

Key Financial Data And Financial Indicators

Prepared by: Yantai Jereh Oilfield Services Group Co., Ltd.

Unit: (RMB) Yuan

| Items | 2015 | 2014 | Rate of Change(%) |
|--|-------------------|-------------------|-------------------|
| Revenue | 2,826,572,017.20 | 4,460,602,103.85 | -36.63% |
| Net profit attributed to shareholders of listed company | 144,774,755.42 | 1,200,252,280.07 | -87.94% |
| Net profit attributed to shareholders of listed company after deducting non-recurring gains/losses | 115,672,777.50 | 1,174,372,849.56 | -90.15% |
| Net cash flow from operating activities | 68,967,597.63 | 457,802,590.87 | -84.94% |
| Basic Earnings per share | 0.15 | 1.26 | -88.10% |
| Diluted Earnings per share | 0.15 | 1.26 | -88.10% |
| Return on weighted average net assets (%) | 1.85% | 16.70% | -14.85% |
| | 31 Dec 2015 | 31 Dec 2014 | Rate of Change(%) |
| Total assets | 10,392,856,346.64 | 11,181,818,901.96 | -7.06% |
| Total equity attributed to shareholders of listed company | 7,792,966,939.20 | 7,888,140,419.55 | -1.21% |

Consolidated Balance Sheet

Prepared by: Yantai Jereh Oilfield Services Group Co., Ltd.

Unit: (RMB) Yuan

| Assets | 31 Dec 2015 | 31 Dec 2014 |
|--|--------------------------|--------------------------|
| <i>Current assets:</i> | | |
| Currency capital | 1,833,117,994.57 | 2,486,250,953.99 |
| Financial assets measured with fair value and having change attributed to profit or loss of current period | 11,435,036.09 | 12,090,269.78 |
| Derivative financial assets | | |
| Note receivable | 316,877,415.07 | 424,083,567.71 |
| Accounts receivable | 1,833,093,510.38 | 2,043,907,899.03 |
| Accounts prepaid | 195,474,724.97 | 240,473,924.17 |
| Interests receivable | 4,101,251.93 | 11,463,017.10 |
| Dividend receivable | | |
| Other receivables | 72,571,189.21 | 90,639,061.76 |
| Inventory | 2,180,111,400.70 | 2,276,678,493.73 |
| Assets held for sale | | |
| Non-current assets due within one year | | |
| Other current assets | 1,110,233,534.04 | 1,118,488,150.31 |
| | | |
| Total of current assets | 7,557,016,056.96 | 8,704,075,337.58 |
| <i>Non-current assets:</i> | | |
| Saleable financial assets | 108,469,144.10 | |
| Investment held to the maturity date | 19,480,800.00 | 18,357,000.00 |
| Long-term accounts receivable | | |
| Long-term equity investment | 38,969,899.57 | 44,920,689.04 |
| Real estate for Investment | | |
| Fixed assets | 1,721,714,166.71 | 1,379,712,777.62 |
| Engineering under construction | 211,160,031.33 | 399,301,076.99 |
| Engineering goods | | |
| Liquidation of fixed assets | | |
| Productive Biological assets | | |
| Oil and gas assets | 307,057,429.09 | 278,040,602.94 |
| Intangible assets | 268,673,605.46 | 195,774,495.15 |
| Development expenditures | | |
| Goodwill | 35,686,038.26 | 37,562,210.86 |
| Long-term deferred and prepaid expenses | 188,000.00 | 320,000.00 |
| Assets with deferred income taxes | 73,377,503.40 | 58,210,873.51 |
| Other non-current assets | 51,063,671.76 | 65,543,838.27 |
| | | |
| | | |
| Subtotal of non-current assets | 2,835,840,289.68 | 2,477,743,564.38 |
| Total of assets | 10,392,856,346.64 | 11,181,818,901.96 |

Chief Executive Officer:

Chief Financial Officer:

Financial manager:

Consolidated Balance Sheet (Continued)

Prepared by: Yantai Jereh Oilfield Services Group Co., Ltd.

