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中國石化儀征化纖股份有限公司
SINOPEC YIZHENG CHEMICAL FIBRE COMPANY LIMITED

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

(Stock code: 1033)

Announcement on Annual Results 2014

The Board of Directors ("**the Board**") and the Supervisory Committee of Sinopec Yizheng Chemical Fibre Company Limited ("**the Company**") and its directors, supervisors and senior management warrant that there are no false representations, misleading statements or material omissions in this announcement and individually and jointly accept full responsibility for the authenticity, accuracy and completeness of the information contained in this announcement.The content of the annual results for this year is extracted from the Annual Report. In order to understand the detailed content, the investors should read the full text of the Annual Report.

Unless otherwise stated, the capitalised terms used herein shall have the same meanings as those used in the circular of the Company published on 27 October 2014.

The Board of the Company has pleasure in presenting to you the audited annual results of the Company and its Subsidiaries ("**the Group**") for the year ended 31 December 2014.

1. COMPANY PROFILE

(1).	**Legal name:**	Sinopec Yizheng Chemical Fibre Company Limited 中國石化儀征化纖股份有限公司
	Abbreviation:	YCF 儀征化纖
(2).	**Legal representative:**	Mr. Jiao Fangzheng
(3).	**Registered and office address:**	Yizheng City, Jiangsu Province, China
	Office Address:	9#, Jishikou Road, Chaoyang District, Beijing, China
	Postal code:	100728
	Telephone:	86-10-59960871
	Fax:	86-10-59961033
	Internet websit:	http://ssc.sinopec.com
	E-mail:	ir.ssc@sinopec.com
(4).	**Secretary to the Board:**	Mr. Li Honghai
	Assistant Secretary to the Board:	Mr.Wu Siwei
	Address:	9#, Jishikou Road, Chaoyang District, Beijing, China The Office of the Board of Director
	Telephone:	86-10-59960871

Fax:	86-10-59961033
E-mail:	ir.ssc@sinopec.com

(5). Domestic Newspapers to disclose information: China Securities, Shanghai Securities News, Securities Times

Internet website designated by HKSE to disclose information: http://www.hkexnews.hk

Internet website designated by the China Securities Regulatory Commission ("CSRC") to publish the annual report: http://www.sse.com.cn

Place where the annual report available for inspection: The Office of the Board of Director, Sinopec Yizheng Chemical Fibre Company Limited

(6). Places of listing, names and codes of the stock:

H share:	The Stock Exchange of Hong Kong Limited ("**HKSE**")
Stock name:	Yizheng Chemical
Stock code:	1033
A Share:	Shanghai Stock Exchange ("**SSE**")
Stock name:	*ST Yihua
Stock code:	600871

2. SUMMARY OF THEFINANCIAL PRINCIPAL INFORMATION AND FINANCIAL INDICATORS OF THE COMPANY

(1) Extracted from the financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs")

For the year ended 31 December or as at 31 December

Unit: RMB'000

	2014	2013（has been restated）	2012	2011	2010
Turnover[1]	**78,993,315**	89,729,072	16,987,916	20,179,768	16,348,366
(Loss)/profit before taxation[1]	**3,320,072**	2,179,996	(536,627)	1,042,190	1,140,343
Income tax expense /(credit) [1]	**900,930**	687,350	(178,171)	202,958	(86,954)
(Loss)/profit attributable to equity shareholders of the Company	**2,416,928**	1,492,646	(358,456)	839,232	1,227,297
Total assets	**81,295,708**	92,736,669	11,138,204	11,449,599	10,531,202
Total liabilities	**62,599,570**	62,003,460	2,624,721	2,457,660	2,258,495
Total equity attributable to equity shareholders of the Company	**18,697,120**	30,648,271	8,513,483	8,991,939	8,272,707
Basic and diluted (loss)/ earnings per share[2]	RMB 0.083	RMB 0.001	RMB (0.060)	RMB 0.140	RMB 0.205
Net assets per share [3]	RMB 1.46	RMB 2.39	RMB 1.419	RMB 1.499	RMB 1.379
Ratio of shareholders' equity	**23.00%**	33.05%	76.43%	78.53%	78.55%
Return on net assets	**12.93%**	4.78%	(4.21%)	9.33%	14.84%

Note:

1. Restated 2013 and the information of 2014 only included the continuing operations.
2. On December 31, 2014, in accordance with the major asset restructuring plan, the Company repurchased and canceled Sinopec's 2,415,000,000 shares of the Company, and at the same time the Company non-public offering to China Petrochemical Corporation is 9,224,327,662 shares, both of the restated per share data of 2013 and the per share data of 2014 have been, in accordance of the Accounting Standards' requirement, calculated on the base of 15,224,327,662 shares.
3. Restated 2013 and the per share information 2014 are calculated on the base of 12,809,327,662 shares.

(2) Extracted from the financial statements prepared in accordance with the PRC Accounting Standards for Business Enterprises ("ASBE")

2.1 Principal financial data

Unit: RMB'000

	2014	2013		Year-on-year change （%）	2012	
		Adjusted	Before Adjustment		Adjusted	Before Adjustment
Operating income	94,481,041	107,406,243	17,677,171	-12.0	104,325,051	16,987,916
Operating profit ("-" for losses)	615,387	662,110	-1,175,631	-7.1	347,398	-561,987
Profit before income tax ("-" for losses)	2,206,680	1,014,775	-1,215,667	117.5	988,538	-539,538
Net profit attributable to equity shareholders of the Company ("-" for losses)	1,229,753	61,216	-1,454,217	1,908.9	684,675	-361,367
Net profit deducted extraordinary gain and loss attributable to equity shareholders of the Company ("-" for losses)	-2,323,027	-1,413,850	-1,413,850	Not applicable	-382,833	-382,833
Net cash inflow from operating activities ("-" for outflow)	6,746,135	1,757,418	-1,073,285	283.9	2,338,627	-967,719
	2014e	2013e		Year-on-year change （%）	2012e	
		Adjusted	Before Adjustment		Adjusted	Before Adjustment
Total assets	81,295,708	92,736,669	10,629,304	-12.3	86,089,330	11,138,204
Total liabilities	62,599,570	61,970,437	3,532,816	1.0	55,715,150	2,588,866
Total equity attributable to equity shareholders of the Company	18,697,120	30,681,294	7,096,488	-39.1	30,296,465	8,549,338

Note: The before-adjustment data of 2012 and 2013 are the related financial data which were disclosed in the Financial Report of the Company. According to the regulation of "Enterprise Accounting Standards No. 20 - Business Combinations", for a business combination under common control, the initial figures of the consolidated balance sheet should be adjusted, while the comparative statements related items to be adjusted. Therefore, the adjusted financial data of 2012 & 2013 and the financial data of 2014 included the whole year data of disposed assets and into assets.

2.2 Principal financial indicators

	For the year 2014	For the year 2013		Year-on-year change（%）	For the year 2012	
		Adjusted	Before Adjustment		Adjusted	Before Adjustment
Basic earnings per share (RMB) ("-" for losses)	0.08	0.004	-0.242	1,908.9	0.04	-0.06
Diluted earnings per share (RMB) ("-" for losses)	0.08	0.004	-0.242	1,908.9	0.04	-0.06
Earnings per share calculated on the latest equity [2]	0.09	-	-	-	-	-
Basic earnings per share net of extraordinary gain and loss (RMB) ("-" for losses)	-0.15	-0.09	-0.236	Not applicable	-0.03	-0.064
Weighted average return on net assets (%)	4.98	0.2	-18.59	Increase 4.78percentage point	2.48	-4.11

Weighted average return on net assets net of extraordinary gain and loss (%)	-32.73	-18.07	-18.07	Not applicable	-4.36	-4.36

Note: 1. On December 31, 2014, in accordance with the major asset restructuring plan, the Company repurchased and canceled Sinopec's 2,415,000,000 shares of the Company, and at the same time the Company non-public offering to China Petrochemical Corporation is 9,224,327,662 shares, both of the restated per share data of 2013 and the per share data of 2014 have been, in accordance of the Accounting Standards' requirement, calculated on the base of 15,224,327,662 shares.
2. This was calculated according to the total equity of 14,142,660,995 shares after supporting financing on March3, 2015.

2.3 Extraordinary gain and loss items and amounts

Unit: RMB'000

Extraordinary gain and loss items	**2014**	2013	2012
Disposal of non-current assets	1,139,513	-21,984	12,104
Government grants recognised in profit or loss during the year	2,466	3,770	1,857
Employee reduction expenses	-	-	-578
Net profit or loss from the beginning to the merger date of the Subsidiary of the business combination under common control	2,424,556	1,543,094	1,064,985
Investments income from disposal of financial assets	-	-	6,751
Gain on changes in fair value of investments held for trading	-	-	-
Other non-operating income and expenses excluding the aforesaid items	-11,540	-21,822	8,488
Tax effect	-	-331	-7,156
Total	3,554,995	1,502,727	1,086,451

(3) Differences between the financial statements of the Company prepared in accordance with PRC ASBE and IFRSs

Unit: RMB'000

	Net profit attributable to equity shareholders of the Company		**Total equity attributable to equity shareholders of the Company**	
	2014 RMB '000	2013 RMB '000	**2014e** RMB '000	2013e RMB '000
PRC ASBE	**1,229,753**	61,216	**18,697,120**	30,681,294
IFRSs	**1,257,308**	14,968	**18,697,120**	30,648,271

Please refer to the section 7.4 of the Financial Report in this announcement for explanations for the related differences.

3. INFORMATION ON CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

(1) Changes in the Company's share capital

Unit of share: Share

	Before change		Increase/(decrease)(+/-)					After change	
	Numbers of shares	Per cent (%)	New issue	Stock dividends	Conversion from Reserve	Others	Sub-total	Numbers of shares	Per cent (%)
I. Shares with selling restrictions：	3,450,000,000	57.5	+9,224,327,662	-	-	-2,415,000,000	+6,809,327,662	10,259,327,662	80.1
1.State-owned shares	-	-	-	-	-	-	-	-	-
2.Shares held by state-owned companies	3,450,000,000	57.5	+9,224,327,662	-	-	-2,415,000,000	+6,809,327,662	10,259,327,662	80.1
3.Shares held by other domestic investors	-	-	-	-	--	-	-	-	-
4.Shares held by foreign investors	-	-	-	-	-	-	-	-	-
Ⅱ .Shares without selling restrictions	2,550,000,000	42.5	-	-	-	-	-	2,550,000,000	19.9
1.RMB-denominated ordinary shares	450,000,000	7.5	-	-	-	-	-	450,000,000	3.5
2.Shares traded in non-RMB currencies and listed domestically	-	-	-	-	-	-	-	-	-
3.Shares listed overseas	2,100,000,000	35.0	-	-	-	-	-	2,100,000,000	16.4
4.Others	-	-	-	-	-	-	-	-	-
Ⅲ.Total shares	6,000,000,000	100.0	+9,224,327,662	-	-	-2,415,000,000	+6,809,327,662	12,809,327,662	100.0

In accordance with the major asset restructuring plan, on December 31, 2014, the Company repurchased and canceled Sinopec's 2,415,000,000 shares of the Company, and at the same time the Company non-public offering to China Petrochemical Corporation is 9,224,327,662 A shares, resulting in the changes of the Company's total equity and and its structure.

After supporting financing On March 3, 2015, the total equity of the Company is 14,142,660,995 shares, among which, the shares without selling restrictions of 2,550,000,000 shares represent approximately 18.0% of the total equity of the Company, the Shares with selling restrictions of 11,592,660,995 shares represent approximately 82.0% of the total equity of the Company, including that China Petrochemical Corporation holding 9,224,327,662 shares represents approximately 65.2% of the total equity of the Company, China CITIC Limited holding 1,035,000,000 shares represents approximately 7.3% of the total equity of the Company and other domestic legal person holding 1,333,333,333 shares represent approximately 9.4% of the total equity of the Company.

The above-mentioned change of share capital has diluted the financial indicators of the Company such as earnings per share, net assets per share, in the previous year and the latest period.

(2)Information on shareholders

2.1 Number of shareholders

The number of shareholders of the Company as at 31 December 2014 was 31,424, including 30,992 holders of A shares and 432 registered holders of H shares. The minimum public float of the Company satisfied the requirements of the Listing Rules on the HKSE.

The number of shareholders of the Company as at 18 March 2015 was 31,274, including 30,846 holders of A shares and 428 registered holders of H shares.

2.2 The shareholdings of the top ten shareholders of the Company

Shareholdings of the top ten shareholders					
Names of shareholders	Nature of shareholders	Number of shares held (shares)	Percentage to total share capital (%)	Number of shares with selling restrictions (shares)	Number of shares pledged or frozen
China Petrochemical Corporation	State-owned legal person	9,224,327,662	72.01	9,224,327,662	0
Hong Kong Securities Clearing Company (Nominees) Limited(“**HKSCC (Nominees) Limited**”)	Overseas legal person	2,083,024,595	16.26	0	0
CITIC Limited	State-owned legal person	1,035,000,000	8.08	1,035,000,000	0
Lin You-ming	Domestic natural person	4,795,275	0.037	0	Unknown
Jiang Guoliang	Domestic natural person	3,215,198	0.025	0	Unknown
IP KOW	Overseas legal person	2,850,000	0.022	0	Unknown
Wang Xin	Domestic natural person	2,461,300	0.019	0	Unknown
Lou Jianming	Domestic natural person	2,327,121	0.018	0	Unknown
Wang Yuying	Domestic natural person	2,124,911	0.017	0	Unknown
Kong Hongbing	Domestic natural person	2,055,458	0.016	0	Unknown

Shareholdings of top ten shareholders of shares without selling restrictions		
Name of shareholders	Number of shares without selling restrictions held at the end of the reporting period (shares)	Types of shares
HKSCC (Nominees) Limited	2,083,024,595	H Shares
Lin Youming	4,795,275	A Shares
Jiang Guoliang	3,215,198	A Shares
IP KOW	2,850,000	H Shares
Wang Xin	2,461,300	A Shares
Lou Jianming	2,327,121	A Shares
Wang Yuying	2,124,911	A Shares
Kong Hongbing	2,055,458	A Shares
Tao Huilian	2,030,985	A Shares
Liang Deshao	2,028,853	A Shares
Statement on the connected relationship or activities in concert among the above-mentioned shareholders.	The Company is not aware of that there is any connected relationship or activities in concert among the above-mentioned shareholders.	

