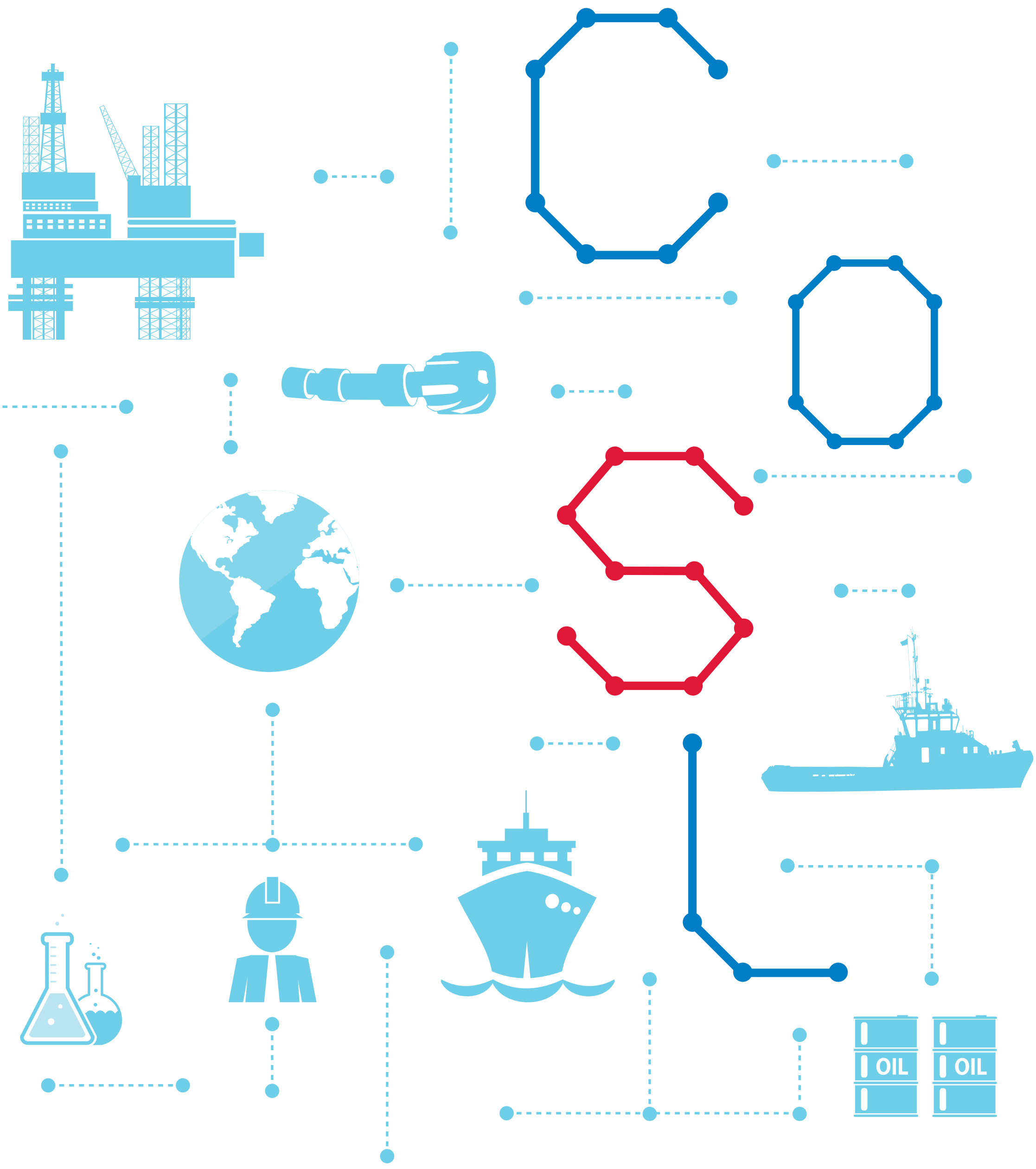
COSL

CHINA OILFIELD SERVICES LIMITED

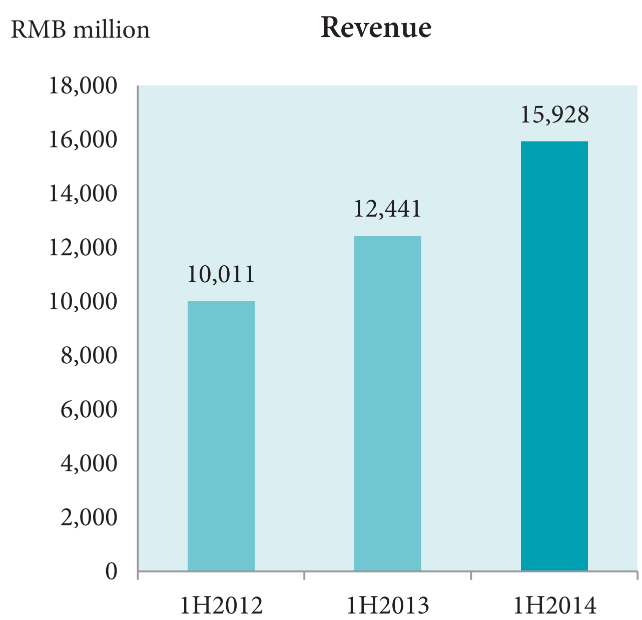
中海油田服務股份有限公司

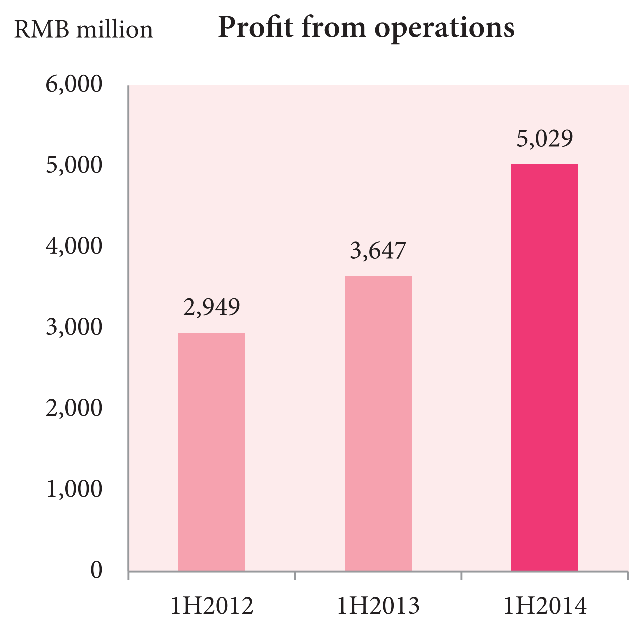
(Stock Code 股票代號 A 股: 601808 ; H 股: 2883)

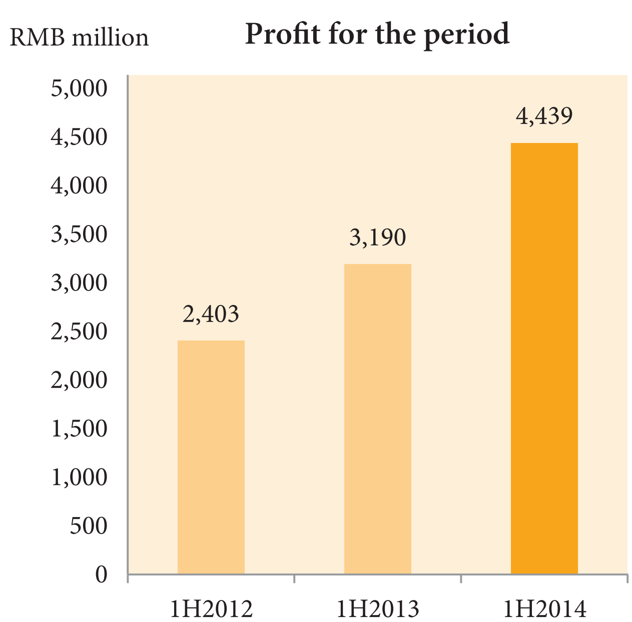


中期報告 2014 INTERIM REPORT

Financial Highlights







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Chief Executive Officer's Report

DEAR SHAREHOLDERS,

In the first half of 2014, the total amount of investments in exploration and development activities by oil companies around the world continued to increase. Utilization rate of off-shore geophysical and surveying vessels by the oilfield service industry dropped. The drilling market began to show signs of weakness and the invitation tender slowed down. COSL strived to optimize allocation of resources between the domestic and international markets, and maintained a relatively high utilization rate of large equipment for the Company. Through tirelessly strengthening safety and environmental protection management, the steady and safe operation of the Company was secured with outstanding operating results for the first half of the year. While the share of the Company in the international market grew continuously, it seized the opportunity of the strong demand in the domestic market, making further contribution to the results of the first half of the year by rapidly building capacity through lease. I would like to present the major operating results of the Company in the first half of the year below.

OPERATING RESULTS REACHING A NEW HIGH

In the first half of the year, 4 main segments of the Company had full operation. The revenue reached RMB15.93 billion, representing an increase of 28.0% over the same period of last year. Operating profit and net profit amounted to RMB5.03 billion and RMB4.44 billion, representing an increase of 37.9% and 39.1% respectively over the same period of last year. Earnings per share amounted to RMB93 cents.

Drilling rigs newly purchased and rented by the Company were gradually put into operation during the period. Drilling equipment maintained high operation efficiency, effectively drove the growth in results of the drilling segment in the first half of the year. Its revenue reached RMB8.60 billion, representing an increase by 24.5% over the same period of last year. Propelled by the growth in operation volume of drilling in China offshore market, the operation capacity of the well services segment rapidly increased during the period. Its revenue reached RMB3.99 billion, representing an increase of 50.4% over the same period of last year. The marine support and transportation services segment insisted on safe production, actively handled the insufficient capability caused by the withdrawal of old vessels and purchased new vessels while undergoing fleet expansion by increasing vessels on lease. Its revenue reached RMB1.73 billion, representing an increase of 8.4% over the same period of last year. The operation volume of 3D collection under the geophysical and surveying services segment increased by 32.5% over the same period of last year. Through active and effective market operation, the utilization efficiency of equipment increased. During the period, revenue in geophysical and surveying services segment reached RMB1.60 billion, representing an increase of 25.0% over the same period of last year.

FURTHER BREAKTHROUGH IN DEEP-WATER CAPABILITY AND OPERATION CAPABILITY IMPROVED CONTINUOUSLY

In the first half of the year, the deep-water drilling rig "HYSY 981" successfully fulfilled the South China Sea deep-water drilling contract. Various operations and equipment ran well since its official launch. The operational efficiency greatly increased under the undertaking management by the Company. The average operational efficiency reached 98%, breaking numerous records since the operation of "HYSY 981". This operation also began using the deep-water PSV to provide marine support and transportation services, illustrating the mature operation capability of the Company's deep-water equipment group. Seizing market opportunity, the technological segment made various breakthroughs in its business. A batch of new technologies and new materials whose intellectual property rights are entirely owned by the Company were successfully applied, such as ELIS logging system and high-end logging equipment, deep-water drilling fluids system and deep-water cement slurries system. In this deep-water operation, the technology of enhanced rotary sidewall coring tool was used for the first time. The Company is the fourth company in possession of this high-end technology around the globe. The whole series of well information recorded was complete and accurate. The real-time monitoring was sufficient, showing the advantage and capability of the Company in deep-water equipment operation management and deep-water operation technology.

Chief Executive Officer's Report

The Company's undertaking capability achieved breakthrough in deep-water and also made significant progress in the international market. In the undertaking drilling service for the Missan oilfield in Iraq, the Company adopted only self-owned technology and equipment which operation indicators maintained a leading position. Not only did it succeed in salt-gypsum layer drilling which is a technical puzzle in the world, it also built the first horizontal well in the region.

Two 375-feet jack-up drilling rigs, "COSLGift" and "COSLHunter", purchased by the Company last year were officially in operation. 300-feet jack-up drilling rigs, "HYSY932" and "Gulf Driller I", which were newly rented in the period were quickly put into operation to satisfy the growing demand in the domestic market. The operational capability of the Company was effectively enhanced. The Company successively expanded the capability of drilling and marine support and transport services through lease. It was driven by the actual demand in the domestic market and also the undoubted choice to effectively control investment scale on the basis of maintaining a capital expenditure of about RMB8 billion per year. The Company is confident about the sustaining growth of operation results.