Unit: (RMB) Yuan

| Liabilities and equities | 31 Dec 2015 | 31 Dec 2014 |
|--|--------------------------|--------------------------|
| <i>Current liability:</i> | | |
| Short-term loan | 586,067,388.01 | 706,771,734.00 |
| <small>Financial liabilities measured with fair value and having change attributed to profit or loss of current period</small> | | |
| Derivative financial liabilities | | |
| Note payable | 190,836,918.65 | 397,530,840.35 |
| Accounts payable | 567,020,530.07 | 986,817,140.12 |
| Advances from customers | 552,408,176.30 | 608,752,809.12 |
| Payroll payable | 32,790,417.76 | 68,052,011.33 |
| Tax payable | 72,337,277.40 | 84,099,928.38 |
| Interests payable | 6,670,743.24 | 3,439,096.30 |
| Dividend payable | | 7,356,863.30 |
| Other accounts payable | 65,914,585.43 | 106,378,057.16 |
| Liabilities held for sale | | |
| Non-current liabilities due within one year | | 20,000,000.00 |
| Other current liabilities | | |
| Total of current liabilities | 2,074,046,036.86 | 2,989,198,480.06 |
| <i>Non-current liabilities:</i> | | |
| Long-term loan | 234,070,000.00 | |
| Securities payable | | |
| Long-term accounts payable | | |
| Special accounts payable | | |
| Anticipation liability | 6,583,949.24 | 4,835,649.91 |
| Deferred income | 45,650,573.14 | 35,981,448.33 |
| Liabilities with the deferred income taxes | 7,528,781.85 | 8,872,164.01 |
| Other non-current liabilities | | |
| Subtotal of non-current liabilities | 293,833,304.23 | 49,689,262.25 |
| Total of liabilities | 2,367,879,341.09 | 3,038,887,742.31 |
| <i>Owners' equity:</i> | | |
| Share capital | 957,853,992.00 | 959,884,486.00 |
| Other equity instruments | | |
| Capital reserve | 3,698,010,029.70 | 3,765,467,126.32 |
| Minus: inventory share | | 71,536,928.77 |
| Other composite income | -99,622,225.80 | -49,195,450.28 |
| Surplus reserve | 275,621,624.28 | 249,477,653.79 |
| Retained profit | 2,961,103,519.02 | 3,034,043,532.49 |
| Subtotal of equities attributable to the owners of parent company | 7,792,966,939.20 | 7,888,140,419.55 |
| Equities of the minority of shareholders | 232,010,066.35 | 254,790,740.10 |
| Subtotal of owners' equities | 8,024,977,005.55 | 8,142,931,159.65 |
| Total of liabilities and owners' equities | 10,392,856,346.64 | 11,181,818,901.96 |

Chief Executive Officer:

Chief Financial Officer:

Financial manager:

Consolidated Income Statement

Prepared by: Yantai Jereh Oilfield Services Group Co., Ltd.

Unit: (RMB) Yuan

| Items | 2015 | 2014 |
|--|-------------------------|-------------------------|
| I .Total Revenue | 2,826,572,017.20 | 4,460,602,103.85 |
| Including: operating revenue | 2,826,572,017.20 | 4,460,602,103.85 |
| II .Total Costs | 2,735,726,752.38 | 3,118,316,300.78 |
| Including: Cost of sales | 1,919,574,592.14 | 2,434,330,294.48 |
| Operating taxes and additional charges | 32,711,191.00 | 33,441,642.66 |
| Sales expenses | 245,141,259.65 | 224,499,992.18 |
| Administrative expenses | 395,965,746.94 | 400,593,208.62 |
| Finance expenses | 16,784,693.03 | -27,320,637.55 |
| Impairment losses | 125,549,269.62 | 52,771,800.39 |
| Plus: changes in fair value | -6,285,233.93 | -11,584,866.75 |
| Investment income | 59,294,424.70 | 62,894,348.52 |
| Including: investment income from associates and jointly | -4,728,724.11 | 6,919,422.22 |
| III. Operating profit | 143,854,455.59 | 1,393,595,284.84 |
| Plus: non-business revenue | 48,765,080.43 | 56,461,963.72 |
| Including: Net gain from disposal of non-current assets | 4,374,181.02 | 119,732.32 |
| Minus: non-business expense | 3,684,137.98 | 2,605,084.61 |
| Including: loss in disposal of non-current assets | 1,930,306.89 | 406,639.09 |
| IV. Profit before income tax | 188,935,398.04 | 1,447,452,163.95 |
| Minus: income tax | 44,317,990.24 | 228,671,355.68 |
| V .Net profit for the year | 144,617,407.80 | 1,218,780,808.27 |
| Attributable to: Equity of parent company | 144,774,755.42 | 1,200,252,280.07 |
| Minority interests | -157,347.62 | 18,528,528.20 |
| VI. Other composite income after tax | -51,181,600.47 | -28,361,217.28 |
| Other composite income attributed to owners of parent company after tax | -50,426,775.52 | -27,842,942.67 |
| 1) Other composite income unable to be reclassified into profit and loss afterwards | | |
| (1) Change of net liabilities or net assets through remeasuring and setting beneficial plan | | |
| 2) Part shared in other composite income unable to be reclassified into profit and loss in the invested unit under equity method | | |
| 2) Other composite income to be reclassified into profit and loss afterwards | -50,426,775.52 | -27,842,942.67 |
| 1) Part shared in other composite income to be reclassified into profit and loss in the invested unit under equity method | | |
| (2) Profit and loss from change of fair value of salable financial assets | -8,658,855.47 | |
| (3) Profit and loss from held-to-maturity investments reclassified into salable financial assets | | |
| (4) Effective part of the profit and loss from hedge of cash flow | | |
| (5) Conversion difference of foreign currency in financial statement | -41,767,920.05 | -27,842,942.67 |
| (6) other | | |
| Other composite income attributed to minority shareholders after tax | -754,824.95 | -518,274.61 |
| VII. Total amount of composite income | 93,435,807.33 | 1,190,419,590.99 |
| Attributable to: Total composite income attributable to owners of parent company | 94,347,979.90 | 1,172,409,337.40 |
| Total composite income attributable to minority shareholders | -912,172.57 | 18,010,253.59 |
| VIII. Earnings per share: | | |
| 1. Basic Earnings per share | 0.15 | 1.26 |
| 2. Diluted Earnings per share | 0.15 | 1.26 |