Note: 1. Shares held by HKSCC (Nominees) Limited are proxy client holdings. As at December 31, 2014, the Company has not received any case that any of its H shareholder holding more than 10% of the total equity of the Company.

2. The above information in the table are updated to December 31, 2014, not including the 1,333,333,333 A shares with selling restrictions by Supporting Financing issue on March 3, 2015.

(3) The interest or short position held by the substantial shareholders and other persons in the Company's shares or underlying shares

As at 31 December 2014, so far as the Directors, Supervisors and Senior Management of the Company are aware of, each of the following persons, not being a Director, Supervisor or Senior Management of the Company, had an interest in the Company's shares which is required to be disclosed to the Company and the HKSE under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("**SFO**").

Name of shareholder	**Number of share held** (shares)	**Per cent of shareholding in the Company's total issued share capital** (%)	**Per cent of shareholding in the Company's total issued domestic shares** (%)	**Per cent of shareholding in the Company's total issued H shares** (%)	**Short position**
China Petrochemical Corporation	9,224,327,662	72.01	86.13	Not applicable	-
CITIC Limited	1,035,000,000	8.08	9.66	Not applicable	-
Schroders Plc	126,354,000	0.99	Not applicable	6.02	-

Save as disclosed above and so far as the Directors, Supervisors and Senior Management of the Company are aware of, as at 31 December 2014, no other person had an interest or short position in the Company's shares or underlying shares (as the case may be) which are required to be disclosed to the Company and the HKSE under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was otherwise a substantial shareholder (as such term is defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**")) of the Company.

(4)The holding shareholder

Name of the holding shareholder:	China Petrochemical Corporation, holding 72.01 per cent of the Company's shares
Legal representative:	Fu Cheng-yu
Date of establishment:	14 September 1983
Registered capital:	RMB 274.866 billion

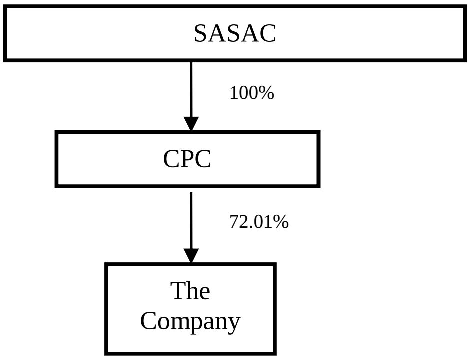
Principal activities: Through reorganization in 2000, CPC injected its principal petroleum and petrochemical operations into Sinopec, and retained operations in certain smaller scale petrochemical facilities and refineries, provision of well drilling services, oil testing services, in–well operation services, manufacture and maintenance of production equipment, engineering construction, utility services and social services.

On December 31, 2014, the Company repurchased and canceled Sinopec's 2,415,000,000 shares of the Company, and at the same time the Company non-public offering to China Petrochemical Corporation is 9,224,327,662 shares. As to December 31, the total equipy of the Company was 12,809,327,662, including 9,224,327,662 shares belonged to China Petrochemical Corporation, the controlling shareholder, represting 72.01% of the total equity of the Company. Therefore, as to the end of the reporting period, the controlling shareholder changed from Sinopec to China Petrochemical Corporation.

(5) The ultimate controller

The ultimate controller is also China Petrochemical Corporation.

(6) The block diagram of the property and control relationship between the Company and the actual controller



4. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(1) Information on interests in share and remuneration of directors, supervisors and senior management

Name	Position	Sex	Age	The beginning of the term	The end of the term	Number of shares at the beginning of the year	Number of shares at the end of the year	Reason for change	Salaries from the Company before taxation (RMB)	Salaries from the unit of shareholders before taxation (RMB)
Jiao Fangzheng	Chairman	M	52	9 Feb. 2015	8 Feb. 2018	0	0	No Change	-	-
Yuan Zhengwen	Vice Chairman	M	59	9 Feb. 2015	8 Feb. 2018	0	0	No Change	-	-
Zhu Ping	Vice Chairman and General Manager	M	51	9 Feb. 2015	8 Feb. 2018	0	0	No Change	-	-
Zhou Shiliang	Director, Deputy General Manager	M	57	9 Feb. 2015	8 Feb. 2018	0	0	No Change	-	-
Li Lianwu	Director	M	57	9 Feb. 2015	8 Feb. 2018	0	0	No Change	-	-
Jiang Bo	Independent Non-Executive Director	F	59	9 Feb. 2015	8 Feb. 2018	0	0	No Change	-	-
Zhang Huaqiao	Independent Non-Executive Director	M	51	9 Feb. 2015	8 Feb. 2018	0	0	No Change	-	-
Wong, Kennedy Ying Ho	Independent Non-Executive Director	M	52	9 Feb. 2015	8 Feb. 2018	0	0	No Change	-	-
Wang Chunjiang	Chairman of Supervisory Committee	M	58	9 Feb. 2015	8 Feb. 2018	0	0	No Change	-	-
Zhang Jixing	Supervisor	M	52	9 Feb. 2015	8 Feb. 2018	0	0	No Change	-	-
Zou Huiping	Supervisor	M	54	9 Feb. 2015	8 Feb. 2018	0	0	No Change	-	-
Wen Dongfen	Supervisor	F	50	9 Feb. 2015	8 Feb. 2018	0	0	No Change	-	-
Zhang Qin	Supervisor	F	52	9 Feb. 2015	8 Feb. 2018	0	0	No Change	-	-
Cong Peixin	Supervisor	M	52	9 Feb. 2015	8 Feb. 2018	0	0	No Change	-	-
Xu Weihua	Supervisor	M	51	9 Feb. 2015	8 Feb. 2018	0	0	No Change	-	-
Du Guangyi	Supervisor	M	49	9 Feb. 2015	8 Feb. 2018	0	0	No Change	-	-
Geng	Deputy	M	50	9 Feb.	8 Feb.	0	0	No	-	-

Xianliang	General Manager			2015	2018			Change		
Yong Ziqiang	Deputy General Manager	M	53	9 Feb. 2015	8 Feb. 2018	0	0	No Change	-	-
Zhang Yongjie	Deputy General Manager	M	51	9 Feb. 2015	8 Feb. 2018	0	0	No Change	-	-
Liu Rushan	Deputy General Manager	M	53	9 Feb. 2015	8 Feb. 2018	0	0	No Change	-	-
Zuo Yaojiu	Deputy General Manager	M	52	9 Feb. 2015	8 Feb. 2018	0	0	No Change	-	-
Zong Tie	Deputy General Manager	M	56	9 Feb. 2015	8 Feb. 2018	0	0	No Change	-	-
Zhao Diandong	Deputy General Manager	M	52	9 Feb. 2015	8 Feb. 2018	0	0	No Change	-	-
Wang Hongchen	Chief Financial Officer	M	51	9 Feb. 2015	8 Feb. 2018	0	0	No Change	-	-
Li Honghai	Secretary to the Board	M	51	9 Feb. 2015	8 Feb. 2018	0	0	No Change	-	-
Lu Liyong	Former Chairman and General Manager	M	53	16 Dec. 2011	9 Feb. 2015	0	0	No Change	318,260	-
Sun Zhihong	Former Vice Chairman	F	65	16 Dec. 2011	9 Feb. 2015	0	0	No Change	-	-
Xiao Weizhen	Former Vice Chairman and General Manager	M	61	16 Dec. 2011	3 Apr. 2014	0	0	No Change	152,627	-
Shen Xijun	Former Vice Chairman and Deputy General Manager	M	54	16 Dec. 2011	9 Feb. 2015	0	0	No Change	305,860	-
Long Xingping	Former Director	F	63	16 Dec. 2011	9 Feb. 2015	0	0	No Change	-	-
Zhang Hong	Former Director	M	56	16 Dec. 2011	9 Feb. 2015	0	0	No Change	-	-
Guan Diaosheng	Former Director	M	52	16 Dec. 2011	9 Feb. 2015	0	0	No Change	-	-
Sun Yuguo	Former Director	M	51	16 Dec. 2011	9 Feb. 2015	0	0	No Change	-	-
Li Jianping	Former Director and Chief Financial Officer	M	52	3 Apr. 2014	9 Feb. 2015	0	0	No Change	272,520	-
Shi Zhenhua	Former	M	68	16 Dec.	9 Feb.	0	0	No	50,000	-

	Independent Director			2011	2015			Change		
Qiao Xu	Former Independent Director	M	53	16 Dec. 2011	9 Feb. 2015	0	0	No Change	50,000	-
Yang Xiongsheng	Former Independent Director	M	55	16 Dec. 2011	9 Feb. 2015	0	0	No Change	50,000	-
Chen Fangzheng	Former Independent Director	M	68	16 Dec. 2011	9 Feb. 2015	0	0	No Change	50,000	-
Cao Yong	Former Chairman of Supervisory Committee	M	56	16 Dec. 2011	9 Feb. 2015	0	0	No Change	272,520	-
Sun Shaobo	Former Supervisor	M	54	16 Dec. 2011	9 Feb. 2015	0	0	No Change	187,710	-
Chen Jian	Former Supervisor	M	52	16 Dec. 2011	9 Feb. 2015	0	0	No Change	-	-
Shao Bin	Former Independent Supervisor	M	49	16 Dec. 2011	9 Feb. 2015	0	0	No Change	40,000	-
Chu Bing	Former Independent Supervisor	M	42	16 Dec. 2011	9 Feb. 2015	0	0	No Change	40,000	-
Li Jianxin	Former Deputy General Manager	M	57	16 Dec. 2011	9 Feb. 2015	0	0	No Change	272,520	-
Zhang Zhongan	Former Deputy General Manager	M	54	16 Dec. 2011	9 Feb. 2015	0	0	No Change	272,520	-
Wu Chaoyang	Former Secretary to the Board	M	53	16 Dec. 2011	9 Feb. 2015	0	0	No Change	190,792	-

Information on share incentive provided to directors, supervisors and senior management during the reporting period

The Company has not implemented any share incentive scheme.

(2) Changes in Directors, Supervisors and Senior Management

Name	**Position**	**Change**	**Reasons for change**
Lu Liyong	Chairman and General Manager	resigned	Expiry of term
Sun Zhihong	Vice Chairman	resigned	Expiry of term

Xiao Weizhen	Vice Chairman and General Manager	resigned	Retired
Shen Xijun	Vice Chairman and Deputy General Manager	resigned	Expiry of term
Long Xingping	Director	resigned	Expiry of term
Zhang Hong	Director	resigned	Expiry of term
Guan Diaosheng	Director	resigned	Expiry of term
Sun Yuguo	Director	resigned	Expiry of term
Li Jianping	Director and Chief Financial Officer	resigned	Expiry of term
Shi Zhenhua	Independent Director	resigned	Expiry of term
Qiao Xu	Independent Director	resigned	Expiry of term
Yang Xiongsheng	Independent Director	resigned	Expiry of term
Chen Fangzheng	Independent Director	resigned	Expiry of term
Cao Yong	Chairman of Supervisory Committee	resigned	Expiry of term
Sun Shaobo	Supervisor	resigned	Expiry of term
Chen Jian	Supervisor	resigned	Expiry of term
Shao Bin	Independent Supervisor	resigned	Expiry of term
Chu Bin	Independent Supervisor	resigned	Expiry of term
Li Jianbin	Deputy General Manager	resigned	Expiry of term
Zhang Zhongan	Deputy General Manager	resigned	Expiry of term
Wu Chaoyang	Secretary to the Board	resigned	Expiry of term
Jiao Fangzheng	Chairman	elected	Elected as Chairman of the board
Yuan Zhengwen	Vice Chairman	elected	Elected as Vice Chairman of the board
Zhu Ping	Vice Chairman and General Manager	elected	Elected as Vice Chairman of the board and appointed as General Manager
Zhou Shiliang	Director, Deputy General Manager	elected	Elected as Director and appointed as Deputy General Manager
Li Lianwu	Director	elected	Election at general meeting
Jiang Bo	Independent Non-Executive Director	elected	Election at general meeting
Zhang Huaqiao	Independent Non-Executive Director	elected	Election at general meeting
Wong, Kennedy Ying Ho	Independent Non-Executive Director	elected	Election at general meeting
Wang Chunjiang	Chairman of Supervisory Committee	elected	Elected as Chairman of Supervisory Committee
Zhang Jixing	Supervisor	elected	Election at general meeting
Zou Huiping	Supervisor	elected	Election at general meeting
Wen Dongfen	Supervisor	elected	Election at general meeting
Zhang Qin	Supervisor	elected	Election at general meeting
Cong Peixin	Supervisor	elected	Election at general meeting
Xu Weihua	Supervisor	elected	Enlection at staff representatives' meeting
Du Guangyi	Supervisor	elected	Enlection at staff representatives' meeting
Geng Xianliang	Deputy General Manager	appointed	Appointed by the Board of Directors
Yong Ziqiang	Deputy General Manager	appointed	Appointed by the Board of Directors
Zhang Yongjie	Deputy General Manager	appointed	Appointed by the Board of Directors
Liu Rushan	Deputy General Manager	appointed	Appointed by the Board of Directors
Zuo Yaojiu	Deputy General Manager	appointed	Appointed by the Board of Directors
Zong Tie	Deputy General Manager	appointed	Appointed by the Board of Directors
Zhao Diandong	Deputy General Manager	appointed	Appointed by the Board of Directors
Wang Hongchen	Chief Financial Officer	appointed	Appointed by the Board of Directors
Li Honghai	Secretary to the Board	appointed	Appointed by the Board of Directors

(3) Directors', Supervisors' and Senior Management's rights to acquire shares and debentures and short position

As at 31 December, 2014, none of the Directors or Supervisors of the Company had any interest and short positions in any shares, underlying shares or debentures of the Company or any associated corporations within the meaning of Part XV of the SFO required to be recorded in the register mentioned under Section 352 of the SFO or as otherwise notifiable to the Company and the Hong Kong Stock Exchange by the Directors and Supervisors pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("**Model Code**") as contained in Appendix 10 to the Listing Rules.