CONTINUOUSLY IMPROVING DOMESTIC AND INTERNATIONAL BUSINESS

In the first half of 2014, our domestic and international business had substantial development again. Domestically, "HYSY 720" made four records including a monthly production of 1,894 square km. "DOWN TIME", the Company's average drilling operational efficiency, was 1.18 hours/rig month, which is significantly ahead of the international level of 8 hours/rig month, demonstrating the Company 's clear leadership in equipment management. Integrated service of unconventional well fracturing and trial collection was actively promoted. Businesses such as logging and interpretation performed exceptionally well in shale gas wells.

Internationally, the Company's operation progressed smoothly in new market. By overcoming numerous obstacles, "COSLSuperior" undertook its first drill in Qatar. The Company continued to expand in the Southeast Asian market. The joint venture in Brunei completed its registration. The latest technology of LWD (logging while drilling) service independently researched and developed by the Company debuted internationally with its entrance in the Indonesian market. The newly purchased drilling rig "COSLHunter" executed the long-term contract with PEMEX. Semi-submersible drilling rigs "COSLInnovator" and "COSLPioneer" operating in the North Sea were accredited "rig of the month" in the monthly examination by Statoil on 22 rigs in May and June respectively. "COSLPioneer" was awarded this title for the third time, further enhancing the brand impact and recognition by clients of the Company in the North Sea market. The Company's overseas revenue for the first half of the year amounted to RMB5.36 billion, representing an increase of 21.5% as compared with the same period of last year and accounting for 33.6% of its total revenue. In addition, the Company reached a settlement on a litigation with European clients through communication and negotiation, compensating the service of two drilling rigs, "COSLInnovator" and "COSLPromoter", in 2012 to 2013. The compensation amounted to approximately RMB0.4 billion, accounting for 9.0% of the net profit in the first half of the year.

STEADILY PROGRESSING TECHNOLOGICAL RESEARCH AND DEVELOPMENT

In the first half of 2014, the Company's new technological R&D projects progressed steadily and made significant progress in some technology. There was a breakthrough in the deep-water collection technology of undersea cable. It had an initial operation capability at the depth of 100 metres. This will broaden the application prospect of data collection market of undersea cable in the East China Sea and the South China Sea. Various technological indicators of the rotary steerable drilling system (WELLEADER®) were tested. There was a breakthrough in the LWD key technology of the LWD system (DRILOG®) project, such as azimuthal electromagnetic wave resistivity, neutron, density and acoustics. The basic model system achieved the integration with rotary steerable drilling system. Drill and rotary steerable equipment completed its first horizontal operation on land, laying a solid foundation for off-shore oilfield operation. The prototypes of oil-based mud ERMI and 2-dimensional electron magnetic imaging tools completed trial well tests. The prototype of 3-dimensional acoustic imaging surveying tool was qualified for experimental well tests.

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A batch of scientific research results were successfully applied in production. On the basis that the application of enhanced EFDT (EFDT®) was applied in the oil and gas exploration and development in different waters of China, this technology was promoted to regions such as Indonesia, Iraq and Iran in the first half of 2014. Electron magnetic resonance log tools (EMRT®) was applied in different waters of China with stable performance. Its test data matched the formation characteristics. It was put into use in the field of unconventional energy in China and was applied in regions such as the Middle-east and Indonesia. PC-Litestone system was successfully applied in Bohai.

BASIC MANAGEMENT AND QHSE

Basic management is the foundation of the growth of the Company, directly related to the sustained and healthy development of the Company. In the first half of the year, the Company continued to reinforce its basic management by further refining and improving the benchmark mechanism comparing costs, fees and effectiveness with first-class domestic and international enterprises and regularly analyzing the discrepancy. It also further strengthened purchase and inventory control, ensuring to meet the reasonable needs for production and reduce capital used. The Company also insisted on safe production. In the first half of the year, the Company deepened its training for the operational unit and its staff on safety production including related skills. The Company implemented an all-round safe production accountability system, optimizing various power saving and emission reduction systems and workflows. The Company had a steady and positive production safety record. Significant safety risks were effectively controlled. The Company's OSHA index stood at 0.08, with the total number of incidents during the period being the lowest in record.

Around the globe, the cost of discovery in the upstream is rising. Therefore, the dependence on steady production and increase in output is growing as well, oil companies will need more applicable technological services with high efficiency and low costs. More adjustment wells, infill wells and various technological measures to improve collection are needed. For COSL, an oilfield services company who is gradually becoming active in international competition, these growing demands are an important opportunity for development.

In the second half of the year, the Company will do better in safe production management, proactively handling market challenges and reinforcing its existing market position. The Company will sensibly deploy large equipment between domestic and international markets to maintain relatively high operation efficiency of equipment. Meanwhile, the Company will keep on strengthening the development of new market and new client. Well services segment will achieve a breakthrough in the Mexican market in the second half of the year. The Company will continue to adopt the strategy of "leasing, acquisition, building and management" to enhance the Company's competitiveness and optimize resources management. I firmly believe that with our effort, the Company will achieve better results and development momentum to create continuous and steady return for the shareholders.

Li Yong
Chief Executive Officer and President of COSL

Hong Kong, 26 August 2014

Management Discussion and Analysis

Industry Review

In the first half of 2014, both global oil demand and its production volume achieved stable growth while international crude oil prices fluctuated at a high-level affected by many factors. Average prices of Brent and WTI were US$108.84/barrel and US$100.82/barrel respectively, representing an increase of 0.89% and 6.93% over the same period of last year. Such increases were higher than expected in the beginning of the year. According to the estimated data of Spears & Associates, the total amount of well services market reached US$420.4 billion in 2014, representing an increase of 7% as compared with the same period of last year. The investment amount continued to grow. The well services industry continued to develop and the customer's demands for equipment still concentrated on safe and high-efficient models.
The performance of equipment was different from each other. In the first half of 2014, the average utilization rate of global jack-up drilling rigs was 87.7%, representing an increase of 2.2% over the same period of last year, the average utilization rate of semi-submersible drilling rigs was 84.2%, representing a decrease of 4.7% over the same period of last year. The average utilization rate of drilling ship was 95.2%, representing an increase of 3.0% over the same period of last year. The global well services segment remained active with the decrease in global earthquake data collection volume in the first half of 2014. The utility vessels market remained stable.

Business Review

Drilling Services Segment

During the first half of 2014, the drilling services segment of the Group realized revenue of RMB8,602.9 million, increased by 24.5% compared to RMB6,908.3 million of the same period of last year, which is mainly attributable to the adding of the drilling equipment and further increase in the production capacity as well as the settlement of US$65 million in relation to the standby fee dispute between COSL Offshore Management AS ("COM"), a subsidiary of the Group, and Statoil Petroleum AS ("Statoil"), a Norwegian oil company.

During the first half of 2014, the Group continued to adopt a combination of "lease, buy and construct" to improve the equipment production capacity. We leased "HYSY932" and "Gulf Driller I", both 300-feet jack-up drilling rigs, and "Kaixuanyihao", a 400-feet jack-up drilling rig. The jack-up drilling rigs "COSLGift" and "COSLHunter" that were purchased last year have commenced overseas drilling operation contracts in the beginning of this year and April 2014 in Southeast Asia and Mexico, respectively. "COSL7", a new module rig, has arrived in Mexico in April 2014 and is under module installation and testing. In addition, after preliminary design and preparation, the construction project of "HYSY944", a 400-feet jack-up drilling rig was launched last year, and has started the construction work in shipyard since May 2014.

As at the end of June 2014, the Group operated and managed a total of 43 drilling rigs (including 33 jack-up drilling rigs and 10 semi-submersible drilling rigs), of which 14 rigs were operating in Bohai, China, 10 in the South China Sea, 2 in the East China Sea, and 15 were operating in overseas regions such as the North Sea of Norway, Mexico and Indonesia, and 1 rig was under repair and maintenance abroad and 1 rig was under preparation before operation. In addition, the Group also owned 2 accommodation rigs and 4 module rigs and other equipments.

During the first half of 2014, the number of operating days of the Group's drilling rigs amounted to 6,593 days, representing an increase of 503 days compared with the same period of last year. The calendar day utilization rate was 91.0%, a decrease of 4.3 percentage points compared with the same period of last year due to the increase in the number of repairs and maintenance days during the period.

Management Discussion and Analysis (continued)

The operation details of our jack-up and semi-submersible drilling rigs in the first half of 2014 are as follows:

	For the six months ended 30 June 2014	2013	Increase	Percentage change
Operating days (day)	**6,593**	6,090	503	8.3%
Jack-up drilling rigs	**4,814**	4,741	73	1.5%
Semi-submersible drilling rigs	**1,779**	1,349	430	31.9%
Available day utilization rate	**97.9%**	99.7%	Down 1.8 percentage points	
Jack-up drilling rigs	**97.2%**	100.0%	Down 2.8 percentage points	
Semi-submersible drilling rigs	**100.0%**	98.7%	Up 1.3 percentage points	
Calendar day utilization rate	**91.0%**	95.3%	Down 4.3 percentage points	
Jack-up drilling rigs	**88.6%**	96.3%	Down 7.7 percentage points	
Semi-submersible drilling rigs	**98.3%**	92.1%	Up 6.2 percentage points	

The increase by 73 operating days of jack-up drilling rigs compared with the same period of last year was mainly attributable to an increase of 189 operating days as a result of "COSLGift" and "COSLHunter" which started operation in this period; an increase of 122 operating days as a result of the leasing of "HYSY932" and "Gulf Driller I" in this period; an increase of 97 operating days as a result of "KANTAN II" which was leased in May last year has obtained full operation during the period and a decrease of 335 days in operating days of other drilling rigs due to repair and maintenance.

The operating days of semi-submersible drilling rigs increased by 430 days compared with the same period of last year was mainly due to the increase of 315 days contributed by "NH7", "COSLPromoter" and "NH9" which started operation in March, April and October last year respectively, while the operating days of other drilling rigs increased by 115 days due to the decrease in repair and maintenance days.

Two accommodation rigs continued to operate in the North Sea for 309 days in the first half of 2014, representing a decrease of 53 days compared the same period of last year, which was mainly due to one of the accommodation rigs has undergone maintenance. As such, the calendar day utilization rate decreased to 85.4% and the available day utilization rate still reached 100.0%.

Four module rigs operated in the Mexican Bay and the operating days increased by 2 days to 709 days, the calendar day utilization rate was 97.9%, representing an increase of 0.9 percentage point as compared with the same period of last year.

The average day income of the drilling rigs of the Group for the first half of 2014 increased as compared with the same period of last year, with details as follows:

Average day income (ten thousand US$/day)	For the six months ended 30 June 2014	2013	Increase/ (Decrease)	Percentage change
Jack-up drilling rigs	**13.0**	11.8	1.2	10.2%
Semi-submersible drilling rigs	**32.3**	32.8	(0.5)	(1.5%)
Drilling rigs sub-total	**17.6**	16.9	0.7	4.1%
Accommodation rigs	**27.7**	25.8	1.9	7.4%
Group's average	**18.1**	17.4	0.7	4.0%

Notes: (1) Average day income = Revenue/operating days.

(2) The average day income of drilling rigs did not include the settlement of US$65 million in respect of the standby fee dispute between COM, a subsidiary of the Group, and Statoil.

(3) US$/RMB exchange rate was 1: 6.1528 on 30 June 2014 and 1: 6.1787 on 30 June 2013, respectively.

Well Services Segment

During the first half of 2014, the well services segment further expanded its market through continuous improvement and development of logging, cementing well, drilling fluids and production enhancement technologies. Meanwhile, the operation volume of main business lines increased substantially due to the increase in the number of drilling rigs. Revenue thus increased by 50.4% to RMB3,994.6 million from RMB2,655.4 million of the same period last year.

