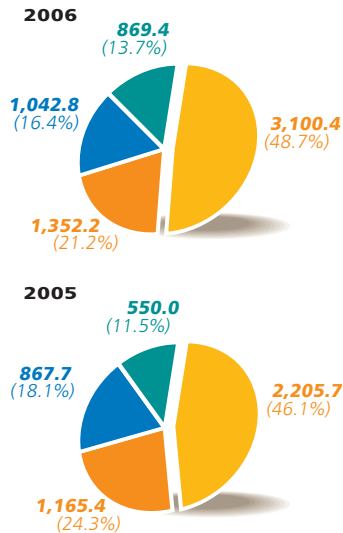


OPERATION HIGHLIGHTS

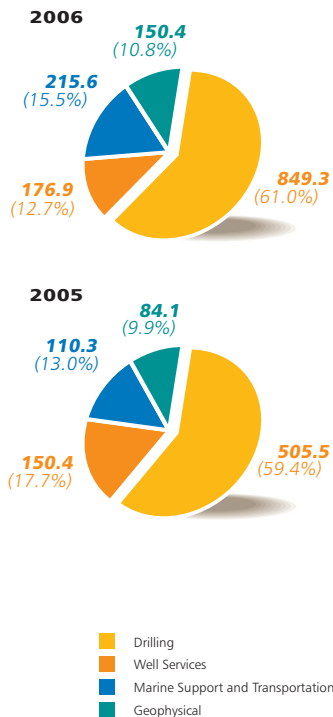
Revenue by Segment

RMB Million



Operation Profit by Segment

RMB Million



Drilling Services



COSL is the leading drilling services provider in the offshore China market, and an important player participate in international markets. COSL operates 15 drilling rigs, including 12 jack-ups, one of which was leased and 3 semi-submersibles. With the commencement of operation of COSL 941, the first 400 feet jack-up rig built in China, COSL's drilling capacity has been enhanced further. Other than upgrading the drilling equipment, COSL has actively expanded new businesses. We have obtained contracts for module rigs and marine support services in Mexico. These new businesses will add further impetus to our future revenue growth.

	As at 31 December 2006	As at 31 December 2005	Change (%)
Wells Drilled (No. of wells)	221	246	-10.2%
Exploration Wells	56	56	0.0%
Development Wells	165	190	-13.2%
Operating Days	4,769	4,604	3.6%
Jack-up Rigs	3,839	3,739	2.7%
Semi-submersibles	930	865	7.5%
Utilization Rate (Available Days)	100.0%	98.0%	2.0%
Jack-up Rigs	100.0%	98.9%	1.1%
Semi-submersibles	100.0%	94.2%	5.8%
Utilization Rate (Calendar Days)	90.0%	90.1%	-0.1%
Jack-up Rigs	91.3%	93.1%	-1.8%
Semi-submersibles	84.9%	79.0%	5.9%
Well workover (team days)	13,369	8,483	57.6%

Well Services



COSL is an experienced well services provider, with over 30 years of experiences in offshore China market, and more than 20 years of experiences in onshore market. As the largest and strongest well services provider in china offshore, we provide complete well services, including wire logging, drilling fluids, directional drilling, cementing, well completion, well work-over services and information integration services. In the international markets, COSL is particular competitive in drilling fluids and cementing services. In addition, we put strong efforts on research and development. Not only do we own a lot of advanced equipment, we also have a fleet of quality management team. We can provide full-range onshore and offshore oil services in both exploration and development phases for both domestic and international clients. COSL has already entered a number of international markets, such as the Philippines, Indonesia, Myanmar and Papua New Guinea.

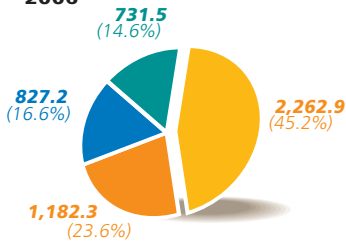
	As at 31 December 2006	As at 31 December 2005	Change (%)
Logging (No. of jobs)	837	698	19.9%
Drilling Fluids (No. of wells)	291	368	-20.9%
Directional Drilling (No. of jobs)	242	210	15.2%
Cementing (No. of wells)	332	249	33.3%
Well Completion (No. of jobs)	1,244	1,233	0.9%

Marine Support & Transportation Services

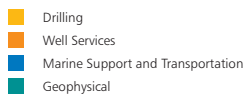
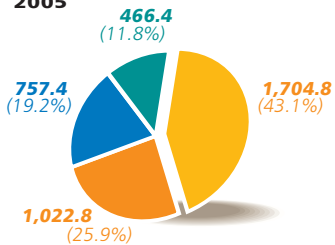
Operating Expenses by Segment

RMB Million

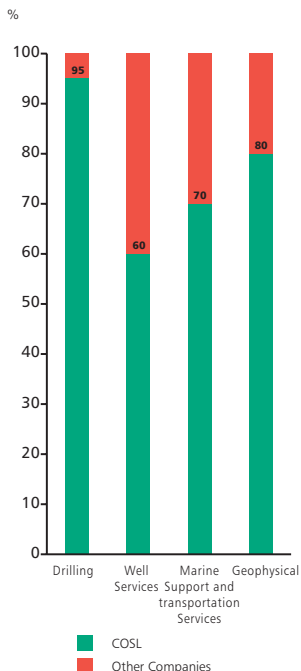
2006



2005



COSL's Market Share in China Offshore by Segment



COSL owns and operates the largest and most diverse fleets in offshore China. As at December 31, 2006, we own and operate 69 support vessels, 5 oil tankers, 1 chemical vessel. We also lease when needed 5 working carriers and 5 chemical carriers. In 2006, COSL partnered with Trico Marine to form a joint venture company, Eastern Marine Services Limited to expand marine services in Southeast Asia market.

	As at 31 December 2006	As at 31 December 2005	Change (%)
Operating Days	23,668	23,220	1.9%
Standby Vessels	13,321	13,193	1.0%
AHTS Vessels	6,554	6,411	2.2%
PSV Vessels	2,113	2,217	-4.7%
Utility Vessels	1,680	1,399	20.1%
Utilization Rate (Available Days)	99.1%	98.7%	0.4%
Standby Vessels	99.7%	99.3%	0.4%
AHTS Vessels	98.8%	99.1%	-0.3%
PSV Vessels	99.8%	99.5%	0.3%
Utility Vessels	94.9%	90.3%	4.6%
Utilization Rate (Calendar Days)	95.1%	93.6%	1.5%
Standby Vessels	96.0%	95.9%	0.1%
AHTS Vessels	93.7%	92.4%	1.3%
PSV Vessels	96.5%	96.8%	-0.3%
Utility Vessels	92.1%	76.6%	15.5%

Geophysical Services



	As at 31 December 2006	As at 31 December 2005	Change (%)
2D Seismic Data			
Data Collection (km)	45,682	46,166	-1.0%
Data Processing (km)	14,512	15,746	-7.8%
3D Seismic Data			
Data Collection (km ²)	7,337	3,693	98.7%
Data Processing (km ²)	4,187	2,843	47.3%

COSL is the dominant geophysical services provider in offshore China, we are also a major player in international markets. We own a fleet of 7 seismic vessels and 4 geotech survey vessels. As the 6-streamer seismic vessel COSL 718 commenced operation, our geophysical services efficiency has been greatly enhanced. Not only has it added impetus to our future growth, it also marked the first 6-streamer seismic vessel modified in Asia. We also operate in other regions including the South and North Americas, the Middle East, offshore Africa and offshore Europe. Our geophysical services are divided into two main categories: seismic services and surveying services.