5 REPORT OF THE BOARD

Financial figures, except where specifically noted, contained herein have been extracted from the financial statements prepared in accordance with the IFRSs. Both of the financial information of 2013 and 2014 include the information of incoming asset and outgoing asset.

(1) Discussion and analysis of operation during the reporting period

Sinopec Oilfield Service Corporation ("Company") is the largest integrated oilfield service provider of petroleum engineering in China. With more than 50 years experience, it has principal business including geophysical, drilling and production services for onshore and offshore oil and gas fields, and EPC service for oil and gas fields.

1.1 Market Review

Over the past 2014, oil prices in the world market went downward with ups and downs, particularly exacerbated by the precipitous fall in Q4.Thus, international oil companies started to reduce CAPEX for oilfield exploration, and the overseas environment met by oilfield service providers have been complicated and challenging. At the same time, domestic oil companies enlarged their investment in developing clean energy, such as natural gas and shale gas, to meet the fast growing demand for natural gas in china. Taking Sinopec Group for example, its natural gas production has gained an increase by 8% over the previous year, and the Fuling shale gas field which is the first large-scaled shale gas field in China came into the stage of commercial operation, contributing new growth points to the development of domestic oilfield service market.

1.2 Operations Review

Facing challenges of falling oil prices and decreasing workload, the Company channeled great efforts to enlarge the market, adjust the structure, optimize the management, and develop the high-end business. Thanks to the work and efforts, the planned targets for production and operation in 2014 were attained. Its consolidated turnover was RMB 94,481,041,000, down 12.0% from the previous year, as a result of oil companies' decreased investment on upstream business; Net profit attributable to shareholders of the Company was RMB 1,229,753,000, up 1,908.9% from the previous year.

1.2.1 Geophysical service

The Company's operation revenue in geophysical service was RMB 5,065,923,000 in 2014, representing a decline of 23.7% over the same period of the previous year, for which the figure was RMB 6,642,305,000. The completed 2Dseismic have accumulated for 34,942 kilometers, declined 28.6% from the year earlier; while the 3D seismic for 19,545 kilometers, representing an increase of 8.9% over the previous year. In onshore markets, the Company continued the resource integration and improved the equipment efficiency by optimized management among equipments and crews; while in the offshore market, the "Discovery 6" 3D marine seismic exploration vessel overcame difficulties in rough marine conditions and weather, then completed the work of 4,642 kilometers, a year-on-year increase of 461%.

1.2.2 Drilling service

The Company's operation revenue in drilling service was 39,003,458,000 in 2014, representing a decline of 5.9% over the same period of the previous year, for which the figure was RMB 41,456,560,000. Its completed drilling footage was accumulated for 11,660 kilometers, performing a decline of 11.3% over the s the previous year. It has fulfilled its mission of smoothing the way for E&P of Sinopec Group. Holding the leading positing in shale gas exploration industry, it delivered the production capacity of the state-level Fuling Shale Gas Pilot Project. And it continued the corporations with excellent domestic customers like Petro China, CNOOC and Yanchang Petroleum Company. At the same time, it worked to find more opportunities in unconventional oil and gas drilling business.

1.2.3 Logging/ mud logging service

The Company's operation revenue in logging/ mud logging service was RMB 4,176,936,000 in 2014, a decline of 18.4% over the previous year, for which the figure was RMB 5,119,581,000. Its completed logging/ mud logging projects have accumulated for 387,920,000 standard metres, performing a decline of 11.3% compared with the year earlier. Constantly driven by the customers' demands, the Company adjusted its business structure, maintaining the investment on R & D while at the same time that on the whole industry was cut down. The application of advanced technologies such as the domestic multi-stage perforation for horizontal wells, logging/ mud logging for complex stages and unconventional oil and gas reservoirs, and the comprehensive geo-steering technologies, which laid a firm foundation for developing the state-level Fuling Shale Gas Pilot Project.

1.2.4 Downhole operation service

The Company's operation revenue in downhole operation was RMB 8,457,649,000 in 2014, a declined 10.2% from the previous year, for which the figure was RMB 9,423,159,000. It has completed downhole operation for 7,345 wells, a decline of 5.1% over the previous year. Thanks to the accumulated experiences from building the production capacity of the state-level Fuling Shale Gas Pilot Project, it has raised its own capabilities of engineering technologies, operating organization, quality control, safety management etc. It has formulated the mature technologies of horizontal drilling for more than 2000 meters at the segment length and fracturing more than 20 phases. And those of shale gas testing and fracturing are still at the leading position in China. Also the Company provided technical support for highly efficient production of the Yuan Ba Gas Field, from which it developed its own capabilities of acid fracturing and production for ultra deep horizontal wells， casing protection, coiled tubing and PVT sampling.

1.2.5 Engineering and construction service

The Company's operation revenue in engineering and construction service was RMB 19,875,867,000 in 2014, a decline of 18.8% over the previous year, for which the figure was RMB 24,484,293,000. Due to the constant decrease of investments in outbound markets, its completed contracts valued RMB 20,250,000,000 in 2014, performing a decline of 17.5% over the same period of the previous year, for which the figure was RMB 24,540,000,000. It has provided services for surface gathering at1700 mm c/y of the Yuan Ba Gas Field, main transportation pipelines of No.2 block of Shandong LNG Product, oil tanks in Xuzhou Xin'an county, coal-burning high-pressure gas injection plants in Xinjiang Chun 10^{th} Block, etc. Its capabilities of EPC services have been further improved. It provided EPC service for No. 3 Platform and the affiliate projects in the Chengdao Center, which has been completed and praised with the National Excellent Welding Engineering Award.

1.2.6 International business

The Company's operation revenue in international business service was RMB 16,984,852,000 in 2014, a decline of 12.2% over the previous year, for which the figure was RMB 19,348,481,000. The revenue contributed by the international business accounted for 18.2% of the whole revenue. It firmly implemented the strategy of internationalization and established 5 large-scale markets in the Middle East, Africa, the Americas, Central Asia, Mongolia and the Southeast Asia. Its newly signed contracts in the overseas markets valued 3.05 billion USD, and the completed contracts 2.48 billion USD, to which the geophysical service made a new record and contributed 0.3 billion USD. The Company is the largest onshore drilling contractor for both Saudi Aramco and Kuwait Oil Company, with over 100 drilling and workover rigs in the Middle East. While the effect of large scale business has been generally performed, it took strong steps to promote the emerging business, further exploring markets of integrated oilfield services. Over the past year, it signed framework agreement with Petro Ecuador for the I-L-Y Oilfields. And it will provide the integrated oilfield services including technical and management services in geophysics, wellbores and surface engineering.

1.2.7 Research and development
The Company studied prominent segments and the demands in the oil and gas E & P markets, and channeled efforts into technical innovation. Progress has been made in developing its own technologies with strong strength. It has applied 489 for 489 patents at home or abroad, of which 389were granted. Its hydraulic expansion rotary liner hanger won Chinese Patent Award of Excellence. New breakthroughs have been made for innovation and application of unconventional engineering technologies, such as those for shale gas and condensed oil and gas. No. 3000 fracturing fleet entered into stage of industrial application successfully. Also key technologies for developing unconventional shale gas have been developed and integrated at home. All the work above provides powerful supplies for the commercial operation of the shale gas. Meanwhile, thanks to the improved series of technologies for increasing drilling speed in ultra-deep wells, it has owned capabilities of drilling design and on-site operation for ultra-deep wells exceeding the depth of 8000 meters, as well as the ultra-deep horizontal wells at vertical depth of 7000 meters. It made improvements in 7 key technologies for comprehensive geophysical integration, managed pressure drilling (MPD), optimized fast penetration, memory based logging, large long coiled tubing and application of CO2 collection.

1.3. Financial analysis (Extracted from the financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs")）

The Company's primary sources of funds, coming from operating activities and short-term borrowings etc., are primarily used in operating activities, capital expenditures and repayment of short-term borrowings.

1.3.1 Assets, liabilities and shareholders' equity analysis

Total assets were RMB 81,295,708,000, representing a decrease of RMB 11,440,961,000 from that as at the end of 2013, of which: Current assets were RMB 44,532,552,000, representing a decrease of RMB 3,320,076,000 from that as at the end of 2013. The decrease was mainly due to the Company's setting out to sell assets to Sinopec at the end of 2014. Non-current assets were RMB 36,763,156,000, representing a decrease of RMB 8,120,885,000 from that as at the end of 2013, which was mainly due to the Company's setting out to sell assets to Sinopec at the end of 2014.

Total liabilities were RMB 62,599,570,000, representing an increase of RMB 596,110,000 from that as at the end of 2013, of which: Current liabilities were RMB 61,937,914,000, an increase of RMB 629,298,000 as compared with the end of 2013, which was mainly due to the combined effects of both the increase of the payables and decrease of Short-term borrowings. Non-current liabilities were RMB 661,656,000, an decrease of RMB 33,188,000 compared with the end of 2013, which was mainly due to an decrease of RMB 11,837,000 in long-term borrowings.

Total equity attributable to equity shareholders of the Company was RMB 18,697,120,000, a decrease of RMB 11,951,151,000 as compared with the end of 2013, mainly due to that China Petrochemical Corporation recovered part of net assets of the incoming assets and selling the outgoing assets in 2014.

As at 31 December 2014, the ratio of total liabilities to total assets was 77.0 per cent, and 66.9 per cent as at 31 December 2013.

1.3.2 Cash flow analysis
In 2014, the Company's net cash inflow from operating activities was RMB 4,501,360,000, representing an increase of cash inflow by RMB 3,329,606,000 as compared with last year. This was mainly due to an

increase of the Company's pre-tax profit in 2014 and the more declining of the receivables' increasing as compared with last year.

In 2014, the Company's net cash outflow from investing activities was RMB 2,528,821,000, a decrease of cash outflow by RMB 4,587,687,000 as compared with last year. It was mainly due to the decrease in capital expenditure as compared with last year.

In 2014, the Company's net cash ouflow from financing activities was RMB 2,464,879,000, an increase of cash outflow by RMB 6,183,359,000 compared with last year. It was mainly due to the substantial increase in repayments of borrowings in 2014.

1.3.3 Bank borrowings

As at 31 December 2014, the Company's bank borrowings were RMB 12,498,432,000 (as at 31 December 2013: RMB 12,197,666,000). These borrowings include the short-term borrowings in RMB 11,889,709,000, the long-term borrowings due with one year in RMB 110,000,000 and the long-term borrowings more than one year expirations in RMB 498,723,000; the fixed-rate loans were RMB 4,400,000,000 and the floating rate loans were RMB 8,098,432,000. As at 31 December 2014, approximately 36.2% were denominated in Renminbi and approximately 63.8% were denominated in US Dollars.

1.3.4 Assets pledge

For the year ended 31 December 2014, there was no pledge on the Company's assets.

1.3.5

Gearing ratio

As at 31 December 2014, the gearing ratio of the Company was 37.8%(as at 31 December 2013: 32.9%). The ratio is computed as interest-bearing debts divided by the sum of interest-bearing debts and shareholders' equity.

1.4 Statement of the operations by industries

Industries	2014 Operating income RMB'000	2014 Operating cost RMB'000	Gross profit margin (%)	Change in operating income as compared with last year (%)	Change in cost of sales as compared with last year (%)	Compared with last year
Geophysical	5,065,923	4,411,524	12.9	-23.7	-27.6	Increased by 4.6 percentage points
Drilling	39,003,458	33,964,781	12.9	-5.9	-10.0	Increased by 4.0 percentage points
Logging/ Mud logging	4,176,936	3,290,356	21.2	-18.4	-21.5	Increased by 3.1 percentage points
Downhole Operation	8,457,649	7,549,804	10.7	-10.3	-10.7	Increased by 0.4 percentage points
Engineering and construction	19,875,867	18,686,502	6.0	-18.8	-17.4	Decreased by 1.7 percentage points
Fiber	14,902,022	14,848,968	0.4	-12.5	-13.4	Increased by 1.1 percentage points
Others	1,592,829	1,300,233	18.4	-13.1	-10.3	Decreased by

						2.6 percentage points
Total	93,074,684	84,052,168	9.7	-12.2	-14.0	Increased by 1.9 percentage points

1.5 Operating income by regions

Region	2014 Operating income Rmb'000	2013 Operating income Rmb'000	Increased from last year (%)
Mainland	76,089,832	86,635,073	-12.2
Hong Kong, Macau, Taiwan and overseas	16,984,852	19,348,481	-12.2

1.6 Major suppliers and customers

Aggregate purchase amounts from the top five largest suppliers	RMB 27,329,485,000	Percent of total purchases	53.9%
Aggregate sales amounts to the top five largest customers	RMB 61,186,567,000	Percent of total sales	64.7%

1.7 Capital expenditure

In 2014, the Company's capital expenditure amounted to RMB 4,270,000,000. The outgoing asstes were RMB 300,000,000 and the incoming assets were RMB 3,970,000,000. The optimized and reduced capital expenditure of conventional equipment were RMB 1,160,000,000, which mainly used for overseas marketing, net electricity rig modification, marine equipment and other high efficient areas.