Chief Executive Officer:

Chief Financial Officer:

Financial manager:

Consolidated Cash Flow Statement

Prepared by: Yantai Jereh Oilfield Services Group Co., Ltd.

Unit: (RMB) Yuan

| Items | 2015 | 2014 |
|---|-------------------------|--------------------------|
| I. Cash flows from operating activities | | |
| Cash received from sales of goods or rendering of services | 3,194,229,347.26 | 3,993,257,757.55 |
| Tax refunding | 49,411,661.94 | 56,687,843.88 |
| Cash received related to other operating activities | 153,158,351.55 | 154,506,082.53 |
| Subtotal of cash inflow from the operating activities | 3,396,799,360.75 | 4,204,451,683.96 |
| Cash paid for goods and services | 2,310,144,110.41 | 2,599,000,499.95 |
| Cash paid to and on behalf of employees | 488,147,739.19 | 422,890,113.53 |
| Tax payments | 224,223,481.79 | 450,290,606.43 |
| Cash paid relating to other operating activities | 305,316,431.73 | 274,467,873.18 |
| Cash outflow subtotal of operating activities | 3,327,831,763.12 | 3,746,649,093.09 |
| Net cash flow from operating activities | 68,967,597.63 | 457,802,590.87 |
| II. Cash flow from investment activities | | |
| Cash received from disposal of investments | 1,876,172.60 | 5,000,000.00 |
| Cash received from investment return | | 15,589,085.31 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 10,485,510.94 | 281,536.03 |
| Net cash amount received from the disposal of subcompanies and other business units | 4,417,619.31 | |
| Cash received related to other investment activities | 1,102,020,710.51 | 244,818,694.99 |
| Subtotal of cash inflow from the investment activities | 1,118,800,013.36 | 265,689,316.33 |
| Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets | 469,925,377.02 | 610,102,604.40 |
| Cash paid to acquire investments | 127,212,260.05 | 85,597,629.66 |
| Net cash amount paid to acquire the subcompanies and other operating units | | 32,269,920.04 |
| Cash paid related to other investment activities | 1,018,207,578.60 | 1,039,397,500.00 |
| Cash outflow subtotal of investment activities | 1,615,345,215.67 | 1,767,367,654.10 |
| Net amount of cash flow received from the investment activities | -496,545,202.31 | -1,501,678,337.77 |
| III. Cash flow from financing activities: | | |
| Cash received by investors | | 2,967,119,910.45 |
| Cash received from loans | 1,779,288,090.25 | 1,655,088,009.59 |
| Cash received related to other financing activities | 434,254,210.08 | 75,975,589.20 |
| Subtotal of cash inflow from the financing activities | 2,213,542,300.33 | 4,698,183,509.24 |
| Repayments of loans | 1,750,594,272.13 | 1,909,188,041.21 |
| Cash paid for distribution of dividends, profits and repayment of interests | 224,925,384.34 | 200,187,331.01 |
| Cash payments related to other financing activities | 430,210,458.51 | 162,677,736.01 |
| Sub-total of cash outflow from the financing activities | 2,405,730,114.98 | 2,272,053,108.23 |
| Net cash flow from financing activities | -192,187,814.65 | 2,426,130,401.01 |
| IV. Effect of foreign exchange fluctuation on cash and cash equivalents | 1,195,381.89 | -8,993,661.50 |
| V. Net increase amount of cash and cash equivalents | -618,570,037.44 | 1,373,260,992.61 |
| Plus: Balance of cash and cash equivalents at the beginning of the period | 2,317,424,052.60 | 944,163,059.99 |
| VI. Balance of cash and cash equivalents at the end of the period | 1,698,854,015.16 | 2,317,424,052.60 |

Chief Executive Officer:

Chief Financial Officer:

Financial manager: