalents are summarised in the consolidated statement of cash flows set out in paragraph 1(c) above.

Accruals and other payables represented accrued corporate expenses for the Company.

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.

The Company intends to acquire a new profitable business, with a view to ultimately applying to the SGX for the Company's removal from the SGX watch-list. The Company has applied to the SGX for an extension of time of six months, up to 5 September 2015, for the Company to satisfy the requirements under Rule 1314(1) of the SGX Listing Manual and submit an application for its 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/recommendeded, a statement to that effect.

No dividend has been declared or recommended for the year ended 31 December 2014.

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- 13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Not applicable.

- 14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

- 15. A breakdown of sales as follows:-**

Not applicable.

- 16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable.

- 17. Interested Person Transactions**

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

- 18. Disclosure of person occupying a managerial position who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(13)**

There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Gao Yanming
Executive Chairman
28 February 2015