Unit: Rmb'000

Name of the main project	Amount of the project	Investment Amount of this year	The cumulative amount of actual investment	Project Earnings
Shengli New No.1 Drilling Platform	537,530	101,848	373,189	Completed
Shengli No.6 Operation Platform	312,370	143,992	314,906	Completed
Shengli 90 Drilling Platform	700,000	196,285	196,285	Under comstrution
Saudi Workover Rig construction Project	108,310	79,430	79,430	Under comstrution
Saudi Rig construction Project	246,330	219,254	219,254	Under comstrution
Modification of Well Control System of Shanghai No.3 Exploration	241,460	164,106	235,019	Completed
Shanghai 7000hp Multipurpose Supply Vessels	187,500	72,716	139,064	Under comstrution
Total	2,333,500	977,631	1,557,147	/

(2) Discussion and analysis on the Company's business in 2015

2.1 Analysis to the market

The world's economy turns into a slow recovery in 2015, while China's economy has entered a new normal. The global production of crude oil will surplus its demand for a long while as a result of slow growth of the international markets' demand, constant increase of shale oil production and steady production of main oil producing countries, etc. Thus, the international oil prices lay at lower points from the beginning of 2015. At the same time, the investment on oil and gas E&P will be cut down by both international and domestic oil companies, which brings more pressure for the development of oilfield service companies. Nevertheless, the new normal of China's economy does not change its upward tendency. Also thanks to the fast growth of demands for clean energy and of investment on natural gas as well as shale gas in China, the oilfield service industry will find new opportunities.

2.2 Business Strategy

The Company will actively adapt to market changes and improve the service quality and efficiency. With a firm foundation of safe and stable operation, it will further deepen reforms, enlarge markets and improve efficiency to make benefits. At the same time, it will optimize resource collaborations and adjust structures for higher levels. To works for a better performance in 2015, the Company puts emphasis on the following aspects:

2.2.1 Geophysical service

The Company will continue the high-quality and efficient service for Sinopec Group. In a major push to enlarge the overseas markets, it will keep the advantages in low-cost development and featured technologies to improve its integrated service capabilities of acquisition, processing and interpretation. It plans to complete 2D seismic acquisition for 35,335 kilometers, while 3D for 13,605 square kilometers in 2015.

2.2.2 Drilling Service

The Company will continue the high-quality and efficient service for Sinopec Group's growing market shares. In traditional markets, it aims to maintain sound cooperations with Petro China, CNOOC, and Yanchang Petroleum Company, etc. It will leverage its mature drilling technologies acquired from establishing the state-level Fuling Shale Gas Pilot Project, to further develop markets in China's unconventional shale gas, geothermals and coal-bed gas industry. At the same time, progress will be made to adjust drilling structures and improve service quality as well as efficiency. In overseas markets, it aims to enlarge the market shares in the Middle East and maintain good performance in the Americas, Central Asia and Southeast Asia to contribute new growth points. It plans to complete drilling footage accumulated for 8,600 kilometers in 2015.

2.2.3 Logging/ Mud logging service

The Company will continue the investment on technology R&D, leverage hi-tech equipments and excellent operation teams to provide customers with complete logging/ mud logging service and the value-added services including data transmission, processing and interpretation, etc. In China, it will promote technologies for multi-stage perforation and develop unconventional markets. In overseas markets, it will leverage strengths in providing integrated oilfield services to enlarge the international markets. It plans to complete logging footage accumulated for 241,000 kilometers in 2015, while the mud logging footage accumulated for 7,850 kilometers in 2015.

2.2.4 Downhole operation service

The Company has accumulated engineering experiences from the state-level Fuling Shale Gas Pilot Project. Its technologies include staged fracturing in long horizontal wells, coiled tubing snubbing operation and acid gas fields operation, all of which make the Company to continue the leading role in the shale gas testing and fracturing. In China, it aims to leverage the leading technologies above to explore conventional and unconventional oil and gas markets. In overseas markets, it aims to create new growth points through constant development in the Middle East market, headed by the workover business in Kuwait, and renew workload in Turkmenistan. In 2015, it plans to complete downhole operation service for 4,980 wells.

2.2.5 Engineering and construction service

In China, the Company aims to raise its market shares through strengthened operation of signed projects, catch available opportunities for developing and producing natural gas, and secure the oil and gas production and production capabilities built for offshore oilfields. In the overseas markets, it aims to adjust the market distribution, improve the marketing development quality and strengthen the risk controls. In 2015, it plans to sign new contracts valued RMB 15.3 billion yuan and complete contracts valued RMB 16.9 billion.

2.2.6 International business

The Company will continue the firm implementation of internationalization strategy in 2015. To achieve that, firstly it aims at traditional markets with high workload, and fully leverages its built-up brands and sound cooperation with customers to establish prominent strategic regions who have integrated demands for drilling, geophysics, engineering and construction services. Secondly, it will strengthen efforts to develop integrated oilfield service projects, and promote the high value-added business. It will give prior concerns to EBANO oilfields in Mexico, and those integrated service projects in Kuwait, Nigeria, etc. Also it will focus on the drilling lumpsum projects in Kazakhstan and the shallow sea drilling projects in Nigeria. Thirdly, it works to deepen the cooperations with Sinopec International Exploration and Production Corporation (SIPC) and increase the market shares in SIPC's invested projects overseas. In 2015, it plans to sign new contracts valued 2.4 billion USD and complete contracts valued 2.3 billion USD.

2.2.7 Reasearch and development

The Company will collect strengths for technical innovation and provide support for E&P. It also aims to upgrade and promote transformation. To achieve those targets above, firstly it will develop a series of leading and sustainable core technologies. Also it will continue the work on technologies of high precision seismic data acquisition, processing and interpretation under complicated geophysical conditions. And plans have been made for developing global leading technologies of drilling and completion. Secondly, it will make efforts to develop a series of technologies with featured strengths, including those for developing low grade reservoirs with low cost and high efficiency, for unconventional shale gas engineering and for integrated oilfield service projects, to provide large scale integrated services. by Thirdly, a series of applicable technologies are to be promoted, such as the geophysical I-tech, exploration and development technologies for acid gas fields, and well factory drilling model. Fourthly, it plans to prepare a series of advanced and sustainable technologies for future development.

2.2.8 Capital Expenditures

The Company's capital expenditures budget for 2015 is RMB 4.51 billion yuan. That will be spent on high-end business development, offshore engineering equipment manufacturing, key labs establishment, safe production governance and environmental protection projects. It plans to continue the efficiency -oriented operation for upgraded quality as well as efficiency. Also it will place focuses on environmental protection, non-productive projects, and sustainable development. It will continue the investment and push forward the resource allocation, development transformation, marketing structure adjustment to increase high-end market shares and strengthen its competitiveness.

(3) Proposed scheme of profit distribution

In accordance with the PRC ASBE, the net profit of the Group for 2014 was RMB 1,231,967,000, the net profit to equity shareholders of the Company was RMB 1,229,753,000 (the net profit to equity shareholders of the Company was RMB 1,257,308,000 under IFRSs). As at the end of 2014, the undistributed profit of the Group was RMB 1,116,809,000. However, due to the accumulated losses at the end of the Company was RMB 1,444,725,000, the Company proposed no final cash dividend would be paid for the year ended 31 December 2013, and no issue of bonus shares by way of capitalization of common reserve.

The above proposed profit distribution scheme shall be submitted for approval at the 2014 AGM.

6 SIGNIFICANT EVENTS

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

(2) During the reporting period, there were no non-operating funds supplied by the Company to the controlling shareholders and its related parties.

(3) In accordance with the Articles of Association of the Company, the Board resolved that no interim dividend was paid for the year ended 31 December 2013.

(4) During the reporting period, the Company's situation of acquisition or disposals of assets, any merger and acquisitions activities.

In 2014, the Company sold all assets and liabilities to Sinopec, repurchased and canceled Sinopec's 2,415,000,000 A shares of the Company, and at the same time issued shares to China Petrochemical Corporation to buy its 100% equity of Sinopec Oilfield Service Corporation ("the major asset restructuring"). the major asset restructuring entered into the stage of asset delivery at December 22, 2014, and complete the related asset delivery, share repurchase, asset cancel and purchase at the end of December, 2014. For more details, please refer to the related announcement of September 12, 2014, December 23, 2014 and December 31, 2014 at the website of Hongkong Stock Exchange (http://www.hkex.com.hk) .

(5) Information on connected transactions

The Company's material connected transactions entered into during the year ended 31 December 2014 are as follows:

(a) The significant connected transactions relating to ordinary operation of outgoing assets during the reporting period are as follow.

The nature of the transaction classification	Related parties	Amount of transaction RMB'000	Proportion of the same type of transaction (%)
Purchase materials	Sinopec and its subsidiaries	12,942,422	92.7
Purchase materials	China Petrochemical Corporation and its subsidiaries	5,608	-
Selling productions	China Petrochemical Corporation and its subsidiaries	437,356	2.8
Borrowing	China Petrochemical Corporation and its subsidiaries	3,700,000	61.5
Repayment of loans	China Petrochemical Corporation and its subsidiaries	4,400,000	74.1
Security fund expenditure	China Petrochemical Corporation and its subsidiaries	43,740	100.0
Security fund return	China Petrochemical Corporation and its subsidiaries	86,826	100.0

(b) The significant connected transactions relating to ordinary operation of incoming assets during the reporting period are as follow.

The nature of the transaction classification	Related parties	Amount of transaction RMB'000	Proportion of the same type of transaction (%)
Purchase materials and equipments	China Petrochemical Corporation and its subsidiaries	13,547,400	67.4

Provide engineering services	China Petrochemical Corporation and its subsidiaries	50,781,987	64.4
Comprehensive service expenditure	China Petrochemical Corporation and its subsidiaries	1,705,068	100.0
Other comprehensive service expenditure	China Petrochemical Corporation and its subsidiaries	163,643	100.0
Research and development of science and technology revenue	China Petrochemical Corporation	276,520	100.0
Rental expenses	China Petrochemical Corporation and its subsidiaries	111,469	12.6
Interest expenditure	China Petrochemical Corporation and its subsidiaries	558,864	99.5
Obtaining Loans	China Petrochemical Corporation and its subsidiaries	68,402,555	94.9
Repayment of loans	China Petrochemical Corporation and its subsidiaries	70,864,319	100.0
Security fund expenditure	China Petrochemical Corporation and its subsidiaries	97,481	100.0
Security fund return	China Petrochemical Corporation and its subsidiaries	96,590	100.0

According to the major asset restructuring plan, the outgoing assets have already been sold to Sinopec at December 22, 2014. Ther will be no connected transactions relating to ordinary operation on outging assets in 2015.

The Company considers that it is important for the above connected transactions related to the incoming assets and selection of related party transactions, which would continue occur. The agreement of connected transaction is base on the need of Company’s operations and actual market situation. Purchasing materials and equipment from China Petrochemical Corporation and its subsidiaries will ensure the stable and safe supply of the Company's materials. The fact of providing engineering service to China Petrochemical Corporation and its subsidiaries is decided by the history of the operating system of China's petroleum development and by the history of China Petrochemical Corporation’s development, the China Petrochemical Corporation and its subsidiaries constitute the Company’s main business income source, and the borrowed funds from China Petrochemical Corporation can satisfy the obtaining of financial resource under the situation of the fund shortage, so it is beneficial to the Company. The above transactions were mainly based on the market price which was decided by open bidding or negotiation, reflecting the fairness, justice and openness, beneficial to the development of Company’s main business, and beneficial to ensure the maximization of the shareholder interests. The above connected transactions have no adverse effects on the profits of the Company or the independence of the Company.

The Company’s independent non-executive directors have reviewed the Company’s all contitued connected transactions, and concluded that (1) the transactions between the Company and related parties were concluded in the routine business; (2) the transactions were concluded based on the General Commercial Terms, if there were no comparable items, an independent third party should provide the item or should rectify the item; (3) the transactions were in accordance with the relevant agreements, all the clauses of the agreements were fair and reasonable, and met the overall interests of the Company's shareholders; (4) the annual gross of transactions do not exceed the related annual limit of each kind of connected transactions agreed by the independent shareholders.

(c) The following is connected obligatory rights and debts during the reporting period:

Unit: RMB ’000

Connected parties	Funds provided to connected party			Funds provided to the Company by connected party		
	Opening balance	Occrrence amount	Closing balance	Opening balance	Occrrence amount	Closing balance
China Petrochemical Corporation and its subsidiaries	17,232,116	2,257,788	19,489,904	9,731,596	-1,896,170	7,835,426
Sinopec Finance Company Limited	-	-	-	4,589,900	-239,900	4,350,000
Sinopec Century Bright Capital Investment Limited	-	-	-	6,424,859	1,078,136	7,502,995
Total						

(6) During the reporting period, there were no trusteeship, sub-contracting and leasing of properties of other companies by the Company which would contribute profit to the Company of 10 per cent or more of its total profits for the current period.

(7) The Company did not make any guarantee or pledge during the reporting period.

(8) The situation of appointment and dismissal of the accounting firm during the reporting period.

Whether or not change the accounting firm	Yes	
	The primary employment	The present employment
The name of the domestic accounting firm	PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership)	Grant Thornton (special general partnership)
The audit period for the domestic accounting firm	1 year	-
The name of the overseas accounting firm	Pricewaterhouse Coopers	Grant Thornton Hong Kong Limited
The audit period for the overseas accounting firm	1 year	-
The remuneration of the domestic accounting firm	RMB 4,670,000	RMB 9,600,000

The description for the appointment and dismissal of the auditor:
Due to that Grant Thornton (Special General Partnership) was responsible for the preparation of financial report of Sinopec Oilfield Service Corporation during the period of this major asset restructuring, the Board tended to cooperate with Grant Thornton (Special General Partnership) and Grant Thornton Hong Kong Limited as domestic and international auditor for the year 2014, for its more conductive role to the promotion of the Company's future audit work. By the proposal of the Company's audit committee, Company has resolved to propose to appoint Grant Thornton (Special General Partnership) and Grant Thornton Hong Kong Limited as domestic and international auditor for the year 2015. The Proposal has been approved by the Shareholders at the first extraordinary general meeting of 2015.