During the first half of 2014, the well services segment continued to focus on the development of its technology level. Several technologies have obtained breakthrough in marine application and a new progress in enhancing recovery were achieved with production boost measures. Among which, the self-developed ELIS system has first commenced its operation successfully in deep water while the self-developed anti-corrosion cement system has been first applied in Bohai. The nitrogen-filled foam water plugging technology and skill have been successfully applied in water which will provide a new technological method and solution for marine oilfield high-water-cut-well comprehensive treatment. The low-permeability fracking technologies increased the production capacity of coalbed methane field; mature oilfields increased production volume and enhanced water control by utilizing carbon dioxide profile control technology; and acidizing technology has been gradually introduced to the international market after successful application in domestic market.

Marine Support and Transportation Services Segment

In the first half of 2014, the Group's marine support and transportation services segment, adhered to safe production and quality control, has earned customer satisfaction. Rational utilization of external resources on the premise of the utilization rate of self-owned vessels led to capacity expansion and revenue increment. During the first half of 2014, the marine support and transportation services segment realized revenue of RMB1,733.4 million, representing an increase of RMB133.7 million or 8.4% as compared to RMB1,599.7 million in the same period last year. Among which, the chartered vessels operated 8,475 days in total, representing an increase of 1,445 days compared with the same period last year and realized revenue of RMB 674.1 million.

In addition, in order to satisfy different requirements in the offshore oil and gas exploration and development in China together with an aim to adjust the equipment structures of marine support and transportation services segment, the Group purchased a deep-water supply vessel, "HYSY613", which has officially commenced operation in May this year.

The calendar day utilization rate of the self-owned vessels in the first half of 2014 was 93.0%, representing a decrease of 1.2 percentage points compared with the same period last year, which was mainly due to the increase in repair and maintenance days during the period. The operating days of self-owned vessels are as follows:

Operating days (day)	For the six months ended 30 June 2014	2013	Increase/ (Decrease)	Percentage change
Standby vessels	**6,509**	6,846	(337)	(4.9%)
AHTS vessels	**2,457**	2,811	(354)	(12.6%)
Platform supply vessels	**1,327**	888	439	49.4%
Multi-purpose vessels	**629**	666	(37)	(5.6%)
Workover support barges	**719**	718	1	0.1%
Total	**11,641**	11,929	(288)	(2.4%)

Management Discussion and Analysis (continued)

The transportation volume of oil tankers was 916,000 tons for the first half of 2014, representing a decrease of 24,000 tons compared with 940,000 tons for the same period of last year. The transportation volume of chemical carriers decreased by 86,000 tons from 955,000 tons for the same period of last year to 869,000 tons.

Geophysical and Surveying Services Segment

During the first half of 2014, geophysical and surveying services segment continued to provide scientific and precise service to the customers and ensure the equipment utilization efficiency to complete various large projects through reasonable deployment, coordination and arrangement. The segment realized revenue of RMB1,596.8 million, representing an increase of 25.0% over the same period of last year. Among which, "HYSY720", a 12-streamer seismic vessel, was recognised by customers due to its high quality, high efficiency and safety service for earthquake data collection in the South China Sea.

In addition, the construction work of "HYSY721", another 12-streamer seismic vessel, was smooth and it has been successfully delivered in August 2014.

Geophysical Services

In the first half of 2014, the details of the Group's collection and processing workload are as follows:

Services	For the six months ended 30 June 2014	2013	Increase/ (Decrease)	Percentage change
2D collection (km)	**12,215**	14,854	(2,639)	(17.8%)
2D processing (km)	**4,034**	14,011	(9,977)	(71.2%)
3D collection (km^2)	**17,085**	12,899	4,186	32.5%
Including submarine cable (km^2)	**306**	347	(41)	(11.8%)
3D processing (km^2)	**11,305**	7,432	3,873	52.1%

During the first half of 2014, the Group's workload for 3D collection and processing increased significantly, of which, the operation volume for 3D collection services increased by 4,186 km^2 compared with the same period of last year, which was mainly due to the Group has utilized external vessels to commence 3D operation positively, which increased operation volume by 3,073 km^2. The operation efficiency of "HYSY720" also enhanced during the period, which increased operation volume by 1,573 km^2 while the operation volume of other vessels decreased by 460 km^2. 3D processing operation increased by 52.1% over the same period last year, due to the increase in processing business in Bohai Sea. As one external vessel was reduced due to operation arrangement, the operation volume of 2D collection business decreased by 17.8% compared with the same period last year. 2D processing volume decreased by 71.2% over the same period last year, due to the decrease of 2D collection business and market influence.

Surveying Services

In the first half of 2014, the Group's surveying services recorded revenue of RMB277.0 million, which increased by RMB0.1 million from RMB276.9 million in the same period of last year.

Financial Review

1. Analysis of condensed consolidated statement of profit or loss

1.1 Revenue

In the first half of 2014, the Group's revenue amounted to RMB15,927.7 million, representing an increase of 28.0% or RMB3,486.7 million over the same period of last year, mainly driven by commencement of operation of new equipment and further increase in production capacity. The details are analyzed below:

The revenue of each of the business segments in the first half of 2014

Unit: RMB million **Business segments**	**For the six months ended 30 June** **2014**	2013	Increase	Increase
Drilling services	**8,602.9**	6,908.3	1,694.6	24.5%
Well services	**3,994.6**	2,655.4	1,339.2	50.4%
Marine support and transportation services	**1,733.4**	1,599.7	133.7	8.4%
Geophysical and surveying services	**1,596.8**	1,277.6	319.2	25.0%
Total	**15,927.7**	12,441.0	3,486.7	28.0%

- Revenue generated from drilling services business increased by 24.5% over the same period of last year. The main reasons include: ① "COSLGift", "COSLHunter", "HYSY932" and "Gulf Driller I" commenced operation during the period and "NH7", "COSLPromoter", "KANTAN II" and "NH9" which commenced operation in March, April, May and October last year reached full operation during the period. ② The settlement of US$65 million in respect of the standby fee dispute between COM and Statoil was recognized as revenue during the current period.

- Driven by the expansion of the well services market due to the technological improvement as well as the increase in the number of drilling rigs, the operation volume of main business lines of the well services segment increased, which led to an increase in revenue by 50.4% over the same period of last year.

- Revenue from marine support and transportation services increased by 8.4% over the same period of last year which was mainly due to the increase in operation volume of chartered vessels during the period.

- Revenue from geophysical and surveying services increased by 25.0% compared with the same period of last year, which was mainly due to the growth of 3D collection volume during the period.

Management Discussion and Analysis (continued)

1.2 Operating expenses

In the first half of 2014, the operating expenses of the Group amounted to RMB10,966.3 million, representing an increase of RMB2,096.9 million or 23.6% from RMB8,869.4 million for the same period of last year.

The table below shows the breakdown of operating expenses for the Group in the first half of 2014:

Unit: RMB million	For the six months ended 30 June **2014**	2013	Increase	Increase
Depreciation of property, plant and equipment and amortization of intangible assets	**1,863.3**	1,656.4	206.9	12.5%
Employee compensation costs	**2,078.2**	1,982.4	95.8	4.8%
Repair and maintenance costs	**410.4**	342.1	68.3	20.0%
Consumption of supplies, materials, fuel, services and others	**2,538.7**	2,182.3	356.4	16.3%
Subcontracting expenses	**2,392.7**	1,619.2	773.5	47.8%
Operating lease expenses	**721.9**	471.7	250.2	53.0%
Other operating expenses	**805.5**	615.3	190.2	30.9%
Impairment of property, plant and equipment	**155.6**	0.0	155.6	100.0%
Total operating expenses	**10,966.3**	8,869.4	2,096.9	23.6%

From the above breakdown in operating expenses, the new equipments launched last year and the first half of this year led to an increase of depreciation of property, plant and equipment and amortization of intangible assets of RMB206.9 million.

Owing to the overall increase in operation volume of the Group, especially the substantial increase in operation volume of well services segment such as well cementing and slurries, the expenses for consumption of fuel increased by RMB356.4 million.

Subcontracting expenses increased by RMB773.5 million due to the market maintenance and expansion as well as the utilization of external resources among four major business segments.

The operating lease expenses increased by RMB250.2 million over the same period of last year due to the impact of leasing drilling rigs (“HYSY981”, “NH7”, “HYSY932” and “Gulf Driller I”).

The other operating expenses increased by RMB190.2 million, which was mainly due to the increase in travel allowance and overseas travel expenses resulting from the business expansion. In addition, the provisions for doubtful debts and inventories obsolescence made during the period increased as compared with the same period last year.

The impairment loss of property, plant and equipment during the period was RMB155.6 million which was mainly due to the provision for asset impairment loss of RMB143.7 million made in respect of four chemical carriers in the marine support and transportation services segment and the provision for asset impairment loss of RMB11.9 million in respect of the well services equipment in Libya.

The table below shows the operating expenses of each of the business segments in the first half of 2014:

Unit: RMB million Business segments	For the six months ended 30 June 2014	 2013	 Increase	 Increase
Drilling services	**4,988.4**	4,182.4	806.0	19.3%
Well services	**3,079.1**	2,344.3	734.8	31.3%
Marine support and transportation services	**1,659.2**	1,308.9	350.3	26.8%
Geophysical and surveying services	**1,239.6**	1,033.8	205.8	19.9%
Total	**10,966.3**	8,869.4	2,096.9	23.6%

1.3 Profit from operations

The profit from operations of the Group during the first half of 2014 amounted to RMB5,029.1 million, representing an increase of RMB1,382.5 million or 37.9% from RMB 3,646.6 million for the same period of last year.

The profit from operations for each segment is shown in the table below:

Unit: RMB million Business segments	For the six months ended 30 June 2014	 2013	Increase/ (Decrease)	Percentage change
Drilling services	**3,621.0**	2,731.4	889.6	32.6%
Well services	**938.1**	329.5	608.6	184.7%
Marine support and transportation services	**82.0**	297.1	(215.1)	(72.4%)
Geophysical and surveying services	**388.0**	288.6	99.4	34.4%
Total	**5,029.1**	3,646.6	1,382.5	37.9%

Notes: The segment result of the marine support and transportation services segment during the period decreased by 72.4% as compared with the same period last year, mainly due to the provision for asset impairment loss of RMB143.7 million made in respect of four chemical carriers and the repair and maintenance days of self-owned vessels increased during the period according to the arrangement which led to the increase in maintenance expenses.

1.4 Financial expenses, net

In the first half of 2014, the net financial expenses of the Group was RMB202.6 million, representing a decrease of RMB43.9 million or 17.8% from RMB246.5 million for the same period of last year, of which finance costs decreased by RMB41.6 million, exchange gains decreased by RMB4.0 million and interest income increased by RMB6.3 million.

1.5 Investment income

During the first half of 2014, the investment income of the Group amounted to RMB86.5 million, representing an increase of RMB48.1 million or 125.3% from RMB38.4 million for the same period of last year, which was mainly due to the increase in investment income from the corporate wealth management products and liquidity fund of the Group during the period.

Management Discussion and Analysis (continued)

1.6 Share of profits of joint ventures, net of tax

In the first half of 2014, the Group's share of profits of joint ventures, net of tax, amounted to RMB153.0 million, representing an increase of RMB28.4 million or 22.8% compared to RMB124.6 million for the same period of last year. This was mainly due to the increase in profit of joint ventures such as China Offshore Fugro Geo Solutions (Shenzhen) Company Ltd. etc.

1.7 Income tax

In the first half of 2014, the income tax expense of the Group was RMB627.1 million, representing an increase of RMB254.5 million or 68.3% compared to RMB372.6 million for the same period of last year. This was mainly due to the increase in profit before tax and the last period adjustments on both the deferred tax liabilities and income tax expenses in accordance with the requirements of "Announcement No. 15 in 2012 of State Administration of Taxation" as the above requirements allowed the adjustments upon temporary difference arising from different depreciation period between tax base and accounting base.

1.8 Profit for the period

In the first half of 2014, the profit for the period of the Group was RMB4,439.0 million, representing an increase of RMB1,248.5 million or 39.1% compared with RMB3,190.5 million for the same period of last year.

1.9 Basic earnings per share

In the first half of 2014, the Group's basic earnings per share was RMB93 cents, representing an increase of RMB22 cents or 31.0% as compared with RMB71 cents for the same period of last year.

2. Analysis on condensed consolidated statement of financial position

As of 30 June 2014, the total assets of the Group amounted to RMB85,127.1 million, representing an increase of RMB5,864.8 million or 7.4% compared with RMB79,262.3 million as at the end of 2013. The total liabilities were RMB40,806.6 million, representing a decrease of RMB1,195.9 million or 2.8% compared with RMB42,002.5 million as at the end of 2013. Total equity was RMB44,320.5 million, representing an increase of RMB7,060.7 million or 18.9% compared with RMB37,259.8 million as at the end of 2013.

The analysis for significant changes in accounts on the consolidated statement of financial position is as follows:

Unit: RMB million **Items**	**30 June 2014**	31 December 2013	Increase/ (Decrease)	Reasons
Other non-current assets	**2,179.8**	1,160.4	87.8%	Prepayments of part of the construction fees for construction of 12-streamer geophysical vessel, drilling rigs and oilfield utility vessel.
Deferred tax assets	**4.3**	7.3	(41.1%)	Reversal of the deductible temporary difference arising from the provision of employee compensation cost during the period, resulting in the decrease in the deferred tax assets.
Accounts receivable	**8,160.4**	5,873.0	38.9%	Expansion of business scale and prolonged internal approval process of part of customers.

Unit: RMB million Items	30 June 2014	31 December 2013	Increase/ (Decrease)	Reasons
Other current assets	4,579.0	2,363.4	93.7%	The corporate wealth management products and liquidity fund with non-fixed interests subscribed during the period increased.
Pledged deposits	17.0	32.6	(47.9%)	Certain pledged time deposits were due.
Time deposits with original maturity over three months	1,415.3	600.0	135.9%	On 15 January 2014, the Company had successfully placed 276,272,000 new H shares at a placing price of HK$21.30. As such, the Group had more available funds and the time deposits with original maturity over three months deposited in the banks increased.
Tax payable	374.1	258.2	44.9%	Income tax payable increased due to the profit before tax increased in the current period.
Other current liabilities	156.9	112.9	39.0%	The current portion of the deferred mobilization fee increased.
Employee benefit liabilities	65.1	37.5	73.6%	Increased employee benefit liabilities of a subsidiary in Norway.
Non-controlling interests	36.4	21.1	72.5%	PT.SAMUDAR TIMUR SANTOSA generated profit for the period.

3. Analysis of consolidated statement of cash flows

At the beginning of 2014, the Group held cash and cash equivalents of RMB9,600.8 million. Net cash inflows from operating activities for this period amounted to RMB4,578.5 million. Net cash outflows from investing activities were RMB6,248.9 million. Net cash inflows from financing activities were RMB266.2 million. The impact of foreign exchange fluctuations on cash was increased of RMB52.2 million. As at 30 June 2014, the Group's cash and cash equivalents amounted to RMB8,248.8 million.

3.1 Cash flows from operating activities

During the current period ended 30 June 2014, the Group's net cash inflows from operating activities amounted to RMB4,578.5 million, representing an increase of RMB1,516.4 million or 49.5% compared to the same period last year. This is mainly due to the increase in revenue and increase in the settlement of note receivable during the period.

3.2 Cash flows from investing activities

During the current period ended 30 June 2014, the net cash outflows from the Group's investing activities amounted to RMB6,248.9 million, representing an increase of RMB6,019.8 million or 2,627.6% compared to the same period last year. This is mainly due to the fact that net cash outflow from purchase and dispose of available-for-sale investments (represented mainly the liquidity fund and corporate wealth management products subscribed by the Group) increased by RMB1,760.6 million, net cash inflow from saving and withdrawing time deposits with maturity over three months decreased by RMB2,923.2 million and cash outflow from the deposits paid for the acquisition of property, plant and equipment increased by RMB1,084.9 million during the period. The cash outflows from other investing activities increased by RMB251.1 million.

3.3 Cash flows from financing activities

During the current period ended 30 June 2014, the Group's net cash inflows from financing activities amounted to RMB266.2 million, and the net cash outflows were RMB 2,583.4 million for the same period of last year. This is mainly due to the Company had successfully placed 276,272,000 new H shares on 15 January 2014, which resulted in the increase in the proceeds from share issue, net of share issuance expenses, of RMB4,573.4 million. The repayment of bank borrowings increased by RMB1,098.9 million as compared with the same period last year. The dividends paid increased by RMB657.6 million and interest payment decreased by RMB32.7 million as compared with the same period of last year.

Management Discussion and Analysis (continued)

3.4 The impact of foreign exchange rate changes on cash during the period was increased of RMB52.2 million

4. Capital Expenditure

In the first half of 2014, the capital expenditure of the Group was RMB2,783.3 million, representing an increase of RMB1,391.4 million or 100.0% compared to RMB1,391.9 million of the same period of last year.

The capital expenditure of each business segment is shown in the table below:

Unit: RMB million Business Segments	For the six months ended 30 June **2014**	 2013	Increase	Percentage change
Drilling services	**1,253.6**	1,014.2	239.4	23.6%
Well services	**228.8**	218.5	10.3	4.7%
Marine support and transportation services	**634.1**	51.3	582.8	1,136.1%
Geophysical and surveying services	**666.8**	107.9	558.9	518.0%
Total	**2,783.3**	1,391.9	1,391.4	100.0%

The capital expenditure of the drilling services segment was mainly used for the construction of semi-submersible drilling rig (i.e. "COSLProspector") and two jack-up drilling rigs and 1 semi-submersible drilling rig. The capital expenditure of the well services segment was mainly used for the construction and purchase of relevant well services equipment relating to such business segment. The capital expenditure of the marine support and transportation services segment was mainly used for the purchase and construction of oilfield utility vessels. The capital expenditure of the geophysical and surveying services segment was mainly used for the construction of a 12-streamer geophysical vessel and a surveying vessel.

BUSINESS OUTLOOK

Looking forward, the international oil price will still fluctuate at a high-level affected by various factors in the second half of 2014. Global investment in exploration and development activities, in particularly the investment in marine exploration and development, is expected to continue to grow. According to the IHS report, capital expenditures for the global oil and gas exploration and production in 2014 was US$212.0 billion, representing an increase of approximately 6.5% over the same period of last year. The well services market remained active in general. Investments in exploration and development grew at a faster speed in the major regions (such as the Asian Pacific region and the Middle East regions etc), which is substantially higher than the average growth rate of the global market, laying a solid foundation for sustainable growth of the Company's business. With the increasing underground workload of oil company and the rising importance of mature oilfields in oil exploitation, the capacity of oil services market and demands will be further enhanced.

Supplementary Information

AUDIT COMMITTEE

The audit committee comprises of three independent non-executive directors of the Company. The audit committee has reviewed the accounting principles and practices adopted by the Group as well as the internal control and financial reporting matters. The unaudited interim financial report for the six months ended 30 June 2014 has been reviewed by the audit committee.

CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2014, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

Upon specific enquiry to all directors by the Company, the directors have confirmed that they have, for the six months ended 30 June 2014, complied with the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules.

PURCHASE, DISPOSAL AND REDEMPTION OF OUR LISTED SECURITIES

Neither the Company nor its subsidiaries have purchased, disposed of or redeemed any of the Company's listed securities during the six months ended 30 June 2014.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

During the six months ended 30 June 2014, none of the directors and supervisors had any material interest, whether direct or indirect, in any contract that was significant to the Group's business and to which the Company, its controlling shareholder or any of its subsidiaries or subsidiaries of the Group was a party.

Supplementary Information (continued)

DIRECTORS' AND SENIOR MANAGEMENT'S INTERESTS AND SHORT POSITIONS IN SHARES

As at 30 June 2014, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and HKSE pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Name of Director	Capacity	Number of interested shares	Approximate percentage of the interests (H) in COSL (%)
Li Feilong	Beneficial Owner	50,000	0.003%

Save as disclosed above, as at 30 June 2014, none of the Directors, chief executives of the Company or their respective associates had any other interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and HKSE pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 30 June 2014, other than the Directors or the chief executive of the Company as disclosed above, the following persons had interests or short positions in the H Shares or underlying H Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under Section 336 of the SFO or were otherwise notified to the Company and HKSE.

Name of shareholder	Shares held	Number of shares in interest (share)	Approximate percentage of the interests (H) in COSL (%)
JPMorgan Chase & Co.	Interest in controlled corporation	235,513,697(L) 247,301(S) 112,810,339(P)	13.00(L) 0.01(S) 6.22(P)
Commonwealth Bank of Australia	Interest in controlled corporation	199,790,000(L)	11.03(L)
BlackRock, Inc.	Interest in controlled corporation	145,393,572(L) 4,086,000(S)	8.03(L) 0.23(S)
Morgan Stanley	Interest in controlled corporation	125,826,131(L) 16,233,140(S) 0(P)	6.94(L) 0.89(S) 0.00(P)
OppenheimerFunds, Inc.	Beneficial owner	90,566,000(L)	5.00(L)

Notes

(a) "L" means long position

(b) "S" means short position

(c) "P" means lending pool

Save as disclosed above, the directors are not aware of any other person who had an interest in the shares of the Company which would fall to be disclosed to the Company pursuant to Section 336 of the SFO.

Supplementary Information (continued)

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months period ended 30 June 2014 were rights to acquire benefits by means of acquisition of shares in or debentures of the Company granted to any directors, supervisors and senior management or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2014, the Group has 14,572 employees. The Group relies on incentive approaches to enable an efficient macro and micro human resources management. We adopt different incentive schemes based on various kinds of professions and establish an appropriate appraisal system to create fair competition, thereby maximizing the development opportunities for quality staff. Besides, we also provided various benefits to employees, including provisions of social insurance.

SHARE APPRECIATION RIGHTS PLAN

On 22 November 2006, the share appreciation rights plan for senior management of COSL (the "SAR Plan") was approved by the shareholders by the way of a resolution passed in the second Extraordinary General Meeting which is a middle to long term incentive programme for 7 senior management. A total of five million share appreciation rights with an exercise price of HK$4.09 per share were awarded under the SAR Plan to seven senior officers. The SAR Plan became effective on 22 November 2006 for ten years. According to the plan, the targeted senior management's exercisable number of share appreciation rights was linked to their performance target to be reviewed comprehensively within two years from the effective date, so as to confirm the exercise ratio. After two years' vesting period, the senior management can exercise their rights in four equal batches in year 3, 4, 5 and 6 from the approval date of the SAR Plan.

The total exercisable gains as a result of exercising the SAR shall not exceed 10% of the Company's net profit for the year. The settlement in cash from exercising share appreciation rights must be processed by deposit into the related dedicated accounts, with no less than 20% of such cash payments shall only be withdrawn after qualified upon expiry of employment term with the Company.

The SAR Plan further provides that if the gain from exercising the share appreciation rights exceeds HK$0.99 per share, the excess gain should be calculated using the following percentage:

1. between HK$0.99 and HK$1.50, at 50%;

2. between HK$1.51 and HK$2.00, at 30%;

3. between HK$2.01 and HK$3.00, at 20%; and

4. HK$3.01 or above, at 15%.

As at 30 June, 2014, the first tranche of SAR has been forfeited in 2009, the second tranche of SAR has been approved and exercised, the third tranche of SAR has been approved on 23 May 2014 by certain authorities and exercised during the current interim period. Exercise gains of the second tranche of SAR and the third tranche of SAR were measured at HK$1.82 and HK$2.27 per share respectively. After the third tranche of SAR being exercised, Li Yong and Xu Xiongfei will reach the revenue caps and Zhong Hua, Chen Weidong and Li Xunke had resigned so the fourth tranche of SAR will no longer be exercised.

Supplementary Information (continued)

Pursuant to the Performance Management Measures for the SAR Plan of COSL, the Remuneration Committee of the Board conducted a comprehensive assessment of the performance of incentive targets achieved in the period from 2006 to 2012. All of the incentive targets passed the assessment. During the reporting period, the Remuneration Committee of the Board conducted 2013 annual assessment of performance of incentive targets and reviewed the results of performance. All of the incentive targets passed the assessment.

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Company convened the 2013 annual general meeting on 23 May 2014. Mr. Law Hong Ping, Lawrence was elected as an independent non-executive director of the Company with a term of office for three years starting from the date the resolution was passed at the annual general meeting. Mr. Chen Quansheng ceased to be an independent non-executive director of the Company on 23 May 2014.

UPDATED INFORMATION ON DIRECTOR PURSUANT TO RULE 13.51B OF THE LISTING RULES

Mr. Tsui Yiu Wa, an independent non-executive director, has been appointed as independent non-executive director of Kangda International Environmental Company Limited, a company listed on the main board of the Stock Exchange.

GEARING RATIO

As at 30 June 2014, the net current assets of the Group increased to RMB12,366.4 million compared with RMB9,046.7 million as at 31 December 2013, while the current ratio increased to 1.94 times, compared with 1.72 times as at 31 December 2013.

The Group monitors capital using the gearing ratio, which is net debt divided by the total capital plus net debt. The gearing ratios as at the end of each reporting period were as follows:

Group	30 June 2014 RMB'000	31 December 2013 RMB'000
Interest-bearing bank borrowings	**21,594,047**	23,293,550
Trade and other payables	**7,692,013**	7,159,326
Long-term bonds	**7,594,904**	7,536,622
Less: Cash and cash equivalents and time deposits with maturity over three months	**9,664,127**	10,200,797
Net debt	**27,216,837**	27,788,701
Equity attributable to owners of the Company	**44,284,104**	37,238,662
Non-controlling interests	**36,426**	21,141
Total Capital	**44,320,530**	37,259,803
Capital and net debt	**71,537,367**	65,048,504
Gearing ratio	**38%**	43%

Supplementary Information (continued)

PROGRESS OF BUSINESS PLAN

In the first half of 2014, the Group recorded a revenue of RMB15,927.7 million, representing an increase of 28.0% over the same period of last year; operating expense was RMB10,966.3 million, representing an increase of 23.6% over the same period of last year; net profit attributable to the shareholders was RMB4,424.0 million, representing an increase of 39.1% over the same period last year; capital expenditure was RMB2.78 billion. The business of the Group progressed orderly in the second half of the year and we are confidence in fulfilling the annual business plan.

FOREIGN CURRENCY RISK

The Group's operation is affected by the exchange rate fluctuation of RMB against other foreign currencies. If the exchange rate fluctuation is significant, the Group's net profit will be impacted to a certain extent. The management of the Group will continuously monitor such exposure.

CHARGES ON ASSETS

As at 30 June 2014, the Group had no material charges against its assets.

MISCELLANEOUS

On 20 March 2012, the Company disclosed its connected transaction in relation to the transfer of land use right of certain lands located in Haiyang New and Hi-Tech Development Zone, Tanggu, Tianjin, to CNOOC Infrastructure Management Co., Ltd. As at the date of this interim report, the transfer procedures of such land transaction were not yet completed due to the fact that the progress of infrastructure project did not fulfill the investment requirements of such transfer.

The directors are of the opinion that there have been no material changes to the information published in its annual report for the year ended 31 December 2013, other than those disclosed in this interim report.

DISCLOSURE OF INFORMATION ON THE HKSE'S WEBSITE

All information required by paragraphs 46(1) to 46(6) of Appendix16 of the Listing Rules will be published on the HKSE's website (http://www.hkex.com.hk) and our website (http://www.cosl.com.cn) in due course.

By Order of the Board
China Oilfield Services Limited
Yang Haijiang
Company Secretary

26 August 2014

Report on Review of Condensed Consolidated Financial Statements

Deloitte.
德勤

To the Board of Directors of China Oilfield Services Limited

INTRODUCTION

We have reviewed the condensed consolidated financial statements of China Oilfield Services Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 21 to 46, which comprise the condensed consolidated statement of financial position as of 30 June 2014 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 August 2014

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2014

	Notes	Six months ended 30 June 2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
REVENUE	3	**15,927,665**	12,441,002
Other revenues		**67,812**	75,018
		15,995,477	12,516,020
Depreciation of property, plant and equipment and amortisation of intangible assets		**(1,863,272)**	(1,656,442)
Employee compensation costs		**(2,078,199)**	(1,982,375)
Repair and maintenance costs		**(410,464)**	(342,070)
Consumption of supplies, materials, fuel, services and others		**(2,538,682)**	(2,182,297)
Subcontracting expenses		**(2,392,757)**	(1,619,191)
Operating lease expenses		**(721,908)**	(471,733)
Other operating expenses		**(805,506)**	(615,286)
Impairment of property, plant and equipment	8	**(155,552)**	–
Total operating expenses		**(10,966,340)**	(8,869,394)
PROFIT FROM OPERATIONS		**5,029,137**	3,646,626
Exchange gains, net		**6,767**	10,806
Finance costs		**(297,664)**	(339,350)
Interest income		**88,275**	82,006
Investment income		**86,509**	38,355
Share of profits of joint ventures, net of tax		**153,020**	124,572
PROFIT BEFORE TAX	4	**5,066,044**	3,563,015
Income tax expense	5	**(627,054)**	(372,565)
PROFIT FOR THE PERIOD		**4,438,990**	3,190,450
Attributable to:			
Owners of the Company		**4,424,022**	3,180,320
Non-controlling interests		**14,968**	10,130
		4,438,990	3,190,450
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (RMB)	7	**93.13 cents**	70.75 cents

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2014

	Six months ended 30 June 2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
PROFIT FOR THE PERIOD	**4,438,990**	3,190,450
OTHER COMPREHENSIVE (EXPENSE)/INCOME		
Item that will not be reclassified to profit or loss:		
Remeasurement of defined benefit pension plan	**12,787**	–
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	**83,192**	(141,837)
Net fair value gain on available-for-sale investments	**4,823**	14,993
Income tax relating to items that may be reclassified subsequently	**(724)**	–
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	**100,078**	(126,844)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	**4,539,068**	3,063,606
Attributable to:		
Owners of the Company	**4,523,783**	3,053,663
Non-controlling interests	**15,285**	9,943
	4,539,068	3,063,606

Condensed Consolidated Statement of Financial Position

At 30 June 2014

	Notes	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	**52,237,234**	51,292,406
Goodwill		**4,145,425**	4,107,763
Other intangible assets		**377,754**	393,220
Investments in joint ventures		**675,949**	710,465
Available-for-sale investments		**–**	–
Other non-current assets	11	**2,179,822**	1,160,437
Deferred tax assets		**4,277**	7,254
Total non-current assets		**59,620,461**	57,671,545
CURRENT ASSETS			
Inventories		**1,296,346**	1,051,527
Prepayments, deposits and other receivables		**500,450**	426,855
Accounts receivable	9	**8,160,350**	5,872,980
Notes receivable	10	**1,160,272**	1,513,375
Other current assets	11	**4,579,023**	2,363,446
Pledged deposits		**16,968**	32,630
Time deposits with original maturity over three months		**1,415,280**	600,000
Cash and cash equivalents		**8,248,847**	9,600,797
		25,377,536	21,461,610
Asset classified as held for sale		**129,128**	129,128
Total current assets		**25,506,664**	21,590,738

Condensed Consolidated Statement of Financial Position (continued)

At 30 June 2014

	Notes	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	12	**7,692,013**	7,159,326
Salary and bonus payables		**1,078,800**	1,210,005
Tax payable		**374,123**	258,220
Interest-bearing bank borrowings	14	**3,838,455**	3,803,582
Other current liabilities	11	**156,864**	112,876
Total current liabilities		**13,140,255**	12,544,009
NET CURRENT ASSETS		**12,366,409**	9,046,729
TOTAL ASSETS LESS CURRENT LIABILITIES		**71,986,870**	66,718,274
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**1,100,146**	1,128,733
Interest-bearing bank borrowings	14	**17,755,592**	19,489,968
Long-term bonds	15	**7,594,904**	7,536,622
Deferred revenue	16	**1,150,617**	1,265,669
Employee benefit liabilities		**65,081**	37,479
Total non-current liabilities		**27,666,340**	29,458,471
NET ASSETS		**44,320,530**	37,259,803
EQUITY			
Equity attributable to owners of the Company			
Issued capital	17	**4,771,592**	4,495,320
Reserves		**39,512,512**	32,743,342
		44,284,104	37,238,662
Non-controlling interests		**36,426**	21,141
Total equity		**44,320,530**	37,259,803

Li Yong
Director

Li Feilong
Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	Issued capital RMB'000	Capital reserve RMB'000	Statutory reserve funds RMB'000	Revaluation reserve RMB'000	Remeasurement of defined benefit pension plan RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Proposed final dividend RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014 (audited)	4,495,320	8,074,565	2,508,656	35,907	(50,965)	(832,101)	20,955,495	2,051,785	37,238,662	21,141	37,259,803
Profit for the period	–	–	–	–	–	–	4,424,022	–	4,424,022	14,968	4,438,990
Other comprehensive income for the period	–	–	–	4,099	12,787	82,875	–	–	99,761	317	100,078
Total comprehensive income for the period	–	–	–	4,099	12,787	82,875	4,424,022	–	4,523,783	15,285	4,539,068
Issue of the new shares (note 17)	276,272	4,350,399	–	–	–	–	–	–	4,626,671	–	4,626,671
Transaction costs attributable to issue of shares	–	(53,227)	–	–	–	–	–	–	(53,227)	–	(53,227)
Final 2013 dividend paid (note 6)	–	–	–	–	–	–	–	(2,051,785)	(2,051,785)	–	(2,051,785)
At 30 June 2014 (unaudited)	4,771,592	12,371,737	2,508,656	40,006	(38,178)	(749,226)	25,379,517	–	44,284,104	36,426	44,320,530
At 1 January 2013 (audited)	4,495,320	8,074,565	2,508,656	–	–	(569,493)	16,291,313	1,393,549	32,193,910	11,004	32,204,914
Profit for the period	–	–	–	–	–	–	3,180,320	–	3,180,320	10,130	3,190,450
Other comprehensive income/ (expense) for the period	–	–	–	14,993	–	(141,650)	–	–	(126,657)	(187)	(126,844)
Total comprehensive income/ (expense) for the period	–	–	–	14,993	–	(141,650)	3,180,320	–	3,053,663	9,943	3,063,606
Final 2012 dividend paid (note 6)	–	–	–	–	–	–	–	(1,393,549)	(1,393,549)	–	(1,393,549)
At 30 June 2013 (unaudited)	4,495,320	8,074,565	2,508,656	14,993	–	(711,143)	19,471,633	–	33,854,024	20,947	33,874,971

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

	Six months ended 30 June 2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
NET CASH FROM OPERATING ACTIVITIES	**4,578,457**	3,062,122
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(2,372,067)**	(2,036,937)
Government grant received	**109**	–
Purchase of available-for-sale investments	**(9,306,200)**	(3,230,000)
Proceeds on disposal/maturity of available-for-sale investments	**7,278,381**	2,962,815
Proceeds from disposal of property, plant and equipment	**13,458**	23,858
Placement of time deposits with original maturity over three months	**(1,523,508)**	(1,346,250)
Withdrawal of time deposits with original maturity over three months	**708,228**	3,454,185
Decrease in pledged deposits	**15,662**	–
Interest received from bank deposits	**78,895**	83,314
Dividends received from joint ventures	**110,815**	27,556
Deposits for acquisition of property, plant and equipment	**(1,252,626)**	(167,684)
NET CASH USED IN INVESTING ACTIVITIES	**(6,248,853)**	(229,143)
FINANCING ACTIVITIES		
Proceeds from issue of shares	**4,626,671**	–
Expenses on issue of shares	**(53,227)**	–
Repayment of bank borrowings	**(1,914,796)**	(815,851)
Dividends paid	**(2,051,785)**	(1,394,215)
Interest paid	**(340,641)**	(373,283)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	**266,222**	(2,583,349)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(1,404,174)**	249,630
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**9,600,797**	9,814,893
Effect of foreign exchange rate changes	**52,224**	(140,580)
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash	**8,248,847**	9,923,943

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

1. Corporate information and principal activities

China Oilfield Services Limited (the "Company") is a limited liability company incorporated in the People's Republic of China (the "PRC"). The registered office of the Company is located at 3-1516 Hebei Road, Haiyang New and Hi-Tech Development Zone, Tanggu, Tianjin, the PRC. As part of the reorganisation (the "Reorganisation") of China National Off-shore Oil Corporation ("CNOOC") in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "HKSE") in 2002, and pursuant to an approval document obtained from the relevant government authority dated 26 September 2002, the Company was restructured into a joint stock limited liability company.

During the period, the Company and its subsidiaries (hereinafter collectively referred to as the "Group") were principally engaged in the provision of oilfield services including drilling services, well services, marine support and transportation services, and geophysical and surveying services.

In the opinion of the directors of the Company (the "Directors"), the holding company and the ultimate holding company of the Company is CNOOC, which is a state-owned enterprise ("SOE") incorporated in the PRC.

As at 30 June 2014, particulars of the principal subsidiaries of the Group are as follows:

Name of entity	Place and date of incorporation/ registration	Principal place of business	Issued and fully paid share capital/ paid-in capital	Percentage of equity attributable to the Group 30 June 2014	30 June 2013	Principal activities
COSL Chemicals (Tianjin), Ltd. (formerly known as Tianjin Jinlong Petro-Chemical Company Ltd.)	Tianjin, PRC 7 September 1993	PRC	Renminbi ("RMB") 20,000,000	100%	100%	Provision of drilling fluids services
COSL Holding AS (formerly known as COSL Drillings Europe AS)	Norway 21 January 2005	Norway	Norwegian Krone ("NOK") 1,494,415,487	100%	100%	Investment holding
PT. COSL INDO	Indonesia 1 August 2005	Indonesia	US Dollar ("US$") 400,000	100%	100%	Provision of drilling services
COSL HongKong Ltd	Hong Kong 1 December 2005	Hong Kong	Hong Kong Dollar ("HK$") 10,000	100%	100%	Investment holding
COSL (Australia) Pty Ltd.	Australia 11 January 2006	Australia	Australian Dollar ("A$") 10,000	100%	100%	Provision of drilling services in Australia
COSL Mexico S.A.de C.V	Mexico 26 May 2006	Mexico	US$8,504,525	100%	100%	Provision of drilling services
COSL (Middle East) FZE	United Arab Emirates 2 July 2006	United Arab Emirates	US$280,000	100%	100%	Provision of drilling services
COSL Norwegian AS	Norway 23 June 2008	Norway	NOK1,541,328,656	100%	100%	Investment holding
COSL Drilling Pan-Pacific (Labuan) Ltd.	Malaysia 4 April 2009	Malaysia	US$1	100%	100%	Management of jack-up drilling rigs
COSL Drilling Pan-Pacific Ltd.	Singapore 13 April 2009	Singapore	US$1	100%	100%	Management of jack-up drilling rigs
PT Samudra Timur Santosa ("PT STS") (a)	Indonesia 27 July 2010	Indonesia	US$250,000	49%	49%	Provision of marine support and transportation services
COSL Oil-Tech (Singapore) Ltd.	Singapore 31 January 2011	Singapore	US$100,000	100%	100%	Provision of well services
COSL Finance (BVI) Limited	British Virgin Islands 12 July 2012	British Virgin Islands	US$1	100%	100%	Bond issuance

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2014

1. Corporate information and principal activities (continued)

(a) In the opinion of the Directors, the Group has control over PT STS as the Group has 100% voting rights on PT STS that gives it the current ability to direct the relevant activities of PT STS. Accordingly, PT STS had been accounted for as a subsidiary and has been consolidated into the Group's condensed consolidated financial statements for the six months ended 30 June 2014 and 2013.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the operating results of the Group for the current interim period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

As at 30 June 2014, particulars of the joint ventures of the Group are as follows:

Name of entity	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary share/ registered capital	Percentage of equity directly/ indirectly attributable to the Group	Principal activities
China Offshore Fugro Geo Solutions (Shenzhen) Company Ltd. ("China Offshore Fugro")	Shenzhen, PRC 24 August 1983	US$6,000,000	50%	Provision of geophysical and surveying services
China France Bohai Geoservices Co., Ltd. ("China France")	Tianjin, PRC 30 November 1983	US$6,650,000	50%	Provision of logging services
China Petroleum Logging–Atlas Cooperation Service Company	Shenzhen, PRC 10 May 1984	US$2,000,000	50%	Provision of logging services
China Nanhai-Magcobar Mud Corporation Ltd. ("Magcobar") (a)	Shenzhen, PRC 25 October 1984	RMB4,640,000	60%	Provision of drilling fluids services
CNOOC-OTIS Well Completion Services Ltd.	Tianjin, PRC 14 April 1993	US$2,000,000	50%	Provision of well completion services
Eastern Marine Services Ltd. ("Eastern Marine") (a)	Hong Kong 10 March 2006	HK$1,000,000	51%	Provision of marine transportation services
COSL-Expro Testing Services (Tianjin) Company Ltd. ("COSL-Expro")	Tianjin, PRC 28 February 2007	US$5,000,000	50%	Provision of well testing services
PBS-COSL Oilfield Services Company SDN BHD ("PBS-COSL") (b)	Brunei 20 March 2014	Brunei Dollar ("BND") 100,000	49%	Provision of drilling services

(a) The Group has 60% and 51% of the equity interests and voting rights in Magcobar and Eastern Marine respectively, and the remaining equity interests are held by the other respective sole investor of Magcobar and Eastern Marine. Pursuant to the articles of associations of Magcobar and Eastern Marine, at least two-thirds of the voting rights are required for decisions on directing the relevant activities of these entities. In the opinion of the Directors, the Group does not have control over Magcobar and Eastern Marine and the investments in these joint arrangements constitute interests in joint ventures based on the rights and obligations of the parties to these joint arrangements. Accordingly, Magcobar and Eastern Marine have been accounted for in the Group's condensed consolidated financial statements using the equity method.

(b) The Group has 49% of the equity interests in PBS-COSL, and the remaining equity interests are held by the other sole investor. Pursuant to the articles of association of PBS-COSL, the board of directors of PBS-COSL shall comprise four directors whereby both the Company and the other sole investor shall appoint two directors each. Unanimous approvals by the directors of PBS-COSL are required for decisions on directing the relevant activities of PBS-COSL. In the opinion of the Directors, the Group does not have control over PBS-COSL and the investment in this joint arrangement constitutes interest in joint venture based on the rights and obligations of the parties to this joint arrangement. Accordingly, PBS-COSL has been accounted for in the Group's condensed consolidation financial statements using the equity method.

All of the above investments in joint ventures are directly held by the Company except for Eastern Marine, which is indirectly held through China Oilfield Services (BVI) Limited.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2014

2. Basis of preparation and accounting policies

Basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with Hong Kong Accounting Standard 34 *"Interim Financial Reporting"* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2013.

Accounting policies and adoption of Hong Kong Financial Reporting Standards ("HKFRSs")

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013. The adoption of amendments to standards and interpretation effective for the current interim period commenced from 1 January 2014 does not have any material impact on the accounting policy adopted, interim financial position or performance of the Group.

3. Operating segment information

For management purposes, the Group is organised into business units based on their services and these are the basis of information that is prepared and reported to the Group's chief operating decision maker (i.e. the executive directors of the Company) for the purposes of making strategic decisions. The Group has four reportable operating segments as follows:

(a) the drilling services segment is engaged in the provision of oilfield drilling services;

(b) the well services segment is engaged in the provision of logging and downhole services, such as drilling fluids, directional drilling, cementing and well completion, sales of well chemical materials and well workovers;

(c) the marine support and transportation services segment is engaged in the transportation of materials, supplies and personnel to offshore facilities, moving and positioning drilling structures, the transportation of crude oil and refined products and the transportation of methanol or other petrochemical products; and

(d) the geophysical and surveying services segment is engaged in the provision of offshore seismic data collection, marine surveying and data processing services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, exchange gains/(losses) and investment income are excluded from such measurement.

All assets are allocated to reportable segments other than certain cash and cash equivalents (funds managed by the corporate treasury), prepayments, pledged deposits, time deposits with original maturity over three months, other receivables and deferred tax assets as these assets are managed on a group basis.

All liabilities are allocated to reportable segments other than certain other payables, interest-bearing bank borrowings and long-term bonds (funds managed by the corporate treasury), tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

Intersegment sales are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2014

3. Operating segment information (continued)

Six months ended 30 June 2014 (Unaudited)	Drilling services RMB'000	Well services RMB'000	Marine support and transportation services RMB'000	Geophysical and surveying services RMB'000	Total RMB'000
Revenue:					
Sales to external customers	8,602,880	3,994,612	1,733,345	1,596,828	15,927,665
Intersegment sales	1,235,038	424,860	50,848	46,454	1,757,200
Segment revenue	9,837,918	4,419,472	1,784,193	1,643,282	17,684,865
Reconciliation:					
Elimination of intersegment sales	(1,235,038)	(424,860)	(50,848)	(46,454)	(1,757,200)
Group revenue	8,602,880	3,994,612	1,733,345	1,596,828	15,927,665
Segment results	3,620,984	1,049,044	81,772	430,357	5,182,157
Reconciliation:					
Exchange gains, net					6,767
Finance costs					(297,664)
Interest income					88,275
Investment income					86,509
Profit before tax					5,066,044
As at 30 June 2014					
Segment assets	55,162,480	6,213,869	7,038,650	5,407,766	73,822,765
Unallocated assets					11,304,360
Total assets					85,127,125
Segment liabilities	5,082,543	2,304,447	1,474,667	1,020,968	9,882,625
Unallocated liabilities					30,923,970
Total liabilities					40,806,595

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2014

3. Operating segment information (continued)

Six months ended 30 June 2013 (Unaudited)	Drilling services RMB'000	Well services RMB'000	Marine support and transportation services RMB'000	Geophysical and surveying services RMB'000	Total RMB'000
Revenue:					
Sales to external customers	6,908,269	2,655,383	1,599,729	1,277,621	12,441,002
Intersegment sales	1,125,059	750,387	202,329	89,583	2,167,358
Segment revenue	8,033,328	3,405,770	1,802,058	1,367,204	14,608,360
Reconciliation:					
Elimination of intersegment sales	(1,125,059)	(750,387)	(202,329)	(89,583)	(2,167,358)
Group revenue	6,908,269	2,655,383	1,599,729	1,277,621	12,441,002
Segment results	2,731,386	433,501	294,076	312,235	3,771,198
Reconciliation:					
Exchange gains, net					10,806
Finance costs					(339,350)
Interest income					82,006
Investment income					38,355
Profit before tax					3,563,015
As at 31 December 2013 (audited)					
Segment assets	53,696,826	5,861,453	6,103,283	4,614,383	70,275,945
Unallocated assets					8,986,338
Total assets					79,262,283
Segment liabilities	5,074,246	2,313,133	1,290,975	807,205	9,485,559
Unallocated liabilities					32,516,921
Total liabilities					42,002,480

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2014

4. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	Note	Six months ended 30 June 2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Loss on disposal of property, plant and equipment, net	8	**10,927**	5,748
Impairment of accounts receivable recognised/(reversed) in profit or loss		**38,183**	(1,808)
Impairment of other receivables recognised/(reversed), net		**7,630**	(1,690)
Impairment of inventories		**5,106**	2,531
Investment income from available-for-sale		**86,509**	38,355
Cost of inventories recognised as an expense		**1,283,415**	1,022,300

5. Income tax

The Group is subject to income tax on an entity basis on the profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. The Group is not liable for income tax in Hong Kong as it does not have assessable profits currently sourced from Hong Kong.

The Corporate Income Tax Law of the PRC (the "CIT") effective from 1 January 2008 introduces the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25% in Mainland China. The Company's statutory tax rate is 25%.

