

CHAIRMAN'S STATEMENT

Dear Shareholders,

China Oilfield Services Limited witnessed a fruitful year in 2002, achieving success on several fronts!

In December 2001, CNOOC, restructured its seven service companies. As a result, COSL emerged as an integrated provider of oilfield services to E&P companies offshore China. Our oilfield services cover each phase of the exploration, development and production of offshore oil and natural gas. This integration helps us realize powerful synergies and provide efficient and cost-effective services to our clients.

On November 20, 2002, we successfully listed our shares on the Main Board of the Hong Kong Stock Exchange through a global offering that raised net proceeds of RMB 2,372.0 million. The listing was well received by the capital markets, and the performance of our shares in 2002 reflected investors' confidence in our business model and growth potential.

The idea of offering an integrated platform of oilfield services is new to Asia, and COSL is the first integrated oilfield services provider in the offshore Asia market. The integration of the four service segments enables us to meet all of our customers' E&P needs. We are proud of having been the first Asian company to adopt this business model, and believe it provides us with unprecedented opportunities both offshore China and abroad.



China currently ranks as the second largest energy consumer in the world behind the United States. With continued robust economic growth predicted for China, the demand for petroleum and other primary energy resources is expected to increase over the years ahead. Demand for oilfield services offshore China has grown consistently. As an integrated service provider that is able to supply all of our E&P customers' needs, we are well positioned to benefit from this expected market expansion.

COSL's business strategies are focused on building long-term client relationships, continually expanding operating capacity as demand grows, selectively pursuing international opportunities and increasing our technical capabilities. The COSL team is fully committed to this strategy, with a view to delivering superior financial returns for our shareholders.

Increased drilling activities offshore China and our low-cost structure contributed significantly to last year's strong operating performance. Total turnover grew by 15.2% to RMB 2,725.8 million, while net profit grew by 29.8% to RMB 354.4 million. The underlying earnings per share were RMB 12.84 cents per share. We saw steady growth across all four of our business segments, with drilling services, well services, marine support and transportation services, and geophysical services accounting for 39.0%, 24.7%, 22.1% and 14.2% of our total turnover, respectively.

In light of our solid financial performance and strong balance sheet, we are recommending a final dividend of RMB 1.31 cents per share for 2002.

Looking ahead to the future, the strong demand for oilfield services in the offshore China market is expected to continue, and demand for offshore drilling is also expected to pick up

worldwide. We are confident of our company's prospects and we look forward to further strong growth across all four of our business segments. We will remain focused on executing our strategies and delivering superior returns for our shareholders. The COSL team will strive to maintain its leading position in the offshore China market and to capitalize on international expansion opportunities. We are committed to ensuring a high standard of corporate governance and a high level of transparency in our decision-making processes.

We are fortunate to have a strong team of independent directors who bring a wealth of knowledge and experience to the Board. I would like to thank them for their valuable contributions to our company.

We value team spirit, and we believe that building a strong team of professional, qualified and skilled employees will enable us to provide our clients with the best possible services. I would like to thank all of our employees for their hard work. We shall continue to make every effort to recruit the best personnel in our business.

Lastly, I would like to thank our shareholders for their long-term trust in COSL. As we continue to remind ourselves in the spirit of continuous improvement – "We Must Do Better". We shall build on our success and strive to provide even stronger returns for you in the future.



Fu Chengyu

Chairman and Chief Executive Officer
Hong Kong, April 2, 2003