The Board of Directors of the Company has resolved to propose to appoint Grant Thornton (Special General Partnership) and Grant Thornton Hong Kong Limited as domestic and international auditor of the Company for the year 2015. The proposal will be be effective after its approval at the Company’s 2014 AGM.

(9) The special commitments by the Company and its shareholders with holdings of more than 5 per cent and the implementation of commitments ending 31December 2014:

Commitment	Acceptance	Commitments	completion date	Performance of

Background			of commitments	commitments
Commitments regarding share reform	Sinopec, CITIC Limited	within 12 months from the date their non-tradeable A shares in the Company have obtained the right to be tradeable on the stock market, they will propose that, subject to compliance with the relevant systems of the State-owned Assets Supervision and Administration Commission of the State Council, the Ministry of Finance and CSRC, the board of directors of the Company makes a proposal for a share option incentive scheme, with the exercise price of the first grant of share options being not less than RMB 6.64 per A share, being the closing price of the A Shares on 30 May 2013 (such minimum exercise price will be subject to adjustment due to matters for exclusion of rights and dividends prior to the announcement of the proposal for the share option incentive scheme)	August 19, 2014	As at August 19, 2014, the Company does not have the conditions of the implementation of equity incentive plan due to the consecutive losses of operating results. China Petrochemical Corporation Board of Directors of the Company made the commitment to draw equity incentive plan after the completion of major asset restructuring under the related regulation.
Commitments regarding share reform	Sinopec	Sinopec will continue to support the Company's future development after completion of the Company's share reform to accelerate its transformation and development, and will take it as the development platform for related businesses henceforth.	Long Term	During the reporting period, the Company implemented the major asset restructuring plan, on December 31, among which, the Company sold all the outgoing asset to Sinopec, repurchased and canceled Sinopec's 2,415,000,000 shares of the Company. After the implementation of the major asset restructuring, the Company's business scope will be changed, and its profitability will be impoved. At the same time, the controlling shareholder of the Company changed to China Petrochemical Corporation. Sinopec has fulfilled the promise.
Commitments regarding the major asset restructuring	China Petrochemical Corporation	The Non-Competition Undertaking 1. China Petrochemical Corporation issued the commitment that it will not engage with the Company's production and business activities in competition, and will ensure its subsidiaries not to engage with the Company's production and business activities in competition through its exercise of shareholder rights. 2. After the major asset restructuring, if Sinopec Star's new business opportunity has any direct or indirect competition with the Company's main business, priorities of the above-	Long Term	During the reporting period, China Petrochemical Corporation did not act contrary to the promise.

		mentioned opportunity will be given to the Company. Within 5 years of the major asset restructuring, China Petrochemical Corporation will find the appropriate opportunity to sell the Petroleum Service Business belonged "Exploration IV" drilling rig of Sinopec Star to the Company, after the China Petrochemical Corporation's comprehensive consideration of the related factors of National Law, Industry Norms and International Political Economy. 3. After the major asset restructuring, if China Petrochemical Corporation and its subsidiaries' new business opportunity has any direct or indirect competition with the Company's main business, priorities of the above-mentioned opportunity will be given to the Company. If China Petrochemical Corporation intends to transfer, sell, lease, license or otherwise transfer or permit to use any of the above business which would result in the competition with the Company's main business, priorities of the above-mentioned opportunity will be given to the Company for avoiding the competition. 4. China Petrochemical Corporation consent that it will bear and pay damages to the listed companies caused by its violation of the commitment		
Commitments regarding the major asset restructuring	China Petrochemical Corporation	The Commitment of Regulating the connected transaction: China Petrochemical Corporation and its other controlling companies will regulate its/thier connected transactions with the Company. For the connected transactions with reasonable grounds, China Petrochemical Corporation an its controlling Company's will sign the standard agreement of connected transactions, and will fulfill the obligations of the program approval and information disclosure, in accordance with the provisions of relevant laws and regulations, and the Company's Articles of Association. The confirmation price related to the connected transaction will follow the principle of fair, reasonable and impartial.	Long Term	During the reporting period, China Petrochemical Corporation did not act contrary to the promise.
Commitments regarding the major asset restructuring	China Petrochemical Corporation	Issued "The commitment letter regarding to the regulating of connected transaction and maintaining the independence of the Company": 1\ China Petrochemical Corporation and its controlling companies guarantee the maintaining of the separation from the Company's asset, personnel, finance, organization and business,	Long Term	During the reporting period, China Petrochemical Corporation did not act contrary to the promise.

		strictly comply with the relevant provisions regarding to the listed Company's independency of CSRC. China Chemical Corporation will not utilize, control or violate the Standardized operation program of the listed compny, not intervene the Company's operating decisions, and not jeopardize the legitimate rights and interests of the Company and its shareholders. 2\ China Petrochemical Corporation and its controlling companies guarantee not to illegally use the funds of the Company and its holding Company. 3\ If China Petrochemical Corporation violate the above commitment, it wwould undertake the law and compensate the losses caused to the Company		

(10) During the reporting period, none of the Company or its Directors, Supervisors, senior management, shareholders who hold more than five per cent of the Company’s shares or ultimate controller was subject to any investigation by relevant authorities or enforcement by judicial or disciplinary departments or subject to criminal liability, or subject to investigation or administrative penalty by the CSRC, nor any denial of participation in the securities market or deemed unsuitability to act as directors thereby by other administrative authorities or any public criticisms made by a stock exchange.

7. FINANCIAL REPORT

7.1 Audit Opinion

The financial statements of Sinopec Yizheng Chemical Fibre Company Limited ("the **Company**") prepared under the China Accounting Standards have been audited by Liu Zhizeng and Ma Jian of Grant Thronton (Special General Partnership) and an audit report with an unqualified audit opinion was issued on 24 March 2014. Also, the financial statements of the Company prepared under IFRSs have been audited by Grant Thornton Hong Kong Limited an audit report with an unqualified audit opinion was issued on 24 March 2014.

7.2 Financial Statements prepared under the International Financial Reporting Standards

The following financial information were extracted from the audited financial statements of the Company for the year ended 31 December 2014, which were prepared in accordance with the International Financial Reporting Standards

Consolidated statement of comprehensive income

Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000 Restated
Continuing operations:			
Revenue	2	78,993,315	89,729,072
Cost of sales and business taxes		(70,675,350)	(82,396,884)
Gross profit		8,317,965	7,332,188
Selling expenses		(82,198)	(94,717)
General and administrative expenses		(4,506,911)	(4,493,485)
Finance income/(expenses) - net	4	(769,762)	(822,696)
Impairment losses on assets		(98,050)	(136,261)
Investment income	5	2,050	2,240
Share of (loss)/profit from joint ventures		(3,877)	24
Operating profits		2,859,217	1,787,293
Other income	6	551,036	455,158
Other expenses	7	(90,181)	(62,455)
Profit before income tax		3,320,072	2,179,996
Income tax expense	9	(900,930)	(687,350)
Profit for the year from continuing operations		2,419,142	1,492,646
Discontinued operations:			
Loss for the year from discontinued operations	10	(1,159,620)	(1,450,019)
Profit for the year		1,259,522	42,627
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		1,259,522	42,627

Consolidated statement of comprehensive income (Continued)

Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000 Restated
Total comprehensive income for the year attributable to :			
Owners of the Company			
- Continuing operations		2,416,928	1,464,987
- Discontinued operations		(1,159,620)	(1,450,019)
		1,257,308	14,968
Non-controlling interests			
- Continuing operations		2,214	27,659
- Discontinued operations		-	-
		2,214	27,659
Total comprehensive income for the year		1,259,522	42,627
		RMB	RMB Restated
Earnings/(loss) per share for profit/(loss) attributable to owners of the Company (presented in RMB per share)	11		
Basic and diluted			
- Continuing operations		0.159	0.096
- Discontinued operations		(0.076)	(0.095)
		0.083	0.001

Consolidated statement of financial position

As at 31 December 2014

	Notes	As at 31 December 2014 RMB'000	As at 31 December 2013 RMB'000 Restated	As at 1 January 2013 RMB'000 Restated
Assets				
Non-current assets				
Property, plant and equipment		31,080,430	38,730,269	35,580,486
Other non-current assets		5,285,204	4,922,244	5,688,792
Prepaid land leases		51,107	339,238	342,786
Intangible assets		41,243	30,956	33,889
Interests in joint ventures		107,871	599,337	599,303
Interests in associates		128	128	128
Available-for-sale financial assets		40,494	41,494	44,494
Deferred income tax assets		156,679	220,375	420,266
Total non-current asserts		36,763,156	44,884,041	42,710,144
Current assets				
Inventories		1,950,590	3,220,574	3,642,280
Notes and trade receivables	13	28,284,441	28,425,747	16,711,268
Prepayment and other receivables		3,102,072	3,829,767	7,039,894
Amounts due from customers for contract works		9,981,552	10,648,754	12,046,972
Restricted cash		12,143	33,692	18,402
Cash and cash equivalents		1,201,754	1,694,094	3,920,368
Total current assets		44,532,552	47,852,628	43,379,184
Total assets		81,295,708	92,736,669	86,089,328
Equity				
Share capital		12,809,328	6,000,000	4,000,000
Reserves		5,887,792	24,648,271	26,260,608
Equity attributable to owners of the Company		18,697,120	30,648,271	30,260,608
Non-controlling interests		(982)	84,938	77,715
Total equity		18,696,138	30,733,209	30,338,323

Consolidated statement of financial position (Continued)

As at 31 December 2014

	Notes	As at 31 December 2014 RMB'000	As at 31 December 2013 RMB'000 Restated	As at 1 January 2013 RMB'000 Restated
Liabilities				
Non-current liabilities				
Long term borrowings		568,163	580,000	650,000
Deferred income		43,951	102,612	105,141
Special payables		2,647	7,380	6,821
Deferred income tax liabilities		46,895	4,852	-
Total non-current liabilities		661,656	694,844	761,962
Current liabilities				
Notes and trade payables	14	30,913,607	31,746,363	22,914,737
Deposits received and other payables		12,012,183	8,064,011	9,734,603
Amounts due to customers for contract works		6,564,119	5,130,579	3,667,431
Short term borrowings		12,015,579	16,217,666	18,562,330
Income tax payable		432,426	149,997	109,942
Total current liabilities		61,937,914	61,308,616	54,989,043
Total liabilities		62,599,570	62,003,460	55,751,005
Total liabilities and equity		81,295,708	92,736,669	86,089,328
Net current liabilities		(17,405,362)	(13,455,988)	(11,609,859)
Total assets less current liabilities		19,357,794	31,428,053	31,100,285

Notes to the financial statements

For the year ended 31 December 2014

1 General information, the Reorganisation and basis of presentation

1.1 General information and the Reorganisation

Sinopec Oilfield Service Corporation (the "Company") is a joint stock Company with limited liability established in the People's Republic of China (the "PRC"). The headquarter's registered address is No. 9, Jishikou Road, Chaoyang District, Beijing, the PRC. The name of the Company was changed from Sinopec Yizheng Chemical Fibre Company Limited to Sinopec Oilfield Service Corporation with effect from 20 March 2015.

The immediate and ultimate holding Company of the Company is China Petrochemical Corporation (hereinafter referred to as the 'Sinopec Group").

Originally, the Company and its subsidiaries (hereinafter referred to as the 'Group") are principally engaged in the production and sale of chemical fiber and chemical fiber raw materials in the PRC (the "Fibre Business").

At the end of December 2014, the Company completed the material assets reorganisation by using of all its assets and liabilities at that time (hereinafter referred to as the "Outgoing Business") as consideration, to repurchase and then cancel the shares held by China Petroleum & Chemical Corporation ("Sinopec Corp."). At the same time, the Company acquired 100% equity interest of 中石化石油工程技术服务有限公司 ("SOSC") from Sinopec Group, which was satisfied by the issuance of shares to Sinopec Group (hereinafter collectively referred to as the "Reorganisation").

Upon completion of the Reorganisation, the principal activities of the Group changed to the provision of onshore and offshore oil, natural gas and other mineral prospecting, exploration, drilling and exploitation and provision of general contracting, design and construction services for the oil and gas and other types of construction projects (the "Oilfield Business").

1.2 General information of SOSC and SOSC Specialisation Restructuring

SOSC's predecessor is the petroleum engineering business of Sinopec Group. In May 2012, Sinopec Group founded SOSC and transferred to SOSC, at nil consideration, the assets, debts and rights to debts of Oil Engineering Administration Division (excluding field administrative functions and staff), Sinopec International Petroleum Service Corporation, Sinopec Shanghai Offshore Petroleum Bureau and oil engineering businesses as organisationally self-contained level II entities under its oilfield subsidiaries, as well as the oil engineering-related assets of Sinopec Corp. (hereinafter referred to as "SOSC Specialisation Restructuring"). SOSC was founded on 28 June 2012 with a registered capital of RMB1 billion and Sinopec Group as its sole shareholder.

In November 2012, SOSC increased its registered capital to RMB4 billion.

At the end of 2012, SOSC formed eight regional petroleum engineering and technical services companies (including Shengli Oil Development Co., Ltd.), three professional companies (including Sinopec Geophysical Corporation), and changed the investor of Sinopec International Petroleum Service Corporation and Sinopec Shanghai Offshore Petroleum Bureau from Sinopec Group to SOSC.