On 30 October 2008, the Company was certified as an High-New Technology Enterprise ("HNTE") by the Tianjin Science and Technology Commission, Tianjin Ministry of Finance, Tianjin State Administration of Taxation (the "TSAT"), and the Tianjin Local Taxation Bureau, which was effective for three years commencing 1 January 2008. Further, the Company obtained the approval of tax deduction and exemption registration report from the Tianjin Offshore Oil Tax Bureau of Tianjin Provincial Office of the TSAT in 2009. According to the approval, the CIT rate was approved to be 15% for the years 2009 and 2010. The Company has applied to renew its HNTE certificate for three years commencing from 1 January 2011, and was re-certified as an HNTE on 8 October 2011, which is effective for three years commencing from 1 January 2011, and the Company subsequently obtained the approval from Tianjin Offshore Oil Tax Bureau of Tianjin Provincial Office of the TSAT in February 2012. According to the approval, the CIT rate was approved to be 15% for the period from January 2011 to September 2014. Therefore, management considers that it is appropriate to use the preferential rate of 15% to provide the income tax provision of the Company for the six months ended 30 June 2014 (six months ended 30 June 2013: 15%).

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2014

5. Income tax (continued)

Certain overseas subsidiaries of the Group with permanent establishment status in the PRC are subject to deemed income tax calculated at 3.75% (six months ended 30 June 2013: 3.75%) of service income generated from drilling activities in the PRC. The Group's activities in Indonesia are mainly subject to corporate income tax of 25% (six months ended 30 June 2013: 25%). The Group's activities in Australia are subject to income tax of 30% (six months ended 30 June 2013: 30%) based on its taxable profit generated. The Group's activities in Myanmar are subject to income tax of 3.5% (six months ended 30 June 2013: 3.5%). The Group's activities in Mexico are subject to income tax of 30% (six months ended 30 June 2013: 30%). The Group's activities in Norway are mainly subject to corporate income tax of 27% (six months ended 30 June 2013: 28%). The Group's activities in the U.K. are subject to income tax of 28% (six months ended 30 June 2013: 28%). The Group's activities in the Philippines are subject to income tax of 30% (six months ended 30 June 2013: 30%). The Group's activities in Thailand are subject to income tax of 3%. The Group's activities in Qatar are subject to income tax of 10%. The Group's activities in Iraq are subject to income tax of 35% (six months ended 30 June 2013: 35%). The Group's activities in United Arab Emirates are not subject to any income tax. The Group's taxes pertaining to drilling activities in Iran are borne by the customers. The Group's taxes pertaining to operating lease activities of jack-up rig in Saudi Arabia are borne by the customers unless otherwise provided in the drilling contracts.

An analysis of the Group's provision for tax is as follows:

	Six months ended 30 June	
	2014	**2013**
	RMB'000	**RMB'000**
	(Unaudited)	**(Unaudited)**
Hong Kong profits tax	**–**	–
Overseas income taxes:		
Current	**103,837**	90,171
Deferred	**(30,617)**	(38,607)
PRC corporate income taxes:		
Current	**553,715**	420,824
Deferred	**(1,051)**	(292,175)
Under provision in prior year	**1,170**	192,352
Total tax charge for the period	**627,054**	372,565

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2014

6. Dividends paid and proposed

During the current interim period, a final dividend of RMB0.43 per ordinary share of the Company comprising 4,495,320,000 ordinary shares existed as at 31 December 2013 together with 276,272,000 new ordinary shares issued by the Company on 15 January 2014 (2013: RMB0.31 per ordinary share in respect of the year ended 31 December 2012) was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the current interim period amounted to RMB2,051,785,000 (2013: RMB 1,393,549,000).

The Directors have determined that no dividend will be paid in respect of the current interim period.

7. Earnings per share attributable to ordinary equity holders of the company

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2014	**2013**
	RMB'000	**RMB'000**
	(Unaudited)	**(Unaudited)**
Earnings		
Earnings for the purposes of basic earnings per share (profit for the period attributable to ordinary equity holders of the Company)	**4,424,022**	3,180,320

	Six months ended 30 June	
	2014	**2013**
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,750,222,895**	4,495,320,000

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the new H shares issue that took place on 15 January 2014.

No adjustment has been made to the basic earnings per share amounts presented for the six-month periods ended 30 June 2014 and 2013 as the Group had no dilutive potential ordinary shares in issue during those periods.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2014

8. Property, plant and equipment

During the current interim period, the Group acquired certain machines and equipment, motor vehicles and construction in progress with an aggregate cost amounting to approximately RMB2,773 million (six months ended 30 June 2013: RMB1,388 million). Machines and equipment with an aggregate net carrying amount amounting to RMB24.4 million (six months ended 30 June 2013: RMB29.6 million) were disposed of during the current interim period, resulting in a loss on disposal of RMB10.9 million (six months ended 30 June 2013: RMB5.7 million).

Out of the total interest costs incurred, an amount of approximately RMB18.6 million (six months ended 30 June 2013: RMB30.2 million) was capitalised in property, plant and equipment, with a capitalisation rate of 1.46% per annum (six months ended 30 June 2013: 1.52% per annum).

During the period, the Directors conducted a review of the Group's plant and machinery and determined that four chemical carriers and well services equipment were impaired due to the depression in the chemicals shipping market and precarious situation in Libya in which those assets were located. Accordingly, impairment losses of RMB143,722,000 and RMB11,830,000 respectively (six months ended 30 June 2013: nil) have been recognised in respect of those assets, which are used in the marine support and transportation services segment and well services segment. The recoverable amounts of the relevant assets have been determined on the basis of their fair value less costs of disposal.

9. Accounts receivable

The Group normally allows a credit period of 30 to 45 days to its trade customers in mainland China and no more than 6 months to its trade customers with good trading history in overseas. The following is an analysis of the accounts receivable by age, presented based on the invoice date.

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Outstanding balances aged		
Within six months	**7,354,910**	5,497,125
Six months to one year	**704,477**	364,568
One to two years	**100,632**	10,759
Two to three years	**331**	528
	8,160,350	5,872,980

10. Notes receivable

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Trade acceptances	**1,128,772**	1,473,412
Bank acceptances	**31,500**	39,963
	1,160,272	1,513,375

All the notes receivable are of trading nature and will be due within six months from the date of issuance, in which the trade acceptances are normally settled within 30 days from the date of issuance. As of the date of approving for issuance of these condensed consolidation financial statements, all the trade acceptances as at 30 June 2014 have been fully settled.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2014

11. Other current assets/liabilities and other non-current assets

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Assets classified as available-for-sale (a)	**4,345,511**	2,226,360
Current portion of deferred expenses (b)	**74,695**	55,950
Value-added tax recoverable	**158,817**	81,136
Other current assets	**4,579,023**	2,363,446
Current portion of deferred revenue (note 16)	**(156,864)**	(112,876)
Other current liabilities	**(156,864)**	(112,876)
Non-current portion of deferred expenses (b)	**224,554**	211,049
Value-added tax recoverable	**75,304**	156,994
Deposits paid for the acquisition of property, plant and equipment (b)	**1,822,743**	735,692
Others	**57,221**	56,702
Other non-current assets (b)	**2,179,822**	1,160,437

(a) Assets classified as available-for-sale represent the Group's investments in corporate wealth management products issued by commercial banks in the PRC and liquidity funds. The liquidity funds included in the available-for-sale investments do not have fixed maturity date and coupon rate. Details of fair value measurement are disclosed in note 20.

(b) Other non-current assets mainly consisted of deferred expenses recognised in relation to mobilisation costs incurred by the Group's jack-up and semi-submersible drilling rigs, and deposits paid for the acquisition of property, plant and equipment. The current portion of deferred expenses was recorded as other current assets. The deferred expenses are amortised over their respective drilling contract periods.

12. Trade and other payables

An aging analysis of the trade and other payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Outstanding balances aged		
Within one year	**7,467,136**	6,955,745
One to two years	**125,073**	113,148
Two to three years	**26,672**	18,084
Over three years	**73,132**	72,349
	7,692,013	7,159,326

13. Share appreciation rights plan

The share appreciation rights plan for senior officers (the "SAR Plan") was approved by the shareholders of the Company in an extraordinary general meeting on 22 November 2006. A total of five million share appreciation rights with an exercise price of HK$4.09 per share were awarded under the SAR Plan to seven senior officers, including the chief executive officer (president), three executive vice presidents, and three other vice presidents. The share appreciation rights will become vested upon completion of a two-year service period from the approval date, and the senior officers can exercise their rights in four equal batches, beginning year 3 (first exercisable date: the first trading day after 22 November 2008), 4, 5 and 6 from the approval date of the SAR Plan. The share appreciation rights will be settled in cash. According to the SAR Plan, the exercise gain for excisable share appreciation rights will be determined by the difference between the average closing price of the shares on the HKSE as stated in the HKSE's quotation from the 30th day immediately after the date of its annual report published to the last transaction date of that year, and the exercise price.

The SAR Plan further provides that if the exercise gains from exercising the share appreciation rights exceeds HK$0.99 per share in any one year, the excess gain should be calculated using the following percentages:

1) between HK$0.99 and HK$1.50, at 50%;
2) between HK$1.51 and HK$2.00, at 30%;
3) between HK$2.01 and HK$3.00, at 20%; and
4) HK$3.01 or above, at 15%.

The first batch of share appreciation rights has been forfeited in 2009, the second batch has been approved and exercised in 2011, the third batch has been approved on 23 May 2014 by certain authorities and exercised during the current interim period and the fourth batch will not be exercised. The exercise gains of the second and the third batch of share appreciation rights were measured at HK$1.82 and HK$2.27 per share respectively. The weighted average closing price of the shares immediately before the date on which the second and third batch of share appreciation rights were exercised at HK$9.11 and HK$19.12 per share respectively.

The SAR is recorded as a financial liability at fair value through profit and loss and included in the salary and bonus payable account. The liability is re-measured at the end of the reporting period and the settlement date with changes in fair value recognised in profit or loss. During the current period, 811,880 shares have been exercised and 361,195 shares were forfeited.

Details of the movements in the share appreciation rights during the current interim period are as follows:

	30 June 2014 Number of shares	30 June 2013 Number of shares
Outstanding at 1 January	**1,173,075**	1,173,075
Granted during the period	**–**	–
Exercised during the period	**(811,880)**	–
Forfeited during the period	**(361,195)**	–
Outstanding at 30 June	**–**	1,173,075
Exercisable at 30 June	**–**	1,173,075

14. Interest-bearing bank borrowings

During the current interim period, the Group did not obtain any new bank loans (six months ended 30 June 2013: nil), and repaid bank loans of US$312 million (equivalent to approximately RMB1,914.8 million) (six months ended 30 June 2013: US$132 million (equivalent to approximately RMB815.9 million)). For all bank borrowings of the Group, the weighted average effective interest rate for the period ended 30 June 2014 was 1.61% per annum (six months ended 30 June 2013: 1.62% per annum) and the borrowings are repayable in installments over a period of 3 to 6 years.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2014

15. Long-term bonds

	Year of maturity	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Non-current:			
Corporate bonds (a)	2022	**1,500,000**	1,500,000
Senior unsecured US$ bonds (b)	2022	**6,094,904**	6,036,622
		7,594,904	7,536,622

(a) On 18 May 2007, the Group issued 15-year corporate bonds, with a nominal value of RMB100 per bond, amounting to RMB1,500 million. The bonds carry effective interest rate of 4.48% per annum (six months ended 30 June 2013: 4.48% per annum), which is payable annually in arrears on 14 May each year, and the redemption or maturity date is 14 May 2022.

(b) On 6 September 2012, COSL Finance (BVI) Limited, a subsidiary of the Group, issued 10-year senior unsecured bonds, with a US$1,000 million principal amount. Interest of the bonds is payable semi-annually in arrears on 6 March and 6 September of each year, and the redemption or maturity date is 6 September 2022. The effective interest rate for the current interim period was 3.38% per annum (six months ended 30 June 2013: 3.38% per annum).