In 2014, Sinopec Group transferred to Sinopec Ocean Exploration Corporation, at nil consideration, the marine engineering business, assets and debts of Sinopec Shanghai Offshore Petroleum Bureau, which was transformed to a one-person Company with limited liability "Sinopec Offshore Oil Engineering Co., Ltd." with its appraised net asset value as registered capital, and the investor of which was changed from Sinopec Group to SOSC.

1.3 Basis of presentation

Immediate before the Reorganisation and SOSC Specialisation Restructuring, SOSC is a wholly-owned subsidiary of Sinopec Group. Immediate before and after the Reorganisation, the ultimate holding Company of the Company is Sinopec Group. Since immediate before and after the Reorganisation, both of the Company and SOSC are under common control of Sinopec Group and the control is not transitory, the Reorganisation is accounted for as a business combination under common control.

1.3 Basis of presentation (Continued)

The operating results of SOSC have been included in the consolidated statement of comprehensive income as set out in the financial statements, as if SOSC existed in the Group since 1 January 2013 and remains unchanged throughout the period. Comparative information as set in the financial statements including the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for year 2013 has been restated accordingly.

As the Reorganisation has been completed on 30 December 2014, the consolidated statement of financial position as at 31 December 2014 as set out in the financial statements has included the financial position of SOSC and excluded the Outgoing Business.

Comparative information in consolidated statement of financial position as at 31 December 2013 has been restated to reflect as if SOSC existed in the Group at that date.

In the consolidated statement of comprehensive income, the Oilfield Business was classified as “continuing operations” and the Fibre Business was classified as “discontinued operations”.

As at 31 December 2014, the Group’s has net current liabilities of approximately RMB17,405,362,000 (2013: RMB13,455,988,000）. Having taken into account of historical operating cash inflows over the past years, expected operating cash inflows in the next twelve months, and most of the Group’s borrowings were sourced from Sinopec Group and its subsidiaries, where the Group ongoing maintained good relationship with these companies, which enable the Group to secure sufficient financial support from these companies. After the Reorganisation, in order to obtain sufficient credits facilities, the Company will diversify its source of finance by exploring and developing good relationship with listed and state-owned financial institutions. On 13 February 2015, the Company issued 1,333,333,333 A shares to seven nominated investors and raised net funds of approximately RMB5,952,517,000. After the issuance, the Group’s total assets and net assets increased and the liability-asset ratio, decreased which also enhanced the Group’s risk resistance capacity. The directors of the Company are in the opinion that the above measures are sufficient to meet with the expected liquidity and capital requirements and considered that going concern basis is appropriate for the preparation of these consolidated financial statements.

2 Revenue

The Group's revenue is as follows:

	2014 RMB'000	2013 RMB'000 Restated
Geophysics	5,065,923	6,642,305
Drilling engineering	39,003,458	41,456,560
Logging and mud logging	4,176,936	5,119,581
Special downhole operations	8,457,649	9,423,159
Engineering construction	19,875,867	24,484,293
Others services income	1,411,551	1,580,853
Other business income	1,001,931	1,022,321
	78,993,315	89,729,072

3 Segment information

The Group identifies operating segments based on the internal organisation structure, senior executive management requirements and internal reporting system. The Group's has identified six operating segments including geophysics, drilling engineering, logging and mud logging, special downhole operations, engineering construction and fibre products and raw materials. These operating segments are identified based on the regular internal financial information reported to the senior executive management. Senior executive management of the Company regularly reviews the segment information for their decision about the resources allocation and performance assessment.

Six reportable operating segments are as follows:

Continuing operations:

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

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

- Logging and mud logging, which provides land and ocean project contracting and technical services for collection, monitoring, transmission, processing and interpretation and evaluation of wellbore oil and gas, geology and engineering information;

- Special downhole operations, which provides oil engineering technical and construction, including oil (gas) testing, well repair, lateral drilling, fracturing, acidising and oil assignments; and

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

Discontinued operations

- Fibre products and raw materials, with production and sales of polyester chips and polyester fibre, and production of its raw material purified terephthalic acid.

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

The resources related to interest income, interest expenses, interests in joint venture, (loss)/gain on investment, income tax expense as well as shared assets of all segments are centrally managed and accounted for by the Company, and thus are not allocated among segments.

Segment information of each reportable segment were reported and disclosed to the senior executive management in accordance with the accounting policies and the respective measurement bases. These accounting policies and measurement bases were the same as those used in for the preparation of the financial statements.

3 Segment information (Continued)

Information regarding each reportable segment provided to the senior executive management were as follows:

(a) Segment results, assets and liabilities

For the year ended 31 December 2014 and as at that date, the segment results, assets and liabilities were as follows:

	Continuing operations					Discontinued operations			
	Geophysics	Drilling engineering	Logging and mud logging	Special downhole operations	Engineering construction	Fibre products and raw materials	Unallocated	Eliminated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2014									
Segment revenue and results									
Revenue from external customers	5,125,933	39,278,362	4,190,143	8,510,428	20,143,747	15,306,447	1,925,981	-	94,481,041
Inter-segment income	-	941,616	61,992	154,159	511,320	-	227,499	(1,896,586)	-
Segment revenue	5,125,933	40,219,978	4,252,135	8,664,587	20,655,067	15,306,447	2,153,480	(1,896,586)	94,481,041
Reportable segment (loss)/profit	195,747	2,299,260	381,068	431,082	(478,857)	(2,090,485)	(127,896)	-	609,919
Other income	23,533	323,829	26,738	68,471	52,680	16,702	55,785	-	567,738
Other expenses	(14,564)	(36,772)	(6,209)	(8,639)	(21,758)	(28,574)	(2,239)	-	(118,755)
Profit before income tax	204,716	2,586,317	401,597	490,914	(447,935)	(2,102,357)	(74,350)	-	1,058,902
Discontinued operations									2,261,170
Profit before income tax and discontinued operations									3,320,072
Income tax expense									(900,930)
Profit for the year from continuing operations									2,419,142
Loss for the year from discontinued operations									(1,159,620)
Profit for the year									1,259,522

3 Segment information (Continued)

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

For the year ended 31 December 2014 and as at that date, the segment results, assets and liabilities were as follows: (Continued)

	Continuing operations					Discontinued operations			
	Geophysics	Drilling engineering	Logging and mud logging	Special downhole operations	Engineering construction	Fibre products and raw materials	Unallocated	Eliminated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2014									
Supplementary information									
Depreciation and amortisation									
-- Property, plant and equipment	542,240	2,189,743	306,729	386,557	290,649	473,370	172,081	-	4,361,369
-- Prepaid land leases	-	536	416	11	621	6,590	-	-	8,174
-- Intangible assets	1,534	1,206	2,082	1,148	3,396	-	3,430	-	12,796
Capital expenditure									
-- Property, plant and equipment	158,904	2,677,124	143,162	695,241	100,258	307,932	18,380	-	4,101,001
-- Intangible assets	177	342	1,752	299	8,463	-	11,727	-	22,760
-- Long-term investment	-	9,157	-	-	43,355	-	93,381	-	145,893
Impairment loss/(reversals) on assets	16,483	28,199	(72)	458	48,922	1,037,361	4,060	-	1,135,411
As at 31 December 2014									
Assets									
Segment assets	6,801,486	47,609,063	4,021,903	8,740,517	21,924,709	-	2,835,912	(10,637,882)	81,295,708
Liabilities									
Segment liabilities	3,959,861	25,167,042	1,374,073	3,627,904	21,932,334	-	17,176,238	(10,637,882)	62,599,570

3 Segment information (Continued)

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

For the year ended 31 December 2013 and as at that date, the segment results, assets and liabilities were as follows:

	Continuing operations					Discontinue operations			
	Geophysics	Drilling engineering	Logging and mud logging	Special downhole operations	Engineering construction	Fibre products and raw materials	Unallocated	Eliminated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2013									
Segment revenue and results									
Revenue from external customers	6,707,817	41,615,888	5,129,436	9,507,791	24,646,595	17,677,171	2,121,545	-	107,406,243
Inter-segment income	326	1,993,020	93,226	97,533	394,318	-	1,411,878	(3,990,301)	-
Segment revenue	6,708,143	43,608,908	5,222,662	9,605,324	25,040,913	17,677,171	3,533,423	(3,990,301)	107,406,243
Reportable segment (loss)/profit	(13,673)	1,071,215	482,327	345,828	214,581	(1,174,264)	(312,985)	-	613,029
Other income	16,405	282,857	7,490	30,935	53,043	11,381	64,428	-	466,539
Other expenses	(1,843)	(24,581)	(6,210)	(5,665)	(11,784)	(48,586)	(12,372)	-	(111,041)
Profit before income tax	889	1,329,491	483,607	371,098	255,840	(1,211,469)	(260,929)	-	968,527
Discontinued operations									1,211,469
Profit before income tax and discontinued operations									2,179,996
Income tax expense									(687,350)
Profit for the year from continuing operations									1,492,646
Loss for the year from discontinued operations									(1,450,019)
Profit for the year									42,627

3 Segment information (Continued)

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

For the year ended 31 December 2013 and as at that date, the segment results, assets and liabilities were as follows: (Continued)

	Continuing operations					Discontinue operations			
	Geophysics	Drilling engineering	Logging and mud logging	Special downhole operations	Engineering construction	Fibre products and raw materials	Unallocated	Eliminated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2013									
Supplementary information									
Depreciation and amortisation									
-- Property, plant and equipment	465,047	1,954,381	283,723	339,790	288,235	469,975	270,290	-	4,071,441
-- Prepaid land leases	-	596	411	11	773	8,481	1,004	-	11,276
-- Intangible assets	105	3,037	2,591	804	4,744	-	1,661	-	12,942
Capital expenditure									
-- Property, plant and equipment	396,214	4,249,366	754,623	717,971	349,313	488,650	109,300	-	7,065,437
-- Intangible assets	2,562	-	694	162	8,108	-	66	-	11,592
Impairment loss on assets	2,388	33,459	347	14,065	81,649	6,787	4,353	-	143,048
As at 31 December 2013									
Assets									
Segment assets	6,122,951	37,597,108	4,616,454	7,284,271	24,789,702	10,629,304	13,950,004	(12,253,125)	92,736,669
Liabilities									
Segment liabilities	4,392,478	14,199,191	1,652,573	2,962,349	23,453,543	3,565,840	24,030,611	(12,253,125)	62,003,460

3 Segment information (Continued)

(b) Geographical information

The following table presents the geographical information. Revenue is based on the location at which revenue were derived. Specified non-current assets are based on the physical location of the assets.

	Revenue from external customers		Specified non-current assets	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
		Restated		Restated
The PRC	62,484,623	70,990,933	31,339,091	39,876,415
Other counties	16,508,692	18,738,139	5,226,892	4,745,757
	78,993,315	89,729,072	36,565,983	44,622,172

(c) Information about major customer

For the year ended 31 December 2014 and 2013, revenue from customers accounted for over 10% of the Group's revenue and its related income were as follows:

	2014	2013
	RMB'000	RMB'000
		Restated
Customer A	51,655,524	60,227,842

Revenue from this customer were derived from the operating segments of geophysics, drilling engineering, logging and mud logging, special downhole operations, engineering construction and accounted for more than 50% of the Group's revenue.

4 Finance income/(expenses) - net

	2014 RMB'000	2013 RMB'000 Restated
Finance income		
Entrusted investment and financing	-	345
Interest income		
- Sinopec Group and its subsidiaries	1,056	6,411
- Third-party banks and other financial institutions	11,486	11,648
	12,542	18,404
Finance expenses		
Interest expenses on bank loans wholly repayable within 5 years		
- Sinopec Group and its subsidiaries	(558,865)	(765,445)
- Third-party banks and other financial institutions	(2,578)	(21,584)
Capitalisation of interest expenses for qualifying assets (i)	17,908	21,583
Exchange losses, net	(151,670)	(11,227)
Bank and other charges	(87,099)	(64,427)
	(782,304)	(841,100)
	(769,762)	(822,696)

Notes

(i) Qualifying assets represents property, plant and equipment, its related interest has been capitalised at a rate of 2.8% to 6.0% (2013: 2.89% and 6.0%) per annum.

5 Investment income

	2014 RMB'000	2013 RMB'000 Restated
Gain from disposal of available-for-sale financial assets	2,050	2,240

6 Other income

	2014	2013
	RMB'000	RMB'000
		Restated
Gain on disposal of property, plant and equipment	26,562	14,703
Government grants	437,596	399,783
Waived payables	68,551	24,701
Penalty income	4,596	1,901
Compensation received	276	301
Asset inventory surplus	1,460	8,545
Others	11,995	5,224
	551,036	455,158

7 Other expenses

	2014	2013
	RMB'000	RMB'000
		Restated
Loss on disposal of property, plant and equipment	25,577	24,834
Loss on assets written-off	4,096	5,894
Penalty	18,028	16,679
Donation	356	881
Compensation	17,286	12,484
Others	24,838	1,683
	90,181	62,455

8 Profit before income tax

Profit before income tax from continuing operations is stated after charging/(crediting) the followings:

	2014 RMB'000	2013 RMB'000 Restated
Staff costs, including directors and supervisors emoluments	16,544,212	16,372,743
Retirement benefit plan contribution (including the above mentioned staff costs)		
－Municipal retirement scheme costs	1,263,764	1,196,840
－Supplementary retirement scheme costs	341,750	335,815
Cost of goods sold	20,874,350	25,755,862
Depreciation and amortisation		
－Property, plant and equipment	3,887,999	3,601,466
－Prepaid land leases	1,584	2,795
－Intangible assets	12,796	12,942
Operating lease expenses		
－Property, plant and equipment	1,703,161	1,684,773
Impairment losses		
－Property, plant and equipment	-	3,025
－Trade and other receivables	69,891	133,236
－Inventories	28,159	-
－Loss on contracts	28,158	-
Rental income from property, plant and equipment after relevant expenses	8,297	63,697
Research and development expenses	491,307	447,248
(Gains)/Losses on disposal/write-off of property, plant and equipment	(985)	10,131
Auditors' remuneration	11,250	6,285
Exchange losses, net	151,670	11,227

9 Income tax expense

	2014	2013
	RMB'000	RMB'000
		Restated
Current tax		
PRC enterprise income tax	671,916	591,484
Oversees income tax	245,174	134,231
	917,090	725,715
Deferred income tax		
Accelerated timing difference	(16,160)	(38,365)
Income tax expense	900,930	687,350

According to the Corporate Income Tax Law of the PRC, the applicable income tax of the years ended December 31, 2014 and 2013 is 25%.

According to the normal statutory PRC corporate income tax and relevant rules, apart from a certain subsidiaries of the Company subjected to the relevant development zone policy or participation in technology development and China's western development project can enjoy 15% preferential tax rate during different period in the related period. For the years ended December 31, 2014 and 2013, the majority of the member of the Group is subject to 25% income tax rate.

The tax of other countries (mainly Saudi Arabia, the Republic of Kazakhstan, The Republic of Ecuador, Federal Republic of Nigeria and Columbia) is based on the nation's tax laws, where the relevant Company of the Group operates in.

10 Discontinued operations

As set out the Reorganisation in note 1.1 and the bases of pretention in note 1.3, for the purposes of the consolidated statement of comprehensive income, Fibre Business were classified as discontinued operations.

(a) Result of the discontinued operations is as follows:

	Note	2014 RMB'000	2013 RMB'000 Restated
Revenue		15,487,726	17,677,171
Cost of sales and business taxes		(15,827,606)	(18,093,098)
Gross loss		(339,880)	(415,927)
Selling expenses		(230,182)	(226,661)
General and administrative expenses		(605,240)	(519,684)
Finance income/(expenses) - net		(36,803)	(5,236)
Impairment losses on assets		(1,037,361)	(6,787)
Share of profit from joint ventures		168	31
Operating losses		(2,249,298)	(1,174,264)
Other income		16,702	11,381
Other expenses		(28,574)	(48,586)
Loss before income tax expense		(2,261,170)	(1,211,469)
Income tax expense		(73,783)	(238,550)
Gain on disposal of Outgoing Business	16	1,175,333	-
Loss for the year from discontinued operations		(1,159,620)	(1,450,019)

(b) Cashflow of the discontinued operations is as follows:

	2014 RMB'000	2013 RMB'000
Net cash used in operating activities	(200,011)	(1,129,599)
Net cash generated from/ (used in) investing activities	46,522	(151,997)
Net cash generated from financing activities	140,964	1,201,656
Net cash used in the discontinued operations	(12,525)	(79,940)

11 Earning / (Loss) per share

(a) Basic

For the year ended 31 December 2014 and 2013, the basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company, and as if the 9,224,327,662 shares issued under the Reorganisation for acquisition of SOSC and the 2,000,000,000 new shares converted from share capital reserve under the 5 shares for each 10 shares were in issue since 1 January 2013.

	2014	2013 Restated
Profit/(loss) for the year attributable to owners of thee Company (RMB'000")		
- Continuing operations	2,416,928	1,464,987
- Discontinued operations	(1,159,620)	(1,450,019)
	1,257,308	14,968
Weighted average number of ordinary shares in issue	15,224,327,662	15,224,327,662
Basie earnings/(loss) per share (RMB)		
- Continuing operations	0.159	0.096
- Discontinued operations	(0.076)	(0.095)
	0.083	0.001

(b) Diluted

There were no dilutive potential ordinary shares in existence during the year ended 31 December 2014 and 2013, and therefore the diluted earnings per share for the year ended 31 December 2014 and 2013 were the same as the basic earnings per share.

1.2 12 Dividends

The Board of Directors of the Company do not recommend the payment of any dividends for the year ended 31 December 2014 (2013: Nil)

13 Notes and trade receivables

	2014 RMB'000	2013 RMB'000 Restated
Trade receivables		
- Sinopec Group and its subsidiaries	19,519,440	15,794,920
- Joint ventures	31	-
- Sinopec Group and its associates and joint ventures	110,437	3,445
- Third parties	8,864,442	10,268,296
	28,494,350	26,066,661
Less: Provision for impairment	(429,415)	(385,093)
Trade receivables-net	28,064,935	25,681,568
Notes receivables	219,506	2,744,179
Notes and trade receivables-net	28,284,441	28,425,747

As at 31 December 2014 and 2013, the Group's notes and trade receivables were approximately their fair value.

All notes receivables of the Group are bank's acceptance bills and usually collected within six months from the date of issue.

As at 31 December 2014 and 2013, none of the Group's bills receivables were pledged as collateral or overdue.

The Group usually provides customers with a credit term between 90 to 180 days. For the settlement of trade receivables from provision of services, the Group usually reaches an agreement on the term of each payment with the customer by taking into account factors such as, among other things, the credit history of the customer, its liquidity position and the Group's working capital needs, which varies on a case-by-case basis that requires the judgment and experience of the management. The Group and the Company do not hold any collateral as security.

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

	2014 RMB'000	2013 RMB'000 Restated
Within 1 year	26,429,277	27,257,839
Between 1 to 2 years	1,459,465	846,119
Between 2 to 3 years	159,149	100,269
Over 3 years	236,550	221,520
	28,284,441	28,425,747

13 Notes and trade receivables (Continued)

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

	2014 RMB'000	2013 RMB'000 Restated
Balance at 1 January, as previously reported	-	-
Business combinations under common control (Note 1.3)	385,093	254,777
Balance at 1 January, restated	385,093	254,777
Provisions	133,494	160,936
Reversal	(83,868)	(29,780)
Receivables written off as uncollectible	(2,517)	(840)
Transfer	(2,787)	-
Balance at 31 December	429,415	385,093

14 Notes and trade payables

	2014 RMB'000	2013 RMB'000 Restated
Trade payables		
- Sinopec Group and its subsidiaries	2,096,826	4,180,248
- Joint ventures	505	-
- Sinopec Group and its associates and joint ventures	17,876	-
- Third parties	27,941,958	26,424,524
	30,057,165	30,604,772
Notes payables	856,442	1,141,591
	30,913,607	31,746,363

14 Notes and trade payables (Continued)

As at 31 December 2014 and 2013, the carrying amount of Group's notes and trade payables were approximately their fair value.

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

	2014	2013
	RMB'000	RMB'000
		Restated
Within 1 year	23,843,263	27,071,810
Between 1 and 2 years	5,054,013	3,140,180
Between 2 and 3 years	1,141,614	767,716
Over 3 years	874,717	766,657
	30,913,607	31,746,363

15 Business combination under common control

On 12 September 2014, the Company entered into an acquisition agreement (the "Acquisition Agreement") with Sinopec Group, pursuant to which Sinopec Group has agreed to transfer 100% equity interests of SOCS to the Company (the "Acquisition").

Pursuant to the Acquisition Agreement, the aggregate consideration for the Acquisition is approximately RMB24,075,000,000 which was determined based on the valuation of the book value of SOSC as at 30 June 2014 (the "Initial Acquisition Valuation"). Such consideration shall be settled by the issue of 9,224,327,662 shares at the price of RMB2.61 (the average closing price of the last 20 trading days as quoted on the Shanghai Stock Exchange).

On 30 December 2014, the Company completed the Acquisition and 9,224,327662 A shares were issued to Sinopec Group.

As at 30 December 2014, the net assets value of SOSC were approximately RMB20,215,327,000, which were recognised in the Company's statement of financial position as "investment in subsidiaries". The nominal value of shares of RMB9,224,328,000 were recognised in "share capital" account. The differences between the nominal value of the share capital and the net assets value of RMB10,990,999,000 were recognised in the "share premium" account.

For the period from 30 June 2014 to 30 December 2014, the net assets value of SOSC increased by RMB 1,118,903,000. The Company paid such additional amount to Sinopec Group and such were deducted from the "share premium" account.

As set out in the Reorganisation in note 1.1 and the basis of pretention in note 1.3, for the purposes of the consolidated statement of comprehensive income, the Oilfield Business was classified as "continuing operations".

15 Business combination under common control (Continued)

The effect of the Group's consolidated statement of financial position for the business combination under common control as at 31 December 2013 are as follows:

	As at 31 December 2013		
	As previously reported	SOSC	Restated
	RMB'000	RMB'000	RMB'000
Assets			
Non-current assets			
Property, plant and equipment	5,387,194	33,343,075	38,730,269
Other non-current assets	-	4,922,244	4,922,244
Prepaid land leases	263,262	75,976	339,238
Intangible assets	-	30,956	30,956
Interests in joint ventures	584,850	14,487	599,337
Interests in associates	-	128	128
Available-for-sale financial assets	-	41,494	41,494
Deferred income tax assets	73,783	146,592	220,375
Total non-current asserts	6,309,089	38,574,952	44,884,041
Current assets			
Inventories	1,320,644	1,899,930	3,220,574
Notes and trade receivables	2,699,138	25,726,609	28,425,747
Prepayment and other receivables	194,636	3,635,131	3,829,767
Amounts due from customers for contract works	-	10,648,754	10,648,754
Restricted cash	20,000	13,692	33,692
Cash and cash equivalents	85,797	1,608,297	1,694,094
Total current assets	4,320,215	43,532,413	47,852,628
Total assets	10,629,304	82,107,365	92,736,669

15 Business combination under common control (Continued)

The effect of the Group's consolidated statement of financial position for the business combination under common control as at 31 December 2013 are as follows: (Continued)

	As at 31 December 2013		
	As previously reported	SOSC	Restated
	RMB'000	RMB'000	RMB'000
Liabilities			
Non-current liabilities			
Long term borrowings	-	580,000	580,000
Deferred income	61,333	41,279	102,612
Special payables	-	7,380	7,380
Deferred income tax liabilities	-	4,852	4,852
Total non-current liabilities	61,333	633,511	694,844
Current liabilities			
Notes and trade payables	1,200,758	30,545,605	31,746,363
Deposits received and other payables	700,842	7,363,169	8,064,011
Amounts due to customers for contract works	-	5,130,579	5,130,579
Short term borrowings	1,602,907	14,614,759	16,217,666
Income tax payable	-	149,997	149,997
Total current liabilities	3,504,507	57,804,109	61,308,616
Total liabilities	3,565,840	58,437,620	62,003,460
Net assets	7,063,464	23,669,745	30,733,209

The effect of the Group's earning per share for the business combination under common control for the year ended 31 December 2013 are as follows:

	For the year ended 31 December 2013		
	As previously reported	SOSC	Restated
	RMB	RMB	RMB
Earnings per share for profit/(loss) attributable to owners of the Company (in RMB)			
– Basic and diluted	(0.242)	0.243	0.001

16 Disposal of Outgoing Business

On 12 September 2014, the Company entered into a disposal agreement (the "Disposal Agreement") with Sinopec Corp., pursuant to which the Company agreed to transfer the Outgoing Business to Sinopec Corp.

The aggregate consideration of RMB6,491,426,000 which was determined based on the valuation of book value of the Outgoing Business as at 30 June 2014 (the "Initial Disposal Valuation"). The consideration is subject to adjustment with reference to the final valuation of the book value of the Outgoing Business as at the completion date of the Disposal Agreement (the "Final Disposal Valuation").

On 30 December 2014, the Company completed the Disposal Agreement and disposed the Outgoing Business to Sinopec Corp.

As at 30 December 2014, the net assets value of the Outgoing Business and the gain on disposal of Outgoing Business is as follows:

	Note	RMB'000
Property, plant and equipment		4,054,726
Prepaid land leases		151,047
Interests in joint ventures		585,018
Inventories		1,082,698
Trade and other receivables		2,148,529
Cash and cash equivalents		71,933
Deferred income		(57,557)
Trade and other payables		(2,238,882)
Borrowings		(1,030,000)
Net assets value		4,767,512
Gain on disposal of Outgoing Business	10	1,175,333
		5,942,845
Consideration:		
Outgoing Business's Initial Disposal Valuation's consideration		6,491,426
Adjustments for the decrease in net assets from 30 June 2014 to 30 December 2014		(548,581)
Outgoing Business's Final Disposal Valuation's consideration		5,942,845

7.3 Financial statements prepared in accordance with China Accounting Standards

The following financial information has been extracted from the Company's audited financial statements, prepared in accordance with China Accounting Standards for the year ended 31 December 2014. The Company acquires 100% share of SOSC due to the very substantial assets reorganization, which constitutes the business combination under common control. For ease of report reading, the comparative figures previously listed on the income statement, statement of cash flow , statement of changes in equity and relevant notes to financial statement have been represented in accordance with China Accounting Standards for Business Enterprise.