16. Deferred revenue

	30 June 2014 RMB'000 (Unaudited)
Balance at beginning of the period	**1,378,545**
Additions	**182,692**
Credited to profit or loss during the period	**(262,716)**
Exchange realignment	**8,960**
Balance at end of the period	**1,307,481**

The following is the analysis of the deferred revenue balances for financial reporting purposes:

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Current portion (note 11)	**156,864**	112,876
Non-current portion	**1,150,617**	1,265,669
Balance at end of the period/year	**1,307,481**	1,378,545

Deferred revenue consists of the contract value generated in the process of the acquisition of COSL Holding AS, the deferred mobilisation revenue and government grants. The deferred revenue generated from contract value and deferred mobilisation revenue are amortised according to the related drilling contract periods. The deferred revenue generated from government grants is recognised in the condensed consolidated statement of profit or loss according to the depreciable periods of the related assets and the periods in which the related costs incurred.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2014

17. Issued capital

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Registered, issued and fully paid		
State legal person shares of RMB1.00 each	**2,460,468**	2,460,468
H shares of RMB1.00 each	**1,811,124**	1,534,852
A shares of RMB1.00 each	**500,000**	500,000
	4,771,592	4,495,320

On 15 January 2014, a total of 276,272,000 new H shares have been allotted and issued by the Company at the price of HK$21.30.

The Group does not have any share option scheme but has the SAR plan for senior officers (note 13).

18. Operating lease arrangements

The Group leases certain of its office properties and equipment under operating lease arrangements. Leases for properties and equipment are negotiated for terms ranging from one to five years.

As at 30 June 2014 and 31 December 2013, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Within one year	**688,801**	569,594
In the second to fifth year, inclusive	**1,942,706**	900,234
	2,631,507	1,469,828

During the current interim period, the Group leased two jack-up drilling rigs, "HYSY932" and "Gulf Driller I", from one of the subsidiaries of CNOOC and the third party respectively.

19. Capital commitments

The Group had the following capital commitments, principally for construction and purchases of property, plant and equipment at the end of the reporting period:

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Contracted, but not provided for	**11,721,185**	9,935,575
Authorised, but not contracted for	**9,843,040**	8,149,329
	21,564,225	18,084,904

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2014

20. Fair value measurements of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at 30/06/2014 RMB'000 (Unaudited)	Fair value as at 31/12/2013 RMB'000 (Audited)	Fair value hierarchy	Valuation technique(s) and key input(s)
Available-for-sale investments-money market fund	**1,066,133**	711,991	Level 1	Quoted bid prices in an active market
Available-for-sale investments-corporate wealth management products with underlying of debt securities	**3,279,378**	1,514,369	Level 2	Discounted cash flow using the rate that reflects the expected yield and the credit risk of the counterparties

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate their fair values.

	Carrying amounts		Fair values	
	30 June 2014 RMB'000 (Unaudited)	**31 December 2013 RMB'000** (Audited)	**30 June 2014 RMB'000 (Unaudited)**	**31 December 2013 RMB'000** (Audited)
Financial liabilities				
Non-current				
Long-term bonds (note 15)	**7,594,904**	7,536,622	**7,293,873**	6,797,701
Total	**7,594,904**	7,536,622	**7,293,873**	6,797,701

The fair values of the financial assets and financial liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Corporate bonds issued by the Company, with fair value hierarchy of Level 2, is traded on China Interbank Bond Market of which its fair value is provided by China Central Depository & Clearing Co., Ltd. and determined by using the present value valuation technique under income approach and applying the discount rate that reflect its own credit spread as the key input and the fair value of senior unsecured US$ bonds with fair value hierarchy of Level 2 is determined using the present value valuation technique under income approach and applying treasury bond rate as adjusted its own credit spread as the key input.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2014

21. Related party transactions

As disclosed in note 1, the Company is a subsidiary of CNOOC, which is an SOE subject to the control of the State Council of the PRC Government. The Group has extensive transactions and relationships with the members of CNOOC. The transactions were made on terms agreed among the parties. The Directors are of the opinion that the transactions with related parties were conducted in the usual course of business.

(A) Related party transactions and outstanding balances with related parties

In addition to the transactions and balances detailed elsewhere in these condensed consolidated financial statements, the following is a summary of significant transactions carried out between the Group and (i) CNOOC Limited and its subsidiaries (the "CNOOC Limited Group"); (ii) CNOOC and its subsidiaries and affiliates excluding the Group and CNOOC Limited Group (the "CNOOC Group"); and (iii) the Group's joint ventures.

a. Included in revenue are gross revenue earned from provision of services to the following related parties

	Six months ended 30 June 2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
i CNOOC Limited Group		
Provision of drilling services	**4,060,987**	3,172,716
Provision of well services	**2,944,960**	1,921,548
Provision of marine support and transportation services	**1,440,002**	1,246,274
Provision of geophysical and surveying services	**1,266,064**	711,631
	9,712,013	7,052,169
ii CNOOC Group		
Provision of drilling services	**38**	1,225
Provision of well services	**10,571**	15,612
Provision of marine support and transportation services	**201,120**	199,630
Provision of geophysical and surveying services	**166,127**	126,797
	377,856	343,264
iii Joint ventures		
Provision of drilling services	**60**	–
Provision of well services	**6,199**	8,285
Provision of geophysical and surveying services	**235**	–
	6,494	8,285

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2014

21. Related party transactions (continued)

(A) Related party transactions and outstanding balances with related parties (continued)

b. Included in operating expenses

	Six months ended 30 June 2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
i CNOOC Limited Group		
Materials, utilities and other ancillary services	**2,132**	–
Leasing of equipment	**1,115**	1,224
	3,247	1,224
ii CNOOC Group		
Labour services	**27,941**	29,197
Materials, utilities and other ancillary services	**370,446**	401,820
Transportation services	**2,811**	944
Leasing of equipment	**245,546**	136,674
Repair and maintenance services	**1,595**	829
Management services	**715**	643
	649,054	570,107
Property services	**50,480**	29,809
	699,534	599,916
iii Joint ventures		
Materials, utilities and other ancillary services	**42,832**	21,419
Property services	**11,470**	19,063
	54,302	40,482

c. Included in interest income

	Six months ended 30 June 2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
CNOOC Finance Co., Ltd. (a subsidiary of CNOOC)		
Interest income	**17,177**	13,933

d. Deposits

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Deposits placed with CNOOC Finance Co., Ltd.	**1,506,485**	1,205,463

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2014

21. Related party transactions (continued)

(A) Related party transactions and outstanding balances with related parties (continued)

e. Dividend received from joint ventures

	Six months ended 30 June 2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Magcobar	**12,135**	–
COSL-Expro	**17,500**	15,000
China France	**68,700**	–
China Offshore Fugro	**12,480**	12,556
	110,815	27,556

f. Commitments with the related parties

i. Operating lease commitments

The Group has the following significant operating lease commitments with CNOOC Group principally for properties and equipment, which have been included in note 18:

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Within one year	**217,668**	283,285
In the second to fifth years, inclusive	**461,160**	–
	678,828	283,285

During the current interim period, the Group leased a jack-up drilling rig "HYSY932" from CNOOC Group.

ii Capital commitments

As at 30 June 2014, the Group does not have any significant capital commitments with the members of CNOOC.

g. Outstanding balances with related parties

Accounts receivable

Included in accounts receivable are amounts due from related parties which arose from the ordinary course of business and are repayable on similar credit terms to those offered to independent third party customers.

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Due from CNOOC Limited Group	**4,175,668**	2,806,822
Due from CNOOC Group	**227,329**	155,659
Due from joint ventures	**779**	1,218
	4,403,776	2,963,699

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2014

21. Related party transactions (continued)

(A) Related party transactions and outstanding balances with related parties (continued)

g. Outstanding balances with related parties (continued)

Prepayments, deposits and other receivables

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Due from CNOOC Limited Group	**385**	15,929
Due from CNOOC Group	**665**	921
Due from joint ventures	**9,320**	1,235
	10,370	18,085
Less: Provision for impairment of accounts receivable	**(500)**	(500)
	9,870	17,585

Dividend receivable (included in other receivables)

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Dividend receivable from joint ventures	**89,800**	12,136

Notes receivable

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Due from CNOOC Limited Group	**1,128,772**	1,473,412

Included in trade and other payables

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Due to CNOOC Limited Group	**6,367**	3,223
Due to CNOOC Group	**742,265**	506,958
Due to joint ventures	**154,615**	193,483
	903,247	703,664

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2014

21. Related party transactions (continued)

(A) Related party transactions and outstanding balances with related parties (continued)

g. Outstanding balances with related parties (continued)

Included in trade and other payables (continued)

The Company and the above related parties are within the CNOOC Group and are under common control (except for the joint ventures of the Group) by the same ultimate holding company.

The balances with related parties at 30 June 2014 included in accounts receivables, prepayments, deposits and other receivables, notes receivables, dividend receivable from joint ventures and trade and other payables of the Group, are unsecured and interest-free, and have no fixed terms of repayment.

In connection with the Reorganisation of CNOOC in preparation for the listing of the Company's shares on the HKSE, the Company entered into several agreements with the CNOOC Group which govern the employee benefit arrangements, the provision of materials, utilities and ancillary services, the provision of technical services, the leasing of properties and various other commercial arrangements.

Prior to the Reorganisation, the Group occupied certain properties owned by CNOOC at nil consideration. The Company entered into various property lease agreements in September 2002 with the CNOOC Group to lease the aforesaid properties together with other properties for a term of one year. These leases have been renewed annually.

h. Transactions with other SOEs in the PRC

The Group has entered into extensive transactions covering the sales of goods and rendering of services, receipt of construction services of vessels and drilling rigs, purchases of goods, services or property, plant and equipment with SOEs other than the CNOOC Group, in the normal course of business at terms comparable to those with other non-SOEs. None of these transactions are material related party transactions, individually or collectively, that require separate disclosure.

In addition, the Group has certain of its cash and time deposits and outstanding interest-bearing bank borrowings with certain state-owned banks in the PRC as at 30 June 2014, as summarised below:

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Cash and cash equivalents	**1,993,199**	1,908,240
Time deposits with financial institutions	**1,217,937**	4,351,205
	3,211,136	6,259,445
Long-term bank loans (note 14)	**17,755,592**	19,489,968
Current portion of long-term bank loans (note 14)	**3,838,455**	3,803,582
	21,594,047	23,293,550

Deposit interest rates and loan interest rates are at the market rates.

	Six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Finance costs	**181,203**	210,278

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2014

21. Related party transactions (continued)

(B) Compensation of key management personnel of the Group

	Six months ended 30 June 2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Short-term employee benefits	**4,845**	3,072
Post-employment benefits	**306**	208
Total compensation paid to key management personnel	**5,151**	3,280

22. Approval of these condensed consolidated financial statements

These condensed consolidated financial statements were approved and authorised for issue by the board of directors on 26 August 2014.

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Chairman & Non-Executive Director

Li Yong
Executive Director

Li Feilong
Executive Director

Zeng Quan
Non-Executive Director

Tsui Yiu Wa
Independent Non-Executive Director

Fong Wo, Felix
Independent Non-Executive Director

Law Hong Ping, Lawrence
Independent Non-Executive Director

Audit Committee

Tsui Yiu Wa (Chairman)

Fong Wo, Felix

Law Hong Ping, Lawrence

Remuneration Committee

Fong Wo, Felix (Chairman)

Zeng Quan

Tsui Yiu Wa

Law Hong Ping, Lawrence

Nomination Committee

Law Hong Ping, Lawrence (Chairman)

Li Yong

Fong Wo, Felix

Board of Supervisor

Zhang Zhaoshan
Supervisor (Chairman)

Li Zhi
Employee Supervisor

Wang Zhile
Independent Supervisor

Senior Management

Li Yong
CEO & President

Dong Weiliang
Executive Vice President & CIO

Li Feilong
Executive Vice President & CFO

Yu Zhanhai
Vice president

Kang Xin
Vice president & Chief Legal Officer

Cao Shujie
Vice president

Zi Shilong
Vice president

Qi Meisheng
Vice president

Yang Haijiang
Company Secretary

CHINA OILFIELD SERVICES LIMITED
中海油田服務股份有限公司
(Stock Code 股票代號 A 股: 601808 ; H 股: 2883)

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