Consolidated Balance sheets

(Expressed in thousands of RenminbiYuan)

Assets	2014	2013
Current assets:		
Cash at bank and on hand	1,213,897	1,727,786
Notes receivable	219,506	2,744,179
Accounts receivable	28,064,935	25,681,568
Advances to suppliers	660,271	776,419
Other receivables	2,215,132	2,686,338
Inventories	11,932,142	13,869,328
Non-current assets due within one year	1,350,742	1,317,592
Other current assets	168,076	339,793
Total current assets	45,824,701	49,143,003
Non-current assets:		
Available-for-sale financial assets	40,494	41,494
Long-term equity investments	107,999	599,464
Fixed assets	29,693,146	34,903,818
Construction in progress	1,387,284	3,683,066
Disposal of fixed assets	3,175	1,520
Intangible assets	92,351	378,074
Research and development expenditure	-	1,085
Long-term prepaid expenses	3,989,879	3,764,770
Deferred tax assets	156,679	220,375
Total non-current assets	35,471,007	43,593,666
Total assets	81,295,708	92,736,669

Consolidated Balance sheets (continued)

(Expressed in thousands of renminbiyuan)

Liabilities and shareholders' equity	2014	2013
Current liabilities:		
Short-term loans	11,889,709	16,017,666
Notes payable	856,442	1,141,591
Accounts payable	30,057,165	30,604,771
Advances from customers	8,417,168	7,257,997
Employee benefits payable	288,285	487,456
Taxes payable	2,955,778	2,564,065
Interest payable	20,028	33,907
Other payables	7,327,469	3,001,164
Non-current liabilities due within one year	125,870	200,000
Total current liabilities	61,937,914	61,308,617
Non-current liabilities:		
Long-term loans	498,723	580,000
Long-termpayables	69,440	-
Special payable	2,647	7,380
Deferred income	43,951	69,588
Deferred income tax liabilities	46,895	4,852
Total non-current liabilities	661,656	661,820
Total liabilities	62,599,570	61,970,437
Shareholders' equity:		
Share capital	12,809,328	6,000,000
Capital reserve	4,275,032	23,318,202
Specific reserve	295,568	302,429
Surplus reserve	200,383	200,383
Retained earnings	1,116,809	860,280
Equity attributable to the owners of the Company	18,697,120	30,681,294
Minority interests	-982	84,938
Total shareholders' equity	18,696,138	30,766,232
Total liabilities and shareholders' equity	81,295,708	92,736,669

***Consolidated* Income statements**
(Expressed in thousands of RenminbiYuan)

	2014	2013
1.Revenue	94,481,041	107,406,243
2.Less:Cost of sales	85,261,101	98,966,691
Taxes and surcharges	980,648	1,145,437
Selling and distribution expenses	312,380	321,379
General and administrative expenses	5,367,890	5,341,940
Investment (loss)/income	806,565	828,277
Impairment losses	1,135,411	143,048
Add:Investmentincome	-1,659	2,639
Including: Share of (loss)/profit of a joint venture	-3,709	55
3.Operating losses	615,387	662,110
Add:Non-operating income	1,710,049	463,709
Including: Gains from disposal of non-current assets	1,172,551	15,486
Less:Non-operating expenses	118,756	111,044
Including: Losses fromdisposal of non-current assets	32,053	47,600
4.Losses before income tax	2,206,680	1,014,775
Less:Income tax expenses	974,713	925,900
5.Net losses for the year	1,231,967	88,875
Including: Profit from combined party before busines combination under common control	2,424,556	1,543,094
Profit for the year/period attributable to: - The owners' of the Company	1,229,753	61,216
- Minority interests	2,214	27,659
6.Earnings per share:		
(1) Basic earnings per share (in RMB)	0.08	0.004
(2) Diluted earnings per share (in RMB)	0.08	0.004
7.Other comprehensive income for the year	-	-
8.Total comprehensiveincome for the year	1,231,967	88,875
Total comprehensive income for the year/period attributable to:	1,229,753	61,216
- The owners' of the Company		
- Minority shareholders	2,214	27,659

Consolidated **Cash flow statement**

(Expressed in thousands of renminbiyuan)

	Note	2014	2013
1. Cash flows from operating activities:			
Cash received from sale of goods		98,625,937	103,164,157
Refund of taxes		422,270	298,142
Cash received from other operating activities		2,890,940	3,912,619
Sub-total of cash inflow		101,939,147	107,374,918
Cash paid for goods and services		67,960,803	77,415,642
Cash paid to and for employees		17,567,147	17,790,492
Cash paid for all types of taxes		6,245,425	6,944,602
Cash paid relating to other operating activities		3,419,637	3,466,764
Sub-total of cash outflows		95,193,012	105,617,500
Net cash outflow from operating activities	(1)	**6,746,135**	**1,757,418**
2. Cash flows from investing activities:			
Cash received from disposal of investment		1,020,000	135,000
Cash received from the investment income		11,917	4,307
Net cash received from disposal of fixed assets		64,345	14,660
Cash received relating to other investing activities		31,113	34,816
Sub-total of cash inflows		1,127,375	188,783
Cash paid for acquisition offixed assets and intangible assets		4,183,375	7,285,025
Cash paid for investmentin a joint venture		851,349	-
Cash paid for other investing activities		71,933	40,000
Sub-total of cash outflows		5,106,657	7,325,025
Net cash outflow from investing activities		**-3,979,282**	**-7,136,242**

***Consolidated* Cash flow statement** *(continued)*
(Expressed in thousands of renminbiyuan)

	Note	2014	2013
3.Cash flows from financing activities:			
Cash received from the acquisition of investments		-	1,149,340
Cash received from borrowings		78,120,590	53,451,827
Cash received for other financing activities		1,303,683	6,546,816
Sub-total of cash inflows		79,424,273	61,147,983
Cash paid for repayments of borrowings		81,851,284	56,370,140
Cash paid for distribution of dividend, profit or payments of interests		692,143	1,470,469
Cash paid for other financing activities		112,504	-
Sub-total of cash outflows		82,655,931	57,840,609
Net cash inflow from financing activities		**-3,231,658**	**3,307,374**
4. Effect of foreign exchange rate changes on cash and cash equivalents		**-27,535**	**-154,823**
5.Net decrease in cash and cash equivalents	(1)	-492,340	-2,226,274
Add: Cash and cash equivalents at the beginning of the year		**1,694,094**	**3,920,368**
6.Cash and cash equivalentsat the end of the year		1,201,754	1,694,094

Notes to cash flow statements

(1) Supplement to cash flow statement

(a) Reconciliation of net loss to cash flows from operating activities:

Item	2014	2013
Net losses	1,231,967	88,875
Add:Impairment provision for assets	1,135,411	143,048
Depreciation of fixed assets	4,360,235	4,037,796
Amortisation of intangible assets	22,103	38,680
Amortisation of long-term prepaid expenses	2,622,426	3,194,385
Net loss/(gains) on disposal of fixed assets	(1,140,498)	32,114
Losses/(gains)on retirement of fixed assets	4,096	5,894
Financial income	607,789	832,227
Investment income	1,659	(2,639)
Decrease/(Increase) in deferred tax assets	63,650	199,891
Increase/(Decrease) in deferred income tax liabilities	(6,027)	-
Decrease in gross inventories	812,934	1,813,071
Increase in specific reserves	(6,861)	(49,082)
Increasein operating receivables	(1,772,162)	(12,468,474
(Decrease) in operating payables	(1,190,587)	3,891,632
Net cash outflow from operating activities	6,746,135	1,757,418

(b) Change in cash and cash equivalents:

Item	2014	2013
Cash at the end of the year	1,201,754	1,694,094
Less: Cash at the beginning of the year	1,694,094	3,920,368
Net decrease in cash and cash equivalents	(492,340)	(2,226,274)

(2) Details of cash and cash equivalents

Item	2014	2013
Cash at bank and on hand	1,201,754	1,694,094
Including: Cash on hand	15,636	18,289
Bank deposits available on demand	1,154,823	1,631,158
Other monetary fundsavailable on demand	31,295	44,647
Restricted Cash	12,143	33,692
Closing balance of cash and cash equivalents	1,213,897	1,727,786

Statement of changes in shareholders’ equity

(Expressed in thousands of Renminbi Yuan)

	2014							2013						
	Share capital	Capital reserve	Specific reserve	Surplus reserve	Retained earnings	Minority interests	Total shareholders’ equity	Share capital	Capital reserve	Specific reserve	Surplus reserve	Retained earnings	Minority interests	Total shareholders’ equity
1.Balance at the end of the last year	6,000,000	23,318,202	302,429	200,383	860,280	84,938	30,766,232	4,000,000	3,146,794	80	200,383	1,202,081		8,549,338
Adjustment for the acquisition of the acquired group									21,060,692	351,431		335,004	77,715	21,824,842
2. Balance at the beginning of the year	6,000,000	23,318,202	302,429	200,383	860,280	84,938	30,766,232	4,000,000	24,207,486	351,511	200,383	1,537,085	77,715	30,374,180
3Changes in equity for the year (“-” for decreases)	6,809,328	-19,043,170	-6,861		256,529	-85,920	-12,070,094	2,000,000	-889,284	-49,082	0	-676,805	7,223	392,052
(1) Total comprehensive income					1,229,753	2,214	1,231,967					61,216	27,659	88,875
（2）Increase or decrease of capital														
(a) Contribution of capital	6,809,328	58,115	-1,392			-64,112	6,801,939	2,000,000	-889,284				-3,485	1,107,231
(b) Others		157,898					157,898							
Sub-total of (1) & (2)	6,809,328	216,013	-1,392			-64,112	6,959,837	2,000,000	-889,284				-3,485	1,107,231
(3) Appropriation of profits														
(a)Appropriation for surplus reserve														
(b)Distributions to shareholders					-17,080	-24,022	-41,102					-738,021	-16,951	-754,972
Sub-total of (a) & (b)					-17,080	-24,022	-41,102					-738,021	-16,951	-754,972
（4）Transfer of equity		956,144			-956,144		0							
(5) Specific reserve														
(a)Accrued			1,251,650				1,251,650			1,453,719				1,453,719
(b)Utilised			-1,257,119				-1,257,119			-1,502,801				-1,502,801
Sub-total of (a) & (b)			-5,469				-5,469			-49,082				-49,082
(6) Adjustment for the acquisition of the acquired group		-20,215,327					-20,215,327							
4. Balance at the end of the year	12,809,328	4,275,032	295,568	200,383	1,116,809	-982	18,696,138	6,000,000	23,318,202	302,429	200,383	860,280	84,938	30,766,232

7.4 Differences in the financial statements prepared under different accounting standards

The differences between and the financial statements prepared under International Financial Reporting Standard ("IFRS") and PRC accounting standards ("PRC GAAP") are as follows:

	Net profit attributable to equity shareholders of the Company		Total shareholders' equity	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts under PRC GAAP	1,229,753	61,216	18,697,120	30,681,294
Adjustments under IFRS:				
a. Government grants	33,023	2,831	-	(33,023)
b. Specific reserve	(5,468)	(49,079)	-	-
Amounts under IFRS	1,257,308	14,968	18,697,120	30,648,271

(1) Government grants

Under PRC GAAP, grants from government that are credited to capital reserve according to relevant regulation cannot be included in deferred income. Under IFRS, the government grant related to an asset is recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset.

(2) Specific reserve

Under PRC GAAP, accrued production safety cost as expense in profit or loss and separately recorded as a specific reserve in shareholders' equity according to the national regulation. As using Safety Fund, if it is profit or loss related, the cost of expenditure is directly charged against the Specific reserves. While if it is capital expenditure related, the cost being used is recorded in Construction in Progress, and transferred to fixed assets when it is ready for its intended use. Meanwhile, the cost of fixed asset is offset against the specific reserves and the same amount of accumulated depreciation is recognised, then the fixed asset is no longer depreciated in its useful life.

Under International Financial Reporting Standards, these expenses are recognised in profit or loss as and when incurred. Relevant capital expenditure on production maintenance and safety facilities are recognised as property, plant and equipment and depreciated according to the relevant depreciation method.

8. OTHER ITEMS

(1) Annual Report
The Company will dispatch the 2014 Annual Report to all “H” shareholders as soon as possible.

(2) Compliance with the Code of Corporate Governance Practices and the Model Code

For the twelve months ended December 31, 2014, the Company has complied with all the code provisions under the Code on Corporate Governance Practices set out in Appendix 14 to the HKEX Listing Rules, except that:

The Company has not set up anomination committee as at the end of the reporting period. The Company nominated the Director candidates pursuant to the Articles of Association of the Company.Pursuant to the Articles of Association of the Company, the candidates for independent directors may be nominated by the Board, the Supervisory Committee, or shareholders holding individually or collectively more than one per cent of the issued shares of the Company. The candidates for the remaining directors shall be nominated by the Board, the Supervisory Committee, or shareholders holding individually or collectively more than three per cent of the issued shares of the Company. All candidates should be elected by the shareholders’ general meeting of the Company.

The Company has adopted the Model Code as contained in Appendix 10 to the Listing Rules. After having specifically inquired from all the Directors, Supervisors and Senior Management, the Company confirms that its Directors, Supervisors and Senior Management have fully complied with the standards as set out in the Model Code.

The Audit Committee under the seventh term of the Board held four meetings and reviewed the Company’s 2013 Financial Statements, Interim Report for 2014, change on auditors and formed its independent opinion during the reporting period.

The Audit Committee under the seventhterm of the Board held the eleventh meeting on 24 March 2015 and reviewed the resolution regarding the 2014 Financial Statements, proposed re-appointment of the auditors of the Company and performance report ofthe Audit Committee of the Company for 2014.

(3)**Purchase, sale or redemption of the Company’s listed securities**
Due to the major asset restructuring of the Company during the reporting period, the Company sold the outgoing asset to Sinopec, repurchased and canceled Sinopec’s 2,415,000,000 shares of the Company as to the end of December 31, 2014.Unless otherwise mentioned above, during the year under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

(4) A detailed results announcement of the Company containing all the information required by Paragraphs 45(1) to (3) inclusive of Appendix 16 to the HKSE Listing Rules will be published on the website of the HKSE at appropriate time.

This announcement is published in both Chinese and English. Should there be any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

By Order of the Board
Li Honghai
Secretary to the board
25 March, 2015

As at the date of this announcement, the Board of Directors comprises Mr. Jiao Fangzheng+, Mr.Yuan Zhengwen#, Mr. Zhu Ping#, Mr. Zhou Shiliang#, Mr. Li Lianwu+, Ms. Jiang Bo*, Mr. Zhang Huaqiao* and Mr. Wong, Kennedy Ying Ho*.

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